

THE RECONSTRUCTION OF EUROPE
FROM POST-WW II TO POST-COLD WAR

A THESIS SUBMITTED TO
THE GRADUATE SCHOOL OF SOCIAL SCIENCES
OF
MIDDLE EAST TECHNICAL UNIVERSITY

BY

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IN PARTIAL FULFILLMENT OF THE REQUIREMENTS
FOR
THE DEGREE OF MASTER OF SCIENCE
IN
EUROPEAN STUDIES

FEBRUARY 2008

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ABSTRACT

THE RECONSTRUCTION OF EUROPE FROM POST-WW II TO POST-COLD WAR

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M.Sc., European Studies Master Program

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February 2008, 103 pages

'The reconstruction of Europe' is a subject covering a quite long period that has seen various outstanding historical events changing the geography and power distribution in Europe, and in the politics of international relations within a general framework. This study underlines the impact of geopolitical setting in the post-WW II and the post-Cold War periods to understand the acts of actors and related outcomes in the reconstruction of Europe. By the comparison of reconstructive acts and ingredients of the foreign policy strategies in both periods, this study attempts to reach the conclusion that 'the geographical position' and the 'capability to implement' defines states' foreign policy structuring. The policy choice and instruments of the US in the post-WW II period for the reconstruction of Europe and the policy choice and instruments of West European countries for the reconstruction of Central and Eastern Europe, via the EU and enlargement strategy, in the post- Cold War period has been the focal point of this study to support the argument mentioned above.

Key Words: Reconstruction, Geopolitical Setting, Enlargement, Capability, Western Europe, Eastern Europe, Foreign Policy

ÖZ

2. DÜNYA SAVAŞI SONRASINDAN SOĞUK SAVAŞ SONRASINA AVRUPANIN YENİDEN YAPILANDIRILMASI

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2007-2008 Güz Dönemi, 103 sayfa

‘Avrupanın yeniden yapılandırılması’, Avrupa’da ve daha geniş çerçevede uluslararası ilişkilerde hem coğrafi yapıyı hem de güç dengesini değiştiren önemli ve çeşitli tarihi olayları kapsamaktadır. Bu çalışma, 2. Dünya Savaşı ve Soğuk Savaş sonrası dönemlerde jeopolitik yapının aktörlerin hareketlerini ve buna bağlı sonuçları anlamaya etkisinin altını çizmektedir. Bu çalışma, her iki dönemdeki yeniden yapılandırma hareketlerini ve dış politika içeriklerini karşılaştırarak, ‘jeopolitik konum’ ve ‘uygulama kapasitesi’nin devletlerin dış politika yapılandırmalarını belirlediği sonucuna varmaya çalışmaktadır. ABD’nin 2. Dünya Savaşı sonrasında Avrupa’yı yeniden yapılandırılmasındaki siyasi tercihleri ve enstrümanlar ile Batı Avrupa’nın Soğuk Savaş sonrasında, AB ve genişleme stratejisi ile, Doğu Avrupa’yı yeniden yapılandırmadaki siyasi tercihleri ve enstrümanları yukarıdaki argümanı desteklemede bu çalışmanın odak noktası olmuştur.

Anahtar Kelimeler: Yeniden Yapılandırma, Jeopolitik Oluşum, Genişleme, Kapasite, Batı Avrupa, Doğu Avrupa, Dış Politika

To My Mother...

ACKNOWLEDGEMENTS

In the completion of thesis, I am highly indebted to my thesis supervisor, Prof. Dr. A. Nuri Yurdusev, for his continuous support. Without his encouragement and constant guidance I could not have finished this study. He was always there to discuss and share his experience and expertise with his patience and empathy. I am grateful to him for his valuable input and contribution.

It is a great honour to express my gratitude to Prof. Dr. Hüseyin Bağcı. It is a valuable chance to meet him and get his opinion on my thesis. I have got the opportunity to learn from his perspective and profound expertise. I am also grateful to Assoc. Prof. Dr. Oktay F. Tanrıseven for the motivation he provided throughout my work. His positive attitude was a great encouragement to finalize my study in time.

Besides, I would like to thank Murat Gül for his invaluable contribution with his continuous support and outstanding critics and suggestions on my study, I am so lucky to have his friendship. Also I am grateful to my family, they provide me the energy and motivation with love to reach my targets in life, they are the power and peace center of my life that support me in all the tough times.

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LIST OF ABBREVIATIONS

EU:	European Union
EC:	European Community
US:	United States of America
SU:	Soviet Union
UK:	United Kingdom
NATO:	North Atlantic Treaty Organization
CEEC:	Central and Eastern European Countries
ECSC:	European Coal and Steel Community
SEA:	Single European Act
EMU:	European Monetary Union
IMF:	International Monetary Fund
GDR:	German Democratic Republic
FRG:	Federal Republic of Germany

1. Introduction

The post-World War II era was marked by the recovery and then the integration of Western Europe, with the attempt of West European actors to become an international actor via the European Community (and then the European Union), through the United States' strong economic and security support under the impact of intense geopolitical and economic circumstances of the Cold War. By the end of the Cold War, Western Europe (European Community, EC) stood up and put forward a definite perspective to integrate with the Eastern Bloc. This study assesses the strategies and tools used by the US and EC/EU in shaping the economic and political structure of Europe in the post-WW II and the post-Cold War period.

The emergence of the Cold War and its domestic political repercussions contributed to the growth of the European movement, whose rhetoric stressed the need for the countries of Europe to join together to assert their position in an increasingly rigid bipolar world.¹ The Cold War had deepened its roots into the anticipation and structuring of internal and external channels of West European Countries much more intensely with the descend of the Iron Curtain. Western Europe played on the safe grounds sheltered by US extensive collaboration against external Soviet aggression and threat of internal communist subversion, while the rest of the Europe drowning to the isle of undermining outer autocracy. Arising from diverse and multiple reasons and aims, US Cold War foreign policy used the Western Europe trampoline to reach its upper limits. The economic weakness and openness to political conflicts brought US into the heart of Western Europe's politics and economic reconstruction. In spite of counter-arguments, it would be realistic to admit US foreign policy's importance on the Continent's initiating well-directed integration and cohesion efforts.

The World War I ended up with a weakened European economy, and a deep recession lasted well into the 1920s leading to instability and a general global downturn. Despite her foreign policy tradition of not intervening into the European issues, the US had attempted to promote European growth; this act of US becoming a player in Europe's political economy would later

¹ Dinan, D., *Ever Closer Union*, London: Lynne Rienner Publishers, 1999, p. 16

repeat itself in the post-World War II. By introducing partnerships with the major US banks, loans and credits were served for the European economy. At this point it is important to mention that US experienced the shortcoming of its foreign economic policy on Europe which dealt with European countries separately. Because the loans were not used in coordination with other trading partners that could create synergy, the Europe did not show the ability to reach any progress in the devastated economic circumstance. The US assessment of lending risks was so far from a broad view that when Germany was unable to pay its reparations, the US also intervened by extending a large loan to Germany, a debt the US were left with when war was declared in 1941.²

After the World War II, the only major power whose infrastructure had not been significantly harmed was the US. It had entered the war later than most of the European countries, and had only suffered limited damage to its own territory. US gold reserves were still intact as was its massive agricultural and manufacturing base, the country enjoying a robust economy. The war years had seen the fastest period of economic growth in the nation's history, as US factories supported both its own war effort and that of its allies. After the war these plants quickly retooled to produce consumer goods, and the scarcity of the war years was replaced by a boom in consumer spending. The long term health of the economy was dependent on trade, however, as continued prosperity would require markets to export these goods; 'economy' necessitated turning to Europe since Marshall Plan aid would largely be used by the Europeans to buy manufactured goods and raw materials from the US.³ So the economic concern was also one strong reason that US foreign policy went deep in European economic situation.

In Washington there was a consensus that the unsuccessful economic support and unpaid borrowings after the World War I, should not be repeated. Despite that the State Department under Harry S. Truman was dedicated to pursuing an activist foreign policy, the climate in Congress was more on the side of preparing a well structured economic approach with its

² Arkes, H., *Bureaucracy, The Marshall Plan, and the National Interest*, Princeton: Princeton University Press, 1972, p. 3

³ Peterson, J., *Europe and America in the 1990s, The Prospects for Partnership*, New York: Edward Elgar pub., 1993, p. 4

appropriate reasoning. The government hoped that little would need to be done to rebuild Europe and that the United Kingdom and France, with the help of their colonies, would quickly rebuild their economies. By 1947 there was still little progress, however.⁴ A series of cold winters aggravated an already poor situation. The European economies did not seem to be growing as high unemployment and food shortages led to strikes and unrest in several nations. In 1947 the European economies were still well below their pre-war levels and were showing few signs of growth.

The other, or even more, strong motivating factor for the US to intervene into the European politics and economy, and an important difference from the post-World War I era, was the beginning of the Cold War. Some in the US government had grown deeply suspicious of Soviet actions. The US government of Harry Truman began to be aware of these problems in 1946. George Kennan (charge d'affairs in Moscow), whose top secret 'long telegram' (8,000-word) from Moscow of 22 February 1946, would shape US policy over the next half century more profoundly than his distant relative's denunciations of tsarist authoritarianism had influenced it during the preceding one.⁵ In it, he predicted that 'Soviet will really be dominated by the pursuit of autarchy for the SU and Soviet dominated adjacent areas taken together'. The Russians were likely to turn 'a cold official shoulder...to the principle of general economic collaboration among nations'. That conclusion was almost as shocking, in Washington at the time, as Kennan's larger argument that the SU could not be reasoned with, only contained.⁶ The emerging doctrine of containment argued that the US needed to substantially aid non-communist countries to stop the spread of Soviet influence. There was also some hope that the Eastern European nations would join the plan, and thus be pulled out of the emerging Soviet bloc. The US foreign policy makers awakened from the plan of economically organized cooperative attitudes in the post-war world; and realized the necessity of using different measures on the ideological and strategic realities of the Cold War.

⁴ Arkes, H., *Bureaucracy, The Marshall Plan, and the National Interest*, Princeton: Princeton University Press, 1972, p.4.

⁵ Gaddis, J.L., *We Now Know: Rethinking Cold War History*, New York: Oxford, 1997, p. 23

⁶ Gaddis, J.L., *We Now Know: Rethinking Cold War History*, New York: Oxford, 1997, p. 193

The US decided to use the foreign economic policy to attain greater aims of its foreign policy strategy on Europe and SU, and offered up to \$20 billion for relief, with the only prerequisite of building cooperative structures and channels between the European nations by getting together and drawing up a rational plan on how they would use the aid. For the first time, they would have to act as a single economic unit; they would have to compromise and reconcile on some of their interests for the sake of bigger interests. Marshall also offered aid to the SU and its allies in Eastern Europe; however Stalin denounced the program as a trick and refused to participate. The Russian rejection probably made passage of the measure through Congress possible, because aid to the Soviets was unlikely to be approved by Congress. Stalin saw the Plan as a significant threat to Soviet control of Eastern Europe and believed that economic integration with the West would allow these countries to escape from Soviet domination.⁷ The Americans shared this view and hoped that economic aid could counter the growing Soviet influence. They were not too surprised, therefore, when the Czechoslovakian and Polish delegations were prevented from attending the Paris meeting. The other Eastern European states immediately rejected the offer.

The Marshall Plan assistance had the prerequisite of Cooperation between European countries. And this approach assisted Europe to stand up and work together. To solicit US funds, The Organization for European Economic Recovery is established as an umbrella body.⁸ Also some defined the Marshall Plan as a restorative action, not a development plan, the steps of the plan and outcomes did not approve.⁹ One of these which is already enough to say the contrary; Marshall Plan is also seen as the initiator for linking West Germany intimately with the West and laid the basis for permanent Franco-German reconciliation.¹⁰

⁷ Malcolm, N., *Soviet Policy Perspectives on Western Europe*, London: Routledge, 1989, p. 8

⁸ Dinan, D., *Ever Closer Union*, London: Lynne Rienner Publishers, 1999, p. 18

⁹ Arkes, H., *Bureaucracy, The Marshall Plan, and the National Interest*, New Jersey: Princeton University Press, 1972, p. 5

¹⁰ Schmitt, Hans A., *The Path to the European Union: From the Marshall Plan to the Common Market*, Louisiana: Louisiana State University Press, 1962, p. 58

The Marshall Plan also set the stage for a series of diplomatic decisions that would gradually rehabilitate the former enemy. The Federal Republic of Germany conceived in the Western Allies conference and born in September 1949. However at that time France was still insisting on the maintenance of strict controls on Ruhr production. On the contrary US was pushing more and more for German industrial recovery. By the end of 1949, therefore, France faced the failure of its restrictive Ruhr policy. At this point, the difference on the length and aim of the French and US perspectives on Germany clearly identified; the rehabilitation and recovery of Germany, in all terms, would be the best for all, not the fearing from and undermining of its capabilities.

The particular set of problems facing France in 1949 and 1950 offered Monnet a unique opportunity to act; he approached Schuman with the imaginative idea of a supranational coal and steel community. There is also a critical point that Monnet chose these sectors; the motors of industrial economy and war-making potential.

By the impressive efforts of its intellectual circles, France took the decisive part in the process of West European integration after World War II. Only two countries, France and the United Kingdom, were great powers in a position to exercise leadership, but the British were not interested in doing so since it had the option of Commonwealth countries and distant geographical position in terms importing instability.¹¹ France on the other hand, given her geographical situation, was deeply concerned. French policy had three special features. First was fear of another threat from Germans; security vis-à-vis Germany required an appropriate European structure, whether economic, political, or military. Second, the French economy was weak and needed protection; it was unable to risk free trade without regulation, so trade

¹¹ Gerbet, P., “European Integration as an Instrument of French Foreign Policy”, *The United States and the Integration of Europe: Legacies of the Postwar Era* edited by Heller, F.H.; Gillingham, J.R., New York: St. Martin’s Press, 1996, p. 57

liberalization could not get ahead of economic union. Third, the Monnet Plan was set up after the war to modernize and reequip French industry.¹²

Aside from helping Europe to put back on its feet, the Marshall Plan led to the Schuman Plan.¹³ US approach in the way of using the economic aid, European countries should come and work together, initiated the process of European Integration. The Franco-German collaboration eventually became the engine of the process. As long as this Paris-Bonn axis has been preserved, the recovery and also the integration process did not experienced deadlocks. Aside from being a sole US project, the two countries of Europe made it all belong to the Continent. Before the proposal could be made public, Monnet and Schuman needed the approval of three key parties: the French, German, and US governments. On May 9, 1950, Schuman simultaneously placed the proposal before his own cabinet in Paris and brought it to Chancellor Konrad Adenauer's attention in Bonn. Although French officials had been moving in the direction of strengthening Franco-German economic association for some time, the Schuman Declaration became the dramatic decision to build a common policy.

Coal and Steel, the two key sectors of industrial production and war making potential, would be removed from national control and placed under a single, supranational authority. It proposes that Franco-German production of coal and steel as a whole be placed under a common High Authority, within the framework of an organization open to the participation of the other countries of Europe. Monnet and Schuman were satisfied on their expectations that the pooling of coal and steel production should immediately provide for the setting up of common foundations for economic development as a spill over effect in Western Europe. By pooling basic production and by instituting a new High Authority, whose decisions will bind France, Germany and other member countries this proposal will lead to the realization of the

¹² Gerbet, P., "European Integration as an Instrument of French Foreign Policy", *The United States and the Integration of Europe: Legacies of the Postwar Era* edited by Heller, F.H.; Gillingham, J.R., New York: St. Martin's Press, 1996, p.57

¹³ Dinan, D., *Ever Closer Union*, London: Lynne Rienner Publishers, 1999, p. 21

first concrete foundation of a European federation indispensable to the preservation of peace.¹⁴

Thus the idea of pooling Franco-German coal and steel production came about and the European Coal and Steel Community (ECSC) was formed. This choice was not only economic however also political, as these two raw materials were the basis of the industry and power of the two countries. The underlying political objective was to strengthen Franco-German solidarity, banish the spectre of war and open the way to European integration.

Germany is placed at the centre of many political strategies concerning Europe mainly because of her geographic location, industrial potential, national linkages and mostly her assertive nationhood policy. It is not possible to deny Germany's role in the changing boundaries and the shifting economic powers in the Continent. US political perspective on the issue was also strongly based on Germany's rehabilitation. The economic assistance of US to the devastated Europe played the crucial role in the German recovery.

Anthony Sutcliffe argues that economic and political history could not be separately surveyed because of two reasons: first, the association of economic and social history in one account creates a very broad historical arena within which political changes cannot be ignored, second, so great has been the role of government in economic and social affairs since 1945 that political factors have to be made explicit.¹⁵ In line with this approach, he assesses the Marshall Plan not only as an economic tool, even from the early talks on the Marshall Plan there emerged the idea of European integration, he also points out the role of Marshall Plan in the early years of post-war period to realize the importance of building the proper approach for Germany's rehabilitation. It is very important to mention here that as the Marshall plan took shape, France had given up most of her ambitious post-war aims such as an understanding with the SU, the creation of a coalition of small European powers with France at their head, and opposition to the emergence of a strong, independent Germany, and her

¹⁴ Dinan, D., *Ever Closer Union*, London: Lynne Rienner Publishers, 1999, p. 23

¹⁵ Sutcliffe, A., *An Economic and Social History of Western Europe Since 1945*, London: Longman Pearson Education, 1996, preface xiii

foreign and domestic policy redirected to be the foremost partner of Germany in the efforts for European Integration.¹⁶

This study approaches the foreign policy dimension of the economic cooperation between US and Western Europe and then between Western Europe and Central and Eastern Europe. The historical circumstances would be given importance as Henry Kissinger, in his *Diplomacy*, states that both the US and the European approaches to foreign policy were the products of their own unique circumstances.¹⁷ Also the geographical position shapes the states' foreign policy structuring and also their capability and ability to implement it. Americans inhabited a nearly empty continent shielded from predatory powers by two vast oceans and with weak countries as neighbors. The anguishing dilemmas of security that tormented European nations did not touch US for nearly 150 years. US participated in both of the world wars which had been started by the nations of Europe. By the involvement of US, the destiny of the wars changed and turned their face from the tremendous failure of the balance of power politics of Europe to the US gravity on international politics with its strategy. When the balance of power system is working properly, limit the ability of states to dominate others and the scope of conflicts. At no time in its history has America participated in a balance of power system. Before the two world wars, America benefited from the operation of the balance of power without being involved in its maneuvers.¹⁸ America had put itself out of European power politics as long as it functioned as it was designed. But when it broke down, America had to introduce her military, economic and mostly political forces into the very heart of Europe.

This study revisits both the post-World War II and the post-Cold War period and follows the changes in geopolitical arena to form a true basis for its analysis. Peterson's approach is used in this study to make a parallel emphasis on the important feature in international politics which is reminded by Peterson: the new geopolitical reality. He states that many classic works in political science have stressed the link between international political power and the global

¹⁶ Sutcliffe, A., *An Economic and Social History of Western Europe Since 1945*, London: Longman Pearson Education, 1996, p. 108

¹⁷ Kissinger, H., *Diplomacy*, New York: A Touchstone Book Published by Simon & Schuster, 1994, p. 20

¹⁸ Kissinger, H., *Diplomacy*, New York: A Touchstone Book Published by Simon & Schuster, 1994, p. 22

geographical setting.¹⁹ After the collapse of the communist government in East Germany in 1989, Germany unified in less than a year as if there was continued high volume efforts for years. As a response to German reunification, mostly on the side of France, the pace of European integration was accelerated in the process and it seemed that US and Western Europe states had increased their efforts and willingness to compromise.

Bertel Heurlin states that the German Question haunted decision-makers in the East and the West during the cold war.²⁰ I emphasize in this study that this did not change in the post-Cold War period or before it. There is the fact that all the players in all times made their decisions mostly after evaluating the risk and sides of German acts. During the Cold War, two Germanys became the separation bars of the bi-polar international system, named as the Iron Curtain. Without German impact or attempt, the international system and geography was transformed by the big powers. It was almost an awakening for West Germany when the SU gave up in the Cold War, gave up its empire in Eastern Europe: Lying very near their reach, a united Germany.

In this study, there are two chapters. The first chapter gives the ingredients of the spiral of economics and politics in the reconstruction of Western Europe during post-World War II period. The second chapter deals with the reconstruction of Eastern Europe and the ongoing integration of the region to Western Europe during the post-Cold War period.

The first chapter covers the Cold War US foreign policy on Europe, the use of Marshall Plan to realize European recovery, the seeds of European Integration and its evolvement since the end of the Cold War. This part emphasizes the chain of the European recovery and integration process under the pressure of US foreign policy towards SU. Since EU's foreign policy making capacity depends on its decision-making procedures, the evolution of its institutional structure is also given throughout this study. As one of the aims of this study is to make a

¹⁹ Peterson, J., *Europe and America in the 1990s: The Prospects for Partnership*, New York: Edward Elgar Publishing Limited, 1993, pp. 63-64

²⁰ Heurlin, B., "An Introduction", *Germany in Europe in the Nineties* edited by Bertel Heurlin, New York: St. Martin's Press, 1996, p. 1

comprehensive analysis of the evolution of policy-making mechanism of EU and its institutional adaptation to the new geopolitical and international environment, the paper prepared by George Tsebelis and Geoffrey Garrett enables the study to form a methodological framework through providing chronological information. The paper divides the history of European integration into three epochs.²¹ This study includes historical data and Union's internal changes by following Tsebelis and Garrett's footprints, in each period covered. The evolution of EU's decision-making process and institutional structures given in the first chapter covers the period from Treaty of Rome to Single European Act (1957-1987).

The second epoch covers the period from the SEA to the signing of the Maastricht Treaty. The third epoch starts from the Maastricht Treaty that has opened a new phase within the process of European integration. Both the second and the third epoch are assessed in the second chapter of this study. In the second chapter the importance of German reunification in the decision of enlargement and the sequence of the responses of the Union to the transformed international system are emphasized.

In this study the first chapter has the basic argument that 'the US intervention to provide the reconstruction of Europe following the World War II had its economic, security and political reasons with the same ranking as written here, however the strategy formed to deal with it had a different ranking on the importance of the concerns; political, economic and then security. The radical change in the grading of 'political reasons' came from the emergence of the Cold War mainly, and the others are combating nationalism, the new political map of Europe, the new international power balance, and the German problem'. As the second one, the argument that 'US foreign policy on the reconstruction of Europe in the aftermath of World War II, initiated by the Marshall Plan, had an important effect to get France give up her ambitious opposition to the emergence of a strong, independent Germany, and her foreign and domestic policy redirected to be the foremost partner of Germany in the efforts for European Integration. Then this partnership became the engine of Europe to stand up and work together' would be given also with the importance given to the argument that 'the strategy built to rehabilitate West Germany, its position in the international system and finally its reunification

²¹ Tsebelis, G., Garrett, G., "The Institutional Foundations of Intergovernmentalism and Supranationalism in the European Union", *International Organization*, Vol.55, No.2, Spring 2001, p. 12

had the major role in the formation of foreign policies because of Germany's economic power, war making potential, geographical position and national character'.

The first chapter would also contain the third argument that 'the enlightenment of Europe under the ruins of World War II that to preserve the peace there was the need to build a well structured and indispensable common path led to the creation of the supranational European common ground from EC to EU'. Since economic and political history could not be analyzed without the understanding of the politicians and administrators in power. The creators of the strategies and the actors that influenced the vital turning points would be emphasized such as the Paris-Bonn axis which has chewed out the deadlocks in front of the recovery and also the integration process.

Then comes the transformation;

The second chapter would have its basic argument as 'the collapse of S.U. transferred the international power balance to a more complex ground, the foreign policies all re-drawn up with the new circumstances of the international system in the post-Cold War period. The conventional threat left its place to threat of asymmetric political power, economic imbalance and burden of migration. The transformation in the international system obviously shaped the EU approach to the reconstruction of CEECs'. The second argument of this chapter would be 'the transatlantic relation that began changing its ingredients from 1970s reached its sharpest turning point by the US attitude to give up being the foremost runner of Europe's political and territory protection by the end of Cold War'. To have an analysis between the US foreign policy on Western Europe's reconstruction and EU's foreign policy on Eastern Europe's reconstruction, the arguments that 'the tools US created to support the reconstruction of Europe were mainly economic also defining their political standing against Soviet Union but not imposing structural changes on almost each character of their system like EU's enlargement tool did which is used to reconstruct CEECs' and 'the institutional structure of the European Union gave the priority to the clarification of its foreign policy instruments and put the Enlargement at the top with the Maastricht Treaty. The post-World War II history written with the hand given by US far over the atlantic relinquish its dominance to the European Union approach to CEECs by enlarging to be unified in policy, economy, secured territory and destiny' would be presented.

This study finally reaches to the argument that mainly 'the geographical position' and the 'capability to implement' defines states' foreign policy structuring as the European Union took bold steps to have the Unified Europe by the use of Enlargement tool as its foreign policy.

2. THE RECONSTRUCTION OF WESTERN EUROPE BETWEEN WORLD WAR II AND THE END OF THE COLD WAR

2.1 After The Complete Destruction

In the twentieth century alone two devastatingly destructive world wars, both of which began as European wars, were fought. The first (1914-18) saw the countries of the triple entente - Britain, France and Russia- plus Italy from 1915, fighting against Germany and Austria-Hungary. The Second (1939-45) saw Germany, assisted from 1940 by Italy, attempting to impose itself by force on virtually the whole of Europe outside the Iberian Peninsula.²²

The efforts to get Europe back on its feet were also made before the World War II by the League of Nations. However it was not the right time for internalizing the deep rooted conflicts between the European states and the searching for a real solution to them. The League of Nations was established in 1919 to provide collective security, in practice it was dominated by the Europeans and had some potential as a forum for developing understandings and improving relationships between the European states; however the League was not able to overcome its problematic intergovernmental structure whose actions were dependent on the agreement of all member states, states having different expectations from the League.

Neil Nugent evaluates the transformation that the World War II had created on two dimensions: politics and economics. The World War II made an enormous damage on the economy and a vigorous change on the map of Europe. This combination led to a highly complex international strain on the shoulders of power holders of the post-World War II era: US and SU. In the very aftermath of the World War II, states were cooperating in a manner that would have been inconceivable before the war. Nugent explains this transformation by a number of political and economic factors resultant upon the war that combined to bring about a radical change in both the climate of opinion and perceptions of requirements.

Nugent divides the political factors into four broad areas. Firstly, combating nationalism; the World War II produced a greater realization than had existed before that unfettered and uninhibited nationalism was a recipe for war, which in the post-1945 world was increasingly

²² Nugent, N., *The Government and Politics of the European Union*, London: Palgrave Macmillan, 2003, p. 4

seen as meaning mass destruction. At the international level this thinking was reflected in calls for a larger and more powerful body than the pre-war League of Nations, and it played an important part in the establishment of the United Nations in 1945. Over 750 prominent Europeans came together in The Hague in May 1948 and from their Congress issued a call to the nations of Europe to create a political and economic union. This stimulated discussions at governmental levels, and in May 1949 the Statute of the Council of Europe was signed by representatives of ten states. The vague aims and intergovernmental structure without any path of compromising led to its failure to satisfy the hopes of building a new West European state system.²³

Secondly, the new political map of Europe; by the late 1940s it was clear that the legacy of war had left the Continent, and with it Germany, divided into two. In Winston Churchill's phrase, an 'Iron Curtain' now divided East from West. Perhaps the most important idea shared by the governments stemmed directly from the East-West division: a determination to preserve Western Europe from communism. Not only had the SU extended its influence far into the European heartland, but in France and Italy domestic communist parties were commanding considerable support and from 1947 were engaging in what looked too many revolutionary-like activities. In March 1947 President Truman, concerned with events in Greece -where communists were trying to overthrow the government- outlined what became known as the Truman doctrine, which amounted to a political guarantee of support to 'free peoples who are resisting attempted subjugation by armed minorities or by outside pressures'. This political commitment was quickly followed up in 1949 by military protection with the foundation of NATO and a guarantee to the then ten West European member states (Canada and the US brought the membership to twelve) of US military protection against a Soviet attack.²⁴

Thirdly, the new international power balance; with the post-war division of Europe, the moving of the international power balance from inter-European state relations to US-Soviet relations, and the onset of the Cold War from 1947-8 producing the possibility of Europe becoming a battleground between East and West, there was a sense from the late 1940s that

²³ Nugent, N., *The Government and Politics of the European Union*, London: Palgrave Macmillan, 2003, p. 12

²⁴ Nugent, N., *The Government and Politics of the European Union*, London: Palgrave Macmillan, 2003, p. 13

Western Europe was beginning to look like an identifiable political entity in a way that it had not done before.²⁵

Fourthly, the German problem; three times in seventy years, twice in the twentieth century, Germany had occupied much of Europe. As a consequence, the initial inclination of most governments after the war was to try to contain Germany in some way. As the Cold War developed the circumstances evolved through then the Federal Republic of Germany (West Germany) and the German Democratic Republic (East Germany) were both formally constituted in 1949.

As the economic factors, Nugent emphasizes that the wartime experiences stimulated an interest in the creation of new international economic and financial arrangements. The first fruits of this were realized at the Bretton Woods Conference in 1944, where the representatives of forty-four countries, with the United Kingdom and the US playing the leading roles, agreed to the establishment of two new bodies. The first was the International Monetary Fund (IMF), which was to alleviate currency instability by creating facilities for countries with temporary balance of payments difficulties to have access to short-term credit facilities. The second was the International Bank for Reconstruction and Development (the World Bank), which was to provide long-term loans for schemes that required major investment. In 1947, at much the same time as the IMF and the World Bank became operative, international economic cooperation was taken a stage further when twenty-three countries negotiated the General Agreement on Tariffs and Trade (GATT), whose purpose was to facilitate trade through the lowering of international trade barriers.²⁶

In 1947-8 the rapid post-war economic recovery that most states were able to engineer by the adoption of expansionist policies created massive balance of payments deficits and dollar shortages in particular. Governments were faced with major currency problems, with not being able to pay for their imports and with the prospect of their economic recovery coming to a sudden and premature end. The US stepped in with economic aid in the form of the European Recovery Program, or Marshall Aid as it came to be known after the US Secretary

²⁵ Nugent, N., *The Government and Politics of the European Union*, London: Palgrave Macmillan, 2003, p. 14

²⁶ Nugent, N., *The Government and Politics of the European Union*, London: Palgrave Macmillan, 2003, p. 15

of State, George Marshall, who championed it. But there was a condition attached to the aid: the recipient states must endeavor to promote greater economic cooperation among them.²⁷

2.2 Interdependence and Trade: The Solution for War?

The US and Europe: 1945-1988. The incorporation of Western Europe into a liberal world trading order was a central goal of US foreign policy in the immediate post-war period. A domestic US political consensus coalesced on the need to rapidly rebuild war-damaged European economies and the Marshall Plan pumped US aid worth more than \$12 billion into Western Europe after 1947. The Truman administration insisted that plans for the use of Marshall Plan funds be coordinated through a central authority, the Organization for European Economic Cooperation (OEEC), which brought together representatives of national economic ministries.²⁸

The Marshall Plan was sold by the Truman administration to a reluctant Congress as an anti-Soviet program. It was accepted by Congress largely out of fears that European working classes would fall under the sway of socialist ideals unless European economies through expanded trade was viewed in Washington as the only way to ‘kick-start’ economic growth in Europe while binding the new Federal Republic of Germany firmly to the west. Above all, political unity in Europe was seen as crucial to viable collective defense against the Soviet threat.

The decision making power and capability of EC with the support it had from the Marshall Plan and US support were in some ways shadowed by US insistence on the command structure created within the North Atlantic Treaty Organization (NATO) in which EC members had limited influence on the final decisions. Primary operational control over NATO forces and strategy was reserved for American decision makers. As Krasner observed, ‘for the leaders of Europe this is a peculiar situation, especially given the fact that if deterrence fails it is their citizens, and not those of the US, that would initially bear the brunt of the suffering’.

²⁷ Nugent, N., *The Government and Politics of the European Union*, London: Palgrave Macmillan, 2003, p. 15

²⁸ Peterson, J., *Europe and America in the 1990s: The Prospects for Partnership*, New York: Edward Elgar Publishing Limited, 1993, p. 37

However, post-war US military superiority and European economic weakness left European allies with little room to maneuver.²⁹

While evaluating the mindset of the architects of post-war integration we must never forget about their common aim: Establishing a settlement to prevent a possible crush of interests among nations. Monnet's strategy is a great contribution on the establishment of a supranational body. According to him, a new institutional framework must be established in order to assure peaceful relations all around the continent. To this aim, he attributes the priority to the local elites. He says "*The benefits of integration would become apparent to domestically located interest groups who would lobby their governments accordingly, since integration would be promising to serve their material interests*".³⁰

Monnet appears to have been most in favor of sectoral functional organizations such as the ECSC and EURATOM.³¹ His method of integration was quite consciously to switch the landscape in which conflict was viewed in order to break out of a current impasse and release a new course of events. It also involved the instigation of dynamic processes so that the momentum of profound transformation was never lost. This logic of what Monnet called "*Dynamic Disequilibrium*" was clearly stated in the Schumann Declaration of 9 May 1950.

The institutional order established by the Treaties of Paris and Rome is best summarized by the term Community method. It was developed largely in reaction to the Council of Europe's inefficient intergovernmental decision-making procedures. The Council of Europe, based in Strasbourg, had been established in 1949 as the organization that was to promote European unity after World War II. Attempts to give the Council of Europe an effective decision making capacity failed because the United Kingdom (UK) and the Scandinavian countries refused to go beyond traditional diplomatic working methods.³²

²⁹ Krasner, S.D., "Realist praxis: neo-isolationism and structural change", *Journal of International Affairs* 43, 1989, p. 148

³⁰ Dinan, D., *Ever Closer Union*, London: Lynne Rienner Publishers, 1999, p. 14.

³¹ Rosamond, B., *Theories of European Integration*, London: Macmillan Press, 2000, p. 52

³² Lang, P., *The European Union Transformed, Community Method and Institutional Evolution from the Schuman Plan to the Constitution for Europe*, Brussels: Presses Interuniversitaires Europeennes, 2005, p. 23.

The Organization for European Economic Co-operation (OEEC), created in 1948 in response to the Marshall Plan, suffered from the same intergovernmental paralysis. The need to depart from the exclusively intergovernmental working methods was most eloquently formulated by disillusioned Paul-Henri Spaak following his resignation as President of the Council of Europe's Parliamentary Assembly:

'Do you really want to build Europe without creating a supranational European authority and do you really want to build Europe while maintaining your national sovereignty? If that is your goal, we are no longer in agreement, because I believe you will be blocked by an insurmountable obstacle; wanting to create a new Europe while keeping national sovereignty intact is like trying to square the circle.' 7 February 1952.

The ECSC project met the call a change of method. Only those countries that accepted the supranational principle of bringing their coal and steel industry under the governance of an independent High Authority were asked to participate in its development. In the words of French Foreign Minister Robert Schuman:

'the participating nations will in advance accept the notion of submission to the Authority...They are convinced that...the moment has come for us to attempt for the first time the experiment of a supranational authority which shall not be simply a combination or conciliation of national powers.' 10 August 1950.

Of course, institution-building as such was not the ultimate goal of the Community's founders. By pushing Community integration, they were trying to advance their own governments' economic and political objectives. As historian Alan Milward has emphasized, the Schuman Plan was intimately linked to Jean Monnet's ambitious plan for French industrial recovery which, in turn, relied heavily upon continued French access to German coal that could be obtained via the ECSC. The EEC served the economic objectives of Germany's neighbors, too. The main purpose was to secure the fast-growing West German economy firmly as the pivot of Western Europe's trade expansion. To Germany, that was looking for rehabilitation as a sovereign nation, the Treaties of Paris and Rome offered the status of an equal partner. In addition, the ECSC and EEC were instruments to restore Paris as a major player in shaping Europe's future. For France, the Communities had the additional advantage of pushing Britain to the margins of Europe's post-war diplomacy.³³

³³ Lang, P.: "The European Union Transformed, Community Method and Institutional Evolution from the Schuman Plan to the Constitution for Europe", Presses Interuniversitaires Europeennes, 2005. p 25.

While trying to achieve their economic and political objectives, Schuman and Monnet continuously emphasized that the success of the entire integration effort would depend, to a large extent, on getting the institutional framework right. Monnet had a strong belief in the cumulative sagacity of institutions. He was fond of quoting Swiss philosopher Henri Frédéric-Amiél:

‘Each man begins the world afresh. Only institutions grow wiser; they store up their collective experience; and, from this experience and wisdom, men subject to the same laws will gradually find, not that their natures change but that their behavior does.’

However the supranational dimension of the Community method faced problems from the start. French President Charles De Gaulle, who returned to power in 1958, was a notorious opponent of supranational integration. It is important that, in the latter phases, the summits- now institutionalized as European Council meetings- have in practice become the intergovernmental engine of European integration, determining in large measure the speed and content of the EU’s adaptation process.

The Americans did offer political and financial support to plans for the creation of a European Defense Community (EDC) in 1950. The US Eisenhower administration hoped that the creation of a ‘European army’ would strengthen the European pillar in NATO and allow the US to reduce its forces in Europe. But the EDC was rejected by the French national assembly in a wave of nationalism in 1954.³⁴

Subsequent negotiations on the creation of EEC were more successful and culminated in the signing of the Treaty of Rome in 1957. Again the US actively encouraged the negotiations.³⁵ US views had changed somewhat by the early 1960s. The Kennedy administration determined, first that US tariff rates needed to be reduced in order to ensure US access to the new Common Market and, second that US-EC political links had to be strengthened. De

³⁴ Nicoll, W., Salmon, T.C., *Understanding the European Communities*, New York: Philip Allan, 1990, pp. 9-11

³⁵ Peterson, J., *Europe and America in the 1990s: The Prospects for Partnership*, New York: Edward Elgar Publishing Limited, 1993, p. 38

Gaulle's anti-Americanism weakened Kennedy politically when the US President insisted that the US needed to make concessions on trade to realize his 'Grand Design'. Congressional rejection of Kennedy's proposal for a 50 per cent cut in US tariffs reflected both suspicions of the EC and skepticism about Kennedy's commitment to upholding US interests within the GATT. Still, by any standard, the Kennedy Round (1963-8) of the GATT was enormously successful. It resulted in sharp tariff reductions and substantial increases in US-EC trade.³⁶

The central thrust of US policy towards Europe after the Kennedy Round became one of encouraging EC enlargement to include the EFTA countries and particularly the UK. The widening of the EC's membership created the potential for more sweeping liberalization within GATT with the EC acting as an institutional lever for opening a larger European market to US producers. UK membership was viewed in Washington as critical for Atlantic solidarity, the moderation of protectionist impulses in Brussels and reform of the CAP.

Close Anglo-American relations were viewed suspiciously by several EC Member States and particularly by France. The UK's application for EC membership was vetoed by De Gaulle in 1963 on the grounds that the EC would 'turn into a gigantic Atlantic Community that would be dependent on and be run by America'. De Gaulle continued to resist US dominance of NATO and unilaterally pulled French forces out of its integrated military command in 1966. He vetoed a second UK application for EC membership in 1967.³⁷

In the case of US; the growing tensions as the EC acquired the capacity to challenge the US, response was particularly in the economic sphere. And the relationship has always rested on the intersection of military-security and economic concerns, the balance between the two usually determining the state of the relationship at any given moment. Despite the economic costs of supporting European integration in the late 1940s and 1950s, US economic hegemony combined with the onset of the Cold War ensured that the positive aspects were dominant. Since then, the pattern of relationships has become far more complex for several reasons. The changing character of East-West relations was part of the picture. Not only did the threat from the SU appear less starkly drawn as the post-war years evolved, but Western European

³⁶ Peterson, J., *Europe and America in the 1990s: The Prospects for Partnership*, New York: Edward Elgar Publishing Limited, 1993, p. 39

³⁷ Grosser, A., *The Western Alliance: European-American Relations since 1945*, New York: Random House Vintage, 1982, p. 207

governments began to adopt positions on then nature of the conflict and the policies appropriate to their interests, which differed from those of Washington.

Nixon reacted to the first US trade deficit since the early twentieth century by condemning the EC and particularly the CAP in 1970. But the deficit's primary cause was an overvalued dollar which severely undermined US export competitiveness. In 1971, the US unilaterally abandoned the Bretton Woods system, which had fixed exchange rates between national currencies and had been a cornerstone of the post-war liberal trading order. Nixon also abrogated the US guarantee to support the value of the dollar with gold and slapped a temporary 10 percent surcharge on all US imports.³⁸

The US Secretary of State, John Connally, openly admitted that the measures were taken 'to screw the Europeans before they screw us'.³⁹ The US responded to the ensuing crisis in transatlantic relations by launching the 'Year of Europe' in 1973. The intent of this brainchild of Nixon's National Security Adviser, Henry Kissinger, was similar to that of the Bush administration in 1990: to seek agreement on an 'Atlantic Charter' which committed both sides to more formal and intensive exchanges. But the Year of Europe was pursued in an atmosphere of profound mutual distrust. Kissinger openly argued that US post-war policy had 'assumed, perhaps too uncritically' that European integration served US interests when it was 'clear that many of these expectations are not being fulfilled'.⁴⁰

A basic assumption underlying Kissinger's approach to the EC was that US global interests and responsibilities should supersede the EC's 'regional interests' on any issue which demanded the coordination of US and EC foreign policies.⁴¹

The global recessions which followed in the 1970s precluded expanded US-EC cooperation or acceptance of an Atlantic Charter. EC countries reacted to 'stagflation'-high unemployment

³⁸ Peterson, J., *Europe and America in the 1990s: The Prospects for Partnership*, New York: Edward Elgar Publishing Limited, 1993, p. 41

³⁹ Smith, M., "The 'devil you know': The United States and a changing European Community", *International Affairs* 68, 1992, p. 110

⁴⁰ Kissinger, H.A., "The year of Europe", *Department of State Bulletin*, 14 May, 1973, p. 595

⁴¹ Kissinger, H.A., *Years of Upheaval*, Boston: Little Brown, 1982, p. 153

and inflation combined with low rates of economic growth- with a range of ‘emergency’ protectionist measures. The atmosphere within the EC itself turned acrimonious after the accession of the UK, Ireland and Denmark expanded its membership to nine in 1973. A German-backed plan to share EC oil stocks was vetoed by the UK in the wake of the discovery of large oil reserves in the North Sea. The period from 1973 until the first stirrings of the EC’s relaunch in 1984 was a dark age for European integration.⁴²

The Werner Report of 1970 reflected new political interest in economic and monetary union as an antidote to the Nixon shocks. Speculative pressures jettisoned the subsequent European ‘snake in the tunnel’ arrangements which sought to keep national exchange rates stable. A revised system included only five EC Member States by 1977. At this point, the French President, Valery Giscard d’Estaing and the German Chancellor, Helmut Schmidt, secured an agreement on a new and stronger European Monetary System (EMS). However, on the security front, the EC states remained dependent on the US commitment to European defense. The Carter administration came to power in 1976 committed to more constructive relations with the EC through ‘trilateralism’ or closer cooperation between the US, EC and Japan. New mechanisms for bilateral consultation were agreed after the EC expressed hope for better relations with the US in the Tindemans report on political union in 1976.⁴³ Substantial US concessions resulted in a successful conclusion to the Tokyo Round of the GATT in 1979. But the Carter administration refused to coordinate its expansionary macroeconomic policies with those of EC states.⁴⁴

The Reagan administration’s attitude towards the EC was more overtly hostile. Throughout the early 1980s, the administration aggressively criticized a long list of EC policies, particularly the CAP. Trade relations generally remained on a ‘war footing’ for most of the 1980s.⁴⁵

⁴² Peterson, J., *Europe and America in the 1990s: The Prospects for Partnership*, New York: Edward Elgar Publishing Limited, 1993, p. 42

⁴³ Schwok, R., *U.S.-EC Relations in the Post Cold War Era*, Chicago: Westview Press, 1991, p. 32

⁴⁴ Peterson, J., *Europe and America in the 1990s: The Prospects for Partnership*, New York: Edward Elgar Publishing Limited, 1993, p. 43

⁴⁵ Ginsberg, R.H., “ EC-US political/institutional relations’”, *The State of the European Community: Policies, Institutions and Debates in the Transition Years* by L. Hurwitz and C. Lequesne, London: Lynne Rienner, 1991, p. 389

In focusing on US responses to the Single European Market initiative and the patterns of interaction which they generated, it is possible to examine the changing nature of foreign economic policy.⁴⁶

The fear that the EC was bent on the creation of an inward-looking trade bloc was certainly voiced within the US as the prospect of 'Europe 1992' gained wider currency. In fact, as the SEM came to be viewed as a multidimensional set of challenges and opportunities which interlocked with US concerns over growing vulnerability in the face of the processes associated with globalization. This, it argued, has to be seen in the context of a general shift in the agenda of world politics away from preoccupations with control over, as distinct from access to, international environments. Thus, for the US, the SEM emerged at a time when the 'declinist' debate was in full flood and the concern with economic competitiveness high on the agenda. But it also coincided with the final phase of the Cold War, the upheavals in Eastern Europe and the prospect of a reunified Germany.⁴⁷

The need to reconstruct the economic system was apparently on a higher rank than the security side of the situation. Here, the concern with territorial defense implies a collective 'national' interest, marking off one community from another and symbolically expressed in geographical borders. Additionally, the politics of scarcity and the resultant rise of resources diplomacy generated by the geopolitical agenda of the 1970s have served to sensitize domestic interests to the differences which can divide communities when they are reacting to their external environment.⁴⁸

Traditionally, the above difference in ranking has been expressed in terms of a distinction between 'high' and 'low' policy, reflecting distinctiveness in character but also implying a hierarchy of importance. For several reasons, the two forms of external policy have become increasingly interlinked. Of course, foreign policy has always reflected economic objectives,

⁴⁶ Hocking, B., Smith, M., *Beyond Foreign Economic Policy, The United States, the Single European Market and the changing World Economy*, PINTER London and Washington, 1997, p. 2

⁴⁷ Hocking, B., Smith, M., *Beyond Foreign Economic Policy, The United States, the Single European Market and the changing World Economy*, PINTER London and Washington, 1997, p. 2

⁴⁸ Hocking, B., Smith, M., *Beyond Foreign Economic Policy, The United States, the Single European Market and the changing World Economy*, PINTER London and Washington, 1997, p. 7

but their relative significance and impact on other issues has dramatically increased. With the end of the Cold War, the relative importance of economic as distinct from military security issues has increased. However, this development was one which also marked the Cold War era as it evolved through its various phases. Thus, in the 1980s, Rosenau, in an overview of the changing character of foreign policy, noted that the heightened significance of economics –attributable to nuclear stalemate and Third World demands of a greater share of the world economic cake- was one of two particularly noteworthy changes to the foreign policy environment. Even before the events of the late 1980s and early 1990s, then, the high-low dichotomy was looking increasingly frayed, not simply in the sense that what had hitherto been designated as low was becoming more prominent, but because the very distinction appeared to be losing its utility as a means of describing the substance of the policy environment. Changing perceptions of the nature of security among publics as well as policy-makers were a key element of this development and was underpinned by the heightened salience of economic issues generated by the resource scarcity of the 1970s and 1980s.⁴⁹

2.3 The US: Back in Power Politics

The foreign policy doctrines of US are shaped, rationally, by its geographical position, domestic resources and needs, and the external political environment. The US was not a part of European balance of power system and named to be ‘isolationist’, as to the George Washington’s famous doctrine. The British naval supremacy brought stable environment for US industrial development and also Britain was acting as the guardian of balance of power system in Europe.

According to Van Der Beugel, US foreign policy could be distinguished in three phases. The first phase covers the period up to the attack on Pearl Harbor in December 1941 which was the first time that the US was physically attacked. The national security had the biggest role in US foreign policy after more than 150 years. The second phase covers the period of the World War II and the US plans for the post-war world order. The third phase covers the two post-war years leading to the emergence of the Truman Doctrine and the Marshall Plan. With this

⁴⁹ Hocking, B., Smith, M., *Beyond Foreign Economic Policy, The United States, the Single European Market and the changing World Economy*, PINTER London and Washington, 1997, p. 8

period we saw that America realized the hardness, even the impossibility, of having a one world designed by the states that are politically peace-seeking and willing for extensive economic cooperation. Rather than the one world, America learned to recognize that it had become not only the most powerful partner in a system of collective security, but the sole guardian of a free society in its struggle with the other main power in the post-war world, the SU.⁵⁰

After the World War I, Germany had been defeated; Soviet Russia was torn by civil war and factional disputes, and also withdrew from Europe since barely concealed attempts to overthrow capitalist governments made it difficult for Soviet diplomats to negotiate with them. In the decision of naming the enemy or threat after World War I, Germany was higher at the ranking than the SU that Franklin D. Roosevelt had long regarded Nazi Germany as the primary danger to US security and had sought, ever since extending diplomatic recognition to the SU in 1933, to leave the way open for cooperation with Moscow. Like a seal to the view of Roosevelt, Hitler declared war on the US in December; four days after the Japanese bombed Pearl Harbor.⁵¹

The US was driven again into the European conflicts with the outbreak of the World War II and as the second time the country had the role of healing the damages made by the crashed balance of power system of Europe. This time the negative effects of European conflicts on US security caused the American people to better understand the importance of having a politically and economically stable Europe. It was realized that the America's economic and security interests strongly necessitated the US intervention in European affairs. After the two world wars, the relations with SU could not be kept the same; both the US and Britain made their own assessments to conduct their new foreign policies. As being the player of European political arena, the British were aware of the problems in the power structure of the post-war European continent, and also the threat of Soviet invasion. Churchill took attention on the importance of analyzing the objectives of SU for any attempt of expanding Communist area

⁵⁰ Van Der Beugel, E. H., *From Marshall Plan to Atlantic Partnership*, New York: Elsevier Publishing Company, 1966, p. 5

⁵¹ Gaddis, J.L., *We Now Know: Rethinking Cold War History*, New York: Oxford, 1997, p. 10

by using its post-war territorial and political advantages. The question of Poland formed one of the striking examples. The position paper from the Department of State prepared for the Conference of Yalta in February 1945 read: 'It now seems clear that the SU will exert predominant political influence over the areas in question. While this Government probably would not want to oppose itself to such a political configuration, neither would it desire to see US influence in this part of the world completely nullified.'⁵²

There was a power search in the aftermath of World War II by both the US and the SU with its inevitable reciprocal outcomes; gain for one is the loss of the other. The bi-polarity of the international system caused the spread of seeds to embrace rigid strategies on the future of Europe, which had the central geopolitical position and needed economic development place. There was also the dimension that these two great powers were serving different ideals and plans, which in turn left no space for any other option but bruise. Since they both were looking for establishing the security buffers for their sake, the Europe became the ground of the unarmed battle. To realize victory, the US chose to spread independence and prosperity in Europe, as expected the SU went by the political domination and economically drained by the Eastern Europe. They were divided so deep by the distinction between their respective authoritarian and democratic traditions that there never emerged any attempt of constructive rapprochement.

It is sometimes said of Stalin that he had long since given up the Lenin-Trotsky goal of world revolution in favor of 'socialism in one country', a doctrine that seemed to imply peaceful coexistence with states of differing social systems. But that is a misunderstanding of Stalin's position. What he really did in the late 1920s was to drop Lenin's prediction that revolutions would arise spontaneously in other advanced industrial countries; instead he came to see the SU itself as the center from which socialism would spread and eventually defeat capitalism. Stalin's foreign minister, Viacheslav Molotov recalled: 'World War I has wrested one country from capitalist slavery; World War II has created a socialist system; and the third will finish off imperialism forever'.⁵³

⁵² Van Der Beugel, E. H., *From Marshall Plan to Atlantic Partnership*, New York: Elsevier Publishing Company, 1966, p. 15

⁵³ Gaddis, J.L., *We Now Know: Rethinking Cold War History*, New York: Oxford, 1997, p 14.

On one hand, the Soviet view on the victory over German authoritarianism brought fears of Soviet authoritarianism out into the open. SU created deep and abiding fears throughout the Western Europe. World War II, the Kremlin leader explained, had resulted solely from the internal contradictions of capitalism, and only the entry of the SU had transformed that conflict into a war of liberation. Perhaps it might be possible to avoid future wars if raw materials and markets could be ‘periodically redistributed among the various countries in accordance with their economic importance, by agreement and peaceful settlement.’ But he added, ‘that is impossible to do under present capitalist conditions of the development of world economy.’⁵⁴

On the other hand, the US had a very powerful position after the World War II in both the economic and military sense. The economic system was experiencing its boom stages and incomparably stronger than the rest of the world. The security concerns were not ranking at high as it was in sole possession of nuclear arms. At the first months of post-war international system, US thought of the possibility to build an international system with the elements of democracy, stability, and economic collaboration. However there were the obstacles of devastated Europe and naturally threatening Soviet-Communist domination.

2.4 Containment and Reconstruction: The Truman Doctrine and the Marshall Plan

On March 12, 1947, President Truman emphasized ‘the assisting free peoples to work out their own destinies in their own way’ should be one of the primary objectives for US, and formulated the other side of the axis as the total and permanent involvement in world affairs.⁵⁵

By 1945 the SU started to use its imposition all over the Eastern Europe. Soviets also refused to withdraw its troops from Iran after the end of World War II.⁵⁶ These two important explicit

⁵⁴ Gaddis, J.L., *We Now Know: Rethinking Cold War History*, New York: Oxford, 1997, p 23.

⁵⁵ Van Der Beugel, E. H., *From Marshall Plan to Atlantic Partnership*, New York: Elsevier Publishing Company, 1966, p 18

threat signals and the growing complexity of German problem led to the Truman Doctrine and the Marshall Plan.

It is vital here to mention that the personalities in position of command or of great influence were invaluable to the start and success of both the Truman Doctrine and the Marshall Plan. Under George Marshall and Dean Acheson the State Department was in its full function of advising the President and executing his policy. The personalities of Harry S. Truman, Marshall and Acheson, which emerge from memoirs, biographies and writings were highly complementary and created a striking balance of courage, knowledge and orderly conduct.⁵⁷ As being two different but complementary policies, the Truman Doctrine and the Marshall Plan were the first fruits of new US foreign policy. The first aimed to formulate the Containment policy towards SU and the latter aimed the reconstruction of European economic and political stability. They undoubtedly overlap on the need of Europe being secure and stable.

As most of the case in the turning points of international politics, once again Germany had an important part on the structuring of post-war international system. In the immediate post-war period, German problem had all the links to new US foreign policy, European Recovery and Integration. The first concern of post-war period became to be the German rehabilitation. The argued features of managing the newly tamed beast revoked many European countries, mostly the French. At the time, it was unacceptable for France to share the US idea of helping Germany recover its industrial power and regain its military strength. The divergence of France and US perspectives on Germany was very explicit, and also very understandable: France was drawn to blood and left with nothing to feed her people after German nation's spread of terror, the US was untouched in its territory and experiencing economic refreshment.

⁵⁶ The Anglo-Soviet invasion of Iran was the invasion of Iran by the United Kingdom and the Soviet Union, codenamed Operation Countenance, from August 25 to September 17 of 1941. Soviet troops did not withdraw from Iran proper until May, 1946 after receiving a promise of oil concessions.

⁵⁷ Van Der Beugel, E. H., *From Marshall Plan to Atlantic Partnership*, New York: Elsevier Publishing Company, 1966, p 26.

By the core prerequisite of the Marshall Plan, that it required and got the cooperation of France and Germany, the two authors of historic hostility: A hostility sink to its ashes another one started to grow; the new one had also its own historical roots. The Western European governments got increasingly concerned about the possibility of internal Communist subversion. In the aftermath of the war the Communist parties were popular in Western Europe and fared well in early post-war elections, especially in Italy and France. Because of the unpopularity of capitalism these parties gained more popularity. More important, Communist parties reaped the electoral rewards of their participation in, and often the leadership of, the wartime resistance movement.⁵⁸

By the beginning of 1946, Western Europe was losing the sight of the solid consciousness on the Continent's affairs as well as their economic progress hopes. It was open to internal and external threats of political instability. Although US economy had its full strength after war, the long term stability needed urgent European economic recovery, as being the biggest trade partner and external consumer market of America. Economic stagnation in Europe would lead to political and security chaos in Europe and this would invite the expansion of Soviet power which would latter destroy the option for creating a prosperous and democratic climate in Europe.

Before the World Wars, Western Europe was mainly an exporter of industrial goods and an importer of food and raw materials. Food and raw materials were brought from Eastern Europe, the Far East, and the Dominions and from North and South America. There existed a dollar shortage because of a persistent excess of imports from America over exports. When the wars devastated the economies of West European countries, they started from the basics of industrial and trade efforts in their economies. Efforts of the first eight months reached no far from scratch. By the spring of 1947, the US had provided over \$ 11 billion to Europe in the form of grants, loans, UNRRA shipments and private contributions.⁵⁹ However at the end of 1947, the credits were drained by the long list of European economy hassles. Europe was

⁵⁸ Dinan, D., *Ever Closer Union*, London: Lynne Rienner Publishers, 1999, p. 15

⁵⁹ Van Der Beugel, E. H., *From Marshall Plan to Atlantic Partnership*, New York: Elsevier Publishing Company, 1966, p 47.

threatened with the possibility of total economic and political collapse. With these circumstances, US assistance reshaped and reached a large scale and a firmly strategic content.

With the continuing original American vision of a single international order built around common security, there emerged the need of creating economically recovered and stable Europe. And these two overlapping determinations tightly brought together with the concept of Containment using the Marshall Plan as its instrument. The Containment policy was designed with the ingredients to gain other countries' support by setting of common interest to make resistance out of the list. Washington's wartime vision of a post-war international order had been premised on the concepts of political self-determination and economic integration. The Marshall Plan, to a considerable extent, met those criteria: although it operated on a regional rather than a global scale, it did seek to promote democracy through an economic recovery that would proceed along international and not nationalist lines.⁶⁰

A significant analysis on Europe's situation came out at Marshall Speech at Harvard University on June 5, 1947:

'...In considering the requirements for the rehabilitation of Europe, the physical loss of life, the visible destruction of cities, factories, mines, and railroads was correctly estimated, but it has become obvious during recent months that this visible destruction was probably less serious than the dislocation of the entire fabric of European economy.In order to help US Government to start the European world's recovery, there must be some agreement among the countries of Europe as to the requirements of the situation and the part those countries themselves will take in order to give proper effect to whatever action might be undertaken by this Government.The initiative, I think, must come from Europe. ...Political passion and prejudice should have no part.'⁶¹

⁶⁰ Gaddis, J.L., *We Now Know: Rethinking Cold War History*, New York: Oxford, 1997, p 38.

⁶¹ Van Der Beugel, E. H., *From Marshall Plan to Atlantic Partnership*, New York: Elsevier Publishing Company, 1966, p 49.

The composition of the first conference of Western Europe (in Paris, made by the Anglo-French invitation to build the European response to the US initiative) was reflecting the complexity and hardness of the way to succeed in the plan: There was in reality a wide divergence of political outlook and of economic circumstances amongst the participating countries. These geographically close states had their own unique interests but at the same time had one problem in common. They belonged to the non-communist side of the Europe and should find a way to reconcile their interests and powers. The US was not represented in the Conference. However, the US Embassy in Paris was extremely active in keeping informal contacts with the various delegations. In the last days of July 1947, Under Secretary Clayton came to Paris and informal bilateral meetings between the delegates at the conference and Clayton were arranged. Clayton reproached the British that, by their negative attitude, they had wrecked the prospect of a European customs union. The US attitude emphasized the target as own-sourced European stand up at the end of the recovery program.⁶²

2.5 The German Question

The 'German Question' is defined by Timothy G. Ash as the fears of Germany's neighbors to keep such a dynamic, over-populated and geographically central-oriented country with its huge economic capabilities, under control and not to let it again destabilize the political order on the continent⁶³. Timothy G. Ash formulates the division of Europe during the Cold War as the 'Yalta Order', and for Ash, 'the division of Germany was the division of European continent' and 'to overcome division of Germany is simultaneously to overcome the division of Europe'. As Chancellor Schmidt wrote in his memoirs: '... there was hardly a government in Europe which genuinely regretted the partition of Germany. That was more the case in Washington or distant Peking....The world thus seemed to be quite content with the division of Germany; illogically it was much less content with the division of Europe'⁶⁴.

⁶² Van Der Beugel, E. H., *From Marshall Plan to Atlantic Partnership*, New York: Elsevier Publishing Company, 1966, p 121.

⁶³ Ash, Timothy G., *In Europe's Name*, New York: Random House, 1993, p.23

⁶⁴ Ash, Timothy G., *In Europe's Name*, New York: Random House, 1993, p.19

The declaration on 'Arrangements for Control of Germany', signed by the Commanders of the four Allied Powers on June 5, 1945, did not only fix the details of military surrender but set a pattern for civil administration under the occupation. It was an elaboration of the policy laid down at the Yalta Conference and prepared by the European Advisory Commission in London set up in 1943.⁶⁵ By the French insistent pressure on the serious rounds, the recovery of industrial power in Germany increased gradually and always remained under strict control.

The post-war Germany was arena of the struggle between the US and the SU and being the most striking physical separation of the Cold War territory. The German recovery was vital to the success of stability establishment in Europe. The first clear statement of Soviet policy aimed at German public opinion was made by Molotov on July 10, 1946, at the Council of Foreign Ministers. He lashed out against dismemberment and federalization. He stressed the necessity for a better economic life for the German people. The industries of Germany should be granted the possibility to develop beyond the level of the industry plan. In doing so, he completely reversed the Soviet stand on de-industrialization.⁶⁶ The Molotov speech was countered by Byrnes at Stuttgart on September 6, 1946. The Stuttgart speech was a definite clarification of US policy towards Germany: 'It is not in the interest of the German people or in the interest of world peace that Germany should become a pawn or a partner in a military struggle between the East and the West. ... Germany is a part of Europe and European recovery would be low indeed if Germany with her great resources...turned into a poor house'.⁶⁷

With the intensification of the power struggle between the US and the SU, it was inevitable to look for German support for the various positions. Also the Moscow Conference of the

⁶⁵ Van Der Beugel, E. H., *From Marshall Plan to Atlantic Partnership*, New York: Elsevier Publishing Company, 1966, p 29.

⁶⁶ Van Der Beugel, E. H., *From Marshall Plan to Atlantic Partnership*, New York: Elsevier Publishing Company, 1966, p 32.

⁶⁷ Van Der Beugel, E. H., *From Marshall Plan to Atlantic Partnership*, New York: Elsevier Publishing Company, 1966, p 32.

Council of Foreign Ministers on March 17, 1947, had serious impacts. It established in the minds of the US participants that the SU would only agree to a German settlement when it had near certainty of being able to dominate the political development of Germany. The second result was the conviction of the Americans that the problem of Germany was at the heart of the problem of Europe and that it never could be settled or solved outside a European framework. Finally, Secretary Marshall was convinced that the Russians favored a delay in a German settlement and would profit from the increasing chaos in Germany.⁶⁸

There were different views on the division of Germany in the Cold War period. Mostly commentators argued on the possibility of reuniting Germany just after few years of occupation or the trying some other option of governing it. The fact is that the German problem was in the close guardianship of France, and the mainly the subject of British-Russian disagreement. The US signaled her position at the first rounds of discussion on Germany. The others was opposing to US rooted proposals and also opposing each others'. So it was not a simple decision to make or an easy path to follow. There also existed the fear of the powerful states, namely the US and the SU that a recovered Germany to its full strength might bring an option for the other side to align with and became unbeatable.

At the end, the four allies decided to lead their sections as one and they all realized that Germany rehabilitated by their plan would be a better one and also less dangerous one than the unified Germany under Soviet control. Once fully evaluating other options, French were also convinced to start the rehabilitation of Germany. The Marshall Plan would be the instrument to start recovery and integration of Germany. However Stalin's rejection of the Marshall Plan excluded eastern Germany (the part SU was occupying) from it, along with the rest of Europe. By the summer of 1948, then, the idea of establishing of a separate West German state gained considerable momentum.⁶⁹

⁶⁸ Van Der Beugel, E. H., *From Marshall Plan to Atlantic Partnership*, New York: Elsevier Publishing Company, 1966, p 34.

⁶⁹ Gaddis, J.L., *We Now Know: Rethinking Cold War History*, New York: Oxford, 1997, p 116.

The conference (the first conference of Western Europe, in Paris) report had a note attached to it on the 'Problems relating to Germany'. The content of the note had been the subject of the tough negotiations between the French and Benelux delegations. French side was concerned mainly about the security part of the German issue, but also it was well known that the upheaval of German economy would bring strong competition for the French economy. The British delegation mostly acted on the middle area but worked hard for the negotiations to come to a promising stage for the sake of Europe. The Benelux countries were in favor of increasing the production levels of Germany in order to expand the input of Germany to the European Recovery Plan. The thoughts of Benelux were expressed in a paragraph which stated that it was indispensable to take into account the future of Germany, since its economy had been in the past and by nature of things would be in the future, closely tied up with the economic system of other European countries. It was further stated that European cooperation could not be effective without fitting the German economy into the European framework. The French school of thought found its expression in the sentence that the rate and nature of German recovery would have to be carefully controlled. The German economy could not be allowed to develop to the detriment of other European countries.⁷⁰ At the end, Benelux delegations admitted the need to put strict controls and the French compromised on the need to add more German flour to make the bread, which the West European Countries would eat altogether. The outcome was the Customs Union and other cooperative efforts.

2.6 The Institutional Establishment on the Path of Chained Events

The first years after World War II and the beginning period of the Marshall Plan had seen a chain of events each could be regarded as cause and effect at the same time. Two events had a particular influence upon the deliberations on the recovery program. On the way of the Marshall Plan becoming a reality, SU exposed its intention in Czechoslovakia in February of 1948. Within a matter of days, Czechoslovakia was on its way to become a satellite country with all controls firmly in communist hands. The second event was the speech which Foreign Secretary Bevin made before the House of Commons on January 22, 1948. After describing

⁷⁰ Van Der Beugel, E. H., *From Marshall Plan to Atlantic Partnership*, New York: Elsevier Publishing Company, 1966, p 120.

the collapse of the one-world concept, he said, 'We have not pressed for a Western Union and I know that some of our neighbors were not desirous of pressing it, in the hope that when we got the German and Austrian peace settlement agreement between the Four Powers, this would close the breach between East and West and thus avoid the necessity of crystallizing Europe into separate blocks.'⁷¹

The response was made immediately by the West European Countries and US with the Brussels Treaty on March 17, 1948. The main promise was to afford all military and other aid and assistance in their power to any of them who might be the object of an armed attack in Europe. There is another important side of this treaty that it latter became the initiator of the Council of Europe and particularly of the North Atlantic Treaty Organization. By the accession of Italy and Germany in 1954-1955 Brussels Organization was transformed into the Western European Union. The WEU would be the sole useful tool of the Community at the deadlock of Empty Chair Crisis and the eastern enlargement decision.

Twice the US had gone into war because of mainly the Franco-German antagonism, and tried to heal the ruins in the both post-war times with direct economic assistance. The second one was far more comprehensive and well-structured. The first wave of change initiated by the US brought the efforts for economic recovery. The second one was brought by other events; the Schuman Plan (May 9, 1950) and the Korean War. These two events added a new dimension and priority to the US foreign policy other than the economic one: the further strengthening of the defense of America's European partners and the necessity of a German defense contribution. Before the Schuman Plan the responsibility of pushing further European cooperation was on the shoulders of America, but with Franco-German initiative for a concrete and major step on the road to European unity shifted to Europe. Since the Franco-German rapprochement came with impressing ideas, US response was naturally positive and well-coming.

The Schuman Plan met four policy objectives of the US at the same time, the formation of a large single market in Europe, the inclusion of the new sovereign West German State into a

⁷¹ Van Der Beugel, E. H., *From Marshall Plan to Atlantic Partnership*, New York: Elsevier Publishing Company, 1966, p 121.

Europe on the way towards unity, the establishment of peace between France and Germany and the emergence of the federal principle in the process of European unification.⁷²

At the time of the Schuman Declaration, Monnet was director of the French Modernization Plan. General Charles de Gaulle, leader of the provisional government formed immediately after the liberation, realized that France could never become great again barring a radical economic revitalization. Keenly aware of the need to increase national production, improve productivity, boost foreign trade, maximize employment, and raise living standards, de Gaulle charged Monnet with promoting these formidable objectives at the head of the newly established Economic Planning Office.

Monnet was an ideal choice; he had spent a lifetime working in the private and public sectors in France and abroad. Monnet's experience as a senior Allied administrator during both world wars convinced him of the potential of peacetime economic planning. Monnet came to the conclusion early in World War II that economic integration was the only means by which conflict in Europe could be avoided. Monnet argued, 'the States of Europe must form a federation or a 'European entity', which will make them a single economic entity. Monnet's detachment was due not to doubts about European unity but to disdain for the populism of the movement and its constituent parts.⁷³

The Monnet's personality and close ties with the US intellectual and executive circles were impressively effective on the extent of flexibility of US foreign policy towards Europe. In the negotiations of the General Agreement on Tariffs and Trade (in Geneva during 1952), America faced the fact that she should decide on whether to insist on the maintenance of a global multilateral trade liberalization or to decide on the side of unconditionally supporting European regional integration. The concern was on the need of the Community to get an exception from the Most Favored Nation treatment and some other departures from the established rules. Monnet, as always had been the case, used every channel to influence US

⁷² Van Der Beugel, E. H., *From Marshall Plan to Atlantic Partnership*, New York: Elsevier Publishing Company, 1966, p 240.

⁷³ Dinan, D., *Ever Closer Union*, London: Lynne Rienner Publishers, 1999, p. 14

attitude in favor of European needs. He exercised influence through a network of close friendships and relationships. He had a talent of using this influence to affect both, the US policy makers and the European statesmen. The US policy makers also did not want to put the European Integration at risk because at the end its collapse would eventually damage the overall trade liberalization hopes.

From the beginning of 1960s, the chain of events as both the cause and the effect that shape the alliance of US and West European Countries began changing its direction in real terms. In regard of reasons one can give the deficit in the US balance of payments, extreme burden of military spending on the US budget with no serious input from European states, accelerating global responsibilities of the US to the developing countries, and growing loss of US market in Europe because of the given compromises. In addition to the above, the French intergovernmentalist president General DeGaulle added another element to the complexity of the situation. He opposed the US demand of increased European conventional forces because of two reasons mainly; economic and political attitude.⁷⁴

The structure of the answer to the German Question in Europe's political history has also changed through the years. The policy on Germany emerged incrementally and then in time aligned to Kennan's 1945 vision of an indefinitely divided Germany would provide the basis for a sustainable policy. Kennan made two approaches to the German question-continued division and eventual unification-which received careful consideration prior to May 1949 foreign ministers' meeting to which the Western allies had agreed in return for the Russians' lifting of the Berlin blockade.⁷⁵

The foundation and rearmament of West Germany owes much to Stalin and Adenauer. The steps taken by Allies were mainly the reactions for Stalin's decisions and actions. Stalin hesitated to reach an agreement with the Allies on Germany and rejected to be in the Marshall Plan; Allies founded the German Federal Republic at the London Conference program. Stalin

⁷⁴ Van Der Beugel, E. H., *From Marshall Plan to Atlantic Partnership*, New York: Elsevier Publishing Company, 1966, p 354.

⁷⁵ Gaddis, J.L., *We Now Know: Rethinking Cold War History*, New York: Oxford, 1997, p 124.

decided to blockade Berlin and authorized Kim Il-sung to invade South Korea; Allies founded the European Coal and Steel Community and introduced the Pleven Plan. Before going to details of Stalin's decisions and Adenauer's strong standing political character, it is vital to see that all Allies reactions were invented and invited by the French, British and German sides and welcomed by the Americans.

When the SU acts of Berlin blockade and attempt of invasion of South Korea explicitly showed the urgent need of forming a balancing security power, the allies, mainly the French, were still unsure on the decision of German rearmament. Even, it would not be wrong to say that the idea of 'a divided Germany's possibility of gaining its military strength' was more serious problem than the accelerating Soviet threat. In the third quarter of 1950 the issue of German rearmament reached its peak at the executive quarrels. The support of British and French to the London Conference program had been based on the belief that the West Germany would have no military forces under its control. However, after few years, there came the decision to have a strong German army to counter the Soviet one. James B. Conant, the new US High Commissioner in Germany, warned, it 'is too new to trust the final command of a national army to the hands of the unknown German leaders of the future.'⁷⁶ But if there had to be German rearmament, need there be a German national army? Could German units, or even German individuals, not safely serve under an Allied command? The Americans proposed that this command should be NATO. Could it not be Europe? Why not form a European army? Why not set up, alongside the Schuman Plan's European Coal and Steel Community, a European Defense Community of which Germans-but not a German army-could form a part? Such was the reasoning that led to the project for a European Defense Community (EDC).⁷⁷ Then the suggestion of Premier Rene Pleven gain weight among allies; the FRG would have no army of its own, but rather that its military forces would be integrated into those of a multinational European Defense Community, coordinated with but apart from NATO. The Americans, in turn, enhanced the Pleven Plan's appeal by

⁷⁶ Gaddis, J.L., *We Now Know: Rethinking Cold War History*, New York: Oxford, 1997, p 132.

⁷⁷ Mayne, R., *The Recovery of Europe: From Devastation to Unity*, Mayne: Harper and Row Publishers, New York and Evanston, 1970, p 194.

announcing that the universally respected General Dwight D. Eisenhower would come out of retirement to become NATO's first Supreme Commander.⁷⁸

As the boss in Bonn, Adenauer also was in the thought of militarily independent Germany would not be better than the one with no military power at all. The idea of 'militarily powerful independent Germany might frighten allies more and result into the break of German rehabilitation and integration to the West' could have caused him to act parallel with the flow of the search. However, the French National Assembly in August 1954 refused to ratify the EDC Treaty which would bind German forces into the control of European sphere. Although the idea of establishing EDC was French, the French National Assembly closed this door and opened the door to German armament under NATO membership.

The reactions from Soviet side also had the changing directions generally on EU specifically on German standpoint. Stalin at the first place did not take the initial steps of West European cooperative efforts too seriously. As the capitalist America believed that the intolerable character of communism would erase its own existence, idealist Stalin believed that the strength of its perfectly planned and controlled sphere would find its way to reflect and spread the Russian ultimate design. Stalin rejected the Marshall Plan since he saw the offer as an attempt to undermine the Russian ideals and strength of its ideals. The US intention was probably to search for any chance of Russian input to create worldwide cooperation in the post-war era. However Stalin never wanted a separate East Germany, instead he favored a united Germany under Soviet domination. He fastened the foundation of German Democratic Republic after it was obvious that there was to be a German Federal Republic. In the case of Adenauer's preferences, he was also in the same view with the allies that a unified Germany could hardly remain neutral. He had the capability to act with the sensitive manner on the implausible way of German permanent division, except some low oppositions most of the political spheres supported Adenauer's west-side alignment. There was also some opposition on the side of US to the policy structuring on Germany; Kennan, in 1949, had made the point as 'Should we just wait for events and make policies to meet them, or should we have alternatives worked out in advance?'⁷⁹

⁷⁸ Gaddis, J.L., *We Now Know: Rethinking Cold War History*, New York: Oxford, 1997, p 130.

⁷⁹ Gaddis, J.L., *We Now Know: Rethinking Cold War History*, New York: Oxford, 1997, p 132.

The scene of its division is an important point to mention here to go further in the German Question. Thus it would be necessary to explain the asymmetry in its separation since it would later be one of the causes of Soviet retreat on the Cold War struggle. Both sides of the Cold War was concerned on the alignment of united Germany, once there were two separate Germanys they both relieved till some unknown time of reunification. However the separation resulted into two states differing widely in their functions and feasibilities. While the West Germans had chosen their government independently, this was not true for the East Germans. While the production capacity remained in the West, its needed raw materials were in the East part of Germany. While the West had quite enough workforces, the East barely had. And finally for here, while the West was enjoying the full support of allies to recover, the East was working for Soviet recovery.

As the directors of the system and decades men in power of the states' administration must be mentioned here because of the contribution and sometimes obstacles they have created. It is possible to sum up the three stages of 1945-1995 with three French men: The first part was the output of Monnet's creative mind and influential relations. The second part was the era of finding new solutions to the problems created by Charles De Gaulle (the president of France between 1958 and 1969). The last, third, part was the progress era designed by Jacques Delors (Commission's President, 1985-1995). After Monnet's impressive idea of founding ECSC the process of European Integration was accelerated till its sudden stop caused by De Gaulle's nationalist attitude. De Gaulle was persistently opposing the membership of UK and also the increasing powers of European Parliament and the Commission. The deadlock lasted for years and only resolved after French renegotiation on the Community budget before British accession. After the frustrations in 1960s caused by one individual, there came the activist 1970s with its changing internal and external balances; internally the accession of three member states, the adoption of EMU, the launch of a procedure for foreign policy coordination, strengthening Germany, differing economic performance of members and externally fluctuating superpower relations, decline in US influence, shocks of oil embargo, and the collapse of Bretton Woods system.

The emergence of the European Council, to find solutions for Gaullist period, and the effectiveness of the Paris-Bonn axis, personified for much of the decade by the friendship between President Valéry Giscard d'Estaing and Chancellor Helmut Schmidt, explain to a great extent the EC's durability during that turbulent time.⁸⁰ The currency crises of 1971 had long-lasting effects and helped send European economies slipping into recession. Corrective measures in early 1972 had the unfortunate but predictable impact of fueling inflation. The collapse of the international monetary system led to in April 1972, the introduction of the 'snake', a regimen to keep EC currency fluctuations within a 2.5 percent margin inside the 'tunnel' established during the Smithsonian talks. Throughout 1973 soaring inflation, rising unemployment, yawning trade deficits, and a worsening oil crisis undermined the EC.⁸¹ In the year of 1974 the governments of the three countries, France, Germany and Britain, changed and led to the beginning of influential Paris-Bonn axis. Within six months of the Copenhagen summit, however, the leadership of all three countries changed hands. In April 1974 Pompidou died, and on May 19 Giscard d'Estaing won the presidential election. Two weeks before Giscard's victory, Brandt resigned from office following the arrest of his personal assistant on charges of spying for East Germany; Helmut Schmidt, Brandt's finance minister, became the new chancellor. In Britain, Wilson returned to office after Labor's February 1974 election victory. Giscard and Schmidt grew increasingly close personally and politically, firmly reestablishing the primacy of the Franco-German axis in EC affairs.⁸²

At the time of its internal problems of 1980s, the Community was also dealing with its changing external relations. In the management of Community response to the Soviet invasion of Afghanistan in December 1979 and the imposition of martial law in Poland two years later, European Political Cooperation (EPC) was proven to be ineffective to establish foreign policy coordination. By the time, the Reagan Administration was pressuring the Community members to cut economic activities, which newly escalated after the economic shocks of early 1970s, with the Soviet bloc and also contribute highly to the respective NATO power. Under

⁸⁰ Dinan, D., *Ever Closer Union*, London: Lynne Rienner Publishers, 1999, p. 57

⁸¹ Dinan, D., *Ever Closer Union*, London: Lynne Rienner Publishers, 1999, p. 69

⁸² Dinan, D., *Ever Closer Union*, London: Lynne Rienner Publishers, 1999, p. 72

this transatlantic strain and unforeseen future economic crisis, Jacques Delors put the SEA and EMU on the agenda of the Community.

After years of sluggish growth and institutional immobility, member states concluded the Single European Act, a major revision of the Treaty of Rome that underpinned the single market 1992 program. Jacques Delors became the Commission president in January 1985 (and remained for three terms till 1995) who is described by Stanley Hoffman as ‘important as Monnet of 1950s for European Integration (EI)’.⁸³ In his three terms presidency Delors tackled and solved very important deadlocks of EI. For the third enlargement case, Delors came into act at the core of unsolved problem of Integrated Mediterranean Programs. He took personal responsibility for the IMPs that is an obstacle before the EC could advance on other fronts. After the Brussels summit Delors relieved and declared that all the family quarrels have been sorted out.⁸⁴

The Milan summit of June 1985 considered the EC’s future on the basis of concrete proposals. The Commission plan-the famous White Paper on completing the internal market by the end of 1992- was one of the most important documents prepared for the European Council’ deliberations. Delors personal preference was to concentrate primarily on Economic and Monetary Union. In addition, Delors believed a single market strategy would indirectly but inescapably result in an improvement in decision making procedures and renewed interest in EMU. By the Dooge Report, Milan Summit, the IGCs with high governmental battles experienced with Delors balanced presidency. In the months before the December 1987 Copenhagen Summit, attitudes hardened on all sides. The poorer member states, apparently acquiescent at the Brussels summit, grew more assertive in demanding a greater distribution of EC resources. With Thatcher reverting to her early 1980s negativism, Kohl and Mitterrand reluctant for domestic political reasons to cut the CAP, and Gonzalez agitating for additional resources, the Copenhagen summit ended in disarray. Kohl called a special summit in Brussels in February 1989 to try to resolve the impasse over Delors I. Even more than Kohl’s statesmanship, Thatcher’s surprising tractability saved the summit from becoming yet another flop. Whatever the reason, Thatcher’s decision removed a huge obstacle for Delors on the road to 1992.

⁸³ Murray, P., Rich, P., *Visions of European Unity*, Westview Press Boulder Colo 1996.

⁸⁴ Ross, G., *Jacques Delors and European Integration*, Polity Press, Cambridge 1995.

The year 1989 was a year of peaceful revolution that hastened the collapse of communism, leading directly to the reunification of Germany in 1990 and the disappearance of the SU in 1991. By 1992, when the single market was to have been completed and the Treaty on European Union was to have been implemented, economic recession had spread throughout Western Europe while the former Soviet Bloc countries struggled to implement market reforms and consolidate newly established democratic institutions. In Central Europe, Germany grappled with the startlingly high social and financial costs of unification. To the southeast, Europe's first post-Cold War conflict engulfed Yugoslavia and threatened to ignite a wider Balkan conflagration. Worries about the long-term impact of German unification and eventual EU enlargement to the East contributed to a climate of uncertainty in which the ratification drama unfolded.⁸⁵

2.7 EU in its sphere: Change to Survive

In the period between Treaty of Rome and the Single European Act, there were the Decade of De Gaulle, First Enlargement, Second Enlargement, Third Enlargement and the 70s economic crisis. The UK joined on 1 January 1973, together with Denmark and Ireland, the Norwegian people voting against accession in a referendum. Greece became a member in 1981; Portugal and Spain joined in 1986.

The so-called "first epoch" of the EU covers the period from 1957 Treaty of Rome to 1987 Single European Act, also including the Luxembourg Compromise period which started in European integration as a project with strikingly narrow and overwhelmingly economic objectives first, to manage jointly the production of coal and steel, and then, to develop a common market and free trade in other goods. Yet, the earliest moves to institutionalize European cooperation were never seen as final. From the beginning, EU institution-building had the decidedly political purpose of making European states ever more mutually dependent on one another.

⁸⁵ Dinan, D., *Ever Closer Union*, London: Lynne Rienner Publishers, 1999, p. 127

The continuous changes made in the functioning and role of decision making institutions definitely reflects the EU's rationale and strategic preference through its history and also for its future: Change to Survive. Each pillar's progress and successful standpoint is in a strong interdependency with the changes in and out of the Union's borders. Thus, it is vital to react on time with a comprehensive approach that is fully supported by the Union's members and especially their citizens. Apart from the theoretical discussions related to the institutions' power and role in the decision making process, not reacting to the actual events and debates in the international era could result in the overall collapse of the Union's image. The inter-institutional balance is shifted in accordance with the changing priorities of the Union.

The life of the national veto beyond the transitional period is allowed in the Treaty of Rome. Its genesis was the impasse known as the 'empty chair crisis', when France boycotted Council meetings for the last six months of 1965 in protest against bureaucratic supranationalism and the advent of qualified majority voting, thereby immobilizing the Community. In the first epoch, the voting principles became a great problem and the period was characterized by legislative gridlock in the Council. In this period the Council was an ineffective collective institution, with the system of national vetoes protecting the sovereignty of member states. In turn, the unanimity-voting requirement in the Council greatly mitigated the legislative power of the Commission because the small volume of legislation produced by the Council gave the Commission scant opportunities to exercise its bureaucratic discretion to implement policy afforded by unanimity voting. In contrast, legislative gridlock in the Council facilitated Court activism because only treaty revisions could rein the Court. The freedom of the Court to interpret the Rome Treaty was thus the primary force propelling European integration during the Luxembourg compromise.⁸⁶

A serious crisis arose when the tricky issue of moving on to the third stage of the transition period (due on 1 January 1966) began to emerge. At this stage voting procedures in the Council were to change, with a move from unanimous to qualified majority voting in certain areas. The change of voting method reflected greater emphasis on a supranational approach in the Community. France opposed a range of Commission proposals, which included measures for financing the common agricultural policy, and stopped attending the

⁸⁶ Weiler J.H.H., Kocjan M., *The Law of the European Union*, NYU School of Law and University of Oxford, 2004/5.

main Community meetings (its 'empty chair' policy). In exchange for its return it demanded a political agreement on the role of the Commission and majority voting, which would involve a complete review of the treaty system. Eventually, on 30 January 1966, agreement was reached on the celebrated Luxembourg Compromise, which stated that when vital interests of one or more countries were at stake members of the Council would endeavor to reach solutions that could be adopted by all while respecting their mutual interests.

Towards the end of the 1970s there were various reactions in the Member States to the worsening economic crisis, and this affected efforts to bring their economic and fiscal policies into line. To solve the problem of monetary instability and its adverse effects on the CAP and cohesion between Member States, the Bremen and Brussels European Councils in 1978 set up the European Monetary System (EMS).⁸⁷

A few months after its first direct election in 1979 Parliament ran into a serious crisis in its relations with the Council, over the budget for 1980. At the instigation of Altiero Spinelli, Member of Parliament (MEP), founder of the European Federalist Movement and a former Commissioner, a group of nine MEPs met at the 'Crocodile' restaurant in Strasbourg in July 1980 to discuss ways of re-launching the operation of the Institutions.⁸⁸ In July 1981 Parliament set up an institutional affairs committee, with Spinelli as its coordinating reporter, to draw up a plan for amendment of the existing Treaties. The Spinelli group and the subsequent committee rapidly decided to formulate plans for what was to become the European Union. The draft Treaty was adopted by a large majority on 14 February 1984. It was a major leap forward, providing for the transfer of new responsibilities in essential fields. Legislative power would come under a twin-chamber system akin to that of a federal State. The system aimed to strike a balance between Parliament and the Council. This was how the process leading to the Single European Act got off the ground.

The Union completed a big and critical turning phase in its history just in time to bare the deep rooted shocks that would come as the outcomes of international re-positioning in general and Eastern Europe's openness to renewal in particular.

⁸⁷ El-Agraa A.M, *The European Union Economics and Policies*, Prentice Hall, Sixth Edition.

⁸⁸ Dinan, D., *Ever Closer Union*, London: Lynne Rienner Publishers, 1999, p. 98

3. THE RECONSTRUCTION OF EASTERN EUROPE IN THE POST- COLD WAR PERIOD

“Where there is a political will, there are no insurmountable technical problems. Where there is no will, each technical problem becomes a pretext for the failure of negotiations.”⁸⁹

Paul-Henri Spaak

3.1 Transforming Gradually

Western Europe’s integration and rapid economic upheaval in the 1950s and the 1960s was slowed down, even stopped, by the challenges of 1970s. The Community was not able to act in cohesive manner because of its members’ widened and diversified interests. Unabsorbed enlargements were on the path of effective decision-making. On the immobility of its internal structure, the beginning of 1970s added the growing imbalance and instability in the Bretton Woods system. Then there came the oil crisis which attacked the financial sector as well as the production sector. West European Countries decided to put forward both a new economic system among them and a European policy on international economic evolvments, by the EPC. By formulating a new economic system and building new commitments (the 1992 Single Market project) for future cohesive economic efforts, the Community was increasing the distance of its future economic policy line from the US-Europea axis.

The Community members aimed to form an economic standing other than the US one to response and absorb external economic changes with their conditions. By the decisions of the EPC, members defined their terms for elaborating new negotiations and agreements, distant from the US terms in some cases. This distance would face a multiplier effect when the untouchable and unforeseen transformation of the SU’s foreign policy along with its various dimensions surfaced and exposed itself by Gorbachev.

⁸⁹ Parsons, C., *A Certain Idea of Europe*, New York: Cornell University Press, 2003, p. 90

The transformation was gradual since SU diminished the commitment and tolerance of its satellites gradually, and also the changing leadership helped the ‘talk of facts’, not ideals. The open part of the transformation began by 1985 when Gorbachev, General Secretary, on his first visit to the West in Paris in October 1985, expressed that the SU was prepared to recognize and deal with the European Community as a political entity, and to work towards ‘overcoming Europe’s divisions into opposing groups in a more or less foreseeable future’.⁹⁰ The interpretations of changing Soviet behavior were challenging for both the Americans and Europeans, probably the same is true for the Russians. Its all international partners were thrown into the complex work of analyzing Moscow’s strategy and formulating relevant responses for it.

The Community has responded to the economic shackles of 1970s by strongly committing to the 1992 Single Market project, which sought to transform the members’ national economies into a single European one. But before the date of realization of a single market in Europe, the political and geographical changes came forward; the fall of the Berlin Wall on the night of November 9, 1989, the collapse of the Warsaw Pact in 1989, the unification of Germany in 1990 and the disappearance of the SU in 1991. These had straightforward implications for Russia’s foreign policy. Radical transformation within Russia, in turn, helped to provide the impetus for a broad transformation of the entire global system.⁹¹

With the political multiplier effect on the changing economic commitments of the Atlantic Alliance, there emerged the overall redefinition of its function. However this redefinition would not be in a dramatic way and not so fast. For some, as the future course of Russia remains uncertain, NATO needs a capability for reconstitution should a ‘Russian threat’ or some other distinct threat arise again.⁹² However not much time passed for it, in the first

⁹⁰ Malcolm, N., *Soviet Policy Perspectives on Western Europe*, Routledge London, 1989 p 1.

⁹¹ Ivanov, I.S., *The New Russian Diplomacy*, Washington: Nixon Center and Brookings Institution Press, 2002, p 1.

⁹² Haftendorn, H., ‘Gulliver in the Centre of Europe: International Involvement and National Capabilities for Action’, *Germany in Europe in the Nineties* edited by Bertel Heurlin, London: St. Martin’s Press, 1996, p 97.

instance it seemed that the Atlantic Alliance had lost its significance for the collective defense of Europe after the Soviet collapse, but it would be seen that it still needed to stabilize the continent, most obviously with the Balkan conflagration. The early 1990s was the era of change for the EU, namely the first response was the ratification of Maastricht Treaty, and then came the formulation of a Common Foreign and Security Policy. At this time the Russian Federation was establishing and getting used to the policy of openness. The period between 1990 and 1993 in the evolving EU-Russian relationship saw the first outputs and indicated a rapprochement by way of an Ostpolitik. At the same time, this period signified both internal and external institutional adaptation to new realities.⁹³

3.2 Changes in the Equation

For the purpose of explaining its determining properties and distinguishing it from domestic political systems, Waltz believes the international system has a precisely defined structure with three important characteristics. These are (1) the ordering principle of the system, (2) the character of the units in the system, and (3) the distribution of the capabilities of the units in the system.⁹⁴

Neo-realists such as Waltz and Mearsheimer are profoundly disturbed by the collapse of Soviet strategic power in the 1990s. If mutual nuclear deterrence between the US and the SU accounted for the high level of international stability in the post-war period, the end of bipolarity casts an ominous shadow over the present world order. As Waltz concedes, ‘in international politics, unbalanced power constitutes a danger even when it is US power that is out of balance. They regard the rapid demise of bipolarity as the single most dramatic change in contemporary world politics. ‘The main difference between international politics now and earlier is not found in the increased interdependence of states but in their growing inequality. With the end of bipolarity, the distribution of capabilities among states has become extremely lopsided. Rather than elevating economic forces and depressing political ones, the inequalities

⁹³ Herrberg, A., ‘‘The European Union and Russia: Toward a New Ostpolitik?’’, *The European Union in the World Community* edited by Carolyn Rhodes, London: Lynne Rienner Publishers, p 91.

⁹⁴ Burchill, S., *Theories of International Relations: Realism and Neo-realism*, London: Palgrave, 2001, p. 91

of international politics enhance the political role of one country. Politics as usual prevails over economics'.⁹⁵ The central challenge for US-EC relations is that of maintaining a stable and predictable relationship in a world order which has been profoundly transformed by the geopolitical changes of 1989-1992.⁹⁶

According to Mearsheimer, the long peace of the Cold War was a result of three factors: the bipolar distribution of military power in continental Europe, the rough equality of military power between the US and the SU, and the pacifying effect of the presence of nuclear weapons. Multipolar systems, on the other hand, are notoriously less stable than bipolar systems because the number of potential bilateral conflicts is greater, deterrence is more difficult to achieve, and the potential for misunderstandings and miscalculations of power and motive is increased. Unipolar systems are even more precarious.⁹⁷

The West European international system at the end of the Cold War was highly institutionalized: state behavior was to a considerable extent governed by rules. This system therefore only distantly resembled the textbook portrayal of sovereign states pursuing self-help policies under conditions of anarchy.⁹⁸

In contrast to the situation in the West, Eastern Europe after the Soviet withdrawal was virtually bereft of strong institutions. The Warsaw Treaty Organization (WTO) and the Council for Mutual Economic Assistance (CMEA) were obsolete, no longer reflecting the interests of most of their members. Both the WTO and the CMEA were formally dissolved after 1989.⁹⁹

⁹⁵ Burchill, S., *Theories of International Relations: Realism and Neo-realism*, London: Palgrave, 2001, p. 97

⁹⁶ Peterson, J., *Europe and America in the 1990s, The Prospects for Partnership*, New York: Edward Elgar pub., 1993, p. 60

⁹⁷ Burchill, S., *Theories of International Relations: Realism and Neo-realism*, London: Palgrave, 2001, p. 98

⁹⁸ Keohane, R.O.; Nye, J.S., "The end of the Cold War in Europe", *After the Cold War, International Institutions and State Strategies in Europe 1989-1991* ed. by Keohane, R.O.; Nye, J.S.; Hoffmann, S., Boston: Harvard University Press, 1993, p. 2

⁹⁹ Keohane, R.O.; Nye, J.S., "The end of the Cold War in Europe", *After the Cold War, International Institutions and State Strategies in Europe 1989-1991* ed. by Keohane, R.O.; Nye, J.S.; Hoffmann, S., Boston: Harvard University Press, 1993, p. 3

The pragmatic institutional framework created by the Community Treaties build on co-operation between states, but simultaneously went well beyond the traditional intergovernmental setup. Two basic principles stood at the centre of the Community's original decision-making system: (1) the equality between France and Germany; and (2) the avoidance of dominance of the larger over the smaller Member States. When Jean Monnet, April 4, 1951, declared the way of overcoming discrimination and establishing the principal of equality between France and Germany to German Chancellor Konrad Adenauer, who was looking for ways to rehabilitate his country after World War II, immediately replied positively. As a result, France and Germany have traditionally received equal numbers of votes in the Council of Ministers and equal numbers of seats in the various Community institutions and bodies. The first exception to this rule was made at the Edinburgh European Council, in December 1992 when the reunified Germany was given a larger number of members of the European Parliament than France.

3.3 Following the History: Changing Political Ingredients

A diverse collection of theorists share the assumption that the nature of power in the international system has changed as nation-states have become progressively more inter-linked in a complex web of political, security and especially economic relationships. In their view, states may be happy to secure self-preservation, as opposed to power-maximization, and international institutions can ameliorate the anarchy of the international system. The key distinguishing argument of interdependence theorists is that the increased importance of international institutions needs to be accommodated in any plausible theory of international politics.¹⁰⁰

Since the end of the Cold War altered the definitions of some International System elements such as security, and the expansion of foreign policy agendas to include issues such as FDI and some others, it became possible to see the acceleration of European integration and

¹⁰⁰ Peterson, J., *Europe and America in the 1990s: The Prospects for Partnership*, New York: Edward Elgar Publishing Limited, 1993, p. 30

increased political interest after 1989 in stronger US-EC relations as responses to increasing interdependence.¹⁰¹

An outright rupture in US-EC relations loomed when EC states signed agreements with the SU to build a pipeline to channel up to \$10 billion per year in natural gas from Siberia to Western Europe. The Reagan administration argued that EC dependence on Soviet energy exports would make the EC hostages to Soviet policy and give the SU increased hard currency holdings which could be used to strengthen its military.

In 1981, the US administration barred US firms from participating in the pipeline's construction, banned the use of US technology and sought to apply sanctions to European companies which accepted contracts to work on the pipeline.¹⁰² EC leaders were outraged at what was viewed as a blatant attempt to interfere in their internal affairs. The Reagan administration eventually realized it had nothing to gain from pressing the issue. It quietly accepted the conclusions of a report by the Organization for Economic Cooperation and Development (OECD) which suggested that EC imports of Soviet gas were unlikely to be used as political leverage by the SU.¹⁰³

As during the Nixon years, the precarious dependence of European economies on decisions taken by a fundamentally unsympathetic US administration pushed the EC countries towards closer cooperation. Negotiations on the SEA focused on Commission plans to free the internal market by 1992. As the value of the dollar fell rapidly, new proposals to give the EC powers in foreign, defense and security policies were tabled. The dollar's decline made it more expensive for the US to maintain its military presence in Europe or provide foreign aid.

In the event, proposals to strengthen the EC's security role posed too many problems for Irish neutrality and were resisted by Denmark and Greece. The notion that the EC needed to bolster

¹⁰¹ Peterson, J., *Europe and America in the 1990s: The Prospects for Partnership*, New York: Edward Elgar Publishing Limited, 1993, p. 32

¹⁰² Pinder, J., *The European Community and Eastern Europe*, London: Royal Institute of International Affairs, 1991, pp. 19-21

¹⁰³ Kahler, M., 'The United States and Western Europe: The diplomatic consequences of Mr. Reagan', *Eagle Resurgent? The Reagan Era in American Foreign Policy* by K.A. Oye, R.J. Lieber and D. Rothchild, Boston: Little Brown and Company, 1987, p. 313

its own independent role in international relations was placed firmly on the agenda for future discussion.¹⁰⁴

The importance of glasnost and perestroika: The EC's internal debate on developing its foreign and security policy role was profoundly shaped by the rise to power of Mikhail Gorbachev in the SU in 1985. The EC had previously been condemned by Soviet leaders as an 'economic arm of NATO' and an 'organ of West European monopoly capitalism doomed to inevitable destruction'.¹⁰⁵ But Gorbachev welcomed moves towards greater unity within the EC in his speech to the 1986 Communist Party Congress and argued that the US 'should not expect unquestioning obedience of its allies' as the EC emerged as a new centre of power.¹⁰⁶

Gorbachev's rise to power had an immediate impact on West German foreign policy. The Germans pushed to normalize their own relations with the Eastern bloc and to 'Europeanize' the Atlantic Alliance by strengthening Franco-German cooperation on security issues.¹⁰⁷

The West German government played a central role in negotiations leading to the Common Declaration of 1988 between the EC and the Soviet-led Council for Mutual Economic Assistance (CMEA). The Declaration provided a framework for the establishment of diplomatic relations and trade agreements between the two blocs. EC acceptance of the pact was based almost exclusively on political calculations. The CMEA's rigid controls on trade within the Eastern bloc meant that it could not offer any reciprocal trade concessions to the EC without undermining CMEA producers. By late 1988, the EC had secured a separate agreement with Hungary on trade and economic cooperation. The agreement showed that the EC had become more autonomous of the US in its relations with the Eastern bloc. Traditionally, the US had opposed western trade concessions to the Eastern bloc on the

¹⁰⁴ Corbett, R., 'The 1985 intergovernmental conference and the Single European Act', *The Dynamics of European Union* by R. Pyrc, London: Croom Helm, 1987, p. 252

¹⁰⁵ Nello, S.S., 'Recent developments in relations between the European Community and Eastern Europe', EUI working paper 89/381, Florence: European University Institute, 1989, p. 34

¹⁰⁶ Larrabee, F.S., 'The New Soviet Approach to Europe', *Proceedings of the Academy of Political Science* 38 ed. by N.H. Wessel, 1991, p. 3

¹⁰⁷ Peterson, J., *Europe and America in the 1990s: The Prospects for Partnership*, New York: Edward Elgar Publishing Limited, 1993, p. 46

grounds that they dulled incentives for a wholesale political reform. Successive US administrations had criticized the German policy of Ostpolitik, or political and economic overtures to the east, when they were not linked to the wider agenda of superpower detente.¹⁰⁸ But US and EC views of the SU converged markedly during the Reagan administration's second term. Reagan and Gorbachev met in Switzerland, Iceland, the SU and the US between 1985 and 1988. The intermediate nuclear force (INF) treaty of 1987 was widely welcomed by EC states. Gorbachev's announcement in 1988 that free elections would be held within a year to elect members to a new Soviet parliament, the Congress of People's Deputies, was another milestone.¹⁰⁹

The promise of new diplomatic and economic exchanges between the EC and the Eastern bloc countries heightened the Community's magnetism and fortified links already established through the CSCE process after the mid-1970s. The Bush administration cautiously welcomed the changes in Eastern Europe. But by the end of its first year in office, it was clearly struggling to develop policies to keep pace with events in Europe.¹¹⁰ One of few solid guides for US policy was an interagency review conducted in the summer of 1989 which concluded that accelerated political integration within the EC was unstoppable and that US opposition to the process would be both futile and counterproductive. This assessment, combined with pragmatic calculations about limits on US fiscal resources, led the administration to embrace wholeheartedly the idea of giving the EC responsibility for coordinating western aid to the East.¹¹¹

The Commission's task in coordinating exports credits, grants, food aid, and loan and investment guarantees from so many different sources was daunting. The US endorsement of the Commission's competence and expertise was of a sort only rarely extended to it by EC Member States. Commission officials later expressed surprise at US decision, which was

¹⁰⁸ Ginsberg, R.H., "EC-US political/institutional relations", *The State of the European Community: Policies, Institutions and Debates in the Transition Years* by L. Hurwitz and C. Lequesne, London: Lynne Rienner, 1991, p. 390

¹⁰⁹ Peterson, J., *Europe and America in the 1990s: The Prospects for Partnership*, New York: Edward Elgar Publishing Limited, 1993, p. 48

¹¹⁰ Dumbrell, J., Barret, D., *The Making of US Foreign Policy*, Manchester: Manchester University Press, 1990, p. 90

¹¹¹ Peterson, J., *Europe and America in the 1990s: The Prospects for Partnership*, New York: Edward Elgar Publishing Limited, 1993, p. 48

widely thought to be a product of behind-the-scenes lobbying by Delors. It pushed EC Member States to consider whether links between the EC's external trade policy and its intergovernmental system for coordinating national foreign policies were adequate. The Dutch, Italians and others began to argue that EC policies towards the East –including foreign policies- needed to be made by majority voting instead of unanimously. In short, the US decision to give the EC primary responsibility for aid to the East began to have an impact in the EC's own internal political debates about the Community's future by late 1989.¹¹²

Its gravity for US economic interests reinforced the Bush administration's view that US diplomacy should be reoriented away from bilateral links with individual EC members and towards the EC itself. The White House began to accept the argument that US support for European political unity gave the US more clout in internal debates on new EC policies.

During a visit to Washington in April 1989, Delors argued that it was time to 'reassess the relationship...Both partners now have to think about a wider political dialogue, leading possibly to joint action over issues of mutual interest'.¹¹³

Less than a month later Bush floated the idea of 'new mechanisms of consultation and cooperation on political and global issues, from strengthening the forces of democracy in the third world, to managing regional tensions, to putting an end to the division of Europe'. Subsequent events in Eastern Europe accelerated the development of a formal US proposal. Baker's Berlin speech in December urged that the US and EC should 'work together to achieve, whether it is in a treaty or some other form, a significantly strengthened set of institutional and consultative links... We want our trans-Atlantic cooperation to keep pace with European integration and institutional reform.'

The EC was wary of US intentions. Statements by the US Secretary of Commerce, Robert Mosbacher, that the US should be given 'a seat at the table' as an observer in internal EC discussions struck many in Brussels as offensive.

¹¹² Peterson, J., *Europe and America in the 1990s: The Prospects for Partnership*, New York: Edward Elgar Publishing Limited, 1993, p. 49

¹¹³ Pinder, J., *The European Community and Eastern Europe*, London: Royal Institute of International Affairs, 1991, pp. 5-6

The idea of a formal US-EC treaty met with little sympathy in Brussels. A formal treaty was viewed by the Commission as too difficult to negotiate, potentially damaging to existing multilateral institutions, and premature in light of the EC's ongoing IGC on political unity. Yet Delors continued to insist that the EC's political links with the US needed to be upgraded.¹¹⁴

In February 1990, Bush secured an endorsement in principle from acting President of the European Council, the Irish Prime Minister Charles Haughey, on an expanded and regularized set of bilateral meetings. The US President would meet each President of the European Council during their six-month term. Summits of the US Secretary of State and EC foreign ministers would be held twice each year and the Commission would pursue its own meetings with members of the US Cabinet (US Mission to the EC, 1990). The proposal significantly expanded the mechanisms for consultation agreed in 1976. Discussions on a formal agreement continued when a Commission delegation met members of the US Cabinet in April 1990 in Washington. But negotiations on the actual content of a joint declaration were dooged throughout 1990 by divergent perceptions and agendas.¹¹⁵

The Declaration which was finally signed at the Paris meeting of the CSCE in November 1990 emerged as an anodyne document. It formally committed both sides to the measures agreed by Bush and Haughey and bound the US to biannual summits with the Commission. Pledges were made to closer scientific cooperation and joint measures to meet 'transnational challenges' such as international terrorism, the drug trade, environmental protection and arms control. The common goals listed were unremarkable outside that of 'reinforcing the role of the United Nations'.¹¹⁶

Transatlantic Declaration will not in itself be a determinant of the state of US-EC relations in the 1990s. Ultimately, US-EC relations will be determined by wider events in the international system and the evolution of domestic politics on both sides of the Atlantic. But

¹¹⁴ Peterson, J., *Europe and America in the 1990s: The Prospects for Partnership*, New York: Edward Elgar Publishing Limited, 1993, p. 52

¹¹⁵ Peterson, J., *Europe and America in the 1990s: The Prospects for Partnership*, New York: Edward Elgar Publishing Limited, 1993, p. 53

¹¹⁶ Peterson, J., *Europe and America in the 1990s: The Prospects for Partnership*, New York: Edward Elgar Publishing Limited, 1993, p. 54

at least the expanded and intensified political exchanges mandated by the Declaration will lead both sides to consider how their own interests might be served by a transatlantic partnership in the 1990s.¹¹⁷

It would be true to state that contributors of the international system's theoretical base was equally aware as the political, institutional and other distinct players that the decade of post-Cold War would be the era of evolvement in the spiral of economics and politics: the existing main players of the international system need to change their tools to manage their circumstances and also be ready to have new comers to the international politics' scene having unexpected bold influences and intentions.

3.4 Gorbachev Keeps 'Russians Out'

"keep the Americans in, the Russians out,
and the Germans down."

Lord Ismay

During the early years of the Cold War, as we have seen, Churchill's military advisor, NATO's first Secretary General, Lord Ismay explained the purpose of NATO with these words and following the fall of the Berlin Wall, this reasoning continued to guide US policy towards Europe.¹¹⁸

As one of the fathers of the Cold War, Stalin was purely idealist in his thoughts but also inherently pragmatic in his acts. He built a conservative and expansionist foreign policy and insistently refrained to use force in his struggle with the US. His foreign policy, with the impetus of Soviet victory in World War II, enjoyed the extended lines of Soviet influence in Europe and the Asian countries. The post-war Soviet decisions and attempts to have permanent influence and control over Europe led to the first bold steps for Western Europe

¹¹⁷ Peterson, J., *Europe and America in the 1990s: The Prospects for Partnership*, New York: Edward Elgar Publishing Limited, 1993, p. 55

¹¹⁸ Lind, M., "The New America Foundation", *The American Way of Strategy: U.S. Foreign Policy and the American Way of Life*, New York: Oxford University Press, 2006, p.134

cooperation. The acts of Soviet leader to undermine the sphere of Western security and cohesion turned out to be the facilitator of it. As the Soviet power and influence came closer to the West, the Western allies put forward more solid counter-balancing commitments. The dissolution of Soviet-communist world came more quickly by the presence of the cohesive Western Europe. While Stalin was trying to increase Soviet influence on Eastern Europe, he could not suppress the increasing tensions and strains caused by the outstanding 'possibility of a Western Europe becoming a Whole Europe'. As Stalin pushed towards the doors of West, he prepared the grounds for the emergence of European common consciousness. Consciousness began to develop on the need of collaboration and compromise to establish a strong resistance against the Soviet threat.

In the aftermath of World War II the SU committed to support Eastern Europe and to foster its production power. Both of the commitments eventually sucked the resources of the Soviet Empire. Since this huge burden on the SU's shoulder could not be carried further without any sacrifice of the gradual strategy on Europe, the issue was to find another way to control Eastern Europe. Within the first few months after Gorbachev came to power, two 'debates' surfaced, reflecting the Kremlin's uncertainty over how to deal with Eastern Europe: One related to nationalism versus proletarian internationalism, and the other to the Brezhnev Doctrine and the management of future intra-bloc discords.¹¹⁹

By the beginning of the Cold War, like Western Europe and US also the SU was experiencing some, and sometimes the same, important external and internal changes which brought the storm clouds over the scene of changing destiny of the country with its citizens' own hands. When local communist authorities allowed a modicum of political and cultural freedom to emerge in Hungary in 1956, in Czechoslovakia in 1968, and in Poland in 1980, it was quickly followed by demands to end Soviet hegemony and withdraw Soviet troops. The decision of Gorbachev to agree German reunification started no big quarrels internally but did in the external parties. This unexpected example and output of Soviet redefined foreign policy brought a turning point to the overall international system in general and to the historical evolution and structuring of European Integration in particular. This Russian alignment with

¹¹⁹ Petro, N.; Rubinstein A., *Russian Foreign Policy: From Empire to Nation State*, New York: Longman, 1997, p 178.

the West on the reunification of Germany represented the rejection of the bi-polar international system and drastically changed the post-war political map.

The post-war map was destined to be changed because of the geographical anomaly, political tension and economic asymmetry it created; the new geopolitical reality did not fit its ground: Europe. The European countries were the traditional enjoyers of free trade, boiling politics, and the impermanent geopolitical mapping. The integration of Europe before the World War II was characterized by freer trade than the post-war polarized economic activities. However in Yalta (1945), the continent was divided despite the high costs of the political and economic separation, having two Germanys was the most painful. As Timothy Garton Ash, in his book *In Europe's Name*, notes, 'the Yalta division of Europe is distinguished from previous divisions of Europe by its historical arbitrariness, its absoluteness, the asymmetrical roles of partly extra-European, nuclear-armed super powers, and the congruence of military, political and economic differences'.¹²⁰

3.5 Germany: Civilian and European

It has been always so apparent that Germany, united or not, remains at the list of risks to be evaluated when a huge critical turning point has to be passed. It is the case at the time of taking the decision to go on with the enlargement, welcoming the UK or even the continuity of the Union itself. When we look at the principal traits of Bonn's European and foreign policies during the Cold War, we see two sides of the coin: Westpolitik and the Ostpolitik within its civilian character and Euro-centered foreign policy. Like its Western and multilateral orientation, the civilian character of German foreign policy also represented an important source of reassurance for other West European states concerning the benevolence of Bonn's foreign policy intentions. The principal manifestation of Adenauer's policy of Western integration was Germany's entry and participation in all the major West European and North Atlantic Alliances and regional organizations, first and the foremost the European Community and NATO. And the Westpolitik was complemented later by Willy Brandt's

¹²⁰ Mayhew, A., *Recreating Europe The European Union's Policy towards Central and Eastern Europe*, Cambridge: Cambridge University Press, 1998, p 4.

Ostpolitik in the first half of the 1970s and aroused the ideas if the Federal Republic had not already been tightly integrated into the West. But Ostpolitik did not replace the Westpolitik, rather it was subordinated to it.¹²¹ The foreign policy of Bonn had two alignments with the European Community and NATO. America intervened into the German problem in the aftermath of World War II, but the interlocking effect came with the need to find a guarantor against the threat of Soviet-Communist expansion. The US was the only option to shelter the West Europe, including Germany's West, as being one of the two powerful countries. The French attempt to bind Germany with the multi-ties of European integration, also herself, was another success to prevent Communist invasion. The establishment of Franco-German cooperation became the touchstone of the European Integration process. For long years, Germany became the conciliator between America and France, and implemented a sensitively balanced foreign policy; like the warm weather brought by German attitude on the stormy sky of De Gaulle's time. When Pompidou became the President, the famous formula surfaced the stormy clouds of the first phase: completion, deepening and enlargement.¹²² Just in the very aftermath of the new French initiated impetus, the Community suddenly had to realize its development's vulnerability because of the dependency upon the stability maintenance of certain key conditions in the external environment. Bretton Woods system was shocking the whole evolvement of the Community with its shortcoming and not moving agenda. After some enlargement rounds and really beating economic crisis, by the end of the Cold War it seemed the argument would not be a question of 'widening versus deepening' or 'who will be in or out', but as one seasoned observer said that the Community would have 'to learn to walk and chew gum at the same time'.¹²³

With the opening of the inner-German border on 9 November 1989 and the publication of Helmut Kohl's ten-point plan for reunification at the end of the same month, it was obvious

¹²¹ Webber, D., 'Introduction: German European and Foreign Policy Before and After Unification', *New Europe, New Germany, Old Foreign Policy? German Foreign Policy Since Unification* edited by Douglas Webber, London: Frank Cass and Company Limited, 2001 p 3.

¹²² McAllister, R., *From EC to EU*, New York: Routledge, 1997, p 41.

¹²³ McAllister, R., *From EC to EU*, New York: Routledge, 1997, p 207.

that some form of reunification was in sight, though as late as the Informal Council meeting in Dublin at the end of January 1990 it was not clear to the Ministers, including Hans-Dietrich Genscher, what exact form this reunification would take. Reunification finally took place on 3 October 1990.¹²⁴ Not only was there no strategy to deal with the challenge of reform in Central and Eastern Europe, there was also no strategy to tackle the complicated problems suddenly posed by reunification in Germany.

3.6 Reaching to the CEECs

From the beginning of 1970s there was increased volume in the trade with CEECs; the Community started to progress its economic ties with the Council of Mutual Economic Assistance (CMEA). This economic rapprochement could be the initiator of economic reforms in the economic systems of CMEA members, but no evidence that they are aimed for it. At the time, SU's overlooking attitude towards the newly arising economic connections was the reflection of its definition of the European Community as being the economic arm of NATO. However the members of the Community had their own passions to have more influence in the world. They were voluntarily pooling their sovereignty not only for changing their destiny, some for the power to change others'. In the case of CMEA, the members had no common cooperation patterns or any economic common stand.

Far from the sphere of 1950s and early 1960s, the late 1960s and 1970s saw the first economic agreements between the European countries. However these were bilateral agreements, the first general agreements were settled from the beginning of 1970s. Increased level of cohesion on commercial policies within the Community necessitated changing these bilateral agreements with the Community agreements. The European Community, in December 1969, decided to apply its Common Commercial Policy to the CEECs same as to the other third countries. By this time the Community member states were assessing the attempts of their communist neighbors as a reform act on the existing communist economy, not a transformation of any kind.

¹²⁴ Mayhew, A., *Recreating Europe The European Union's Policy towards Central and Eastern Europe*, Cambridge: Cambridge University Press, 1998, p 15.

The offer on the new decisions came with the year 1974; trade agreements negotiation and Most Favored Nation (MFN) treatment. The CMEA response was a total rejection, because they believed the offer would weaken their organization and benefit the Community. The trade between 1970s and 1980s was managed by the autonomous measures of the Community. (The only exceptions to this general freezing of trade relations between the two parts of Europe were the bilateral arrangements made with the most independent of the CEECs, Yugoslavia and Romania). Although reform of the economic system in the CMEA countries was being carried out throughout the 1970s and 1980s, and notably in Hungary, further developments in relations had to await the arrival of Gorbachev, who in October 1985 made it clear that it was time for the SU to recognize the existence of the European Community.¹²⁵

The peoples of Central and Eastern Europe were also aware of the rising prosperity and freedom nearby their territory: the European Community of West European Countries. Since they were also European, why would they be satisfied with the reformed but still bound to the communist sphere? The considerable improvement in relations between the European Community and the CMEA and their respective Member States which took place in the second half of the 1980s obviously owes much to the policies of ‘perestroika’, followed by President Gorbachev.¹²⁶ When they added the pull factors of the 1980s glamorous European Community to the push factors of the communist system and Soviet hegemony, there appeared the answer: back to Europe. In the 1980s the Community was on the wheels of Single European Act (increased majority voting in the Council of Ministers) and European Monetary Union (the final barriers to the freedom of movement of goods, services, capital and labor were swept away). It would be right to say that the role of the Community in the collapse of SU and its communist empire land was mainly being a solid form of resistance to its invasion and indicating the possibility of a glamorous alternative. By the time that the Communist system began to crumble, first in Poland and Hungary, then in the GDR,

¹²⁵ Mayhew, A., *Recreating Europe The European Union's Policy towards Central and Eastern Europe*, Cambridge: Cambridge University Press, 1998, p 12.

¹²⁶ Mayhew, A., *Recreating Europe The European Union's Policy towards Central and Eastern Europe*, Cambridge: Cambridge University Press, 1998, p 14.

eventually reaching the SU itself, the Community member countries were not part of the realization phase rather some like observers. The peoples of the Central and Eastern Europe freed themselves and would latter also need to remind their Europeanness to the Europeans of the West with their own efforts.

From the beginning of the 1980s the Community was certainly aware of the need of establishing its political and economic common stand in a cohesive and insistent manner. Even it was not an expected or acceptable situation that the Community did not put much effort to the realization phase of the Communist dissolution, it could be evaluated in terms of fear on the spread of conflict and hassle to the West or the Community's institutional immobility causing slower reaction or even by the incapability of foreseeing and managing the crises. However the passivism of the Community in the healing and transformation phase of the CEECs was quite hard to explain. The newly freed countries' people faced the extent of the Western neighbors' internalization of the divided Europe. The chance of being a leading actor and strong standing policymaker in the international era would be missed if the reunification of Germany was postponed somehow. Rather the West Germany, on the eve of reunification with its East, put forward her priorities so clearly and indicated the importance of being the architect of the united Europe would be the Community's chance to take a huge step on its progress. The ineffectiveness of the Community on the Hungarian uprising or the Czechoslovak 'Spring' were unacceptable, now by the German push there came the time to reverse the first impressions.

The first coordinated Western response came in the G7 Summit meeting in Paris in July 1989, which was convened in the follow up to both the precipitous developments in Poland and Hungary and the human rights violation in China. In the Declaration of the Summit on East-West relations, the G7 leaders stated that 'we offer the countries of the East the opportunity to develop balanced economic cooperation on a sound commercial basis consistent with the security interests of each of our countries and with the general principles of international trade'.¹²⁷ At that time FRG and GDR were experiencing the indicators of their reunification. The opening of the inner-German border and the fall of the Berlin Wall were the real starters

¹²⁷ Mayhew, A., *Recreating Europe The European Union's Policy towards Central and Eastern Europe*, Cambridge: Cambridge University Press, 1998, p 15.

of the spread of transformation in the East to the West. The French were in support of taking immediate measures to tackle with the results of Eastern revolution, by their invitation to the Council in Paris in November 1989, establishment of the European Bank for Reconstruction and Development (EBRD- a French government initiative which was destined to play a significant role in the transition in Central and Eastern Europe) and the opening up of Community programs in education, training and technology were agreed upon. The European Council was followed immediately by the creation of the PHARE program (the French acronym for Poland and Hungary Assistance to Economic Restructuring), adopted by the Council on 18 December 1989. This grant program was intended to implement economic aid measures 'primarily to support the process of reform in Poland and Hungary, in particular by financing or participating in the financing of projects aimed at economic restructuring. With an immediate allocation of ECU300 million this was a significant response by the Community to the challenges of reform. Not only were funds made available by the Community but the Member States also responded with major allocations. Germany, the United Kingdom, France, the Netherlands and the Nordic countries especially made an effort to make knowledge transfer available for the transition.

3.7 From the Reconstructive Marshall Plan to the Unifying Enlargement

The European Union had the difficulty to reconcile the various concerns and interests of its members and also its timing. The issue was again the combination of geography and politics; the members geographically closer to the CEECs were explicitly in support of eastern enlargement, the rest had some concerns. The opposing members were mainly concerned about the financial burden of the enlargement, and more about the budget lines after enlargement. As being at the centre of the Europe and the biggest net payer to the Union's budget, Germany supported the eastern enlargement from the beginning. Both geography and history was the elements of German foreign policy towards the CEECs'. Austria and the Nordic countries were also supporters with their close geographical and historical ties with the Central Europe. The Mediterranean member states were concerned about security and migration problems in their region.

The member states' policy makers started to have a common argument by the year of 1990, certainly with the strong factor of German reunification, that the search for alternatives to the

enlargement decision would inherent high risks for deep stagnation, abuse of civil rights, minority problems, fluctuating levels of cooperation, namely a Chaotic Europe. The CEECs should be politically stabilized, economically secured, and closely oriented in a gradual manner; by the instrument of enlargement. Enlargement process of the Community had pre-accession and post-accession economic features but certainly quite different from being a 'Marshall Plan'. Neither the economic elements nor the political content does match with the idea of 'Marshall Plan'. The Community, the European Union by the Maastricht Treaty, was rather on the way of extensive internalization process on the CEECs' economic, political, and geographical issues; all inclusive. There is no doubt that Marshall Plan initiated the European recovery and integration, in addition opened the way to Monnet-Schuman initiatives establishing the Franco-German amalgamation, however the enlargement instrument of the Union's foreign policy is much more than a support or an initiator: it is about being a part of it, being the 'United Europe'.

3.8 The Reunification of Germany Hindering Enlargement

It would be proper here to mention the effects of the reunification problems on German policy towards the CEECs since it was the biggest supporter of the eastern enlargement but could not be the biggest contributor to its realization. Although being always the engine of the European enlargement she became a slowing down factor in the enlargement to CEECs; the Germany had to have time and funding after the reunification to heal its imbalanced economic substance. Alan Mayhew mentions four dimensions: the financial burden of the reunification, the institutional burden it brought, the weakness of the former-GDR sectors necessitated protection, and the Ostpolitik-rooted sensitive relationship with Moscow.

After forty five years of division, five German Democratic Republic (GDR) Lander, Brandenburg, Mecklenburg – West Pomerania, Saxony, Saxony-Anhalt and Thuringia, based on the Article 23 of the constitution, acceded to Federal Republic of Germany (FRG) on the 3rd of October in 1990. The process began with the opening of Austrian- Hungary Border on the 10th of September 1989 and just in one year ended up with the complete reunification. The former East German economic system was a socialist planned economy. Firstly, GDR was almost exclusively dependent on SU in energy sector. Except a few solid fuel resources East Germany lacked sufficient energy resources for an industrial economy. Moreover GDR

industry necessitated a substantial amount of exports especially to provide enough employment to its citizens. Growth performance of West Germany was amazing after World War 2. She repaired her economy and became an export-oriented nation as called 'trade nation'. GNP per capita was \$ 20,775 in 1990. West German government had very low budget deficits and stabilized it at 1 percent of GNP. So foreign borrowing did not finance growth. West Germany's trade was largely with European states most of which were formerly members of European Community. The size of the trade was 73 of total trade of West. On the eve of reunification, FRG was still experiencing economic expansion. East Germany did not have the performance of West Germany. After she opened her borders, it was realized that East Germany had some structural problems and she had to go through an economic reform process. The financial burden of the reunification was so huge that in 1992 the German financial support volume to CEECs was less than the Netherlands'. The inland- flowing migration required immediate solutions to high unemployment levels of the East part and balancing measurements to the asymmetry in the living standards.

When the economy of the FRG is simply evaluated it can be classified as one of the classical western free market economies with a few peculiar characteristics. Briefly the economic structure of the FRG has three main characteristics: It is a free market economy based on the principle of 'Ordnungspolitik'(that is the free play of market forces within a secure, unobtrusive, and well-understood institutional and financial framework), it is characterized by middle and small sized firms and FRG economy is a part of the US led western economy. The institutional burden was on the shoulders of the firms and entrepreneurs as well as the executive bodies of the state. The mechanisms and regulative bodies of the former West started to deal with the new added to the old. The socialist featured economic policy of the former FRG began to shrink in its commitments because of the unbearable volume of demand.

The former FRG was always the actor of the sensitive political grounds under the worst stormy clouds one could have. The post-World War II Germany under the control of Allies was the suppressed one with its good-looking neutral impression. The divided, two Germanys, were put in the position to flow their separate paths of historical evolution. The West Germany had gained its economic and military power gradually by the US support, and then found the opportunity to independently form its foreign policy. None was the case for the East Germany, which was under the economic and political domain of the SU. It would be quite

proper to applaud the successful foreign policy and act of the West German governors in all phases of the country's recovery and progress. The multisided policy of the FRG was the formulation that gave the chance of reunification, a rapid one when the communist chain was broken. This formulation was based on the axis of Adenauer's Westpolitik and Brandt's Ostpolitik. The Westpolitik aimed to have Germany in the West European picture and assure the participation to North Atlantic Alliances. It was complemented by Willy Brandt's Ostpolitik in the first half of the 1970s to reestablish and strengthen the ties with the CEECs and naturally with Moscow. The sensitivity of this foreign policy structure is obvious since it had two hands trying to shake the two most powerful enemies. These hands should sense the appropriate degree of tightness while carefully preventing injuries. In the 1970s and 1980s the gradually loosened ties of post-war US support were stabilized by the escalating good relations with the SU. The Moscow watch out ritual of the FRG was one of the reasons of its reconciliatory role between the CEECs and Moscow in order to eliminate any deadlock on the way of reunification.

3.9 Taking Bold Steps

‘It is not the time of vain words, it is time for taking bold steps’.
Robert Schuman, 9th May, 1950.

By the end of Cold War, it became apparent that the words of the French Foreign Minister Robert Schuman was not a motto only for the initial steps of European Integration, this second time was even more complex and harder because of the interlocked positions and changed perceptions of the decision makers.

The Association Agreements, mostly called ‘Europe Agreements’, were the first big steps of creating a formal framework that would deepen relations with the CEECs. They were the guidance maps of the CEECs’ transforming financial and commercial systems on the road to trade liberalization. The first signatories were Poland, Hungary, and Czechoslovakia by 16 December 1991. Hence these agreements were used as an indicator of progress that would separate the signatories from the others. The Europe Agreements were also used as an

instrument of orientation and preparation for the Union's economic structure. By this phase the three countries began to understand their new family's internal flows and possibilities.

The Maastricht Treaty (TEU, Treaty on European Union) was a good beginning for all; for the members, and for the ones who want to be members. The treaty had three highly important characteristics: as an attempt to draw the future of Europe, widen by enlargement or not; as the developer of the three pillar structure to isolate the traditional Community responsibilities in the area of the economy (the Community Pillar) from the new competencies in the areas of foreign policy and military matters (the CFSP pillar) and criminal matters (the JHA pillar); as the creator of the Euro. The CEECs had a widened perspective on their prospects for future after the negotiations and ratifications of the TEU.

The question of future enlargement of the Community was extensively dealt with at the Lisbon European Council in June 1992. The Commission's own paper to the Lisbon Summit spelled out the main questions concerning enlargement: deepening and widening should go on together and deepening the degree of integration should not suffer at the hands of enlargement; new members should have take 'acquis communautaire' but this could be accompanied by temporary derogations and transitional periods; enlargement should not put in doubt common policies and especially the developing Common Foreign and Security Policy (CSFP); and the Community's effectiveness should be protected.¹²⁸

In the CEECs (Czech Republic, Estonia, Hungary, Poland, Slovenia, Bulgaria, Latvia, Lithuania, Romania and Slovakia), priority of the efforts on the transition from the central planning system to a market economy replaced with the requirements for closer integration with the West European countries. For the transition process from a centrally planned economy towards a market economy, three main areas of reforms have been identified, namely macroeconomic stabilization, real adjustment at the microeconomic level and creation of institutional framework.¹²⁹ The requirements for the accession of the CEECs to the

¹²⁸ Mayhew, A., *Recreating Europe The European Union's Policy towards Central and Eastern Europe*, Cambridge: Cambridge University Press, 1998, p 34.

¹²⁹ Piazzolo, D., *The Integration process between Eastern and Western Europe*, Berlin: Springer, Kiel Studies, 2001, p 8.

European Union also indicate an overlap with these three by its content. The European Council defined three criteria at its meeting in Copenhagen in June 1993, which applicants have to fulfill before the accession (European Commission 1999a)¹³⁰: (1) the political criterion: stability of institutions guaranteeing democracy, the rule of law, human rights and respect for and protection of minorities; (2) the economic criterion: existence of a functioning market economy as well as the capacity to cope with competitive pressure and market forces in the European Union; (3) the criterion concerning the adoption of the *acquis communautaire*: ability to take the obligations of membership including adherence to the aims of political, economic and monetary union.

Other than the economic concerns, the Danish Presidency in 1993 was particularly interested in supporting the newly emerging democracies of Estonia, Latvia, and Lithuania, which had fought to free them from the SU and had achieved independence in August-September 1991. Trade and economic and commercial cooperation agreements with the three countries were negotiated in 1992 and entered into force in February and March 1993. At Copenhagen, the European Council declared itself already dissatisfied with these agreements (FTAs) with the three countries. The FTAs were then negotiated in 1994, becoming subsequently an integral part of the Association Agreements which were signed in June 1995. In addition to the three Baltic States, an Association Agreement with Slovenia, one of the most advanced and prosperous of the Central European countries, was also negotiated and initialed by the summer of 1995.¹³¹

On the side of Moscow there were also serious concerns like character of the treatment to Russians in its former satellites. The Union has brought considerable pressure to bear on Latvia and Estonia to improve the treatment of these minorities, Russians. Another concern was the maintenance of the channel transmitting the supplies to Russia, crossing either Lithuania or Poland and Belarus. The European Union had shown great support to Russia in matters like these since the economic development and political stability in the CEE countries

¹³⁰ Piazzolo, D., *The Integration process between Eastern and Western Europe*, Berlin: Springer, Kiel Studies, 2001, p 8.

¹³¹ Mayhew, A., *Recreating Europe The European Union's Policy towards Central and Eastern Europe*, Cambridge: Cambridge University Press, 1998, p 35.

were tightly bound to the successful reform and democratization in Russia. Bilateral agreements between Member States and Russia and the Partnership and Cooperation Agreement (PCA) with Russia at the Union level together with Community assistance programs and attempts to draw Russia closer to many aspects of Community affairs are all important for creating an environment in which the Union can enlarge eastwards.¹³²

The European Community was the economic and political actor within defined territories for forty five years. The eastern borders of the Community were limiting its enlargement options, till they are changed by the collapse of the communist sphere. During the Cold War period, while the EU expanded to Denmark, Britain and Ireland, and Spain, Portugal, and Greece naturally no consideration took place on the idea of enlarging over the iron curtain. The Cold War permitted no official relation at all. The relations established with the CMEA countries in 1988, after forty four years of silence. By the revolutionary changes of 1989, the Community had to reposition its stand to deal with its changing geopolitical circumstance. After the CEECs overcame the initial phase of their transformation, they put forward strong commitments to the Community membership. In addition to the post-Communist democracies, a number of other European countries wanted to join the EC, and by 1991 several either had applied for EC membership or were signaling their intention to do so. Among the applicants was Turkey, which formally applied to join the EC in 1987. Austria had applied for membership in 1989, and the Mediterranean island countries of Malta and Cyprus in 1990. Sweden added its name to the list of applicants in July 1991, followed by Finland, Switzerland, and Norway in 1992.¹³³

Between 1987 and 1996 eighteen countries applied to join the EU. Their applications were given different receptions: Accession terms were agreed quickly with four –Austria, Finland, Sweden and Norway- and the first three of these became EU members in 1995. (The Norwegian people rejected membership in a referendum.) The application of Morocco in

¹³² Mayhew, A., *Recreating Europe The European Union's Policy towards Central and Eastern Europe*, Cambridge: Cambridge University Press, 1998, p 35.

¹³³ Baun, M.J., *A Wider Europe: The Process and Politics of European Union Enlargement*, Oxford: Rowman and Littlefield Publishers, 2000, p 11.

1987 was rejected on the ground that it is not a European country. The EU opened accession negotiations with five Central and East European countries (CEECs) (the Czech Republic, Estonia, Hungary, Poland, Slovenia) plus Cyprus in 1998 and then did the same with another five CEECs (Bulgaria, Latvia, Lithuanian, Romania, Slovakia) plus Malta in 2000.¹³⁴

Clearly, the EU is engaged in the 2004 enlargement round that is very different in character from the enlargement rounds of the past. It is an enlargement round that promised eventually to nearly double the size of the EU's membership and brought a variety of states that were very different in character from each other.¹³⁵

It was not possible for the CEECs enlargement to proceed according to the 'classical method' in which the focus is on the willingness and ability of applicants to accept the *acquis communautaire* and negotiations are largely taken up with the extent and length of transition periods. Rather it had to be an 'adaptive' enlargement round, in which the EU had to do much more than in previous enlargement rounds to assist applicant countries to meet the conditions of EU membership and an enlargement round too in which the EU was itself have to change and adapt more than it had in previous rounds.

It was assumed by most EU leaders that CEEC accessions were a long term prospect and that the strategy for some time would need to be focused on assisting CEECs to adjust to their new situations. However, in the mid 1990s the EU was obliged to shift its position as, between March 1994, when Hungary applied, and January 1996, when the Czech Republic applied, ten CEECs formally applied for EU membership. The European Council requested the Commission to produce opinions on the CEEC applications and these were issued in June 1997. The Commission recommended that negotiations should be opened with five of the ten CEECs and Cyprus, but should be delayed with the other five until their economic (and in the case of Slovakia, political) transitions were further advanced. The European Council accepted the Commission's recommendations at its December 1997 Luxembourg meeting and negotiations with what came to be referred to as the '5+1 first wave' states duly began in March 1998.¹³⁶

¹³⁴ Nugent, N., *The Government and Politics of the European Union*, London: Palgrave Macmillan, 2003, p 494.

¹³⁵ Nugent, N., *The Government and Politics of the European Union*, London: Palgrave Macmillan, 2003, p 494.

¹³⁶ Nugent, N., *The Government and Politics of the European Union*, London: Palgrave Macmillan, 2003, p 495.

Before long, however, the Luxembourg decision was coming to be viewed as having been mistaken. One reason why it was so was that some of the ‘second wave’ countries began to narrow the gap between themselves and first wave countries. Another reason was that the Luxembourg summit had not only differentiated between the first and second wave countries, but had also decided that Turkey-which was also an applicant- was not yet eligible to be even considered for membership. Strong expressions of dissatisfaction from Turkey about how it was being treated and suggestions that it might be forced to look elsewhere for other friends, resulted in the EU having to re-consider its position.

Accordingly, the enlargement strategy was revised at the 1999 Helsinki summit where it was decided that: negotiations with the second wave 5+1 states would be opened in early 2000; decisions on the readiness of all 10+2 states to become EU members would be made solely on the basis of their progress in negotiations, not on when the negotiations with them were opened; and Turkey would be given the status of being a ‘candidate country’.¹³⁷

The applicant countries were seeking to join an EU that itself is rapidly changing; as it enlarges, the EU is also engaged in further deepening. Most notable in this regard is the historic effort to create an EMU, including a common currency and a European Central Bank. The Maastricht and Amsterdam Treaties have also committed the member states to further cooperation in the areas of foreign and security policy, judicial and home affairs, and social and employment policy. This ongoing deepening poses a tremendous challenge for the applicant countries, since the EU they are attempting to join is something of a ‘moving target in the fog’ , since the final destination remains unclear.¹³⁸

Also different is the security dimension of the CEECs enlargement. While enlargement is widely viewed as an important means of exporting security and stability eastward, and thus helping to create a peaceful and secure Europe, it also poses potential security risks for the

¹³⁷ Nugent, N., *The Government and Politics of the European Union*, London: Palgrave Macmillan, 2003, p 496.

¹³⁸ Baun, M.J., *A Wider Europe: The Process and Politics of European Union Enlargement*, Oxford: Rowman and Littlefield Publishers, 2000, p. 11

EU. By enlarging, the EU get the risk of importing instability by admitting countries with unresolved internal or external conflicts, such as ethnic tensions or border disputes with neighboring states. An enlarged EU would also have more extensive borders with historically unstable areas of Europe, such as the Western Balkans, even as it seeks to stabilize these areas by integrating them into the EU orbit. Similar to all previous enlargements, eastern enlargement also affect the EU's internal political dynamics and cohesion. By shifting the EU's geographical and political center of gravity further eastward, enlargement increased Germany's influence in the EU and decreased that of France, thus causing problems for the vital Franco-German partnership that had been the traditional motor of European integration. However, a major benefit of enlargement is that it made the EU more secure by spreading prosperity and stability to the countries of Eastern and Southeastern Europe. Among many EU leaders there was growing recognition that European security is indivisible. Enlargement also offered substantial economic opportunities for the EU and its member states. The accession of all ten CEECs expanded the EU's internal market by some 100 million consumers, thus creating the possibility of increased sales for EU companies and efficiency gains from greater economies of scale. Also, the economically underdeveloped CEECs had a tremendous potential for future growth, thereby creating additional markets for EU producers of goods and services.

While the EU could enjoy many of these economic benefits without enlargement, enlargement would provide a more stable political and security context that ensures continued economic reform and progress CEE, thus providing Western companies and investors with the maximum opportunity for gain. In this manner, an economically developing Central and Eastern Europe could become the engine for growth of enlarging EU.

The EU's role and weight as global actor would also be enhanced by enlargement. A wider EU would possess a larger internal market and a greater share of world trade, and thus have a larger voice in international commercial and economic affairs. An enlarged EU would also be more influential in international governmental organizations, such as the United Nations, the World Trade Organization (WTO), and the International Monetary Fund (IMF). By increasing the EU's membership and extending its borders, enlargement would also give the EU a greater regional role and responsibilities in Eastern Europe and the Mediterranean basin, an effect that would enhance its global importance and weight as well.

While enlargement would provide these political, security, and economic benefits to the EU as a whole, its individual member states would nevertheless enjoy them disproportionately. The security benefits of enlargement, for instance, would be most enjoyed by the member states that border the EU's eastern rim. Countries like Germany, Austria, Sweden, and Finland, because of their geographical locations, would be the most directly affected by instability to their east. For these countries, enlargement would also create a welcome buffer against Russia; it is more than just a coincidence that some of the member states most in favor of enlargement are those lying the shortest distance from Moscow. For Germany and other east-facing member states, enlargement automatically increases security by moving them from the EU's eastern border to its safe middle. These member states, therefore, have a strong and natural security interest in enlargement.

Another normative factor motivating enlargement is what can be called the 'idea of Europe'. This is the view that Europe is a distinctive cultural and historical entity that belongs together and should strive toward unity. One implication of this view is that the EU, as the institutional manifestation of a united Europe, should embrace all members of the European family of nations, provided that they accept the EU's rules and respect basic democratic principles.¹³⁹

Thus the beginning of the 1990s was characterized by a robust debate on whether integration should be deepened or widened-or both. Another argument against swift enlargement was the uncertainty about the cost: how much would enlargement actually cost and which of the member states would have to pick up the largest part of the bill? If the EU did not export stability, it ran the risk of importing instability, for instance in the form of immigration or crime.¹⁴⁰

The US economic support to the West European Countries by the Marshall Plan and security supply by NATO, were the two solid basics of the European Recovery and Integration. The economic-aid line solved the financial problem for production and also initiated the

¹³⁹ Baun, M.J., *A Wider Europe: The Process and Politics of European Union Enlargement*, Oxford: Rowman and Littlefield Publishers, 2000, p 11.

¹⁴⁰ Friis, L., 'EU Enlargement...And Then There Were 28?', *The European Union: How Does It Work?* Elizabeth Bomberg and Alexander Stubb, Oxford: Oxford University Press, pp. 177-194, 2005, p 187.

cooperation between European countries. The security umbrella of NATO prevented the communist expansion and increased the chance of progress in the Continent. However, the foreign policy of US had its opt-outs and by the 1970s we saw the divergence of the US polity. As the financial burden of supporting Western Europe accelerated, the US policy makers started to release the bounds of the Alliance by ending Bretton Woods system and decreasing the volume of military presence. On the contrary, once the Community had decided to enlarge to CEECs it started the inter-lock effect of unification. Enlargement is a foreign policy tool of the Community which also shapes its internal policy as a motor of integration. Bringing in new countries requires the EU to reform various internal policies, practices, and institutions to accommodate new comers. The Union's post-Cold War foreign policy on CEECs is different from US post-World War II foreign policy on West European Countries since enlargement is an all inclusive package that would affect the Union on serious issues. Lykke Friis groups these issues into three dimensions. First the accession of new members affects the EU's institutional structure. Any newcomer must be represented in the various institutions which could easily influence the efficiency of the institutions as well as the balance between small and large member states. Secondly, enlargement has the capacity to change the EU's policy agenda. Either existing policies must be reformed to accommodate new members, or new policies may be developed to address the interests of the newcomers. The final dimension of change concerns the EU's borders. Every time a newcomer joins, the EU is endowed with a new external border and hence new neighbors. Because accession rounds change the Union they also affect the vested interests of the present member states in the EU. Any enlargement round automatically triggers a renegotiation of the old member states' 'cost-benefit balance sheets' of membership.¹⁴¹

Before the enlargement completed the member states had decided to reform the EU before accession. This preparation to the CEECs enlargement had a slow down effect on the accession process. The Amsterdam Treaty and Nice Treaty aimed to balance the relations and competency of the Community institutions. Member states agreed in the late 1990s to embark upon policy reform under the label of 'Agenda 2000'. The reform package of Agenda 2000 was drawn up at the Berlin European Council in March 1999. On the concern for border

¹⁴¹ Friis, L., "EU Enlargement...And Then There Were 28?", *The European Union: How Does It Work?* Elizabeth Bomberg and Alexander Stubb, Oxford: Oxford University Press, pp. 177-194, 2005, p 179.

control the Schengen Agreement was incorporated into the Amsterdam Treaty to facilitate cooperation on border control.

The previous enlargements were smaller in volume and different in character. The first enlargement round included the United Kingdom, Denmark and Ireland. In this first round the identity divergence and sovereignty sharing became the main concerns in the accession negotiations. The second enlargement was the Mediterranean round including Greece, Spain and Portugal which is decided upon political reasons. This round caused changes in Common Agricultural Policy and started the use of Structural and Cohesion Funds. The EFTA enlargement round, included Austria, Finland and Sweden. These countries had close economies and unproblematic political situations which ease the accession and cohesion process.

In the case of CEECs enlargement, the Community responded to the CEECs' new standpoint by European Council meetings. In 1993 Copenhagen Council the accession criteria are determined. In 1995 Madrid Council applications of the CEECs are accepted and Commission started the process. In 1997 Luxembourg Council the member states decided to start the negotiations with the '5+1'. In 1999 Helsinki Council the decision at Luxembourg is revised and negotiations were extended to the '10+2'. This enlargement round necessitated a longer accession process because it had serious impacts both on widening and deepening of the Union. Neil Nugent defines widening as the accession of new member states, and deepening as the extension of EU-level policy competencies and the strengthening of EU institutions. In this enlargement round the deepening and widening have proceeded alongside one another, the nature of the deepening has been changed in some respects by widening in that it has had to assume a more flexible character. As EMU, Schengen, and the Amsterdam and Nice provisions for enhanced cooperation show, it has come to be accepted that beyond the internal market core there are circumstances in which it is permissible for institutional and policy development to occur without all member states participating. This development is a direct consequence of the EU becoming larger and taking on a more heterogeneous membership.¹⁴²

¹⁴² Nugent, N., *European Union Enlargement*, New York: Palgrave MacMillan, 2004, p 65.

3.10 EU in its sphere: Change to Survive

The use of 'Enlargement' as a tool of the foreign policy of EU has its roots to the US Marshall Plan. The experience of this creative and result-proved plan definitely had its affects on the enlargement round to CEECs. The strategy was parallel but the path and the tools were naturally subject to EU-specific characters: the issue did not require a new creativity like imposing cooperation establishment to have the support to 'Heal' but obviously required a more detailed steps to become 'one' on EU's institutional governance and adopt the unification by all sides in the geography within arm-length capitals. The steps had a wide range from institutional check and balance arrangements to the alignments in trade and customs. Thus the EU decided to get ready parallel to the rationale of being solid to export stability and eliminate the risk of importing instability, by the some of its most important Treaties.

The second epoch of European integration began when the SEA was ratified and continued until the Maastricht Treaty.¹⁴³ In this period, the Council became a more effective legislative institution, at the cost of national sovereignties of individual governments that could no longer veto legislation of which they disapproved. The Court's discretion to interpret secondary legislation was curtailed by the move from unanimity to QMV in the Council. The effective removal of national vetoes in the Council rendered the Commission, the prime mover behind European integration in the decade following the ratification of the SEA with the cooperation procedure. Although QMV was written into the Rome Treaty with the expressed intention of its coming into force in 1966, this transition from unanimity to QMV was blocked, de facto, for twenty years by the Luxembourg compromise. In fact, the SEA introduced two distinct institutions that affected the legislative role of the Council: the actual application of QMV and the cooperation procedure.¹⁴⁴ The SEA strengthened the Community's powers by creating new responsibilities: a monetary capability, social policy, economic and social cohesion, research, technological development and the environment. It also introduced cooperation on foreign policy at Treaty level. The SEA strengthened

¹⁴³ Tsebelis, G., Garrett, G., "The Institutional Foundations of Intergovernmentalism and Supranationalism in the European Union". *International Organization*, Vol.55, No.2, Spring 2001, p. 14

¹⁴⁴ Weiler J.H.H., Kocjan M., "The Law of the European Union", NYU School of Law, and University of Oxford, 2004/5.

Parliament's powers by making Community agreements on enlargement and association agreements subject to Parliament's assent. For the legislative process it introduced a procedure for cooperation between Parliament and the Council which gave Parliament real, if limited, legislative powers. It applied to about a dozen legal bases at the time and marked a crucial point in the transformation of Parliament as co-legislator, on an equal footing with the Council.¹⁴⁵

Although they were outside the Community institutional context, the conferences of Heads of State and Government of the Member States were induced to provide some political impetus and settle the problems that the normal Council could not handle. After early meetings in 1961 and 1967 the conferences took on increasing significance with the Hague Summit of 1 and 2 December 1969, which allowed negotiations to begin on enlarging the Community and agreed on the Community finance system. The October 1972 Paris summit declarations went on to announce an intention to use the Treaty provisions, including Article 235, as widely as possible in the fields of environmental, regional, social and industrial policy; while the Fontainebleau summit declarations in December 1974 covered major political decisions on direct elections, the European Regional Fund and the Council's decision-making procedure. At that point it also decided to meet three times a year as the 'European Council' to discuss Community affairs and political cooperation.¹⁴⁶

1989 was a miracle year that ushered in the New Europe of the post-Cold War era. It was a year of peaceful revolution that hastened the collapse of communism and led directly to the reunification of Germany in 1990 and the disappearance of the SU in 1991. It was a year in which Europe's future looked bright, with Western Europe fully immersed in the single market program and about to embark on the road to Economic and Monetary Union and Central and Eastern Europe embracing liberal democracy. Yet within a short time the high hopes of 1989 turned into a depression and a blurred vision. By 1992, when the single market was to have been completed and the Treaty on European Union was to have been implemented, economic recession had spread throughout Western Europe while the former

¹⁴⁵ Hix S., *The Political system of European Union*, The European Union Series, Palgrave.

¹⁴⁶ Dinan, D., *Ever Closer Union*, London: Lynne Rienner Publishers, 1999, p. 59

Soviet bloc countries struggled to implement market reforms and consolidate newly established democratic institutions. In Central Europe, Germany grappled with the startlingly high social and financial costs of reunification. To the southeast, Europe's first post-Cold War conflict engulfed Yugoslavia and threatened to ignite a wider Balkan conflagration.

With these debates above, EU needed a reform and restructuring based Treaty (three pillar based Maastricht Treaty). Also the necessity to form and assert a strong foreign policy (by increasing the powers and legitimacy of the European Council) emerged.

The origins of the third epoch lie in the Maastricht Treaty. The TEU ratification crisis symbolized (with the Danish and French referendums) the unexpected reversal of the EC's fortunes. At issue were public alienation from an increasingly complex and intrusive policy making process, poor democratic accountability in Brussels, and doubts about the EU's ability to cope with profound change in the international political system. Worries about the long term impact of German reunification and eventual EU enlargement to the East contributed to a climate of uncertainty in which the ratification drama unfolded.¹⁴⁷

With the TEU, the Parliament is now a powerful legislator, coequal with the Council under the reformed co-decision procedure. Empowering the Parliament in a bicameral legislature has increased the probability of gridlock between the Parliament and the Council. The Maastricht Treaty changed the players controlling the agenda and making the final decision. Under the initial form of co-decision, agenda control was given to the Council. In addition, the ability of the Council to make the final offer under co-decision was eliminated in the Amsterdam Treaty. With the ratification of the Amsterdam Treaty on 1 May 1999, the Parliament became a coequal with the Council in what is effectively a bicameral EU legislature for all policy areas covered by the reformed co-decision procedure. Under this new regime, new legislation requires the support of both a qualified majority in the Council and an absolute majority in the Parliament.

The various dimensions of the above Treaties became parts of the solid substance of EU before the enlargement round to CEECs and the basis to have a complete economic and social

¹⁴⁷ Dinan, D., *Ever Closer Union*, London: Lynne Rienner Publishers, 1999, p. 148

cohesion throughout the period of European unification. Obviously because of its evolving character, after the successful integration of CEECs the Union was just standing in front of the tough burden to continue the flow of change to survival as the United Europe, to foresee the upcoming reactions from its citizens, to fulfill the necessities for a common ground of compromise, and all over above sign the history by creating new paths to integrate itself to the international system.

4. Conclusion

Europe has always been the arena of wars and battles of power struggle. The two big World Wars had the first rank in terms of level of damage made on society, economy and geography of Europe. After six years of war, much of Europe was devastated with millions having been killed or injured. Many of the continent's greatest cities, including Warsaw and Berlin, lay in ruins. Others, such as London and Rotterdam, had been severely damaged.¹⁴⁸ The region's economic structure was ruined, and millions had been made homeless. Apart from the earlier various recovery attempts between the world wars and after, the Marshall Plan stands forefront with its organizational structure and critical prerequisite of 'Cooperation of European Countries.'

However the cooperation took a two-fold shape realized by two contrasting great powers imposing opposite directions to the flow of aid and benefit through different times. While US was curing the Western Europe, SU was dealing with the other side of the continent. The western portion of the SU had been as badly affected as any part of the world by the war, and the eastern portion of the country was largely untouched and had seen a rapid industrialization during the war.¹⁴⁹ The Soviets imposed large reparations payments on the Axis allies that were in its sphere of influence. Finland, Hungary, Romania, and especially East Germany were forced to pay vast sums and ship large amounts of supplies to the SU. These reparation payments meant that the SU received almost as much as any of the countries receiving Marshall Plan aid.

As a consequence of the long list of factors mentioned throughout the study, economic recovery in the east was much slower than in the west, and some feel the economies never fully recovered in the communist period, resulting in the formation of the shortage economies and a gap in wealth between East and West. Thus Europe had experienced the bi-polar international system differently in its two parts in the post-World War II and started to

¹⁴⁸ Heller, F.H.; Gillingham, J.R., *The United States and the Integration of Europe: Legacies of the Postwar Era*, New York: St. Martin's Press, 1996, p. 25

¹⁴⁹ Malcolm, N., *Soviet Policy Perspectives on Western Europe*, London: Routledge, 1989

experience the difficulty of being an actor to balance the power in the multi-polar international system by the end of the Cold War.

It is important that functioning of the balance of power system and the bi-polar system is quite different from each other. During the Cold War, US and SU acted in the bi-polar international system with their ideological, political and strategic struggle and these two powers had no way to reach a common good. In their play, any gain for one side is a loss for the other. Their war was not like the European rooted ones; the War of Strategies. Victory without war was in fact what America achieved in the Cold War, a victory which has then obliged it to confront the dilemma described by George Bernard Shaw: 'There are two tragedies in life. One is to lose your heart's desire. The other is to gain it'.¹⁵⁰

In the Cold War world, most of the ingredients of power on the two sides were equal which were leading to the relative paralysis for the other states. In the post-Cold War world, the various elements are likely to grow more congruent and more symmetrical since there is no longer a single threat and each country perceives its perils from its own national perspective.

In the case of Russia, who always had a role in the European equilibrium, arrived late on the European scene and none of the traditional principles of European diplomacy seemed to apply to it. Bordering on three different cultural spheres – Europe, Asia, and the Muslim world- Russia contained populations of each, and hence was never a national state in the European sense.¹⁵¹ Hence, post-communist Russia finds itself within borders which reflect no historical precedent; the country now have to restart all of the traditions and channels to redefine what she ought to be. Russia searched for a new position in a transformed international system which some part of it she had watched from a distance for decades.

The US was still providing a constant referent, exerts an important external pressure, and is a key potential partner in world affairs for the European Union enhancing its global role. Given the complexity and centrality for the US of US relations with several of the EU member

¹⁵⁰ Kissinger, H., *Diplomacy*, New York: A Touchstone Book Published by Simon & Schuster, 1994, p. 22

¹⁵¹ Kissinger, H., *Diplomacy*, New York: A Touchstone Book Published by Simon & Schuster, 1994, p. 24

states, and given US preoccupation with redefinitions of European security, the gradual emergence of the Union as an interlocutor for the US is significant.¹⁵²

As coming to the end of the Cold War, the Community was experiencing its most productive period from 1985 to 1990 when it saw the completion of its internal market, removed final barriers to the freedom of movement of goods, services, capital and labor and important institutional developments, like the Single European Act. By this time in Poland and Hungary the Communist system began to crumble, then in the GDR, eventually reaching the SU itself.¹⁵³ The Central Europe countries pooled their efforts on transformation of their economic system and then to join the Community which could bring rapid prosperity. These two goals were not sequential since there is a considerable overlap between the requirements for transition in the CEECs on the one hand and the requirements for the integration into Western Europe on the other hand.¹⁵⁴

The first response of the West European Countries to the CEECs was an assistance response, as was to be expected and was indeed required. Early on in the transformation process, there were many calls for a new 'Marshall Plan' for Central and Eastern Europe.¹⁵⁵ However the assistance effort in Central Europe and the Marshall Fund had nothing much in common. In Central and Eastern Europe countries, the economic system would be transformed to working market systems, but for the Marshall Plan there were the market systems which were devastated by war. In the case of CEECs there was a challenge to transform the economic system to the adverse of it, and favorably to a well-working one. Another side is that the

¹⁵² Sbragia, A., 'The Transatlantic Relationship: A Case of Deepening and Broadening', *The European Union in the World Community* edited by Carolyn Rhodes, London: Lynne Rienner Publishers, 1998, p. 147

¹⁵³ Mayhew, A., *Recreating Europe The European Union's Policy towards Central and Eastern Europe*, Cambridge: Cambridge University Press, 1998, p. 4-17.

¹⁵⁴ Piazzolo, D., *The Integration process between Eastern and Western Europe*, Berlin: Springer, Kiel Studies, 2001, p. 8

¹⁵⁵ Mayhew, A., *Recreating Europe The European Union's Policy towards Central and Eastern Europe*, Cambridge: Cambridge University Press, 1999, p. 17-35

Marshall Plan had a greater volume of assistance and a higher grant component. However there is a more important situation in this comparison which shadows the others; the Marshall Plan had only one donor who had all the necessary political will. The Community had coordination problems and also dealt with a much lower level of political will at the beginning.

On the side of the CEECs, the EU membership symbolized being a part of European political, economic and cultural mainstream after more than forty years of enforced separation. For the Central and Eastern European Countries, therefore, EU membership meant ‘returning to Europe’.¹⁵⁶ CEECs decided to use their political independence immediately for targeting the EU membership since it was seen as the way of attaining the Western levels of welfare and prosperity. They also wanted to secure themselves from another possible future Russian domination. Before the end of the Cold War, EU was already focused to be the role model of democracy and protector of human rights by its political solidarity on these issues. Even by applying for membership the CEECs had the opportunity to build institutions and regulations to internalize these values and characteristics in their system.

On the side of EU member countries, there were divergent views on the possibility of eastern enlargement. The French government was particularly reluctant to offer the CEECs a firm prospect of membership. Firstly, in the wake of German reunification, French authorities were afraid that eastern enlargement-by shifting the EU’s political center of gravity eastward and adding countries with close political and economic ties to Germany- would only further enhance Germany’s influence within the EC relative to that of France.¹⁵⁷ France was unwilling to make an attempt which would probably change the dynamics within the Union, mostly on the loss of France power. From the beginning of the European Recovery (Marshall Plan and Schuman Plan) and European Integration Franco-German partnership formed the engine and every change in this amalgamation could cause unbearable damages for the

¹⁵⁶ Baun, M.J., *A Wider Europe: The Process and Politics of European Union Enlargement*, Oxford: Rowman and Littlefield Publishers, 2000, p. 11

¹⁵⁷ Baun, M.J., *A Wider Europe: The Process and Politics of European Union Enlargement*, Oxford: Rowman and Littlefield Publishers, 2000, p. 40

Union's future achievements. The French foreign policy was strongly related to the German position and gravity of influence in the Union's and also in the world affairs. Secondly, French intellectual circles drove the policy makers' attention to the possibility of weakened institutional coherence and effectiveness after the decision of an eastern enlargement. This weakness could diminish the EU's capability to be an influential global actor and cause it be nothing more than a free trade area. France was not the only member state that was skeptical about eastern enlargement. The governments of the three Benelux countries-Belgium, the Netherlands, and Luxembourg-shared French concerns about the impact of enlargement on the EC's institutional coherence and effectiveness as well as on its historical identity and sense of purpose.¹⁵⁸ The poorer member states such as Spain were also hesitant to support the prospect of eastern enlargement since the entrance of CEECs to the list of Union's financial assistance list would made a negative change on their financial shares.

As to the concern of security, Germany was vulnerable to the political and social instabilities in the former Soviet bloc because of her geographical position. As Chancellor Kohl stated frequently, a united Germany did not want its border with Poland to remain the eastern border of the EC for long: instead, it wanted to be surrounded on all sides by friendly countries with which it was closely integrated both economically and politically.¹⁵⁹ Germany also would experience high economic benefits from this enlargement with the advantage of her geographical location and historical ties to many of the CEECs. Denmark also supported the eastern enlargement in the first instance, mainly because of her close historical and cultural ties to the post-Communist states along the Baltic rim: Poland, Estonia, Latvia, and Lithuania

Thus the Union, after no short internal negotiation rounds, made the decision of enlarging to the Central and Eastern Europe, surrounded with the searching and repositioning Russia, the CEECs recovering their weak economies and realizing the political options, and the strong and influential US.

¹⁵⁸ Baun, M.J., *A Wider Europe: The Process and Politics of European Union Enlargement*, Oxford: Rowman and Littlefield Publishers, 2000, p. 40

¹⁵⁹ Baun, M.J., *A Wider Europe: The Process and Politics of European Union Enlargement*, Oxford: Rowman and Littlefield Publishers, 2000, p. 41

European-American success from 1945 to 1990 is no puzzlement: it was inspired by the carnage of 1914 to 1945, incubated by the US decision to rebuild and shelter Europe after World War II, and sustained by the threat from the East.¹⁶⁰ In the beginning, US presence in Europe was aimed to shelter the recovery and secure the stability of the continent. But even after the strong spread of democracy in Europe and a very secure one in Germany, US support in security concerns needed and demand continued. This necessity became a deep internalization for both sides by the Union's choice of 'civilian power' role. When the reunification of Germany awakened old fears, Germany and its erstwhile victim, France, pushed the European Community to commit to form a political and economic union, via the Maastricht Treaty, as a way to envelop German power.¹⁶¹

By the early 1990s, Europe was faced with a dilemma: either to seek to export stability into the Central and Eastern Europe or run the risk of importing instability. How to deal with this new instability in and around Europe is the Continent's primary post-Cold War security problem.¹⁶² The European Union chose to use its economic policies to integrate with and stabilize the CEECs and left the security side concerns to the US. Although there was no presence of Red Army, the enlargement to CEECs realized through the US guarantee and aggressive efforts to stabilize the continent.

For centuries, a central feature of Europe's political space has been the shifting nature of its borders. Especially, the German nationhood question was the single most important geopolitical factor determining European international politics in the nineteenth and twentieth centuries. Germany had been the central gravity of Cold War European Integration and then again got the leading role in the post-Cold War European Unity. By the end of Cold War, borders have changed marginally in Western Europe, dramatically and completely in Central

¹⁶⁰ Gompert, D.C., "Introduction: a partner for America", *America and Europe, A partnership for a new era* edited by Gompert, D.C. Larrabee, F.S., Cambridge: Cambridge University Press, 1997, p. 31

¹⁶¹ Gompert, D.C., "Introduction: a partner for America", *America and Europe, A partnership for a new era* edited by Gompert, D.C. Larrabee, F.S., Cambridge: Cambridge University Press, 1997, p. 7

¹⁶² Asmus, R.D., "Double enlargement: redefining the Atlantic partnership after the Cold War", *America and Europe, A partnership for a new era* edited by Gompert, D.C. Larrabee, F.S., Cambridge: Cambridge University Press, 1997, p. 27

and Eastern Europe. A decade ended and a new one had begun with the arousing needs for new and more multisided strategies.

Since the post-World War II approach of US to the necessities of European Recovery counted much more than the value of direct economic aid, the way of Western Europe's embrace of Central and Eastern Europe should be, at least equally, given importance. Hence, with an analogy, it can be argued here that the US foreign policy objective following the World War II for the reconstruction of Europe for peace, security and stability in the continent coincides with the foreign and security policy of the EU and its member states that seeks to develop the economic conditions and realize political stability in East Europe. The solutions to the same problem have been formulated through geographical realities and the power distribution in the international system. Whereas the US, due to geographical proximity and bipolar international system, has implemented economic aid as the best option for the European reconstruction, the EU member states developed a different solution for their 'backyard'. The political and economic instability in East Europe and any type of conflict (ethnic, religious) that could/can foster mass migration, has the potential to become a direct threat for the EU. In this sense, economic recovery in Eastern Europe would not be enough by itself. The political and socio-cultural stability, democratization, respect for human rights and international law became the basic criteria for peace and security. The best way to provide this was the 'carrot' of enlargement for Eastern Europe.

In the global downturn, the signing of the Maastricht Treaty became a necessity for Europe to meet the new international conditions and the realization of the second pillar, that is CFSP, was inevitable to provide security. The EU policy-makers formulated CFSP and enlargement as the No.1 foreign policy instrument of CFSP. The importance accredited to enlargement in the official website of EU is stated as

'Enlargement is one of the EU's most powerful policy tools. The pull of the EU has helped to transform Central and Eastern Europe into modern, well-functioning democracies. More recently it has inspired far-reaching reforms in the candidate and potential candidate countries. All European citizens benefit from having neighbours that are stable democracies and prosperous market economies. Enlargement is a carefully managed process which helps the

transformation of the countries involved, extending peace, stability, prosperity, democracy, human rights and the rule of law across Europe.’¹⁶³

The use of enlargement instrument to reconstruct CEECs, get the European Union closer to be a family of the democratic European countries committed to work together for peace and prosperity.

In the circumstances of post-World War II the divided Europe with the comprehensive support of its Atlantic partner has pushed the limits of evolvement opportunities by creating a supranational organization fostering prosperity and stability on its West and gradually diminishing resistance block destined to be free of impositions in its Eastern part.

In the circumstances of post-Cold War the European Union became what it aimed to be; an important strategic power in the international system that proved to secure Europe’s other half with its own tools and spirit into the sphere of economic solidarity, political unity and security formation.

¹⁶³ http://ec.europa.eu/enlargement/index_en.htm

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