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EAST-CENTRAL EUROPE: THE MORNING AFTER

Eastern Europe is now east-central Europe. The political earthquake that occurred in 1989 has shifted the region's six former Soviet allies away from the East and closer to the West. All are now independent and all now embrace the concept of free enterprise. The countries often identified as central European—Poland, Hungary, Czechoslovakia and what was East Germany—have already adopted democratic institutions. Farther to the south, in the Balkans—in Bulgaria and especially in Romania—democracy has yet to be won.¹

Like most things hyphenated, east-central Europe is absorbed in an ardent and arduous search for a new identity. The euphoria of 1989 has given way to the painful awakening of the morning after. The magnificent display of common purpose and the simple clarity of last year's peaceful revolutions—*us* versus *them*, the people united against the communist proprietors of power—have been replaced by confusion, division and disappointment.

There is confusion because the struggle is no longer only between "us" and "them," but *among us*. Wherever the communists submitted to the popular will and lost, new divisions have come to impede the work of some of the freely elected, noncommunist governments. In Poland, the impressive unity of Solidarity is gone. With pressure for Slovak autonomy rapidly growing, Czechoslovakia has already been renamed the Czech and Slovak Federal Republic. In Hungary, there is an intense struggle under way between those concerned foremost with the fate of millions of ethnic Hungarians in neighboring countries, especially in Romania, and those whose main priority is the shaping of a political and economic order that Europe will welcome. Only in the Balkans do old dividing lines remain largely intact. Election results in both Bulgaria and

¹ Discussion of the recent changes in the long-independent communist states of Yugoslavia and Albania is beyond the scope of this essay.

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Romania reveal a puzzling divergence between city-dwellers, who voted against the communists, and the rural population, who returned them to power.

Confusion and division have sparked disappointment as well. Anxious and impatient, many people ask: Was not the new democratic order supposed to be economically advantageous, politically harmonious and morally uplifting? Must the transition be as slow and as painful as it is? Will it be better only for the next generation, or even for the generation after that? Why does the West appear to be losing interest now that a democratic east-central Europe—already independent and mostly free—is within reach?

Is this pessimism warranted? Is the region failing to deliver on the promise of 1989? On balance, I think not.

In the new east-central Europe of 1990, competitive and in most cases free elections have been held, parliamentary institutions created, and freedom of religion and the press established. The very slow pace of economic change, except in Poland and what was East Germany, reflects anxiety about the short-term effects of the market economy—unemployment, inflation, declining living standards—rather than outright opposition to the long-term direction that must be followed. Thus, with Romania and Bulgaria lagging behind, the region's brief experience with pluralism has been, on the whole, propitious.

True, the persistence of political discord at the top, together with nationalist and ethnic animosity and antisemitism below, are cause for serious concern. Most of such negative phenomena should be seen for what they are: the ugly underside of freedom suddenly gained. For while freedom from oppression is already at hand, freedom subjected to sensible, largely self-imposed restraint has yet to take root. When that happens—when freedom begins to coexist with responsibility—the countries of this troubled region will be better positioned to confront the legacy of four decades of totalitarian rule, to cope with the strengths and weaknesses of their precommunist past, to dismantle their command economies and, at the same time, to discover their new identities in a new Europe.

II

As perhaps nowhere else in the world, history is politics in east-central Europe. The past is always present. This time, however, history is under particularly close scrutiny—its

meaning continually assessed and reassessed, its heroes, real and perceived, upheld or demolished, its implications passionately debated.

At a time of such uncertainty, history signifies a search for the usable past. To be usable, the past must fill the postcommunist ideological vacuum, help to discover long-suppressed indigenous values and rekindle national self-assurance and self-respect. Alas, the past may also assist those who seek to escape from complex and often painful present realities into an ostensibly golden age of glory and grandeur. And the silent, haunted by the memory of their passivity during the communist era, may try to blot out that experience by identifying with the best and the bravest their history can offer. After all, the Poles' shining example aside, few Hungarian and Czechoslovak intellectuals, and still fewer East Germans, Bulgarians and Romanians, were courageous enough to stand up and be counted in the years prior to the 1989 revolutions.

Of course the communist period lacks appealing historical figures to remember and celebrate. The two exceptions are the early reform-communists: Imre Nagy of Hungary, who led the 1956 anti-Soviet revolution, and the leader of Czechoslovakia's 1968 "Prague Spring," Alexander Dubček, who sought "socialism with a human face." Nagy received a ceremonious reburial in mid-1989; Dubček, long under house arrest, has reentered political life as head of his country's Federal Assembly. These exceptions aside, the prevailing atmosphere of fervent anti-communism and anti-Sovietism allows no subtle distinctions to be made. Old differences between "dogmatists" and "revisionists," or Stalinists and anti-Stalinists, are no longer appreciated or even noticed. Hungarians repudiate "goulash communism" under János Kádár with almost the same vehemence as Czechs and Slovaks condemn Gustáv Husák's rigid dictatorship. Mikhail Gorbachev's reform-communism—the spark that ignited the region's democratic revolutions—is a source of mockery, its significance a subject of derision; it is viewed, at best, as a futile attempt to square the circle.

Consequently, 1990 witnessed the virtual collapse of communist parties and their successors in the four central European countries: Poland, Hungary, the Czech and Slovak Federal Republic, and the former East Germany. About 80 percent of Communist Party members in these states, more than five million people, have quit since the 1989 revolutions. In Bulgaria, by contrast, the drop was only 13 percent. (The

Romanian National Salvation Front, successor to that country's Communist Party, has yet to make such information public.)

The results were similar at the polls. No communist is seated in the Polish Senate, the upper chamber of parliament whose members were freely elected in mid-1989. In completely free parliamentary elections held in the spring and early summer of 1990, East Germany's Party of Democratic Socialism gained 66 of the 400 seats (16.5 percent), the Czechoslovak Communist Party 47 of 300 seats (15.6 percent), and the Hungarian Socialist Party 33 of 386 seats (8.5 percent). In the Balkans, however, Romania's National Salvation Front won 355 of 515 seats (68.9 percent) in the two chambers of the legislature, and the Bulgarian Socialist Party gained 211 of 400 seats (52.7 percent). The results in these two countries show that reform-communists can still mobilize their followers for less than fair and free elections. The appeal of communism in the four central European countries, meanwhile, as demonstrated in unfettered elections, is not much greater than it has been in much of Western Europe in recent years.

Even in central Europe, however, the legacy of communism is still pervasive. Centrally planned economies have not yet been replaced by private enterprises operating under market conditions, especially in industry. Although noncommunists head most ministries and noncommunist parties dominate the legislatures, the political and managerial elite—the bureaucracy that implements and indeed shapes the decisions made at the top—consists largely of leftovers from the communist period. Old textbooks are still in use and the old educational establishment is in charge almost everywhere. The regimes have certainly changed, but the system in many ways survives.

The political culture, in particular, continues to reflect old habits of thought and behavior. The communist past haunts. It haunts with calls for increasing the authority of the executive branch and for adopting "emergency measures"—but only, of course, for the duration of the present "crisis." It haunts when one political party attacks another as "neo-Bolshevik," when neighbors denounce neighbors for having previously "sympathized" with the authorities of the old order, and when democracy, endowed with unrealistic popular expectations, replaces communism as utopia.

Thus while communism has been roundly defeated in central Europe and put on the defensive in the Balkans, its residual impact is hardly negligible. No magic wand can

suddenly erase the habits and customs of four decades of communist rule; progress toward the adoption of democratic values is bound to be slow. The mentality of the recent past, which is at once intractable and elusive, and which continues to inform many a mind and tempt many an emotion, is likely to linger on even though almost all of the leaders who implanted it are gone.

III

The precommunist history of east-central Europe offers a diverse assortment of brave soldiers and wise statesmen, patriots and nationalists, conservatives and liberals, kings and prime ministers, opportunists and demagogues, and those who tried to be everything to everybody. In the age of European dictators during the 1920s, 1930s and the Second World War, a number of right-wing authoritarian nationalists also made an appearance on the region's political stage. Today, the memory of some of these historical figures has been resurrected by their compatriots.

In the first group of those who are being acclaimed today are moderate, perhaps somewhat conservative nationalists from the nineteenth century. Some were reformers devoted to the modernization of their countries, like the Hungarian Count István Széchenyi. Others were dedicated to the cultivation of the national language and national culture, like František Palacký, known as the political father of the Czech nation. Still others distinguished themselves by pressing for closer contacts with the West to overcome economic backwardness, or by resisting foreign intruders.

By the applicable historical standards of their time, these nineteenth century nationalists were neither democrats nor dictators; they represented a tradition that might be called semi-authoritarian or semi-democratic. Some introduced the very concept of a free press, for example, but still insisted that newspapers should promote national values. Others sought to broaden political participation by encouraging meaningful legislative activity, but they did so expecting legislators to pass laws that reflected the national interest.

In the second group of native sons now in vogue are nationalists of the twentieth century who were concurrently genuine democrats. For example, Tomáš Masaryk, the founding president of Czechoslovakia during the interwar years and one of Palacký's disciples, is on a pedestal once again. The

memory of István Bibó, a liberal political philosopher who was briefly minister of state during the 1956 Hungarian revolution, is now universally revered by his compatriots. Significantly, their intellectual descendants include the current Hungarian president, Árpád Göncz, Bibó's close friend and one-time cellmate as a political prisoner; Prime Minister Tadeusz Mazowiecki, the Polish leader who under trying circumstances has guided the processes of transition in his country in a spirit of tolerance; and President Václav Havel of the Czech and Slovak Federal Republic, who regards himself as a disciple of both Palacký and Masaryk. As recent election results showed, their followers number in the millions.

Finally, in the third group are controversial right-wing nationalists from the interwar period, each with a checkered past. Poles are increasingly fascinated with Marshal Józef Piłsudski, an early socialist who restored their nation's independence during and after World War I, defeated the Red Army of the new Soviet state in 1920 and, after seizing power in 1926, curtailed parliamentary activities and imposed order on the Polish political scene. To his credit, in 1933 Piłsudski approached France with the idea of joint action against Hitler; he was turned down.

Some Bulgarians are nostalgic for the crafty and ruthless King Boris, who managed to expand his country's boundaries during World War II while keeping it independent. Though Bulgaria became an ally of Germany, he was rumored to have been poisoned by the Nazis.

In Slovakia, one wing of the small Slovak National Party has embraced the memory of Father Jozef Tiso, who began his career as an obscure priest, continued as a fervent advocate of Slovak independence, and ended as Hitler's henchman, delivering thousands of Jews to the Nazis. Though many Slovaks and even some Czechs pleaded for his life, he was brought to trial under Soviet pressure in 1947 and executed.

One of the heroes of the day in Hungary is Endre Bajcsy-Zsilinszky, whose political career followed an altogether different pattern. He rose to prominence in the 1920s as an antisemite and vehement anti-Romanian irredentist, but during the war became the brave leader of Hungary's small anti-German resistance movement, which included nationalists, agrarians, social democrats and communists as well. In 1944, after a shootout with the Gestapo, he was arrested by the Germans, then later again by the Arrow Cross—the Hungarian Nazis—who hanged him.

It is obvious why this very mixed bag of aggressive interwar nationalists presently appeals to people just emerging from decades of Soviet domination, people who are only now learning to cope with the burdens and responsibilities of freedom. These historical figures put the nation and its mission, real or imagined, above all other considerations. They believed in order and discipline, and they despised the communists (except that Bajcsy-Zsilinszky, at the end of his life, joined cause with them against Nazi Germany). That some of them also held deep ethnic and religious prejudices is now either forgotten or forgiven.

It is not clear, however, what specific aspects of their political personalities curry favor these days—and with whom. Is Piłsudski popular because he defeated the Russian Army or because he was a dictator who brought “order” to his land? Is King Boris respected because he gained territory for Bulgaria or because he tried to outwit Germany? Is Tiso applauded as a successful advocate of Slovak independence or as a Nazi? Is Bajcsy-Zsilinszky a hero today because of his early antisemitism or because he became the leader and, indeed, a true martyr of the anti-Nazi Hungarian resistance? It is as difficult to answer these questions as it is to gauge the extent of public interest in the message their lives are supposed to convey. It is a fact, however, that not a single political party represented in the free parliaments of east-central Europe has today adopted a right-wing or militant nationalist platform.²

The exception is Romania, where an apparently officially inspired effort is underway to praise and honor Marshal Ion Antonescu, the country's wartime military dictator. For a while Antonescu had made common cause with the Iron Guard, a gang of pro-Nazi, viciously antisemitic hoodlums; when they threatened his rule, however, he unceremoniously crushed them. Antonescu was nevertheless at the helm when Romania entered World War II on Hitler's side, and when some of the war's worst atrocities against civilians, mainly Jews, were perpetrated by Romanian troops occupying Soviet territories. He is now frequently and approvingly quoted in the Romanian press, which describes him as “a great patriot” who had much

²In recent months, the American press has frequently focused on nationalism and its current popular appeal in east-central Europe. For a particularly spirited example, see George Steiner, “Books: B.B.,” *The New Yorker*, Sept. 10, 1990, pp. 113–120. While there is reason for concern, it is as erroneous to reduce the region's complex past to irredentism as it is absurd to describe the present as an “unpardonable nightmare.”

to do "with the creation of Great Romania in 1918 and with the desperate struggle to preserve national unity and integrity between 1940 and 1944," presumably against neighboring Hungary, Bulgaria and the Soviet Union.³

What makes the Romanian case unique is that almost all significant political elements in the country—from the ruling National Salvation Front to the opposition National Peasants' Party and the National Liberal Party—have come to revere and court Antonescu's memory. By recalling foreign dangers that Antonescu confronted and by applauding his efforts and discrediting his critics, these parties try to identify their aspirations with his policies, making use of his apparently widespread appeal to gain popular approbation. The political message is unmistakable: only we, Antonescu's true heirs, can protect Romania from the foreign dangers still threatening its security, well-being and honor.

Taken together, the history of nineteenth and twentieth century east-central Europe, and the uses to which it can be put, vary significantly. Like a Chinese menu, the past offers dishes that are sweet, sour and spicy—some may even be inedible. Of the various historical figures who are now in the public eye, some were fanatical nationalists and worse, but some certainly were not. There is surely more to the past of east-central Europe than the unsavory dictatorships of the 1920s and 1930s. After all, almost all of these countries had built functioning parliamentary institutions and already enjoyed religious freedom in the nineteenth century. The great universities of east-central Europe had tenured numerous Jewish professors decades before many universities in America.

Some of the people of east-central Europe are susceptible to nationalist passions and the authoritarian impulse, especially in the Balkans, but again, many are not. The momentous change in Western Europe from the interwar era of dictatorships to the postwar era of democracies has made a substantial difference. It is difficult to imagine that either militant nationalism or harsh authoritarianism would for long dominate political life in Poland, Hungary or especially the Czech and Slovak Federal Republic. For just as a new Western Europe

³ As quoted from the Bucharest daily *Romania Libera*, June 22, 1990, by Dan Ionescu in "Marshal Ion Antonescu Honored by Old and New Admirers," *Report on Eastern Europe*, vol. 1, no. 34, Aug. 24, 1990, pp. 35–40.

without borders has replaced the old Western Europe of nationalisms, so too should a new mentality take hold in east-central Europe—one that reflects the region's compelling economic interests, political aspirations, cultural affinity and, even, its best historical traditions.

IV

What could go wrong? More than anything else, economic distress could impede and even stifle the region's democratic evolution; it could spark a parochial, nationalist and possibly authoritarian response that would leave the region on the periphery of Europe.

But by all appearances, economic conditions are still better in east-central Europe than in the Soviet Union. In the Czech and Slovak Federal Republic, Hungary, the former East Germany, and now also in Poland, there are fewer shortages, fewer queues, and few who are left without food, shelter or heat. Because of inflationary pressures, living standards are on a downward slope, hurting the poor especially, but hyperinflation is not an imminent threat. Unemployment is up and rising, especially in Poland and what was East Germany, but the numbers for the region as a whole do not approach West European levels. Only in Romania and Bulgaria, where demand for just about everything outpaces supply, are consumers facing conditions similar to those in the Soviet Union.

All of the region's economies are in various stages of recession and the immediate future promises no relief. The old adage, "It is going to get worse before it gets better," certainly applies here. The future is also widely perceived to be grim; the predominant mood is one of pessimism and hopelessness, itself a major obstacle to economic revival.

Further exacerbating the prevailing sense of crisis are the altogether indecisive stances of the new governments, except in Poland and Germany. To its credit, the Polish government has applied a surgical knife to the economy.⁴ East Germans, meanwhile, had no choice but to accept instant capitalism, West German style, which has produced chaos married to the promise of an economic miracle. But the governments of all the other countries have been slow and hesitant to confront the most pressing issues facing them: the allure of the "third

⁴ See Jeffrey Sachs and David Lipton, "Poland's Economic Reform," *Foreign Affairs*, Summer 1990, pp. 47–66.

way"; the proper tempo of transition to a predominantly private market economy; and the changing conditions of the international economic environment, featuring high energy costs and the virtual disappearance of established markets.

All governments and all significant parties in the region profess not to seek an elusive, happy middle ground—a "third way"—between market and plan, capitalism and socialism, pluralism and dictatorship. Without embracing capitalism *per se*, even most communist and socialist parties have come to support the market and advocate pluralism without adding the "socialist" qualifier. Instead of such old, disingenuous formulas as "socialist pluralism" and the "socialist market," they, too, now champion the goal of Western-style, pluralist, market-based economies.

Yet the conceptual consensus to complete this transition is more apparent than real.⁵ True, all agree that there is no alternative to the market in the long run; that eventually even the poor will gain more by robust economies than by state-imposed policies of income redistribution; that denationalization, deregulation and even tax reductions are desirable instruments of economic policy. But there is a strong undercurrent of sentiment throughout east-central Europe in favor of egalitarian ideals. Resourceful and successful businessmen are often accused of "profiteering." Paradoxically, but not surprisingly, most people still feel entitled to the costly benefits associated with socialism, such as free education, subsidized housing and paid maternity leave. This is true even as they now also long for the gains associated with capitalism, such as high living standards, the availability of consumer goods and the practice of letting individuals fend for themselves without undue governmental intrusion.

The appeal of the "third way" stems from the impression that governments can concurrently stay out of the business of production and allow the market to yield results, yet remain in the business of income distribution so that all get their fair share. Whether governments anywhere can effectively do both for long is debatable, but it is surely an unrealistic goal in east-central Europe today. For only after the region's economies become productive—after subsidies to failing enterprises have been eliminated, and the resulting unemployment and

⁵ Seymour Martin Lipset, "The Death of the Third Way," *The National Interest*, Summer 1990, pp. 25–37.

higher prices tolerated—can these countries contemplate the choice between, say, American and Scandinavian social policies. To deal with that choice now puts the cart before the horse, canceling or at least significantly reducing whatever chance the region has to adopt a new economic order.

Without differing about the long-term goal of creating a market economy, advocates of a piecemeal, gradual approach do disagree with those who prefer to attack most of the problems at once. The absence of useful precedents makes for a controversy without empirical referents. Even Spain and Portugal, each of which made a successful transition from dictatorship to democracy in the 1970s, inherited weak, but at least private, economies. Before 1990, no country in the world had ever attempted to create a market on the remains of an ineffective and totally mismanaged command economy.

The long-term goals, to repeat, are set. At the top of almost every list is privatization, followed by the freeing of most prices and the convertibility of currency. But each of these measures has invited numerous questions about how, and especially how fast, to proceed.

On privatization: Should the state favor former owners, and if so, how? In the absence of sufficient domestic capital, should the state curtail foreign investments so that foreigners obtain no preponderant power over the region's economies? Should the privatization of the service sector ("small privatization") precede the privatization of industry ("large privatization")?

On prices: Once the market is in place and genuine competition develops, most prices will be set by forces of supply and demand—but what happens until then? How long should the state continue to control or regulate prices, should it do both, and for which goods? What if the new market initially fails to produce sufficient competition and hyperinflation results?

On convertible currency: When should convertibility be extended to individuals as well as enterprises? Should governments determine the exchange rate; if not, when should the market begin to set a floating rate? When should foreign investors be allowed to repatriate their profits in hard currency?

It is on questions of this sort that the gradualists confront the radicals. Although the arguments are often clothed in economic terms, the gradualists (President Havel of the Czech and Slovak Federal Republic, among others) want to go slow mainly because they are concerned with the social conse-

quences of rapid change: that privatization will lead to a growing gap between rich entrepreneurs and poor workers; that the liberalization of prices will intensify inflationary pressures; that currency reform will harm domestic producers and create massive unemployment. Advocates of the gradual approach (e.g., the leadership of the Hungarian Democratic Forum, the largest party in that country) are also concerned that foreign ownership will erode national values and undermine national culture. By contrast, the radicals who want change quickly (notably Minister of Finance Václav Klaus of the Czech and Slovak Federal Republic) seem to be guided primarily by political considerations. In their view, there is no gain without pain, irrespective of when the governments implement new policies. Whatever can be done, therefore, should be done now, while the popular mandate to make the transition to a market economy lasts.

If it were not for the crisis confronting the region, if economic conditions were more or less normal, a strong case could be made for caution in introducing changes as far-reaching as those under discussion. Given the current crisis, however, a stronger case can be made for attacking most of the problems at once; under dire circumstances, even life-threatening surgery is preferable to medicine that only palliates. But the problem is not that the wrong choice has been made. The problem is that, Germany and Poland excepted, no country in east-central Europe has made a deliberate choice between the gradual and the radical paths to economic transition. To the extent that a choice deferred is a choice made, however, the region is actually proceeding slowly toward a market economy, debating the pros and cons of every step at considerable length, and then, too often, implementing only some of what has been decided.

In 1990, sudden changes in the international economic environment—the virtual collapse of the Council for Mutual Economic Assistance and the unanticipated oil crisis—exacerbated the region's problems. The breakdown of Comecon has produced serious dislocations in foreign trade. Contracts signed only last year have been canceled, especially by the Germans, or arbitrarily revised, especially by the Soviets. There is now both a short supply of some goods, causing factories and consumers alike to search eagerly for last-minute replacements, and an oversupply of other goods, for which substitute markets can seldom be found.

The old pricing mechanism of Comecon, for all practical purposes, has ceased to function. The primary unit for transactions was once the "transferable ruble," originally intended to provide an alternative standard to the dollar in Comecon trade. In fact, it was neither a real ruble nor was it transferable, or even usable as money to buy anything, anywhere. And it could not, of course, be converted to Western currencies. The transferable ruble was, in short, a primitive accounting device used to assign an artificial value to goods exchanged in old-fashioned barter deals.

While some items, notably Soviet oil, had been traded before in hard currency, it was only early this year (before the Persian Gulf crisis) that the Soviet Union began to demand dollars for most of the oil it sold to east-central Europe. In return, it would pay hard currency for most of the goods it purchased from the region. The Soviet Union benefits, however, because the price of Soviet oil keeps rising as the world market price keeps rising, while the prices of most goods the Soviet Union imports from the region remain relatively stable. For this reason, and because of production-related problems, the Soviet Union is already reducing its 1990 oil deliveries to east-central Europe, and will make further cuts in 1991.

The crisis in the gulf is, of course, making things worse. Iraq is now most unlikely to repay its more than \$4 billion in debt to the six countries of east-central Europe—either in dollars or in oil. Depending on what happens in the gulf, Soviet oil could cost the region four or five times as much in 1991 as it did in 1989, when the Soviet Union sold oil to Comecon members at what amounted to a substantial discount. Thus, even if the world market price were to settle at \$25 per barrel in 1991, Bulgaria, for example, would still have to spend *all* of its projected dollar revenues for that year on energy.

At least in the short run, then, the combination of all of these changes in the foreign economic environment—the new dollar-based system of trade with the Soviet Union, the sudden rise in the price of oil and the shortfall it is expected to produce, and the loss of established markets—presents a new predicament for the economies of east-central Europe. The damage may be relatively greater for Bulgaria and the Czech and Slovak Federal Republic than for Romania and Hungary, but taken as a whole, none of the countries of the region can hope to cope effectively with the immediate impact of changes of such magnitude. By adopting conservation measures, or

possibly by accepting a balance of trade deficit, they can only hope to muddle through.

In the long run, however, the multiple crises of the moment might turn out to be a blessing in disguise. The high price and reduced supply of Soviet oil, combined with the contraction of the Soviet market, leaves the region with no choice but to reorient its trade toward the West; only by earning more hard currency will it be able to buy more energy. The breakdown of the old Comecon pricing mechanism might also have a welcome influence on the transition to a market economy, because economies adjusted to realistic prices abroad will be better positioned to liberalize prices at home.

Recent changes in the region's international economic environment should thus help crystallize the domestic economic choices ahead. The fact that east-central Europe can no more rely on the Soviet Union for its energy needs than it can rely on the Soviet Union as a steady market for its products should alter the terms of the ongoing debate about the tempo of transition. It leaves economists and politicians of the "go slow" persuasion with a much weaker case.

The issue is this: In what condition will the region emerge after the present oil crisis is over? Will they have found new markets, attracted Western investments, privatized their industries, liberalized prices and made their currencies convertible? Without making the necessary structural changes now, these nations will be in no better position when the next oil crisis occurs. The immense difficulties of the moment should not be underestimated, but they should also be used to effect the essential measures for the long-term transition to a productive market economy, thus turning adversity to advantage.

v

For four decades, the West had two objectives in its policies toward communist Eastern Europe. First, it sought to encourage polycentric tendencies in order to weaken the Soviet bloc in general and the Warsaw Pact in particular. Second, reflecting values important and dear, the West also sought the emergence of a politically democratic region where human rights would be respected. With Moscow's retreat from the new east-central Europe, the first objective has been accomplished and Western security enhanced. On the agenda for the 1990s is the second objective: democracy. Does it matter to the West anymore?

It would seem obvious that active Western engagement on behalf of a democratic east-central Europe is now needed. The task is to help convert freedom and independence into democracy. Yet the case for such a policy must be restated, because the short-term geopolitical rationale for an activist stance has disappeared. In at least some Western countries, east-central Europe is certainly no longer the flavor of the month. There is no longer a need to divide the Soviet Union from its Warsaw Pact allies: that pact has virtually ceased to exist. If anything, the West is now hoping to put Moscow at ease about its great-power status, by trying to persuade Moscow's former allies not to humiliate their big neighbor by leaving the Warsaw Pact "prematurely," or otherwise acting offensively or tactlessly. Thus, from a narrowly construed geopolitical perspective, the new east-central Europe may be considered to have lost much of its former importance.

Yet this short-term perspective is shortsighted, and so is the conclusion to which it leads. The meaning and requirements of Western security have changed. In terms of historical analogies, 1990 is more like 1914 than 1945. The threat is no longer the much-feared invasion of Western Europe from the East; it is instead the pre-Cold War, precommunist, traditional, and far more subtle challenge of European instability. The issues have to do with the fragmentation of old alliances, with the incalculability of how the two most powerful European countries—the Soviet Union and Germany—will behave under new circumstances, in the absence of a new security order, and with the prospect of rising nationalist and ethnic passions in the Balkans and many other parts of Europe. The challenge now facing Western diplomacy is thus more complex than it was in the recent past.

If the new European architecture is to be stable, then, it must include an increasingly prosperous and therefore an increasingly democratic east-central Europe. To bring this about does not mean that Western governments must now issue several blank checks on the treasury. While the West should be more forthcoming with debt relief to Poland and Hungary, the main tasks are to remove the barriers to expanded trade relations that remain on both sides, to energize diplomatic activity on behalf of the region's democratic evolution and to encourage regional cooperation.

The first task—removing trade barriers—does not imply the immediate entry of east-central European countries into the

European Community in 1992, or even soon thereafter. There are several other countries knocking on the door, Austria, for one, that are better qualified for admission. But it should be possible to open West European markets, including those of the EC, to products from east-central Europe on a preferential basis. Some form of associate membership should be extended to those countries in the region that make the greatest structural changes within their economies that correspond to Western patterns, and concurrently observe Western political habits and modes of behavior. Put another way, the West should not be shy about conditionality based on a policy of democratic differentiation: the price of admission into Europe is bona fide European citizenship.

As for economic activity from West to East, the role of Western governments is to encourage private businesses to explore new opportunities in the region. The West has already established an economic presence in east-central Europe; the trends are encouraging. As elsewhere in the world, the Germans and the Japanese are doing particularly well because they seem less eager to make an immediate return on their investment. But there are still excellent opportunities for exporting know-how and for investing in areas such as tourism, telecommunications, light industry, the service sector and agriculture. It is now up to Western governments, including the U.S. government, to help Western companies take advantage of these opportunities. One seemingly minor, but important, example: Western embassies in the capitals of east-central Europe must provide more commercial officers to offer up-to-date information to prospective investors and export-import firms.

The second task—the aggressive promotion of democratic values by diplomatic means—should include a concerted effort to tell the new, elected governments in east-central Europe what the West does and does not like. While it should not tactlessly interfere in internal affairs, the West must clarify and convey its expectations. The message should be similar to that which the United States communicated firmly but politely to Germany and France in 1947: “only if you get your act together can you expect us to be helpful.” It worked. Two of the great historical antagonists of all times have become good neighbors.

The third task—encouraging regional cooperation—can be built on some of what was begun in 1990. The loose five-

country association, the "Pentagonal Initiative" (Italy, Austria, Yugoslavia, Hungary, and now the Czech and Slovak Federal Republic), is a promising effort to work together in such functional areas as transportation and the environment. For reasons that are not entirely clear, a high-level meeting in April that was intended to create closer, institutionalized ties among the Czech and Slovak Federal Republic, Hungary and Poland turned out to be unproductive. In any case, the West should encourage such attempts at regional and inter-regional cooperation both for what they can accomplish and what they portend. Successful cooperation would demonstrate that some or all of the countries of east-central Europe can overcome national differences and that they are therefore qualified to join, at some point, an all-European democratic community of nations.

For the West to convey these expectations should not be construed as undue interference. The purpose is to clarify the choice between parochialism and European integration, and thereby indicate the price of admission into Europe. For the question is not only what the West can do for east-central Europe but what east-central Europe can do for itself, so that each country in the region can recover its old place and discover its new identity in a Europe that is whole and free and stable.