INDIVIDUALISM TRIUMPHANT?

In the mid-1980s the Italian Socialist Gianni De Michelis looked back on 1968 as 'the "twilight of the Gods", the last great collective moment in Italian history, the end of all dreams of a new era'. The decline or class struggle coincided with the crisis of Keynesianism and, more generally, of optimism in social planning. The 'Requiem for large-scale planning models', which appeared in the Journal of the American Institute of Planners in 1973, seemed to refer to a far broader phenomenon than urban management. Small is Beautiful was the new gospel. From the mid-1970s, the era of collective political mobilization was superseded by more fragmented forms of politics. Adieu au prolétariat was one French intellectual's summing up; more ambitious colleagues turned their disappointment into something grander. For the former Leftist Jean-Francois Lyotard, the 1970s ushered in no less than the end of 'modernity'.

The idea of social progress as a collective project based on the accumulation of goods had lost its charm. Economic growth and material prosperity were no longer unchallenged blessings. The Limits to Growth - the 1972 manifesto of the Club of Rome - sold ten million copies, marking a new environmental and conservationist consciousness. Therborn notes the striking changes in mood between the forward-looking scientific confidence of Expo 1958 in Brussels - with its focus on the atom - and the retrograde nostalgia of Expo 92 in Seville. It seemed fitting that the theme in that year of supposed Euro-optimism should be the discovery of a New World five hundred years earlier. The only New Worlds still to be discovered in the 1990s lay in the past.

Science and technology were also losing their allure; they were seen less as means of liberation from drudgery than as sources of pollution, discomfort and even death. Sociologists talked about the new 'risk society' which overwhelmed individuals with threats over which they had no control and limited information. While politicians herated the 'whining cultural pessimism' that resulted from 'the fear of life, fear of technology, and fear of the future', the proportion of West Germans who saw technology as a blessing dropped from 72 per cent in 1966 to 30 per cent in 1981. Behind their disaffection lay the realities of daily life. The Great Car Economy of Mrs Thatcher's dreams seemed less and less attractive as traffic jams lengthened and respiratory illnesses multiplied. In 1974 the president of the German Automotive Industry Association had talked of 'the automobile as another bit of freedom'; less than a decade later advertisers were featuring 'the man who travels slowly because he gets where he's going faster, who has enough personality to do with out horsepower, who saves energy and gains strength'. In fact between 1975 and 1994 people walked and cycled on average 20-30 per cent less and spent 50 per cent more time in cars, increasing anonymity and insecurity, and turning communal spaces into parking lots and race tracks. Ecological movements were the natural expression of this disaffection. Galvanized by the oil crises, they were boosted in the 1980s by the debate over cruise missiles and nuclear power. In West Germany the new Green Party drew on a longer tradition of anti-materialism as well as new concern at the 'death of the forests', and became a small but important presence in the Bundestag, able to force through environmental measures out of all proportion to its strength. Elsewhere, environmental mobilization occurred less through political parties than via campaigning movements such as Greenpeace and Survival International. Single-issue organizations of this kind, dependent upon a large membership for their existence, became more and more important instruments for bringing issues to the public.

In general, political activism increasingly revolved not around class but around issues of 'identity'. At some point in the 1970s this term was borrowed from social psychology and applied with abandon to societies, nations and groups. By the 1980s, a debate on 'national', 'cultural', 'gender' identity had begun which shows no signs of abating. The prominent social theorist Anthony Giddens talked about the emergence of what he called 'life politics', which dealt with a range of biological, emotional and existential concerns 'repressed' by more traditional conceptions of politics, in which 'self and body become the sites of a variety of new life-style options'.

While the advance of the working class was checked, new groups progressed. First and foremost, the women's movement won real gains. It is true that mass unemployment, the feminization of poverty and growing job segregation in a time of economic crisis all undermined women's position in European labour markets. 'Glass ceilings' were hard to break through and professional, industrial and administrative elites remained overwhelmingly male. Attitudes were slow to change: as late as 1983 Kohl tried to attract women voters by remarking that 'our pretty women are one of Germany's natural resources'. Nevertheless, the rethinking of gender roles which had begun the 1960s achieved its greatest legislative impact in the 1970s and 1980s, especially in Catholic and Orthodox Europe. Divorce laws were liberalized, and the legal equality of husbands and wives was reaffirmed. The 1977 West German Marriage Law did away with the clause which permitted a wife to work only with her husband's permission. In the 1980s civil marriage was legalized in Greece, and women gained new rights as Spain and Portugal emerged from dictatorship. The movement for gay and lesbian rights also gathered momentum during the 1970s, and despite the persistence of entrenched homophobia, which surfaced especially during the start of the AIDS crisis in the 1980s, public attitudes and state policies were
changing. The criminalization and medicalization of 'deviant' sexual behaviour were increasingly regarded as anachronisms; yet the age of consent for gays was still higher in most countries than for heterosexuals.

These dramatic changes led some commentators to herald the decline of the family. But it was rather a question of the way the goals, meaning and attractiveness of this fundamental social institution were being transformed. Marriage itself was turning into a choice rather than a duty. Sexual pleasure, love and affection between partners were demanded, scrutinized and the subject of expert advice, with helplines for those unable to cope. While marriage itself only slowly lost popularity, divorce (and remarriage) rates shot up. 'Living in sin' turned into cohabitation, and by 1981 even Debritt's Etiquette and Modern Manners felt it necessary to advise upper-class hostesses how to deal with 'live-in lovers'. By the early 1990s, it was no longer safe to assume that children in north-western Europe would live with two married natural parents. Southern and Catholic Europe was slower to change, but even there cohabitation and divorce were becoming more common. Extramarital birth rates doubled between 1970 and 1990 in West Germany, Portugal, Greece and Austria; they more than trebled in the UK, Sweden, Norway, the Netherlands and France.

Medical technology introduced further challenges to traditional morality. Reproductive medicine now allowed single women and infertile couples the chance to become parents. Contraceptive technologies were more and more accessible; so too was abortion, now widely legalized and available on demand through the welfare state in much of Europe. Sperm banks and frozen embryos posed new moral dilemmas for doctors and society at large. Bearing children was still widely regarded as the main goal of marriage, but it could be made on an increasingly individualistic basis with timing and to some extent quantity (though not yet quality) arranged to suit the would-be parent(s).

From one point of view, the responsibility for sexual order was shifting from the public to the private domain, and becoming almost another aspect of consumption. Yet at the same time, the state’s role was expanding - through its interpretation of legal rights, and its provision of health, educational and welfare services. Hence there was no diminution in the public debate over issues of sexuality and reproduction. The difference with earlier periods, and particularly with the inter-war era, was that these issues were debated in terms of the ethics of individual choice and not of the collective politico-military needs of the ethnically pure nation-state. But the lack of any common basis upon which to reach agreement - apart from the shaky one of cost - has rendered most of these debates inconclusive. What was striking was that there was no replay of the pre-war scares of population decline, despite the resumption of similarly falling birth rates.

'Identity politics' was also being offered on a very different basis by an increasingly rampant consumer culture. 'New Colonial or Savile Row?' the Guardian clothes column asked its male readers in 1987. Neither pop nor fashion was offering (if they ever had) anything as simple as an alternative to the dominant cultural norm. The 'teenager' of the 1950s and 1960s was dead, a fashion journalist gleefully announced in 1986: youth culture had dissolved into a buzz of alternative styles. So, too, had culture generally. Rock and pop might occasionally claim to offer an anti-politics, but even punk's anarchism was suspect, the creation of art-school fashion entrepreneurs like Malcolm McLaren: for punk politics you went to A Clockwork Orange not the Sex Pistols. The very distinction between 'high' and 'low' culture was itself looking increasingly shaky, a product of an earlier era of elite intellectual self-confidence and benevolent moral superiority.

Late-twentieth-century capitalism saw in images, services and even a far more lucrative source of instantly obsolescent desires than goods had ever been. Hence the marked commercialization of both leisure and culture in the last three decades: corporate sponsorship of sports in the UK, for instance, rose from £2.5 million sterling in 1970 to £128 million in 1986, and in the arts, from £0.5 million in 1976 to £25 million a decade later. Space and time were being ransacked, compressed and encompassed. ‘World music’ and ‘ethnic fashions’ revealed the global reach of an industry which was busy plundering the past and - more and more often - the future. Was it by chance that Henley Centre for Forecasting should have been founded in 1974 to offer businesses a guide to a future into which social and economic grand theory could no longer claim access? The expertise of the market analyst filled the vacuum left by the collapse of confidence in social science.

According to some commentators the whole pattern of Western consumer capitalism, forcing people to live daily life at a dizzying pace, was leading to a sort of existential crisis. With people harangued by ‘experts’ and thus encouraged to mistrust their own intuitions, presented with ‘identities’ to select and discard at random, was it not natural that there should be an increasing sense of anomie, which manifested itself in growing fear, on the one hand, and a sporadic search for ‘genuineness’ on the other? ‘Post-modernity’ had spawned an obsession with ‘roots’ and ‘heritages’ among a politically immobilized electorate, too sophisticated any longer to trust the media, and deprived of any dependable sources of knowledge. Television opened up a world of images, but robbed personal experience of its authenticity. The spread of astrology, New Age philosophies and other forms of irrationalism reflected this growing anxiety in the face of an uninterpretable world. Journalists talked of the ‘fretful 1990s, when fear is the new badge of citizenship’.

It was tempting to accept this line of argument - how else to reconcile
increasing wealth with a decreasing sense of personal security - but there were good reasons not to exaggerate the post-modern fin-de-siècle malaise. After all, the complaint was not a new one, owing much to older theories of capitalist alienation and individual anomie. To be sure, modernity was now being defined differently, but the basic analysis had been around for a while. The times were on the move. People who were not born then will find it difficult to believe, but the fact is that time was moving as fast as a cavalry-camel; it is not only nowadays that it does so: Robert Musil had ironically opened his novel The Man without Qualities by describing 1914 Vienna in terms which sounded very familiar to theorists of post-modernity. Heidegger greeted National Socialism as an escape into Being from the Becoming of the 'dreary technological frenzy' of American/Russian mass culture. Contemporary theorists do not date the beginning of post-modernity back to the 1930s, still less to to 1914. But it is not easy to see what is fundamentally different about the post-modern existential crisis from earlier versions.

Where the late twentieth century did differ from earlier period was that politics was no longer regarded as the prime arena for personal fulfilment or action. Voter apathy and abstention were on the increase, and party memberships dropped. The ranks of what the Spaniards called pasotas ('pass-men') increased. In Belgium, Italy France and Britain, corruption scandals rocked public confidence in political elites. They bred disillusionment but nothing like a 'crisis of democracy' along inter-war lines, since that too had been the product of an era when people still believed in ideological and redemptive politics and looked forward to collectivist solutions. Polls consistently demonstrated that the vast majority of western Europeans - 93 per cent in 1989, for instance - firmly believed in the idea of democracy as a principle of government.

The sense of uncertainty was in fact chiefly social and economic rather than political. Class was bound up less with work than with lifestyles and fashion choices. Patterns of employment and personal relations were more varied and less settled than ever before, while the memory of two severe recessions had undermined the confidence of the 1950s and 1960s. Greater choice also meant greater uncertainty; increased individualism reduced the opportunity for collective mobilization. The great demonstrations and marches of the past became more and more sporadic: mass groupings of people were more likely to be generated by sports events and pop festivals. Individualism opened up a world of vulnerability to risks which had formerly been met with familial, local or national solidarity - crime and pensions were two instances where the state tried to throw back responsibility on to the individual. One reaction was a 'communitarianism' which tried to revive a civic morality based upon neighbourhoods and localities – a backward and rosy-tinted glance at earlier social harmonies. But another was surely the revival of a politics of resentment against 'scroungers', 'benefit cheats' and immigrants - reminders of the processes of global change which mocked both individual and national destinies. Conservatives - and increasingly social democrats too - sought a return to the language of duties to counterbalance what they saw as an excessive emphasis on rights. Yet the language of rights had become entrenched in individualistic post-war Europe. Despite social crisis and economic readjustment, there was no return to the authoritarianism of the 1930s, and the new moralizing stress on duties made only very limited headway.

GLOBALIZATION AND THE CRISIS OF THE NATION-STATE

Despite the sense of economic vulnerability, western Europe remained one of the powerhouses of the global economy even after the crises of the 1970s. Although European economies were under pressure to remain globally competitive, they managed restructuring in the 1970s and 1980s fairly successfully while preserving high standards of living. What was changing was the power of government to pursue national economic policies, and thus capitalism's impact upon the European nation-state. During the Pax Americana, national elites had been aided by the imperfect currency convertibility which existed for much of that era, by the need for domestic reconstruction in areas such as housing, and by the small size of non-governmental financial markets. Constraints increased sharply with the emergence of floating rates - which encouraged currency speculation - and in particular the rise of the Eurodollar market in the 1970s. With global capital markets awash in petrodollars, and then with the release of Eurodollar issues, an enormous new market emerged, outside the control of any single central bank. Flows of 'hot money' - sensitive to interest rates or or budget deficits - directed into or out of given currencies could entirely disrupt national economic policy. UK governments came face to face with this phenomenon in the mid-1970s. In 1981 France's Socialists tried Keynesian-style demand stimulus, weakening the franc and increasing the trade deficit. By early 1983 they had had to give up what was known as the 'Albanian' option and opted instead for an anti-inflationary policy of rigueur. This narrowed substantially the policy distance between the Socialists and Chirac's Gaullists when they returned to power with a neo-liberal programme in the mid-1980s. The whole scenario was repeated on a smaller scale in Greece with Papandreou's Pasok U-turn in the same period. Thus the 1980s demonstrated that even governments aiming for a social democratic national economic recovery package could no longer go it alone. It was at this point that the European option started to look increasingly attractive, and it was no
coincidence that after a period in the doldrums, the 'European project' should gather speed again in the 1980s. Of course, there were several variants of this 'project' with very different backers. Some - perhaps one might call them the descendants of Albert Speer - saw the Community building up world-class industries on a European scale, rationalizing excessive national competition, and providing protection from global competition; others, the free marketers (descendants of the British bankers of the 1920s?), saw trade liberalization as the key to Europe's post-war growth and wanted this to continue through the Single European Market. Finally, European social democrats like Mitterrand's Finance Minister Jacques Delors and others on the centre-left, saw the Community replacing or supporting the nation-state as the guarantor of welfare and social solidarity. These three options perhaps only seemed incompatible to the neo-liberal British; to most other west Europeans, free trade was perfectly compatible with support for industrial research and restructuring, and for 'social capitalism'. There was an unsubtle British effort to undercut its European partners by opting out or the Social Chapter, and offering Japanese and American investors a cheap-labour alternative; few other EU members - despite periodic groans about labour costs - seriously considered following the British lead. What did make the three visions of 'Europe' more difficult to reconcile was the decision to push ahead for full monetary union on terms that would compel budgetary retrenchment in the member states. EMU was one response to the currency speculators who made international exchange rate coordination so difficult, but it was not the only response - the earlier 'snake' with its system of shadowing and banding currencies had been more flexible - and it was not necessary to have agreed on such stringent terms for achieving it. Even leaving the substantial symbolic issues of national independence one side, monetary union posed some serious difficulties. National governments' economic function would be sharply curtailed, nosing an unprecedented challenge to national independence. Moreover the harshness of the convergence criteria chosen for full monetary union caused increasing levels of unemployment and fiscal retrenchment making social stability more rather than less difficult to achieve. Some argue that this harshness was a deliberate choice by national governments as a way they could push through unpopular fiscal policies while fixing the blame on Brussels. But a wave of strikes and protests across western Europe in 1994-8 indicated the depth of popular resentment. In France, the pursuit of the franc fort by successive governments - desperate to join the mark - prompted occasional bursts of speculation and record levels of unemployment. China was forced to abandon neo-Keynesian policies of reflation almost as soon as he entered government. In Spain, Greece and the Netherlands, governments battled with austerity programmes against popular protest. Nation-states were becoming mere shells with no real hold over policy, while social problems and alienation from government increased. In effect, cautious and unelected German central bankers were being handed control over economic policy across most of western Europe. There were two possible responses to this pessimistic outlook. One was to point out that EMU involved little that was not already happening; as, in practice, the German Bundesbank was already setting interest rates which other currencies were forced to respond to. Thus economic sovereignty had largely been eroded by the overwhelming strength of the mark. Was it not better in that case to share responsibility for policy throughout the Union more formally? The second consideration was that ultimately there was no particular reason why monetary policy made at the Union level should be more deflationary than when made by national governments. The chief problem was convergence not union - the journey not the destination. EMU itself was not incompatible with expansionist fiscal and monetary policies. Everything depended on how far the authorities allowed control of inflation to override other economic and social concerns. Interestingly, while the Germans - facing the enormous task of reconstructing the former East Germany - remained anxious about inflation, there were signs in the mid-1990s that the old obsession with inflation elsewhere was starting to wane. The lessons to be drawn from the experience of East Asia's 'tiger' economies turned out to be unexpected, and contrary to the principles followed by European capitalism in its neo-liberal phase in the 1980s. High growth depended upon high levels of government and private investment in research; this would have reassured countries like Germany which preserved high R&D ratios, but undermined the Conservative achievement in the UK where spending on civil research remained very low, overshadowed by the presence of an excessively large arms-export industry. East Asian growth also depended upon high levels of government spending on education, and more generally on egalitarian social policies that equalized income and wealth. The World Bank drew some startling conclusions: inequality was not beneficial to growth, equality was. 'Reducing inequality not only benefits the poor immediately but will benefit all through higher growth,' stated the chief economist of the World Bank in 1996. Skill and training, not 'flexibilization' and cheap labour, were the way to reduce unemployment. 'Future prosperity', noted the OECD in 1996 'depends on reducing high unemployment . . . and in some instance inequalities in earnings and income.' Though it would require re-nition and retargeting, welfare spending was not therefore the great obstacle to economic success. On the contrary, social cohesion was a greater virtue than individualism. By the late 1990s, it looked as though the conservative 'revolution' had had its day. The sweeping Labour victory in the 1997 British elections suggested that neo-liberalism was dead even in its homeland: the capitalist social contract might
have to be reworked, but it had proved its popularity and would survive.

11 Sharks and Dolphins: The Collapse of Communism

... small fish will turn into dolphins so will the sharks so will the sharks because it has to be so.
- Rudolf Rimmel, 1968

Despite the problems, liabilities and handicaps that the Soviet Union incurs from its continuing imposition of Communism on East Central Europe, an authoritative textbook on the region concluded in 1988, 'there is no signal that Stalin's heirs are prepared to retreat from it, nor any flagging of their political will to dominate the area.'

The almost universal failure to predict the collapse of communism drove a large nail into the coffin of Western political science. But it was not just the academics who were taken by surprise; so were policy-makers and intellectuals. In 1984 the Hungarian writer György Konrad proposed - not entirely seriously - in response to the failed uprisings of 1956 (Hungary), 1968 (Czechoslovakia) and 1980-81 (Poland): 'Now let the Russians do it.' His preposterous suggestion was shot down by Václav Havel: 'To me personally', wrote Havel, 'that seems just lovely, though it is not entirely clear to me who or what could induce the Soviet Union to dissolve the entire phalanx of its European satellites - especially since it is clear that, with its armies gone from their territory, it would sooner or later have to give up its political domination over them as well.'

To recall such prognoses is not to mock their authors, who were after all entirely in sympathy with the outlook of their times, but rather to recapture some essential elements of what happened in 1989 itself. The collapse of Soviet control was fast, unexpected and peaceful and it swept across the region as a whole. None of these features should be forgotten or taken for granted: they are clues as to the real nature of what happened.

The mistaken forecasts of continued Soviet domination should also make us wary of some of the more naive or triumphalist explanations of its demise. In what sense did the West 'win' the Cold War? A victory for democracy there was, to be sure, but hardly of the kind or in the manner anticipated, since no such victory had really been foreseen. Was this a glorious triumph for 'the people' and for the cause of European freedom over tyranny? But popular protest had-as Konrad observed - been tried and found wanting in the past, and came late in the day this time round. Freedom was the outcome; desire for it was not necessarily the cause. The subject of the fall of communism has scarcely begun to attract the interest of historians; this chapter serves simply to map out some ways of understanding this final act in Europe's ideological drama.

THE WORLD ECONOMIC CRISIS AND EASTERN EUROPE

Although Stalinism as an ideology was in decline after 1956, the political economy of Stalinism was little altered in the following decades: a centralizing party and state apparatus promoted economic growth through the expansion of heavy industry and the tight control of trade, agriculture and consumer goods. Political discontent was periodically assuaged by adjusting the balance of investment in favour of light industry and improved living standards, but such adjustments were temporary and reversible. The economy was run according to the Plan not the market, in conditions of information scarcity and total political responsibility for economic performance. State socialisms, as one Polish economist put it, not a good idea badly implemented, but a bad idea which was implemented surprisingly well. A development strategy which enjoyed considerable success in the early post-war era outlived any usefulness it might once have had, and ended up causing the collapse of communism as a whole.

In the 1950s and 1960s, growth was spectacular across Europe. The real challenge came with the great crisis of the post-war world economy which began around the end of the 1960s and the early 1970s. In capitalist western Europe, surging inflation and mass unemployment bankrupted the post-war Keynesian consensus. The same economic forces buffeted eastern Europe, and post-war growth slowed down there too: from an average of 4.9 per cent p.a. in 1970-75 to 2.0 per cent in 1975-80 to 1.4 per cent in 1980-85. This drop was relatively slow at first: in the 1970s, east European growth rates (3.4 per cent) fell more slowly and were higher than in the OECD West (3.2 per cent), which may have even increased a sense that centrally planned economies were less vulnerable to the crisis than capitalist ones; but by the mid-1980s, they were lagging far behind.

East as well as West, economic slowdown strained the welfare systems which had been created in the previous decades. Life expectancy actually fell, largely because of hazards at work - the deterioration of the capital stock was
killing workers. From the 1970s, the gap with western Europe, which had been narrowing since the war, widened again. Only in terms of alcohol consumption was the East outstripping the West.

Not only was the communist welfare model less and less attractive compared with its western counterpart; it was also failing to live up to its promises in the eyes of societies which took its egalitarian pledges seriously. Income equality was threatened by reforms to increase efficiency, and social mobility was blocked, provoking a growing anger within the working class at the privileges and perks of a relatively wealthy administrative, professional and technical elite. Welfare benefits were failing to equalize real incomes as they turned into Party privileges rather than universal social rights. Living conditions were dire: the average female Polish factory worker got up before 5 a.m., spent over an hour getting to work, fifty-three minutes a day queuing for food, nine hours working and less than six and a half hours asleep. The shortage of housing, above all, preyed on people's minds. 'There's no future here,' complained a Polish shipyard worker in 1972. 'To receive an apartment you have to wait ten years. A man grows old, he wants to marry.' 'The housing situation is worse than before, indeed it is hopeless,' wrote a senior Hungarian housing official in 1985. 'Nothing has essentially changed, nothing has improved.' The communist 'social contract' which western commentators discerned as the basis for regime legitimacy was, if it had ever existed, now coming apart.

Politically, communists found it impossible to make the kinds of adjustments taking place in the West. In other words, the illness was (more or less) the same - declining productivity, the collapse of the old heavy industries which had formed the bedrock of the working class - but the symptoms were different. Inflation was marked by growing shortages, deteriorating quality and lengthening queues, not rising prices, which were controlled tightly by the authorities; black and informal private markets were another expression of the same trend. The result was empty shelves, increasing time wasted in queues and, at the extreme, food riots which threatened the rule of the Party itself when it did try pushing price increases through.

The crisis of heavy industry, too, had more serious implications in the East than in the West. The great iron - and steelworks - spearheads of post-war economic growth, following the Soviet model of the 1930s (which was itself modelled upon German growth patterns from the early part of the century) - were increasingly economically irrational but still possessed tremendous symbolic power. Stalinization as pursued in Romania, for example, led in the 1970s to the creation of monsters like the oil refineries which operated at 10 per cent of capacity, or the aluminium complex which used up as much energy as the whole of Bucharest.

The costs were visible on people's skins and in their lungs. Pollution by the 1980s, had become a frightening reminder of Communism's failed attempt to master nature. Eastern Europe had become an ecological disaster zone of dying rivers and barren forests, grimy cities, crumbling monuments and disease-ridden humans. It pumped out roughly double the amount of sulphur dioxide emitted by the European Community - East Germany's alone was four times that of the Federal Republic. Yet this kind of outmoded industrialization - expensive, unproductive and destructive of the natural environment - far from being disowned, received as much investment as ever. Party bosses had formed power bases around the old industries which fought off challenges from would-be modernizers, and even, as in the case of Poland's Gierek, took them to national leadership.

The obsession with heavy industry had also brought into being a vast working class which the regime claimed to speak for: how could this be sacrificed on the altar of economic rationality? Hence communist regimes could not for political reasons adjust the economy through deflation or through mass unemployment after the fashion of their Western counterparts. They therefore chose the opposite strategy to that followed in the West, and kept consumers suffering through scarcity and shoddy goods in preference to throwing workers out of their jobs. But workers were consumers too, and did not always reciprocate the regime's sentiments. In 1980 the rise of Solidarity showed the threat posed by workers turning against the Party which claimed power in their name. In retrospect, the central communist dilemma of the 1980s was that economic transformation was necessary but impossible. At the time, however, it did not seem out of the question that communism might reform itself in the same sort of way that capitalism had done in the 1940s. Many in the West saw capitalism and communism as two converging ways of managing a modern industrial economy. Political scientists emphasized the striking formal similarities of the two rival systems - their enormous bureaucracies and reliance on experts, their encouragement of higher education, science and technology, their pursuit of the common goals of material prosperity. Such theorists argued that Western and Eastern economies existed at different points on a continuum with varying combinations of state intervention and market. The implication was that communist reformers could succeed in peacefully transforming eastern European economies into something closer to the mixed economies of the West.

This belief in the reformability of communism was shared in the East as well and underpinned a series of debates and experiment in eastern Europe and the Soviet Union, curtailed but not ended by the Soviet invasion of Czechoslovakia in 1968. In general, Brezhnev's long reign was a period of conservative reaction to Khrushchev's efforts at improving reform. But even under Brezhnev, some east European leaders initiated reform movements as a means to
modernization and greater efficiency. In East Germany and Bulgaria, this took
the form of administrative decentralization, which left the basic central-
planning mechanisms untouched. More radical in its implications was the
economic decentralization pursued in Czechoslovakia (until the invasion)
and Hungary, which tried tentatively to introduce real prices and costs into the
economy.

Hungary's was the most enduring and intriguing case. Through the so-called
New Economic Mechanism (NEM) which was introduced in 1968, János
Kádár cautiously encouraged a process of gradual marketization. Trading with
the outside world was decentralized and measures to encourage greater
efficiency and productivity were introduced. Firms were encouraged to make
profits rather than solely to meet production targets. In the West there was a
good deal of interest in the NEM, and much talk of the reformability of
communism. But there was just one problem: it was not very successful
economically. Hungary ended up with the highest per capita hard-currency
debt behind the Iron Curtain, and growth rates which lagged well behind those
of such resolute Stalinists as the Czechs, the East Germans and the Romanians.
Honecker's own acerbic view was that capitalism and communism were 'as
different and incompatible as fire and water' and he insisted as late as 1986 that
the GDR was 'no field of experimentation'.

His thinking could not be faulted on economic grounds, as East Germany's
record was far superior to that of the Hungarians. Hungarian reform was a
soft variant of adjustment which shied away from allowing bankruptcies or
unemployment. In retrospect, its main significance was not economic but
political, enabling Kádár cautiously to detach Hungary from the Soviet
embrace, and to tiptoe through trade policy towards more autonomy. There is
an illuminating parallel with another Hungarian leader trying to manoeuvre
alongside a great power - Admiral Horthy and his astute handling of Hitler in
the decade after 1933.

Borrowing capital from the West was - as it had been in the 1920s too -
another inviting means of avoiding painful decisions and cushioning the shock
of modernization. The path beaten to the City and Wall Street by Yugoslavia
and Romania was followed by the rest. The transnational and volatile financial
markets which emerged in the 1970s, awash with petrodollars, saw eastern
Europe, with its highly stable regimes and well-trained workforce, as a
neglected area for investment. Bankers with short memories (which certainly
did not stretch back the requisite fifty years) convinced themselves that the
Soviet 'guarantee' over the Eastern bloc ruled out any chance of default.
Communist elites saw Western capital as a means of buying off public opinion
and delaying the harsh impact of structural change in the economy. Communists and bankers fell into each other's arms.

As a result, hard-currency debt grew fast everywhere in East Europe. From
$6.1 billion in 1971 it rose to $66.1 billion in 1980 and $95.6 billion in 1988.
Perhaps the country most affected was Poland, whose borrowing rose from
$1.1 billion in 1971 to $25.0 billion in 1980. In the last phase of unquestioned
Party rule - during the early 1970s - first secretary Gieck borrowed heavily to
engineer a consumer boom. When this began to falter, in the second half of
the decade, and living standards fell again, two things emerged: first, that the
use of foreign capital had been unsuccessful in modernizing the Polish
economy and improving its technological base; and second, that leveraging up
living standards temporarily and artificially had not purchased social peace.
Poland's problems were more generally shared. The rigid structure of
command economies made it easier to use foreign credits for food and
consumer goods than in acquiring foreign technology and making good use of
it. Eastern-bloc exports did shift slowly away from the Soviet Union towards
hard-currency partners, but not sufficiently: EC barriers to trade helped keep
goods out, increasing the strain on foreign-exchange reserves. Hence these vast
debts did not help to modernize the economic base; they simply bought
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THE ATROPHIED PARTY
By virtue of the care for a good supply of the people with all the necessary goods, for the improvement of trade, of public services, price stability, the population often meet Nicolae Ceausescu in the town's shopping centres, when opening new shops, when examining the supply of the market with goods. On these occasions, President Ceausescu listens to what they say and what else should be done, and when possible, takes measures on the spot to improve things. These signs speak by themselves to the honest-minded man that he final scope of building a new society in Romania according to President Ceausescu's view is Man and his interests, the satisfaction of his spiritual and material demands, the realization of his ideals of progress and civilization.

This Stalinist propaganda puff from 1983 coincided with a period of austerity harsh even by Romanian standards: consumption was being squeezed to pay off the foreign debt, and daily life was ravaged by the insanely destructive programme of 'systemization' through which the regime demolished thousands of villages, scores of towns and eventually a large part of Bucharest itself. There and elsewhere, a growing gulf was opening up between an increasingly harsh reality and official ideology. Or rather, since that gulf had always been present in communism, what was fundamentally happening in the 1980s was the growing recognition by society generally - elite and base - that reality and ideology were parting company.

In Ceausescu's Romania such recognition counted for little, since it did not extend to the 'Giant of the Carpathians' himself. Elsewhere, however, it permeated the echelons of power. The sense that reality had mastered socialist theory rather than been mastered by it fatally undermined the Party's sense of its own governing mission. Here lay the chief political trend through much of the last two decades of communism - not the emergence of outright opposition, but rather this slow decline of a Party which believed in itself, and its replacement by other organs of government - civil servants in the state apparatus, the military, and the elderly 'little Stalins'. The collapse of belief in socialist ideology, and the abandonment by the early 1980s of any convincing hope of surpassing the West economically, left the Party with little general purpose. It was degenerating into a privileged nomenklatura, and a decreasingly effective instrument of crisis management.

The Party's decline was most visible in Poland. In the official Kubiak Report, which it commissioned in September 1981 to reflect upon the causes and origins of the Solidarity crisis, its author - on the liberal wing of the Party - noted that the origins of social conflict lay not only in the political opposition but more basically, 'when the gap between the declared aims of socialism and the results achieved widened'. Solidarity proved that the workers of Gdansk took socialism seriously - they criticized the perks of Party bosses and showed no signs of interest in capitalism or the market; it was precisely because the Party was no longer a convincing guide to socialism that the assault it faced was so devastating.

Poland had offered a paradigm of the continuation of Stalinist economic priorities through the 1970s: growth of producer goods outstripped consumer goods for much of the period, and there was little structural change or modernization. The priority given to invest-ment in heavy industry continued even into the 1980s. Hence the shock generated by the shipyard workers' strike movement, not to mention the astonishing expansion of the associated Free Trade Unions to some eight million members - more than double the PUWP's own membership - in just a few months.

Solidarity's legacy was a ruling Party stripped of purpose and legitimacy. The 1970s had already seen state officials and industrial managers assuming power at its expense. In a striking departure from all socialist political experience - a move which summoned up echoes of the inter-war years - the government was now handed over to a military man, General Jaruzelski. Jaruzelski claimed that his rule, and the imposition of martial law, were necessary in order to avoid Soviet invasion. This claim now appears to be false, though that was not widely known at the time. What was important was the common perception that the PUWP lacked the authority to continue.

'The principal reason for the December 13 coup [introduction of martial law],' wrote Adam Michnik, 'was not the radicalism of Solidarity but the weakness of the base of the PUWP.' Party numbers fell from 3.1 million in 1980 to 2.1 million in 1984: worryingly, it was primarily the young who were leaving; more than half the Party membership by 1987 were over fifty years old. The true state of relations between populace and governing class was expressed in the martial law which Jaruzelski proclaimed, and which lasted for nearly two years. 'For the first time,' writes the philosopher Leszek Kolakowski, 'the apparatus of communist power was compelled to wage war against its own society.' Nowhere else in the communist bloc was the Party's situation or outlook as obviously desperate as in Poland; nevertheless, outside East Germany and Czechoslovakia, it could hardly be said to function as a cohesive administrative force. Mostly it had been displaced by the 'little Stalins' at its head, and their coteries. Yet these elderly figures who clung to power across the region seemed by their very age to point to the dangers of predicting what might follow their demise: by 1985 the oldest in the bloc, Gustav Husak of Czechoslovakia, was seventy-six, the youngest (apart from Jaruzelski), Ceaucescu, was sixty-seven; the seventy-four-year-old Bulgarian Todor Zhivkov had come to power in 1954; Honecker, the newcomer, had succeeded to the East German leadership in 1971. This was an elite of arthritic geriatrics, bitterly resisting change. The succession crisis which followed the octogenarian Tito's death in Yugoslavia in 1980 was a worrying portent.
The danger of personal rule was that, especially in the Balkans, it encouraged the creation of family dynasties. Romania was the most egregious instance - wags called it 'Ceauschwitz' - turned virtually into a personal fiefdom. Even the most senior echelons of the nomenklatura were sidelined, as all decisions were taken, without prior discussion, by the Conducator and his powerful, sinister wife, Elena. Party officials were treated much like their Ottoman predecessors, moved from posting to posting, to prevent their building power bases which might threaten their master. After their daughter Zoia, a mathematics student, tried to flee her parents, an angry Ceausescu closed down the Bucharest Mathematical Institute, provoking a massive brain drain of some two hundred of the country's leading mathematicians. Even in less flagrant abuses of power, accusations and rumours of nepotism were common, indicating the deep popular mistrust of an elite regarded as having betrayed its own principles. Romania also exemplified another way in which communist elites tried to regain some popularity - through the cultivation of national aspirations. Ceausescu pushed the use of nationalism further than any other leader, and achieved an apparent detachment from Moscow which brought rich rewards from the West. But national communism became part of a common strategy for clinging on to power. Older gods from the nationalist pantheon were introduced into the Marxist-Leninist liturgy: Marshal Pilsudski started to appear on Polish postage stamps; Luther and Frederick the Great were commemorated in East Germany. Compliant professors produced works like the Bulgarian Academy of Sciences' fourteen-volume history of the country, or the infamous nationalist memorandum of the Serbian Academy of Arts and Sciences. Archaeology, history and ethnography all helpfully uncovered socialism's deep roots in the nation. 'Folk art has been a powerful active factor in the history of the people,' wrote an Albanian professor, 'because for centuries on end it has transmitted the democratic, patriotic and revolutionary ideals of the working masses.'

But national communism also involved a tamer and more antagonistic relationship towards the surviving remnants of the region's ethnic minorities: anti-Semitism, for instance, surfaced briefly in Poland in 1968, despite the almost total disappearance of what had once been the largest Jewish community in Europe. Tito's legacy was abandoned in Yugoslavia as Milosevic used the issue of Kosovo to play to reawakening Serb nationalism. In Bulgaria, decades of a centralizing assimilationist policy towards the minorities culminated in the 1984-5 drive to rename the Turkish population, or rather, to 'restore' their original Bulgarian names. When Romania similarly sanctioned the official persecution of its Hungarian minority, it enflamed a grievance with Hungary which, as we shall see, would play an important part in the events of 1989.

Nationalism was anyway an unpredictable card for the elite to play, since the communists' subservience to Moscow was always in the back of people's minds. Other groups, more independent of Moscow, could pose as more convincing voices for national aspirations. But did such groups exist in the 1980s? This raises the question of the state of the political opposition, its goals and limits. A quick survey reveals two things: first, that the opposition was no longer primarily interested in national independence - the lessons of 1956 and 1968 had been well learned; and second, that apart from Poland its ability to force change was very limited indeed. The revival of nationalism, in other words, was far more a consequence than a cause of 1989.

There were, however, various ways in which opposition manifested itself beyond outright, public confrontation, a very rare event indeed. There was widespread withdrawal from the system - most directly expressed by the millions who fled to the West (a net flow of some 3.5 million East Germans, hundreds of thousands of Poles and others). A Polish opinion poll taken in 1987 showed that 70 per cent of young people wanted to leave the country either temporarily or for good. Their motivation could certainly not be reduced to consumer envy, or to a desire to have the freedom to travel, strong though both these elements were; the Stasi noted that it also implied 'a rejection of the social system'. In 1989 this form of opposition would be crucial in triggering off change across the region.

Leaving the country, though, was not merely discouraged by the rulers of eastern Europe; it was also frowned upon by many of their opponents, by the Church, by reformers inside the Party and outside who had elected to stay and fight for change at home. This was the path followed by Church leaders and many intellectuals, but it did not - outside Poland - seriously threaten the regimes themselves. Intellectuals as an opposition varied from complete irrelevance - as in Romania and Bulgaria - to outspoken sources of irritation and hope in Czechoslovakia and Poland. Political opposition outside Marxism had been crushed in the Stalin years; within it, it remained hesitant and sectarian. Where the Marxist tradition remained strong, as among the most prominent dissidents in East Germany, one heard voices calling for improvements to socialism, not its abandonment. The greater emphasis on ethics, human and civil rights which came across with Charter 77 in Prague, or the KOR group in Poland, made opposition a broader and less sectarian issue; yet it also meant sidestepping the question of a political alternative to communism.

A further problem for the intellectual opposition - especially that situated outside the Party - was that by itself it was powerless. The desire to retain some ability to shape events was precisely what made many opponents of the existing order hang on to their Party membership. For the rest, their influence
depended crucially upon whether they could build alliances with other powerful social forces such as the Church or the workers. Yet a gulf divided the three groups for most of this period. The shadow of anti-Semitism, for instance separated Church leaders and key intellectuals in Poland through the 1970s; even where this was not a factor, anti-clerical intellectuals often found it hard to reach an understanding with Church leaders. The divide between intellectuals and workers was exploited by the Party in Czechoslovakia, which made sure after 1968 to keep the workers loyal; in Poland, it weakened the opposition in 1970. Bridging it was part of the secret of Solidarity's strength in the 1980s.

Also weakening opposition was the fact that all these groups were permeated by the system and to some extent compromised by it. This was true in the most obvious sense that they were often effectively penetrated by security services and their informers; the scale and terrifying intimacy of such operations - with husband spying on wife, for example - has only emerged with revelations from official archives after 1989. But compromise and collusion occurred more indirectly as well. The religious authorities, for example, rarely encouraged outright protest and preferred a more indirect and cautious attitude towards power; their primary goal, after all, was the protection and defence of their own institutions and privileges. The Catholic Church in Poland under Cardinal Glemp, a British observer noted in 1983, was 'alarmed at its own strength' in the aftermath of Solidarity. If this was the case with the most vigorous potential opponent to communism behind the Iron Curtain, it is easy to see how limited a role the more subservient Catholic, Lutheran or Orthodox authorities elsewhere chose to play.

Such an attitude rested on an assessment of the basic durability of East European communism which was broadly shared by another potentially powerful source of opposition - the West. Western governments - and in general, Western public opinion, too - never seriously challenged the communist hold over the region. In fact, given the West's basic acquiescence - right through the 1980s - in the Cold War division of Europe, it is hard to criticize East Europeans for their lack of more vigorous opposition. Few people anywhere, after all, believed in the possibility - or even perhaps the desirability - of a rapid introduction of multi-party democracy. On the contrary, the 1970s saw a new acceptance of communist rule by the capitalist West. Financially, as we have seen, this took the form of extensive credits. Politically, it was expressed in West German Ostpolitik, and superpower detente. By the early 1980s, too much was at stake to let Reaganite neo-conservatism, the onset of the so-called 'second Cold War' and the row about nuclear-missile deployments in western Europe, erode this basic understanding. Western policy aimed to wear the Soviet Union down in the long run through an expensive arms race. But the other side of this 'dual track' strategy was the continued provision of trade credits to eastern Europe, the decision not to declare Poland in default, and to prop up the Hungarian and East German banking system. West Germany's Chancellor Kohl was as committed to Ostpolitik as his Social Democrat predecessors had been, buying out East German dissidents and massively subsidizing the communist economy, backing Jaruzelski's imposition of martial law, and eventually even allowing Honecker to make an official visit to the FRG in 1987.

In sum, the opposition which existed in the East was fragmented, inchoate and without determined foreign backing. Western individuals and NGOs offered their support to dissidents, but Western governments were chiefly interested in stability. In the 1980s, opposition to communism coalesced not around political reform but around more general issues of moral renewal, human rights, freedom and peace. In a one-party state these could not but be political in their implications, but they tended - and this was, of course, a condition of their existence - not to produce mass organizations or to offer political alternatives.

One key focus for protest was environmental pollution, especially after the Chernobyl disaster: the Stasi got very irritated by posters in an East German churchyard which read: 'Ride a bike, don't drive a car.' The Hungarian Danube Circle was an unofficial movement with thousands of signatories and strong links in Austria. In Czechoslovakia, Charter 77 circulated a document in 1987 entitled 'Let the People Breathe', which disclosed grim official estimates of the republic's pollution levels. Yet arguably, even here, the level of activism was rather less than in the Soviet Union itself, and especially in the Baltic states. The vast security services which monitored popular opinion do not appear to have been unduly alarmed by levels of opposition 'Conformity and grumbling' was the pattern discerned by the Stasi and the former had probably grown rather than diminished over time Soviet-sponsored Stalinism had come to be seen as the region's fate, against which only the headstrong or saintly rebelled. Compared with the Nazi Gestapo, the Stasi and the Romanian Securitate were enormous, technically advanced apparatuses of terror, easily able to coerce and intimidate the mass of the population into compliance Only one source of destabilization eluded their control - Moscow itself. In 1987 Poland's deputy prime minister Mieczyslaw Rakowski musing on the ever-present threat that 'somebody' might intervene in the country's internal affairs, was struck by a sudden thought: 'What if that somebody, bearing in mind his own interests, does not want to intervene?' And what, indeed, if he did intervene - to challenge the old order? It is to this possibility that we must now turn.

**THE EVOLUTION OF SOVIET POLICY**
Murder or suicide? Revolution or retreat? The same questions which are often asked of the ending of British rule in India, or of the Dutch in Indonesia, can be posed in the case of 1989 too. This is not by chance: communism's demise formed part of the broader canvas of European decolonization.

The long age of empire, begun by Portugal and Spain in the fifteenth century, came to an end in the middle of our own. After the Second World War, itself a defeat for German imperial ambitions, the remaining European powers reluctantly divested themselves of their colonies too. The speed varied, but overall the process of decolonization was incredibly fast - a matter of decades - set against the lengthier rhythms of imperial conquest and consolidation. Whatever Marxist theorists of neo-imperialism may have felt - and it is true that Western economic influence did not in general decline after decolonization - the political act of dismantling empires was an act of tremendous significance. Explaining the causes of decolonization - and especially its speed - has occupied historians ever since. Several points have become clearer. First, empire did not, on the whole, pay; to be more specific, while it offered huge profits to some individuals and companies, it burdened the treasuries of most imperial powers. Thus the exploitation of colonial peoples was not incompatible with net losses to taxpayers at home. Second, imperial powers were rarely forced to retreat as a direct result of military insurrection - Algeria was the exception not the rule. Insurgencies could usually be squashed; the problem was at what cost in lives and money. Nationalist historians like to argue that brave resistance fighters threw off the shackles of imperial rule; in practice, the warders in Whitehall and Paris usually decided when to close down (or unlock) the prison and retire.

Their decision was a compound of considerations - financial, military and politico-ideological. Imperial powers always had a choice whether or not to resort to force to uphold their rule. When they did - like the French in Algeria or Vietnam or the Portuguese in southern Africa - they often ended up jeopardising political stability at home. Increasingly, in the post-war era, they chose not to do so. One reason, of course, was that they came to realize that military domination was an expensive and clumsy way of getting what they wanted. Another for the Western powers was that their continued grip on empire suited neither their patron, the United States, nor their own domestic publics, who were chiefly concerned about prosperity inside a new Europe.

The glamour of empire looked increasingly tarnished, its morality and rationality thrown into question in a continent which operated not according to global imperial rivalries and the possession of territory, but through transnational economic cooperation.

Thus, in the modern era, military defeat was not necessary to bring empires to their knees. It brought the collapse of the Ottoman, Spanish and Habsburg empires of course, but hardly that of the mightiest empire of them all, the British. As for Russia, the Tsarist empire had collapsed in 1917 under the pressure of war, yet Stalin's empire survived and prospered after an even more vicious and destructive war only to collapse with such speed in a period of peace. One way to look at Soviet rule in eastern Europe is simply as an anachronism, a relic of past modes of rule no longer suited to the modern world. With a swiftness and political sophistication comparable to the British pull-out from India in 1947 or from West Africa a little later, the Kremlin chose to pull out from eastern Europe and the empire disintegrated almost overnight. Suicide, then, not murder. The reasoning underlying the Kremlin's choice - the priority attached to domestic economic reform, the disillusion which followed the Afghan quagmire - becomes the key to the events of 1989.

Although the Brezhnev years were ones of stagnation and ideological conservatism - the high priest of Soviet doctrinal purity, Mikhail Suslov, only died in 1982 - beneath the surface there were indications of new ways of thinking about Soviet relations with eastern Europe. Brezhnev's eventual successor, Yuri Andropov, had been Soviet ambassador to Hungary in 1956, before heading the Kremlin's main liaison department with east European communist parties. There he gathered around him a group of reformers who would rise to senior positions in the 1980s. Andropov himself, who headed the KGB for most of the Brezhnev era, had a better idea than most in the Kremlin of the ruinous state of the communist empire, and after the Polish crisis of 1980-81 he spoke bluntly of the need for fresh thinking and urgent economic reform.

From the Soviet perspective, several factors encouraged new approaches towards eastern Europe. In the first place, the region, after acting as a net asset to Moscow in Stalin's time, had now become an enormous economic burden, equivalent on one reckoning to 2 per cent of GNP per year: in the 1970s, massive subsidies, chiefly through cheap Soviet exports of fuels, meant that poorly-off Russians were subsidizing better-off Poles and Czechs. Eastern Europe's CMEA, unlike the Common Market, was failing to generate a virtuous circle of greater productivity and wealth; rather it ossified bilateral trading arrangements (95 per cent of all CMEA activity) and encouraged mutual accusations of exploitation. Brezhnev's 1971 plan for 'socialist integration' was a damp squib compared with its capitalist counterpart. By the 1980s CMEA looked to the east Europeans like an instrument of Soviet nationalism; it was, in the words of one commentator, 'a framework without much substance'. In the second half of the 1980s, the overall volume of Soviet-east European trade failed to grow at all.
To make matters worse, the cost of supporting hundreds of thousands of troops in eastern Europe was also draining the economy. Moscow's security policy had made the region entirely dependent upon Soviet arms, but the consequence was that the Soviet Union footed the bill for generating new weapons systems. On average, the Soviet Union spent 12-15 per cent of GNP on defence compared with 6 per cent by its satellites. Ironically, it faced exactly the same issue of unequal burden-sharing which preoccupied NATO states too; the difference was that the USA was far better equipped to handle the burden of being a superpower. To rub salt into the wound, the east Europeans were actually cutting back defence spending in the 1980s.

From the strategic point of view, too, the importance of eastern Europe to Soviet security needs had changed vastly since 1945. The Cold War was now being fought out in Asia as well as Europe. Detente diminished the threat from Germany and allowed Moscow to focus on its rival China, an infinitely more powerful and less predictable foe. Then came the war in Afghanistan and a Soviet military performance which increased doubts about its usefulness in eastern Europe. At the same time, east European elites responded to the breakdown of detente by insisting, against Soviet wishes, on the need to preserve links to Western economies. Bloc unity was less and less assured.

All this helps explain why the Soviet elite seemed to be coming round to the view, through the 1980s, that force had had its day. Unlike the Nazis, communists had never formally renounced the idea of the juridical equality of sovereign states. They had traditionally, however, justified granting a 'leading role' to Moscow by appealing to the notion of 'socialist internationalism' and 'joint defence for the achievements of socialism', phrases whose real meaning emerged in 1968. By 1983, stimulated by Brezhnev's death and the rise of the reformist Andropov, a vigorous debate was under way among Russian scholars about whether or not a socialist community really existed. Reformers talked instead of 'common-democratic principles of non-interference in internal affairs.' In 1985 Gorbachev was elected general secretary, the youngest ever to hold the post. His priority was domestic - to meet the economic challenge facing the USSR by replacing the Stalinist growth model of extensive development based around heavy industry with a more modern pattern using up-to-date technology and high productivity. The Lenin of the NEP - experimental, pragmatic yet committed the cause of socialism - became his model. In the mind of this adroit product of the communist system, perestroika was thus intended regenerate the Soviet economy, not to destroy it.

In many ways, the Gorbachev reform programme was similar to that pursued earlier in parts of eastern Europe. But there was a key doctrinal difference. Gorbachev was far freer than, say, Kádár to speculate about the political aspects of reform. Soon it became clear that for the Soviet leader, a successful restructuring of the economy - and revitalization of socialism - depended upon greater freedom of information, and even - in an arresting phrase - upon 'the democratization of all parts of our society'.

The foreign-policy implications took time to emerge. It was obvious that Gorbachev did not envisage the break-up of the Soviet empire, still less the Union itself. Yet he did stress that future cooperation between states and republics would need to occur on a non-coercive basis. 'The time is ripe', he wrote in 1987, 'for abandoning views on foreign policy which are influenced by an imperial standpoint ... It is possible to suppress, compel, bribe, break or blast, but only for a certain period.'

Running to some extent counter to the new emphasis on cooperation was an insistence that east European regimes emulate the Soviet Union in its reform effort. Elites were told openly that 'the administrative-state model of socialism, established in the majority of East European countries during the 1950s under the influence of the Soviet Union, has not withstood the test of time'. Now Moscow was ordering them to reform, while expecting its influence to remain undiminished. Gorbachev himself won astounding popularity in the region, except among the hardline leaders, like Honecker, Husak and Ceausescu. But then perhaps they saw more clearly than he did that his policies spelled the end of communism.

THE CRISIS OF 1989

The fall of the empire began inside the USSR itself. In 1987 powerful environmental protest movements gave way in the Baltic states to large unofficial demonstrations commemorating the anniversary of the 1939 Molotov-Ribbentrop pact, which had effectively sealed the fate of the inter-war independent republics. Further anniversaries also gathered large crowds, plunging the authorities into disarray and paving the way for the more intense political struggle of the following year. At the end of 1988 Estonia proclaimed its sovereignty as an autonomous republic - the first to do so in the USSR - and declared the primacy of republic over federal law. 'National' emblems of the pre-war republics were increasingly visible in demonstrations organized by massively popular pro-autonomy groups which wrested unofficial recognition from the local authorities.

What weakened the latter and made them hesitate to crack down on the demonstrators were the signs from the Kremlin that it was opposed to a hard line. By early 1989 the popular fronts had scored a resounding success, trouncing the Party in elections to the new USSR Congress of People's Deputies, and they started moving cautiously from demands for 'autonomy' to full independence.
But in eastern Europe, there was - outside Poland - little indication at the start of 1989 of the momentous events that were shortly to unfold there. In Poland itself, the post-Solidarity balancing act was clearly over, and a new wave of strikes threatened to escape the control, not only of the government, but more worryingly of the old Solidarity leadership as well. This time the threat was not of Soviet intervention, but of civil war - forcing the government first to invite Solidarity for round-table talks, and then to grant elections, in July 1989, at which the Party suffered a resounding defeat. Amidst these extraordinary events, Gorbachev reasserted his doctrine of non-intervention, and a meeting of Warsaw Pact member states proclaimed that 'there does not exist any kind of universal socialist model, (and) no one possesses a monopoly on truth'. The government formed by Tadeusz Mazowiecki in August 1989 was the first in eastern Europe to be headed by a non-communist since the 1940s. In retrospect, communism had already ended that April, when the Polish communists implicitly recognized Solidarity's legitimacy by inviting them to the round-table talks. Still, few at this stage predicted the changes that would so swiftly be triggered off across the region. After all, Gorbachev's reform programme was really only safe after the defeat of his main conservative rival Ligachev in October 1988. Chance and error continued to reign as the empire fell apart. If change had occurred in Poland because of the Party's weakness, it occurred next in Hungary because the Party was strong, overbearing and overconfident in the face of a fragmented opposition which it mistakenly thought it could control. What it did not realize until too late was that behind the political opposition was a massive public desire for change - manifested in the enormous crowds that gathered to celebrate the anniversary of the 1848 uprising (far larger than the previous year), the reburial of Nagy, or the alternative 1 May rally which dwarfed the official one.

Because change had come about in Poland where the economy was desperately weak, the regimes in East Germany and Czechoslovakia felt confident that they were protected by economic strength. Yet economic turmoil was not the only trigger for collapse. There was a kind of domino effect, too. When the Hungarians liberalized their border requirements with Austria in order to draw international attention to the plight of the Hungarian minority locked inside Romania, the unforeseen result was an exodus of East Germans through Hungary that summer which underlined the unpopularity of Honecker's rule. The crisis of the ancien régime took months in Poland, but only weeks in the DDR and Czechoslovakia. As in 1848 one uprising triggered off another, but this time there was no imperial reconquest because no one believed any longer in empire.

In general, the changeover was astonishingly peaceful, marred only by police brutality in Czechoslovakia and the DDR; serious street fighting took place only in Romania, where the Ceausescu tyranny was deaf to other forms of dialogue. Tiananmen Square was a model to be avoided for all but the most hardline apparatchiks, though Honecker came close. The smoothness of this transition - in contrast to the bloodshed in China - was in part a reflection of the ruling Party's sense of its own weakness, its abandonment by Moscow and its own historic failure. But it also reflected the opposition's weakness as well, insecure in its claim to power. What confronted all would-be participants in the political reformation of 1989 was the danger posed by the power vacuum created by communism's failure. Public opposition to communism was unmistakable, and immediately reflected in the elections which followed over the next two years.

It is therefore understandable why many observers seemed transfixed by the enormous crowds which emerged to demonstrate against the old order in its dying moments. These crowds - making perhaps their last appearance in European history - were both an affirmation of communism's bankruptcy, and a portent of the instability that might follow if a new and more legitimate political order was not constructed.

Working out the new rules was the immediate task of post-communist politics. There was a striking parallel here with 1919: seventy years later, a new generation was again attempting to remake democracy in the region. Once again, but for different reasons, West European political and constitutional norms were imported into eastern Europe, and clashed with divergent socio-political realities and historical memories. Political parties had to be founded in an environment where the very notion of a political party had been tainted by communism. Hence the Salvation Fronts, Solidarity, the Democratic and Civic Forums, and Union of Democratic Forces - anything to avoid the dreaded appellation. The suspicion of parties actually increased as the heterogeneous opposition coalitions which had been formed and held together to combat communism, fell apart in 1990-91. Solidarity's split between liberal intellectuals around Mazowiecki and populist nationalists around Walesa prefigured the key fault line, as political and intellectual elites struggled to reforge links to the masses.

As in 1919 the constitutional order had to be remade, but this time the trend was distinctly gradualist and unrevolutionary. In Hungary and Poland, amended communist constitutions served for several years in place of completely new versions, underlining the desire for a smooth transition rather than an abrupt dismissal of the past. Remaking constitutions was hampered initially by the uncertain legal situation created by the communist abdication of power - who had the legitimacy to make a new constitution in 1990? - and later by the collapse of the initial anti-communist consensus. Only in Romania and Bulgaria were entirely new constitutions brought in swiftly.
And as in 1919, these looked better on paper than in reality. The desperate economic crisis made new promises of social and economic rights sound hollow, even (perhaps especially) in comparison with the communist past, while civil, human and political rights were often checked and limited by arbitrary state power and nationalist authoritarian impulses. Free speech could be curbed, for example, when adjudged to conflict with 'public morality' or the 'constitutional order', while in Romania, the law prohibited the 'defamation of the country and the nation' as well as 'obscene acts contrary to good morals'.

The fact that similarly illiberal statutes remain on the books in countries like Greece and Italy is a reminder that it is not just in eastern Europe that residues of past authoritarian attitudes survive. Just as in 1919, moreover, the new constitutions failed to address what remained of minority rights. Democracy once again involved the re-creation of a national community, and there was less international concern about minorities, or protest on their behalf, than in the days of the League of Nations. The Baltic republics introduced citizenship laws which turned ethnic Russians and Belorussians into 'foreigners' - some 50 per cent of Latvia's population, and 40 per cent of Estonia's: protests from the Council of Europe brought only minor improvements in their situation. In the Balkans, the constitutional commitment to national languages allowed local authorities to block the teaching of minority languages in schools and universities. The citizenship laws of the new Czech republic excluded gypsies and Slovaks. Hungary stood out for the liberal way it treated its own minorities, even if its constitution talked unweltingly of a 'responsibility for what happens to Hungarians living abroad'. But the parallels were with 1945 as well as with 1919. As after the Nazi occupation, the question of the continuity of the state - of law and administration - with the old order had to be faced. As the communist apparatus of terror was dismantled, East Europeans had to decide who should be punished, who compensated. 'Lustration' of the communist nomenkatura recalled the 1940s purges of elites tainted by wartime collaboration. Similar debates about the focus and range of such purges took place, as it became clear that there was simply no way to remake society afresh. In Czechoslovakia and the former DDR - perhaps the two most enthusiastic purgers - it soon became clear that secret police files were an unreliable instrument of vengeance. In general, there were surprisingly few witch-hunts, probably because everyone was aware of how deep complicity in the old system had gone. As in the 1940s, there were strong practical arguments in favour of burying the ghosts of the past. Transition rather than revolution meant keeping the administrative and economic expertise that lay in the hands of the old elite, even if this allowed it the chance to expropriate state property and retain some degree of power. In fact the transition after 1989 was smoother than either of those after the First and Second World Wars, a sign perhaps of the growing political sophistication and experience of the region.

Perhaps the best proof of the new system's resilience were the victories won by former communists in parliamentary elections in 1994. 'Do people forget so quickly?' complained a conservative Hungarian politician facing defeat at the hands of former communists. 'Yes, the bad things, at any rate. Voters associate the Left less with the horrors of the 1950s and more with the easygoing "goulash communism" that made Hungary the "jolliest barracks in the socialist camp". The problem for Hungarian conservatives was that before 1989 Hungarians had compared themselves to Romania, now it was Austria which provided the benchmark.

In general, the newly liberated east Europeans had one dream: nervous of being left alone, they could hardly wait to 'rejoin Europe'. But what Europe were they rejoicing? A Europe of freedom, to be sure, but beyond that lay a Europe they had thought little about and that thought little about them, preoccupied by its own welfare crisis, fiercely protective of its industries, and largely uninterested in the practical difficulties of helping smooth their transition to democracy and capitalism. Western neo-liberalism, and political introversion at the highest levels, ruled out any attempt to emulate the kind of comprehensive aid provided by the Marshall Plan after 1945. On the contrary, in the first few years at least, Western advisers implied that the mere dismantling of the institutions of state socialism, and the creation of a legal framework for functioning markets, would allow capitalism to take root and flourish.

Thatcherite policies which had been sensibly shunned by most of western Europe were implemented on a breathtaking scale in the East. Directed by an army of Western economists, consultants accountants and lawyers, privatization swept across the region. Nearly 80 per cent of the Czech economy, 40-60 per cent elsewhere, was in private hands in five years. It was a transfer of resources - within countries, and from states to foreign investors - on an unprecedented scale. The result was the destruction of the old communist welfare system without anything being put in its place. At most, Western banks provided the kind of short-term financial aid for monetary stabilization which had been forthcoming to communist regimes throughout the 1980s. As once before - in the 1920s - Western governments tended to keep out of the region, leaving the provision of investment capital to the private sector. It was simply not enough. Between 1990 and 1993, foreign investment in the entire former Soviet bloc came to $12.5 billion, yet Singapore alone attracted almost half that amount in one year. Faced with legal uncertainty over property claims - the German federal restitution office alone had more than one million claims outstanding in 1993 - foreign investors remained cautious. Meanwhile the European Bank of Reconstruction and
Development - a worthy heir to Lloyd George’s abortive scheme after the First World War - spent most of its initial funds on marbling sumptuous headquarters in London rather than on eastern Europe.

The outcome was a massive 20-40 per cent drop in industrial output and sharply rising unemployment, offset only by increased flows of workers migrating elsewhere. The new democracies thus faced the reckoning with global competition which their predecessors had postponed. Whole towns and industries collapsed, decontrolled rents soared and income differentials suddenly widened as a new class of capitalists flaunted their wealth in societies which had taken the egalitarian rhetoric of communism very seriously. 'Now there is no social safety net,' complained one Hungarian worker. 'At least then there was. There are terrible lay-offs. They turn off the electricity if people can't pay.' The old system had, after all, had benefits as well as drawbacks, and people had been accustomed to both. The new capitalism was more unstable, creating new mafiosi, breeding crime and destroying the savings of honest people through pyramid scams which they mistook out of inexperience for regular banks. The moral economy of communism was bankrupt, but nothing has yet replaced it except perhaps a new individualism and sense of suspicion.

GERMANY REUNIFIED

The most fundamental alteration in the European balance of power created by the collapse of the Soviet empire was the reunification of Germany. Yet this was as unforeseen as partition had been forty years before. The original division of Germany might not have figured in the plans of any of the major powers (except France), but once it had happened, none of them hurried to reverse it. In both West and East Germany, the issue of reunification declined in importance as time passed and appeared forgotten by the time of Honecker’s state visit to Bonn in 1987. Ostpolitik was a substitute for unification more than a strategy for achieving it. Of course, this reflected the perception inside and outside the country that calling for unification would reawaken dormant fears of German power. As it was, opinion polls confirmed that fear of Germany was declining sharply in eastern Europe as the memory of the Second World War receded: it was this very decline which undercut the old justification for the Soviet Army’s continued presence in Europe, and which therefore - by a paradox more apparent than real - permitted the retreat of communism that ultimately made German reunification not merely advisable but unavoidable. For as Kohl’s chief foreign-policy adviser had realized, should the ideological divergence between the two Germanys disappear, then there would no longer be any reason for the country’s partition. Gorbachev talked about overcoming the division of Europe but did not apparently contemplate overcoming the division of Germany like a Stalin in reverse, Gorbachev came to unification only gradually. Many in the West too envisaged the ending of the Cold War while keeping two Germanys; Mrs Thatcher, for instance, declared in November 1988 that ‘we’re not in a Cold War now’ but remained suspicious of German power and opposed to reunification. Only George Bush saw matters differently. Unlike Gorbachev he wanted the unity of Europe based unambiguously on ‘Western values’; unlike Kohl he was not ready to hold eastern Europe hostage to good relations with Moscow. Yet would reunification have ever happened without the opening of the Berlin Wall in November? In the chaotic and unpredictable summer of 1989, many commentators suddenly discovered the virtues of the Cold War and the stability it had created. Writing in June, the historian Hugh Trevor-Roper speculated: ‘Perhaps if controls were removed, communism in East Germany would shrivel like a scroll. But would that not be a revolution, a destabilisation of Europe, which for 44 years has lived in a balanced peace? . . . The only questions are, do the Germans really want it, and if so, how can it be achieved without destroying the delicate balance of Europe which has been based on division?’

Certainly, neither the refugee exodus of August, nor the demonstratations of October, seemed at the time necessarily to spell the end of the East German state. The demonstrators in Leipzig, who in December would be shouting ‘Wir sind ein Volk!’ (We are one people), were two months earlier shouting the very different ‘Wir sind das Volk!’ (We are the people). Behind the Wall, the first calls for unification came barely a month before the Wall itself fell. Perhaps the Cold War ended therefore as a result of a simple administrative error. More than one Western journalist claims the credit for having posed the vital question at the 9 November press conference in East Berlin: from when did the newly liberalized travel regulations for East Germans - just announced by Günter Schwabowski, the government’s exhausted press spokesman - come into effect? Without instructions on this point, Schwabowski replied off the cuff: ‘From this moment.’ Later he admitted the authorities had not anticipated the ‘rush, the emotional drive’ that drove thousands within hours to Checkpoint Charlie. Bewildered border guards had no idea what to do with them; by the time the politicians ordered them to let people through, they had started to do so anyway.

In a final act of the revolution which had begun in 1917, a popular uprising swept away the last vestiges of communism in Germany, and swept the political elite along with it. Yet even after 9 November, many politicians and intellectuals - from Gorbachev to Günter Grass - still sought to preserve a separate East German state, linked to its Western partner in confederation. At
the end of November, Kohl himself suggested a long-term, phased approach to reunification. But the popular mood inside Germany was impatient, and Kohl too astute a politician to hold out against it. Within a year of the Wall's demolition, currency union and then full constitutional unification were achieved.

'A final line is being drawn under post-war German history,' declared General Matvei Burlakov, the last commander of Russian troops in eastern Germany on the eve of withdrawal in 1994. Western forces had already left; Soviet war memorials were beginning to crumble. With a swift resurgence of neo-Nazism, and the spread of mass unemployment among the Ossis, it was natural to feel a certain apprehension at Europe's newly dominant power. This apprehension was, of course, a reflection of those historical fears - held with especial tenacity in Britain and France, the two countries most desperate to cling to their illusions of great-power status - which often obscure a more balanced view of the present. But it was also based on simple bewilderment at the speed and unpredictability of reunification, which had underlined the difficulty of foreseeing, still less controlling, events in the new Europe. Interestingly, ordinary people - to judge from opinion polls taken in 1990 - were less perturbed by German unification than intellectuals and politicians.

To the historian, it seems obvious that Kohl's Germany is not the threat to Europe which Hitler's was. It is buoyed up by the resilience of its post-war democratic experience and the historical failure of communism and fascism. Its lack of militarism reflects the memory of five million German war dead from the last war; its lack of expansionism, the disappearance of German minorities in the East as a primary concern of foreign policy, and the collapse of the Darwinist views of international relations which held sway for nearly a century between the eras of romantic nationalism and the Third Reich.

The most powerful country in Europe is now forced to devote itself to the reconstruction of its eastern half. Should it be criticized for introspection, or attacked for seeking to dominate eastern Europe through economic aid and investment there, more than half the West's total? Should it be praised for halving the Bundeswehr's troop strength or attacked for lack of assertion in projecting its strength abroad? It was expected to take the lion's share of refugees from the former Yugoslavia, while any tightening of its asylum laws provokes cries of Fascism. It sometimes seems as though other Europeans find it as hard to come to terms with German democracy as Germans do with their former dictatorship. But that may be less because of the past than because Germany today - with its loose federalism and its faltering social-market economy - seems likely to be their future.

THE WAR IN THE FORMER YUGOSLAVIA

After 1989, Western commentators became transfixed by nationalism. As national memories and old hatreds resurfaced, it was easy to see the revival of nationalism as the return of history and the root of Europe's future troubles. The study of ethnic minorities has now become a growth industry for academics, security experts and international lawyers. Communist elites may have made an easy switch to new roles as nationalist figureheads, but their Western observers were not far behind them, expertly retooling their own Cold War analytic skills.

The fall of communism underlined nationalism's disruptive potential for several reasons. First, liberation from communism was often seen in the context of demands for national independence - this was most obviously true in the Baltic states, but also for most of Eastern Europe too. Second, the old mechanisms for smoothing minorities disputes inside the Warsaw Pact, already badly worn out, no longer operated after 1989. Third, the greater ease of access to eastern Europe for Westerners meant a harsher light now shone on xenophobia and racism in the region. 'The flame-thrower is the only weapon I need to win/All Gypsy adults and children we'll exterminate,' sang a Hungarian skinhead band. 'But we can kill all of them at once/when it's done we can advertise: Gypsy-free zone.' Anti-gypsy prejudice united such foes as Slovak premier Meciar and the Hungarian politician István Csurka, as did the new passion for commemorating wartime nationalists with nasty collaborationist and anti-Semitic records like Tiso, Pavelic and Marshal Antonescu.

On the other hand, a lot of the talk about a return to past hatreds was beside the point, part of a fashionable fin de siècle gloom that was not based on any serious appraisal of the overall political outlook. In fact, the international context differed dramatically from the first half of the century, when nationalism had threatened the stability of Europe. Wartime genocide, mass expulsions and population engineering had led the proportion of east Europeans who made up minorities to drop dramatically from the high levels of the inter-war years. Jews, Germans and Ukrainians had been wiped out, deporteds or expelled and their return was neither biologically nor politically possible. The German Question in consequence was now a matter of unification not irredentism, and no one in the 1990s seriously anticipated a German Anschluss with Austria. Compared with the Basques and Catalans in Spain, the ethnic Germans in northern Italy and the increasingly restless subject peoples of Great Britain, eastern Europe on the whole looked fairly peaceful. The only minority there capable of triggering off a wider conflict were the ethnic Russians in the Baltic states, who faced discrimination and pressure to leave. Elsewhere, minorities remained a focus for prejudice and assault, an Other (to use a fashionable French term) against which the Nation
might define itself, but hardly at the centre of daily political concerns. In this respect, at least, east and west Europe were coming to resemble one another.

It was, of course, the bloody disintegration of Yugoslavia which set nationalism centre stage - the one case where the failure of communism had devastating consequences (and showed what Russia had escaped). Slovenia's defection in 1991, after a few days' desultory fighting with the rump Yugoslav Army, showed that break-up was possible in a relatively peaceful fashion. But then Slovenia had no Serb minority. Croatia and Bosnia did, and when they sought to secede from the federation, the Serbs refused to let them.

Serbia's communist boss - Slobodan Milosevic - guaranteed his own hold on power for years longer than his former comrades elsewhere in eastern Europe by going to war as a Serbian nationalist and Yugoslav socialist at one and the same time. When Ceausescu had tried to play the nationalist card, he found the crowds and the army against him. Milosevic purged the army of his opponents and tanks drove demonstrators off the streets of Belgrade. Thereafter there was little overt opposition - though much desertion, emigration and withdrawal - inside Serbia until the war reached its inglorious conclusion in 1995. Nationalism, self-obsession and the regime's lock on the media minimized Serbian opposition to the war itself.

In Bosnia, the Serbs were clearly fighting for ethnic purity and land - in a reversion to the kinds of methods and values last employed by the Germans, in Hitler's bid for Lebensraum. Ethnic cleansing was the first stage in this process, a strategy of terror designed to force non-Serbs out of their homes and push local Serbs into line. It worked brilliantly, creating hundreds of thousands of refugees within months, and eventually more than two million in all. The West tried to contain the refugee crisis without addressing its fundamental cause, and waited for a Serb victory. If this failed to come it was because ethnic cleansing itself could not guarantee military success. So long as the cities - above all Sarajevo - held out against bombardment, the Serbs' massive superiority in artillery was not decisive, and they needed to go in for street fighting, with the heavy losses that could entail, in order to win. They shied away from this, and settled for stalemate. But time shifted the balance of forces in favour of their enemies: with American support, the Bosnians and Croats became more powerful, while Serb morale fell. In 1995 they suddenly learned a truth which had eluded the Nazis half a century earlier: it is not enough to win land, it must also be held. Ethnic cleansing had brought them too much land, and driven away the hands to make it productive.

Thus the Serb defeat in 1995 was a defeat for the idea of apartheid in Europe. But it was also a defeat for the West, which failed to meet his first serious challenge to liberal values after the Cold War. It was bad enough that it chose realpolitik over the protection of rights and the prevention of genocide; worse that even its realpolitik was a failure. Having declared for three years that military intervention was bound not to work, it suddenly found in the summer of 1995 that it worked all too well. Bosnian government forces had to be prevented by Western diplomatic pressure from taking the vital Serb stronghold of Banja Luka, a prize which would have guaranteed a viable Bosnian state. The outcome of the war was therefore that there were no outright victors - a recipe for continued uncertainty in the region, and a triumph for Western indecision.

To speak of the West is to disguise the fact that all the major initiatives to break the deadlock in Bosnia came from the Americans. It might have seemed to the neutral observer that Bosnia was a European problem, but this could not have been deduced from the behaviour of the Europeans themselves. EU policy-making was completely marginalized, and the West European Union seemed little better. The British and the French preferred to operate through the UN and Nato, bodies in which they shared power with the Americans, and - in the former case - with the Russians too. London and Paris vaunted their commitment by sending troops, but were confused for longperiods as to what they wanted them to do. Both liked complaining about American arrogance and hypocrisy, but neither was able to summon sufficient resolve to act alone. Thus Bosnia showed how hard it was for Europeans to handle their own conflicts without Washington, even after the end of the Cold War.

One of the arguments of the pro-interventionists in the Bosnian war was that left to run unchecked it might destabilize the rest of eastern Europe. In the short run, at least, this fear was not borne out. Scenarios of a domino effect across the Balkans - with fighting spreading through Kosovo, Macedonia and Albania - ignored the war's deterrent impact. Television footage of burning villages and shelled cities brought home the real costs of nationalist hysteria, and thus may have helped inhibit inflammatory rhetoric, and contain expansionist or irredentist plans, encouraging compromise and mediation.

At the same time, the West's inability to bring the fighting to an end, and its seeming reluctance to enforce norms of international behaviour, increased nervousness throughout the region. A serious arms race between Greece and Turkey escalated in the early 1990s, and brought the two countries closer to war than they had been for decades. In Kosovo it was starting to look as if the Serbs could not repress the Albanian majority for very much longer, while in Macedonia, ethnic tensions and violence spilling over from Albania itself threatened to destabilize a precariously balanced regime. The deterrent effect of the Bosnian war will not last indefinitely and is no substitute for a coherent European security policy towards the Balkans.

The war in Yugoslavia can perhaps best be seen as a product of the collapse of federalism after 1989. This was the only case in Europe where the outcome...
was settled by fighting. In Czechoslovakia - the only other surviving federal creation of Versailles - a Velvet Divorce ensured a peaceful and civilized separation between Czechs and Slovaks. The real difficulties lay mostly in the sphere of the former Soviet Union, with its large Russian minorities on the western and southern periphery of the old empire. In fact, in the European zone, the conflict - with the partial, brief exception of Moldova, and the Baltic republics in 1991 - remained confined to the political level and did not escalate.

In general eastern Europe, and therefore Europe as a whole, was a far more stable place than at any time earlier in the century. Inter-war revisionism had sought to change the borders laid down at Versailles. But in the end people moved - or were moved, or killed - and with the exception of Poland, the USSR and Germany, there was little alteration of borders by the end of the 1940s. After 1989 it was generally accepted that borders should stay where they were. This was what had been agreed at Helsinki in 1975, and it remained an article of faith even when this meant accepting the injustices or the post-1945 settlement. Germany finally recognized Poland's western border and gave up all claims to the old eastern territories. The Baltic states too accepted independence within the post-war boundaries and did not seek a return to the pre-1939 status quo ante. Stability was too precious to be jeopardized, and much of the West's seemingly moral and contradictory policy towards the former Yugoslavia is best understood as a desperate attempt to uphold this principle. This general accepts is all to the good, since there is little sign of any greater willingness on the part of east European states to cooperate with one another. On the contrary, the old suspicions remain: the West is still expected to act as saviour, the Russians still regarded as the enemy. Western indifference is matched by Eastern irresponsibility. The Western excess of realpolitik is counterbalanced by excessive east European nationalist myopia. How to fit perennial geopolitical truths - that Russia, for instance, will always be more important to the West than Poland or Romania - with the new post-1989 realities is a task that so far neither half of the continent seems willing to contemplate.
Epilogue: Making Europe

In these last years there has been and still is much talk of Europe and European civilization, of anti-Europe and forces opposed to European civilization and so on. Appeals, articles in newspapers and magazines, discussions and polemics: in all, the word 'Europe' has been tossed around with unusual frequency, for good reasons and bad. But if we stop to analyse a little more closely what is meant by 'Europe' we immediately become conscious of the enormous confusion which reigns in the minds of those who talk about it...

-F. Chabod (1943-4)

'Democracy has won,' wrote Zbigniew Brzezinski in 1990. 'The free market has won. But what in the wake of this great ideological victory is today the substance of our beliefs?' As the euphoria which greeted the end of the Cold War gave way to gloomy misgivings, Francis Fukuyama saw communism's collapse ushering in the end of history and the dawning of a more prosaic and less heroic era. Others foresaw instead the rebirth of history's demons - nationalism, fascism and racial and religious struggle. They talked about 'the return of history and drew grim parallels - as Sarajevo hit the headlines - between 1992 and the eve of the First World War.

In fact, history had neither left Europe nor returned to it. But with the end of the Cold War, Europe's place in history changed. Europe is once again undivided, but it no longer occupies the central role in world affairs which it held before the Cold War began. Understanding where we stand today thus requires not only seeing how the present resembles the past, but how it differs from it as well. Sometimes it is easier to dream the old dreams - even when they are nightmares - than to wake up to unfamiliar realities.

'With the passing of the centuries', two French historians concluded in 1992, 'Europe discovers that beyond the differences of its tongues and customs, its people partake of a common culture ... Europe is becoming conscious of the existence of a European identity.' Made with unfortunate timing in the year 1936, another year of civil war, the British historian H. A. L. Fisher asserted that Europe was unified by a civilization which was 'distinct ... all pervading and preponderant', resting upon 'an inheritance of thought and achievement and religious aspiration'. And a few years later, in The Limits and Divisions of European History, the emigre Polish scholar Oskar Halecki pleaded for the fundamental unity of the continent at the very moment his country formed part of the Communist bloc.

It is as though one response to the bloody struggles of this century has been to deny their internecine character: one side is made to stand for the true Europe - l'Europe européenne in the striking phrase of Gonzague de Reynold - while the others are written off as usurpers or barbarians. The intellectual tradition which identifies Europe with the cause of liberty and freedom goes back many centuries. But if we race the fact that liberal democracy failed between the wars, and if we admit that communism and fascism also formed part of the continent's political heritage, then it is hard to deny that what has shaped Europe in this century is not a gradual convergence of thought and feeling, but on the contrary a series of violent clashes between antagonistic New Orders. If we search for Europe not as a geographical expression, but as what Frederico Chabod called 'an historic and moral individuality', we find that for much of the century it did not exist.

What was new in Europe's history was not the existence of conflict, but rather its scale. Compared with the great dynastic empires of the past - the long centuries of Byzantine, Habsburg and Ottoman rule - the Utopian experiments of twentieth-century ideologies came and went with striking speed: yet their struggle brought new levels of violence into European life, militarizing society, strengthening the state and killing millions of people with the help of modern bureaucracies and technologies. In the 1870-71 Franco-Prussian War the death-toll was 184,000; in the First World War it was above eight million, and more than forty million Europeans - half of them civilians - died in the Second World War. The depth of these wounds was directly proportionate to the grandeur of the ambitions held by the various protagonists, each of whom aspired to remake Europe - inside and out - more thoroughly than ever before. It is not surprising if today Europe is suffering from ideological exhaustion, and if politics has become a distinctly unvisionary activity. As Austria's former chancellor Franz Vranitsky once supposedly remarked: 'Anyone with visions needs to see a doctor.'

This disillusionment colours the strange post-1989 triumph of democracy in Europe. Seventy years earlier, the consolidation of democracy across the continent after the First World War fitted liberal dreams of a new world order: Europe seemed destined to become the model for mankind. Through the League of Nations the new states of eastern Europe would learn the habits of democracy from the more advanced and mature states of the West, while through colonies and mandates, the great imperial powers would spread democracy more widely. The defeat of communism in Europe in 1989 carried no such global implications, and no such evangelical dreams. Democracy suits Europeans today partly because it is associated with the triumph or capitalism and partly because it involves less commitment or intrusion into their lives than any of the alternatives. Europeans accept democracy because they no longer believe in politics. It is for this reason that we find both high levels of support for democracy in cross-national opinion polls and high rates of
political apathy. In contemporary Europe democracy allows racist parties of
the Right to coexist with more active protection of human rights than ever
before, encompasses both the grass-roots politics of Switzerland and near-
dictatorship in post-communist Croatia.

The real victor in 1989 was not democracy but capitalism, and Europeas a
whole now faces the task which western Europe has confronted since the
1930s, of establishing a workable relationship between the two. The inter-war
depression revealed that democracy might not survive a major crisis of
capitalism, and in fact democracy's eventual triumph over communism would
have been unimaginable without the reworked social contract which followed
the Second World War. The ending of full employment and the onset of
welfare retrenchment make this achievement harder than ever to sustain,
especially in societies characterized by ageing populations. The globalization of
financial markets makes it increasingly difficult for nation-states to preserve
autonomy of action, yet markets - as a series of panics and crashes
demonstrates - generate their own irrationalities and social tensions. The
globalization of labour, too, challenges pre-vailing definitions of national
citizenship, culture and tradition. Whether Europe can chart a course between
the individualism of American capitalism and the authoritarianism of East Asia,
preserving its own blend of social solidarity and political freedom, remains to
be seen. But the end of the Cold War means that there is no longer an
opponent against whom democrats can define what they stand for in pursuit of
this goal. The old political signposts have been uprooted, leaving most people
without a clear sense of direction.

This sense of fin de siecle disorientation is largely a European problem which
reflects the specific historical experience of Europe this century, and the
carnage that followed its once-fervent faith in Utopias. A self-belief rooted in
Christianity, capitalism, the Enlightenment and massive technological
superiority encouraged Europeans to see themselves over a long period as a
civilizational model for the globe. Their trust in Europe's world mission was
already evident in the seventeenth and eighteenth centuries and reached its
apogee in the era of imperialism. Hitler was in many ways its culminating figure
and through the Nazi New Order came closer to its realization than anyone
else. Now that the Cold War has ended, Europe is once more undivided, and
this makes its loss of belief in the pre-eminence of its civilization and values all
the more obvious. Many of the newly freed states of the former Soviet empire
cannot wait to join 'Europe'. Yet what that 'Europe' is, and where it stands in
the world, seem less and less clear.

The only visionaries meeting the challenge are the Europeanists clustered in
Brussels, and the only vision offered that of an ever-closer European union. Its
acolytes still talk in the old way - as if history moves in one direction, leading
inexorably from free trade to monetary union and eventually to political union
too. The alternative they offer to this Utopia is the chaos of a continent
plunged back into the national rivalries of the past, dominated by Germany and
threatened by war.

Dreams of perpetual peace have a long history in European thought and
emerged naturally once more out of the bloodletting of the mid twentieth
century. The desire in particular to staunch the Franco-German conflict which
generated three wars in under a century played an important part in the
formation of the Common Market. In earlier formulations, perpetual peace was
to be secured in Europe through its very multiplicity of states. But the rise of
the nation-state and the bloodshed it has provoked led, during and after the
Second World War, to the view that the nation-state was itself a cause of wars.
The ghosts of the past, however, offer a poor guide to the future: the fear of
another continental war, and the associated pessimism in relation to the nation-
state, need to be matched against the facts of the present situation and not
merely taken as resting on self-evident truth. Stanley Hoffmann's comment of
some thirty years ago remains to the point: 'An examination of the
international implications of "nation-statehood" today and yesterday is at least
as important as the ritual attack on the nation-state.'

It is now clear that Europe's twentieth century divides sharply into two
halves. Before 1950, more than sixty million people died in wars or through
state-sponsored violence; by contrast, the number of those who died in such a
fashion after 1950 is well under one million, even taking the war in Yugoslavia
into account. Thus if the nation-state is blamed for the bloodshed of the first
half of the century, it should also be given some credit for the peaceful
character of the second. After all, it is now clear that the nation-state has
flourished in Europe right through the century, surviving the Nazis, and the
Cold War too.

Both the USA and the Soviet Union, in different ways, were forced to come
to terms with the continuing resilience of their European allies. The Common
Market itself started out as a series of negotiations among nation-states and
remained a forum for such negotiations for most of its life: only in the mid-
1980s did the federalist impulse grow, largely because of French unease at
growing German strength.

Yet the fear of Germany is a classic example of what happens when the past
is projected into the future. Germany and Russia between them provided, it is
ture, liberal democracy's two greatest threats this century, but they also suffered
the highest death tolls of any European countries. The predominance of
Germany remains the fundamental feature of the European power structure as
it has done for a century, but Germany's dreams of empire are gone - surviving
only in nostalgic photo albums of pre-war Silesia or East Prussia. Its military
caste has been destroyed, its minorities in eastern Europe are reduced to a 
remnant of the millions who constituted Hitler's raions belii. Five million war 
death weigh more heavily on German minds than all of Hitler's triumphs. If 
German companies invest today in eastern Europe it is not because they 
represent the vanguard of a Fourth Reich, but because they are capitalists, 
whose capital is as vital as ever to Europe's economic health.

History seems even less likely to repeat itself with Russia. The country is 
smaller than at any time in the last two centuries, shorn of its Baltic states and 
the old western and southern Soviet republics. Internally, the collapse of 
communism has given rise to a kind of jungle capitalism, where massive 
forges are made alongside poverty unparalleled elsewhere in Europe. The 
desperate need for social reconstruction and the sad state of the Russian Army 
produce nationalism and a nostalgia for communism, but they also make 
irredentism and empire-building unlikely and risky eventualities. The Russian 
minorities who remain in the Baltic states are less of a threat to European 
stability than the decaying nuclear warheads and unsecured military installations 
left behind by the end of the Cold War.

The danger is that the West will not take this weakened Russia as seriously as 
it should. The EU, in particular, has given it paltry financial assistance - the 
contrast with American aid to western Europe after the Second World War is a 
depressing reminder of Europe's inability to plan its own affairs with long-term 
vision. 'Once we were great and now we are small,' runs a Danish school song, 
but it is not easy for a great power to adjust to imperial disengagement, 
especially when there are no attractive alternatives such as the European 
colonial powers found in the Common Market.

Here, after all, has been the great change in the nation-state since the Second 
World War: cooperation has replaced competition. Imperial nation-states shed 
their colonies and found that they were unnecessary for their prosperity. 
Nuclear weapons rendered much older strategic thinking obsolete and made it 
harder to envisage war as part of national policy. Armies are getting smaller 
rather than larger, as conscripts are replaced by specialist professional forces. 
Borders are chiefly now a matter for police rather than the military: illegal 
immigrants are a greater concern than neighbouring armies. Minorities still 
exist but in far smaller numbers than before 1950: thanks to genocide, 
expulsion and assimilation, the chief cause of the Second World War has 
effectively disappeared. In all, Europe has entered a new era in which war, 
empire and land have all come to seem far less important for national well-
being than they once did. As a result, population decline in Europe today 
evokes none of the frenzied panic about national virility, racial purity and 
military performance that it did in the 1930s, and is more likely to be discussed 
in terms of pension schemes and welfare reform. Most of Europe is either in 
or wishes to join the EU and NATO, a situation with no historical precedent. 
From today's perspective, therefore, the 'Europeanist' project seems to be 
biased on unreal fears and expectations. Nation-states are as strong as ever and 
cannot be willed away. Nor need they be, since they pose no threat to 
continental peace.

Perhaps the European Union can most fruitfully be seen as the West 
European nation-state's concession to capitalism. In other words, its existence 
is based on the fact that member states recognize national economic policies 
can no longer guarantee success, and see their prosperity lying in the kinds of 
cooperation and joint action made possible through the EU. This is why the 
EU remains most important as an economic entity; it is part of the attempt to 
adapt European capitalism to the needs of an increasingly global era.

But economics is not everything and the globalization of capital does not 
mean that the nation-state is finished in Europe, as many argue today. The 
Italian Lucioiili criticized the Nazi New Order for assuming that material goods 
were enough to create a feeling of belonging among diverse European 
nationals, but his accusation could more fairly be levelled at the European 
Union with its disquieting 'democratic deficit'. The fact is that capitalism does 
not create feelings of belonging capable of rivalling the sense of allegiance felt 
by most people to the state in which they live. If anything, contemporary 
capitalism is destroying older class solidarities and making individuals feel more 
insecure, thus rendering other forms of collective identity more and more 
important. So capitalism requires the nation-state for non-economic as well as 
economic reasons, and will not further reduce its power. 'Consciousness of the 
nation remains infinitely stronger than a sense of Europe,' wrote Raymond 
Aron in 1964. The same is true today, and the European Union is therefore 
likely to remain - in the words of a Belgian diplomat - 'an economic giant, a 
political dwarf and a military worm'.

All this means that the current state of affairs in Europe is untidy and 
complicated and likely to remain so: there are more nation-states in Europe 
than ever before, cooperating in a variety of international organizations which 
include - in addition to the EU and Nato - the Council of Europe, the OSCE, 
the WEU and many others. The great era of nation-state autonomy is past, and 
the globalization of capital (and labour) forces countries to give up exclusive 
control of some areas of policy; but this Europe of overlapping sovereignties 
should not be confused for one in which nation-states are vanishing and 
disappearing into larger and larger entities. Europe's great variety of cultures 
and traditions which was so prized by thinkers from Machiavelli onwards 
remains fundamental to understanding the continent today.

This panoply of national cultures, histories and values does make it hard for 
Europeans to act cohesively and swiftly in moments of crisis, though this
hardly mattered in the Cold War as Europeans on both sides of the Iron Curtain surrendered the initiative over their affairs to the superpowers. For decades, they got into the habit of blaming the Americans and Russians while expecting them to sort out their affairs. But the war in Bosnia showed that even after the end of the Cold War, this habit has not died. None of the European organizations played anything other than a marginal role in the Yugoslav conflict. The year 1992 was supposed to herald the making of a new, confident and unified Europe: the ethnic cleansing of the Drina valley that spring and summer showed this up for the windy rhetoric it was. Lack of a unified will, not objective circumstance, held back Europe from a decisive response in Bosnia, and its nation-states could not agree among themselves on a policy until they were forced into one by Washington.

But although Europe's refusal to take responsibility for its own affairs is not an edifying sight, perhaps it matters less than it once did. Were Bosnia the prelude to a new era of bloodshed in Europe such indecision in the face of crisis might be alarming. The war in the former Yugoslavia, however, was not the start of a new era of ethnic conflict - at least in Europe - so much as the final stage in the working out of the First World War peace settlement, and the definitive collapse of federal solutions - in this case through communism - to minorities problems. Conflict is still imaginable in the Balkans and the Aegean, but can scarcely threaten continental peace. There is a good reason why the Yugoslav war of 1991-5 did not lead to a more general war while the Balkan Wars of 1912-13 did: today Europe's major powers are partners with one another rather than military rivals.

Globally, Europe has lost its primacy, and perhaps that is what most Europeans find hardest to accept. Yet compared with other historical epochs and other parts of the world today, the inhabitants of the continent enjoy a remarkable combination of individual liberty, social solidarity and peace. As the century ends, the international outlook is more peaceful than at any time previously. If Europeans can give up their desperate desire to find a single workable definition of themselves and if they can accept a more modest place in the world, they may come to terms more easily with the diversity and dissension which will be as much their future as their past.