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**VISEGRAD REVIVAL: WHERE LESS IS MORE, IN THE PROSPECT OF SMALLER
NUMBERS**

by

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ABSTRACT

VISEGRAD REVIVAL: WHERE LESS IS MORE, IN THE PROSPECT OF SMALLER NUMBERS

Aaron G. Sander
Old Dominion University, 2016
Director: Dr. Regina Karp

This project began a number of years ago, in 2011, as a final paper for a class on the topic of Europe and the world, for which I wrote what is effectively the chapter on European defense and the formation of the Visegrad battlegroup. The topic enthralled me as I was perplexed when, on the matter of inter-state cooperation set against the backdrop of the formation of the EU, it was possible that the four states of Visegrad were able to agree and formulate a plan on how to get this battlegroup off the ground, all the while not having much in the form of lower or lesser links, such as heightened intra-trade or obvious social capital from which to draw. It seemed that they had completely skipped over these more easily forged relations and jumped straight to the high politics of defense. This curious example of subregionalization, particularly as it was happening inside the pan-regional institution of the EU, which many might believe should have satiated member desires for progress and stability, is what spurred further interest to see if other subregional links exist, or could be forged, within CEE. The other chapters regarding history, social and economic links, along with other chapters on contemporary issues and their prescient links to subregionalism were not specifically sought after, but rose to the surface during the research. As it turns out, present and future subregionalization in CEE is quite possible. Actually, it is more than viable; the environment seems ripe for it.

Having been rife with conflict, the regionalism born in Europe in the middle of last century was an attempt to bring greater cooperation to a continent. For two generations, the Community of Europe has grown – now more deeply intertwined than ever and widened nearly to the edge of the continent. Today, the European Union may be seen as an entity much greater than simply the sum of its parts, with its paradoxical notion of having “unity in diversity.” And yet the discord emanating from such diversity that remains among its members does not lend itself to the solidarity necessary for increased integration. In fact, even sustainment in its current form is questionable. Criticism was justified beforehand; however, tensions have only been made worse by the ‘2008’ financial crisis, and the Crimean crisis; and, unfortunately, the road ahead is likely to continue to be bumpy. The following chapters will focus on the persistent divisions between Western Europe and East Central European states, and will discuss the latter’s rather unique position and whether their benefits from having joined EU outweigh the costs. Its thesis is that a return to the cooperation and interdependence of Central Eastern Europe, of historic Visegrad, is in the better interest of the subregion, as well as wider Europe, than the panregionalism epitomized in the EU project.

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This work is dedicated to ‘maya Irichka.’

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CHAPTER I

INTRODUCTION: A HISTORY OF ITS SUBREGIONALISM

This chapter lays the foundation for this study. It begins with the drive for panregionalization of the European Union as a means to cope amidst an environment of globalization. It then attempts to define and underline the current difficulties faced by the subregion of Central Eastern Europe by drawing parallels with other moments of ‘federalization’ of the subregion’s past. Further, the study searches the past for signs as to whether future subregional cooperation is a viable alternative to the larger panregional institution of the EU. In doing so, it is hoped that outlining the successes and failures of subregionalization as it has affected this region over time, that the reader appreciates the need to steer clear of past missteps and to understand that there is an alternative to current policies – one in which the states of this subregion might be better able to serve themselves, specifically, as well as their larger neighbors more generally.

Explaining Subregionalism

World politics is in transition, and by and large the trend is toward globalization; it having omnipresence in much of our everyday lives. Yet with all the attention given to globalization, it is true that this phenomenon is not new. There have been numerous periods in the past with greater or increased means to network beyond local confines; each successively building or expanding beyond the boundaries of the previous,¹ giving way to a growing expanse of interactions and understandings. Successively, this pattern of global diffusion has been accelerated; and movements across borders reflected in trade, migration, investment, and organizations have softened the traditional identities so long harbored within a state’s

¹ Barry K. Bills and William R. Thompson, *Globalization and Global History* (New York: Routledge, 2006); and Peter N. Stearns, *Globalization in World History* (New York: Routledge, 2010).

boundaries. As a result, this generation's era of globalization it would seem is, on the whole, more expansive than at any time in history. Everywhere and anything, relatively speaking, is within reach and possible - extending well into the physical delimitations of time and space: where far off lands are not so distant; just as a relatively unknown place or topic can be studied via a travel ticket, or even the internet. This ease of information and cross-border transactions have given added hope and has aided in the development of countries and the upward mobility of their peoples. However, this has not necessarily been the case with everyone, everywhere.

It is often associated that with globalization has come general development and gains, where associated interactions have unarguably assisted in bringing gains to many across the many regions of the world. And while that seems to be quite the achievement, there is still the others to remember: the others still waiting for globalization to bestow these same benefits upon them – waiting, perhaps, for themselves to catch up with globalization. Still, even within areas positively affected, there remain pockets that have been left behind, or pockets that have seen a fraction of the progress of its neighbors, perhaps even feeling that their neighbors' progress has come at their own expense. And it is this state of uncertain gains that has led some to seek protection from such fallout of globalization, and to turn towards ameliorating partnerships. For those in Europe, it can also be seen as a turn towards Europeanization and the European Union (EU). However, while European regionalism might be seen by some as an answer to the tribulations of globalization, the EU is still a political construct for integration – one confronted with constant obstacles, as shall be seen. As it turns out, integration that might aid in mitigating some affects of globalization is equally fraught with many political, social and economic challenges, particularly so following the Union's enlargement into Central Eastern Europe.

The panacea for Europe, originally resting in Western Europe (WE), has shown itself actually to be a remedy less universal – and in need of some modification following the EU's own expansion into the subregion of Central Eastern Europe (CEE). The focus of this work is, then, on this smaller region within Europe, the subregion of CEE, a region of long held contention which is perhaps still yet on the cusp of its own transition toward this larger international network. More specifically, *this study investigates the viability of closer cooperation amongst CEE states, as a means to compensate for what these states lack in their process of Europeanization*. After all, nationalism, for its part, has not sufficiently retreated for full regionalization to be successful. And in this, there is room to move towards *not so much lesser integration but smaller integration at a subregional level*. While much of this subregion is in the process of Europeanization, some of these CEE states have already partnered together to supplement that which western Europe has been unable to provide an answer. It is my contention that there is also much stock from which to draw on in the expanding partnerships of the Visegrad Group, as they have come to be known; and, perhaps, even further to include their neighbors. While such subregionalism may seem to unnecessarily complicate European integration, this inherently fragile subregion is worthy of additional measures to develop sufficiently for proper stability and growth. Nowhere is this proven more than in the *history* of the subregion itself. But before we introduce patterns of CEE subregionalism, let us first clarify the use of the term: Central Eastern Europe.

Defining the Middle Zone

There have been many names for Central Eastern Europe, as it can find definition in a number of ways: ranging in their reference from the geographic, the political and economic, to nationalistic and ethnic. At varying times these layers fit over each other on a map quite nicely, yet by and large these definitions of identity tend to overlap with some, and then others: time

and type depending. One such term given is simply Central Europe, not to be confused with the ‘central European’ states of Germany, Austria, and Switzerland. As a group these latter states would be considered more ‘Western Central Europe,’ but more generally, here, they are considered to be a part of Western Europe.² While our term had been used prior, it was renewed in the mid 1980s when a historian of the subregion, Timothy Garton-Ash, declared that, “Central Europe is back.”³ Similarly, Milan Kundera, a Czech born writer living in exile since the 1970s, when writing of the Tragedy of Central Europe, stated very knowingly that it was, “an uncertain zone of small nations between Russia and Germany.”⁴ It was “uncertain” because time, migrations and imperial powers have made a more permanent and stable understanding of CEE a fleeting hope, as well as making its borders a bit amorphous at times.

Kundera’s own reference to Central Europe speaks of the time and place of his written work during the Cold War. Being a writer of his times, to speak of Central Europe, as he and Czeslaw Milosz, a Polish writer living in exile since the 1950s, had done,⁵ was meant to ‘distance’ this subregion from the Soviet Union lying in Eastern Europe – and to underline a desire to find some respite in WE. But this did not sway others of this same period referencing CEE states as actually being Eastern European – at least politically and economically, for they did fall within the Soviet sphere of influence.⁶ So, both Central Europe and Eastern Europe do not quite sufficiently define the subregion, as there are characteristics of each that lie in the other.

² Due to Hapsburg influence eastward, Austria may as well be considered to be within CEE; however, here, it is not addressed as being a functional element of subregional cooperation.

³ Quoted in Alan Dingsdale, *Mapping Modernities: Geographies of Central and Eastern Europe, 1920-2000* (New York: Routledge, 2010), 19.

⁴ Milan Kundera, “The Tragedy of Central Europe,” *New York Review of Books* 31, no. 7 (April 26, 1984): 35.

⁵ Found in John Neubauer, “What’s in a Name? Mitteleuropa, Central Europe, Eastern Europe, East-Central Europe,” *Kakanien Revisited*, posted on May 2003, <http://www.kakanien-revisited.at/beitr/fallstudie/JNeubauer1.pdf> (accessed August, 19, 2014), 1.

⁶ This was a central part of a discussion between influential CEE writers in 1989: H.C. Artmann et al., “The Budapest Roundtable,” in *Cross Currents 10: A Yearbook of Central European Culture*, ed. Ladislav Matejka (New Haven: Yale University Press, 1991), 17-30.

Jacques Rupnik, a Czech born academic and former advisor to Vaclav Havel, seemed to have picked up on this when he referred to CEE as simply the “Other Europe;”⁷ so as to differentiate it from the two ‘extremes’ upon its East and West where most of the greater region’s attention seems to focus. But even with the ‘extremes,’ we must come to some acceptable description, if even with an element of subjectivity.

Eastern Central Europe and Central Eastern Europe have both been used. The former is quite likeable as its base lends itself to the central character of its place in Europe – central but incontrovertibly on its eastern side. However, as mentioned above, it is the other countries of ‘Central Europe,’ noted above, that then change the flavor of using this base. In other words, using this base of “Central Europe” would seem appropriate if the states of focus of this work were felt to be closer to ‘Western Central European’ states rather than Eastern European States, such as Belarus, Ukraine, but more specifically Russia. This, of course, can be argued. However, it is a central thesis of this work that the states in focus lie outside the *primary* interests of those in the west. It will be shown that historically, and arguably today, the states in focus have been distanced from the West, at times; and, at other times, they have not been fully incorporated in the West. Therefore, Central Eastern Europe (CEE) is used throughout this work – not to show that the subregion identifies so much with the East, but rather to underline its dissimilarities with the West which are also prominent. Subjective as it may be, the differences of CEE from its neighbors is something that can be felt.

When the eventual first president of Czechoslovakia, Tomáš Masaryk, wrote of his Central Europe (CEE) in 1915, he limited it geographically as being established from Trieste to Thessaloniki to Istanbul, north to Gdansk and then to St. Petersburg “in a line not straight, but

⁷ Jacques Rupnik, *The Other Europe* (New York: Pantheon Books, 1989).

curved in the direction of Berlin.”⁸ He called it “the Central Zone,”⁹ where a number of vulnerable “small nations” reside. However, Milosz might have disagreed with being able to accurately encapsulate this zone in such a geographic manner, as he believed there are “mental lines” that remain in the conscious thought of those associated with it.¹⁰ Perhaps well understood by them, this still leaves a sense of uncertainty, or at least an element of subjectivity depending who is asked. What seems to be certain is that while some of its inhabitants might feel ‘western,’ the subregion is not German; and while many inhabitants might come from Slavic origin, it is also not Russian. Instead, their territories comprise the ‘lands between,’ or the “Middle Zone,” as Stephen Borsody, a former Hungarian diplomat and scholar living in exile since the 1940s, had termed this space: flanked by the larger historical powers of Germany and Russia.¹¹ And while it may be possible to stop here, this Middle Zone contains a few other subdivisions within and is in need of some clarification.

If we are to consider all the ‘lands in between’ historically between Prussian and Russian power, it is inclusive of the littoral states along the Baltic and Black Seas. However, for the purposes here, the northern Scandinavian countries are not included when referencing CEE; nor are the Balkan countries of former Yugoslavia. Instead, CEE is meant to refer to not only the ‘lands between’ Prussian and Russian power, but also the Intermarium, or the lands in between the Baltic and Black Seas. Having said this, when discussing the greater area of CEE, or perhaps a Visegrad Plus scenario, consideration is given to the states of Lithuania, Romania, and Bulgaria. Even Austria, Slovenia, Croatia, Moldavia and, now perhaps, western Ukraine could

⁸ Tadayuki Hayashi, “Masaryk’s ‘Zone of Small Nations’ in His Discourse during World War I,” in *Regions in Central and Eastern Europe: Past and Present*, ed. Tadayuki Hayashi and Hiroshi Fukuda (Slavic Research Center at Hokkaido University, 2007), 9-11.

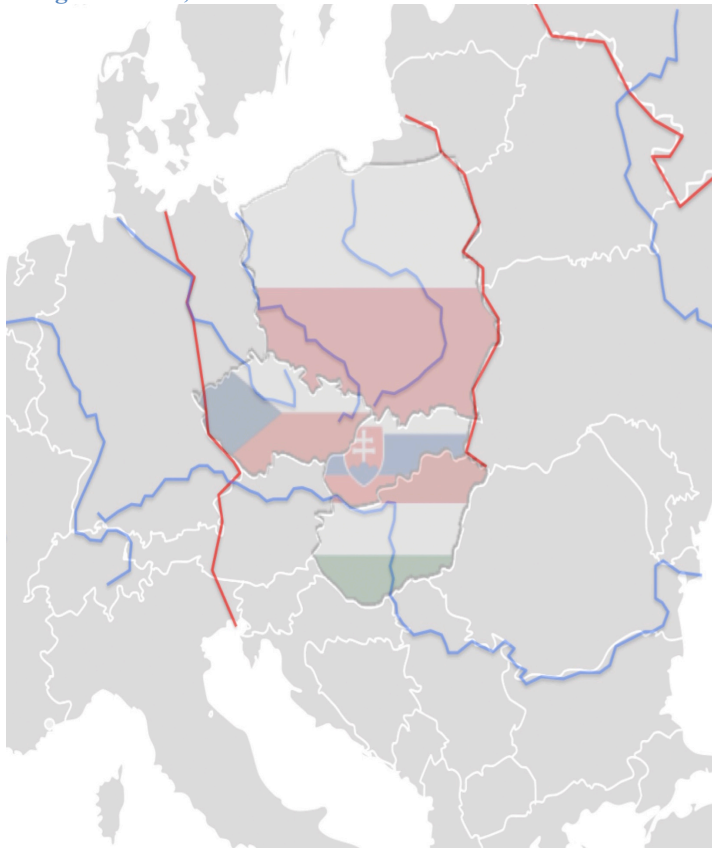
⁹ Tomáš Garrigue Masaryk, “Pangermanism and the Zone of Small Nations,” *New Europe* 1, issue 9 (1916): 271-7.

¹⁰ Neubauer, *op. cit.*

¹¹ Stephen Borsody, *The New Central Europe: Triumphs and Tragedies* (New York: Columbia University Press, 1993), xii-xiii.

eventually be considered in partnership with the subregional cooperation sought and discussed here; however, those considerations would not likely come, if at all, until a distant future. Here, while much is discussed of the Middle Zone of CEE, the focus states of where it is supposed that greater CEE cooperation might originate is within the smaller collective within, the four “Visegrad” states of Poland, Hungary, the Czech Republic, and Slovakia. *These four states form the core of CEE’s subregional cooperation in the past, its present, and have the capacity to do so into the future.* They have shared the same turbulent environment, in one form or another; and, together, they can enable stable subregional cooperation in CEE today, provided that the lessons of history can find implementation.

Visegrad States, in the Lands In Between



Tangential Dawns of Centuries

Those lessons, still important, have yet to leave an indelibly positive effect upon the region. After all, just as in early 20th Century, in the dawn of the 21st Century CEE has yet to find solid ground. It is questionable as to whether or not the subregion has even found its European home, regarding its social and cultural integration within the European Union. It is debatable as to whether or not it has found economic integration suiting its best interests. And, perhaps more now than in recent memory, it is debatable in our post Cold War era as to whether or not the subregion will find lasting security in light of rising tensions between the transatlantic powers and Russia – over Western expansion and the crisis in Ukraine. All in all, it is par for the course for the states of CEE. The *tragedy of CEE subregionalism*, if we might refer to Kundera and Borsody, is that *CEE states had once achieved and then lost this cohesion*, and since have come so close to the crossroads of re-affirming subregional cooperation only to miss it time and again.

It may be appropriate to say that, today, CEE stands again at one of these crossroads in its history; and its subregional states would gain much in comparing past experiences with their present. When we see today, for example, the Visegrad Four forming defensive battlegroups amongst themselves in answer to their views on regional security, does not this harken back to CEE's desire for greater security during the interwar years nearly a century ago? When we see the disparity today, for example, in regional influence between WE and CEE states, and whispers of greater representation in regional affairs, does this not stir parallels of CEE's desire to recover autonomy lost from the division of the Polish Lithuanian Commonwealth, and calls for greater voice within Prussian and Hapsburg imperial policies later in the mid 1800s? In both comparisons, neither was security answered nor greater representation found, and the historical records proved their subsequent futures to be dire. History, here, can provide a useful lesson, as

we should want to steer clear of this pattern and, instead, to encourage greater subregional strength and cohesion.

It is arguable that this cohesion might well have been better had it succeeded during the interwar years or following the fall of the Iron Curtain, in that it might have grown to become a more autonomous and stable zone. Nevertheless, the subregion is within the European Union now, and can still pursue *an organized caucus* within the institution itself. Therefore, subregional cooperation and greater cohesion need not lead to a partitioning of European regionalism, but instead could coexist within the institution in a sort of compromise. After all, the current process of European regionalism is nothing more than a discussion of the process of federalism, and its limitations found in confederalism. The former being a system forming more of a unitarian or centralized state; whereas the latter being characterized as having more intergovernmentalism, or a system of independent states due to their adherence to nationalisms. Within these extremes lies a spectrum of possible realities, where states can portray more, or less, centralization to decentralization, depending on the compromises made amongst its member states, and their nationalisms that were at play. Legal scholar Rudolf Schlesinger referred to Triepel's "*forma mixta*," when he wrote that, "Federalism is everywhere a compromise between..." these two extremes,¹² being influenced by the degree of nationalism present.

Schlesinger gave the example of the use of nationalism. For Germany, nationalism was used as a centralizing force and resulted in enhanced influence, whereas nationalism for the Austrian and Hungarian states resulted in its decentralization and fragmentation. The problem, he continued, "is whether some way can be found of combining allegiance to a politically

¹² Rudolf Schlesinger, *Federalism in Central and Eastern Europe* (Westport, CT: Greenwood Press Publishers, 1970), 11.

sovereign multi-national State with the allegiance due to the autonomous national unit.”¹³ Rather than, then, full sovereignty being had, as under a confederation, partial or split sovereignty is realized.¹⁴ But at all times, it is understood that within this compromise, entered into freely, its longevity runs parallel with the satisfaction of its included ‘members.’ As John Stuart Mill established earlier as a precondition of successful federation, Schlesinger explains, “mutual sympathy, to ensure that the mutual obligations will be fulfilled...” and a ‘balance of strength’ amongst its member states must be had.¹⁵ “A system works on federal lines just in so far as it works between equals, and tries to secure the maximum possible degree of consent from all the members.”¹⁶ With these ‘landmarks’ in mind, let us look upon the mantle of subregionalism of CEE by reviewing examples of cooperation and the compromises made by these states in history. It should not be surprising that much of the instigation to cooperate has been accompanied by, if not born from, the desire to pushback against encroaching influence of external actors.

Subregional Origins

In attempts to hold its own, there has been a long tradition of opposing the German ‘Drang Nach Osten’ as well as Russia’s search for the west in CEE, since well before German kings monopolized the power of the Holy Roman Empire and before the Russian seat of power moved from Kiev. However temporary the situation may have been during this time, success was eventually found, where the origins of a greater CEE confederation are found in the 14th century, with the agreements between the Polish, Hungarian, and Bohemian kings in Visegrad.¹⁷

¹³ Ibid., 18.

¹⁴ Ibid., 23.

¹⁵ Ibid., 494.

¹⁶ Ibid., 498.

¹⁷ Oscar Halecki, *Borderlands of Western Civilization: A History of East Central Europe* (Safe Harbor, FL: Simon Publications), 113.

This would later include cooperation between them and Lithuania via their Polish intermediary,¹⁸ the former then being significantly larger than today. At its height, the federation extended from the Baltic to the Black Seas.¹⁹ Together with its breadth of power and influence, along with a position of relative equal footing, the Polish Lithuanian Commonwealth (PLC) attracted other communities to join against the imperial pressures of its primary neighbors, particularly that of the Teutons of Germany.

During this time, the PLC grew in strength and subregional influence. Indeed, rather than simply having been the object of contention between the empires of Rome, it became the potential broker of peace between them in ending the schism between Catholicism and Orthodoxy. However, the power of Moscow opposed any path upon which its religion and politics would be subject to the West, wanting instead to be seen as equals. From this, following the fall of the papacy's second empire, Byzantium, in 1453, Russia declared itself the third Roman empire – taking up the baton of orthodoxy and furthering the contradistinction of its position in the east from the papacy and empire in the west. Despite this, the transition from the 16th Century to the 17th was rather positive for CEE. The Union of Lublin, 1569, consolidated the PLC into a common republic; and the Union of Brest, 1596, made the remainder of Ruthenia (extending into today's Belarus and Ukraine) Catholic, and therefore suzerain to the PLC.

Russia, on the other hand, did not fair as well.

The height of PLC power and influence in CEE coincidentally paralleled with one of Russia's lows, following the end of the latter's Rurik dynasty. As the Commonwealth would later come to realize itself, the succession between dynasties can be a difficult time. And while

¹⁸ Satoshi Koyama, "The Polish-Lithuanian Commonwealth as a Political Space: Its Unity and Complexity," in *Regions in Central and Eastern Europe: Past and Present*, ed. Tadayuki Hayashi and Hiroshi Fukuda (Slavic Research Center at Hokkaido University, 2007), 138.

¹⁹ The Polish Lithuanian Commonwealth, in contrast to the surrounding autocratic powers, was quite representative of the states that comprised it.

the PLC took advantage of Russia, even occupying Moscow for a couple of years during its ‘time of troubles,’ eventually the Romanov dynasty expelled the intruders along with an agreement to cede back Ruthenia. Retribution, though, would eventually follow the Peace of Westphalia as now the PLC was succumbed by succession problems of its own following the end of the Jagiellonian dynasty, whereupon the Romanovs of Russia worked to dismantle PLC’s influence along the periphery – leading PLC into the Northern Wars, and essentially the beginning of the end of this centuries-old federation between the seas and between East and West. This would eventually lead to the partitions of Poland (PLC) in the late eighteenth century.²⁰

The Power of Large States

Following the partitions, dissolving their representative governments within the middle subregion of CEE, the great powers in Europe’s west and east became neighbors, where they remained for generations; and where the power of the three empires which partitioned the PLC in the late 18th Century was omnipresent. Nevertheless, the tragedy of the expansionist policies of Germany, Austria and Russia were not lost on the peoples of CEE. During the Napoleonic revolutions that crossed Europe, and within the generation following the partitions and the French Revolution, nationalism had also become quite popular in the subregion. And while the people within could not be represented by just one nation, they shared a common sense of being neither German nor Russian, and welcomed the opportunity to seek their renewed independence. However, at the turn of the 19th Century Prussia and Austria, and others, were cooperating against Napoleonic France. As well, both Napoleon’s appeasement to the Russian Alexander I, and Napoleon’s eventual defeat left the status quo intact.

²⁰ The ‘Polish partitions’ is a bit of a misnomer, considering it was the partition of the remains of the Commonwealth (PLC), albeit a rump following the Northern Wars with Sweden and Russia.

The Congress of Vienna which followed, while it was hoped would finalize legitimacy and a restoration of the balance of power in Europe, in the end was not to include liberating the former Commonwealth from the common interests found between the elites of Prussia, Russia and Austria. And one of these states would rise to a position able to exert increasing pressure upon its smaller neighbors in the middle zone – Germany. The subregion’s patience would end up having to last over a century, which left plenty of time for hope to be restored, and to be quieted, again. It was at Vienna, that a German Confederation was allowed to reshape from the ashes of the Holy Roman Empire, soon establishing a German customs union, the Zollverein, which would allow the confederation in time, to challenge Austrian influence in German-speaking lands. This came to pass in 1848, during the Springtime of Nations. During this time, when many ethnic nations of Europe were attempting to realize their independence from authoritarian rule, Germany was vying for a chance at a greater German state through CEE compliance.

František Palacký, a Czech historian and politician, penned the famous “Letter to Frankfurt” that very same Spring, in answer to an invitation from the German Congress regarding the consolidation of other German lands. In his letter of refusal, he urged that the Austrian empire should hold its position as a counterweight in the lands between. He felt that a ‘universal regime’ extending from east or west and into the lower reaches of CEE, within the Danubian lands would restrict the autonomy of all Hapsburg territories. Given the situation, it is noteworthy to point out that while he mentioned the desire to avoid Russian universalism, and some writers have preferred to emphasize this aspect on the east,²¹ he made it plainly clear that

²¹ Kundera, op. cit., 33.

his letter was intended to counter the universal identity of a burgeoning German state.²² Palacky explained that an association of states should not come with serious costs to membership,²³ which was feared with the inclusion into a unified Germany. The following year, in 1849, many of the nations that would later make up the interwar period's Little Entente would take up arms in support of an Austrian federation of semisovereign states.²⁴ In the end, the revolutions proved in short time to be relatively weak in comparison to their stronger centralized governments, as the spate of nationalism at this time did nothing to quell the centralizing Germany towards its east. Still, unification, and the answer to the problem of 'German dualism' would not be redressed until the 1860s.

It was during this time, in 1866 that Germany overcame Austria for authority of its midland territories following the Austro-Prussian War. Austria, effectively then, became an appendage of an enlarged German state. All the while, it should be remembered, the many nations within the Hapsburg domains still called for greater autonomy. Federalist options were more than acceptable for the smaller nations, *provided that it were to entail greater self-determinism*. Again, however, these calls would go unanswered; where, instead, a 'compromise' of sorts was found in their place. The Austro-Hungarian Compromise of 1867, as one scholar of the subregion, Vojtech Mastny, has put it established a "dubious federation, thus poisoning the ground for a genuine one,"²⁵ where only a minority were effectively represented. As the Springtime of Nations beforehand, the Compromise failed to address the issue of sovereignty for the multiple other nations under the empire. Masaryk explains, "The dynasty could have

²² Frantisek Palacky, "Letter sent by Frantisek Palacky to Frankfurt," *Slavonic and East European Review* 26 (1947/48): 303-308. Originally written in 1848.

²³ Ibid.

²⁴ Milan Hodza, "The Future of Central Europe," *International Affairs* (Royal Institute of International Affairs 1931-1939) 14, no. 4 (Jul.-Aug., 1935): 515-518.

²⁵ Vojtech Mastny, "The Historical Experience of Federalism in East Central Europe," *East European Politics and Societies* 14, no. 1 (Winter 2000): 70.

justified and made possible the continued existence of this collection of nations and fragments of nations only if it had allowed each race full opportunity for self-development and widest possible measure of autonomy,”²⁶ though it did not. Therefore, the eventual “collapse of the whole crazy structure of the Hapsburg monarchy” did not simply add significantly to just European instability,²⁷ but *precisely because their desire for self-determinism was brushed aside*, Mastny concludes, “its flawed federalism became a prescription for international instability.”²⁸

The Weakness of Large States

While the Ottoman Empire, a similarly mixed-nation empire at the turn of the 20th Century, was referred to as the “Sick man of Europe,” as its nationalist troubles were contributing to its own decline, Austria and Hungary were similarly ‘sick.’ They, as well as Russia, became known as “prisons of nations.”²⁹ They all shared the same plight with regimes housing multiple nations, many of whom were part of a never-ending search for their own self-determinism, yet constrained by a strong central authority. But this might not have remained so. The heir to the Austrian throne, Archduke Franz Ferdinand, was, according to a prominent Slovak politician with an ear to the throne, Milan Hodza, very sympathetic to the federalist proposals of granting more autonomy to its many nations inside the empire. Hodza wrote, “Although I knew what he wished and how he wished it, I cannot say, and nobody else can, how far he would have persevered in putting his programme into practice.”³⁰ And, while we do not

²⁶ Tomáš Garrigue Masaryk, *Voice of an Oppressed People* (Chicago: Bohemian National Alliance, 1917), 26-28.

²⁷ Ibid.

²⁸ Mastny, *ibid.*

²⁹ Tomasz Kamusella, *The Politics of Language and Nationalism in Modern Central Europe* (New York: Palgrave Macmillan, 2009), 9.

³⁰ Hodza, *op. cit.*, 518-519. Hodza also noted that the heir desired to alleviate or rid themselves of German influence. Along with the challenges beset in this, he also considered the Magyars to be dangerous in their opposition to federalism. No doubt, anyone or group that would lose out from greater autonomy within a federalist system would have considered the Austrian heir a threat; as well as those associated with the Belvedere Circle, such as Milan Hodza. See Hiroshi Fukuda, “Central Europe between Empires: Milan Hodza and His Strategy for ‘Small Nations,’” in *Empire and After: Essays in Comparative Imperial and Decolonization Studies*, ed. Tomohiko Uyama (Sapporo: Slavic Research Center, Hokkaido University, 2012), 35.

know how much success his program might have had, at the same time, it just may well have put a cap on that ‘powder keg,’ constructed in the partitions of the PLC, and disturbed in the Spring of 1848.

A coming crisis could be seen on the horizon in the years preceding World War 1. After the annexation by Austria-Hungary in 1908, and the following Balkan wars, Europe had already been set on a course for increased instability. During this time, two influential books were written which take two somewhat opposing views of how to return peace and prosperity to the region as a whole, with the understanding that the crux lied in the subregion. Friedrich Naumann, a German politician, wrote of a loose confederation of states, along with its core to be formed by the empires of Germany, Austria and Hungary. And while in his text, he speaks of sovereignty for its members, it is understood that the proposed union would be dominated and led by Germany.³¹ John Neubauer, a scholar of the subregion, writes, “Naumann cared little for self-determination” and that his notion of Mitteleuropa was suggested out of German self-interest, one with hegemonic intentions.³² So that on the eve of the Great War, a war of nationalisms, the push for centralized federation persisted. In opposition to this, Masaryk wrote of exactly how a notion of a Mitteleuropa (or the previous century’s greater Germany) driven policy leads to the ‘problem that small nations in this subregion have.’ They were being absorbed, and then ruled within by minority factions.³³ This points to, as he explained, the dichotomous relationship within the ebb and flow of regional formation.

Like the yin and yang, Masaryk describes how in the process of a region’s formation, there also comes an element opposed to this. Both are ever present, and over time each has its turn or chance of overcoming the other. He wrote, “History is a process of integration, but at the

³¹ Friedrich Naumann, *Central Europe* (London: P.S. King & Son, Limited, 1916), v-viii, 1-2.

³² Neubauer, op. cit., 5.

³³ Masaryk, op. cit., 8-13.

same time of disintegration; the double process appears as the strengthening of individualism and the simultaneous growth of collectivism.”³⁴ The sum affect of the two shapes the nature of (sub)regional formation. And while Masaryk may have held federalist leanings, on this he was clear, that when it came to democracy and the allowance of self-determination, he believed that *smaller groups, or the disintegration of large multi-nation states, would be more successful*. Because of this, he advocated for the fragmentation of the Austrian and Hungarian empires; and with it, a rebirth of independent nations. Indeed, it was a policy advocated by both U.S. president Wilson within his “14 Points” in 1918, as well as Soviet leader Lenin, in “The Right of Nations to Self-Determination” of 1917.³⁵ With such a political atmosphere, along with the generations of pent up nationalist frustrations, Kundera comments, “the other nations of Central Europe blew apart their empire in 1918, without realizing that, in spite of its inadequacies, it was irreplaceable.”³⁶

Interwar-Intermission and Determinism

World War I marks the fall of the four empires; all of which, coincidentally, had traditionally opposed or attempted to encroach upon the PLC. With their fall, not so coincidentally, came a renewed independence for the nations of CEE.³⁷ But this interwar year independence did not yield much cooperation able to be capitalized on for subregionalization. On the contrary, while Masaryk may have spoken of federalism, he had intended it for the distant future, and not for CEE so much as for all of Europe. And, when it came to his proposals that the “zone of small nations” of CEE would stand as a barrier to a greater Germany, he had not intended federalism to form a foundation for CEE but rather throughout Europe as well. Due to

³⁴ Ibid., 14.

³⁵ Kamusella, op. cit.

³⁶ Kundera, op. cit.

³⁷ However, this was only partially so. This is due to the fact that the remnants of the PLC were neither united nor in any position to reclaim this territory, as well, Ruthenia and Ukraine remained within the Russian orbit.

this, researcher Satoshi Koyama feels that Masaryk was “inconsistent” on the topic subregionalism;³⁸ and Mastny has referred to Masaryk’s association with federalism as “specious” as he failed to reach beyond its general advocacy.³⁹ However, one voice with a plan happened to come out of Hungary, then a defeated nation and one just having been at the receiving end of the power of nationalisms.

At the end of the war, Hungary’s Minister for Nationalities, Oscar Jaszi, proposed a federation spanning CEE based on the Swiss cantons, what he referred to as “Eastern Switzerland.” This would have been more of a confederation than a unified federal structure, one with considerable autonomy for the new ‘nations’ it housed and providing for considerable opportunity for cooperation amongst them. However, this voice came from a defeated nation, one that had taken part in the largely unpopular and unbalanced union of the fallen empires. It is reasonable that the nations of ‘New Europe’ might not have been so excited about any manner of confederation, ‘Swiss’ or otherwise, coming from a Hungarian voice. And by this time, underlined in Wilson’s 14 Points, Borsody explains, “the Western Allies had already committed themselves to Masaryk’s New Europe plan.” However, his “zone of small nations” were ill-prepared for the burden of being small nations in a region beset with large states upon its flanks. What complicated matters more immediately was that Masaryk’s zone was decidedly nationally deterministic. As it came to be, the resultant self-determinism in the subregion would succumb CEE states into being, in Borsody’s words, “tormented by the rigid dogma of national sovereignty.”⁴⁰

Generations of suppressed nationalisms, perhaps, caused the failure in the fruition of an “Eastern Switzerland.” Instead, following WWI when the model of the nation-state was liberally

³⁸ Koyama, op. cit.

³⁹ Mastny, op. cit.

⁴⁰ Borsody, op. cit., 32.

applied, in Hiroshi Fukuda's words, a scholar of the subregion, CEE became a "testing ground for small [nations]."⁴¹ But their newfound freedoms found themselves as individual polities, and at the same time at odds with one another in a precarious subregion. In effect, Wilsonian nationalism in the ashes of German/Austrian/Hungarian control more than hindered the capability for cohesion necessary to procure a stable CEE. As scholar Judy Batt states, "the dogged nationalist pursuit of sovereign nation-statehood" made the search for CEE stability "self-defeating."⁴² In other words, it might be explained that the nation-state is simply incompatible for the subregion. Borsody writes, "without extolling federalism as a panacea for all the ills of modern mankind, I believe it is the only conceivable foundation upon which peace can be built in [sub]regions, such as Central Europe."⁴³ Now, while Masaryk would not have the same benefit of hindsight, Borsody says of his record, "Masaryk was proven right in coming to the conclusion that nationalism was the world revolution of the twentieth century."⁴⁴ *Without cooperation*, Borsody believes, *the subregion was doomed* from what he termed the "anarchy of nation states,"⁴⁵ Not contributing to their cooperation, but actually exacerbating the subregion's unease, as the small nations strove to attain their respective sovereignties, they began to intrude upon one another's sensibilities.

And, the successor to Masaryk, Edvard Beneš, a Czech diplomat, continued nationalist policies with vigor, which served to further the bickering between the new 'small zone of nations.'⁴⁶ Much of the hostility can be attributed to the treaty table of Trianon, which oversaw the dismemberment of Hungary. Three political entities emerged from the former empire:

⁴¹ Fukuda, op. cit., 42.

⁴² Judy Batt, "Introduction: Region, State and Identity in Central and Eastern Europe," in *Region, State and Identity in Central and Eastern Europe*, ed. Judy Batt and Kataryna Wolczuk (London: Frank Cass, 2002) 4-5.

⁴³ Borsody, op. cit., xii.

⁴⁴ Ibid., 1.

⁴⁵ Ibid., 7.

⁴⁶ Mastny, op. cit., 74.

Czechoslovakia, Romania and Yugoslavia; and when plotting their new boundaries, about one-third of all Hungarians of the Danube would be absorbed by them.⁴⁷ Benes “was a chief architect” of the loose confederation of these three, the Little Entente, which was constructed to maintain the unrepresentative postwar Trianon status quo.⁴⁸ Trianon, however, was a tragedy; or as Borsody says, “it was a clear case of a punitive peace”⁴⁹ by those previously impugned as early as the attempted Spring of Nations the previous century.⁵⁰ Unfortunately, any manner to heal CEE in looking forward to productive subregional cooperation would require these states to find some common ground amongst themselves. While the battles over Teschen, perhaps, were eventually set aside, the Entente of Trianon would end up blocking any prospects for real cooperation.⁵¹ As such, the fruits of Wilsonianism harvested in CEE were soured by its contradictory lack of adherence to full self-determinism itself.

As it was, the principles of Triannon ran counter to the very tenets of nation-state self-determinism by the very fact that so many Hungarian ‘minorities’ were left outside the new state of Hungary. Their situation was but a mirror of other neighboring states, where ‘not one of the new states consisted of a single nation.’ Borsody declares, “the territorial settlement resulting from the partition of the Habsburg Empire grossly violated the very principle of the ethnic nation-state.”⁵² Beneš, himself, elaborates, “In the new Central Europe it is entirely a question of States created by the will of the majority nations. As regards their minorities, it is no longer a question of whole nations under the rule of foreign governments and peoples, but only of fragments belonging to certain nations which possess elsewhere independent States of their

⁴⁷ Borsody, *ibid.*, 4.

⁴⁸ Mastny, *ibid.*, 77.

⁴⁹ Borsody, *op. cit.*, 4.

⁵⁰ Hodza, *op. cit.*, 515-517.

⁵¹ Borsody, *op. cit.*, 39.

⁵² *Ibid.*, 3.

own.”⁵³ It ‘begs’ the question: out of all the efforts of self-determinism being voiced, whose was being adhered to?

The inter-war years left many people in Europe unhappy. Not only was the peace between the wars sought upon an unsound foundation, but after signs of (con)federalism having been established in the north with the Baltic Entente and in the south with the Little Entente, the states of CEE were unable to find sufficient support, inside as well as outside the subregion, for greater cooperation between the Baltic and Black Seas. Certainly voices regarding the subregion were heard, though those more vocal originated from outside, particularly towards the end of the 1930s. While the CEE states did find some support in France, France soon realized they were questionably ready to defend even themselves from a regenerating German power: a Germany, I might add, that would soon re-partner with Russia as both, it would seem, were dissatisfied with the renewed cordon sanitaire re-established in the lands between them.

Less inclined to cater to the voices of the small nations between them were the larger states on the flanks. Although the argument is not attempted here, it stands to reason that both Germany and Russia would stand to gain from mutual cooperation between each other, as it was the re-establishment of the states in their ‘Middle Zone that served as a “bulwark” against them.’ With the disinterest of WE and the U.S., a reversion of the status quo was ripe. Effectually, as Borsody explains, “The cordon sanitaire, directed against Germany and Russia had the logical effect of bringing these ‘two outcasts’ closer to each other.”⁵⁴ This was made well understood as early as 1922 with the Treaty of Rapallo, as well as a non-aggression treaty a few short years later. More than this, all was well understood by a number of notable individuals, some of whom

⁵³ Edvard Benes, “Central Europe after Ten Years,” *The Slavonic and East European Review* 7, no. 20 (Jan., 1929): 247-249.

⁵⁴ Borsody, *op. cit.*, 21.

have been mentioned here already. However, no matter their persistence over the decades nor their desperation, their voices were ignored.

Not to be forgotten, Milan Hodza had long attempted to rally support for greater subregional cooperation, rather than to simply strive to form multiple small independent states as Masaryk. Instead, he correctly believed that *only an organized bloc could assert its stability*. Hodza's persistence in pushing for CEE federation lasted throughout this interwar period. Wanting to capitalize on the formation of such groups as that initiated by Benes, the Little Entente, Hodza had wanted to combine it along with others nearby, the Rome and Balkan Pacts.⁵⁵ He knew, as well as anyone else, that "it [was] not wholesome to leave in new Central Europe such a vast political vacuum."⁵⁶ Even as others spoke early on of pan-Europeanism, such as nobleman and politician Count Richard Nikolaus von Coudenhove-Kalergi,⁵⁷ Hodza noted that it was impossible to "speak about the consolidation of Europe as long as Central Europe [was] not consolidated."⁵⁸ And although he preferred a federation not immediately inclusive of larger and stronger states in CEE, he believed that eventually there could be room for greater cooperation with Poland as well.⁵⁹ In a similar vein to Hodza, a Polish general and statesman, Jozef Pilsudski, having struggled to reinstitute a stable Poland in the early interwar years, had also long pushed for subregional cooperation.⁶⁰ Both voices, however, were ignored – until Munich changed perceptions, a bit too little and too late.⁶¹

⁵⁵ Fukuda, op. cit., 45.

⁵⁶ Hodza, op. cit., 526.

⁵⁷ Fukuda, op. cit., 48-49.

⁵⁸ Hodza, op. cit., 526.

⁵⁹ Mastny, op. cit., 80.

⁶⁰ It is important to note that Pilsudski's Intermarium (Free Intermarium Charter) was not proffered in the same vein as others, subregionally organized federation based on local states' participation, but much more so underlined by Anglo-oriented interests in order to maintain separation between German-Russian collusion.

⁶¹ Borsody, op. cit., 25.

Benes had hoped that WE would support New Europe's position with respect to a strengthening Germany. However, Munich, and Western disinterest in 'the lands in between' disappointed many. As a result, he and Polish prime minister Sikorski began talks of a Czechoslovak-Polish Confederation in hopes to achieve greater security. However, at about the same time, Benes also looked to the Soviet Union in hopes that a special relationship would help retain some autonomy for Czechoslovakia. The latter, unfortunately as history would have it, made the former a non-starter.⁶² At that time, Moscow did not want to entertain any prospects for subregional cooperation in CEE – particularly not with the anti-Russian sentiments left in Poland from Pilsudski's regime. As a result of the strong-willed minds for autonomy and self-determinism relaunched during this period, *the subregion's states failed, again, to unite in a fashion able to deter neighboring nations from capitalizing on their disorganization*. Each nation, then, as Stanislav Vincenz noted in 1942 "became the dependency of a greater unit."⁶³ The defeat of Germany in 1945 merely shifted domination from west to east. So that by the end of the Second World War, Russia would come to command all territories through CEE.⁶⁴ And with it, all realistic hope for independence and the mending of this subregion's Shatterbelt would have to wait until the post Cold War era – making it only recently that the states 'in-between' have had the opportunity to act upon their historic inclination toward greater partnership.

The Project of Greater-Regionalism Renewed

Now, during the Cold War, CEE states were under the influence of the Soviet Union, which created a relationship different than that experienced during the interwar years, but familiar in terms of the century that preceded it. That is, again, not only was the subregion

⁶² Fukuda, *ibid.*, 50; Mastny, *op. cit.*, 81.

⁶³ Quoted in Csaba Kiss, "Central European Writers about Central Europe: Introduction to a Non-Existent Book of Readings," in *In Search of Central Europe*, ed. George Schöpflin and Nancy Wood (Oxford: Polity Press, 1989), 127-136; quoted, here, in Neubauer, *op. cit.*, 7.

⁶⁴ This does not including Austria, and western Germany, of course.

subordinate, though this time strictly to Moscow, but also that the subregional states had little interactions amongst each other,⁶⁵ and instead were forced to look toward Moscow for political and economic relations. This top-down structure left CEE societies screaming for a chance to assert their own self-determination yet again. Numerous times, in fact, communities rebelled against Soviet control, only to be repelled by Soviet intervention.⁶⁶ Examples abound, from protests to uprisings in Poland, Hungary and Czechoslovakia, as well as East Germany. Nevertheless, even early on in this period and against all odds, there were those such as the late scholar Karl Sinnhuber that believed “Middle Europe [was] by its very nature destined to be a ‘mediator [of] Europe’.”⁶⁷ And so it may have come that by the end of the 1980s, at the cusp of transition into the awaiting post-Cold War period, it was understood that a new Spring of Nations was afoot. For better or for worse, with the hoped for self-determination of the subregion, Rupnik believed that along with it would, unfortunately, also come instability,⁶⁸ unless, that is, they were to coalesce into a partnership of small nations.⁶⁹ Now, this has not really happened, of course; but Europe did, more or less, unite during this time – and it is arguably a process that CEE states could draw some lessons.

The European project for Europe’s transcendence from its conflicted history to regional integration is based on the liberal functionalism of Romanian born scholar David Mitrany, “that political unity amongst states depended upon the links at lower mostly economic levels.”⁷⁰ Accordingly, from the minds of its planners, *the EU would have a ‘bottom-up’ approach in*

⁶⁵ Samuel Abraham, “The Myth of Central Europe,” *New Eastern Europe* 2 (2014): 116-121.

⁶⁶ Barbara J. Falk, “Resistance and Dissent in Central and Eastern Europe: An Emerging Historiography,” *East European Politics and Societies* 25 (April 2011): 324.

⁶⁷ Karl A. Sinnhuber, “Central Europe: Mitteleuropa: Europe Centrale: An Analysis of a Geographical Term,” *Transactions and Papers (Institute of British Geographers)* 20 (1954) 18-19.

⁶⁸ Rupnik, op. cit., 259.

⁶⁹ Ibid., 6.

⁷⁰ David Armstrong, Lorna Lloyd and John Redmond, “The European Union, 1945-1969: the Creation of the European Community and the Early Years,” in *From Versailles to Maastricht*, ed. David Armstrong, Lorna Lloyd, and John Redmond (New York: Palgrave, 1996): 140.

order to establish a more cohesive link between, and then amongst, its founding members. And it is from here that the European Economic Community was born into the merchant powerhouse of today's EU. The successive harnessing of European economic power, sector by sector, seems to have worked. It is impressive to think upon the totality of Europe's rebound: sunk as a continent between the two world wars, today Europe as a union boasts some impressive figures, surpassing even the U.S.'s GDP.⁷¹ There is no doubt that as a union, Europe's presence is noticed. And since its inception, the EU has worked to instill stability and growth in Europe, relative to its experience in the first half of last century.

However, even in its early stages when the union consisted only of western European states, there was much to critique. For outsiders, a point of contention was and remains that the EU benefits only its members, that its customs union and associated policies restricts trade and investment with non-members. Of course, this was by design in order to jumpstart the privileged industries within the union; however, these policies did not truly jumpstart the European miracle. Author and analyst Blair Bolles noted in his argument for sovereign self-sufficiency that "although the EEC [European Economic Community] has indeed advanced the economic welfare of its members, each of those six countries had already achieved a remarkably high level of economic activity and standard of living before they entered the EEC."⁷² Taking this into consideration, perhaps, then, it was simply foundational coordinated efforts that began the European rebound, and not the eventual union of its member states and its consequent expansion. Despite this, or perhaps capitalizing on it, the community of western Europe continued to grow in numbers.

⁷¹ *The World Factbook*, Washington, D.C.: in the Central Intelligence Agency database, 2015, <https://www.cia.gov/library/publications/the-world-factbook/fields/2195.html#81> (accessed July 30, 2015).

⁷² Blair Bolles, "Residual Nationalism: A Rising Threat to Projected European Union," *Annals of the American Academy of Political and Social Science* 348 (July 1963): 106.

Other than the sheer tenacity of the statesmen and policymakers involved, the early European community's "functionalist" working premise, largely co-attributed to political scientist Ernst B. Haas, was that the cooperation and interdependence in one area (beginning with industry and economics) would "spillover" to related areas, and thereby expand integration across Europe, deepening into a more political union. It was believed that the expanding interdependence and, hence, the trend toward "the limitation of sovereign independence," Haas wrote, would lead through its "political evolution" to a new "identity" or "consciousness of the new political community", and through this identity "loyalty, (...) uniting the erstwhile nations which had joined."⁷³

Haas also goes onto to say that with loyalty to a new "authority" comes "expectations" of authority, which must be 'satisfied.'⁷⁴ Yet for as much as the EU has matured, economically and in trade particularly, *not all are pleased* – thereby making the "expectations" of "satisfaction" a hefty task. After all, the WE states have been the engine of the European Union's growth,⁷⁵ and as such *the center of gravity within the Union leans westward*. For example, as subregional scholar Zdenek Kriz notes, it is the "tendency among some of the key actors, specifically France and Germany, to present their particular interests as European interests in general, without first discussing them with the other EU members and without trying to determine the common European interest on the basis of this discussion."⁷⁶ As such, it may be

⁷³ Ernst B. Haas, *The Uniting of Europe* (London: Stevens and Sons, 1958), 3 and 14.

⁷⁴ Haas, op. cit., 5.

⁷⁵ In fact, western Europe has been the economic engine throughout Europe through modern history.

⁷⁶ Zdenek Kriz, "Comparison of Czech and European Security Strategies," in *'Easternization' of Europe's Security Policy*, ed. Tomas Valasek and Olga Gyarfásova (Bratislava: Institute for Public Affairs, 2004) 39. Admittedly, he is writing on the topic of European security; nevertheless, it is an example of the general opinion between Old and New Europe.

understood that membership to the EU is a process of vertical Europeanization,⁷⁷ rather than the ‘partnered’ union implied within its rhetoric.⁷⁸ The truth is that the ‘lower-linked’ functionalism, based on the bottom-up structure of Mitrany and Haas, eventually plateaued leaving *an idea of Europe that has since been carried forward from the top-down*.

In this manner, essentially, the original nation-state led project to unite Europe in order to stabilize and develop the continent was to shed the nations’ individual sovereignties under the umbrella of an ever-emboldened supranational entity. An entity that, now with shape and substance, would work to consolidate control and governance hierarchically above the slower and more limited intergovernmentalism from which integration began. This has occurred in multiple sectors, and it continues today amidst the lull of the recent financial crisis. For example, Herman Van Rompuy, former President of the European Council, not long ago called for increased coordination of policies at the regional level for the purpose of “delivering and sustaining a common European strategy for more growth and more jobs.”⁷⁹ Indeed, this is an option to reign in the effects of the current economic downturn within the Eurozone, and its affected members. However, it remains questionable that this is necessary or whether it will even be permitted ever so politically, within the national interests more locally.

This aspect of ever greater deepening and widening associated with Haas’s spillovers has been debated since the union’s early years. Political scientist and scholar Stanley Hoffman argued that *integration would have its limits*; that in the end, national interests would be

⁷⁷ Ekaterina Turkina and Evgeny Postnikov, “Cross-border Inter-firm Networks in the European Union’s Eastern Neighborhood: Integration via Organizational Learning,” *Journal of Common Market Studies* 50, no. 4 (July 2012): 634.

⁷⁸ Elena A. Korosteleva, “Change or Continuity: Is the Eastern Partnership an Adequate Tool for the European Neighborhood,” *International Relations* 25, no. 2 (June 22, 2011): 243-62.

⁷⁹ Sean O’Grady and Vanessa Mock, “EU President’s secret bid for economic power,” *The Independent*, posted on February 10, 2010, <http://www.independent.co.uk/news/world/europe/eu-presidents-secret-bid> (accessed December 22, 2011).

protected and its policies would be maintained despite the European partnership.⁸⁰ And, as sociologist Neil Fligstein believes, “Hoffman was right that governments would severely resist Haasian spillover.” Even Haas, himself, later recanted his belief in inevitable expansion.⁸¹ There is no doubt that *there have been strains to integration*. The period of Eurosclerosis during the 1980s is just such an example.⁸² Disillusioned by the hierarchically led integration emanating from the institution, and its original members, which as historian Eric Hobsbawm states is “outside the scope of the democratic politics of its member states,”⁸³ there has been a corresponding lack of drive to accept the institution’s terms. Scholar Peter Stirk notes, “The lack of popular enthusiasm was one of the most striking features of the history of integration. All of the efforts to gain popular support for European integration failed dismally.”⁸⁴

And so it has come that the evolution of European integration has resulted in Haas’s “expectations” being less-“satisfied” by members of Europe’s Union in the way that the persistence of memories has been the bane of greater integration, and thereby making “satisfaction” an inherently hefty task.⁸⁵ One could think that if all elements in the process of Europeanization had begun in a Mitrany-esque fashion of beginning in a smaller if not more limited fashion, further integration might naturally have followed suit in time, but this has not been the case. This is partly due to the unrequited desire for greater unification that has stilted enhanced regionalization of the EU. According to political scientists Alec Stone Sweet and Wayne Sandholtz, it has been the ever-present aspect of national interests that

⁸⁰ Stanley Hoffmann, “Obstinate or Obsolete? The Fate of the Nation-State and the Case of Western Europe,” *Daedalus* 95, no. 3 (Summer 1966): 909.

⁸¹ Neil Fligstein, *Euro-Clash: The EU, European Identity, and the Future of Europe* (New York: Oxford University Press, 2008), 246-247.

⁸² Peter M.R. Stirk, *A History of European Integration since 1914* (London: Pinter, Redwood Books), 203-204.

⁸³ E.J. Hobsbawm, “An Afterword: European Union at the End of the Century,” in *European Integration in Social and Historical Perspective: 1850 to the Present*, ed. Jytte Klausen and Louise A. Tilly (New York: Rowman & Littlefield Publishers, Inc., 1997), 268.

⁸⁴ Stirk, op. cit., 287.

⁸⁵ Hanns Maull, “A Small Power?” *Survival* 53, no. 2 (March, 2011): 180.

intergovernmentalism has attributed to the region's rather "rigid" integration.⁸⁶ Mitrany's "lower links" worked 'wonders,' at least for its original members so it seems, up to a certain point. After which, as Haas himself admits, a certain amount of accommodation was permitted to encourage the "deliberate", if not "inadvertent", "upgrading [of] the common interests" to the institutional level. Haas concludes, "in terms of results, this mode of accommodation maximizes ... the 'spill-over' effect of international decisions."⁸⁷ In other words, *when linking at the lower levels failed expanding 'upwards,' the community's project of regional integration took a 'top-down' approach instead.* This, however, did not deter the subregional states from seeking membership; and in turn, bringing with them further challenges for them as well as the Union to consider.

The Challenge of Ever-Expansion

Since Europe's 'big bang' in the years 2004/2007 CEE states have become a formal part of this union. In doing so, the subregion has significantly enlarged the EU; and, similarly, this has expanded the challenges posed to the EU and to the subregion itself that must be seen inclusively of the history presented thus far. Historian Holly Case reminds us,

"The 1848 revolutions met a bitter end here, the two most devastating global conflagrations of all time began here, national self determination went haywire here, the ideal of a socialist utopia was forever tainted by what happened here, and now the most optimistic project of the twentieth century, the European Union, is being tested here."⁸⁸

It were as if she meant to suggest accepting some caution with that 'optimism' of EU expansion. Such a vast enlargement could actually impede the integration of EU member states. As political sociologist Markus Thiel discusses, the inclusion of CEE into the EU has negative implications

⁸⁶ Alex Stone Sweet and Wayne Sandholtz, "European Integration and Supranational Governance," *Journal of European Public Policy* 4, issue 3 (September, 1997): 314.

⁸⁷ Ernst B. Haas, "International Integration: The European and the Universal Process," *International Organization* 15, no. 3 (Summer, 1961): 368.

⁸⁸ Holly Case, "Being European: East and West," in *European Identity*, ed. Jeffrey T. Checkel and Peter J. Katzenstein (New York: Cambridge University Press, 2009), 113.

on the union's policies of 'deepening and widening,' or rather deepening versus widening, in that the "accession of new states is seen by national minded citizens as a further dilution of commonality, but it is potentially also perceived by supporters as a prevention of deeper policy integration."⁸⁹ That is, the EU was already facing significant challenges to deeper integration having enlarged from its original six members to fifteen. These challenges speak to the integration limit possibly already reached prior to the 'big bang.'⁹⁰ Without addressing these issues, perhaps, *the attempt to integrate (with) the subregion was simply too much, too soon.*⁹¹ If not for the union, then too soon for the subregion.

When CEE ran to the West following the Cold War, perhaps it did so in error. It is not that CEE should not be within the EU, per se, but rather that *it missed a step*. In their haste, they overlooked their need *to first come together subregionally*, in some type of confederation. Even so, for all the EU's faults, it may be argued that at the time there was nowhere else to turn. Having just come from a recent history where the subregion's states had been wiped from the map, *again*, with the complexities of their new found sovereignty and the relative success of Europeanization, understandably there was an attraction to the stability and normalcy exhibited by its western neighbors.⁹² It may be said, as Borsody does, that CEE states no longer wanted to be "puppets of a sphere of influence, but neither did they wished to be left alone."⁹³ And, it was because of this that they leaned westward. They did so even though WE was less than welcoming. Borsody is well within reason when he wrote, "The enthusiasm of the liberated to

⁸⁹ Markus Thiel, *The Limits of Transnationalism: Collective Identities and EU Integration* (New York: Palgrave Macmillan, 2011), 200.

⁹⁰ Fligstein, op. cit., 5.

⁹¹ Stratfor, "The Other Side of EU Enlargement," Strategic Forecasting, Inc., entry posted October 27, 2006, <https://www.stratfor.com/geopolitical-diary/geopolitical-diary-other-side-eu-enlargement> (accessed July 30, 2015).

⁹² Francois Bafoil, *Central and Eastern Europe: Europeanization and Social Change*, trans. Chris Turner (New York: Palgrave Macmillan, 2009), 1.

⁹³ Borsody, op. cit., 284.

rejoin Europe was greater than the enthusiasm of the West to receive them.”⁹⁴ It was at this time, however, that the CEE states would have been better to find reconciliation amongst themselves and realize the necessity of greater collaboration.

It is important to note that more than a dozen CEE states did look to the subregion as a political project under the assumption, as Lonnie Johnson explains, “that they would have more political leverage if they demonstrated solidarity by acting as a group.”⁹⁵ However, such projects as the “Central European Initiative” formed in the early 1990s faltered in that, according to Johnson, it did “not have much of a real agenda.” The effort was inclusive of a small group of four who reclaimed their namesake, Visegrad, based on their historical 14th Century agreement of the same name. Yet both, medieval and contemporary Visegrad groups, were failures in Mastny’s eyes, in that neither effort of cooperation lasted for very long.⁹⁶ Borsody, again, recalls this as *a tragedy*: just as the subregion’s pleas for representation in an equal federation were ignored in the mid 1800s; and as the subregion failed to capitalize on a more encompassing confederation following the First World War; and as their supposed independence, then hijacked, following the Second World War – the subregion, again, failed to capitalize on their opportunity following the Cold War, leaning westward without prior reconciliation, instead.⁹⁷ However, the Visegrad Group did not exactly “fail” in one regard. Its four members were the first of CEE states to reach accession to the EU before all others. Yet since this achievement these states, noted by Slovak scholar Samuel Abrahám, have “been busy transforming [themselves] in isolation, directing [their] attention to Brussels or Washington and only marginally to its

⁹⁴ Ibid., 281.

⁹⁵ Lonnie R. Johnson, *Central Europe: Enemies, Neighbors, Friends* (New York: Oxford University Press, 2011), 288.

⁹⁶ Mastny, op. cit., 65.

⁹⁷ Borsody, op. cit., 286-294.

neighbours.”⁹⁸ While this behavior is voluntary today, they were mandatory during their soviet rule.

And, while its cooperation may have been brushed to the way side shortly after accession agreement, it should be remembered that the medieval Visegrad group eventually reunited into what became the Polish Lithuanian Commonwealth, which in comparison was much more durable than its origins in the small town of 14th century Visegrad.⁹⁹ An idea parallel to this, continued by subregional political scientist Barbara Curyło, is *the idea of a ‘second European Union.’* Curyło explains that with the enlargement of the EU into the subregion that the “geopolitical gravity” of the union has moved from Europe’s west eastward. She continues with “The point of the concept is that the post-enlargement EU should no longer strive to deal with its inherent paradoxes but rather draw lessons and utilize them as a background for future intellectual, political and institutional arrangements – ”¹⁰⁰ *a secondary center of gravity* within the Union.

The concept is not new, of course. Not only would the CEE union, or even simply a CEE caucus within the EU, be able to draw on the historical links of the PLC, but even within writings during the Cold War Kundera shows that the mindset has remained latent when he wrote, “Central Europe longed to be a condensed version of Europe itself in all its cultural variety, a small arch-European Europe, a reduced model of Europe made up of nations conceived according to one rule: the greatest variety within the smallest space.”¹⁰¹ And while this possible return to its past might be questionable in its future, so is the EU itself and CEE’s place within it. After all, Bolles once wrote, at a time of relative EU infancy, when there were only six members,

⁹⁸ Abraham, op. cit., 116.

⁹⁹ Mastny, op. cit., 67.

¹⁰⁰ Barbara Curyło, “Barbarians at the Gate...the Ideas of Europe in CEE,” *Central European Journal of International & Security Studies* 5, issue 1 (March 2011): 13.

¹⁰¹ Kundera, op. cit.

that “The number of countries participating is too small to bury nationalism.”¹⁰² To borrow from this, we may also say that, today, the variety and numbers of countries participating is too diverse to bury nationalism – and that something *other* would be more successful than pan-regionalism. As such, ‘lowered links’ and cooperation at the subregional, and then eventually more collaboration, in CEE could be used to mitigate the negative affects of this hierarchical approach.

Answer: Re-Subregionalization

Partnership within CEE could, actually, come to resemble more of a concert of interests, within Europe. Subregional cooperation need not be outside, or even against, the EU as such policies have already been ‘allowed’ for within the institution itself. The notion that *subregional cooperation can be more efficient*, explained by Major-General Pierre Hougardy, “lead[ing] to less fragmentation and ... encouraging pooling and sharing of capabilities,”¹⁰³ is supported by the Union’s principle of *subsidiarity*. Article 5 of the Treaty on European Union regarding the concept of subsidiarity, as defined through the EU’s website on European Union law, states that, “in light of the possibilities available at national, regional or local level [...] the EU does not take action (except in the areas that fall within its exclusive competence).”¹⁰⁴ This was necessarily agreed upon, not specifically for the purposes of subregionalism, but to maintain protections for state nationalisms, as the proponents of the institution had been receiving mounting popular

¹⁰² Bolles, op. cit., 107.

¹⁰³ Pierre Hougardy, “Permanent Structured Cooperation,” in *The Lisbon Treaty and ESDP: Transformation and Integration*, ed. Sven Biscop & Franco Algieri (Gent, Belgium: Academia Press, 2008), 12.

¹⁰⁴ Similar verbiage can be found in: European Council, “Consolidated Version of the Treaty on European Union,” Title I: Common Provisions, Article 5, *Official Journal of the European Union* C326, October 26, 2012: 18; and European Council, “Treaty on European Union,” Title II: Provisions Amending the Treaty Establishing the European Economic Community with a View to Establishing the European Community, insertion for Article 3b, *Official Journal of the European Communities* C191, July 29, 1992: 6.; <http://eur-lex.europa.eu/summary/glossary/subsidiarity.html>

hostility from some states, like Denmark.¹⁰⁵ And, as will be presented in the accompanying chapters, the EU itself has yet been able to completely and competently address the breadth of issues for inclusive development and stability in the focus subregion of Central Eastern Europe; let alone Europe as a whole for that matter. According to Eurobarometer surveys of samples of the EU citizenry from 2012, there has been increasing pessimism about the future of the EU, with total optimism dropping from 69% in the spring of 2007 to a borderline 50% in autumn of 2012, as shown in Figure 1.1.¹⁰⁶

The clear delineation between that which is retained at the level of nation-state versus the region, as understood within subsidiarity, thus leaves room to interpret a relationship of progression toward these ends, where *subregional cooperation may provide a stepping-stone to even greater integration*. In other words, the functional argument for acceptance of a regional entity above the nation-state has rested on its ability to facilitate a service better than an individual state could provide alone. Less than this, the member states should elect to resolve matters themselves. According to another Eurobarometer survey from 2013 and 2010, respondents throughout Europe, to include those in CEE, believed that decisions, with regard to EU regional projects for example, should not be taken at the EU level, but rather at a more local level, as shown in Figure 1.2.¹⁰⁷ In this case, and in a world or region where it is increasingly unpopular to strike out alone, subregional or less-than pan-regional organization, might garner increasing support. Establishing joint developmental programs meant to benefit subregional CEE interests foremost, followed by others West and East, can further bridge this fissure – not

¹⁰⁵ Stirk, op. cit., 204-205.

¹⁰⁶ European Commission, *Eurobarometer Standard EB No.78: Public Opinion in the EU, Report* (Brussels, Autumn 2012), 96.

¹⁰⁷ European Commission, *Eurobarometer - Flash EB No.384: Citizens' Awareness and Perceptions of EU Regional Policy, Report* (Brussels, December 2013), 49; and European Commission, *Eurobarometer - Flash EB No.298: Citizens' Awareness and Perceptions of EU Regional Policy, Analytical Report* (Brussels, October 2010), 34.

just within its ‘zone of small nations,’ but even between the subregion’s larger neighbors to the east and west. This integrative approach, yielding *more functional cooperation within*,¹⁰⁸ would greatly benefit the prospects of establishing greater autonomous growth in CEE, and with it, perhaps, the value-added development the subregion has historically lacked.

With history and potential in mind, a change in course is necessary as this fragile subregion is unable to maintain its present path with any expectations of successful diffusion through the international community alone. Rather than competition over this territory with force, as has historically been the case, a stage may be reached where the local actors are ripe, if even through desperation, to take matters into their own hands. Given the right conditions, CEE’s zone of convergence has the potential of progressing to a locally sustained gateway across the zone linking substantial commerce and relations on either side of the east-west divide. *In order for polities along the convergence zone to escape history,¹⁰⁹ so to speak, they must endeavor to increase cooperation and development more through increased partnerships at the subregional level – to mend their common region through locally sustained interdependences.*¹¹⁰ It is important to note that while increased subregional integration in CEE is the end goal, this would not need to progress to political union as is sought within the EU,¹¹¹ and yet remains so elusive. In fact, it may be argued that in limiting enhanced cooperation primarily at the level of joint ventures and investments, the consortium’s simplicity in its technical nature may aid its focus on efficient subregional development, and stable integration within the globalized world.

¹⁰⁸ To avoid politics as much as is permitted; and primarily to avoid the hierarchical drive for full-subregional unification – as is portrayed by the EU.

¹⁰⁹ David A. Lake, “Escape from the State of Nature: Authority and Hierarchy in World Politics,” *International Security* 32, no. 1 (Summer 2007): 47–79.

¹¹⁰ On this matter of increased interdependence with regard to Shatterbelt states, David Reilly has found that an increase in trade has a mitigating affect on instability, and a pacifying effect on high-risk states. See David Reilly, “Shatterbelts and Conflict Behaviour: The Effect of Globalisation on ‘High Risk’ States,” *Geopolitics* 5, no. 3 (Winter 2000): 48, 54, 67 and 69.

¹¹¹ Haas, op. cit., Chapter One; as well as Sweet and Sandholtz, op. cit., 297-317.

As shown in this chapter, small states tend to be overwhelmed with the influence of larger neighbors, as they are equally underwhelmed in their ability to change course on their own terms as easily as may be desired. But while this fact may seem trivial, the above also served to underline that it is within these small states, particular those that lie amongst or between larger polities, that large scale disruption can originate within them. What should be clear, as any student of European history knows, nationalism may be said to have been born upon its grounds; and it is not likely to subside within our lifetime. Further investigation along this line of thought continues in the following chapter on the social dynamics of Europe and the ‘lands in between.’

CHAPTER II

CULTURE AND SOCIETY: WHO IS CEE?

This chapter continues along the same historical vein as Chapter One and examines CEE's social links to Europe, as the historic contrast between Western Europe (WE) and Central Eastern Europe (CEE) extends to its social and cultural realms. The objective of this chapter is to identify the social identity of CEE, and its historical relations with Europe, which is important as the challenges of membership to the EU come to the foreground. In doing so, the work seeks answers to these additional questions: Do cultural differences remain the same today? So long associated with the east during the Cold War, are CEE's cultural origins more eastern, western, or simply other? The results speak volumes as to how the subregion's identity in Europe relates to its place within the institution of the EU. In the end, a rather unique CEE identity is understood as it sits on the periphery of Europe, or rather wedged between its western and eastern nodes. It is an identity that should be adhered to, creating opportunities for subregional collaboration; perhaps within the EU, but necessarily distinct from WE.

European Identity

Social identity is an amorphous concept. Depending on the circumstances, individuals within their society (and by extension, a society amongst many others as in the case of member states of the European Union [EU]) might be identified by their nationality, ethnicity, amongst many other identities. Perhaps their race or sex are the issue of the moment, or their religion, political ideology, caste or social status, line of work, etc. All shape the individual, and their societies of which they take part. When we are to think of social identities, it serves us well to identify the norms and values which its members find in common. When present, these commonalities can form a common identity from which a society's identity takes shape. From

this, as the following pages reveal, we find that the communities within Central Eastern Europe (CEE) share such commonalities that set it apart from both East and West; and that *these elements of solidarity have the opportunity to take shape into a common ethos of its own* - ¹ with, perhaps, *greater value felt than its membership in the EU alone*. More broadly yet still pertinent, for much of Europe one such common ethos stretches back to its envelopment into Christendom; and it proves to be a vital link in the historical development of a European identity.²

Christianity's influence in Europe by about the turn of the 4th century was anchored to its empires in the west with Rome, and in the east with Constantinople, the latter would come to represent the foundations of the Christian Orthodox faith of Eastern Europe. However, it was during the reign of Charlemagne and his Carolingian dynasty at the turn of the 9th century that began to put greater pressure on the territories in the vast expanse east of western Europe and north of southeastern Europe. Ethnically, these lands between East and West were primarily Slavic. In fact, political geographer Halford Mackinder clarifies that it was during this time that "the rivers Saale and Elbe divided the Slavs from the Germans."³ Yet western pressure was to follow, and push even further east of the Oder following the finality of German control of the throne to the Holy Roman Empire in the mid 10th century. Even then, however, there was no swift conversion of this subregion.

Much of this area 'east' of the empire remained quite tolerant of other faiths, in fact; and had attempted at length, and over centuries, to keep the Holy Roman Empire at bay, particularly while under the control of the Polish-Lithuanian Commonwealth, itself also pushing

¹ Siegfried Schieder, Rachel Folz and Simon Musekamp, "The Social Construction of European Solidarity: Germany and France in the EU Policy Towards the States of Africa, the Caribbean, and the Pacific (ACP) and Central and Eastern European Countries (CEEC)," *Journal of International Relations and Development* 14 (2011): 469-505.

² David Dunkerley et al., *Changing Europe: Identities, Nations and Citizens* (New York: Routledge, 2003), 111.

³ Halford J. Mackinder, *Democratic Ideals and Reality: A Study in the Politics of Reconstruction* (London: Constable Publishers, 1942), 90.

southward and eastward. To show how long this stubborn resistance maintained, over a half millennium later, just prior to the turn of the 17th century, still less than half of the population of the Commonwealth was Roman Catholic;⁴ a quite formidable show of its resistance to complete conversion. It is no doubt that this extended period of resistance to conversion as well as tolerance of other faiths speaks to the paradoxical character of these lands in between, both stubborn as well as open, as competing faiths set upon its vast expanse.⁵ Eventually the peoples were indeed converted, due to compounded troubles presented not only by its persistent German west and the steadfast resistance and counters of the eastern Slavs, but also out of protection from another encroaching culture even further afield, Islam from the Ottoman Empire.

Over time, much of the area between present-day Germany and Russia came to identify with Roman Christianity;⁶ and having spread from its west, the Czech writer Milan Kundera explained, this “spiritual notion [became] synonymous with the word ‘West.’”⁷ This history and their ‘found’ religious identity have been long celebrated in CEE as the subregion became the frontier, or the bulwark against politico-cultural challengers. It was, indeed, the last frontier, whether that be Islam as it encroached onto Europe through present-day Turkey and only to recede toward the end of the 17th century,⁸ or whether that be the Orthodox Slavs of the East.⁹ Still, the structure of ‘the church’ has changed somewhat over time, and with it the social identity of its followers, albeit perhaps not equally across the European divide.

The Reformation, and Counterreformation, for example, did not make it to Eastern Europe and effect Orthodox Christianity as it had in the west. In fact, *this frontier sets a long*

⁴ Koyama, op. cit., 140.

⁵ Jenő Szűcs, “The Three Historical Regions of Europe,” *Acta Historica Academiae Scientiarum Hungaricae* 29, issue 2/4 (1983): 151-157.

⁶ This does not include the states of Belarus and much of Ukraine, who remain primarily Orthodox.

⁷ Kundera, op. cit.

⁸ Gerard Delanty, “Is There a European Identity?” *Global Dialogue* 5, 3/4 (Summer 2003): 82; and Dingsdale, op. cit., 23.

⁹ Rupnik, op. cit., 8.

observed demarcation upon the continent between the conservatively-minded East and West.

Political scientist and scholar Samuel Huntington once said that “[t]he most significant dividing line between [East and West]...may well be the eastern boundary of Western Christianity in the year 1500.”¹⁰ Reaching back further into history, in thinking upon the time of the Cold War, Hungarian historian Jenő Szűcs has mused that, “[i]t is as if Stalin, Churchill and Roosevelt had studied carefully the status quo of the age of Charlemagne on the 1130th anniversary of his death.”¹¹ Indeed, this historical bulwark within Christendom has survived to this day, now representing the frontiers of the European Union, itself,¹² with a more distant East, even amidst a shared ethno-linguistic identity across the division line.¹³

Distinct from the East

On that note of shared ethno-linguistics, perhaps it may be said that Slavism has lent some sense of identification in CEE, itself. As mentioned, going back some time Slavic peoples occupied the lands from the River Elbe to the Don and beyond, and also from the Baltic to the Black Seas. Nevertheless, this Slavic identity is believed to have receded in comparison to others. Václav Klaus, the former president of the Czech Republic, admitted that in contemporary times it had a rather weak sentiment in comparison to being European, Central European, or even their various state nationalities.¹⁴ Of course, it is understandable, particularly with regard to Klaus’s own experience, as well as his generation’s during the Cold War, that his remark would want to separate ‘Central Europeans’ from their unwanted association within the Soviet Union, having a high proportion of Slavs across their borders.

¹⁰ Quoted in Stirk, op. cit., 296.

¹¹ Szűcs, op. cit., 133.

¹² Johnson, op. cit., 30.

¹³ This has become increasingly important with regard to the events in eastern Ukraine.

¹⁴ Václav Klaus, “Small Nations and Europe 90 Years After Masaryk,” (speech at inauguration of the School of Slavonic and East European Studies, University College London, October 19, 2005.)

In resisting the Soviets to the east, the CEE countries of the Warsaw Pact held fast to the cultural ties slowly absorbed and then forged over the previous centuries with its west. During this time, political scientist Alexandra Tieanu explains “the forgotten concept of Central Europe re-emerged,” not only due to the shared resistance against Soviet communism, “but also on shared cultural and historical characteristics.”¹⁵ Here, in the geographical center of Europe while politically in the East, CEE was culturally in the West; at the very least, CEE states were yearning for a more practical association with the West. The attempt was to identify with the European Union, to ‘return’ to the West,¹⁶ and re-become, in a manner of speaking, ‘European.’¹⁷ Kundera referred to the Warsaw Pact states of CEE during this time as a “kidnapped [West], displaced, and brainwashed, nevertheless [one that insisted] on defending its identity; to preserve their Westernness.”¹⁸ To be fair, though, this “Westernness” never relied on one characteristic alone, such as religion. Take, for example, the social changes that took place between the Late Middle Ages through the Early Modern Period.

The Renaissance and, later, the Enlightenment periods found far more adherents closer to their origins in the west.¹⁹ Together, these movements, have left modern Europe with, as historian and scholar Dennis Hupchick identifies, a culture of “liberal democracy, industrial capitalism, and nationalism.”²⁰ This has been used to show divergence from the West and those in the East (to include, though in mixed character, CEE), in both religion and civilization,²¹ just

¹⁵ Alexandra Tieanu, “From Alterity to Identity: A Central European View of Europe at End of the Twentieth Century,” *Journal of the Lucas Graduate Conference* (2013): 23.

¹⁶ Johnson, *op. cit.*, 324.

¹⁷ Barbara Curyło, “The Ideas of Europe in CEE,” *Central European Journal of International & Security Studies* 5, issue 1 (March 2011): 6.

¹⁸ Kundera, *op. cit.*, 34.

¹⁹ Dingsdale, *op. cit.*, 20-23.

²⁰ Dennis P. Hupchick, *Culture and History in Eastern Europe* (New York: St. Martin’s Press, 1994), 112; and quoted in Dingsdale, *op. cit.*, 21.

²¹ Peter J. Katzenstein and Jeffrey T. Checkel, “Conclusion – European Identity in Context,” in *European Identity*, ed. Jeffrey T. Checkel and Peter J. Katzenstein (New York: Cambridge University Press, 2009), 224.

as these movements show greater to lesser influence along the political cultural spectrum as we travel from west to east. The truth is that these historical events through time, and the social movements that surrounded them, also affect political identity and can change the importance of some ideals over others.²² Kundera believed as much when he said that eventually “religion bowed out, giving way to culture, which became the expression of the supreme values by which European humanity understood itself, defined itself, identified itself as European.”²³

More presently, CEE has focused on the cultural values that have come to be associated with Western Europe (WE). Wanting to find change, this relationship with its west has spurred and continued CEE’s path toward Europeanization within the EU. The Hungarian writer George Konrád had thought, Tieanu explains, that with their “cultural similarities to European civilization” that CEE would be accepted as a full member within the European community.²⁴ The result, it is claimed by historian Holly Case, has been “a broad consensus [...] that integration and Europeanization are things that East-Central European states must do, implying that there is an already existing static entity called ‘Europe’ that can be joined by assimilating to its ideals.”²⁵ However, *the subregion began integration with a western Europe not ready to accept CEE* completely. Unfortunately, as subregional political scientist Barbara Curyło notes, the pursuit of *integration was with an idealized Europe*, a “mystical ‘West’.”²⁶

Distinct from the West

While there are calls from European regionalists to incorporate all of the EU into a “super-state,” just as analysts James Rogers and Luis Simón propose a “final unification of [the]

²² Following the withering away of any remaining religious contrast between the atheism politically held by Soviet communism versus a Christian West much has changed with the arrival of globalization, and the regionalism found in post Cold War Europe.

²³ Kundera, op. cit., 36.

²⁴ Tieanu, op. cit., 29.

²⁵ Case, op. cit., 130.

²⁶ Curyło, op. cit., 3.

continent,”²⁷ its member states still cannot seem to get past divisions amongst themselves, to include between the subregions of CEE from WE. For example, for all that is said about the EU slogan of “Unity in Diversity,”²⁸ not long ago in the summer of 2011, the EU allowed member states to take measures restricting the much acclaimed Schengen agreements, which had established the free movement of peoples between EU members.²⁹ As the most important positive impact coming from CEE’s integration with the EU is the free movement and travel within the EU, as shown in Figure 2.1, according to a Eurobarometer survey of CEE citizens in 2009,³⁰ no doubt CEE has become increasingly disappointed with these new Schengen restrictions. Apparently, as journalist Gareth Harding responds, borders are “back in fashion.”³¹ This parallels general sentiment from the more affluent states in Europe’s west that have repeatedly balked at the Union’s process of increased economic and social integration. It would seem that in the drive to usher in “Central Europe’s” return to Europe, and increase controlled distance from the ever present ‘East,’ the EU had lost sight of the ‘natural’ divisions within Europe itself. This ‘distance’ between CEE and WE has shown to be quite prominent and perpetuates, as phrased by subregional scholar Tomasz Kamusella, the “mental barriers” erected through history by *a rather disinterested West*.³² No doubt, these ‘natural’ divisions are somewhat blurred,³³ but nevertheless prevalent, and it should be of no surprise that these cultural

²⁷ James Rogers and Luis Simón, “The New ‘Long Telegram:’ Why We Must Re-found European Integration,” *Group on Grand Strategy*, Summer 2011, <http://www.ies.be/files/Long%20Telegram%201.pdf>

²⁸ http://europa.eu/about-eu/basic-information/symbols/motto/index_en.htm

²⁹ Joshua E. Keating, “The New New Europe: How the Crisis is Reshaping the Continent,” *Foreign Policy*, entry posted November 28, 2011, <http://foreignpolicy.com/2011/11/28/the-new-new-europe/> (accessed May 17, 2016).

³⁰ European Commission, *Eurobarometer - Flash EB No.257: Views on European Union Enlargement, Analytical Report* (Brussels, February 2009), 20.

³¹ Gareth Harding, “The Myth of Europe,” *Foreign Policy*, entry posted January 3, 2012, <http://foreignpolicy.com/2012/01/03/the-myth-of-europe/> (accessed May 19, 2016).

³² Kamusella, op. cit., 3.

³³ Dingsdale, op. cit., 16.

divisions have a persistent trend in history, and it helps to explain the lack of integration within the EU.

Subregional historian Larry Wolff argues that the concept of “Eastern Europe,” or rather all territories thought to be European yet east of the core western states, was a resourceful term used by the French philosophes during the Enlightenment period to draw a cultural distinction of the civilized West from the backwardness of the East.³⁴ Now, this distinction was not without its merit. As mentioned, developmental divisions between western and CEE countries had been visible since at least the late Middle Ages. While much of Europe would eventually suffer from famine and disease, (sub)regional developments took different paths. Where western states moved away from feudalism and its support from the peasantry and more towards urban and international commerce, east central states took to a renewed economic system based on the landowning gentry elite; further, where the West grew through its budding entrepreneurship, the East grew via its imposed “second serfdom.” Perhaps because of this the latter’s growth was not equal to the former, as it impeded social and economic development and created, as Czech academic Jacques Rupnik describes, “a time-lag” in the East’s attempt to catch up with the West.³⁵

This perception between WE and CEE with regular repetition and time to absorb would come to effect relations between the two for centuries; and can even be said to have helped turn the tide for further western expansion eastward. For example, at the end of this period of Enlightenment, WE states set to work on the fragmentation of the PLC and much of its political incorporation within the ‘western’ dynasties of Germany and Austria.³⁶ The impetus for external appropriation may originate from geostrategic reasoning, or equally likely out of a ‘civilizing’

³⁴ Ibid., 26; see Larry Wolff, *Inventing Eastern Europe* (Stanford, CA: Stanford University Press, 1994).

³⁵ Rupnik, *op. cit.*, 11.

³⁶ Dismemberment was aided by Russian imperial designs; and they, as well, enjoyed the spoils in CEE’s east.

mission in their ‘near abroad.’ Whatever its origins may have been, it should be noted that there was no equalization or cultural integration of these lands; significant cultural difference remained.

This, now ‘civilizational,’ division between WE and CEE would be reinforced later during the Cold War as the West allowed CEE to be dominated by the estranged Soviet Union. Perhaps it was there and then that culture ‘gave way,’³⁷ as well, as had religion before it; but not before the allies betrayed those same states to both Hitler and then Stalin on the eve of ‘victory’ in Europe. It was, after all, the Prime Minister of the United Kingdom who justified the appeasement of Hitler during the Anschluss and Munich Agreement in speaking of CEE as lands “far-away...of whom we know nothing.”³⁸ Indeed, as Konrád writes, from the Congress of Vienna of the early 19th Century to the “imperialist bargain” struck between the emerging superpowers of the West and East at Yalta,³⁹ the peoples of CEE “were treated as objects [...] subject[] to very different imperial arrangements,” where theirs were decidedly more “disturbing and unpleasant.”⁴⁰ Polish writer Czeslaw Milosz has said, “After the first tentative partition of Europe by the Ribentropp-Molotov Pact, the second partition in Yalta sealed Europe’s fate.”⁴¹ And this left, Rupnik describes, “a ‘*Yalta of the spirit*,’” as he quotes Kundera explaining that “‘Europe [had] not noticed the disappearance of its [Central European] cultural home, *because it no longer perceive[d] its unity as a cultural unity*.’”⁴²

Still, to fast forward to the fall of the Berlin Wall and the disintegration of the Soviet Union in the last decade of the 20th Century, CEE states set aside their less-than-lack-luster

³⁷ Kundera, op. cit.

³⁸ Neville Chamberlain, Broadcast (September 27, 1938), quoted in "Prime Minister on the Issues", The Times, September 28, 1938, quoted here in Borsody, op. cit., xiv.

³⁹ George Konrád, *Antipolitics: An Essay*, trans. Richard E. Allen (New York: Harcourt Brace Jovanovich, 1984), 1.

⁴⁰ H.C. Artmann et al., op. cit., 25.

⁴¹ Czeslaw Milosz, “Looking for a Center: On Poetry in Central Europe,” *Cross Currents* 1 (1982): 3.

⁴² Rupnik, op. cit., 7. (italics added)

history with WE to join it, in another of its ‘times of need’ in hopes that promises of integration were, as historian Eric Hobsbawm describes with regard to promoting a more cohesive Europe, more “technical rather than political” in nature.⁴³ However, even during the courtship of integration of the 1990s, there was no positive ‘European consciousness.’ Stephen Borsody, former Hungarian diplomat and scholar, explains that “they were disappointed...[in]...the expected fruits of their liberation.”⁴⁴ And since this time, even following CEE’s accession to the EU there is measured fealty to the EU. “Nor is any likely to develop,” as Hobsbawm believes,⁴⁵ within the other member states either. There is much surprise in fact, as sociologist Neil Fligstein states, in relation to “the creation of a European society [as to] the degree to which people in Europe are unaware of it;... there is little evidence of what could be called the emergence of a European culture.”⁴⁶ This is striking considering that the peoples of CEE, in believing they were part of a “kidnapped West,” having become lost from this “mystical West,” were in fact *promising themselves to more of a mythical West*, instead.

CEE as Unique

Where the EU, on the whole, finds a common story and European cohesion elusive, this is not necessarily so for the subregion of CEE – they do have a common history, one distinct from the rest of Europe. Even amongst their own differences within, Kundera wrote, these CEE states “nevertheless lived through the same great existential experience.”⁴⁷ They have experienced history in a manner that has had a direct effect upon the rest of Europe. This can be seen, for example, in the rhetoric surrounding European participation in the very controversial war in Iraq beginning in 2003. The desire for some CEE states to support the U.S. in Iraq during

⁴³ Hobsbawm, op. cit., 273.

⁴⁴ Borsody, op. cit., 281.

⁴⁵ Hobsbawm, op. cit., 274.

⁴⁶ Fligstein, op. cit., 25.

⁴⁷ Kundera, op. cit., 35.

this time was very controversial, and made more so as then U.S. Secretary of Defense Rumsfeld referred to the European center of gravity as shifting eastward, resulting in heated comments from western European leaders referring to the subregion's support for U.S. intervention as being "infantile" and "reckless."⁴⁸ This, of course, did not sit well in the capitols and streets of CEE at the time.⁴⁹ Even today, scholars Peter J. Katzenstein and Jeffrey T. Checkel explain, "new members have their own visions, programs, and policies grounded in a history that points to persistent differences in experiences and memories."⁵⁰

From this, it may be seen that the political cohesion of the EU based on WE is in decline,⁵¹ where the newer member states are, Katzenstein and Checkel conclude, "creating a Union that differs greatly from its limited predecessors."⁵² Milosz said as much back in 1991 when he said that "[t]he simple fact is that our perspective, whether we are Poles or Hungarians or Yugoslavs, is different from that of Western Europeans, Russians, or Americans."⁵³ It would seem that time, and even integration, has not ameliorated this. CEE was and remains unique to Europe, somehow separate from territories, yet with partially shared cultures, that surround it. Perhaps CEE is, as Rupnik once wrote, the "heart of Europe."⁵⁴ After all, it is here in the transitional zone that cultures merge,⁵⁵ where, as Konrád offers, the Eastern and Western cultures of Europe "intermingle;"⁵⁶ making CEE "neither East nor West; [it] is both East and West."⁵⁷

⁴⁸ Former French Prime Minister, Jacques Chirac, quoted in "Chirac Lashes out at 'New Europe,'" *CNN*, February 18, 2003, <http://www.cnn.com/2003/WORLD/europe/02/18/sprj.irq.chirac/> (accessed July 30, 2015).

⁴⁹ Ian Traynor and Ian Black, "Eastern Europe Dismayed at Chirac Snub," *The Guardian*, February 2003, <http://www.theguardian.com/world/2003/feb/19/iraq.france>

⁵⁰ Katzenstein and Checkel, op. cit., 215.

⁵¹ Ibid., 213.

⁵² Ibid., 214.

⁵³ H.C. Artmann et al., op. cit., 18.

⁵⁴ Rupnik, op. cit., xi, 56, 71, 268, 278.

⁵⁵ Dingsdale, op. cit., 23 and 302.

⁵⁶ George Konrád, "Letter from Budapest," *Cross Currents* 1 (1982): 12.

⁵⁷ George Konrád, "Central Europe Redivivus," *Yale Review* 83 (April 1995), quoted in Johnson, op. cit., 322.

Parallel to a constructivist take on self-perception, where one's "[identity] is defined in relation to a specific other," as political scientist Elsa Tulmets explains,⁵⁸ CEE is different from WE due to its shared history and culture with its east, just as CEE is not completely eastern due to its affiliations and related past with its west. Szűcs explains this in how CEE has "oscillated in terms of its social and institutional structures between the other two Europes."⁵⁹ Almost a *Catch-22*, *this middle zone is simultaneously unique from one side due to its relations with the other*, which then sets the base for its paradoxical relationship in Europe.⁶⁰ It has never been able to, if ever been wanted to, be fully Eastern nor Western due to its identity able to be found in the other. And it is partly from this that the middle zone has, in subregional scholar John Neubauer's words, "a tradition and culture of its own,"⁶¹ and with a perspective all their own that lives deep in the heart of all Central Eastern Europeans. Konrád wrote that "[b]eing a Central European does not mean having a nationality but rather an outlook on the world,"⁶² with, as Milosz continues, "a tone and a sensibility not to be found elsewhere."⁶³ Konrád, perhaps, would agree with Milosz in the thought that "[t]he guarantee of our independence is that we won't become export commodities and won't blend in anywhere."⁶⁴ While this might *be* so, it is *not completely* so. This subregion is, after all, European. If it is to blend in, if even in part, somewhere, then it will be *here*. However, how strong is the Union with whom CEE has already made this attempt?

⁵⁸ Elsa Tulmets, "Introduction: Identity and Solidarity in the Foreign Policy of East Central European EU Members: Renewing the Research Agenda," *Perspectives: Review of International Affairs* 19, no. 2 (2011): 5.

⁵⁹ Rupnik, op. cit., 10; in reference to Szűcs, op. cit., 151-157.

⁶⁰ Rupnik, *ibid.*, 13.

⁶¹ Neubauer, op. cit.; see also Tieanu, op. cit., 26.

⁶² George Konrád, "Is The Dream of Central Europe Still Alive?" *Cross Currents* 5 (1986): 115-116.

⁶³ Czesław Miłosz, "Central European Attitudes," *Cross Currents* 5 (1986): 101.

⁶⁴ Konrád, Letter from Budapest, op. cit., 14.

Declining Panregional Interest

The EU as a whole suffers from declining positive consensus throughout Europe. In 2001, following a historic low turnout (49.51%) for the European Parliamentary elections, the European Commission published a white paper stating that “many Europeans feel alienated from the Union’s work,” and argued that reform was required to bring the Union back in touch with the public.⁶⁵ However, their efforts have not been successful. Actually, the 1999 turnout was merely part of a downward trend from the 1970s, when the EU could boast a near 62% turnout of voters. In fact, every election for European Parliament since has been a historic low, 1999 simply being a drastic drop from 1994 when it was 56.67%, lower than its previous election. In 2014, the percentage was even lower, at 42.61%.⁶⁶ What is even, perhaps, more striking than the consecutively decreasing turnout of voters in the European Parliamentary elections, is the conversely increasing percentage of votes for Eurosceptic parties, increasing from about 17% in 2009 to nearly 30% in 2014.⁶⁷ This change calls for a closer look at the most recent parliamentary elections.

Out of the eight groupings for European Parliamentary parties, four seem more positive toward EU integration, or centrist, such as: the Group of the European People's Party (EPP), and the Group of the Progressive Alliance of Socialists and Democrats (S&D), and the Alliance of Liberals and Democrats for Europe (ALDE), and the Greens/European Free Alliance (Greens/EFA). On the other side, the remaining four are more skeptical toward EU policy and further integration, such as: the European Conservatives and Reformists (ECR), and the European United Left/Nordic Green Left (GUE/NGL), and the Europe of freedom and democracy Group (EFD), as well as the Non-attached Members (NI), which in many cases can

⁶⁵ European Commission (Commission of the European Communities), *European Governance: A White Paper* (Brussels: July, 25, 2001), 5.

⁶⁶ <http://www.europarl.europa.eu/elections2014-results/en/turnout.html>

⁶⁷ <http://www.europarl.europa.eu/elections2014-results/en/election-results-2014.html>

represent extreme anti-EU ideals. Using this, data shows that Eurosceptics significantly increased their representation from 2009, gaining 99 seats in the 2014 European Parliamentary elections, now making up close to one third the representatives. The centrists took huge losses in the 2014 elections, with all parties losing seats, a total of 74 seats.⁶⁸

Now, the pro-EU federalists, or as a BBC report also identifies them, “centrists have already got their candidates into two top jobs” (the presidents of the European Commission as well as the European Parliament).⁶⁹ However, a soft Eurosceptic did come in as runner-up for the latter position, even pooling a significant portion of votes outside his own party. As Euroscepticism is on the rise, a EurActiv report reminds us that “although the number of Eurosceptic MEPs increased, there are still not enough to systematically block EU legislation;” however, it will likely force the centrist parties to work together more closely.⁷⁰ More importantly, it is not necessary for the Eurosceptic MEPs to “block” further integration, technically. Their increasing presence will still allow some measure of influence into EU policy; if nothing else, they can flex their influence at the national level in reducing the regional drive for more integration and, perhaps, promoting desires for less.⁷¹ On the matter of how to respond to this surge of Euroscepticism, Mark Leonard, a co-founder and Director of the European Council on Foreign Relations, and his co-author José Ignacio Torreblanca, a senior fellow at the council, advise that centrist parties should refrain from “huddling together in a ‘Europe cartel’” as this could aid in the perception of increased integration “by stealth” and create a backlash

⁶⁸ The seats were calculated by the author using data from the European Parliamentary website:

<http://www.europarl.europa.eu/elections2014-results/en/election-results-2014.html>

⁶⁹ BBC, “How Eurosceptic is the new European Parliament,” *BBC*, July 1, 2014, <http://www.bbc.com/news/world-europe-28107633> (accessed August 15, 2015).

⁷⁰ EurActiv, “Eurosceptics make controversial return to EU Parliament,” *EurActiv.com*, January 8, 2015, <http://www.euractiv.com/sections/eu-elections-2014/eurosceptics-make-controversial-return-eu-parliament-303242> (accessed August 14, 2015).

⁷¹ Mark Leonard and José Ignacio Torreblanca, *The Eurosceptic Surge and How to Respond to It* (London: European Council on Foreign Relations, April, 2014).

between the Euro-ins and the Euro-outs,⁷² and thereby inviting greater cooperation between the left and right Eurosceptics.

This seems to be part of a much broader phenomenon, political scientists Nathalie Brack and Nicholas Startin observe, from early sympathies of the EU public reflecting a “permissive consensus” to Europeans now having a “constraining dissensus.”⁷³ Integrative measures such as the Maastricht and Lisbon treaties have many, to include prominent western leaders Holland of France and Cameron of the United Kingdom, questioning the path of the European Union. Other factors have also shown to correlate with increased skepticism, such as Europe’s declining economies. The Economist newspaper noted that while “it was the roaring economic growth of the [European Economic Community]” that drew many states to apply for membership, “it [has been] the gloom about the economy ... that [has played] the biggest part in the rejection of the constitution and in the spread of Euroscepticism across the continent.”⁷⁴ However, scholars Liesbet Hooghe and Gary Marks find that Euroscepticism has changed over time, “in tandem with the policies pursued by the EU,” having begun with “opposition to market integration” to “defence of national community,” showing a growing mistrust following Maastricht and the EU Constitution.⁷⁵

On the matter of trust and legitimacy in the EU as an institution of pan-regional integration, Besir Ceka has also looked into the region’s ‘crisis of legitimacy.’⁷⁶ Using data

⁷² Leonard and Torreblanca, op. cit.

⁷³ Nathalie Brack and Nicholas Startin, “Introduction: Euroscepticism, from the Margins to the Mainstream,” *International Political Science Review* 36, issue 3 (June, 2015): 239-249; See Matthew Loveless and Robert Rohrschneider, “Public Perceptions of the EU as a System of Governance,” *Living Reviews in European Governance* 6(2): 5–28; and See Liesbet Hooghe and Gary Marks, “Postfunctionalist Theory of European Integration: From Permissive Consensus to Constraining Dissensus,” *British Journal of Political Science* 39 (January, 2009): 1-23.

⁷⁴ The Economist, “Fit at 50?” *The Economist*, March 15, 2007.

⁷⁵ Liesbet Hooghe and Gary Marks, “Sources of Euroscepticism,” *Acta Politica* 42 (2007): 119-127.

⁷⁶ Besir Ceka, “The EU May Have a Democratic Deficit, but National Governments Are Facing an Even Greater Legitimacy Crisis,” London School of Economics Blog, posted on October 29, 2013,

compiled from Eurobarometer, Ceka addresses the apparent decreasing public support for the performance of member-state governments, over the loss of support for the EU project, and argues that while the EU may indeed have a “legitimacy deficit,” according to the data, its member states are in a far worse situation. Yet, he explains that the poll results of trust in the EU depends upon the perception of how society’s specific member states have been able to adapt to the demands of globalization. In this lies, perhaps, an alternative take to his analysis of Eurobarometer. The state, to begin with, and its elected officials are much nearer in physical proximity than those for the EU, particularly with regard to the public getting their voices heard. This makes local governments a far easier target for hopes of redress. Furthermore, of those holding a low opinion of their state government, many hold such reasoning with the view that their respective governments have failed to protect them from the difficulties of globalization – that, as Fligstein describes, “their governments appeared to be willing to sell them out to heartless corporations.”⁷⁷ The ownership of fault, as Ceka sees it, would seem to be misinterpreted, as much of the policy in dispute is decided not at the national level, but at the regional level.

Nationalism, as it relates to ‘dissensus,’ exists not simply amongst the state members in relation to the institution of the EU, but also amongst themselves, where, as researcher Christos Papanikolaou explains, “Europeans have become more prejudiced against other member states, ...and more disbelieving of [European integration]” to the point that the Union can now be “seen as a potential existential threat.”⁷⁸ Perhaps it is true that, as political scientist Cecile Leconte

<http://blogs.lse.ac.uk/euoppblog/2013/10/29/the-eu-may-have-a-democratic-deficit-but-national-governments-are-facing-an-even-greater-legitimacy-crisis/> (accessed July 30, 2014).

⁷⁷ Fligstein, op. cit., 17.

⁷⁸ Christos Papanikolaou, “In Crisis-Ridden Europe, Euroscepticism Is the New Cultural Trend,” *Open Democracy*, October 10, 2012, <https://www.opendemocracy.net/christos-papanikolaou/in-crisis-ridden-europe-euroscepticism-is-new-cultural-trend> (accessed May 19, 2016).

believes, Euroscepticism is representative of the “global phenomenon of populism” as some Europeans feel that they are disadvantaged in the process of globalization.⁷⁹ And this may be so; but she also relates how the process of Europeanization has shown the EU to be a “monster bureaucracy” managing integration from the “top-down,” portraying the EU as an actor best avoided.

With such perceptions, *increased integration is an unlikely prospect as it could only come about with a greater perception of the Union providing better solutions to peoples’* concerns than the capabilities of their own nations.⁸⁰ And for the Union, that does not bode well considering that since the ‘big bang’ there has been repeated reports of a decrease in trust in the EU as an institution across the board, from a 57% majority having felt trust in 2007 to a 57% majority distrustful in 2012, as shown in Figure 2.2, reported in Eurobarometer surveys through 2012.⁸¹ Additionally, these surveys also show an overall drop in support for the EU as a political union since 2005, shown in Figure 2.3,⁸² and a significant 11% drop in attachment to the EU from 2013 to 2014 alone, shown in Figure 2.4.⁸³ Not to be left out, even within the European bureaucratic elite, Europeanization is desperate for support; as Leconte reports, “less than 40% of administrators stand for a federal EU.”⁸⁴

⁷⁹ Cecile Leconte, “From Pathology to Mainstream Phenomenon: Reviewing the Euroscepticism debate in Research and Theory,” *International Political Science Review* 36, issue 3 (June, 2015): 250-263.

⁸⁰ Fligstein, op. cit., 252.

⁸¹ European Commission, *Standard EB No.78*, op. cit., 75: Trust tends to be higher than the average amongst a number of the CEE states.

⁸² Ibid.; and European Commission, *Eurobarometer - Standard EB No.62: Public Opinion in the EU, Report* (Brussels, May 2005), 146-148.

⁸³ European Commission, *Eurobarometer - Standard EB No.82: European Citizenship, Report* (Brussels, Autumn 2014), 5.

⁸⁴ Leconte, op. cit.; See Liesbet Hooghe, “How Commission officials conceive their institution’s role,” *Journal of Common Market Studies* 50, issue (2012): 87-111.

According to social historian Hartmut Kaelble, “only slightly more than half of Europeans identify with Europe and regard themselves as Europeans,”⁸⁵ and of these, scholars Peter J. Katzenstein and Jeffrey T. Checkel report, only 10-15% are “unambiguously committed Europeans.”⁸⁶ By the numbers it seems, as Harding adds, “[w]hatever common European culture exists is the preserve of a tiny band of well-educated and rootless cosmopolitans: junior EU officials, Eurostar frequent travelers, and foreign exchange students.”⁸⁷ Fligstein also believes them to be “a small fraction of the whole [which] contains the most privileged members of society.”⁸⁸ We may say, then, just as he compares the EU to an iceberg, that its tip lies in the west with particular member states of the EU along the Rhine and Rhone that relate more strongly to the EU as an institution than the rest of Europe as a whole;⁸⁹ while the rest of the iceberg along with most of the peoples of Europe are more nationalistic, than regionalistic.⁹⁰

Here, the question of what holds Europe together arises. Within its cultural milieu, perhaps emboldened by the EU slogan “unity in diversity,” political sociologist Gerard Delanty questions whether Western values might serve as its glue and Europe’s ‘legitimate’ promotion.⁹¹ If so, what are these values? He suggests that these Western, or rather European, values are: property rights, a strong social contract, along with a substantial public sphere.⁹² Whereas, Harding reduces these common values to peace, prosperity, and freedom; but he, then, begs the question, “what else is there?”⁹³ Actually, in this day and age, it is hard to argue that these values are not important the world over; and the EU as an institution hardly owns the rights.

⁸⁵ Hartmut Kaelble, “Identification with Europe and Politicization of the EU Since the 1980s,” in *European Identity*, ed. Jeffrey T. Checkel and Peter J. Katzenstein (New York: Cambridge University Press, 2009), 205.

⁸⁶ Katzenstein and Checkel, op. cit., 215.

⁸⁷ Harding, op. cit.

⁸⁸ Fligstein, op. cit., 248.

⁸⁹ Ibid., 249.

⁹⁰ Ibid., 248.

⁹¹ Delanty, op. cit., 81.

⁹² Delanty, op. cit., 84.

⁹³ Harding, op. cit.

Still, even within the EU, the values noted can be found in greater and lesser degrees depending on the subregion, and even within particular member states. As it turns out, finding Europe's cohesiveness is a bit elusive. Even though the values noted are so general as to be almost blasé, and likely found in common by all, Harding underscores, "[t]here is no consensus, not even the beginning of a consensus, about what European values are." And as such we find that after so much work and vertically driven integration, there exists "a European Union without Europeans" due to the stubborn differences that remain amongst the member states.⁹⁴

We find that, as Rogers and Simón write, "[t]he old postwar motivating myths [are] no longer strong enough to sustain a common European mission, [that] integration is no longer invested with a powerful motivating vision [...] to drive and then keep the community together."⁹⁵ We find that there is, as Harding agrees, "no common story" sufficient.⁹⁶ Kaelble explains this well when he writes, "Lacking are the typical ingredients of national history – a common war of independence, a common period of defeat and suffering, a common period of subsequent reaffirmation of the body politic, a history of common frontiers, and a common historical memory."⁹⁷ Even Jacques Delors, who served three terms as the President of the European Commission, has expressed that "there is no dream, no vision that strikes a chord with today's European citizens in the way that reconciliation and an end to war did [in the years following World War II]."⁹⁸ The lack of such, Katzenstein and Checkel remind us, is due to the presence of multiple European identities.⁹⁹ However, for as much as has been mentioned above regarding the lack of finding a common Europe for all member states, it is possible to say that

⁹⁴ Ibid.

⁹⁵ Rogers and Simón, *op. cit.*

⁹⁶ Harding, *ibid.*

⁹⁷ Kaelble, *op. cit.*, 207.

⁹⁸ The Economist, *Fit at 50*, *op. cit.*

⁹⁹ Katzenstein and Checkel, *op. cit.*, 213.

being European has not been lost nor forfeited, not in the least.

To some degree it may be said that European identification has been on the rise, though not in correlation with support for European integration. Here, we must draw a distinction, aptly raised by a recent study conducted by political scientist Michael Bruter, between a cultural verses a civic dimension to ‘Europeanness.’ *Feeling culturally and historically European is much different than associating that ‘Europeanness’ with belonging to and supporting EU institutions.* This is not paradoxical when one separates the idea of Europe as home, versus the pan-regional institution. While support for integration is declining, the perception of being European is nevertheless on the rise, according to the study. The study confirms the related polarization as described above between WE and CEE, and adds that “as citizens feel more and more European, as they appropriate the EU as their political system, they are also less and less willing to accept its institutional and policy shortcomings.”¹⁰⁰ As such it is possible to say that with the rise in European culturalism, recognition of the faults of its institution have become more readily apparent; and along with this recognition, disappointment. This relates to Eurobarometer reports of a significant 10% drop in satisfaction toward the way democracy works inside the EU since the financial crisis, as shown in Figure 2.5,¹⁰¹ and can be further explained by how few (35%) believe that their respective country’s national interest count inside the EU,¹⁰² and how few (28%) believe their voices are heard at the EU level.¹⁰³

Considering this, contrary to calls for even greater integration, something akin to the ‘United States of Europe,’ scholar Andrew Moravcsik counters that instead, perhaps, we need a

¹⁰⁰ Michael Bruter, *Europolity? Seven Paradoxes about European Identity* (Salzburg, Austria: Salzburg Centre of European Union Studies/Jean Monnet Centre of Excellence, August 2011), 16.

¹⁰¹ European Commission, *Standard EB No.78*, op. cit., 54.

¹⁰² European Commission, *Eurobarometer - Standard EB No.76: Tables of Results from Public Opinion in the EU* (Brussels, Autumn 2011), 75.

¹⁰³ *Ibid.*, 74.

“more decentralized vision.”¹⁰⁴ Not in the same vein as Leonard and Torreblanca, who advise to help create division amongst the Eurosceptics, but rather that *a decentralized EU would be beneficial for the furtherance of a democratic and proportionally representative entity*, Brack adds, “open to society in its diversity.”¹⁰⁵ It would seem that much of European integration has been an attempt to render, as scholar Richard Bellamy phrases it, “a single European people, rather than [] increasing [] deeper forms of cooperation between them.”¹⁰⁶ The latter lends to *establishing greater democratic legitimacy within the EU through a return to inter-governmentalism*, or what Bellamy refers to as “demoi-cracy.”¹⁰⁷ The argument is that an attempt to bridge, or ‘unionize,’ its member states into a unitary structure would be a sub-optimal form of integration. Absent common issues and the willingness for collective action, where “their most important interests are more or less equally tied up in that community,” the experiment could, then, allow for imbalance amongst the integrating states, possibly imposing “inequitable and disadvantageous terms” upon weaker states. Indeed, it may be argued that this has already been the case. While dissatisfaction can be seen throughout Europe, let us return to how this affects integration in CEE.

Rising CEE Negativity

Curyło reminds us that, “CEE states commenced on their path to the EU euroenthusiastically.”¹⁰⁸ The states and peoples of CEE needed to ‘come in from the cold,’ as it were, following the Cold War, and in doing so they looked to the west. Today, however,

¹⁰⁴ Andrew Moravcsik, “The End of the West: The Once and Future Europe,” *Foreign Affairs* 90, no. 5 (October 2011): 183.

¹⁰⁵ Nathalie Brack, “The Roles of Eurosceptic Members of the European Parliament and Their Implications for the EU,” *International Political Science Review* 36, no. 3 (June 2015): 337-350.

¹⁰⁶ Richard Bellamy, “‘An Ever Closer Union Among the Peoples of Europe’: Republican Intergovernmentalism and Demoicratic Representation within the EU,” *Journal of European Integration* 35:5 (June 2013): 499-516.

¹⁰⁷ *Ibid.*; See Robert O. Keohane, Stephen Macedo, and Andrew Moravcsik, “Democracy-Enhancing Multilateralism,” *International Organisation* 63, no. 1 (January 2009): 1-31.

¹⁰⁸ Curyło, *op. cit.*, 11.

disappointed expectations have led to, as scholar Matthew Loveless is quoted, “more sophisticated and nuanced assessments of what their countries’ membership in the EU means.”¹⁰⁹ Political scientist Florian Hartleb describes this as “post-EU-accession syndrome,” when the fallout of Europe’s ‘economic and cultural crises’ left the realization of the Union’s costs and benefits.¹¹⁰ Since the subregion’s accession, Curyło expresses, “[p]ainfully it turned out that the EU was a club of contradictory interests and hard compromises in the first place, and a community of common ideas in the second.”¹¹¹ What is more is that CEE states are not alone; other states in the EU have shown similar interest in distancing themselves from the institution. Notably, Great Britain, Denmark and Sweden have, perhaps, in Fligstein’s words, “the greatest skepticism toward the European project.”¹¹² Though CEE’s Europragmatism is particular to the rest of Europe, having been traditionally more Europhile than the West, Euroscepticism has been on the rise there, and it actually predates the ‘big bang’s’ post-accession blues.

A couple years before CEE accession, scholars Petr Kopecky and Cas Mudde noted that while there was “still a large and positive elite consensus on the issue of European integration in ECE [read CEE], [...] criticism of the EU [was] growing.”¹¹³ Also in 2002, scholars Paul Taggart and Aleks Szczerbiak reported that there were “higher overall levels of support for Eurosceptic parties” in the CEE candidate states than in member states at that time.¹¹⁴ A disconnect, however, was more readily apparent in these early years. Subregional scholar Attila

¹⁰⁹ Aleksandra Sojka, “Unconditional Support? Eurocrisis and Institutional Trust in Central Eastern Europe,” (paper presented at the XI Spanish National Political Science Conference, Sevilla, Spain, September 18-20, 2013); See Matthew Loveless, “Agreeing in Principle: Utilitarianism and Economic Values as Support for the European Union in Central and Eastern Europe,” *Journal of Common Market Studies* 48, no. 4 (August 12, 2010): 1098.

¹¹⁰ Florian Hartleb, “European Project in Danger? Understanding Precisely the Phenomena ‘Euroscepticism, Populism and Extremism’ in Times of Crisis,” *Review of European Studies* 4:5 (2012): 45-63.

¹¹¹ Curyło, *ibid.*, 15.

¹¹² Fligstein, *op. cit.*, 24.

¹¹³ Petr Kopecky and Cas Mudde, “The Two Sides of Euroscepticism: Party Positions on European Integration in East Central Europe,” *European Union Politics* 3:3 (2002): 297-326.

¹¹⁴ Paul Taggart and Aleks Szczerbiak, *The Party Politics of Euroscepticism in EU Member and Candidate States* (Sussex, U.K.: Sussex European Institute, April 2002).

Agh noted this in the manner that local “national elites support[ed] EU integration more assertively than their populations.”¹¹⁵ He explained this peek into this “democratic deficit” in how CEE had lost much in the decade leading up to accession. The transformation in CEE resulted in a loss of about one quarter the GDP of the subregion, leading to impoverishment, social inequality and dislocation; and, thus, along with “economic exclusion” came “social fragmentation,” so that by just prior to accession “social polarization was complete” with a drastic difference between high and low wage earners. And yet, while many states in CEE might lean naturally toward intergovernmentalism,¹¹⁶ they continued down the path of second rank membership, as relations with the EU, constitutional scholar Anneli Albi explains, were lacking “restraining principles such as subsidiarity [and] proportionality,” and with CEE states having “no rights and little say in determining the substance of relations, leaving the EU as a hegemonic actor,”¹¹⁷ and with larger states having a greater voice. The consequence of this, again highlighting CEE dissatisfaction, has led to, as subregional expert Søren Riishøj terms it, a “retrospective utopia” within their burgeoning Euroscepticism realizing a prior “uninformed enthusiasm” toward integration,¹¹⁸ seeing how the Union has not become the institution it was once thought to be.

It may still be true, as political scientists Reinhard Heinisch and Monika Mühlbock write, that “overall, CEE has shown greater confidence in EU institutions than do Western

¹¹⁵ Attila Agh, *The Europeanization of Social Democracy in East Central Europe* (Bonn, Germany: Europäische Politik, Friedrich Ebert Stiftung, April 2004).

¹¹⁶ Søren Riishøj, “Europeanisation and Euro-scepticism: Experiences from Poland and the Czech Republic,” *Central European Political Studies Review* 4:4 (Autumn 2004), <http://www.cepsr.com/clanek.php?ID=211> (accessed May 19, 2016).

¹¹⁷ Anneli Albi, *EU Enlargement and the Constitutions of Central and Eastern Europe* (New York: Cambridge University Press, 2005), 49.

¹¹⁸ Riishøj, op. cit.

member states that tend to display greater trust toward domestic ones.”¹¹⁹ For example, the EU’s overall manageability is seen quite differently across EU, but particularly between WE and CEE. While 65% of respondents believe the EU since CEE accession has been more difficult to manage, shown in Figure 2.6,¹²⁰ CEE does not seem to think that it is as difficult as even the EU average believes, with a difference of 16%; let alone a larger difference between CEE and a couple of larger states in its west (France and Germany), as shown in Figure 2.7.¹²¹ It seems that some of this stems from a perception of difficulties regarding cultural and value differences within the EU; again with a difference of 9%, where CEE states do not perceive this as much of a problem, shown in Figure 2.8.¹²² However, there are indications that CEE patience is growing thin on the matter of second rank membership where CEE sits in the shadows of its western neighbors. Eurobarometer surveys show a markedly less interest in Europe’s ‘two-speed’ vision, having had 7% greater support than the EU average in 2006, to 19% less support than the EU average in 2008, dropping by more than 10%.¹²³ Disinterest is also visible on the matter of even greater integration, which may be seen represented in the gains made by Eurosceptics in CEE during the 2014 elections.

Now, it is true that the aforementioned seats gained and lost during the European Parliamentary elections for CEE are not as impressive as the EU cumulative: on balance, centrists still lost seats, a total of 15, and the sceptics gained seats, a total of 5; and in looking specifically at V4 states, centrists lost 4 seats, and the sceptics gained 2 seats. While these numbers are significant, in the realization that there are fewer representatives that categorically

¹¹⁹ Reinhard Heinisch and Monika Mühlbock, “The Eurosceptical Voter: Attitudes and Electoral Behavior in Central and Eastern Europe,” (paper to be presented at 4th Annual General Conference of the European Political Science Association, Edinburgh, U.K., June 19-21, 2014).

¹²⁰ European Commission, *Flash EB No.257*, op. cit., 30.

¹²¹ European Commission, *Flash EB No.257*, ibid., 32.

¹²² Ibid., 33.

¹²³ European Commission, *Eurobarometer - Standard EB No.70: Public Opinion in the EU, Report* (Brussels, June 2010), 157*.

support EU policies and more that question it, it might not seem so by simply looking at seats gained and lost. However, when analyzed by percentages of available seats, their significance is even greater. Eurosceptics, as mentioned, now hold nearly 30% of all EP seats available, up nearly 10% from the previous election. CEE (or the Visegrad Plus states), on the whole, is not as Eurosceptic with the sceptics holding only 21.6% of the seats; however, they do hold over 32% of the available seats in the V4 states, remaining more sceptical than the EU average towards current EU integration policies.¹²⁴

On the more specific topic of interest in a constitution, there is much less support throughout Europe for this political process generally speaking since the initial ‘big bang’ in 2004 according to the Eurobarometer survey reported in 2007. However, the greatest drop in support came from the states in CEE: having previously been in greater support for a constitution than the EU average to having much less support than the average a couple years after their own accession, let alone the more pronounced variance between CEE and states in Europe’s north and west, as compared between Figures 2.3 and 2.9.¹²⁵ As it stood in 2007, the majority of the public in CEE were against further political integration. Political scientist Nicole Gallina cites how in April, 60% of the “Czech people thought that a EU Constitution was not necessary.”¹²⁶

In such a Eurosceptic environment, particularly as, according to political scientist Aleksandra Sojka, “older citizens in CEE countries have slightly smaller odds of trusting the EU,”¹²⁷ some have hope in the youth of Europe believing that “young people favor more

¹²⁴ The percentages were calculated by the author using data from the European Parliamentary website: <http://www.europarl.europa.eu/elections2014-results/en/election-results-2014.html>

¹²⁵ European Commission, *Eurobarometer - Standard EB No.66: Public Opinion in the EU, Report* (Brussels, September 2007), 193; and European Commission, *Standard EB No.62*, op. cit., 150.

¹²⁶ Nicole Gallina, “Political Elites in Eastern Central Europe: Paving the Way for ‘Negative Europeanisation?’” *Contemporary European Studies* 2 (2007): 75-91.

¹²⁷ Sojka, op. cit.

integration.”¹²⁸ However, if the 2005 referenda in France and The Netherlands are any indication, according to Leconte, youthful optimism should be taken in measure in that “opposition to further integration reaches well into [this] theoretically Europhile segment” of society.¹²⁹ As well, journalist Paul Mason notes that across Europe, from Spain to Poland, the youth share increasing distrust of EU institutions and the existing power elite.¹³⁰ It would seem that public opinion has changed the perception to the point where, as Hooghe and Marks believe, further “European integration is no longer determined by insulated elites.”¹³¹ Though even in the case of elites, their opinions are changing – as already noted in western Europe, as well as in CEE.

Following accession, political leaders in CEE, particularly in the Visegrad states began to be more vocal in the doubts of their success in Europeanization. This, actually, began in the pre-accession process as both Poland and the Czech Republic argued for equal voting-weights with the other members of the EU.¹³² Václav Klaus was the Czech Republic’s president during the country’s accession to the EU, and he spoke on the imbalance of influence between member states and the regional institution just one year later. In addressing an audience at the University College London, upon the same grounds as Masaryk had done 90 years previously, Klaus included praise for the “opening up” of Europe through its integration process. However, he admitted his belief that the Union has “gradually, and for many Europeans invisibly metamorphosed into something else, in the building of a centralized, supranational entity with only very limited residual sovereignty left in individual member countries and with ambitions to

¹²⁸ Fligstein, *op. cit.*, 252.

¹²⁹ Leconte, *op. cit.*

¹³⁰ Paul Mason, “Spain, Poland and Greece: Shudders in Europe’s Political Foundations,” Channel 4 News Blog, posted on May 25, 2015, <http://www.channel4.com/news/spain-madrid-march-protests-podemos-syriza-greece-left-wing> (accessed May 26, 2015).

¹³¹ Hooghe and Marks, *Sources of Euroscepticism*, *op. cit.*, 119.

¹³² Gallina, *op. cit.*, 83.

mastermind Europe from above.”¹³³ He believed that this has led to “a huge democratic gap,” as *many Europeans are uninterested in taking direction from Brussels*. Similar to Klaus, Fligstein points out that the voting rules within the Union changed with the Single European Act from unanimous to a qualified majority.¹³⁴ He explains that as member states have “ceded sovereignty to a supranational political body,” there is a consequent lack of political participation that is even possible for the citizenry; and that this restricts the ability of citizens to participate directly in EU politics.” The consequence of this is that the EU is seen to be remote from the average person,¹³⁵ leaving a sense of resentment, which should strike some historical images.

The EU, it would seem, has not learnt the lessons provided by history. The ruling classes that subjugated Central Eastern Europe and South Eastern Europe in the 19th Century failed to respect the wishes of its peoples; and their resulting nationalisms were the power that eventually brought about the fall of the Austro-Hungarian empire. Interestingly, during a protest in Hungary in 2006, debating the origins of the failed revolution of 1956 against the Soviets, participants, in a fit over current policies, removed the EU flag, reminiscent of the debated revolution itself. Arguably, *nationalism has retained its strength*.¹³⁶ Case raises the relevant question, “Was the EU just one more foreign oppressor – like Austria in 1848, or the Soviet Union in 1956?”¹³⁷ There is little doubt that the Austrian empire, debating its own internal troubles found amongst its minorities in the 1860s, particularly the Magyar elite, sowed its own destruction with the fateful Compromise of 1867, in choosing not to address all or even the majority of voices. Today’s EU, with the accessions of 2004/7, is a ‘compromise’ of sorts itself,

¹³³ Klaus, op. cit.

¹³⁴ Fligstein, op. cit., 19.

¹³⁵ Ibid., 18-21.

¹³⁶ Dingsdale, op. cit., 245.

¹³⁷ Case, op. cit., 120.

as it is also an unequal institution.¹³⁸ Now, while the EU was not directly imposed upon its member states as the Austrian empire had been, there does exist the similarities, as Harding relates, in “resentment toward political elites,” as well as “bruised national identities, and the desire for self-determination.”¹³⁹

This desire emanates from the reminder of their minority existence and treatment, forever on the periphery of Europe; and, therefore, this is not incredibly surprising, as its simply ‘par for the course.’ As Konrád said, “To be Central European is to be in a minority; to be in a minority is Central European.”¹⁴⁰ It can be characterized as not having a voice, or, more directly, not being given one. Hungarian writer Péter Esterházy epitomized this sentiment when he wrote just prior to the often praised 2004 accession, “Once I was an Eastern European; then I was promoted to the rank of Central European. Then a few months ago, I became a New European. But before I had the chance to get used to this status – even before I could have refused it – I have now become a non-core European.”¹⁴¹ It should seem that even these sentiments are forever stuck on the periphery of the other two Europes, where their voices seem hardly heard.

As shown in this chapter, a nation’s identity can be delicate subject. This, of course, is true of Europe, and other regions of the world; and its difficulty extends into the subregion of CEE, as well. Unique identities are everywhere, and Europe is not without its variants. This can be seen in the rather broad generalizations of WE, CEE, and EE. And though their communities do share space in Europe, they were cut from different cloths; each being unique from another. As such, there is difficulty in matching them together, as can be seen in the expansion of EU

¹³⁸ Borsody, op. cit., 2.

¹³⁹ Harding, op. cit.

¹⁴⁰ Konrád, *Is The Dream*, op. cit., 114.

¹⁴¹ Péter Esterházy, “How Big is the European Dwarf?” in *Old Europe, New Europe, Core Europe: Transatlantic Relations after the Iraq War*, ed. Daniel Levy, Max Pensky, and John Torpey (New York: Verso, 2005), 74-75, quoted in Case, op. cit., 112-113.

through CEE. What ‘unity,’ really, has come from Europe’s ‘diversity?’ The rising negativity, cited above, questions the viability of the Union, itself. One wonders if a more simple base in collaboration, upon which the Union was actually founded, can continue to hold the EU project together as it has for so long. This “base,” of course, is economics; and it is toward this topic to which we now turn.

CHAPTER III

ECONOMY: DEPENDENCY & DIVERGENCE

This chapter continues the case of a relationship unrequited, but in the economic realm. The objective was to investigate CEE's relationship within Europe's economy, and how this relates to the subregion's own economic development. A few questions drove the chapter's research: To what extent is CEE dependent upon the EU economy? In what manner has membership furthered development in CEE states? What is the best path to growth? Findings identify CEE's peripheral dependence in Europe's economy and development, stemming from an all too common, and all too sudden approach to the opening of their economies to globalization. Economic development has come only in the form of foreign direct investment and cohesion aid from its European partners. For as much as these have been praised, this chapter presents argument and data that puts both of these policies into question. Then, it explores a number of options to improve subregional economic development along an alternative path.

In from the Cold

The era of globalization born in the final decades of the last century has ushered in an environment where states and their firms have found themselves on the global playing field competing for market share.¹ Immediately following the end of the Cold War, Central Eastern Europe (CEE) began its rather abrupt transition to the market economy and European regionalization. Arguably what was needed was another Marshall Plan; a plan that would bring the subregion together and aid its growth and integration with Europe. Now CEE's initial growth can partially be explained through neoclassical growth theory in that capital investment increased due to its ability to gain a higher return in this capital starved subregion. And while

¹ John M. Stopford, Susan Strange and John S. Henley, *Rival States, Rival Firms: Competition for World Market Shares* (New York: Cambridge University Press, 1991).

the early 1990s was a period when CEE states were interested in policies that would benefit internal growth, by the end of the decade externally oriented strategies based on competition for foreign direct investment (FDI) became the norm, in which all CEE states shared a bumpy yet relative increase in FDI.² This increased, incredibly so, in the immediate periods leading up to and just following Europe's 'big bang' in 2004/2007, when 12 new states along this periphery became members of the EU and experienced an impressive average GDP growth of over 6 per cent.³

Unfortunately, this growth was tainted with debt accumulated during this period of 'economic expansion.' According to World Bank data, much of Visegrad show an increase in central government debt as a percentage of GDP from about 2000 onward, without much change during the 2008 recession, which contrasts with the EU average; the latter having a decline in its debt until the 2008 crisis, with then a marked rise with data available through 2012, shown in Figure 3.1.⁴ The Bank for International Settlements also shows, in data available through 2014, a general increase in central government debt securities through 2014 for Visegrad.⁵ And according to the European Commission, "given the accumulation of deficits and the slowdown in growth, sovereign debt ratios have increased markedly, from 60% of GDP on average before the crisis, to 80% in 2010 and they [were] forecast to reach 89.5% in 2015."⁶ With such a trend into negative public spending, where is the EU's positive influence upon the subregional economies?

² *World Development Indicators*: Foreign direct investment, net inflows (% of GDP), Washington, D.C.: in the World Bank database, <http://data.worldbank.org/indicator/BX.KLT.DINV.WD.GD.ZS> (accessed May, 2015).

³ Witold M. Orlowski, "The Puzzles of Convergence: Europe's Economic History in the Twentieth Century," in *Regional Development in Central and Eastern Europe: Development Processes and Policy Changes*, ed. Grzegorz Gorzelak, John Bachtler and Maciej Smetkowski (New York: Routledge, 2010), 16; see also: *World Development Indicators*, FDI inflows, *ibid.*

⁴ *World Development Indicators*: Central government debt, total (% of GDP), Washington, D.C.: in the World Bank database, <http://data.worldbank.org/indicator/GC.DOD.TOTL.GD.ZS> (accessed May, 2015).

⁵ *BIS statistics*, Debt securities statistics, Basel, Switzerland: in the Bank for International Settlements database, <http://www.bis.org/statistics/secstats.htm> (accessed December, 2015).

⁶ European Commission, *Taking Stock of the Europe 2020 Strategy for Smart, Sustainable, and Inclusive Growth* (Brussels: March 19, 2014) 7.

This, actually does not spell positive news for the European economy; and it is a topic that will be returned to in the next chapter. At present, though, even with its GDP growth, it is questionable, considering its expansion of debt, how much positive growth CEE has attained overall.

With this mind, as can be surmised, growth has deteriorated since the crisis. Indeed, it returned for a peak in 2010, but only to fall dramatically afterwards.⁷ This is the case for CEE, as well as the EU in general. It is not surprising, then, that within surveys taken by Eurobarometer at the beginning of the crisis, respondents expressed on average that life would be harder for the next generation in Europe, shown in Figure 3.2.⁸ Even after the crisis, a majority of EU states believed that worse was still to come. The mood throughout the EU, to include those in CEE, had not abated by 2011, as the average pessimism on the future of the crisis increased, shown in Figure 3.3.⁹ The results of which, it may be argued, have left those in CEE wanting policies to supplement their reduced growth, if not very different policies that had, here to fore, been followed.¹⁰ But before new possible opportunities are discussed, it is important to set the background to CEE's current decline in growth, and the debate surrounding its initial post Cold War growth.

The Western Transition

There is nothing particularly crude or necessarily coercive in the premise of Western-led transformation – as the West would naturally have some desire to mold its neighbors in an image conducive to positive relations, relative to that previously had during the Cold War. And this is supported by political scientist Ashok Swain and economist Jane Hardy who referred to its

⁷ *World Development Indicators*: GDP per capita (current US\$); and GDP per capita growth (annual %), Washington, D.C.: in the World Bank database, <http://data.worldbank.org/indicator/NY.GDP.PCAP.CD>; and <http://data.worldbank.org/indicator/NY.GDP.PCAP.KD.ZG> (accessed May, 2015).

⁸ European Commission, *Standard EB No.70*, op. cit., 248.

⁹ European Commission, *Standard EB No.76*, op. cit., 140.

¹⁰ Orlowski, op. cit., 17-18.

application in CEE quite benignly as ‘the reintegration of the Marchlands into the capitalist world economy that is being transformed by globalizing and internationalizing processes.’¹¹ And subregional political economist Jan Drahokoupil remarked that their policies would be similar to others advised by such economists and foreign advisors as Jeffrey Sachs, who worked to integrate states with globalization through “market-like rule and creation of a local capitalist class.”¹² Drahokoupil explains that reformers reasoned that they only needed to unleash the natural economic abilities of CEE, based on their “pool of skills, knowledge, and industrial prowess that was competitive on the world market and merely needed to be liberated from the constraints of the command system.”¹³ And this is how CEE transition began.

Some of this occurred within a relatively brief timespan; however, for CEE it was a noteworthy change framing its economic integration, as Drahokoupil words it, “from collectivization to globalization,”¹⁴ where policies were interpreted through a new lens, shaping a new “‘structural literacy’ of the policy-makers and policy-shaping social actors.”¹⁵ The transformation to new capitalist regimes embodied a paradigmatic shift in CEE’s goals and values regarding their economic policies, hereby metamorphosing the traditional national interests and identity of the renewed states and a former collective to that of the European Union and their individual places within.¹⁶ European expert Alan Dingsdale explains this well.

¹¹ Found in: Dingsdale, op. cit., 169; See: A. Swain, and J. Hardy, “Globalisation, Institutions, Foreign Investment and the Reintegration of East and Central Europe and the Former Soviet Union with the World Economy” *Regional Studies* 32, issue 7 (1998): 587-90.

¹² Jan Drahokoupil, *Globalization and the State in Central and Eastern Europe: The Politics of Foreign Direct Investment* (New York: Routledge, 2009), 36

¹³ Ibid., 99.

¹⁴ Ibid., 155.

¹⁵ Ibid., 14; see R.D. Putnam, *Making Democracy Work: Civic Traditions in Modern Italy* (Princeton, NJ: Princeton University Press, 1993); and B. Rothstein, *The Social Democratic State: The Swedish Model and the Bureaucratic Problem of Social Reforms* (Pittsburgh, PA: University of Pittsburgh Press, 1996); and A. Gramsci, *Selections from the Prison Notebooks* (New York: International Publishers, 1971), 113; and A.C. Drainville, “International Political Economy in the Age of Open Marxism,” *Review of International Political Economy* 1, no. 1 (1994): 109.

¹⁶ Drahokoupil, *Globalization and the State*, op. cit., 36; see J. Williamson, “Democracy and the ‘Washington Consensus,’” *World Development* 21, no. 8 (1993): 1329–1336.

“This had a particular resonance in the Marchlands [CEE] because of the restrictions that communist modernity had on individual identity, inventiveness, innovation, mobility and action. Personal self-development uniting thought worlds and action worlds was liberated by the return of the west, which in its neo-liberal guise promoted, encouraged and applauded the very qualities that had previously been most suppressed, frowned upon and even criminalised.”¹⁷

Now, while CEE certainly sought western integration, there was some division within as to how intensively to commit to the western export-oriented regionalization program.

There was much debate early on, as some reformers had wanted a more state-led or internal approach,¹⁸ than a regional institutional model. The word institutional is used, rather than simply a market-capitalist approach, as institutional rules and limitations were set by the EU, underlining the political influence had by the Union. An alternative ‘*third way*’ based on market socialism or a social-democratic system was proposed,¹⁹ in which Sweden had been hailed as an appropriate model.²⁰ The ‘third way,’ also referred to as the French proposal, incidentally had no intention of excluding EE from CEE’s inclusion with the West; but rather envisioned a pan-European economic bloc with its West and East included. As it happened, this opposition was insufficiently organized to secure policies alternative to the western regional paradigm – nor for greater state involvement toward regional integration.²¹ Drahokoupil attributes this to “the political weakness of labour and enterprise managers,”²² and the absence of united “domestic capitalist classes.”²³ The resulting vacuum then allowed for CEE’s

¹⁷ Dingsdale, op. cit., 172.

¹⁸ Drahokoupil, *ibid.*, 87-113.

¹⁹ *Ibid.*, 91 and 96: “A fear of foreign domination and nationalism both have deep historical roots in CEE states (, and this) reflected the region’s peripheral integration into the global system (, and) can be interpreted as a popular response to the neoliberal project of modernization through dependency on foreign capital.”

²⁰ *Ibid.*, 90.

²¹ *Ibid.*, 21.

²² Drahokoupil, op. cit., 179.

²³ As a result, Drahokoupil later continues on page 24, “This operated as a mechanism translating structural dependence on foreign capital into concrete political processes within CEE states.” See Otto Holman, “Integrating Peripheral Europe: The Different roads to ‘Security and Stability’ in Southern and Central Europe,” *Journal of International Relations and Development* 2, no. 2 (2004): 223; and S. Shields, “The ‘Charge of the Right Brigade:’

“domestic politics [to be] transnationally constituted,”²⁴ along an externally oriented path, unable to put local strategies as priority.²⁵

Perhaps transition may have proceeded very differently had early reformers been able to secure that more gradual approach to CEE’s transition into European trade and the world economy. Some CEE states such as the four Visegrad countries (V4) may have converged with globalization more smoothly than other developing countries. In one way, at least, they were different: contrary to neo-liberal advisors’ advice for austerity, their governments took more social compensatory measures in foregoing shock therapy,²⁶ preserving a modicum of social cohesion, as Drahokoupil explains, by “extend[ing] subsidies and credits to [local] enterprises.”²⁷ Still, many of these benefits had been reduced by 1993.²⁸ Furthermore, by this time a number of CEE decision-makers had already participated in Western exchanges with neoliberal thinkers,²⁹ and were familiarized with policies of the popularized Washington Consensus,³⁰ advocating open markets, privatization,³¹ and reduced public spending.

In the end, and *in the absence of investment, as well as the absence of access to markets, CEE had to give up attempts at self-sufficiency and their want of long-term internal development*. Due to international pressures and domestic disorganization, CEE was forced to

Transnational Social Forces and the Neoliberal Configuration of Poland’s Transition,” *New Political Economy* 8, no. 2 (2003): 225-244.

²⁴ Drahokoupil, *Globalization and the State*, op. cit., 27 and 179.

²⁵ Ibid., 184; H. Overbeek, *Global Capitalism and National Decline: The Thatcher Decade in Perspective* (London: Unwin Hyman, 1990).

²⁶ Drahokoupil, *ibid.*, 36-37; see M.A. Orenstein, *Out of the Red: Building Capitalism and Democracy in Postcommunist Europe* (Ann Arbor: University of Michigan Press), 36, 42.

²⁷ Drahokoupil, *ibid.*, 36.

²⁸ Ibid., 42; see M. Godfrey and P. Richards, *Employment Policies and Programmes in Central and Eastern Europe* (Geneva: International Labour Office).

²⁹ Drahokoupil, *ibid.*, 18-20.

³⁰ The Washington Consensus: promoting trade liberalization, industry privatization, and fiscal austerity.

³¹ It is noteworthy that this privatization favored foreign-based investment. This is likely due to its greater availability, and eagerness.

compete regionally and globally,³² as FDI attraction seemed all-important, thereby leaving little room to address the restructuring of the social safety nets.³³ All CEE states, albeit at different speeds, inevitably changed from an internally oriented path meant to promote domestic accumulation, to the externally oriented institutionalist path.³⁴ It was reasonable, after all: market fundamentalism is firmly embedded in the global economic framework,³⁵ and, as it was a time when CEE officials trusted this popularly hailed path, their reformers were given extraordinary autonomy.³⁶ During this time, Drahokoupil believes neoliberal reformers “[took] advantage of the period of ‘extraordinary politics’ when greater change was possible because they did not face the [unified] opposition of social interests.”³⁷

This is what opened the door for multinational corporations (MNCs) to enter into the developing markets of CEE,³⁸ during a period of hardships and immense political and economic transition. Perhaps their entrance was inevitable, considering the circumstances of the 1990s. At the time, foreign investment was seen to be an elixir for ‘the lands in between;’ as a former U.S. ambassador said, it was to be “a new Marshall Plan to help Central and Eastern Europe.”³⁹ Unsurprisingly CEE desired what the MNCs possessed: the technology, capital, and access to markets necessary for trade. So, while in the 1990s there were justifiable fears, as Drahokoupil expresses, that “FDI would buy out the commanding heights of respective economies,

³² Drahokoupil, *Globalization and the State*, op. cit., 85-86.

³³ Ibid., 18. See: Holman, op. cit., 225-227.

³⁴ Drahokoupil, *ibid.*, 14-23.

³⁵ Dingsdale, op. cit., 167.

³⁶ Drahokoupil, *ibid.*, 29, 63, 67, and 179; see S. Haggard, *Pathways from the Periphery: The Politics of Growth in the Newly Industrializing Countries* (Ithaca, NY: Cornell University Press, 1990).

³⁷ Drahokoupil, *ibid.*, 99.

³⁸ Ibid., 11; see Stopford, Strange and Henley, op. cit.

³⁹ U.S. Ambassador Donald Blinken is reported to have said this at the Collegium Budapest regarding private investment, quoted in P. Gowan, “Neo-liberal Theory and Practice for Eastern Europe,” *New Left Review* 1/213 (1995): 10; quoted here in Drahokoupil, *ibid.*, 2.

destroy[ing] the viable economic structures in the East,”⁴⁰ needing capital resulted in a change of local perceptions by the middle of the 1990s. This, essentially, framed peripheral CEE along an internationalized integration path that set WE as well as the interests of transnational capital dominant,⁴¹ ‘forc(ing) states to compete in the adoption of FDI-friendly policies.’⁴² In this manner, CEE states were coopted by the influence and strength of foreign capital,⁴³ to the degree that, as Drahokoupil adds, the “social base of the state cannot be located purely at the national level any more;”⁴⁴ but rather that, “the power of the national state ha[d] shifted and transformed upwards.”⁴⁵

Comprador Integration

This transition of power and influence having moved from local hands to those regionally has given some justification to the popular perception that this neoliberal transition has been exported, forcing the subregion into economic competition for investment and market share.⁴⁶ And it should go without much contest that powerful regional politico-economic influence did in fact pressure the former Warsaw Pact countries into this manner of transition. Though while orientation turned to foreign investors, it must be said that this process depended on interests of key domestic groups, or as Drahokoupil refers to them, the “comprador service

⁴⁰ Drahokoupil, *Globalization and the State*, op. cit., 2.

⁴¹ Ibid., 12; see S. Shields, “Neoliberalisation Through Depoliticisation: Transnational Governance and the Political Economy Implications of Eastwards Enlargement of the EU” (paper at the Amsterdam Research Centre for Corporate Governance Regulation [ARCCGOR] Inaugural Workshop, Vrije Universiteit, Amsterdam, December 17–18, 2004).

⁴² Drahokoupil, *ibid.*; see Holman, op. cit., 223; and H. Appel, “International Imperatives and Tax Reform: Lessons from Post-communist Europe,” *Comparative Politics* 39, no. 1 (2006): 43-62; C.S. Meaney, “Foreign Experts, Capitals, and Competing Agendas: Privatization in Poland, the Czech Republic, and Hungary,” *Comparative Political Studies* 28, no.2 (1995).

⁴³ Drahokoupil, *ibid.*, 125.

⁴⁴ Ibid., 26.

⁴⁵ Ibid., 52.

⁴⁶ Ibid., 92. See I. Grosfeld, “Reform Economics and Western Economic Theory: Unexploited Opportunities,” in *Reform and Transformation in Eastern Europe*, ed. J.M. Kovacs and M. Tardos (New York: Routledge, 1992), 62-79; and P. Murrell, “The Transition According to Cambridge, Massachusetts,” *Journal of Economic Literature* 33 (1995): 164-178; and R.B. Reich, *The Work of Nations: Preparing Ourselves for 21st-century Capitalism* (New York: Vintage, 1991); and J.R. Wedel, *Collision and Collusion: The Strange Case of Western Aid to Eastern Europe, 1989-1998* (New York: St. Martin’s Press, 1998).

sector;”⁴⁷ “comprador because it is structurally dependent on transnational capital, whose interests it represents.”⁴⁸ These local actors often provide services to foreign direct investors. So, rather than the transition having extended *solely* from coercive international pressure, Western influence provided moral and financial support to locals with common interests,⁴⁹ in the banking and business sectors.⁵⁰ The inclusion of the banking sector might very well be a telltale sign of Western design, rather than market-capitalism merely running its course. This is explained by legal scholar Rudolf Schlesinger:

“Quite apart from the specific needs of war economy under the specific organisation of Central European economics it is evident that any hegemonic power is bound to attempt the stabilisation of its rule by getting control of the banking system that controls most industrial enterprises. ...[A]ny kind of ‘leadership’ in a capitalist reconstruction of Europe involves securing control of the banking system, or collaboration with such groups within the banking system as are ready to become the tools of the leading power.”⁵¹

Capital, essentially, is what linked these actors operating figuratively from the top-down and from the bottom-up. Those that could capitalize on the internationalization of CEE, where the new environment began to be centered, did so through it. Drahokoupil explains that the local actors, being dependent upon the economy and structurally dependent upon the production process, increasingly became dependent on foreign capital and the EU – fostering a symbiotic relationship between foreign and limited domestic actors in which their actions privileged each

⁴⁷ Drahokoupil, *Globalization and the State*, op. cit., 3, 27 and 183; see J.G. Ruggie, “International Regimes, Transactions, and Change: Embedded Liberalism in the Postwar Order,” *International Organization* 36, no. 2 (1982) 379–415.

⁴⁸ Drahokoupil, *ibid.*, 183.

⁴⁹ *Ibid.*, 93; B. Greskovits, *The Political Economy of Protest and Patience: East European and Latin American Transformations Compared* (Budapest: Central European University Press, 1998), 65-67; H. Appel, *A New Capitalist Order: Privatization and Ideology in Russia and Eastern Europe* (Pittsburgh, PA: University of Pittsburgh Press, 2004), Chapter 2.

⁵⁰ Drahokoupil, *ibid.*, 54, 105, 141, 148, 181 and 184; see E. Hanley, L. King, and I.T. Janos, “The State, International Agencies, and Property Transformation in Postcommunist Hungary,” *American Journal of Sociology* 108, no. 1 (2002): 129-167.

⁵¹ Schlesinger, op. cit., 461.

other, forming a power bloc stronger than others.⁵² Oddly enough, in many cases, the leadership that became the winners in the local capitalist class were often actually the same ‘winners’ of the old communist elite,⁵³ merely maintaining privilege amidst the changing economy. In their drive for their share of regional trade,⁵⁴ let alone global trade, CEE states found it increasingly difficult to protect their own firms.⁵⁵ Their newfound place in the competition for foreign capital made quick work for the privatization of CEE industries. Transnational capital garnered so much influence that even local unions had come to represent the interests of MNCs over that of locals,⁵⁶ and *eventually foreign capital came to control all key sectors of the CEE economy*,⁵⁷ such as leading export industries, public utilities, and of course the banking sector.

If a Marshall Plan similar to post-WW2 had been an appropriate prescription, former Hungarian diplomat and scholar Stephen Borsody believes, “privatization of the economy with some influx of foreign capital was a poor substitute.”⁵⁸ The privatization of CEE spurred intense competition amongst states and their firms,⁵⁹ rather than any manner of cooperation such as that inspired by the Marshall Plan of the west. Drahokoupil describes the “competition state,” representative of CEE, as having political, institutional, and structural “underpinnings.” Politically, it is supported by the local actors coopted by international finance. Institutionally, it is restrained by coercive conditionality established through the EU.⁶⁰ And, structurally, it is

⁵² Drahokoupil, *Globalization and the State*, op. cit., 24-27.; Others, here, may be seen as any local agglomeration/grouping not subordinate to international/Western finance and/or business interests to the east of CEE.

⁵³ Johnson, op. cit., 317.

⁵⁴ Drahokoupil, *ibid.*, 17.

⁵⁵ Fligstein, op. cit., 12.

⁵⁶ Drahokoupil, *ibid.*, 147; see P. Kubicek, *Organized Labor in Postcommunist States: From Solidarity to Infirmity* (Pittsburgh, PA: University of Pittsburgh Press, 2004), 204.

⁵⁷ Drahokoupil, *ibid.*, 105; see P. Mihályi, “The Evolution of Hungary’s Approach to FDI in Post-communist Privatization,” *Transnational Corporations* 10, no. 3 (2001): 61–73; and Hanley, King, and Janos, op. cit.

⁵⁸ Borsody, op. cit., 282.

⁵⁹ Drahokoupil, *ibid.*, 176.

⁶⁰ Drahokoupil, *Globalization and the State*, op. cit., 134.

subservient to the MNCs and their access to capital. From these, states have been made dependent on foreign investors,⁶¹ the latter benefitting from the institutional conditionality.⁶² And the resulting competition amongst states, in a manner of speaking, ‘asserted a sense of self-development at the expense of subregional collective development.’⁶³ If these “underpinnings” of the neo-Marshall Plan drew CEE’s transition down any path parallel to the original post-WW2 plan, it would be a very different one at the very least – as the subregion would not develop in a similar manner as its west.

If CEE states had any hope of using foreign capital and integration as a means to later turn towards desired inward accumulation and development, where a greater domestic stake could be had in local growth, they were disappointed. Drahokoupil states, “EU competition regulation effectively prevented attempts to promote national ownership.”⁶⁴ Where there was interest in privatization, though an attempt to make gains more local than international, the voucher method was used – generally for medium to large-sized businesses, in which the public received shares in the business. The idea seemed sound, perhaps, if one follows the belief that greater competitiveness can be found in greater corporations. Still, many of these shares ended up in the control of state-owned banks.⁶⁵ And, as states were indebted to international capital, and local neoliberal reformers were eager for the benefits of foreign investment, their banks allowed the sale of lucrative state-owned enterprises to international investors for a song.⁶⁶

And for what? How much growth did FDI actually contribute to the aforementioned growth that was had in the subregion? Heavy industrial growth has traditionally been an area

⁶¹ Ibid., 16.

⁶² Ibid., 19.

⁶³ Dingsdale, op. cit., 163.

⁶⁴ Drahokoupil, ibid., 181.

⁶⁵ Ibid., 38.

⁶⁶ Borsody, op. cit.

that regions have aspired to succeed in. And while it may be argued that this has been superseded by technological industries more closely associated with the modern ‘knowledge economy,’ major manufacturing remains a solid base for economic development. But while integration seems to have included CEE states within the general supply chain of western manufacturers and service providers, the CEE economy has had little chance to move past labor intensive, low-tech industries. This might be explained in the desire of western actors to want to protect their interests and long-term investments from competition.

As FDI took hold of industries in the region, foreign investors were not only in the position to benefit from industries and wages already established in CEE, but also to steer industrial, and thereby economic, development in their preferred direction. According to Schlesinger,⁶⁷ generally speaking, it is in the long-term interest of the larger successful firms in Europe’s west to incorporate industries of other countries that are complimentary to their own, but not in competition with them.⁶⁸ It is understood that a good portion of the Soviet base of manufacturing and skilled labor resided in CEE, a comparative advantage that could have been capitalized upon to benefit the owners of these assets and resources. However, as the new owners represented their long-term interests already established in the west, *CEE would be used as a supplement, rather than to flourish as a potential competitor*. This speaks to the larger picture in which competitive capitalism was nurtured in the subregion.

Political Scientist George Friedman has been regularly critical of the structure and balance within the EU. He has a case for believing that this band of developing CEE states along the EU periphery should actually have a positive balance of investment and trade within the

⁶⁷ Here, Schlesinger was speaking of Germany’s hand at federalism last century, but his argument seems to equally hold true today.

⁶⁸ Schlesinger, op. cit., 463.

Union.⁶⁹ There is no doubt that this was a hopeful venture for many in the subregion early on. However, the original estimation of benefits was simply over-estimated considering that the free trade zone is dominated by a center-led export dependent economy.⁷⁰ And it seems that the CEE supplement was the intended structure designed within the Union's expansion. As CEE wage and industrial advantage presented more of a threat than possible opportunity to actors within WEU, political scientist Wade Jacoby writes, "management efforts allowed [WEU] actors to exploit investment opportunities in [CEE] but without immediately exposing [WEU] economies to large increases in migration or trade pressure in sectors where [CEE] had comparative advantage." This, then, shifted inherent potential growth to one based on FDI, to where WEU firms own many that it trades with in CEE,⁷¹ and essentially control much of their leading export industries.⁷² The result has been low growth in locally owned (and thereby locally-benefiting) export manufacturing capabilities, particularly when it comes to high-tech industries.⁷³ Other inequities related to free and fair trade were also present.

The EU's integration of the periphery not only encouraged the subregion to provide, even to specialize in, services less lucrative such as labor intensive and low-tech industries, but also encouraged CEE to abolish trade restrictions on EU imported goods. This latter point might seem well and good in an atmosphere of opening trade and reducing restrictions. However, during this time, EU policies maintained protection of certain sectors of the economy, denying

⁶⁹ Stratfor, "Agenda: With George Friedman on the Visegrad Group," Strategic Forecasting, Inc., entry posted May 20, 2011, <https://www.stratfor.com/analysis/20110520-agenda-george-friedman-visegrad-group-1> (accessed July 30, 2015).

⁷⁰ George Friedman, "Europe, the International System and a Generational Shift," Strategic Forecasting, Inc., entry posted November 8, 2011, <https://www.stratfor.com/weekly/20111107-europe-international-system-and-generational-shift> (accessed July 30, 2015).

⁷¹ Wade Jacoby, "Managing Globalization by Managing Central and Eastern Europe: The EU's Backyard as Threat and Opportunity," *Journal of European Public Policy* 17, no. 3 (March 2010): 416-32.

⁷² Jan Drahokoupil, "The Rise of the Comprador Service Sector: The Politics of State Transformation in Central and Eastern Europe," *Polish Sociological Review* 2, issue 162 (2008).

⁷³ Peter Havlik, et al., "The European Rim Countries – Challenges and Opportunities for EU Competitiveness," The Vienna Institute for International Economic Studies, Report No. 9 (October 2012).

particular CEE industries from western markets,⁷⁴ within which CEE had held significant comparative advantage.⁷⁵ According to eastern European political scientist Mikhail Molchanov, CEE states were accused of “dumping” products within a “so-called sensitive group.”⁷⁶ This did not sit well in the subregion, causing, in the words of scholar Peter Stirk, “irritation and recrimination.”⁷⁷ CEE industries that suffered in the unequal liberalization within EU integration included: steel, textile, apparel, chemicals, and agricultural products.⁷⁸ *This process further subordinated the subregion to the core economy in Europe’s west*, as they were unable to utilize their previous comparative advantage. Since this time, CEE economies have contributed less toward heavy manufacturing and even less toward the knowledge/service economy, as the owners of FDI had set preference toward their base of origin in the west. To a degree, this has served to ‘subsidize’ the economies of the west, as CEE’s position in the periphery has provided resources and light manufacturing to a less contested, and now more competitive economic core in the west.⁷⁹

So, again, the question arises, what good has directly come from the neo-Marshall plan based on foreign investment. It is popularly argued that FDI benefits rest on its access to capital, as well as management and technical experience. It bears repeating that there was measured

⁷⁴ Susan M. Birgersson, and Roger E. Kanet, “East-Central Europe and the Russian Federation,” *Problems of Post-Communism* 42, issue 4 (July/August 1995).

⁷⁵ Drahokoupil, *Globalization and the State*, op. cit., 14.

⁷⁶ Mikhail A. Molchanov, “Regional Embedding in Social Identity Construction: Post-Soviet 'Four' and the European Union” (paper prepared for the 46th Annual International Studies Association [ISA] Convention, Honolulu, Hawaii, March 1-5, 2005); see Martha Brill Olcott, Anders Aslund, and Sherman W. Garnett, *Getting It Wrong: Regional Cooperation and the Commonwealth of Independent States* (Washington, D.C.: Carnegie Endowment for International Peace, 1999), 198.

⁷⁷ Stirk, op. cit., 294.

⁷⁸ Drahokoupil, *ibid.*, 20; see Gowan, “Neo-liberal Theory,” op. cit., 25-28.

⁷⁹ The fact that out-migration contributes to the gain of core EU states is an example of PDT, where periphery states “effectively train (...) doctors and nurses for richer (...) cities for free.” P.J. Taylor, “Spatial Planning and City Networks in Economic Development: A Critique of the Polish National Development Strategy,” in *Regional Development in Central and Eastern Europe: Development Processes and Policy Changes*, ed. Grzegorz Gorzelak, John Bachtler and Maciej Smetkowski (New York: Routledge, 2010), 163.

growth, yes, over 6%,⁸⁰ and, were it that foreign capital was the necessary component for CEE growth during this time of transition, then perhaps it was worth the subjugating policies that followed. However, this is debatable. The increase in FDI, accompanied by its control of leading export industries, most public utilities, and the banking sector, along with the refocusing of exports toward EU markets,⁸¹ has produced uneven results in CEE.⁸² While foreign investment does seem to correlate with the economic recovery in CEE in the late nineties, G. Hunge's research contradicts this correlation between the amount of FDI and the pace of economic growth.⁸³ And rather than the performance of foreign directed industries, Dingsdale also explains that it was the "change in corporate governance, [and] adapting production and marketing to new demands."⁸⁴ As well, rather than the presence of large foreign corporations, it was the development of small and medium-sized businesses that contributed to growth.⁸⁵ In the end, just as Dingsdale had predicted a half decade prior to the financial crisis, FDI fell precipitously from 2008 onward,⁸⁶ reaching near 1990s levels for some, as shown in Figure 3.4.⁸⁷

⁸⁰ Orlowski, op. cit., 16; see also: *World Development Indicators*, FDI inflows, op. cit.

⁸¹ Drahokoupil, *Globalization and the State*, op. cit., 55; see D. Bohle, and B. Grèskovits, "Neoliberalism, Embedded Neoliberalism, and Neocorporatism: Paths Towards Transnational Capitalism in Central-Eastern Europe," *West European Politics* 30, no. 3 (2007): 443–466; and P. Pavlínek, "Transformation of the Central and East European Passenger Car Industry: Selective Peripheral Integration Through Foreign Direct Investment," in *Foreign Direct Investment and Regional Development in East Central Europe and the Former Soviet Union: A Collection of Essays in Memory of Professor Francis 'Frank' Carter*, ed. D. Turnock (Aldershot: Ashgate, 2004), 71–102; and P. Pavlínek, "Restructuring of the Polish Passenger Car Industry Through Foreign Direct Investment," *Eurasian Geography and Economics* 47, no. 3 (2006): 353–377.

⁸² Drahokoupil, *ibid.*; see J. Pickles and A. Smith, "Technologies of Transition: Foreign Investment and the (Re-)articulation of East Central Europe into the Global Economy," in *Foreign Direct Investment and Regional Development in East Central Europe and the Former Soviet Union: A Collection of Essays in Memory of Professor Francis 'Frank' Carter*, ed. D. Turnock (Aldershot: Ashgate, 2004), 21–37; and A. Smith and P. Pavlínek, "Inward Investment, Cohesion and the 'Wealth of Regions' in East-Central Europe," in *Transition, Cohesion and Regional Policy in Central and Eastern Europe*, ed. John Bachtler, Ruth Downes, and Grzegorz Gorzelak (Aldershot: Ashgate, 2000), 227–242.

⁸³ Dingsdale, op. cit., 237; See G. Hunge, "Contribution of FDI to Economic Recovery and Restructuring" in G. Csak, G. Foti and D. Mayes (eds) *Foreign Direct Investment and Transition: the case of the Visegrad countries: Trends in the World Economy* (Budapest: Hungarian Academy of Sciences, Institute for World Economy, 1996), 73–9.

⁸⁴ Dingsdale, *ibid.*

⁸⁵ *Ibid.*, 240.

⁸⁶ *Ibid.*, 236.

This has renewed concerns over adequate access to finance,⁸⁸ particularly with their current account deficits.⁸⁹ Everything considered, it would seem that there is sufficient reason to doubt the benefits of the neoliberal Marshall Plan, which has served to subordinate CEE's economy to its west – *a relationship more reminiscent of Europe's medieval past*.

Parallel Peripheries

It should be remembered that CEE's long-term position along the periphery of Europe has come with its socio-economic dependency to the core in WE to which it is 'situated.' And there is a pattern through history that supports this. Take, for example, the rise of Europe and the disparate development of WE from the rest of Europe.⁹⁰ The 14th and 15th centuries beset Europe with social economic crises, first to its west, then to its east. At about this time, approximately three quarters of Europe's entire population lived west of the Elbe, in the West. In this time, famine came upon WE states and affected it particularly negatively due to its relative overpopulation. And while famine eventually came to CEE and beyond, the two subregions recovered through very different means.

The West had already begun a full transition to urbanization prior to the crisis, eventuating in the elimination of serfdom; and it was this transition that helped enable the WE states to recover. It also established predominant trading relations between WE and CEE. Trade-wise, CEE had been a source of grains and raw materials for its powerful neighbors, in all directions. And while the early WE metropolises increasingly became urban entrepreneurial centers, CEE did not urbanize remaining tied to agriculture – effectively instituting a 'second serfdom' upon the peoples, and effectively delaying, perhaps inhibiting, modernization.

⁸⁷ *World Development Indicators*, FDI inflows, op. cit.

⁸⁸ European Commission, *Taking Stock*, op. cit.

⁸⁹ Orłowski, op. cit., 17.

⁹⁰ Szűcs, op. cit., 158.

Historian Holly Case notes this dichotomous relationship quite well, as she quotes from historian scholar Dan Berindei, that:

“‘Core’ Europe could sit back and enjoy the fruits of overseas trade networks and the Industrial Revolution. States and peoples on Europe’s Eastern periphery repeatedly sacrificed themselves on the alter of Europe, serving as the ‘last bastion of Western civilization.’ But they did so at the expense of their own development, focusing on resistance above all else, becoming proud, poor, and stubborn, while Western Europeans became enlightened, rich, and tolerant.”⁹¹

As a result, the classic divide between East and West, at least economically, became relatively fixed in these pre-industrial times as well as its subregional division of labor by the 16th century,⁹² where territories west of the Elbe River experienced faster development than that to its east. This has helped establish the path of dependency between these two subregions of Europe, as the west produced the manufactured products, whereas CEE naturally provided the critical resources for them.⁹³ This has been a common theme for CEE’s relations with its west, from the time of the Hapsburgs – even Nazi Germany during the interwar period,⁹⁴ as well as a theme made worse in its east by the political divisions and economic setbacks of the last century.

During its period within the Russian empire and then the Soviet Union, CEE’s peripheral integration with its east would come under the Soviet’s integrating policies of its Council for Mutual Economic Assistance, or Comecon. *There are obvious parallels between pre-20th century WE with its CEE periphery, and the USSR with its Warsaw Pact and Comecon policies in the CEE periphery; as well as, it should not surprise, with CEE’s contemporary peripheral position in today’s WE-led EU.* However, this is where those broad similarities nearly come to an end. Interestingly, towards the end of the Soviet Union, Comecon’s restricted

⁹¹ Quoted in Case, op. cit., 114; See: Dan Berindei, *Românii Și Europa: Istorie, Societate, Cultură* (Bucharest: Ed. Museion, 1991); see also Szűcs, op. cit., 172.

⁹² Immanuel Wallerstein, *The Modern World-System: Capitalist Agriculture and the Origins of the European World-Economy in the Sixteenth Century* (New York: Academic Press, 1974).

⁹³ Szűcs, op. cit., 158.

⁹⁴ Fukuda, op. cit., 46.

trade with WE was relaxed and seen as a means to improve the Soviet economies.⁹⁵ However, in the end, the attempt to piggy-back atop more open trade with its west was too little too late for the Soviet Union. Today, across the divide, WE has yet to relaxed its preferential core position in allowing greater collaboration with its east. Today, CEE seems still quite entrenched in WE's periphery – an all too 'comfortable' position having come from centuries of conditioning.

Since the Cold War, CEE has fallen back into the economic orbit of WE. A basic look at trade relations highlights their relationship. CEE has much more dependence on trade as a percentage of GDP than the more affluent WE.⁹⁶ Furthermore, CEE is dependent upon trade with WE, particularly Germany, as the Visegrad states send nearly half of their exports to WE, with more than a quarter going to Germany alone.⁹⁷ Data from the World Factbook confirms, as well, that this is not equally reciprocated with CEE, but does show that WE also favors exporting to other partners in WE. Imports nearly mimic the data on exports, with CEE depending on WE for nearly 40% of their combined imports, with over 25% coming from Germany; and WE neighbors importing nearly the same.⁹⁸ Now, it is understandable that due to centuries of developmental disparity, CEE's dependent peripheral position would likely be the case anyway. However, with the acceptance by EU members of what has been referred to as 'two-speed Europe,' the subregion has been formally allowed to both lag behind the modernization of WE,⁹⁹ as well as being beset by certain economic restrictions otherwise not equally followed by WE due to Maastricht's opt-out privileges. While it can go without saying that CEE would also

⁹⁵ Mastny, op. cit., 92.

⁹⁶ *World Development Indicators: Exports of goods and services (% of GDP)*, Washington, D.C.: in the World Bank database, <http://data.worldbank.org/indicator/NE.EXP.GNFS.ZS> (accessed May, 2015).

⁹⁷ *The World Factbook*, op. cit., Export Partners.

⁹⁸ *The World Factbook*, ibid., Import Partners.

⁹⁹ Stirk, op. cit., 204, 207, 210, 226, 234, and 297.

appreciate the same opt-out privileges allowed for WE, the result has been to more formally relegate CEE into peripheral integration within the modern regional economy.¹⁰⁰

Perhaps this is the natural result of regionalization with WE; one that might be conformed to as a privilege of its acceptance. Still, some of this might also be the general result of globalization. While globalization tends to have the positive connotation of free market capitalism, it has also made many insecure in their ability to keep pace, positively, with its changes. And, as it happens, the feelings of unease felt in CEE are shared with many across the EU. Eurobarometer surveys indicate that respondents do not believe that the Union protects citizens from the negative effects of globalization, as shown in Figure 3.5.¹⁰¹ As this relates to European integration, scholar historian Eric Hobsbawm responds that, “the rise of free-market extremism [has] undermined the Community’s cohesion as much as had the collapse of communism.”¹⁰² And since *European membership must have a sense of value, more so than its cost*, to help in this endeavor the Union has instituted an attempt at socio-economic cohesion through its “structural funds,” to which we now turn to see its effects upon CEE’s convergence within Europe.

Convergence, Amidst Divergence

The EU’s policy of convergence has stemmed from a desire to protect the peripheral regions of Europe, such as to its south and east, which are most susceptible to the harsh realities of globalization.¹⁰³ There are five main funds that comprise the European Structural and Investment Funds (ESIF), and all contribute to supporting economic development across the

¹⁰⁰ Drahokoupil, *Globalization and the State*, op. cit., 87-113.

¹⁰¹ European Commission, *Standard EB No.78*, op. cit., 64; Interestingly, respondents felt these sentiments more strongly in 2006, prior to the financial crisis. See page 65.

¹⁰² Hobsbawm, op. cit., 101.

¹⁰³ Ognjen Mirić, *The Regional Policy of the European Union as an Engine of Economic Development* (Belgrade: European Movement in Serbia, 2013), 94-5.

EU;¹⁰⁴ however, only the less developed regions have access to the Cohesion Funds,¹⁰⁵ meant to raise the general standard of living within the new member states relative to the core EU states. Again, similar to the influx of FDI within CEE, these ESIF funds were also hoped to be a quasi-Marshall Plan for the peripheral states, and believed to be able to render similar benefits.¹⁰⁶ Ideally, CEE growth would come within reasonable reach to that of their counterparts in the West; perhaps even to be competitive in the European market. Again, however, competition for these funds are also present; and *as there is greater heterogeneity within the EU, so come a greater divergence in interests*, at least as it relates to the basic self-interest of being awarded funds.¹⁰⁷ It may be argued, therefore, that resulting deficiencies persist if not in the total amount allocated then amongst potential beneficiaries.

Since the induction of the EU12 in the east, EU's southern members have had less access to these funds. This is due to those now in greater need in CEE, who, by the way, have received nearly half of the total ESIF funds, and over half of the Cohesion Funds meant for convergence within the EU.¹⁰⁸ In fact, due to their need of greater cohesive measures, 85% of the Cohesion Funds have previously been afforded to states in CEE,¹⁰⁹ nearly 63% just in the four Visegrad states alone.¹¹⁰ Reacting against this, EU's south have shown interest in changing

¹⁰⁴ European Commission, "European Structural and Investment Funds," European Commission Regional Policy Funding, http://ec.europa.eu/regional_policy/en/funding/ (accessed November, 2015).

¹⁰⁵ Cohesion Funds account for approximately 20% of total Structural funds.

¹⁰⁶ Jan Jedlička and Katarzyna Rzentarzewska, *Cohesion Policy and other EU Assistance Programmes in 2014-2020* (Austria: ERSTE Corporate Banking Group, March 2014), https://www.erstebank.hr/hr/Downloads/d2ab9b9f-a69d-4297-9b7b-93edaeb1c217/2014_03_11_EN_Analiza_Cohesion_Policy_2014_2020.pdf (accessed May 19, 2016).

¹⁰⁷ Marek W. Kozak, Pawel Opala, and Pawel Samecki, "EU Cohesion Policy: A Decline Behind the Horizon?" in *Regional Development in Central and Eastern Europe: Development Processes and Policy Challenges*, ed. Grzegorz Gorzelak, John Bachtler and Maciej Smetkowski (New York: Routledge, 2010), 296.

¹⁰⁸ Data from: European Commission, *Cohesion Policy 2007-13: Commentaries and Official Texts* (Brussels: January 2007), 25; and Eurostat, *Regional Yearbook 2015* (Luxembourg: Publications Office of the European Union), 23.

¹⁰⁹ John Bachtler, "Renewing EU Cohesion Policy," in *Regional Development in Central and Eastern Europe: Development Processes and Policy Challenges*, ed. Grzegorz Gorzelak, John Bachtler and Maciej Smetkowski (New York: Routledge, 2010), 263.

¹¹⁰ Data from: European Commission, *ibid.*; and Eurostat, *ibid.*

cohesion fund requirements to better suit their own interests. One such aspect of change has been to raise the requirement for participation in the Fund, referred to as the Berlin method, from its original 75% threshold of the EU GDP average. The argument in EU's south is that the 75% threshold for cohesion funding eligibility used to be a reasonable marker due to the previous great disparity between the rich and poor within. However, more states across the Union have reached this marker, particularly in the south, where four of its main representatives (Portugal, Spain, Italy, and Greece) average a per-capita GDP of about 78% the EU average.¹¹¹ One can see how a relatively small rise in growth or decline can make their internal regions eligible or ineligible for these funds.

As scholar John Bachtler correctly noted, "it is likely that variants on the Berlin method would be put forward to ensure that Cohesion policy continues to be of interest to at least some of the EU15 as well as the EU12."¹¹² Knowing the heterogeneity within the EU, and that EU member states still have to seek outcomes that serve their own national interests, raising the eligibility threshold to the proposed 85-90% of EU average GDP is understandable for some of those members. And from the EU South's perspective, perhaps even that of the Union as a whole, these regions standing at or near the 75% threshold, that might find renewed or continued aid, still have much potential growth and could use these funds to overcome their current development challenges. At the very least, the Cohesion Funds could be used to bolster already active and competitive market centers. But the fact that European growth is in decline, no doubt, complicates matters.

¹¹¹ *The World Factbook*, op. cit., GDP per capita.

¹¹² Bachtler, op. cit., 276.

Europe's growth rate has steadily declined over time;¹¹³ and just as economist André Sapir found in 2003,¹¹⁴ while noting that strong development must be a priority, the average per-capita GDP in Europe versus the US should not stagnate at deficient levels, which at that time had been around 70%. This remains true even after the rise just prior to the financial crisis of 2008. According to World Bank data following the crisis, per-capita GDP has essentially stagnated since 2009.¹¹⁵ And while following the crisis, the EU enjoyed an average of 65% *higher* per-capita GDP in comparison to the US, this advantage has dropped markedly since 2012 averaging *just* 57% that of the US,¹¹⁶ a significant drop, indeed.

Further, sociologist Marek Kozak et al. writes that it is well possible that many states' regions' "successful 'graduation' from the eligibility status will be used as an argument in favour of limiting spending on Cohesion policy."¹¹⁷ And it is noteworthy that since Sapir's findings, progressively fewer funds (more in principle, but less by GNI percentage), according to Kozak et al., have been made available for the Cohesion policy,¹¹⁸ regardless of whom and how many are to attempt to divide its 'largesse.'¹¹⁹ This character of stagnation also seems to be the case specifically, at present, for the EU12.¹²⁰ And this situation is made worse still for two of the newer members of the Union from 2007, Romania and Bulgaria, as due to a capping of funds for

¹¹³ *World Development Indicators*, GDP per capita growth, op. cit.

¹¹⁴ Kozak, Opala, and Samecki, op. cit., 293-294. See: André Sapir, *An Agenda for a Growing Europe: Making the EU Economic System Deliver* (Independent High-Level Study Group established on the initiative of the President of the European Commission, 2003.)

¹¹⁵ *World Development Indicators*, GDP per capita, op. cit.

¹¹⁶ *World Development Indicators*, GDP per capita growth, op. cit.

¹¹⁷ Kozak, Opala, and Samecki, *ibid.*, 298.

¹¹⁸ *Ibid.*, 294-295.

¹¹⁹ Now, with the recent situation in Ukraine, following the Euromaiden revolution, and increasing calls for the newly western reclaimed state to become a part of Europe, its possible membership in the Union will put still more pressure upon the EU's already contested economic capabilities of convergence and integration, leaving still less available for the EU12 of CEE.

¹²⁰ Kozak, Opala, and Samecki, *ibid.*, 295 and 298.

the current period (2014-2020), they have received considerably less than others.¹²¹ This could be a signal of further disinterest in EU's cohesive measures.

Herein lies the dilemma: *while there is pressure to adjust the eligibility requirements to allow greater participation, it will diminish the total amount of funds allocated to those eligible.*

And as fewer total funds become available, as a percentage of EU GNI, *then convergence becomes even less attainable.* With this in mind, it is difficult to fathom how the newest, and poorest, states to join the Union are to react, and compensate, for the reduction of cohesion funds based on limited spending and the likely move towards more competitive markets in the EU.

This will surely *decrease* the intended benefits previously 'enjoyed' and expected by the EU12 in CEE.¹²² While EU's southern members desire for change is understandable, considering their interests, it is equally arguable, for the betterment of CEE as well as the Union, that instead the threshold should be maintained at 75% – thereby concentrating these funds upon those still yet to approach reasonable development, making it easier to bring these weaker economic regions to convergence. This had been hotly contested by those within the subregion,¹²³ and should be even more so considering that the number of Europeans at risk of poverty and socio-economic exclusion increased by nearly 10% in the immediate years following the financial crisis.¹²⁴ The European Commission has recently observed that there are signs that “this convergence process has slowed and even gone into reverse in parts of Europe.”¹²⁵

Again, *this is dangerous for the sustainability of the Union as it runs counter to the very purpose of Europe's convergence project*, a very important project for the EU. According to

¹²¹ Kozak, Opala, and Samecki, op. cit., 305.

¹²² Bachtler, op. cit., 268.

¹²³ EurActiv and Reuters, “Polish, Czech Leaders Vow to Defend EU Regional Aid,” *EurActiv.com*, November 5, 2010, <http://www.euractiv.com/regional-policy/polish-czech-leaders-vow-defend-news-499457> (accessed July 30, 2015).

¹²⁴ European Commission, *Taking Stock*, op. cit.

¹²⁵ Ibid.

surveys in Eurobarometer, as shown in Figure 3.6, CEE respondents believe that economic parity with the core of Europe is of overwhelming importance for them; but yet not so for respondents of WE,¹²⁶ perhaps as they are the more successful subregion. Perhaps it is that WE opinion is that CEE has already improved economically that Europe need not concentrate any longer on it. As for the public opinion as to whether living standards had improved in CEE following the ‘big bangs’ of EU accession, shown in Figure 3.7, it is apparent that the rest of the EU is a bit out of touch with its newest counterparts in CEE – as the EU respondents’ average indicates the belief that CEE has attained a higher quality of life since the end of the Cold War,¹²⁷ and has benefitted more since the accessions than the actual CEE respondents indicate.¹²⁸

As it turns out, as of 2014 the new threshold has indeed been changed to 90%, which should decrease yearly aid as a whole, if not at least by a percentage of the total. In an effort to shine light on the matter, an analysis of data provided by European Commission’s 2007 guide to cohesion policy and Eurostat’s 2015 regional yearbook show that while total ESIF funds have increased from the 2007-2013 period to the current 2014-2020 period, they have only done so by just over 1%, from 347.4 BN to 351.9 BN;¹²⁹ actually, this registers being even less than a 1% increase when data directly from European Commission spreadsheets were used.¹³⁰ Either way, the increase is nominal, at best. Still, while total ESIF has remained relatively unchanged between the allocation periods, what is more telling is the drop in total Cohesion Funds allocated throughout Europe, dropping by about 9% from nearly 69.6 BN to 63.4 BN.¹³¹ More specifically, as it relates to the Visegrad states in CEE, their cohesion funding has decreased by

¹²⁶ European Commission, *Standard EB No.66*, op. cit., 192.

¹²⁷ European Commission, *Flash EB No.257*, op. cit., 18.

¹²⁸ *Ibid.*, 13.

¹²⁹ Data from: European Commission, *Cohesion Policy 2007-13*, op. cit.; and Eurostat, *Regional Yearbook*, op. cit.

¹³⁰ *Ibid.*

¹³¹ *Ibid.*

nearly 14% from the previous funding period.¹³² This spells quite the challenge for Visegrad and their fellow CEE states.

Questioning Development

And for what? How much growth has the EU's ESIF programs actually contributed to the growth had in the subregion of CEE? This question arises in Ognjen Mirić's research to which he notes the concurrence of many analysts that it is simply a difficult matter to establish the actual impact of EU policies from other sources of economic growth, to include changes such as democratization and institution building that have come with the general process of Europeanization.¹³³ He continues with the realization that contrary to initial public opinion, inequalities amongst the regions would not be mitigated simply through a shared single market, but rather that peripheral areas would continue to 'lag behind' the core states or regions of the Union, and that this could bring into question the efficacy of the EU itself.¹³⁴ Now, again, it is understood that the CEE economy has improved since the initial post-Cold War period. "For example," as head of a Czech financial firm Jan Jedlička reports, "Hungarian and Polish GDP levels were close to 50% of total EU27 in the middle of nineties, and, twenty years later, it is almost as high as 70% of total EU27."¹³⁵ However, how much of this was made possible through the implementation of EU policies such as ESIF, and the Cohesion Funds in particular?

In a recent report on whether the current convergence period, from 2014-2020, will be enough to "give CEE a boost," Jedlička reports that the appropriated funds would only be of any real significance if CEE can achieve a 90% absorption rate, to which it is believed that "CEE countries have a long road ahead in terms of improving their still low absorption."¹³⁶ At the

¹³² Data from: European Commission, *Cohesion Policy 2007-13*, op. cit.; and Eurostat, *Regional Yearbook*, op. cit.

¹³³ Mirić, op. cit., 105

¹³⁴ Mirić, op. cit., 106.

¹³⁵ Jedlička and Rzentarzewska, op. cit.

¹³⁶ Jedlička and Rzentarzewska, op. cit.

hoped for 90%, the Visegrad countries would gain .5 percentage points, on the average, which is just over 20% additional growth in annual GDP that could be attributed to absorption of these funds.¹³⁷ 20% additional growth certainly has some significance, as it is measurably higher than growth had without these funds. Having said that, there is, *then*, growth that is had without these funds. On the average, Visegrad countries have been measured to have a GDP growth rate of 2.375% without these funds. In this context, having to be kept at the economic periphery for an additional half a percentage point seems hardly as advantageous as might have been expected. Still, this 20% growth, from the half percentage point, would only come with the required 90% absorption rate, of which Visegrad is far from. Actually, the Visegrad average absorption rate is closer to 57.7%, equaling a mere .32 percentage points of growth, or approximately 13.5% additional growth in GDP that can currently be attributed to Europe's Cohesion Funds.¹³⁸ *This brings about some serious questions regarding whether the conditions set for access to these funds is actually worth these measurably small benefits.*

The bottom line is that there is a mixed review of the effectiveness of these funds, and from some surprising sources. As European Commission economists Janos Varga and Jan in 't Veld summarize, "Empirical studies of EU Cohesion Policy have generally given only mixed support for positive effects from large transfers," explaining that "it is not evident to what extent [increases in per capita incomes] can be attributed to Structural Funds interventions."¹³⁹ Furthermore, other regions that have received similar assistance have remained relatively poor. In short, They report that statistical regressions "show generally no significant impact from these

¹³⁷ Calculations are produced by the author with the help of data from: Jedlička and Rzentarzewska, *ibid*.

¹³⁸ *Ibid*.

¹³⁹ Janos Varga and Jan in 't Veld, "Cohesion Policy Spending in the New Member States of the EU in an Endogenous Growth Model," *Eastern European Economics* 49, no.5 (September-October 2011): 29-54.

transfers.”¹⁴⁰ In fact, according to European Central Bank economists, the funds transfers might have characteristics of “immiserizing convergence,” or a positive effect on disposable income, yet a negative effect on output growth from the region.¹⁴¹

Take, for example, the change in the value of imports and exports, or estimated growth, between 2000 and 2013, provided by the World Bank. It can be seen that imports rise even more as a percentage of change than exports. Actually, this seems to be the general pattern across the world unless, perhaps, the state is small, fragile, or heavily indebted. In comparing the differences in export growth analyzed between CEE and the EU, one can find that the EU has had considerably more growth over the thirteen years as a percentage of change, a near 40% rise. This is considerably more than the near 20% achieved by the Visegrad states; that is approximately 20 percentage points difference. It is concerning, as well, that the estimated greater CEE average also performs better than our Visegrad representatives. Worse, from the V4 perspective is that even the small, fragile and heavily indebted countries of the world on average fair better than the Visegrad four in this respect. Yet V4 and others generally still look to the bright side.

It is true that CEE states tend to be very optimistic, at least more so than the EU average when it comes to the cohesion benefits perceived from membership in the EU, as shown in Figures 3.8 and 3.9;¹⁴² even amidst the related increase in unemployment which increased by over 50% from 2008, according to the European Commission,¹⁴³ and by over 20% if taken from

¹⁴⁰ Varga and Veld, op. cit. See: M. Boldrin and F. Canova, “Europe’s Regions: Income Disparities and Regional Policies,” *Economic Policy* 16, no. 32 (2001): 207–253.

¹⁴¹ Varga and Veld, ibid. See: Cristina Checherita, Christine Nickel, and Philipp Rother, *The Role of Fiscal Transfers for Regional Economic Convergence in Europe*, Working Paper Series, no. 1029 (Frankfurt: European Central Bank, 2009).

¹⁴² European Commission, *Eurobarometer - Standard EB No.74: Public Opinion in the EU* (Brussels, February 2011), 36; and European Commission, *Flash EB No.384*, op. cit., 11 and 20.

¹⁴³ European Commission, *Taking Stock*, op. cit.

economic ‘recovery’ the following year.¹⁴⁴ These statistics have been felt by those in CEE, and are not so easy to be glossed over. According to Eurobarometer surveys, CEE respondents have shown that they understand this job loss to have come since their accession to the Union, and they perceive their situation significantly worse than the EU average in 2012, as shown in Figures 3.10 and 3.11.¹⁴⁵

With the convergence attempted through the years, it might be thought that their percentage growths in production should be about equal, or nearing equality with core Europe. Yet when the difference between the years 2009 and 2013 with regard to export growth are analyzed, the greater CEE region and the EU still perform better than Visegrad, though the percentage point difference with the EU is much smaller at 5% from 2009 rather than the 20% from 2000.¹⁴⁶ And yet, it must be remembered that the first leg of the quasi-Marshall Plan discussed earlier, FDI, has also dropped since the 2008 financial crisis, precisely when CEE begins to close the export growth gap. So, again, it is questionable how much the Union has done to make that improvement toward convergence.

Returning to convergence through Cohesion funds, even European Commission economists Varga and Veld believe that while cohesion funds boost per capita income in the receiving countries, the follow on effects of this growth in consumption is akin to ‘putting the cart before the horse;’ that *rather than fund income for growth, instead we should find income from real growth*. They explain that, with real growth, “Liquidity-constrained consumption is driven by employment and wage developments and is also generally higher. Wages grow in the

¹⁴⁴ *World Development Indicators*: Unemployment, total (% of total labor force), Washington, D.C.: in the World Bank database, <http://data.worldbank.org/indicator/SL.UEM.TOTL.ZS> (accessed May, 2015).

¹⁴⁵ European Commission, *Flash EB No.257*, op. cit., 32; and European Commission, *Standard EB No.78*, op. cit., 23.

¹⁴⁶ *World Development Indicators*: Exports/Imports of goods and services (current US\$), Washington, D.C.: in the World Bank database, <http://data.worldbank.org/indicator/NE.IMP.GNFS.CD> (accessed May, 2015).

long run in line with productivity and, as productivity gains become stronger over time, incomes rise.”¹⁴⁷ Furthermore, Varga and Veld write that policies related to cohesion’s fiscal transfers and increased income can lead to “inflationary pressures” and eventually “crowd out productive private investment.”¹⁴⁸ Therefore, as the benefits of these funds are in serious doubt, an investigation of the manner in which these funds are used is required.

That is, since the efficacy of these funds remain questionable, not to forget the aforementioned reduction of these same funds for the current period through 2020, the EU and CEE member states have to take greater responsibility for how these funds are being used. Implementation of EU’s Cohesion policy from 2004 to present shows there exists significant investment deficiencies in the manner in which Cohesion Funds are earmarked towards, as economist Gyongyi Csuka explains, “human and physical capital, factors which can improve conditions for sustained productivity” and growth.¹⁴⁹ This poses somewhat of a problem between intention and reality, as the main goal of the Lisbon Strategy and its contributing Cohesion Funds was set, as Kozak et al. notes, to “make Europe, by 2010, the most competitive and the most dynamic knowledge-based economy in the world.”¹⁵⁰

Consequences of Misallocation

With regard to EU aid to CEE, access to EU cohesion and structural funds stipulates that monies are granted to area projects that offer the greatest return on investment; or, as Bachtler explains, “the best added value and most effective results,” as well as doing so at a

¹⁴⁷ Varga and Veld, op. cit.

¹⁴⁸ Ibid.

¹⁴⁹ Gyongyi Csuka, “The Competitiveness of Central and Eastern European Countries: An Analysis of the Legal Environment,” in *Regional Development in Central and Eastern Europe: Development Processes and Policy Challenges*, ed. Grzegorz Gorzelak, John Bachtler and Maciej Smetkowski (New York: Routledge, 2010), 19.

¹⁵⁰ Kozak, Opala, and Samecki, op. cit., 293.

“European level which could not be matched by national or local spending” alone.¹⁵¹ And yet, *the structural policies of the EU in the new members states have been consistent in insufficiently preparing them for competitive entry into regional and global markets.* Although it should be, sociologist Tomasz Grzegorz Grosse reminds us that, “EU Cohesion policy is not aimed at building national innovation systems; and the priorities related to developing an innovati(ve) economy are not positioned as most relevant for the growth of less-developed regions.”¹⁵² This exposes a lack of priority and/or a misallocation of resources.

As such, the allocation of Cohesion Funds used in CEE can be much improved upon through their selection of programs funded. Further, evaluation studies for the European Commission indicate a lack of strategy in the implementation of coherent development in these same regions, in that there is little evidence of a strategic development concept.¹⁵³ It is argued that with too many activities and projects being attempted, significantly less value-added progress is actually being achieved. Lessons can be learned in the lack of specific growth in CEE through a smaller geographic scale in, for example, the reconstruction of East Germany – now wholly part of Germany, and closer geographically and sentimentally than CEE.¹⁵⁴ Here, the rather indiscriminate distribution of capital transfers has led to less growth and development than could have been possible had investment been more focused within competitive clusters of the economy. The result is an eastern Germany still far less developed with relation to its western half.

¹⁵¹ Bachtler, op. cit., 269. See: European Commission, *Reforming the Budget, Changing Europe: A Public Consultation Paper in View of the 2008/2009 Budget Review* (Brussels: September 12, 2007): 2 and 7.

¹⁵² Tomasz Grzegorz Grosse, “EU Cohesion Policy and the Peripheries of the New Member States” in *Regional Development in Central and Eastern Europe: Development Processes and Policy Challenges*, ed. Grzegorz Gorzelak, John Bachtler and Maciej Smetkowski (New York: Routledge, 2010), 318.

¹⁵³ Bachtler, *ibid.*, 271. See: ECOTEC Research and Consulting Ltd., *Ex-Post Evaluation Objective I, 1994-99, Final Report to the European Commission* (Birmingham, U.K.: ECOTEC Research and Consulting Ltd., 2003).

¹⁵⁴ Wendelin Strubelt, “Policy Lessons from the Reconstruction of East Germany – the Former German Democratic Republic,” in *Regional Development in Central and Eastern Europe: Development Processes and Policy Challenges*, ed. Grzegorz Gorzelak, John Bachtler and Maciej Smetkowski (New York: Routledge, 2010), 81-82.

Another aspect of misallocation of funds with regard to the subregion is that the EU12 of CEE have been allowed to use their funds primarily to develop infrastructure, affecting social conditions and income. In an attempt to aid the social transition, CEE states, according to Drahokoupil, have “offered higher subsidies for investments in high-unemployment regions.”¹⁵⁵ As well, another focus of politicians has been upon the implementation of farming measures, tourism, and basic infrastructure regarding transport and the environment. Perhaps their argument could be that in order to aid CEE economic regionalization investment in infrastructure is needed to bridge supplier-producer logistics in order to spur greater growth, as insinuated within a recent report on Visegrad integration within the Union.¹⁵⁶ However, such policies are simply limited and short-term in effectiveness.¹⁵⁷ Investment in this direction, while perhaps a net positive, is not as sound a concentration of investment for CEE, than having value-added foundations.

Even the report above on Visegrad integration admits that further infrastructure was followed amongst the Benelux countries after their accession to the Union. Benelux is a term that likely needs no explanation; however, for the purposes here it should be underlined. It is a political term for the territories that have formed the lowlands of northwestern Europe, and their politico-economic fixture for centuries. It can be safely assumed that plenty of infrastructure was already present well before their accession. Therefore, *believing that infrastructure investment in and of itself can spur economic growth is, again, the metaphoric equivalent of ‘putting the cart before the horse.’* Now, it is not this author’s view that spending on social development is not worthy; however, at the crux of it, this spending in of itself does not yield

¹⁵⁵ Drahokoupil, *Globalization and the State*, op. cit., 51.

¹⁵⁶ Sándor Köles, *Sharing the Experiences of Visegrad Cooperation in the Western Balkans and the Eastern Neighbourhood Countries: Project Final Study* (Budapest: International Centre for Democratic Transition, 2011), 162 and 166.

¹⁵⁷ Grosse, op. cit., 320.

long-term economic growth in today's world market. It may even be argued that such areas invested in are, in Drahokoupil's words, "structurally handicapped" and have been artificially awarded investment,¹⁵⁸ as CEE states have not even had to spend 60 per cent of these funds, the EU requirement, on issues compliant with the Lisbon Strategy – the knowledge economy.¹⁵⁹ It makes much more sense for CEE to build new endogenous high-value potential within their own periphery states.

The result of this misallocation has left a larger gap in industry development, enabling other states within the traditional EU15 to further argue for a change in Cohesive Fund allocation, from concentrating on the less affluent of the Union to those who show greater economic competitiveness. Actually, Bachtler notes that according to the EU's Third and Fourth Cohesion Reports, the EU Commission has been heading in this direction as a means to make the Union more regionally and internationally competitive by "mobilizing underexploited potential," in an effort to promote innovation.¹⁶⁰ Perhaps, while it could be necessary to establish some parameters in which natural nodes of competitive markets (western city centers, say) do not completely out-compete their neighbors (to the east, for example) and drastically increase disparities, the argument can be made that changing to competition-based cohesion funds would be more inline with western ideals of capitalism. Perhaps it is so that the method-to-date of substantial aid to the poorest states is too purposive in practice, and that aiding areas that may capitalize more efficiently could have greater benefits. Furthermore, if the Union awards competitive capabilities, rather than the economically weak who have joined, perhaps the benefits from those more able would *eventually* spillover into awaiting and opportune areas. Then again, if CEE is to receive significantly less in convergence funds to aid sufficient

¹⁵⁸ Drahokoupil, *Globalization and the State*, op. cit., 53.

¹⁵⁹ Kozak, Opala, and Samecki, op. cit., 294.

¹⁶⁰ Bachtler, op. cit., 277.

economic development, *perhaps the enlargement process itself, being much to absorb, was too much, too fast*; as enlargement has taken its toll on overall EU integration and cohesion.

The hope has been that with joining the EU CEE can grow in achieving similar affluence found in Europe's west, that economic convergence would be forthcoming. And for all the rhetoric of positive growth in CEE due to Europeanization, Drahekoupil reminds us that, "rapid internationalization in CEE came to a close in the mid-2000s;"¹⁶¹ and both exports and foreign investment have dropped, pushing several countries into recession. It would seem that EU investment and growth was forthcoming to see CEE through accession – 'only.' The fact remains that there is a deep economic divide across the former Iron Curtain,¹⁶² with, in economist Witold Orłowski's words, a "rich West and poor East."¹⁶³ Perhaps these new member states have benefitted from large financial transfers *quantitatively*, yet they have not improved their relative competitive position in recent years *qualitatively*. It should be reiterated that the resulting change that would come from raising the recipient threshold, mentioned earlier, and awarding more competitive markets would decrease the original expectations that CEE had in joining the EU. These changes would, in the end, further contribute to the disparity of economic abilities between the core of Europe and those at the eastern periphery, as the lack of funds, then, would continue to marginalize the CEE economies.¹⁶⁴ The seeming inability of realizing these previous hopes continues to plague the convergence of economic development across the EU. Ironically, it would seem that the method used was likely chosen to guard against such results, as it has been warned that a potential side-effect of integration would be the exposure of weak

¹⁶¹ Drahekoupil, *Globalization and the State*, op. cit., 175.

¹⁶² It might be worth mentioning that this divide even predates the growth of liberal capitalism.

¹⁶³ Orłowski, op. cit., 12.

¹⁶⁴ Grosse, op. cit., 321. See Guy Baudelle and Catherine Guy, "The Peripheral Areas of Western Europe and EU Regional Policy: Prospective Scenarios," (paper presented at the Regional Studies Association [RSA] conference: Europe at the Margins: EU Regional Policy, Peripherality and Rurality, Angers, France, April 15-16, 2004).

economies to the stronger competition of stronger growth poles of the EU.¹⁶⁵ Therefore, the maintenance of a two-speed, or two-tiered, European Union with the unequal development and influence that it accompanies will be, sociologist Valeriu Frunzaru believes, “an important source of tension and also obstacles for the creation of a strong and competitive entity in global society.”¹⁶⁶ Without the means to overcome this, as Kozak et al. predicts, the possibility of EU disintegration will grow, despite itself.¹⁶⁷

Therefore, Convergence, *as it were*, has faltered; and the divergence, *as it is*, is characteristic of how CEE has become ‘integrated’ within the regional economy. In this situation, the West has held a favored position with regard to finance, production and advanced technology;¹⁶⁸ the lack of which for CEE had constrained earlier strategies for a local direction toward regional integration.¹⁶⁹ As well, it has constrained CEE states’ abilities to direct the process of production in direct benefit of local development. This presents the costs of CEE integration with the European Union. It is not so much the lack of growth, albeit limited and declining, but the lack of long-term, value-added, locally-sustainable development to bring CEE within reasonable economic convergence with WEU. This can change, however, as the situation and members’ relations are not everlasting; or in Drahokoupil’s words, the “power bloc is not a static coalition, but rather a dynamic process of coalition-building.”¹⁷⁰ In other words, the interest groups that came together in the name of integration can change, and should in hopes for

¹⁶⁵ Kozak, Opala, and Samecki, op. cit., 289.

¹⁶⁶ Valeriu Frunzaru, “Cross-Border Co-Operation Against Social Exclusion,” (paper in the Proceedings of the 1st DRC Summer School, Region co-operation as Central European perspective, Pécs, Hungary, 2004): 80-81, <http://www.drcsummerschool.eu/static/designs/drcsummerschool/portlets/portlet.application.DocumentStorage/getFile.jsp?order=getFile&id=41&returnUri=/proceedings&returnOrder=getLinks&returnCategoryId=3> (accessed May 19, 2016).

¹⁶⁷ Kozak, Opala, and Samecki, op. cit., 295 and 308; and Grosse, op. cit., 321, and 323-324.

¹⁶⁸ Drahokoupil, *Globalization and the State*, op. cit., 11-12.

¹⁶⁹ Neo-Gramscian accounts help fill missing links of ‘external’ determination of developments, according to Drahokoupil, *ibid.*, 23-24.

¹⁷⁰ *Ibid.*, 31 and 185.

the benefit of the CEE states more directly. In light of this, an appropriate question might be: how might Europeanization have been implemented differently?

What would the transition have been like had the EU12 acceded in the 2000s without having had to accept the disadvantageous requirements that has accompanied FDI and Cohesion Funds; yet still be allowed to integrate with EU structural support? Under such conditions, it is understandable that FDI and other funds might have been significantly less than it had been for the decade prior to the 2008 financial crisis, as it may have been limited due to the amount of control it would have had over the subregion's industries. Nevertheless, this counterfactual is important as we look toward options for its subregional development – what could be done? And it is this to which the societies of CEE together must respond; and that they must do so together cumulatively, with their common voice. It is a point that will be returned to after a reminder of the potential present within the CEE subregion itself. The fact is: CEE, now as a subregion, let alone the individual member states of which it is comprised, is a minority within the European Union it joined – an organization they joined to be given a voice or voices as relative equals; however, *it will only be in the consolidation of their subregion that their voices may be heard, having been kept so long to a whisper.*

Caucus for Convergence

The continuation of the two-tiered development policy in Europe which aids the core's ability to compete more adeptly in the regional and world markets, and yet only benefits the periphery in terms of traditional development (resources and labor), can only lead to the continual dependence of CEE upon the EU.¹⁷¹ This is addressed in a relatively recent study of the Visegrad states, edited by subregional sociologist Sándor Köles. The study notes the significant growth potential and profits had by western European companies in CEE, also seen as

¹⁷¹ Grosse, op. cit., 314-315, and 318; and Dingsdale, op. cit., 281.

a source of growth for the EU.¹⁷² It also observes that the record growth had by CEE states preceding, and during the initial years of, accession must now be replaced with not only fiscal stability, but also growth “based much more on savings rather than easy credit.”¹⁷³ And Köles makes it clear that those savings should be locally based. While conceding that this type of growth could be significantly slower, the study reports, “development based on cheap external funding has been replaced by development fuelled by domestic savings, which will thus be better conceived.”¹⁷⁴ It seems that *only local sources can bring future growth in a sustainable fashion for the subregion*; and that this can be bolstered fittingly through solidarity amongst CEE’s Visegrad states.

Subregional political scientist Tomáš Strážay explains, that this “solidarity is important from the point of view of the cohesion of V4 countries in terms of strategic interests and decisions,” as it may help to “protect the V4 from becoming a ‘multi-speed’ regional initiative.”¹⁷⁵ Now, as a more unified subregion of Europe, CEE has had its challenges. It has been reattempted, almost haphazardly, many times. And it may be said that in its present form, its Visegrad Group is relatively weak. Subregional expert Søren Riishøj notes that since EU accession they have “rarely acted as a group.”¹⁷⁶ They do have a joint declaration signed shortly after accession from which to form a base of cooperation as new EU members;¹⁷⁷ however, it has yet to be capitalized upon. The lack of such consolidation, the lack of such conviction, might

¹⁷² Köles, op. cit., 157.

¹⁷³ Ibid., 174.

¹⁷⁴ Ibid., 178.

¹⁷⁵ Tomáš Strážay, “Visegrad – Arrival, Survival, Revival,” in *Two Decades of Visegrad Cooperation: Selected V4 Bibliography*, ed. Bretislav Dancák et al. (Bratislava, Slovakia: International Visegrad Fund, 2011), 37.

¹⁷⁶ Riishøj, op. cit.

¹⁷⁷ Declaration of Prime Ministers of the Czech Republic, the Republic of Hungary, the Republic of Poland and the Slovak Republic on cooperation of the Visegrad Group countries after their accession to the European Union, May 12, 2004, <http://www.visegradgroup.eu/documents/visegrad-declarations/visegrad-declaration-110412-1> (accessed on September 19, 2015); Guidelines on the Future Areas of Visegrad Cooperation, <http://www.visegradgroup.eu/cooperation/guidelines-on-the-future-110412> (accessed on September 19, 2015).

perpetuate CEE to long be relegated to a status of relative insignificance. The Hungarian writer Konrád did warn, “[W]e can only count if we’re together...If we fail to link Central Europe together,...I fear, we will all disappear from the face of the earth together.”¹⁷⁸ Still, there is hope for Visegrad cooperation.

Greater convergence could be addressed by the CEE states, themselves, should they attempt policies which cater more directly to their own subregional needs.¹⁷⁹ That is, if EU policies and realities are to change in a manner previously unexpected by CEE, then the subregion’s participation in the Union should also be allowed to change along with it. In doing so, as subregional scholar Wojciech Gizicki forwards, “the Visegrad Group can be an important common front of action [...] a kind of pressure group,”¹⁸⁰ *so as to become a policy shaper rather than policy takers*.¹⁸¹ And as current policy does not work toward the subregion’s long-term interests, perhaps the EU should not play the primary role in the subregion’s development. In fact, it has been shown, according to Grosse, that “EU policies are more effective in a situation where they play an auxiliary role to national activities.”¹⁸² It would seem logical, then, that both FDI and EU aid should be complimentary to the national, and/or subregional, policies of the member states.¹⁸³

Realizing this, and based on the principle of subsidiarity, they should take measures to make change, according to their own interests.¹⁸⁴ And as it is not the EU’s concern to build

¹⁷⁸ Konrád, *Is The Dream*, op. cit., 121.

¹⁷⁹ George Petrakos, and Lefteris Topaloglou, “Economic Geography and European Integration: The Effects on the EU External Border Regions,” in *Regional Development in Central and Eastern Europe: Development Processes and Policy Challenges*, ed. Grzegorz Gorzelak, John Bachtler and Maciej Smetkowski (New York: Routledge, 2010), 178.

¹⁸⁰ Wojciech Gizicki, “Architecture of the Visegrad Cooperation,” in *Political Systems of Visegrad Group Countries* (Trnava, Slovakia: University of Ss Cyril and Methodius, 2012), 10.

¹⁸¹ Tulmets, op. cit., 20.

¹⁸² Grosse, op. cit., 318.

¹⁸³ Ibid., 319-320.

¹⁸⁴ Grosse, op. cit., 319-320, and 324-325.

innovative economies in CEE, and yet a network of such would prove to be more effective at preparing these peripheral regions to better join the common market,¹⁸⁵ CEE states should seek to build an innovative economy in the subregion, together. In addition to this and the task of rebalancing the powers of influence in Europe's EU, there also exist numerous common interests that the Visegrad states have as opportunities to pursue: from the particulars of trade within the Eurozone, to migration and infrastructure, to energy independence and the expansion of the subregion's economic potential.¹⁸⁶

How to Cultivate Growth

This is an important area from which to begin. It is one less threatening than the topic of defense, which follows; and it is one of fewer perceived obstacles that may stem from society, and its related emotive nationalisms, covered previously. Here, *within the economic realm, it is possible to build upon the foundation of precedence.* Just as the European Coal and Steel Community brought western Europeans together for the purpose of peace and rebuilding, so should a community be harnessed in CEE for the purpose of stability and development. In time, this new community in the east of Europe could even come to be an influential caucus within the EU, aiding in the development and representation of its associated members. The times, however, between the still remembered chaos of World War 2 and the all but forgotten end of the Cold War are very different, as are its principal actors. But while the Visegrad states may not have the same impetus for delving into a similar scenario, on the matter of where to begin, thankfully, a model for such change in the subregion has already been provided.

¹⁸⁵ Ibid., 319-320.

¹⁸⁶ Eszter Hajdú, "The Ugly Truth of Project V4: Can a Few Common Goals Move Visegrad Cooperation Forward?," Visegrad Insight (January 5, 2015), <http://visegradinsight.eu/the-ugly-truth-of-project-v405012015/> (accessed May 15, 2016).

Subregional political scientists Jiri Blazek, and Marie Maceskova have offered a model from which to work, called the “5S model.”¹⁸⁷ It stipulates that monies must be used toward the ‘**Stimulation**’ of long-term economic growth, and that they must be rather ‘**Selective**’ so as to avoid the dilution of precious capital. Drahokoupil can be used to expand on this as he argues that by “discriminating among investors upon their potential contribution to the local economy [...] they attract ‘appropriate’ FDI and [can then] attempt to cluster it in the regions...” in hopes to harness “spill-over effects and industrial upgrading, reduc[ing] the risk of [investor] departure by making it more local[ly] dependent.”¹⁸⁸ Further ‘**Support**’ from the state, itself, should be harnessed and its regions that benefit so as to provide increased cooperation in its facilitation; and that locating the proper firms and industries to benefit from this cooperation might have a combined ‘**Synergistic**’ effect upon growth. Finally, that the policy of ‘**Subsidiarity**’ remains intact in the manner in which the central governments relate to a nation’s subregions; as well as in the manner the EU’s central authorities relate to Europe’s own subregions. Blazek and Maceskova summarize, “the model stresses the need to achieve synergies among different policies and programmes and the need for mutual support [cooperation] between the relevant actors on different governmental levels.”¹⁸⁹ But a question, then, lingers as to how or even if sources of external investment and/or aid would want to abide by these five stipulations.

Either way, CEE states will have to re-adapt to the requirements of the globalizing market place. Significantly, a few short years following EU12 accession, FDI began approaching diminishing returns resulting in FDI decline. This is compounded by the effects of

¹⁸⁷ Jiri Blazek and Marie Maceskova, “Challenges for National Regional Policies in the New Member States,” in *Regional Development in Central and Eastern Europe: Development Processes and Policy Challenges*, ed. Grzegorz Gorzelak, John Bachtler and Maciej Smetkowski (New York: Routledge, 2010), 63-65. Perhaps it should be renamed “6S” for stricter adherence to “Subregionalism.”

¹⁸⁸ Drahokoupil, *Globalization and the State*, op. cit., 47.

¹⁸⁹ Blazek and Maceskova, *ibid.*, 67.

the 2008 financial crisis, further reducing FDI investment into the subregion. While this means that less profit was found since previous foreign investments, it also means that in reaching this threshold, a measure of convergence, then, has been achieved in a few industries. Economist Michael Porter says just as much when he writes, “Convergence arises when the potential for growth is declining in the level of economic activity as a result of diminishing return.”¹⁹⁰ In other words, *investors have seen sufficient growth that their investments no longer are able to garner as much profit due to the presence of local growth*. This might spell lesser profits for external actors, though it also means greater opportunity for those present than had been previously available. Perhaps it would even be possible to ‘piggy-back’ atop industries already ‘nurtured’ from this growth.¹⁹¹ Now that the subregion is expecting less European aid and FDI, these industries and cities are prime for re-investments toward *domestic accumulation*; and ideally with greater support from domestic sources.

There is little doubt that local sources of capital would be highly advantageous, as this would be more likely to have long-term contribution to the local economy, their development and integration.¹⁹² There would also be the advantage of preferable refinancing options that come with domestic debt that makes its investment more sustainable.¹⁹³ As well, with regard to convergence aid, as Grosse explains, greater use of local capital would also help to avoid the “imported social redistribution schemes [simply] concentrate[ing] on raising the earnings and living conditions of the population, rather than on initiating a comprehensive [sub]regional

¹⁹⁰ Mercedes Delgado, Michael E. Porter, and Scott Stern, “Clusters, Convergence, and Economic Performance,” *Research Policy* 43, issue 10 (December, 2014), 1785–1799.

¹⁹¹ Drahekoupil, *Globalization and the State*, op. cit., 151.

¹⁹² Ibid., 95.

¹⁹³ Zoltán Pogátsa, “The Effects of the Great Recession on Hungary,” in *The Politics of Economic Sustainability: Baltic and Visegrad Responses to the European Economic Crisis*, ed. by Karlis Bukovskis (Riga: Latvian Institute of International Affairs, 2014), 101.

development process,”¹⁹⁴ which is necessary to narrow the development gap between the core and periphery. Still, if European investors continue to show a lack of desire to participate in further CEE development, and should domestic sources be slow to mature, Visegrad and others might decide to invite a greater stock of Asian investment. According to an editorial, China has shown the will to invest in the subregion, to the tune of up to \$10 billion in credit, with hopes to have reached a total trade volume 10 times that by 2015.¹⁹⁵ In late 2015 it was reported that China has made good on its efforts through 2014, though not quite near its goal. Through 2014, trade between China and the entirety of CEE reached a little over \$60 billion,¹⁹⁶ or about 10% of China’s trade with the entirety of Europe.¹⁹⁷

While it may be that preference should be given to domestic investment sources, it is true that external assistance is often important. However, regardless of its origins as Grosse states, “it has to be directed towards the stimulation of the internal potential, and thus to be aimed at the mobilization of self-activating processes of endogenous development,”¹⁹⁸ and fostering “cooperation networks[,] grouping development-oriented regional [public and private] institutions.”¹⁹⁹ As such, the subregion’s governments must come to be more selective of “investment proposals that meet local developmental requirements.”²⁰⁰ For, in order to promote long-term development, to eventually sustain the subregion in(ter)dependently, the focus should

¹⁹⁴ Grosse, op. cit., 314.

¹⁹⁵ Caille Millner, “Beijing Sets its Sights on Central Europe,” *Spiegel Online*, May 18, 2012, <http://www.spiegel.de/international/europe/with-10-billion-dollar-credit-line-china-deepens-presence-in-central-europe-a-833811.html>

¹⁹⁶ Richard Q. Turcsányi, “The Limits of China’s Cooperation with Central and Eastern Europe,” *The Diplomat*, December 4, 2015, <http://thediplomat.com/2015/12/the-limits-of-chinas-cooperation-with-central-and-eastern-europe/>.

¹⁹⁷ Xinhua, “Spotlight: China, Central and Eastern Europe Eye Infrastructure-led All-round Cooperation,” *Xinhuanet*, November 25, 2015, http://news.xinhuanet.com/english/2015-11/25/c_134851088.htm.

¹⁹⁸ Grosse, *ibid.*; see P. Bruijn, and A. Lagendijk, “Regional Innovation Systems in the Lisbon Strategy,” *European Planning Studies* 13, no. 8 (2005): 1153-72.

¹⁹⁹ Grosse, op. cit., 325; A success in the region, “the OECD shows that the V4 are within the top 25 locations for (public-private partnership) infrastructure investment in transition economies.” Drahokoupil, *Globalization and the State*, op. cit., 53.

²⁰⁰ Grosse, op. cit.

be on promoting a means for this internal dimension – utilizing resources to generate innovation within. Now, while this has not been a focus of FDI, it does not mean that foreign capital could not be utilized in some measure to achieve this endogenous development. Perhaps it could be harnessed to better cultivate CEE, without necessitating majority control or ownership. At least there is evidence that some external investors might have interest in seeing growth within a more select area of the economy in CEE.²⁰¹ A difference, between both the development of CEE pre-accession as well as the rebuilding of WE post WW2, would be that rather than focusing on development of the industrial economy, for today's day and age, CEE might focus on the knowledge economy and its related value-added industries.

High Value Markets and Knowledge

What complicates convergence, and thereby integration, increasingly so is the leaps in technological developments, with which have come a change in the measure of economic growth. Previously, the basic factors of production – land, labor, and capital – in the form of resources and accessible transit, labor costs and market proximity – were guidelines to growth and provided the recipe, based on their endowments, that states should follow to integrate within the specializations of the global economy. However, the world economy has changed. Today, we have what has come to be known as the 'knowledge economy,' related to information processing and high-tech skills. It is reflective of technology and know-how that has much greater influence upon economic growth,²⁰² as its increased demand has established it as an integrated and desired 'factor of production.'²⁰³

²⁰¹ Drahokoupil, *Globalization and the State*, op. cit., 176.

²⁰² Hans Joachim Kujath, "Central and Eastern European Urban Regions and the Knowledge Economy," in *Regional Development in Central and Eastern Europe: Development Processes and Policy Challenges*, ed. Grzegorz Gorzelak, John Bachtler and Maciej Smetkowski (New York: Routledge, 2010), 116; see J.H. Dunning, "Regions, Globalization, and the Knowledge Economy: The Issues Stated," in *Regions, Globalization, and the Knowledge-Based Economy*, ed. J.H. Dunning (New York: Oxford University Press, 2000), 7-41.

²⁰³ Kujath, *ibid.*, 116.

Due to this change, a developing nation wanting to eventually achieve similar success as a developed country through modern industrialization already has a steep hill to climb. This is now made steeper, still, thanks to technology and the competition of the knowledge economy. Not likely having an abundance of skilled labor or capital, developing states have always had to attract them in some fashion for greater development, whether or not this would eventuate into national or domestically derived skilled labor and capital. Now, with the knowledge economy, it could potentially increase this ‘barrier to entry,’ so to speak, as these lesser developed countries are now even further behind – not just in having to attract capital, but now having to invest in it for generations, potentially, before possibly being competitive in today’s era of globalization.²⁰⁴ A look at some general numbers is enough to give a decent perspective of their challenges.

Already CEE education expenditures are nearly 18% lower than the EU average,²⁰⁵ and it is still focused more on older and traditional growth than states in Europe’s west. According to the World Factbook, as a percentage of GDP, CEE depends on agriculture nearly twice as much as WE, and it is over 15% more dependent on industry, while behind by nearly 8% in the service sector.²⁰⁶ On the matter of the technological exports related to the knowledge economy, according to data from the World Bank, the EU average has a significantly higher proportion of technological exports as a percentage of their manufactured products. Even a combined number of all those within CEE, to include the Baltics, pails in comparison to Germany.²⁰⁷ This is likely related to the importance paid to the percentage of GDP expended on research and development, in which the EU is spending much more than the average for CEE.²⁰⁸ And even the EU average

²⁰⁴ Kozak, Opala, and Samecki, op. cit., 292.

²⁰⁵ *The World Factbook*, op. cit., Education expenditure.

²⁰⁶ *The World Factbook*, *ibid.*, GDP by origin sector.

²⁰⁷ *World Development Indicators*: High-technology exports (% of manufactured exports), Washington, D.C.: in the World Bank database, <http://data.worldbank.org/indicator/TX.VAL.TECH.MF.ZS> (accessed May, 2015).

²⁰⁸ *World Development Indicators*: Research and development expenditure (% of GDP), Washington, D.C.: in the World Bank database, <http://data.worldbank.org/indicator/GB.XPD.RSDV.GD.ZS> (accessed May, 2015).

is far below, and with limited progress, to the target set of 3% by the European Commission for 2020.²⁰⁹ These patterns of investment must change, and are likely to pose somewhat of a challenge to CEE states.

Nevertheless, if this is what it takes to properly compete in today's economy, then it must be started at some point – and *the earlier for policy to move in this direction, the better*. There should be no question that CEE states are going to achieve greater equalization by concentrating greater efforts toward development of the 'knowledge economy' within the subregion. CEE needs to channel its investments into innovative and high value-added development, to modernize their own endogenous resources, by supporting universities, small and medium sized business, and research centers associated with high-technology.²¹⁰ This will allow the subregion to eventually become competitive within Europe, as well as to enter the global market more effectively.²¹¹ In time, investment of CEE's knowledge economy would yield great structural improvements for the EU as a whole; and there is one place in particular where it is best possible to capitalize on this.

Networked Metropolises and Clusters

Metropolitan capitals, naturally, have become the main host and beneficiaries of globalization,²¹² as cities have an obvious advantage for concentrated growth. If and or when it comes to using Cohesion funds or any other means of funding growth, the decision between applying these toward universal national growth across the board or toward competitive locations for more efficient use of investment, major cities in CEE are where this increased capitalization

²⁰⁹ European Commission, *Taking Stock*, op. cit.

²¹⁰ Grosse, op. cit., 314-315; and Grzegorz Gorzelak, John Bachtler, and Maciej Smetkowski, "Conclusions," in *Regional Development in Central and Eastern Europe: Development Processes and Policy Challenges*, ed. Grzegorz Gorzelak, John Bachtler and Maciej Smetkowski (New York: Routledge, 2010), 330 and 334.

²¹¹ Grosse, *ibid.*, 320.

²¹² Grzegorz Gorzelak, and Maciej Smrtkowski, "Regional Development Dynamics in Central and Eastern European Countries," in *Regional Development in Central and Eastern Europe: Development Processes and Policy Challenges*, ed. Grzegorz Gorzelak, John Bachtler and Maciej Smetkowski (New York: Routledge, 2010), 56.

can take place. Geographer Peter J. Taylor explains, "(t)he starting premise is that cities are essential loci for any sustainable economic development. Cities are where the processes that generate economic growth are concentrated."²¹³ It is here that the dynamism of the labor force and capital available are that produce the synergism for development.²¹⁴ Analysis done within ESPON finds that changing to a more competitive-based orientation, Kozak et al. write, "would lead to the concentration of economic activity in the so-called Pentagon regions, [of WE, and, consequently,] a relatively limited number of growth poles [...] in more peripheral areas."²¹⁵ These Pentagon cities of London, Hamburg, Munich, Milan and Paris are so successful that the measure of activity in major cities of CEE pale in comparison.²¹⁶ This seems to be supported in the measure of urbanization provided by the World Factbook, which shows that CEE is about 15% less urbanized than the EU average.²¹⁷

Still, this is not to say that all would be lost, or that this could definitively relegate CEE to the dust bin of development in the shadow of WE's economic prowess. As we address the development of states, generally speaking, but particularly the states of CEE, it is necessary to consider the status of its most able metropolitan areas, as it is within these more capable cities that we are likely to see a more marked increase in development from investment added – indeed, a bigger 'bang for the buck.' No doubt this is the reason why so much FDI was

²¹³ Taylor, op. cit., 158.

²¹⁴ Taylor, op. cit., 158-160; see M.E. Porter, "Clusters and the New Economics of Competition," *Harvard Business Review* 76, issue 6 (November/December, 1998): 77-90; and J. Jacobs, *The Economy of Cities* (New York: Vintage, 1969); and E.L. Glaeser et al, "Growth in Cities," *Journal of Political Economy* 100 (1992): 1126-52; and R. Florida, *The Rise of the Creative Class* (New York: Basic Books, 2002).

²¹⁵ Found in: Kozak, Opala, and Samecki, op. cit., 290. See: European Spatial Planning Observation Network, *ESPON Project 1.2.3: Identification of Spatially Relevant Aspects of the Information Society, Final Report* (Luxembourg, ESPON Coordination Unit, March 2007), http://www.espon.eu/export/sites/default/Documents/Projects/ESPON2006Projects/ThematicProjects/InformationSociety/fr-1.2.3_fin_revised_march2007.pdf

²¹⁶ Gorzelak, Bachtler, and Smetkowski, op. cit., 329 and 331.

²¹⁷ *The World Factbook*, op. cit., Urbanization.

concentrated in CEE's capital cities.²¹⁸ As European development expert Jan Maarten de Vet underlines, "The Re-invented capitals are the unrivalled growth engines of [CEE's] national economies."²¹⁹ In fact, in the years leading up to Europe's 'big bang,' the cities of Warsaw, Bucharest, and Vilnius achieved an average annual growth rate of more than 7 per cent, 3 per cent higher than their respective national figures.²²⁰ They have large urban centers with skilled labor, research and development facilities; as well as the greater presence of physical logistical infrastructure, and the potential environment conducive to attracting opportunities.²²¹ Yet, perhaps it is not enough to simply concentrate development in and around city centers. Development might grow exponentially more if interactions amongst these cities find new priority.

Traditionally, it has been found that smaller actors, such as the CEE states, require the aid of larger actors in order to reach success. This is also the viewpoint of Köles's study on Visegrad integration, as it is written, "Integration between less developed countries does not cause rapid economic development. These less developed economies generally rely on a modernisation centre (an 'anchor') that often lies outside the strict boundaries of the region."²²² As this relates to the subregion, Drahokoupil describes this as a "hub-and-spokes structure between the West and the CEE," where "each state in the region [...] relate[s] to the others principally via its relationship with the Western hub."²²³ Peripheral Dependency Theory explains this privileged position of Western Europe upon that of its expanding east. It is here

²¹⁸ Dingsdale, op. cit., 181-183.

²¹⁹ Jan Maarten de Vet, "The State of European Cities and the Positions of New Member States," in *Regional Development in Central and Eastern Europe: Development Processes and Policy Challenges*, ed. Grzegorz Gorzelak, John Bachtler and Maciej Smetkowski (New York: Routledge, 2010), 99-100.

²²⁰ Ibid.

²²¹ Porter, "Clusters and the New Economics," op. cit.

²²² Köles, op. cit., 150.

²²³ Drahokoupil, *Globalization and the State*, op. cit., 17; see Gowan, "Neo-liberal Theory," op. cit., 3-60; and P. Gowan, "Eastern Europe, Western Power and Neo-Liberalism," *New Left Review* 1/216 (1996): 129-140.

along the periphery, where, as political geographer P.J. Taylor puts it, “capital is sucked to its core,”²²⁴ perpetuating the proportionality of underdevelopment of the periphery, as “such regions supply primary commodities...for the benefit of others.”²²⁵ The dependency of the peripheral states has already been shown to set these states at a disadvantage, formalizing their satellite status to Europe’s economic core. Still, perhaps, the declining nature already put forward regarding FDI and convergence aid will somewhat diminish the established western-centered relations had amongst the subregional metropolises.

With this in mind, and having, then, the mind to rectify their path for development, *the subregion should take action in encouraging its own ‘central’ position in Europe* – so that it may utilize its location between East and West positively, so that it may realize its growth potential. Instead, the structure should come to resemble more of a honeycomb, where clustered firms and cities through public and private partnerships might, in political sociologist Wendelin Strubelt words, “become the locomotives for the other less-developed ones, pushing or pulling them,”²²⁶ into a more self-sustainable subregion. If nothing else, as political scientists Susan Birgersson and Roger Kanet may have predicted in 1995, “Given their shared frustration with [...] the West, all these parties might be expected to reestablish economic links among themselves,”²²⁷ which, in this author’s opinion, is central to sustainable subregional development. Konrád may have said it best, when he wrote, “Central Europe’s cities will remain irredeemably provincial unless they come to see themselves a parts of a metropolitan constellation.”²²⁸ The key, here, is to link these metropolises into a value-added network, where development need not end at the cities’ limits of this honeycomb of subregional cities.

²²⁴ Taylor, op. cit.

²²⁵ Ibid.

²²⁶ Strubelt, op. cit.

²²⁷ Birgersson and Kanet, op. cit.

²²⁸ Konrád, *Is The Dream*, op. cit., 118.

As growth expands from the city centers, even if diminishing with greater distance, their expanse potentially reaches that of other city centers. As P.J. Taylor outlines, this, then, has the potential of harnessing through Central Flow Theory the combined potential of multiple metropolises for even greater growth.²²⁹ This mirrors the writings of economist Michael Porter who wrote on the synergisms of clustered firms.²³⁰ Here, the extrapolation could be one that capitalizes on *clustered metropolises – to create a spillover* into related industries in nearby locales – having a sort of Porter-Monnet combined effect. And as specialization were to lead to higher levels of interdependence between firms and their cities, this common localization to be harnessed in CEE could potentially be the ‘yellow brick road’ to the subregion’s development; particularly if it were to enhance local ownership and investments. Still, at the ground level, so to speak, Porter’s ideas on business clusters could take a more direct application, as he had originally intended. That is, interrelated firms could be harnessed to drive CEE’s economy forward.

According to Porter, a cluster is “a geographically proximate group of interconnected companies and associated institutions in a particular field, linked by commonalities and complementarities.”²³¹ It is, essentially, *an agglomeration of industries within a familiar comparative advantage* that is, then, able to achieve a *synergism* where the clustered ‘whole is greater than the sum of its parts.’ As already argued, CEE states should seek to expand upon, even if to create, clusters within the knowledge economy. In addition to this, according to data from the World Factbook, CEE states already have a number of industries, perhaps a local

²²⁹ Taylor, op. cit.

²³⁰ Porter, “Clusters and the New Economics,” op. cit.; See: P.J. Taylor, Michael Hoyler, and Raf Verbruggen, “External Urban Relational Process: Introducing Central Flow Theory to Complement Central Place Theory,” *Urban Studies* 47 (November, 2010): 2805-2806.

²³¹ M.E. Porter, “Clusters, Innovation, and Competitiveness: New Findings and Implications for Policy” (presentation in Stockholm, Sweden, January 22, 2008).

comparative advantage, that seem to be popular imports for rich countries, such as: machinery and automobiles, oil and gas, chemicals and minerals.²³² If not already, then, this is an agglomeration with potential synergisms just waiting to be taken advantage of. But not all agree with the benefits of agglomerations. To return to Köles's report on Visegrad integration, he believes that successful economic cooperation can find trouble with countries of similar comparative advantages.²³³ As well, Mirić writes that "the concentration of economic activities in agglomerations can also create negative external effects (such as traffic congestion, urban collapse, exhaustion of natural resources and ecosystems) and can lead to under-used economic potential in other regions."²³⁴ However, Porter's own research, and his collaboration with others prove the benefits of these business clusters.

Porter's research finds that "positive spillovers across complementary economic activities provide an impetus for agglomeration;" and that these "spillovers" come in the form of "increasing returns,"²³⁵ as well as higher rates of employment.²³⁶ Other benefits include "lowering the costs of entry, enhancing market and innovation opportunities, and allowing firms to leverage local resources," such as through the sharing of technical know-how, as well as the pooling of the labor market.²³⁷ Porter also finds that as these clusters grow, specializations can form within regions as well as competition between them.²³⁸ This, then, returns us to the aforementioned clustered firms, to clustered metropolises, to the clustered subregion. It is possible with time, and given the opportunity for success, that the synergism and spillovers would spark a dynamism in these lands that might extend beyond, connecting both east and west.

²³² *The World Factbook*, op. cit., Industry types; Export/Import Commodities.

²³³ Köles, op. cit., 151.

²³⁴ Mirić, op. cit., 95.

²³⁵ Delgado, Porter, and Stern, op. cit.

²³⁶ Ibid.

²³⁷ Delgado, Porter, and Stern, op. cit.

²³⁸ M.E. Porter, "The Economic Performance of Regions," *Regional Studies* 37, no. 6&7 (August/October, 2003): 549-578.

Subregional Gateway

As for the east, dissatisfaction with EU development and integration is also present in Eastern Europe,²³⁹ across the historical Curzon Line between East and West. As states in CEE and EE are both interested in capitalizing on their own comparative advantage, the task for the Visegrad partnership should be to cultivate their shared capabilities. Economically, support for small and medium-sized enterprise development would be a step in the right direction, focused on desired themes at the local level.²⁴⁰ Both the concentration on linking local firms, and focused efforts in key industries could be sufficient in beginning to bridge the divide. Taken together, deconstructing the Curzon Line in the construction of partnerships could come to resemble the aforementioned Porter-Monet spillover into other industries and onto other levels of cooperation.²⁴¹ In this manner, greater energies put into higher-valued industries could capitalize on the joint competitive advantage that these states share within their subregions.²⁴²

Other technical areas, such as transport, logistics, and tourism have already been identified as achieving success in cross-border integration with EE states; more easily than, say, the energy sector.²⁴³ And, while this is most certainly the case, were the situation to become ripe for such a venture, local cross border initiatives in energy also show much promise. For example, both Poland and Lithuania continue cooperating on shale gas exploration.²⁴⁴ In fact, according to an energy study, a CEE energy arc exists from Bulgaria, through to Hungary, and

²³⁹ Korosteleva, op. cit., 243-62.

²⁴⁰ Piotr Kazmierkiewicz, *ENPI's Performance in Eastern Partnership States: Lessons from the Current Perspective for the New Budget* (Warsaw: Institute of Public Affairs and The Heinrich-Boll Foundation, 2013). See: Kinga Dudzińska and Elżbieta Kaca, The Eastern Partnership Under the Lithuanian Presidency: Time for the EU to Keep an Eye on Eastern Europe, The Polish Institute of International Affairs, Bulletin 93, no. 426 (September 28, 2012).

²⁴¹ Haas, op. cit., 366-92.

²⁴² Drahokoupil, *Globalization and the State*, op. cit.; Drahokoupil, "Comprador Service Sector," op. cit.

²⁴³ Turkina and Postnikov, op. cit., 632-52.

²⁴⁴ Stratfor, "When Polish and Lithuanian Interests Align," Strategic Forecasting, Inc., entry posted February 15, 2013, <https://www.stratfor.com/geopolitical-diary/when-polish-and-lithuanian-interests-align> (accessed July 30, 2015).

on to Poland and Lithuania.²⁴⁵ Poland, alone, has enough “recoverable gas” to fill Gazprom’s Nord Stream pipeline for close to a century; not to mention the other states along the Curzon. Expanding this cooperation to Ukraine, where much transit infrastructure lies, might greatly enhance economic development, as well as energy diversification.²⁴⁶ *CEE could also end up being a major thoroughfare for trade with Eurasia*, home to two-thirds the world’s population and half of the world’s GDP.²⁴⁷ However, any discussion on energy will inevitably, and unavoidably, involve the interests of other neighbors, i.e. Russia as a major provider of energy resources, and Europe being a major consumer. Here, it should be underlined that both East and West should have the opportunity to use this ‘burgeoning’ bridge across Curzon symmetrically rather than asymmetrically; an issue with which the rest of Europe would eventually need to come to terms.²⁴⁸

Whereas previous policies had decoupled CEE states from Russia and the former Soviet Union,²⁴⁹ and made them exclusively closer to the West,²⁵⁰ new policies towards subregionalism in CEE could more effectively bridge trade and other relations between WEU and countries to the east, Russia being but one example. After all, there is much more further afield for CEE than just trade with the EU. Perhaps a worry for the European Commission, they estimate that over the next decade “90% of the world’s growth will come from outside the EU.”²⁵¹ This need not, necessarily, be deemed an attempt by the CEE states to balance others against the Union –

²⁴⁵ Peter B. Doran, “Central European Energy Horizons 2012 – Part I: Headwinds,” *Central Europe Digest* (December, 2011).

²⁴⁶ Przemek Skwirczynski, “As the EU Falter a New ‘Empire’ Could Rise in Eastern Europe,” *European Dialogue* (September 28, 2012), <http://eurodialogue.org/As-the-EU-falters-a-new-empire-could-rise-in-eastern-Europe> (accessed May 19, 2016).

²⁴⁷ Johannes F. Linn and David Tiomkin, “The New Impetus towards Economic Integration between Europe and Asia,” *Asia Europe Journal* (April, 2006): 1-11.

²⁴⁸ Havlik, et al., op. cit. Not least of which have to come from Europe’s acceptance of Russian participation, but also that WEU would need to embrace openness, rather than protectionism with regard to any shift in comparative advantage for the subregion.

²⁴⁹ Drahekoupil, *Globalization and the State*, op. cit., 37 and 54.

²⁵⁰ Gowan, “Neo-liberal Theory,” op. cit., 58.

²⁵¹ European Commission, *Taking Stock*, op. cit.

although one could see it being a card to play. Rather, the desire to open up trade, for example, with countries to the east is wholly within reason. Even in the 1990s, when CEE states first began to experience the cost of opening up to the West, maintained protections against agriculture and steel, for example, Poland began to flirt with the notion of increasing trade with Russia.²⁵² While that was then, and politics are different now, as an economic base from which to progress, *realizing CEE space as a conduit or gateway for trade between East and West is a good example of utilizing its central location in Europe*. And with a base in Visegrad from which to maintain cooperative links, and the Porterian business clusters, CEE could highlight this central position, in a similar manner described by P.J. Taylor through Central Place Theory, and harness the flow of commerce across its plains, as put forth through Central Flow Theory.²⁵³

In all, much can be done to improve economic relations within CEE, as well as with its neighbors further east. Even so, with all of its possibilities, in a reminder applicable to the Visegrad states of CEE, Russian scholar Vladimir Kolossov writes in relation to improving cross-boundary cooperation (CBC) between the EU and Russia that, “the effects of communications and transit are more considerable if cross-boundary personal and social networks already exist, and if there is more trust among officials and ordinary citizens.”²⁵⁴ It should be of little dispute that increased political distance between East and West is no answer to bridging the divide (political, economical, cultural, or otherwise.), and should not be sought for the stability and security of ‘the lands in between.’ In fact, it is quite the opposite, states along the periphery should be brought even closer to better improve stability. As Kolossov

²⁵² Birgeron and Kanet, op. cit.

²⁵³ Taylor, Hoyler, and Verbruggen, op. cit., 2803-2818.

²⁵⁴ Vladimir Kolossov, “International Communications and Borders Regions: Transcending the Problem of Scale on the Boundary between Russia and the EU,” in *Regional Development in Central and Eastern Europe: Development Processes and Policy Challenges*, ed. Grzegorz Gorzelak, John Bachtler and Maciej Smetkowski (New York: Routledge, 2010), 255.

summarizes, “Isolation leads to ignorance, ignorance gives rise to mistrust, and mistrust is a key obstacle for cross-boundary cooperation[;] [t]he best medicine against isolation is circulation...the more contact with the neighbours, the more objective and benevolent is the attitude to a neighbouring state.”²⁵⁵ However, if increased ‘circulation’ were to be perceived as a political or economical threat, then its efforts would likely be for nothing, as reactionary measures would return to maintain or restrict this threat. Therefore, these measures must come accompanied by, if not be derived from, the urges of the local communities across the borders, and equally accessible by others, ‘larger’ states, to the west and east, as intended under the original French proposal.²⁵⁶

Unfortunately, this is not yet popularly so, as Kolossov reminds us, “Geo-economy is subordinated to geopolitics.” This is, for example, the case in a Baltic region called Narva: historically a location much contested between Sweden, Germany, the Polish-Lithuanian Commonwealth, as well as Russia. Here, along the Narova River, separating Narva, Estonia with Ivangorod, Russia, high politics continues to separate these two small towns at the expense of the local inhabitants. This artificial restriction shows in the manner that some feel, along the Russian-Estonian border that other states further afield (France and Italy, for example) are actually felt to be much closer due to the ease of travel to these locations – quite paradoxical considering the distance.²⁵⁷ To make matters worse, in 2007 the Estonian government chose to remove a monument of a WW2 Soviet soldier from the center of its capitol city of Tallinn, which did not sit well in Moscow. As a result, business transit dropped by 40%, significantly affecting Estonia’s GDP.²⁵⁸ This benefits no one. This is also presently the case with regard to trading

²⁵⁵ Ibid., 239.

²⁵⁶ Drahokoupil, *Globalization and the State*, op. cit., 89; see Gowan, “Neo-liberal Theory,” op. cit., 25-28.

²⁵⁷ Kolossov, op. cit., 246.

²⁵⁸ Ibid., 249.

sanctions against Russia, and their retaliatory sanctions against EU products. Increasingly, CEE states are voicing their concerns about the negative effects upon their economies, with some discussion to end their participation in the debilitating sanctions.²⁵⁹ While it may be politically practical, it has no benefit for the communities in which it negatively affects. A change in trust is somehow in order.

Not only is greater trust necessary, but a radical change with the border's customs procedures, making its transit less costly and more timely. Two possible examples to build from are between Russia and the two countries of Finland and Poland. In the first case, the generally very time-consuming customs control takes place upon a high-speed train between St. Petersburg and Helsinki; and in the second, due to new use of technologies, a single joint Russian-Polish border control replaces the need for the redundant double process. Norway has even proposed the creation of free economic zones between its larger cities across the borders.²⁶⁰ Such changes between Russia, its satellite states and Europe could invite other opportunities for transit with CEE states as well, crisscrossing CEE like a gateway between East and West. Proposals have already been made: the 'Baltic Way'; the 'North East West Corridor'; as well as the 'Northern Dimension' program. As well, at present a project is under way to replace the smaller-gauge railway between the old Soviet borders with Austria and even Germany, connecting the Trans-Siberian railway between Europe and Asia, possibly increasing railway traffic between by 60 percent.²⁶¹ With such changes, one could easily envision utilizing CEE as a conduit for trade with Asia. According to Kolossov, trade between Europe and Asia is worth \$600 billion per

²⁵⁹ Frank Markovic, "What Lies Behind Visegrad Four's Different Positions Toward Ukraine and Russia," European Public Affairs.eu, posted on September 5, 2014, <http://www.europeanpublicaffairs.eu/what-lies-behind-visegrad-fours-different-positions-towards-ukraine-and-russia/> (accessed April 23, 2016).

²⁶⁰ Kolossov, *op. cit.*, 252 and 254.

²⁶¹ *Ibid.*, 253.

year, and is growing. And while much of this is currently done via oceanic trade, easing these land borders could become quite economical – and would benefit all involved.

As shown in this chapter, CEE's multiple transitions in relation to its neighbors has never been easy; even the celebrated one surrounding the end of the Cold War and CEE's accession into the EU. This round, however, even though CEE's choice to join the EU was voluntary, today's primary difficulties seem to emanate from a very basic nature common within relations amongst states, and that is the balance amongst its actors. There was no balance in relation to the power of economies between EU's WE states and those incoming from CEE prior to accession; and there is little wonder why this persists in being the case today. Differences were so profound that simply bringing CEE in from the cold, and into the warmth of the Union, has not been sufficient in bringing CEE's socio-economic progression at pace with its western partners. Further, WE states' own actions show that, while an interest, it is not a priority; and from a realist perspective, this is understandable. Along with the above outlined changes to be made, that CEE states might want to take into consideration, they and their neighbors might find the impetus in the changing world around them – and it is this to which we now turn our attention in the next chapter.

CHAPTER IV

PRESCIENT INTERNAL CRISIS: EURO INSTABILITY

Simply put: The European Union's project of *the Euro is a story of a failed experiment*. It is one that began in the background of European states' own national interests. And it is their persistent differences, or simply their individual natural national wills, that quickly emerged in the foreground to roost within financial crises spanning well over a generation, and persisting to this day. While the Euro's progress has come quite a long way, its trajectory has led it into a gray zone: *one that has attempted to move fiscal and monetary decision-making to the regional level, at the expense of national sovereignty*; yet has also proven unable to reign in the ability of some to take advantage of loopholes within the system, affecting sovereign members now feeling trapped within the system. These conditions have set the tone for the currency's own fragility, traceable to the Community's early years, as they have historically shown differing member views of money's utility.

Introducing Euro Instability

These first three chapters have presented the history behind subregional cooperation in CEE, and covered faults within the subregion's integration within the EU, both socially and economically. Nevertheless, it is useful to remember that states of CEE, like the many other states in the EU, were swept up in what the Union seemed to have on offer: development and stability – progress. The previous chapters should serve to show that neither have been entirely successful across the board for the Union, but particularly so as we focus on the subregion. However, if these internal points of interests and dissatisfaction are not enough to draw proper attention to the subregion, then permit an investigation into a couple external, yet associated, issues that help to highlight potential avenues to greater CEE cooperation. That is, as

subregional sociologist Sándor Köles believes, it may actually take some type of crisis to sufficiently alter the status quo;¹ if not at least the need to take its potential subregionalization more seriously.

The first scenario underlines the fragility of the EU's project of the Euro currency.² While this work is meant to show the viability and necessity of CEE subregionalism within the Union or without the Union, certainly, the threat of the ongoing Euro crisis is presented due to the possibility that were the EU to fragment or buckle under the pressure in any way, it would give even greater cause for the Visegrad states and others to band together in solidarity. The fact is, the EU has compartmentally succeeded in progressing from its post-WWII birth, yet not fully; and the truth is that it has had its own problems with currency solidarity and stability since its very early years. This can be seen in the manner that its main impetus for growth, integration within economics, has not been met with unimpeachable success. While positive words might be said for its tenacity in pushing forward nevertheless, should the Euro currency experiment fail or falter, calls for greater national (or subregional) autonomy may become the norm – to which greater subregional socio-economic cooperation might provide a measure of stability.

Europe's Road to Monetary Union

Europe's monetary union can be followed through its own tale of treaties and committee reports – treaties and reports often ushered through by crises, competition, as well as sheer persistence. The success of Europe's early common market encouraged the budding community at the 1969 Hague Summit to gradually progress to a functioning economic and monetary union.³ The Werner Report, which followed, aimed to make inroads upon this goal; yet there was some reluctance within Werner and the European Council to reconcile themselves

¹ Köles, op. cit., 155.

² The second scenario will be saved for a future chapter, to follow the chapter on defense.

³ This functioning economic and monetary union is still yet to be seen – if even possible.

with a more ambitious transnational alternative.⁴ Most noteworthy of their attempts was to align their fluctuating exchange rates, in the form of a ‘monetary snake.’ However, significant internal variables halted the efficacy of this arrangement. The simple explanation is that each country had its own monetary, as well as fiscal, policies; the differentiation of which as it pertained to their national interests made it nearly impossible to align the tunnel to match the movements of the varying currency exchanges. The ‘tunnel’ was not big enough. Significant external variables further reduced any possible success of the “snake and tunnel.” Still, even with these setbacks, in economics scholar Barry Eichengreen’s words, there remained a “forced march to monetary union.”⁵

After the realization that the “tunnel” was simply too claustrophobic for the times, the ‘snake’ was allowed to float within a wider stream, so to speak. This European Monetary System, in short, was a more tenably flexible ‘pegged’ system. It allowed for much greater fluctuation while anchoring it to a single European Currency Unit represented by all participants’ currencies. Nevertheless, it was still constrained by the national interests of some to over-inflate their economies. Not deterred, their answer was to push for greater unification. Neo-functional efforts to prepare for a more integrated monetary union came with the Cockfield Report, which led to the Single European Act (SEA) of 1985. The SEA, according to Eichengreen, attempted to resolve what had been lacking: “streamline decision making within the EC so that priority could be given to the collective rather than the national interest.”⁶

With the SEA and the subsequent Delors Report, it would seem there existed an almost unidentifiable optimism for the regional economic convergence during this period, as their texts

⁴ Barry Eichengreen, *The European Economy since 1945: Coordinated Capitalism and Beyond* (New Jersey: Princeton University Press, 2007), 188.

⁵ Ibid., 246.

⁶ Eichengreen, *The European Economy*, op. cit., 337.

were replete with words reminiscent of the Treaty of Rome, such as “rediscover,” “relaunch,” and “renew.”⁷ Perhaps for good reason, as it was the SEA and Delors Report that stand as the primary steps leading to Maastricht just a few short years later in 1992; attempting still greater harmonization between the states’ central banks through the European System of Central Banks (ESCB), and greater decision-making power upon a transnational level, and to finally fixed currency parities. The treaty laid out convergence criteria for new members and a three stage plan toward ‘complete’ economic and monetary union: free capital movement, establishing a European Central Bank (ECB) for greater convergence, and a single currency thereby fixing exchange rates. However, due to the Community’s historical reluctance to grant extra-national powers to an authority outside the European Council, the latter two stages were left rather obscure as to their implementation.

This was a point of contention, a point made in 1989 for example by eminent economist and former central banker Norbert Kloten, due to the repercussions of such imbalance between national and community interests; and as such Kloten believed that the transition to greater transnational authority (stages two and three) should be short, if not shortened.⁸ Perhaps this was intended to veil the inadequacies of converging centralization; perhaps it was meant to rush past market alternatives that Delors reportedly did not have much trust in.⁹ Whatever its true reasons, in the absence of transnational oversight, Maastricht proceeded to the present without the ability to enforce monetary and fiscal discipline – except merely to remind nations of their obligations to adhere to prudent economic guidelines, known as the Stability and Growth Pact (SGP),¹⁰

⁷ Armstrong et al., op. cit., 187.

⁸ Norbert Kloten, “The Delors Report: A Blueprint for European Integration,” *The World Today* 45, no. 11 (November, 1989): 194.

⁹ Kloten, op. cit., 192.

¹⁰ Paula Hildebrandt, “The Path to European Monetary Union,” *Economic Review – Federal Reserve Bank of Kansas City* (March/April, 1991): 43.

which has progressed little, but in name, since its inception. Now, while this does set the Euro up for the fragility witnessed today, it is not sufficient by itself to effect Europe's current crisis.

What the brief outline above between national versus Community interests fails to accentuate is the dichotomy that has existed between the means to achieve Europe's rebirth; and how the utility of money was to be used to benefit European growth. That is, *stability and growth do not necessarily trend equal and parallel*: a stable economy does not necessarily bring about the same level of growth desired by governments just as strong economic growth does not necessarily bode well toward a long-term stable economy. Europe was in need of both following World War II; yet as a whole, *they chose to grow at the expense of stability*. It is helpful, here, to focus on two primary actors within this debate: the two founding countries of the Community, itself, France and Germany.

Now, while all of Europe lost the war, Germany was its biggest loser. And this left France in such a position that with Schuman's Plan to incrementally integrate functional aspects of French and German industry (coal and steel), it also served the French ulterior motive to accomplish its own, and Europe's, rebirth via the newly instrumentalized regional yoke placed firmly upon the German economic engine. And it would do so with French flare, or in economic historian M.B. Lynch's view, French political leadership and economic tone.¹¹ Yet, this German-led *growth has come with significant growing pains*, as Germany's own version of money's utility has been markedly different from those of France and other southern European countries. The European (i.e. 'French' or southern European) consensus to curb the restrictive German Bundesbank's policies are addressed below.¹²

¹¹ Frances M.B. Lynch, "France and European Integration: From the Schuman Plan to Economic and Monetary Union," *Contemporary European History* 3, no. 1 (2004): 117-121.

¹² Eichengreen, *The European Economy*, op. cit., 353-359.

Ordo-Liberalism on the Mediterranean?

The consensus to rebuild Europe upon alternate foundations from pre-war Europe may have been virtually unanimous; however, the choice of which foundation was most appropriate was a topic of much debate – and it remains so. At the outset of World War II, two economic visions of Europe stood as possible pathways: the classical liberal vision and the socialist vision.¹³ These may be seen as broader categories from which more particular forms, capitalism and communism, had been discredited if not at least severely challenged during the interwar period. Here, classical liberalism refers to government's reliance on the markets, with minimal if any intervention; whereas socialism favors the intervention of the state within the markets. In fact, one might argue, *it is the regular chafing between these philosophies that has had kept Europe in a regular state of economic flux to this day*, even amidst any perceived progression.¹⁴

What did bring Europe together following the war was the consensus to regrow, and economics scholar John Maynard Keynes already had their answer. In the desolation that was left of Old Europe, the market (private companies and consumers) had little ability and will to begin the initial motion of market productivity. Keynes, in his wisdom, believed that governments could, and indeed should, be used to spur the exchange of goods and services, to artificially intervene in the market if necessary.¹⁵ Quite opposite from conservative Ordo-liberals, Keynes believed that the government knew better than the market and had a responsibility to intervene.¹⁶ The use of public spending (which would eventually amount to deficit spending) into the economy would set the European market back on its feet. This, of

¹³ Philipp Bagus, *The Tragedy of the Euro* (Auburn: Ludwig von Mises Institute, 2010), 1.

¹⁴ In the present state of Europe it may be observed that it is closer toward socialism than classical liberalism – at least as it pertains to the Economic and Monetary Union (EMU) of the EU; as well as the current advances towards a fiscal union. It may be argued that were Europe to have chosen one over the other more directly post World War II that we may actually observe a more prosperous Europe today; at least its members and their constituent societies would not have to suffer from its apparent bipolarism.

¹⁵ Even though Keynesianism works within the framework of capitalism, it is highly interventionist; and in both manner and effect, it displays socialist notions.

¹⁶ Eichengreen, *The European Economy*, op. cit., 230.

course, was quite attractive within Europe and employed with great success in the first couple decades of the European Community; though some members exhibited much more alacrity and tenacity toward deficit spending than others. Nevertheless, even amidst such growth, Europe was not able to ignore the economic elephant within their new common market: Germany, which had instilled within it a very different point of view for stability and growth.

“Ordo-liberalism” with its emphasis on minimal interference was alive and well within Germany, and other like-minded governments following the war;¹⁷ and some had good reason to be after having experienced the hyperinflation of the inter-war years. Because of this, the Ordo-liberals of the German central banking community were devoted to a stable non-inflationary currency,¹⁸ which is not a traditional match with Keynesianism, and therefore at odds with much of the rest of Europe. Now, the Germany economy, naturally upon its wealth of capital and central location (CPT), outpaced others in the community creating a growth imbalance within the budding Community. And during a time attempting greater economic convergence this difference in growth amongst European economies exposed the initial difficulties of monetary integration. The difficult lesson learned on the road to the European and Monetary Union (EMU) was that the European economy would be unchangeably linked to the German economy; and powerful as it has been, the latter would eventually have surprisingly little input toward the new European monetary regime.

In the 1970s while the European Community attempted to stay within the “snake and tunnel,” external economic variables substantially enhanced the fiscal and monetary problems within Europe. The global breakdown of the gold standard and the oil crises prompted many governments to continue state intervention in the form of massive inflation, rather than to allow

¹⁷ Ibid., 94.

¹⁸ Ibid., 66.

markets time to rebalance or to pursue difficult measures of austerity.¹⁹ Here, inflation occurred for a couple of reasons: continued deficit spending, supported by inflation, was deemed necessary to cover the drop in market activity within states; as well, inflation as its own recourse was deemed useful as a means to devalue a state's currency thereby increasing exports. However, not all states inflated in unison; Germany's central bankers at the Bundesbank refused to inflate the Deutschemark (DM) as much as their contemporaries in the Community.

These variable rates in inflation created strong fluctuations in the exchange rates between currencies,²⁰ favoring the value of the German DM, and making it very difficult for other countries such as Spain, France and Italy to remain inside 'the tunnel.' Due to the strength of the German economy and its DM, other state currencies were pressured to conform to its monetary policy,²¹ yet not happily nor always so completely, even through the subsequent EMS and SEA. And due to pressure from its neighbors, the German Bundesbank became increasingly worried with the Community's rate of inflation as it was forced to intervene increasingly, as it revalued the DM, to aid in the convergence of the European economy.²² *This is the result of attempting a monetary union of economically disparate states: flux.* This is what the conservative leadership of the Ordo-Liberals was meant to help control; yet it was unable to stem the tide of frivolous fiscal and monetary policy. So far overshadowed, in fact, had the Bundesbank become that even after more formal limits of inflation had been agreed within the community, Germany also reached inflationary levels, inconsistent with formal policy; enough that sanctions should have been imposed, as others had deserved.²³ It is this pattern which has

¹⁹ Eichengreen, *The European Economy*, op. cit., 248.

²⁰ Bagus, *The Tragedy of the Euro*, op. cit., 19.

²¹ Eichengreen, *ibid.*, 250.

²² *Ibid.*, 249.

²³ Eichengreen, *The European Economy*, op. cit., 372-373.

led the EU into its current economic crisis, one inadvertently kindled by: Werner, Cockfield, Delors, and even Schuman.

With the Maastricht Treaty, members have technically not been allowed to finance budget deficits,²⁴ yet their ability to do so is part and parcel of how the Euro crisis came to be. And, as if having been foreseen, members have also not been allowed to bailout other member states.²⁵ The Treaty was very clear on this. According to Article 104b of the Maastricht Treaty, “The Community [to include individual member states] shall not be liable for or assume the commitments of [anyone] without prejudice to mutual financial guarantees for the joint execution of a specific project.”²⁶ The danger of a state finding itself in such a need for a bailout was much greater, perhaps, prior to the Euro as each state had control of its own monetary supply, free to expand its monetary supply base and spend in Keynesian fashion at will. And yet, while individual states no longer had this control over monetary policy following the issuance of the Euro, their will to continue found a way in that they are still able to deficit spend based on their ability to independently issue currency ‘credit’ in the form of their sovereign government bonds. Their issue and purchase result, essentially, in bailouts becoming all but official policy.

In the past, while still a suboptimal system of currency support, the ECB accepted government bonds from third parties within the marketplace. The markets, then, still had some measure of influence upon the governments’ roles. Yet, since early 2010, the ECB has taken a more direct role.²⁷ Not only are sovereign bonds allowed on the market, but the ECB has taken to purchasing these bonds outright. At present, even under the strict rubric of Maastricht, states

²⁴ Hildebrandt, op. cit., 38-39.

²⁵ Bagus, *The Tragedy of the Euro*, op. cit., 92.

²⁶ European Council, Treaty on EU, op. cit., 12.

²⁷ Stefan Gerlach, *The Greek Sovereign Debt Crisis and ECB Policy* (Brussels: European Parliament’s Committee on Economic and Monetary Affairs, Directorate General for Internal Policies, Policy Department A: Economic and Scientific Policies, June 8, 2010).

have been allowed to continue running high deficits through their remittance of government bonds via the aid of the ECB. *The direct purchase of these sovereign bonds by the ECB is an attempt to bailout troubled high inflationary states*, in a bid to save disruption of the Euro project. In order to do so the ECB's capital base was predicted to double,²⁸ when the ECB signaled a marked increase in the purchase of government bonds.²⁹ Finance columnist Carl Mortished commented, then, rather sarcastically that in Europe's predicament, feeling it had no other recourse in its crisis of inflationary exuberance, that the ECB would purchase massive amounts of sovereign debt through "quantitative easing (QE) on a colossal scale;" that it was acting more "like an alcoholic who has leapt off the temperance wagon to indulge in a final binge" rather than a responsible institution meant to aid economic stability.³⁰

This presents a situation that should be addressed in some manner. Europe has a crisis that has originated in, and with a shown pattern of, over-inflation; and even though the EU has attempted to restrict member ability to reflate, economist Philipp Bagus explains that the leadership now believes that "the ECB can and actually must print money in order to support economic policies."³¹ This is current policy, when *it should be plainly clear that an attempt to spend their way out of debt is an oxymoron*. More than this, as inflationary spending has now moved to the regional level of the EU, it seems that the ECB's combined role with supervision and regulatory responsibilities, in addition to its role in monetary policy, sets up a moral hazard where the ECB has no substantive accountability to others in these dual roles. As a result of ECB policies, political economist Willem Buiter believes "There is a risk that the Eurozone

²⁸ Marcus Walker, and Charles Forelle, "Bailout Deal Fails to Quell EU Rifts," *Wall Street Journal*, December 16, 2010.

²⁹ David Oakley, "Euro Zone Bonds Rally After ECB Debt Buying," *Irish Times*, December 2, 2010.

³⁰ Carl Mortished, "Printing Euros May Be EU's Last Hope to Halt Crisis," *The Globe and Mail*, December 1, 2010, <http://www.theglobeandmail.com/report-on-business/economy/economy-lab/printing-euros-may-be-eus-last-hope-to-halt-crisis/article4080788/>

³¹ Bagus, *The Tragedy of the Euro*, op. cit., 34.

central banking emperor, while clutching frantically to the fig leaf of formal, legalistic operational independence, could turn out to be wearing no politically legitimate clothes.”³²

Wherever one happens to stand on this issue, there can be little argument that the Euro project today remains fragile, and its cause has been the mixed economic policies of its member states – if not more directly, its lack of adherence to sound money. And, as it stands, the ECB efforts to tame the economic crisis have, instead, served to exacerbate it. Because of this, there is also doubt that the current Euro crisis could be quieted within a greater politico-economic union of the EU member states. This would either postpone discontented voices from speaking out, or provide enough ‘cover’ so as to keep those voices quiet, wrapped up in ‘ever closer union.’

As previously mentioned, *it was the bipolar policies of the EU which has led the members out into turbulent waters*; and that were they to have committed themselves more completely toward either an interventionist, even if it be inflationary and centralizing in nature, or toward a non-interventionist market approach that it would likely prove more stabilizing than at present. And if history is to be a guide, its trajectory over the decades of muddling along as it has does not leave much room for optimism. Credit rating agencies, such as Moody’s, also do not seem to have much regard for the EU’s “‘muddle-through’ strategy.”³³ Standard and Poor’s, as well, has seen Europe’s attempt at economic recovery since the crisis to be nominal, at best,³⁴ especially as external variables have recently come that are likely to put additional pressures on

³² Willem Buiter, “Rethinking Inflation Targeting and Central Bank Independence,” (lecture, London School of Economics, London, U.K., October 26, 2006).

³³ Jaime Reusche et al., *Euro Area Crisis: Sentiment Remains Fragile, Fundamental Challenges Persist*, Report no. 151007 (New York: Moody’s Investors Service, February 27, 2013).

³⁴ Frank Gill, and Alexander Petrov, *Eurozone Sovereign Rating Trends 2015* (New York: Standard and Poor’s Financial Services, January 21, 2015).

Europe, such as the rise in the U.S. federal interest rate and the economic slowdown in China,³⁵ the latter of which is on its second consecutive year.³⁶ The Economist newspaper also notes that even with the recent drop in oil prices, which should aid in boosting consumer spending, the Eurozone's growth has proven to be more anemic than robust,³⁷ and the ECB's inflationary policy of quantitative easing (QE) is not likely to aid EU's growth.³⁸ Instead, as the newspaper's authors believe, policies and circumstances may put us right back to where we started, sitting upon another crisis.³⁹ Nowhere is this exemplified better at present than in the immediate crisis surrounding Greece, and its still possible 'Grexit' from the Eurozone.

To Chase a Euro Tiger by a Greek 'Tale'⁴⁰

In the case of the crisis in Greece, the government did not save enough while the economy boomed prior to financial troubles; and since this time the government has been unable to cover its debt.⁴¹ Greece has only survived this far through the compliance of foreign financiers, and that its debt continues to be financed through the sale of its government bonds. As Bagus explains: once, or "if foreign banks stop buying or start selling Greek government

³⁵ Moritz Kraemer, *The Emerging Market Sovereign Outlook: What's Gone Wrong?* (New York: Standard and Poor's Financial Services, October 20, 2015).

³⁶ Mark Magnier, "China's Economic Growth in 2015 Is Slowest in 25 Years," *Wall Street Journal*, January 19, 2016, <http://www.wsj.com/articles/china-economic-growth-slows-to-6-9-on-year-in-2015-1453169398> (accessed June 01, 2016); Ana Swanson and Kevin Sieff, "China's Slowdown, Financial Mayhem Cast Long Shadow Across World," *The Washington Post*, January 11, 2016, <https://www.washingtonpost.com/news/wonk/wp/2016/01/11/chinas-slowdown-financial-mayhem-cast-long-shadow-across-world/> (accessed June 01, 2016); Li Wei, "China's Economic Slowdown: The Real Worry Is Debt," *Forbes*, September 7, 2015, <http://www.forbes.com/sites/ckgsb/2015/09/07/chinese-economy-slowdown-the-really-worry-is-debt/#76ald2036251> (accessed June 01, 2016).

³⁷ The Economist, "Taking Europe's Pulse: European Economy Guide," *The Economist*, November 13, 2015.

³⁸ Kathrin Muehlbronner, *Sovereign Outlook – Euro Area: Broadly Stable Credit Outlook Reflects Balance of Risks, Assumes No Grexit* (New York: Moody's Investors Service, March 17, 2015).

³⁹ The Economist, "The World Economy: The Never-Ending Story," *The Economist*, November 14, 2015.

⁴⁰ Sudha R. Shenoy, *A Tiger by the Tail: The Keynesian Legacy of Inflation* (Auburn: Ludwig von Mises Institute, 2009), 125-126.

⁴¹ Bagus, *The Tragedy of the Euro*, op. cit., 45.

bonds, the government may have to default” on its sovereign debt.⁴² But this is not the only avenue to sovereign default.

In early 2012, Greece defaulted on its private debt,⁴³ and since this time Moody’s has consistently reported that without some manner of fiscal consolidation of its sovereign debt, which is substantial, that Greece’s economic situation will only worsen, and its risk of sovereign default would rise.⁴⁴ The IMF concurs, and that if Greece is to avoid eventual default on its official debt, sovereign debt restructuring is necessary.⁴⁵ Just to give an idea of Greece’s debt realities, according to Moody’s in the summer of 2015, Greece has had “the largest sovereign bond exchange in history, with US\$262BN of debt caught in the exchange.”⁴⁶ Compare that to the Argentinian or Russian debt crises of the past, US144BN and US73BN respectively. The sum is simply insurmountable for Greece following its current trajectory, even considering the most optimistic of possibilities to pay down its debt. Even finding a way to pay down its debt would not be conducive to any attempts to allow for any meaningfully robust economic growth in Greece. Some path other than to ‘pay’ under austere conditions should be allowed in order to keep Greece and its affects upon the Eurozone stable. Alternatives of such may be seen elsewhere, Iceland, for example, where the nation chose to hold the risk-takers and gamblers of weak investments to account.

⁴² Ibid.

⁴³ Moody’s, *Special Comment: Greece: Debt Sustainability Problems Will Persist After Agreement on Delayed Support*, Report no. 147560 (New York: Moody’s Investors Service, November 19, 2012).

⁴⁴ Alpona Banerji, and Ives Lemay, *Rating Action: Moody’s Downgrades Greece’s Government Bond Rating to Caa3; on Review for Further Downgrade* (London: Moody’s Investors Service, July 1, 2015).

⁴⁵ International Monetary Fund, *Greece: An Update of IMF Staff’s Preliminary Public Debt Sustainability Analysis*, Report no. 15/186 (Washington, D.C., July 14, 2015), <https://www.imf.org/external/pubs/cat/longres.aspx?sk=43080.0>

⁴⁶ Elena Duggar, “Sovereign Defaults and Restructurings,” in *Moody’s Sovereign Roundtable: Distressed Sovereigns* (New York: Moody’s Investors Service, July, 2015), 6.

Iceland did not bail out the banks and instead negotiated a significant reduction in debt with the foreign creditors.⁴⁷ The country's steady ease out of the crisis is an example that slogans of "too big to fail" may simply not be correct. In some manner or another, it was a method of debt forgiveness. This might also be fitting within the Eurozone today as some members may simply have no other means to recover for the long-term. However, former EU president Herman Van Rompuy once said that the Icelandic approach would not be forced upon the investors.⁴⁸ Perhaps this is more a political decision than a sound economic one, as the majority of investors within the troubled economies inside the Eurozone come from large states, such as Germany, France, Italy and the United Kingdom – who, of course, have no interest in voluntarily suffering a loss on their investments. The result of which leaves Greece with little room to maneuver, except to increase the stakes in bargaining.

At the apex of the most recent political crisis that surrounds the Greek/EU financial crisis in the middle of 2015, Greece defaulted on \$1.5B owed to the IMF, and would have defaulted on close to \$10B to the ECB had it not been for the deal reached at the end of summer.⁴⁹ The tension that accompanied the associated Greek-Eurogroup summit meetings is indicative of the strong beliefs held by both sides. Greeks, to include its elected government, believe that the country's debt was due to the policies of previous officials and should not assume responsibility for the intense austerity measures prescribed by opposing officials; whereas the finance ministers that represent the Eurogroup have little more patience for subsidizing Greek delinquency, under the belief that states should own up to their debt. These

⁴⁷ Thor Gylfason, interview by Paul Solman, *News Hour*, PBS, January 24, 2011, <http://www.pbs.org/video/1833507847/>

⁴⁸ Walker and Forelle, op. cit.

⁴⁹ Alpona Banerji et al., *Greece, Government of: Referendum Results in Vote Against Austerity; Ongoing Review Assesses Implications for Continued Official Sector Support* (New York: Moody's Investors Service, July 6, 2015).

feelings lead to the brinksmanship shown in summer, as *The Economist* printed, “breeding contempt among the creditors and resentment among the debtors.”⁵⁰

An example of this brinksmanship was witnessed during the Greek-Eurogroup negotiations. During the summer negotiations, EC President Juncker presented a veiled threat when he announced that “We have a Grexit scenario prepared in detail.”⁵¹ With this statement, he wanted to show, on behalf of the Eurogroup, that there was little choice for Greece unless it was fully prepared to depart from the Eurozone. There was, in effect, no room for Greece to find compromise. While Greeks voted in referendum to oppose austerity, they also chose to stay within the Eurozone, thus giving ample strength to the Eurogroup to essentially resubmit the same austerity program Greece had been trying to avoid. And in all the logical recommendations for debt restructuring, as noted at the summit according to Daniel Harari, a researcher at the UK House of Commons Library, it was decided that “none of Greece’s debt will simply be written off.”⁵² This could imply conditional restructuring following positive Greek performance, yet others see conservative ministers intent to punish Greece, as if to make it an example.⁵³ The understanding that was reached states that additional loans would be provided in return for severe austerity;⁵⁴ however, it does not seem that either side has accepted the eventual default that is likely to come.

Moody’s cites some significant implementation obstacles with which Greece must

⁵⁰ *The Economist*, “The Euro and Greece: Europe’s Future in Greece’s Hands,” *The Economist*, July 4, 2015.

⁵¹ Rebecca Christie, “EU Commission Has Grexit Scenario Prepared, Juncker Says,” *Bloomberg Business*, July 7, 2015, <http://www.bloomberg.com/news/articles/2015-07-07/juncker-eu-commission-has-grexit-scenario-prepared-in-detail>; EurActiv, “Juncker: ‘We have a Grexit Scenario Prepared in Detail,’” *EurActiv.com*, July 8, 2015, <http://www.euractiv.com/section/euro-finance/video/juncker-we-have-a-grexit-scenario-prepared-in-detail/> (accessed May 14, 2016); Dan Steinbock, “A Pyrrhic Deal: How Greece’s Creditors Won a Battle but May Have Lost the War,” *The European Financial Review*, entry posted August 18, 2015, <http://www.europeanfinancialreview.com/?p=4816> (accessed April 15, 2016).

⁵² Daniel Harari, *Greek Debt Crisis: Background and Developments in 2015*, Briefing Paper, no. 7114 (London, The House of Commons Library Research Service, October 13, 2015), 30.

⁵³ *The Economist*, “The Euro-Area Crisis: Showing Them the Exit,” *The Economist*, July 8, 2015.

⁵⁴ European Council, “Memorandum of Understanding Between The European Commission Acting on Behalf of the European Stability Mechanism and The Hellenic Republic and The Bank of Greece,” August 19, 2015.

contend: such as that the “Greek population remains highly ambivalent towards the deal, [... along with] Greece’s weak institutions, and its poor track record of implementing the conditions of financing support.”⁵⁵ Furthermore, Greece has a less-than-stellar record of bankruptcy, spending 50% of the past two hundred years in bankruptcy. These facts, along with the external China and US variables, and absent a fiscal union, leaves an eventual default a high probability. Another concern is that Greece is in a veritable Catch-22: where the government is damned by the will of the people if it follows austerity, and equally damned by the will of the Eurogroup if it does not. Being in such a predicament, as former chief economist for PricewaterhouseCoopers Harry Broadman believes, the Greek government is likely to follow a similar path to that of the Union, itself, in kicking the proverbial ‘can down the road,’ as it attempts to institute just enough austerity and reforms as possible to absorb the bailout payments in piecemeal.⁵⁶ But, like the Eurozone, this policy is likely to fail, particularly as the state continues to spend increasingly, with a debt to GDP ratio at the end of 2015 near 200%, shown in Figure 3.12.⁵⁷ But for as much that is spoken about Greece, it is not alone in this economic crisis.

Other Tales to Chase

The long-term trouble that the Eurozone countries have is not simply a Greek problem, nor its potential “Grexit.” It is not even, directly, a sovereign debt problem. Yes, in the case of Greece, it does have substantially more government debt than private debt, and some of this is due to unwarranted government expenditures; however, as *The Economist* explains, often it

⁵⁵ Sarah Carlson et al., *Sovereigns – Global: Stable Outlook Despite Low Growth, Jittery Markets and Uneven Reforms* (New York: Moody’s Investors Service, November 4, 2015), 24.

⁵⁶ Stratfor, “Analysis: The High Price of Reform in Greece,” Strategic Forecasting, Inc., entry posted November 20, 2015, <https://www.stratfor.com/analysis/high-price-reform-greece> (accessed July 30, 2015).

⁵⁷ Harry G. Broadman, “Will The Eurozone Finally Undergo Surgery In 2016?” *Forbes*, January 7, 2016, <http://www.forbes.com/sites/harrybroadman/2016/01/07/will-the-eurozone-finally-undergo-surgery-in-2016/#8439e8b6a3bf>

happens that massive private debt is later converted to public debt.⁵⁸ This means that stemming from the high levels of private borrowing in European economies, when the recession came and the economy slowed, *the fear of bank failures hastened the explosion of sovereign debt* as states moved to nationalize the burden of these private misfortunes. In this sense, as *The Economist* reports, “exploding sovereign debt was the symptom rather than the cause of the crisis.”⁵⁹ And in this very manner, other states have found themselves in a similar predicament as Greece. It is not just one, or a few, small state(s) that stand to test the mettle of the Euro experiment, but other larger states of the Union, to include its core region.

For years, other states in the Union have seen troubles. As the periphery has seemed to stabilize in relation to the core, Moody’s reports that the latter has actually begun to deteriorate.⁶⁰ Fortunately for some, such as the second- and third-largest Eurozone economies (France and Italy), as consulting firm Strategic Forecasting (Stratfor) reported in 2014, the EU was overlooking their mismanagement of policies, subsequently bringing up questions of the Union’s own credibility.⁶¹ And yet, Spain, France, and Italy do not yet seem deterred as their debt continues to increase;⁶² not abated as seen by the still high fiscal expenditures that they maintain.⁶³ Portugal, for that matter, as Stratfor reports, although its public debt to GDP is much less than Greece’s, at about 130%, when one includes the state’s corporate and household debt,

⁵⁸ *The Economist*, “A Disagreement in Europe: The Euro Crisis Was Not a Government-Debt Crisis,” *The Economist*, November 23, 2015.

⁵⁹ *Ibid.*

⁶⁰ Muehlbronner, *op. cit.*, 3.

⁶¹ Stratfor, “Analysis: Brussels Gives France and Italy an Economic Reprieve,” Strategic Forecasting, Inc., entry posted December 3, 2014, <https://www.stratfor.com/analysis/brussels-gives-france-and-italy-economic-relieve> (accessed July 30, 2014).

⁶² Muehlbronner, *op. cit.*, 8.

⁶³ Jan Strupczewski, and Francesco Guarascio, “Four Euro Zone Countries Risk Breaking EU Rules with 2016 Budgets,” *Reuters*, November 17, 2015.

Portugal holds more debt than any other country in the Eurozone.⁶⁴ This is indicative of key core countries. Even when Standard and Poor's reported at the close of 2015 on "Global Sovereign Rating Trends" that they had three positive outlooks and only two negative ones, they qualified any optimisms in noting that "the combined GDP of the sovereigns with negative outlooks (France and Finland) is almost 37 times as large as that of the sovereigns with positive outlooks (Cyprus, Malta, and Slovenia)."⁶⁵ And, again, present variables – such as: low oil costs, EU QE, the U.S. Fed rate increase, or China's slow performance – have failed or have been deemed little able to mitigate Europe's malaise.

The fact is, many European countries (to include Germany) had run internal public deficits with the intention to spur growth. Yet, even through the good times prior to the Great Recession, as Eichengreen admits, "Keynesian demand stimulus provoked increased wage demands, *not additional output and employment*" as had once been the hope.⁶⁶ Still, the temptation for easy growth had often been too great to close the fiscal spicket and cap the monetary inflation that accompanied it. Yet, these countries, not far behind Greece, are rarely mentioned as potential causes or reasons for Eurozone fragility. The result, merely if the crisis were to be maintained at the periphery, could end up playing out as Eichengreen had predicted in 2010, a Latin-style lesson of the 1980s: a lost decade for Europe.⁶⁷ The potential of such may simply entail another approximate half decade of low growth and investment. It also may, as in journalist Gareth Harding's words, have "condemned millions of Europeans to decades of

⁶⁴ Stratfor, "Southern Europe's Balancing Act," Strategic Forecasting, Inc., entry posted February 4, 2016, <https://www.stratfor.com/image/southern-europes-balancing-act> (accessed July 30, 2015).

⁶⁵ Moritz Kraemer, *Global Sovereign Rating Trends 2016* (New York: Standard and Poor's Financial Services, January 6, 2016), 8.

⁶⁶ Eichengreen, *The European Economy*, op. cit., 220. Emphasis added.

⁶⁷ Barry Eichengreen, "Latin Lessons for the Euro Zone," (manuscript from University of California Berkeley, January, 2010, http://eml.berkeley.edu/~eichengr/latin_lessons_1-16-11.pdf (accessed April 15, 2016).

penury.”⁶⁸ Either way, it could prove more devastating than what has been experienced thus far if core states continue along their path. Even though central and northern states, such as Germany and Finland, have also expanded their economies to some extent, it is questionable whether there is deeper interest to continue along the same lines as the southern spending and inflationary states. There have been attempts, albeit muted, to curtail such policies in the past.

The Stability and Growth Pact (SGP) was adopted prior to the Euro’s introduction, for the very purpose of mitigating the affects of national wills inside the EU. It was meant to put reasonable fiscal limits on debt and public spending: by requiring all members to respect fiscal discipline, and by keeping an annual budget deficit no higher than 3% of GDP as well as a national debt lower than 60% of GDP. The present turmoil, actually, developed as it became known that a number of member states had not been following the SGP guidelines, over spending and issuing more sovereign bonds than which they have been able to cover, thereby reducing the value of their bonds; and, in turn, the Euro. The Fiscal Stability Treaty signed in 2012 is essentially a reiteration of the SGP,⁶⁹ yet, just as previous, France and Italy, particularly, but also Portugal and Spain, have continued along their same path either oblivious or without care for consequence.⁷⁰ This is, in Bagus’s view, “the tragedy of the Euro,” that there exists no means to enforce the SGP.⁷¹ In light of this outright defiance in the use of the community’s currency, it is pertinent to ask why some states have chosen to keep the Euro.

⁶⁸ Harding, op. cit.

⁶⁹ European Council, “Treaty on Stability, Coordination and Governance in the Economic and Monetary Union,” February 1, 2012, http://europa.eu/rapid/press-release_DOC-12-2_en.htm

⁷⁰ Stratfor, “Analysis: France and Italy Threaten Germany’s Plan for the European Economy,” Strategic Forecasting, Inc., entry posted October 8, 2014, <https://www.stratfor.com/analysis/france-and-italy-threaten-germanys-plan-european-economy> (accessed July 30, 2015).

⁷¹ Bagus, *The Tragedy of the Euro*, op. cit., 92.

Why Keep the Euro?

Unfortunately, neither in individual states' monetary systems, let alone the greater Eurozone area of the EU, Bagus informs us, "property rights in money are not adequately defined or defended, giving rise to inflationary credit expansion ... produc[ing] a tragedy of the commons, leading to an overexploitation of resources,"⁷² and where the ECB's artificially low interest rates encourages overspending.⁷³ The ability to issue money or expand its supply with relative ease has historically tempted such inflation;⁷⁴ and *the sheer ability, then, to print money or to issue further bonds allows the acting central bank to monetize its debt which, then, redistributes purchasing power from the populace to the banks and/or government,*⁷⁵ who are already benefitting from the bailouts. For example, according to international politico-economics consultant Dan Steinbrock, "90% of the [previous] two bailout monies in Greece have been used to rescue major European private banks, especially in Germany and France."⁷⁶ This may seem outrageous, but it is not as if it is an easy task to prevent the ECB from taking such measures. Now with the ECB in place, independent of the Union, when as political scientist Amy Verdun reminds us from the Treaty Article 107, "politicians may not even *seek* to influence the ECB," states have no real authority to coordinate 'de-intervention' to prevent such policies themselves.⁷⁷ The ECB, effectively, now has control.

⁷² Philipp Bagus, "The Bailout of Greece and the End of the Euro," Mises Daily, Ludwig von Mises Institute, entry posted February 11, 2010, <https://mises.org/library/bailout-greece-and-end-euro> (accessed April 15, 2016).

⁷³ Kel Kelly, "The Euro Debt Crisis and Economic Theory," Mises Daily, Ludwig von Mises Institute, entry posted February 4, 2011, <https://mises.org/library/euro-debt-crisis-and-economic-theory> (accessed April 15, 2016).

⁷⁴ Philipp Bagus, "The Swiss Franc and The Tragedy of the Euro," Mises Daily, Ludwig von Mises Institute, posted February 10, 2015, <https://mises.org/library/swiss-franc-and-tragedy-euro> (accessed April 15, 2016).

⁷⁵ Kelly, *ibid.*

⁷⁶ Steinbrock, *op. cit.*

⁷⁷ Amy Verdun, "The Institutional Design of EMU: A Democratic Deficit?" *Journal of Public Policy* 18, no. 2 (1999): 111. See: European Council, Treaty on EU, *op. cit.*, 12.

On a certain level, the ECB as the purveyor of monetary policy in Europe is, political economist David Howarth says, “the principle victor in terms of real power,”⁷⁸ at least institutionally. That is, while the ECB was meant to copy the Ordo-Liberal policies of the Bundesbank, from the inside where its council is comprised of the presidents of all national central banks, the conservatively-minded voice of Germany is outnumbered by those in the south who have been more prone to Keynesian policies of debt, deficits, and inflation. In this sense, perhaps economists Charles Wyplosz, Stephen Nickell, and Martin Wolf are correct in calling this reversal from a generation past a central banking “coup.”⁷⁹ For certain, it is safe to say that inflationists have thus far prevailed, despite warnings from remaining Ordo-liberals such as former Bundesbank president Poehl.⁸⁰ No doubt, the Ordo-liberals of Europe are disappointed in the manner that the EMU has worked wonderfully for the Community’s high inflationary countries. It would seem that the latter are the real winners when it comes to the Euro project. Howarth goes as far to say that it is France that has succeeded in constraining the DM, and in gaining an “autonomous voice in setting Eurosystem monetary policy.”⁸¹ However, Bagus believes more broadly that, “Southern Europe has control over the ECB.”⁸² And it is their changing influence which has allowed them to take greater advantage of the Union’s monetary policies.

This approach, now long pursued, has ultimately not been tempered in Europe’s past with enough capacity of reason to prove enough is enough. There is some logical reasoning to this, being that these inflationary states have been incentivized to continue their wayward ways.

⁷⁸ David Howarth, “The European Central Bank: The Bank That Rules Europe?” in *Central Banks in the Age of the Euro: Europeanization, Convergence, & Power*, ed. Kenneth Dyson and Martin Marcussen (Oxford: Oxford University Press, 2009), 87.

⁷⁹ Charles Wyplosz, Stephen Nickell, and Martin Wolf, “European Monetary Union: The Dark Sides of a Major Success,” *European Policy* 21, no. 46 (April, 2006): 230.

⁸⁰ Hildebrandt, *op. cit.*, 40 and 42.

⁸¹ Howarth, *ibid.*, 128.

⁸² Bagus, *The Tragedy of the Euro*, *op. cit.*, 37-38.

So long as their bonds are accepted, they will continue to issue bonds in order to finance their expenditures. Absent the political will to exercise the principles of sound money, it would seem the incentive is for states to externalize their own costs within the Eurozone and continue expansion in debt,⁸³ in an effort to profit from the redistribution of wealth. Bagus explains: “The incentives to run high deficits in the EMU are almost irresistible. [...] only if a country runs higher deficits than the others can it benefit. You have to spin the printing press faster than your peers in order to profit from the resulting redistribution.” The proven result is, as previously argued by former research associate at a federal reserve bank Paula Hildebrandt, that with the continued incongruencies in economic growth, inflation, and deficits: “stronger members would bear the financial burden of bailing out heavily indebted members.”⁸⁴ So long as this practice continues to be allowed, inflationary states will continue to benefit from the wealth that flows into their countries.

The above outlines strong reasons why many in the Eurozone support its continued existence, particularly under present policies as they have much to gain. However, even though it has been announced in 2012 that member central banks no longer have to accept sovereign bonds as collateral (i.e. Greek bonds),⁸⁵ the status quo is still likely to remain as the inflationists are not the only states that stand to benefit. As it turns out, even the Ordo-liberally-minded Germany has good reason in appeasing France and others. While it may be commonplace to believe that Germany accepted the Euro in a bid to secure its own reunification, according to scholar and European integration specialist Andrew Moravcsik, its main motivation was “to

⁸³ Bagus, *The Tragedy of the Euro*, op. cit., 91.

⁸⁴ Hildebrandt, op. cit., 43.

⁸⁵ Alain Laurin, Alastair Wilson, and Tobias Moerschen, *Sector Comment: Diverging Central Bank Collateral Rules Are Credit Negative for Euro Area Sovereigns and Banks*, Report no. 140964 (New York: Moody's Investors Service, April 2, 2012).

promote its own economic welfare through open markets.”⁸⁶ Again, Germany is the main economic engine of Europe; its resources and central location support its position as the main producer and exporter within the Eurozone. So, not only does it benefit from having captured the Eurozone market, but an under-valued Euro also allows it to competitively export outside of Europe, alongside other states that earn great trade surpluses due to their own weak currencies, like China.⁸⁷

As such, it is in Germany’s better interest to avoid a collapse of the Euro, and its virtual “golden egg.” So, while it is fiscally wise to advise austerity policies to troubled member states, Moravcsik acknowledges that in order to promote greater convergence, Germany must actually “move to increase its public spending, wages, and consumption at a faster rate,” believing that “this would help bridge the competitiveness gap between surplus and deficit countries.”⁸⁸ Economics scholar Paul de Grauwe has written for the European Commission similarly as he advises that debtor countries should contract, while creditor countries should expand their economies.⁸⁹ Without such a compromise, the Euro project will continue to feel the friction between conservative and expansionary policies.⁹⁰ It may be argued that Germany, despite any rhetoric, has been moving towards this policy for some time: from readjustments made during the ‘snake and tunnel,’ to the continued allowance of a weak Euro, to its own spending patterns going against its own conservative traditions; Germany may, indeed, attempt to maintain the status quo by bridging debtor-creditor behavior. However, this would be a game changer as it

⁸⁶ Andrew Moravcsik, “Europe After the Crisis,” *Foreign Affairs* 91, no. 3 (May/June, 2012): 54-68, <https://www.foreignaffairs.com/articles/europe/2012-05-01/europe-after-crisis> (accessed May 19, 2016).

⁸⁷ Ibid.

⁸⁸ Ibid.

⁸⁹ European Commission, *European Economy: Design Failures in the Eurozone – Can They Be Fixed?* by Paul de Grauwe (Brussels: April 2013).

⁹⁰ Steinbock, op. cit.

would be a change in the very nature of the country's economy, and this would profoundly effect how the Eurozone is viewed by other member states.

Smaller, newer member states already feel discouraged with the notion that their views are not deemed as important as the core EU states. While *Visegrad states had perceived Germany as a stabilizing influence in Europeanization*, they also have opposed a stronger role for large member states, like Germany, during the Lisbon Treaty negotiations.⁹¹ Political scientist Hubert Zimmerman further argues a significant drawback that comes from this, noting at the inception of the Euro, "that many societal interests were not able to voice their views in the negotiations, thus opening a democratic deficit which will become virulent as soon as the Eurozone pursues policies which have a deep impact on the prerogatives of elected governments."⁹² What is more is that even after acceding to the Union, and having to accept the stipulations at Lisbon, V4 and other CEE states have conceded under the belief that the older and larger member states were competently guiding the Union; however, rhetoric regarding the Euro has been rather inconsistent: austerity amidst bailouts, fiscal guidelines yet no discipline for enforcement; and through all of this, Euro authorities have 'undermined its attraction.'⁹³

The Euro has not reversed the decades of trending growth decline. From the CEE perspective, alongside the Eurozone, itself in a funk of stagnation and inflation, CEE states have also been "in a growth limbo."⁹⁴ Even the many states in CEE that are not within the Eurozone

⁹¹ Vladimir Handl, *The Visegrad Four and German Hegemony in the Euro Zone* (Bratislava, Slovakia: Visegrad Fund, 2014), http://visegradexperts.eu/data_uploaded/Finals/Vladimir%20Handl.pdf

⁹² Hubert Zimmerman, "The Euro under Scrutiny: Histories and Theories of European Monetary Integration," *Contemporary European History* 10, no. 2 (2001): 338.

⁹³ Rachel Epstein and Juliet Johnson, "Czech Republic and Poland: The Limits of Europeanization," in *Central Banks in the Age of the Euro: Europeanization, Convergence, & Power*, ed. Kenneth Dyson and Martin Marcussen (Oxford: Oxford University Press, 2009), 230, 236 and 237.

⁹⁴ Steinbock, op. cit.

have currencies that have weakened alongside of it.⁹⁵ Conservatively-minded Poland and the Czech Republic have been at odds with the ECB's policy of inflation,⁹⁶ no doubt due to their more frugal nature.⁹⁷ Hungary, taking a different stance but still in disagreement with EU policy, specifically austerity measures, has argued on grounds of national sovereignty that it will not tighten fiscal policy.⁹⁸ By itself, Hungary is significant enough to create ripples within the EU's Eurozone, though it could potentially snowball if other members along the eastern periphery join the resistance to center-led austerity measures. Perhaps Slovakia, the only Visegrad state within the Eurozone, should serve as a warning for the other CEE states still thinking to join the Eurozone.

For Slovakia, according to Slovak economic analyst Juraj Karpis, many now have second thoughts – doubts that they had made the right decision to join the Euro at the time that it did. *They see the cost now of Euro solidarity*, redistributing wealth within the zone, and question the quality of benefits that had been initially supposed would follow with use of the Euro.⁹⁹ Deals made with Greece are often seen in CEE with disdain. From their vantage point, they had struggled for so long to be admitted into the Union with legitimate prospects of joining the Eurozone, and they see Brussels and traditionally conservative states like Germany as being too soft on Greece.¹⁰⁰ In light of this, other CEE states should wait: wait until the Eurozone states have some modest growth, and wait for the Euro to regain decent stability, if not significantly

⁹⁵ Marie Diron, *Impact of Weaker Euro on the Rest of Europe: Limited Credit Impact on UK, Switzerland and CEE* (New York: Moody's Investors Service, June 11, 2015).

⁹⁶ Epstein and Johnson, op. cit.

⁹⁷ Robert P. Murphy, "Fiat Money and the Euro Crisis," Mises Daily, Ludwig von Mises Institute, entry posted October 10, 2011, <https://mises.org/library/fiat-money-and-euro-crisis> (accessed April 15, 2016).

⁹⁸ Stratfor, "Hungary: National Sovereignty An Issue With New Eurozone Agreement - PM," Strategic Forecasting, Inc., entry posted December 9, 2011, <https://www.stratfor.com/situation-report/hungary-national-sovereignty-issue-new-eurozone-agreement-pm> (accessed July 30, 2015).

⁹⁹ Juraj Karpis, "The Euro: Its Inevitable End," Mises Daily, Ludwig von Mises Institute, entry posted July 7, 2011, <https://mises.org/library/euro-its-inevitable-end> (accessed April 15, 2016).

¹⁰⁰ Steinbock, op. cit.

strengthen. Perhaps other *CEE states should wait until the Eurozone finds greater balance and equality amongst its member states*: resources, spending, trade balances, etc.; as Czech economic theorist Marek Loužek recommends.¹⁰¹ Perhaps the other Visegrad states should wait for the EU *to finally establish an optimal currency area*.

After all, a consistent need for the EMU's success and proper convergence has been to establish an optimal currency area (OCA), yet the Eurozone has never been characterized as exhibiting such qualities.¹⁰² Unfortunately, it was argued that an OCA, which is slower to form if not already inherently present was not right for the times; or, at least, it would take too long to establish. Instead, it was thought better by France, for example, to move more quickly toward 'monetary union,' believing that greater formal integration itself would bring about economic convergence.¹⁰³ Even following the launching of the Euro and the establishment of the European Central Bank (ECB), the single market fell short of an OCA due to a number of reasons: low intra-migration, lack of intra-fiscal transfers, and the lack of convergence toward the labor market.¹⁰⁴ A proper OCA is also meant to consist of like members, having similar wealth, growth, resources, and markets.¹⁰⁵ And the absence of it, economist Stephen J. Silvia explained prior to the Great Recession, "leaves the national economies within the euro area vulnerable to inadequate adjustment to asymmetrical shocks."¹⁰⁶ These problems have left some amount of trepidation within EU members.

¹⁰¹ Marek Loužek, "Eurozone Crisis," *Prague Economic Papers* 24, no. 1 (2015): 98.

¹⁰² Zimmerman, op. cit., 333-334.

¹⁰³ Hildebrandt, op. cit.

¹⁰⁴ Stephen J. Silvia, "Is the Euro Working? The Euro and European Labour Markets," *Journal of Public Policy* 24, no. 2 (2004): 149.

¹⁰⁵ Moravcsik, "Europe After the Crisis," op. cit.; and Loužek, *ibid.*, 89. For more detail on optimal currency areas, see Robert A. Mundell's article for which he won the Nobel Prize: "A Theory of Optimum Currency Areas," *The American Economic Review* 51, no. 4 (September, 1961): 657-665.

¹⁰⁶ Silvia, *ibid.*

According to Eurobarometer surveys, there is both some support and some worry with regard to use of the Euro. It is true that the majority of members feel that the Euro is on balance positive. 61% of respondents believe it is a good thing for their country, with 71% believing it good for the EU as a whole, even amidst the belief that inflation will continue.¹⁰⁷ However, it would seem that these respondents are more in favor of the idea of the Euro than of the project itself. Take Greece's respondents, for example. Greece, obviously dissatisfied with the affects that austerity and low growth that has come with the Euro and its recession, had an impressive, above EU respondent average, 65% believing that the Euro remained a force positive for their country, and 73% believing it good for the region. They, more positive than the EU average, are in a more dire economic situation than many and should actually want to shed the weight of the Euro. At the same time, another survey taken specifically of EU members that have yet to adopt the Euro, their responses were decidedly more negative. When asked if non-Eurozone members were ready to adopt the Euro, 79% of respondents answered "no;" with an increasing majority, from previously polled, believing that it would be negative for their nation and for their person, shown in Figures 3.13 and 3.14.¹⁰⁸ This was particularly so for Poland and the Czech Republic, having higher negative responses than the average. The dismay expressed in the surveys begs the question as to whether the EU and its Euro are delivering the progress that had been promised them, and the greater EU for that matter.

Legitimacy of EMU

It has already been argued that since the Lisbon Treaty there has been a question of "input legitimacy," in the way of democratic representation, equality of membership, and the

¹⁰⁷ European Commission, *Eurobarometer - Flash EB No.429: Report: The Euro Area* (Brussels, November 2015), 5, 6 and 8.

¹⁰⁸ European Commission, *Eurobarometer - Flash EB No.418: Report: Introduction of the Euro in the Member States That Have No Yet Adopted the Common Currency* (Brussels, May 2015), 15, 56, 58 and 61.

challenges that regionalization has put upon membership sovereignty. However, economists from the Centre for European Studies; Cizia Alcidi, Alessandro Giovannini, and Sonia Piedrafita; writing for the European Parliament also discuss the problem of the EU's "output legitimacy," and the success rate of the Union living up to its assumed responsibilities.¹⁰⁹ Alcidi et al note that, "The crisis in the euro has exposed serious shortcomings in the output legitimacy of EMU," with regard to its "ability to avoid or deal with negative externalities emerging from shocks in individual countries."¹¹⁰ Their answer to this lack of legitimacy, considering history, is not all too surprising, *unfortunately*; nothing short of greater convergence through regional centralization – all the while being critical of the relatively centralized EMU's ability to delivery growth and stability to date.

Ultimately, Alcidi et al would like to achieve full political union, but knowing the challenges to this they recommend, instead, greater fiscal union in the attempt to patch the failed architecture of the EMU.¹¹¹ It would seem that rather than taking issue with the source of the matter, the EU leadership have used the crisis to present the need to move toward greater fiscal cooperation. Why these economists would believe that a more centralized institution would be willing and able to maintain a realistically achievable common budget, considering Brussels' willingness over the decades to appease the Mediterranean states is little other than wishful thinking. While there are a number of ways that the crisis can play out, as Alcidi et al note in their report, The Economist reported that it is the consensus of European leaders to allow for greater fiscal transfers within the Eurozone.¹¹² And though the ECB has been indirectly bailing

¹⁰⁹ Cinzia Alcidi, Alessandro Diovannini and Sonia Piedrafita, *Enhancing the Legitimacy of EMU Governance* (Brussels: European Parliament's Committee on Economic and Monetary Affairs, Directorate General for Internal Policies, Policy Department A: Economic and Scientific Policies, December, 2014), 9.

¹¹⁰ Ibid.

¹¹¹ Ibid., 13, 61 and 76.

¹¹² The Economist, *State of the Union: Can the Euro Zone Survive its Debt Crisis* (London: Economist Intelligence Unit Special Report, March, 2011).

out trouble states through the direct purchase of their sovereign bonds, the economists further advocate that members, through the supervision of the Union, directly transfer wealth from richer states to financially troubled states in the Union, which remains open to much criticism.

Another reason to be critical is the manner in which Alcidi et al believe the EMU lacks “output legitimacy,” believing that it is “due to its inability to assure price stability,” as if this were the monetary union’s “main task.”¹¹³ This is nothing new, of course, as this has been policy since the time of Delors, if not before.¹¹⁴ But a more accurate and opposing viewpoint comes from the Austrian school of economics, which would declare more directly that *the main monetary policy of any contemporary central bank should be currency stability*. Price stability, then, would simply be a symptom of currency stability - sound money; rather than a circuitous process of chasing relative price stability for its own sake. It must be remembered that the ECB has altered its originally inspired guidance of Ordo-liberalism and maintaining monetary stability (i.e. low inflation) to a much different policy of Keynesian-based price stability.

Economics scholar and Mises’ protégé Murray N. Rothbard explains that as modern Keynesian monetary inflation tends to stem not from an increase in base commodity worth but a mere expansion of bills of credit based less and less on the original valued commodity of choice, monetary expansion at the behest of public deficit spending has a double and sequential effect upon the economy. While at first it may maintain price stability through the influx of currency, inevitably the market adjusts to the expansion of said currency through a parallel rise in prices.¹¹⁵ *Price stability, then, is only maintained by the lag in time for the market to react to the expansion of credit, thereby increasing the need to inflate and subsequently bestowing an artificial sense of*

¹¹³ Alcidi, Diovannini and Piedrafita, op. cit., 64 and 77.

¹¹⁴ Kloten, op. cit., 192.

¹¹⁵ Murray N. Rothbard, “The Austrian Theory of Money,” in *The Foundations of Modern Austrian Economics*, ed. Edwin Dolan (Kansas City: Sheed Andrews and McMeel, 1976), 163-164.

relative price stability.¹¹⁶ As Buiter has acknowledged, when attempting to maintain price stability amidst variable inflation, the combination risks the preference for inflation in an attempt to bid down prices.¹¹⁷ In other words, the ECB's current policy of maintaining "price stability" seems merely a euphemism for inflationary policies to aid governments in the fruitless hopes of spending their way out of the debt crisis: instituting inflation as a means to chase prices. Political economist and Nobel prize winner Friedrich Hayek explains this well with his metaphor of '*chasing a tiger by its tail*.'

“Now we have an inflation-borne prosperity which depends for its continuation on continued inflation. If prices rise less than expected, then a depressing effect is exerted on the economy. ... We now have a tiger by the tail: how long can this inflation continue? If the tiger (of inflation) is freed he will eat us up; yet if he runs faster and faster while we desperately hold on, we are *still* finished!”

It is difficult to be optimistic towards the Euro when the EU has proven time and again to support policies that tend to undermine it. Is the public to suppose that a more extensive monetary and fiscal union will put an end to the generations of internal squabbling as to which is the most stable means to unify the continent? If history is to be our guide, were greater centralization to actually prove anything, more centralization would simply continue to provide a weak and unstable currency, resulting in deficits and debt,¹¹⁸ that satisfies some internal budgets at the expense of others. Perhaps, instead, alternatives to the status quo might serve the EU as a whole, at least subregions, better and provide a real impetus for greater harmonization and unification.

¹¹⁶ Shenoy, op. cit.

¹¹⁷ This is also known as inflation targeting; See Buiter, op. cit.

¹¹⁸ Jesús Huerta de Soto, "The Moral Hazard of the Euro," Mises Daily, Ludwig von Mises Institute, entry posted March 28, 2011, <https://mises.org/library/moral-hazard-euro> (accessed April 15, 2016).

Alternative Scenarios

As it stands the Euro has failed to prevent the constant decline of EU growth over the decades; rather, as a paper from the Václav Klaus Institute correctly notes, the Euro has instead presided over its continuation.¹¹⁹ With the direct purchase of government bonds by the ECB, comparable if not lower rated than junk bonds, the ECB is allowing states to further decrease the value of the regional currency.¹²⁰ That is, not only does the process spur inflation, through QE, and thereby reduce the value of the Euro by expanding the money supply, but the capitalization of ECB's assets in the less-valued government bonds (such as those of Greece and others) also devalues the Euro even further. It is highly doubtful that all members of the EU wish to 'bank' on a weak Euro currency. *Some must object*; if no longer Germany, then other still conservatively-minded states. While the Memorandum of Understanding (MoU) signed in the summer of 2015 with regard to Greece, economist and editor of Mises Daily Ryan McMaken believes, is a "victory for the European creditors in the Greek crisis, and the demonstration of ECB power over a local political system, [it] has undermined the efforts by advocates for political unity in Europe," rendering "the call for European integration [to be] fundamentally about coercion and transferring power away from local populations to the machinery of a central state."¹²¹ This has been Europe's path, and yet it has proceeded along with significant member differences.

With the disregard for the SGP and Fiscal Treaty, Stratfor sees *a divergence in Eurozone unity*; one that might eventually rekindle individual nationalisms in Europe as their

¹¹⁹ Loužek, *op. cit.*, 88.

¹²⁰ Bagus, *The Tragedy of the Euro*, *op. cit.*, 118; and Marc Jones, and Krista Hughes, "EU Will Accept Even Junk-rated Greek Bonds," *Reuters*, May 3, 2010.

¹²¹ Ryan McMaken, "After the Greek Crisis, Euro Elites Dream of a Unified Euro State," Mises Daily, Ludwig von Mises Institute, entry posted September 11, 2015, <https://mises.org/library/after-greek-crisis-euro-elites-dream-unified-euro-state> (accessed April 15, 2016).

differences become more acute.¹²² Traditionally this is where north and south, relatively speaking, have diverged. Analyzing the crisis, Loužek pointedly underlines that a major divide exists within the Eurozone, and it has quite a past. The Mediterranean states have over two centuries of significant default history.¹²³ The southern subregion's biggest offenders being Spain and Greece: the former having had thirteen defaults, with a quarter of its time in bankruptcy; and the latter having six defaults, with, astoundingly, half of that time being in bankruptcy. This history, based on divergent capabilities with central states is the primary obstacle toward the Eurozone effectively establishing an OCA and a proper financial and monetary union; as well, of course, the questioned desire of individual members to share the wealth and risk with which it would come. It is true that Europe already has a divided Eurozone; and Loužek believes that another crisis might not necessarily spell the end of the Euro. Instead, presuming Germany is to maintain its Ordo-liberal origins, then *what may result is a more formal division within the Eurozone*, between the northern and southern members.¹²⁴

Understandably, this is not the desire of the Union.

Europe's unification, if it were to be the penultimate desire, would best be served through the economic unification from which it was inspired, even through the Euro, but upon wholly different means. While a most unlikely scenario, it would be necessary to rid the Euro of its fiat nature. In other words, the Euro would actually have to be based on some commodity, with 100% reserve requirements, and based on the principles of free banking. It might seem difficult to fathom in today's day and age, as it requires fiscal discipline, basic banking regulations, and trust in the market. However, it is actually not such a far flung notion. In fact,

¹²² Stratfor, "Annual Forecast 2016," Strategic Forecasting, Inc., entry posted December 28, 2015, <https://www.stratfor.com/forecast/annual-forecast-2016> (accessed July 30, 2015).

¹²³ Loužek, op. cit., 96.

¹²⁴ Ibid., 102.

less than a century ago, the western world still adhered to this through the gold standard. It was a system that worked quite well until protagonists of the Great War suspended convertibility, adopting inflation, in order to finance their own participation.¹²⁵ Most important, here, would be to return legal tender to the market, where it serves society, rather than giving that power to governments for them to serve themselves.¹²⁶ These conditions present the best case scenario for European peace, stability, and unification. Again, though, it is an unlikely one. Therefore, another alternative, assuming that the EMU is to continue as is without returning to sound money, is for members to distance themselves from the Euro. This most certainly should be a consideration for those not already in the Eurozone; but what of the others, such as Slovakia, already inside?

It is widely believed that there is no exit; that is, that there is virtually no exit from the Eurozone. While, of course, it is still possible for a sovereign state to cede from the Union and reinstate its own monetary and independent fiscal policies, it is widely believed to be a very costly endeavor. It would likely entail significant loss of international reputation, along with the loss of trade and economic credibility. Eichengreen writes that its members are “irrevocably locked” within the European Monetary System,¹²⁷ explaining that “attempting to exit the euro area would be the equivalent of burning down your own house in order to find a way out.”¹²⁸ Further, any significant departure from the EMU (other than the few who have “opt-out” agreements) would require a complete departure from the European Union itself. However, *with the power of the ECB near absolute and virtually unaccountable to its members, perhaps an exit*

¹²⁵ Philippe Nataf, “Before and After the Euro: Strategies for Sound Money in the 21st Century,” *The Quarterly Journal of Austrian Economics* 5, no. 4 (Winter, 2001): 24.

¹²⁶ Patrick Barron, “Four Economic Myths that Perpetuate the Euro Crisis,” Mises Daily, Ludwig von Mises Institute, entry posted August 10, 2015, <https://mises.org/library/four-economic-myths-perpetuate-euro-crisis> (accessed April 15, 2016).

¹²⁷ Eichengreen, *The European Economy*, op. cit., 370.

¹²⁸ Marcus Walker, “Extreme Measures: The Euro Breaks Up,” *Wall Street Journal*, December 17, 2010.

is now the only recourse;¹²⁹ and it is possible to do so. The Lisbon Treaty does allow for EU secession, and one might argue that with decades of Maastricht violations, overspending and bailouts, that member states have an obligation to their constituencies to move towards the exit – to throw off the yoke of the Euro.¹³⁰ Conservatively oriented states that have been paying towards those more profligate might end up benefitting in their standard of living, by no longer having to unnecessarily contribute their wealth to others following policies so drastically different than their own.¹³¹ And here is where greater subregional cooperation can prove of great use.

As noted, Slovakia has already begun to question their own role within the Eurozone, as Karpis has noted, believing that the state entered into it blindly.¹³² And yet while the other Visegrad states still feel that the Euro could one day be a net positive for them, they are hesitant today and their willingness is likely to sour if the crisis continues to worsen. No doubt they should heed the warnings of those already dissatisfied. Their combined voices, and mutual support for each other, would be useful, if not necessary, were one or all to wish to distance themselves from further economic deterioration caused from the Euro.

As shown in this chapter, the EU has made regular progression toward a centralized monetary policy, even with the obstacles along the way. The obstacles, in large part, have been complicated by the battling ideals of differing economic values. As it turns out, ultimately, the lesser of the two has been winning thus far: an attempt to spend one's way to wealth. This path has benefitted many states, yet still treads fundamentally against other states' sovereign ideals,

¹²⁹ Steve Keen, "The Power and the Impotence of the ECB," *Forbes*, November 20, 2015, <http://www.forbes.com/sites/stevekeen/2015/11/20/the-power-and-the-impotence-of-the-ecb/#19121be24651> (accessed May 19, 2016).

¹³⁰ Philipp Bagus, "Is There No Escape from the Euro?" *Mises Daily*, Ludwig von Mises Institute, entry posted April 23, 2012, <https://mises.org/library/there-no-escape-euro> (accessed April 15, 2016).

¹³¹ *Ibid.*

¹³² Karpis, *op. cit.*

such as those in CEE. In the end, as all member states have their expectations of benefits and progress, the lack of which centering on the Euro presents a question of legitimacy when it comes to the path of monetary union; and instead it suggests that membership should look to alternatives. The crisis, here, should prove compelling, as it was upon the lower links of cooperation – largely based on economics – that EU success has largely stood; and yet it is upon this mantle that it may, actually, be most susceptible to collapse. Here, it is interesting to juxtapose this: where instead of observing the lower links of economic cooperation, somewhat successful, we should turn to the ‘higher links’ of security and defense. This is a level which has generally been elusive to EU member cooperation, but which has been comparatively successful with Visegrad.

CHAPTER V

DEFENSE: A SUBREGIONAL SECURITY REGIME

This chapter tackles the assumption that Europe has escaped its tumultuous past; that it has succeeded in progressing from history to a union at peace. In truth, for all of its success, the EU has yet to ally itself toward a common foreign and security policy. In fact, not only has it not done so, *Europe has simply been unable to overcome its differences to a degree sufficient for security cooperation.* That this state of the union has persisted for over 50 years is troubling for some, and worrying for others --- and likely to persist as a whole. The Eurozone crisis is but the most apparent example of disunity on the continent, and a source of fissures possible in coming; the Ukraine crisis might complicate this. The focus of this chapter, then, is to investigate within Europe's cleavages whether the prospect for a subregional security regime across Mitteleuropa might serve its associate members more satisfactorily than the often spoken of, but non-functioning, European security that has been aspired. It is the conclusion of the author that states between the Baltic and Black Seas are moving toward this alternative path, toward a more independent subregional security regime. This need not, necessarily, conflict with the established security architecture of NATO or a proposed structure of European defense. Rather, Central Eastern Europe's prospects in forging its own security regime may indeed be the foundation, perhaps the necessary transition as well, for an emerging continental-wide program.

A Dissatisfying Tale of European Security

The tale of European security is, on the whole, best described as the lack of it. Taken with some perspective, the history of Europe has been fraught with conflict, resulting in rivalries that have made reconciliation difficult, if not only temporary and often only in dire circumstances. Take for example, France, at the heart of Western Europe, it alone had a number

of enduring rivalries with Spain, the Habsburgs, Germany, as well as Britain. Germany, entering late into empire and notwithstanding its nemesis in France, found Great Britain as a formidable opponent leading us into the Great War. This has simply been the case among the major powers within Europe – of the United Kingdom, France and Germany, as well as with powers relatively on the margins of Europe: Russia and Turkey.¹

Frustrated with internecine rivalry and stifled on the European continent, Europe set outward, both by land and by sea. Those that went by sea had better results, as powers that attempted expansion eastward by land were abutted by those other formidable powers on the margins: Russia to the east, and the Ottomans to the southeast. These latter powers on the margins of Europe had also sought expansion, and while they were successful at empire, they still encountered heavy resistance at these common fringes. One such region stretches between the two European seas, of the Black and Baltic. If for no other reason than its geographic location, *Central Eastern Europe (CEE) has been a belt upon which great powers have encountered each other time and again*. Who is to say what may have happened last century had Germany chosen to avoid this zone. What is certain is that history has marked the “world” wars upon German designs in the east --- and its threat was simply too much.

Political geographer Halford Mackinder had written as much a decade prior to the Great War: that the region of ‘Central Europe’ would be the pivot upon which a power could stake its claim for greater territory and influence. Whoever controls this belt way, he believed, would have *carte blanche* throughout Europe and into the vastness of Eurasia.² It is a theoretical warning that has, by and large, been heeded. That is to say, no state has dominated this thruway with enough capacity to launch past it. Yet, the attempts to do so, or to maintain the bulwarks,

¹ William R. Thompson, *Great Power Rivalries* (Columbia, SC: University of South Carolina, 1999).

² Halford J. Mackinder, “The Geographical Pivot of History,” *The Geographical Journal* (April, 1904): 421-37.

have left the region a perpetual “Crush Zone.” Stuck between competing powers to either side, this zone is characterized by another British political geographer James Fairgrieve as being “(w)ith sufficient individuality to withstand absorptions, but unable or unwilling to unite with others to form any larger whole, they remain in the unsatisfactory position of buffer states, precariously independent politically, and more surely dependent economically.”³ To compare, where Mackinder had warned of the subregion’s absorption leading to cross-continental domination, Fairgrieve believed in its stubborn unlikelihood.

Western policy, as well, has supported this divided buffer as early as World War One with the British Foreign Secretary’s “Curzon Line” dividing Central and Eastern Europe from Russia. Again, at the outset of the Cold War, both East and West chose to split the region leaving the fringe as a buffer of the bipolar world. And as such, *it remained within its traditional fragile state, seemingly forever stuck in history* – a buffer between East and West. As German ethnogeographer Friedrich Ratzel once wrote, the region is “not a border between two states but between two worlds.”⁴ And it would come to feel as much post World War Two, as all the while west of this buffer, and in part due to the threat perceived from the east, ‘free’ Europe was undertaking a substantial experiment – an attempt at political union.

Europe today, as a region and in comparison to others in the world, is unique. While conflict percolates and wages elsewhere, Europe has been able to shed the baggage of interstate rivalry. The European Union (EU) began as a determined effort to end conflict on the European continent. Wracked by two “world” wars, the European states were eager to alter their relations amongst themselves so as to allow for growth, rather than invite another round of self-

³ John O’Loughlin, “Ordering the ‘Crush Zone’: Geopolitical Games in Post-Cold War Eastern Europe,” in *Geopolitics at the End of the Twentieth Century: The Changing World Political Map*, ed. Nurit Kliot and David Newman (Portland, OR: Frank Cass, 2000).

⁴ John O’Loughlin, *Geopolitical Visions of Central Europe* (Boulder, CO: National Science Foundation and the Institute of Behavioral Science at the University of Colorado, November, 1999).

destruction. To succeed required concerted cooperation, which has not come so easily. As Roman Holec notes on the topic of Europe's contentious history, "(t)he common moments in history rather divide all the countries and their cooperation is often rather pragmatic than conceptual."⁵ And, it is this character, inherent within the geographical divide of Europe, itself, that makes the Union still tenuous.

I would further argue that as the current tensions in Europe persist, circulating around the financial troubles of its monetary union as well as the Ukraine conflict, European integration will increasingly be put into question. Certainly, something as difficult as the high politics of national security is bound to be weighed down with understandable apprehension. After all, the EU had a chance to shine before. It was the summer of 1991, when the Luxembourg Foreign Minister, Jacques Poos, on behalf of the European Community's Presidency, spoke of "the hour of Europe."⁶ It was the onset of Yugoslavia's breakup, and Europe's decision-makers were determined to settle the matter themselves, preferably, and particularly before the conflict spilt further into Europe. The EU faltered.

Disappointment and Divide

The lesson learned in the Balkans during this decade was one of European inability, as the U.S. was believed necessary for both Dayton and Rambouillet. Coming from a bipolar world, the EU itself rising within the shadow of the remaining superpower, it is quite natural that Europeans would aspire for greater independence within, or aside from, the Atlantic Community. This is not to say that European leaders would intend to stand completely separate, or even above its Transatlantic partner. Europe could neither unify enough strength in the foreseeable future

⁵ Michaela Terenzani, "A Common but Contentious History," *The Slovak Spectator*, December 13, 2010.

⁶ Charlotte Bretherton and John Vogler, *The European Union as a Global Actor* (New York, NY: Routledge, 2006), 26.

with or without a central authority in Brussels to do so, nor would it choose to.⁷ Nevertheless, the ability to be less dependent security-wise – and more, to be an independent partner – is highly desirable. This was an expected event in any case, following the end of bipolarity,⁸ understanding the possibility of American overextension.⁹ It is ‘merely’ a matter of fungibility.

What matters, of course, is Europe’s ability to harness its capabilities so as to be put into action. It is not that Europe does not have the capabilities within it, but as a whole with regard to Yugoslavia European states were unable to translate their individual abilities into cohesive action. It was understood that in order to move beyond the EU’s normative actor status, still largely civilian and economic in nature, to better mitigate threats and instabilities it would have to restructure a European defense that at least had some measure of autonomy from the U.S. It is for this reason, in the aftermath of ‘Europe’s hour,’ that the Common Security and Defence Policy was born.¹⁰

The Petersburg Tasks outlined early by the European Community in 1992, while modest and designed primarily to enable taking action in another Balkan scenario, did not gain sufficient support. Lack in dedication continued later in the decade amidst the proposed Headline Goal in 1999, which proposed for even more impressive military capabilities requiring coordination and provisions for over 150,000 soldiers, presumed to be provided by all states across the expanding European Union.¹¹ And yet, over two decades from the initial Petersburg

⁷ Simon Serfaty, *A Recast Partnership? Institutional Dimensions of Transatlantic Relations* (Washington, D.C.: Center for Strategic and International Studies, 2008).

⁸ Stephen M. Walt, *The Origins of Alliances* (New York: Cornell University Press, 1990).

⁹ Paul Kennedy, *The Rise and Fall of the Great Powers* (New York: Random House, 1987).

¹⁰ Bretherton and Vogler, op. cit., 222.

¹¹ Colin Robinson, *The European Union's 'Headline Goal' – Current Status* (Washington, D.C.: Center for Defense Information, May 23, 2002).

summit, there is little unity in the Union's defense.¹² Perhaps it is a symptom of the growing pains of such cooperation.

The reason as to why the *European Union has been slow to organize this hard aspect of foreign policy* is apparent. It had not been necessary during the Cold War, as it had been provided under the Transatlantic nuclear umbrella. Marko Papić relates, "...the current political and security architectures of Europe [...] did not grow organically out of the Continent." It was first provided externally, and has since been driven from the 'top-down', in opposition to the very foundations of EU's origins. And yet even though it is driven from the top, progress is encumbered by its individual members as "(e)very important decision requires that the states meet and reach a mutually acceptable solution, often producing non-optimal outcomes that are products of compromise." Often, they are "non-optimal" because there is little "agreed-upon perception of an external threat."¹³ This was exemplified in another crisis, this time further afield.

Europe's determination and capabilities were put to the test yet again in Libya. Libya is one of the last states afflicted, or liberated, by the spate of uprisings known as the Arab Spring. And yet, while European capabilities have improved, U.S. and NATO forces were largely responsible, certainly so at the outset, in getting the Libyan operation off the ground. Further, the Europeans remained split as far as whether and in what manner to react.¹⁴ Nicole Koenig notes, "While there has been a multifaceted EU response to the Libyan crisis, nearly every facet of this response was marked by vertical incoherence."¹⁵ However, Libya was not just a case of

¹² Christian Molling, *Europe without Defence* (Berlin: German Institute for International and Security Affairs, November, 2011).

¹³ Marko Papić, "The Divided States of Europe," Strategic Forecasting, Inc., entry posted June 28, 2011, <https://www.stratfor.com/weekly/20110627-divided-states-europe> (accessed July 30, 2015).

¹⁴ Luis Simon Navarro, "The (geo)politics behind Europe's Libya split," *European Voice*, April 13, 2011.

¹⁵ Nicole Koenig, *The EU and the Libyan Crisis: In Quest of Coherence?* (Rome: Istituto Affari Internazionali, July 11, 2011).

“vertical incoherence”, the public split between the western European states of France and Germany on the issue, marked a certain ‘horizontal incoherence’ as well, in that it typifies Europe’s perpetual incongruence regarding its distinct national interests. Significant as it is, the internal divide that still exists within the western-led European Union, there is a larger divide between Old and New Europe.

Brussels and its core members have attempted to bridge the divide between the core western states within the community and those recently acceded. Nevertheless, a divide remains between the core EU members and others; and this is understandably so, historically. And *while some differences are to be expected, and endured for the sake of partnership, security is not one of them*. This relates to the “consensus-expectations gap” understood to exist between EU member states and the ambitions within Brussels.¹⁶ It seems sensible that this stems from the difficulty inherent in the oversight of large and heterogeneous populations and their various if not conflicting preferences.¹⁷ While extending the Union eastward, perhaps in good faith – perhaps to extend influence, as Tomas Valasek concludes on the “‘Easternization’ of European security” the European Union has become “too diverse a group to pursue [...] common security.”¹⁸

Therefore, if common European security is yet to be satisfactory, there is the standard recourse for it to be tended to by individual nation-states, instead;¹⁹ as security is paramount to national interest. Yet, here, rather than states revoking such privileges completely from an institution beyond itself, and keeping in mind that the European experiment has been guided by

¹⁶ Maull, op. cit..

¹⁷ Alberto Alesina and Enrico Spolaore, *The Size of Nations* (Cambridge, MA: MIT Press, 2003).

¹⁸ Tomas Valasek, “Conclusions: On NATO’s Future, and Riding the ESDP Tiger,” in *‘Easternization’ of Europe’s Security Policy*, ed. Tomas Valasek and Olga Gyarmasova (Bratislava: Institute for Public Affairs, 2004).

¹⁹ Johnson, op. cit., 326.

the irrefutable fact that individual states have been unable to underwrite continental security without some cooperation, then it would seem that the Union has been missing a step.

Toward a Security Regime: Real and Theoretical

Europe's rise in the security sphere need not be championed by all members in harmonious union. That is, if the Union is unable to satisfy the security of its members, it is unlikely to successfully continue its attempt in harnessing regional security - lest it be by decree. Rather, it should be allowed to develop more or less independently, fostered so as to utilize the various pillars of willingness and capability in raising an evolving security network of a different color and design. European and individual member national security should be supplemented with quasi-independent subregional security regimes. This mid-step, *or side-step*, need not seem to backtrack on the progression of the European Union, nor should it be interpreted as a competing factor in the twilight of Pax-Americana.²⁰ Rather, subregional security regimes could actually be the natural progression, from the structure of interstate to often desired supra-state. In any case, smaller and more cohesive regimes seem to be the way forward with regard to cooperative security ventures – not quite ready to progress ‘beyond history.’

It may be described as a smaller network of states within (or outside) the Union, whose collective (post-modern) character regarding security reaches only as far as their mutual interests and fears take them; which is reflective of the fragmented consensus on security issues for Europe. While this proposal may seem lofty, what remains historically certain is that threat perceptions are not shared equally by all within the European community. It is *due to this unshared threat perception that an alternate and more localized alliance is likely to form in*

²⁰ Luis Simón and Alexander Mattelaer, *EUnity of Command – The Planning and Conduct of CSDP Operations* (Brussels: Egmont, Royal Institute for International Relations, January, 2011).

balance against more closely shared “threats,”²¹ or in mutual support of otherwise shared interests. Western European countries (WEU), on the whole, seem not to believe, for example, that Russia poses a threat of the first order, which is characteristic of their place and interests. WEU states have maintained a preference toward trading; they are merchant states, and as such are more inclined toward the economy, internationally, more so than others particularly in the east. CEE states are much more grounded in the security of their geography and their nearer neighbors. Accordingly, while WEU seem to have progressed from nations’ “state of nature,”²² CEE would seem to have mired in both time and place. For them, it is not a “return of history,”²³ but, as political scientist George Christou reminds us that this subregion is “characterised by recurring political instability,”²⁴ it is a reminder that it has not yet left. And for many EU members, muddling through is not acceptable. Hodza made clear that, “(i)t is not wholesome to leave in new Central Europe such a vast political vacuum,” and that “[w]e cannot speak about the consolidation of Europe as long as [CEE] is not consolidated.”²⁵ CEE consolidation is necessary for peace in Europe; it also happens to be provided for under the Treaty of European Union, and further under the Lisbon Treaty.

The Protocol on Permanent Structured Cooperation established by Article 42 of the treaty encourages inter-member cooperation in the development of “defence capacities” inside or outside of the Union itself.²⁶ Essentially, it allows for the clustering of willing members into relatively separate interest groups, enabling “smaller groups of states to go further and faster

²¹ Stephen Iwan Griffiths, “Nationalism in Central and South-Eastern Europe,” in *Security & Strategy in the New Europe*, ed. Colin McInnes, (New York: Routledge, 1992).

²² Lake, op. cit.

²³ Robert Kagan, *The Return of History and the End of Dreams* (New York: Alfred A. Knopf, 2008).

²⁴ George Christou, “European Union security logics to the east: the European Neighborhood Policy and the Eastern Partnership,” *European Security* 19, no. 3 (September, 2010).

²⁵ Hodza, op. cit., 514-530.

²⁶ European Council, Consolidated Version of Treaty on EU, op. cit., 38.

absent political will on the part of all governments.”²⁷ As Renata Dawn observed in 1999, a decade prior to the Lisbon Treaty, by “facilitate(ing) and forward(ing) the goals of security and stability in a particular subregion” these regimes “thus contribute to the fulfillment of national and wider European goals.” And therefore, as a bridge, “sub-regional cooperation may serve as a tool, enabling Europe’s border zones to overcome their peripheral status.”²⁸ It also happens to be realistically and theoretically sound, as well.

Realistic, and Supported ‘in Theory’

Neofunctionalism in Europe at the pan-regional level has worked questionably well only within the economics and regional governance spheres, yet has not taken shape with security due to divisions of nationalism combined with the breadth of space. As history lingers, the risks levied on the European experiment, yielding partial economic sovereignty for regional development and peace, is more easily done than hedging one’s peace and welfare upon the whims of many; and is markedly different than the political integration necessary for broad acceptance of region-wide security. The latter would risk parting with a landscape believed purchased with blood, sweat and tears. And so, even with the strength of will to keep the European experiment alive and together, the attempt to include the security of territory in the same manner as trade would be successfully worse, as security’s negotiable prospects are thin in nature. Further, as security inherently involves an element of crisis,²⁹ if not merely to hedge against it, and “realism says that in times of crisis institutions do not hold up,”³⁰ we should not expect the Union’s weakest link and least successful project to withstand persistent or acute pressures. And the anarchy that persists does little to assuage such relations.

²⁷ Anand Menon, “European Defense Policy from Lisbon to Libya,” *Survival* 53, no. 3 (May, 2011): 75-90.

²⁸ Renata Dwan, *Building Security in Europe's New Borderlands: Subregional Cooperation in the Wider Europe* (New York: East West Institute, 1999), 212.

²⁹ As whatever is attempted to be secured is most likely associated with a crisis event, or period of crisis.

³⁰ Carol Weaver, “Black Sea Regional Security: Present Multipolarity and Future Possibilities,” *European Security* 20, no. 1 (March, 2011): 1-19.

When Alexander Wendt said, “Anarchy is what states make of it,” the message was that anarchy’s perception to states and society’s subsequent relation to anarchy can change, be changed, and even shaped by all parties involved.³¹ Thus, the more cooperation of international actors that is desired, its conception being honed, the greater the odds of its success. Along the way, it reaches a tipping point at which time the shared variables, it would be assumed with more common traits, outline a new course. It is almost neofunctional in comparison to Europe. The tipping point, or spark, need only be a successful case example; with which society’s consensus accepts in praise as a model (or rejects for change). This was the example of post war Europe, with the European Coal and Steel Community. Anarchy on the continent was reconceived and offered a turn. Yet security cannot be reconceived so easily. Rather, security conforms to the balanced perceptions at that time, anarchy and all, including others’ capabilities. Not only does security rest on the relative position and gains of others, but it also rests on the means to muster action when necessary, in- or ex-clusively. On the latter note, again, security in Europe need not return to the nation-state exclusively; in this respect, security may be rewritten if not reconceived.

If “security is what we make of it”, to re-paraphrase Wendt,³² it would seem intuitive that EU members would follow a path more consistent with their neofunctional beginnings, and that this would, therefore, naturally land on some middle ground. That is, as contemporary European security, for its part, has the presaged benefit of having begun from the ‘top-down,’ *subregional security regimes realistically attempt to rewrite European regional security from the bottom-up*. The subregional level is that middle ground. Having already been sprung, its

³¹ Alexander Wendt, "Anarchy is What States Make of It: the Social Construction of Power Politics," *International Organization* 46, no. 2 (Spring, 1992).

³² George Christou, et al., “European Union security governance: putting the ‘security’ back in,” *European Security* 19, no. 3 (September, 2010): 341-359. Here, the authors argue for a constructivist turn in security studies, along a European security governance-styled model.

reversed ‘bottom-up’ policy would link the national to regional levels more concretely – a prerequisite to the formation of a security community.³³ Theoretically, then, it would be modeled under the same scheme as the neofunctional premise of binding a small, but key, industry between states – so that it may then spillover into varied and related areas – binding its members ever closer. By allowing the alliance between smaller, clustered, more like-minded, states to flourish, the EU could later support a network of relatively autonomous subregional security regimes that would have the potential of spilling over for the benefit of security in the greater region – to be called upon or that could collectively join a larger EU endeavor, as a matter of choice.

Subregional security regimes are a very pragmatic alternative to the panregional attempts thus far. The only success that the EU has been able to conjure thus far regards the ‘pooling and sharing’ of interested participants. When assembled, they do have training events, and a few have been sent on humanitarian and peace-keeping missions. However, on the whole, the EU has had little to show for it, according to security scholar Claudia Major and her coauthor, Stefan Krümpelmann.³⁴ Military missions are rare, which is understandable considering the compliance that must be attained by all participatory member states. Major and Krümpelmann also underline that these missions are few due to the funding required of participating states, which is not the case for civilian missions, as they are covered within the EU budget. Considering the lack of significant success in collaboration so far, Major and Krümpelmann suggest that of the multiple scenarios possible over the next decade, that rather than continue to muddle along as has happened, and given the fact that supranational defense is a

³³ Barry Buzan, *People, States and Fear: An Agenda for International Security Studies in the Post-Cold War Era* (London: Harvester Wheatsheaf, 1991).

³⁴ Claudia Major and Stefan Krümpelmann, “Making the Choice for Europe: The State of CSDP and Prospects for It to Be an Organising Framework for European Security in the Next Decade,” *The Polish Quarterly of International Affairs*, no. 3 (2013): 71-83.

leap too large to make, that subregional security regimes are the practical compromise, allowing for more easy agreement and quicker action. Major and Krümpelmann refer to the concept as “mini-lateralism,” and that they could prove a net positive if associated at the regional level. As it happens, Europe has a promising if not quite a significant start.

Evidence of Subregionalism

It seems the argument for subregional security regimes is not as hard a sale as the author may have first envisioned. The reasons outlined above are convincing, and the examples that follow mark a solid beginning. Subregional regimes, or other close relations amongst neighboring states, are represented in nearly all corners of Europe, as represented in Map 5.1 and Table 5.1.

Between the Maastricht and Lisbon Treaties, in early 2003 – in the run up to the Second Gulf War, the British and French proposed the EU Battlegroup Concept, to increase Europe’s rapid reaction capacity.³⁵ It has also modeled the modestly trimmed regimes that pairs and clusters of states have proposed or begun. The shared burden in providing for these battlegroups is a major benefit considering member financial constraints. They are modest, in that the battlegroup is a relatively small yet complete force able to operate on intense, but short deployments. At present, the groups would be optimally “used as a bridging force” for a follow on organization, like the U.N.³⁶ As political scientist Jan Joel Andersson at the EU Institute for Security Studies emphasizes, the battlegroups are meant to be the “first force in, first force out.”³⁷ Though, no matter how small or limited in scope the Battlegroup Concept may be, the commitment to pool and share each other’s resources requires shared common views. The

³⁵ Laura Chappell, “Differing member state approaches to the development of the EU Battlegroup Concept: implications for CSDP,” *European Security* 18, no. 4 (December, 2009): 417-439.

³⁶ Ibid.

³⁷ Jan Joel Andersson, *Armed and Ready: The EU Battlegroup Concept and The Nordic Battlegroup* (Stockholm: Swedish Institute for European Policy Studies, Report No. 2., 2006), 25.

Anglo-French pair is one such example. In 2010, the British and French agreed to deepen defense integration.³⁸ Its proactive capability in Libya the following year, sanctioned under the “Right to Protect,”³⁹ lends argument for some degree of success since Lisbon regarding the EU’s permanent structured cooperative regime.⁴⁰ Also involving France is the Weimar Triangle.

The Weimar Triangle was originally proposed in 1992, among the countries of France, Germany and Poland. Later, the same year that Britain, France and Germany (the latter added just prior) formally proposed the EU Battlegroup Concept, in 2011, the latter two along with Poland agreed to form the Weimar Combat Group.⁴¹ However, while the ability of the Weimar states to form a capable battlegroup will not be debated here, its deployment would likely be restricted to a compromise sanctioned in Brussels, as the three members occasionally hold different perceptions of the balance within Europe,⁴² if not simply the divide between WEU and CEE members described above, that only the general common interests of the Union can surmount. Elsewhere, however, other battlegroups have formed that do share more commonalities and, therefore, have a greater chance of regime solidarity. Stratfor sums up the searches made by the Baltic states for a more cohesive security regime: “With Poland being wooed by Paris and Berlin, the U.S. consumed by the Islamic world and NATO quickly

³⁸ Derek E. Mix, *The European Union: Foreign and Security Policy* (Washington, D.C.: Congressional Research Service, August 15, 2011).

³⁹ UN Security Council, 6491st meeting, *Resolution 1970: Peace and Security in Africa*, February 26, 2011; see Luis Peral, *Implementing R2P in Libya – How to Overcome the Inaction of the UN Security Council* (Brussels: European Union Institute for Security Studies, March, 2011).

⁴⁰ Menon, op. cit.

⁴¹ “Germany, France and Poland form EU battlegroup,” *Agence France-Presse*, July 5, 2011, <https://www.defencetalk.com/germany-france-and-poland-form-eu-battlegroup-35446/>

⁴² Stratfor, “Poland’s Choice: A Stronger Germany,” Strategic Forecasting, Inc., entry posted December 2, 2011, <https://www.stratfor.com/geopolitical-diary/polands-choice-stronger-germany> (accessed July 30, 2015).

becoming aloof to their security woes, the Baltic states are turning to the one alternative in the region: Nordic states.”⁴³

In Northern Europe, Sweden and Estonia concluded an agreement on defense cooperation, also in 2011.⁴⁴ This was but the most recent evidence of pooling resources between Nordic and Baltic states, as the first Nordic Battlegroup was already assembled in 2008. Norway’s former foreign minister, Thorvald Stoltenberg, has even placed a broader Nordic-Baltic subregional integration on the agenda.⁴⁵ According to the Nordic Council of Foreign Ministers, their common interests and fears revolve around Russia, energy security, and renewed spheres of influence.⁴⁶ Similarly, the Baltics have been unnerved with Russia’s resurgence.⁴⁷ In addition to Russia, there are other drivers of Northern Europe’s regional integration: counterbalancing austerity measures, increasing influence, aiding deeper integration into Europe, and normalizing relations between NATO and EU members.⁴⁸ Now, Lithuania is also a Baltic state, and indeed does share common interests and fears with its neighbors, to include an aggressive policy towards Russia and European energy diversification.⁴⁹ However, for this paper, Lithuania will be kept separate in this evaluation from the Nordic-Baltic battlegroup, as it

⁴³ Stratfor, “Nordic-Baltic Alliance and NATO’s Arctic Thaw,” Strategic Forecasting, Inc., entry posted February 9, 2011, <https://www.stratfor.com/geopolitical-diary/nordic-baltic-alliance-and-natos-arctic-thaw> (accessed July 30, 2015).

⁴⁴ Stratfor, “The Baltics: Differing Views and Pressures in a Dynamic Region,” Strategic Forecasting, Inc., entry posted November 1, 2011, <https://www.stratfor.com/sample/analysis/baltics-differing-views-and-pressures-dynamic-region> (accessed July 30, 2015).

⁴⁵ Thorvald Stoltenberg, “Nordic Cooperation on Foreign and Security Policy,” (proposals presented to Nordic foreign ministers in Oslo, Norway, February 9, 2009); and Søren Gade and Valdis Birkavš, *NB8 Wise Men Report* (Copenhagen: The Baltic Council of Ministers and the Nordic Foreign Policy Cooperation, 2010).

⁴⁶ Thorvald Stoltenberg, “Introduction,” in *One For All, All For One: New Nordic Defence Policy?* ed. Michael Funch and Jesper Schou-Knudsen (Copenhagen: Nordic Council of Ministers, Copenhagen, 2009).

⁴⁷ Stratfor, “Nordic-Baltic Alliance,” *ibid.*; and Stratfor, “The Baltics Differing Views,” *ibid.*

⁴⁸ Damon Wilson and Magnus Nordeman, “The Nordic-Baltic Region as a Global Partner of the United States,” in *Nordic-Baltic Security in the 21st Century: The Regional Agenda and the Global Role*, ed. Robert Nurick and Magnus Nordenman, (Atlantic Council, September, 2011).

⁴⁹ Eugene Chausovsky, “Dispatch: Divergent Views of the EU and Russia in the Baltic States,” Strategic Forecasting, Inc., entry posted October 26, 2011, <https://www.stratfor.com/analysis/20111026-dispatch-divergent-views-eu-and-russia-baltic-states> (accessed July 30, 2015).

seems a more suitable member of the next and last example in the east, where subregional security in CEE has a longer history.

A Commonwealth Intermarium

CEE's natural subregional cooperative rests on the Visegrad Group. Not only does the Visegrad group's name stretch back to medieval times of the Polish-Lithuanian Commonwealth,⁵⁰ but it links to a regular tide attempting to reassert it. The last attempt was last century during the interwar years when Poland endeavored to establish an independent intermarium, between the Baltic and Black Seas.⁵¹ Polish General Pilsudski's interwar Intermarium was largely an attempt at a defensive alliance.⁵² And while its membership was not limited strictly to that of today's V4, neither was the proposed membership of another notable figure of his time and place, Czechoslovakia's head of state. Hodza, while more inclined toward an economic bloc in CEE, also envisioned a group anchored by the Baltic states in the north, and Romania and Bulgaria along Black Sea.⁵³ Perhaps a more modified, expansive, version of the Visegrad group, stretching from sea to sea could one day come to be, depicted in Table 5.2; however, for now, it does have its renewed start amongst the V4 members of Poland, the Czech Republic, Slovakia and Hungary.

The Visegrad Group again proved its natural subregional cooperation, being, in historian Padraic Kenney's words, "the first independent regional alliance" on the continent following the end of the Cold War in early 1991.⁵⁴ Its purpose at that time was to band together toward integration with the West. It is ironic, now, that the group should be harnessed to

⁵⁰ Halecki, op. cit.

⁵¹ Halecki, op. cit.

⁵² It is important to note that Pilsudski's Intermarium (Free Intermarium Charter) was not proffered in the same vein as others, subregionally organized federation based on local states' participation, but much more so underlined by Anglo-oriented interests in order to maintain separation between German-Russian collusion.

⁵³ Hodza, op. cit., 527.

⁵⁴ Padraic Kenney, *The Burdens of Freedom: Eastern Europe since 1989* (New York: Zed Books, 2006).

facilitate greater autonomy of security matters in the east; and this is not lost on its critics.⁵⁵ It is true that its members have not always been united. For example, after Czechoslovakia's split in the early 1990s, the group simply muddled through.⁵⁶ However, even though the four members occasionally distanced themselves from the group diplomatically when seeking their bids for western membership, a European External Action Service policy officer once wrote that, "major security interests of Visegrad [had] not diverge[d]."⁵⁷ And, they did gain admission to NATO and the EU at nearly the same points in time. All, but Slovakia, joined NATO in 1999; and all formerly joined the European Union in the middle of 2004. So, even after suffering through the critics, Visegrad has been successful – if even despite itself.⁵⁸

Nevertheless, now in the West, under today's circumstances, security under NATO and the promise from the EU look differently. It is generally 'difficult for CEE to follow WEU leadership as western states put Russia's relations over their alliance with CEE.'⁵⁹ The Visegrad Group's recent recast originates from this geopolitical theme, well-understood within the region. It is true that Visegrad is following the same model as other subregions of Europe, following the 2010 policies of NATO's "smart defense" and the EU's 'pooling and sharing.' However, the group is more than mirroring its northern neighbors with Russian fears, as Stratfor explains that, "the group's evolution was influenced by [...]: Russian resurgence, the growing relationship

⁵⁵ Olga Gyárfasová, "Summary and Policy Recommendations," in *Visegrad Citizens on the Doorstep of European Union: A Collection of Contributions*, presented at the Institute for Public Affairs and the Polish Institute in Bratislava, ed. Olga Gyárfasová (Bratislava: Institute for Public Affairs, November 20, 2003), 50-51.

⁵⁶ Matthew Rhodes, "Post-Visegrad Cooperation in East Central Europe," *East European Quarterly* 33, no. 1 (March, 1999): 51-67.

⁵⁷ Radek Khol, "The Changing Role and Position of Visegrad Four in the Area of Security and Defense," in *Visegrad Countries in an Enlarged Trans-Atlantic Community*, ed. Marek Stastny, (Bratislava: Institute for Public Affairs, 2002).

⁵⁸ Tamas Novak, "Divergence in Economic Paths," *The Slovak Spectator*, December 13, 2010.

⁵⁹ Papic, op. cit.

between Berlin and Moscow, and the overall fraying of [...] NATO.”⁶⁰ *The confluence was enough to remind CEE of its past in the Crush Zone*, in the Shatterbelt between the empires of east and west.⁶¹ So, though the Visegrad of the 1990s may have stumbled under weakened solidarity, nearby crises and membership ignorance sets the stage for its growth, with the potential of being “a strong player in the EU,”⁶² perhaps in “defining ‘central Europe,’”⁶³ if at least its own security.

The Visegrad Group has also formed a battlegroup, which has been active as a part of the European defense structure since the beginning of 2016. Poland, being the largest state in the V4 and with the greatest capabilities, is unsurprisingly the leader of the battlegroup. With a still precarious perspective from CEE, Poland seeks “to establish security alternatives in the region.”⁶⁴ This is a policy of Realpolitik and it highlights Poland’s active involvement in Visegrad’s budding battlegroup.⁶⁵ A group that if united, amidst regional division over key foreign and security policy issues,⁶⁶ Polish Prime Minister Donald Tusk has said could not be ignored by Europe.⁶⁷ And a battlegroup that, as former Polish foreign minister Radoslaw Sikorski once said, could be the “vanguard” of the EU’s defensive structure.⁶⁸ Vanguard or not,

⁶⁰ Stratfor, “The Visegrad Group: Central Europe’s Bloc,” Strategic Forecasting, Inc., entry posted February 5, 2011, <https://www.stratfor.com/sample/analysis/visegrad-group-central-europes-bloc> (accessed July 30, 2015).

⁶¹ Andrew H. Dawson and Rick Fawn, “The Changing Geopolitics of Eastern Europe: An Introduction,” in *The Changing Geopolitics of Eastern Europe*, ed. Andrew H. Dawson and Rick Fawn (New York: Routledge, 2001).

⁶² Gyarmasova, op. cit.

⁶³ Rick Fawn, “The Elusive Defined? Visegrad Co-operation as the Contemporary Contours of Central Europe,” in *The Changing Geopolitics of Eastern Europe: An Introduction*, ed. Andrew H. Dawson and Rick Fawn (New York: Routledge, 2001).

⁶⁴ Eugene Chausovsky, “Dispatch: Poland’s Ascent in Central Europe,” Strategic Forecasting, Inc., entry posted September 22, 2011, <https://www.stratfor.com/analysis/20110922-dispatch-polands-ascent-central-europe> (accessed July 30, 2015).

⁶⁵ Chappell, op. cit.

⁶⁶ Barbora Gabelova, “Foreign and Security Policy Priorities of Poland,” in *‘Easternization’ of Europe’s Security Policy*, ed. Tomas Valasek and Olga Gyarmasova (Bratislava: Institute for Public Affairs, 2004).

⁶⁷ PAP, “Polish Premier Says If United Visegrad Group Cannot Be Ignored in EU,” *Polish Press Agency*, October 14, 2011, <http://wnc.eastview.com/wnc/article?id=33877731> (accessed April 2016).

⁶⁸ Radoslaw Sikorski, “Poland’s Sikorski Discusses Visegrad Alliance, Calls for EU Defense ‘Vanguard,’” an interview with Polish Foreign Minister Radoslaw Sikorski by Igor Janke, *Rzeczpospolita*, July 1, 2012, <http://wnc.eastview.com/wnc/article?id=30371892> (accessed April 2016).

as exemplified through history, Polish leadership within the CEE is extensive; and given time, *The Visegrad Four could be the core, upon which security cooperation between the seas may cluster*. Although in its early stages, Visegrad consensus is that the battlegroup should remain indefinitely. Visegrad leaders are already determined to make their battlegroup a permanent force,⁶⁹ noted by not only their combined defense ministers,⁷⁰ but also their heads of state.⁷¹ Comparatively speaking, a sustained Visegrad battlegroup is a very feasible project.

While in comparison with either partnership in WEU Visegrad's numbers are less than stellar, Visegrad's prospects of success are quite good when stacked up next to the Nordic-Baltic Group. Visegrad's weakest characteristic is its GDP per capita, which drops to near half of the others even when enlarged to Visegrad Plus. However, its overall GDP is double that to the north. Plus, Visegrad has a significantly higher population from which to draw as well as sizeable industrial capabilities to support a military force.⁷² These are the prospects of what is possible provided that significant obstacles do not arise. Tusk was correct that a united Visegrad could not be ignored by the EU, but this is also true of Russia as well as the U.S., as a united CEE can either become an efficient, if not accommodating, gateway to Eurasia --- or it could pose as its bulwark.

Implementing Visegrad's Battlegroup

It is understandable that the likelihood of states to cooperate with each other, generally and with regard to defense particularly, increases with shared interests and/or shared threats.

⁶⁹ Adéla Jiříčková, *Defense Cooperation of the V4+* (Prague: Association for International Affairs, 2015).

⁷⁰ Czech MoD, "V4 Countries Progress in Defense Cooperation," Ministry of Defense & Armed Forces of the Czech Republic, December 18, 2015, <http://www.army.cz/en/ministry-of-defence/newsroom/news/v4-countries-progress-in-defence-cooperation-118019/> (accessed April 2016).

⁷¹ Visegrad Prime Ministers, "Joint Statement of the Heads of Government of the Visegrad Group Countries," Visegrad Group (June 19, 2015), <http://www.visegradgroup.eu/calendar/2015/joint-statement-of-the>

⁷² Industrial growth is not the main source of this argument, as in the case of the Anglo-Franco partnership their growth was modest at 3.6% versus 9% for both Weimar and Visegrad battlegroups. Rather, energy consumption is more useful as a gauge for industrial might or capacity.

Opposing, it has been argued by Bence Németh of Hungary's Ministry of Defense planning department that Visegrad states are less likely to cooperate as their militaries, felt to be disparate in resources and abilities, have "lost many capacities, and focused on niche capabilities and role specialization..." and therefore "have fewer options for co-operation."⁷³ However, is this not merely a supposition? After all, these same niche capabilities outlined by NATO's Centers of Excellence (COE) were designed to complement cooperation within the Atlantic Alliance. It stands to reason, therefore, that COEs would have been found sensible and worth such substantial investment prior, rather than a stumbling block between European allies. Németh further postulates that "countries [that] have a full spectrum of capabilities [...] can choose from a wider range of areas to co-operate."⁷⁴ Again, this would only seem to stand up if cooperating states deem it necessary to collaborate with like resources, albeit reduced for the purposes of "pooling and sharing."⁷⁵ While initially this would presume a degree if not significant redundancy and overlap, participating countries could scale down their redundant forces to more moderate levels. Perhaps it is true that this could make it easy to mutually reduce forces and collaborate; though this quid pro quo seems to resemble disarmament negotiations between distrusting states rather than partners. It also presumes that the reduction of redundant forces is easier than the transformation of the present force structure.

Visegrad states are *just as capable*, and I would argue as likely, to create a significant defensive force even without these similar forces, *so long as their interests in security remain constant*. The "niche capabilities," just as NATO has surmised and indeed instituted as a

⁷³ Bence Németh, "How to Bridge the 'Three Islands,'" *Group on Grand Strategy*, January 25, 2012, https://kclpure.kcl.ac.uk/portal/files/11764177/Nemeth_How_to_bridge_the_three_islands_The_future_of_Europea_n_military_co_operation.pdf (accessed May 19, 2016).

⁷⁴ Ibid.

⁷⁵ Hougardy, op. cit.

“network,”⁷⁶ would if found beneficial compliment other Visegrad states where they lack these capabilities. After all, these niche areas that Németh refers to are only battalions in size and do not nearly represent the majority of the sponsors’ forces.⁷⁷ So, when Németh writes that “Central European countries have concentrated on the development of different niche capabilities,” the word “development” should be stressed. Admittedly, these were specializations that had to be built and required some “concentration” and funding. Németh’s true ‘take away’ on this note, then, should not be that due to these concentrations that the majority of CEE forces represent these specializations. Further, the developed COE’s of participating CEE states would seem to be quite complementary components for any military core of soldiers (e.g. intelligence, cyber, chemical, biological, and nuclear defence, medical, and police units, as well as ordinance disposal are all niche capabilities developed by CEE).⁷⁸ At least Németh does amend his earlier words in stating that “identical capability needs can provide a better ground for co-operation than institutional membership.” The stress, here, is “identical needs.” Aside from these specializations, an enlarged Visegrad Group (to, say, 7 – a Visegrad ‘Plus’) already has a significant combined force, if pooled. However, as it stands, and for the time being, Visegrad need not organize such a substantial force to be considered a player in Europe’s defense.

The European Battlegroup Concept aims to be a rapid deployment force of minimum size to tackle a variety of possible defense and stabilization contingencies. According to security

⁷⁶ Hans Binnendijk and Geoffrey Hoon, *Affordable Defense Capabilities for Future NATO Missions* (Washington, D.C.: Center for Technology and National Security Policy at the National Defense University, February 23, 2010).

⁷⁷ *The Military Balance, The Annual Assessment of Global Military Capabilities and Defence Economics* (London, The International Institute for Strategic Studies, 2010).

⁷⁸ NATO, “Centres of Excellence,” NATO website, http://www.nato.int/cps/en/natolive/topics_68372.htm (accessed July 30, 2015).

specialist Laura Chappell, “Each Battlegroup consists of 1500 armed forces personnel,”⁷⁹ though published numbers indicate closer to 3000, or a brigade. Today the EU is committed to sourcing 4 separate battlegroups per year, 2 being rotated every half year.⁸⁰ Since 2005, numerous EU members have pooled their soldiers, and other military resources, to satisfy the Union’s quota.

For every mixed battlegroup’s participation with a Visegrad member, it is estimated that Visegrad assets comprised over 50% of the necessary obligations. And since 2005, across the multiple battlegroups assembled, Visegrad has taken on leadership positions as being the “framework nation,” or point of contact, for its battlegroup on multiple occasions.⁸¹ This can be considered rather substantial considering the resources that states in western Europe, and their regimes, are more capable of contributing. Nevertheless, the times it would seem has imposed an opportune restructuring of militaries from large standing armies to “smaller, faster and more agile forces.”⁸² Were a Visegrad ‘Plus’ group to aim for a response force more substantial, we need a rough model from which to compare. A look at two models should give decision-makers in CEE some perspective on how and to what degree a restructuring of their own forces might take place.

Measuring Visegrad’s Resources

In the West, NATO is in transition just as the remaining superpower is also transforming its own defense and power projection capabilities. Begun in 2003, the U.S. is molding a new military based on brigade combat teams (BCTs), rather than the larger division-based force. According to military specialist at the Congressional Research Service Andrew Feickert, “The Army’s [...] stated goal is to create 76 active and reserve brigade combat teams

⁷⁹ Chappell, op. cit.; see also: Gustav Lindstrom, *Enter the EU Battlegroups* (Paris: Institute for Security Studies, Chaillot Paper n. 97, February 2007).

⁸⁰ This was increased from the initial schedule of 2 battlegroups per year, 1 rotating every half year.

⁸¹ Chappell, op. cit.

⁸² Greg Jaffe, “2 Army brigades to leave Europe in cost-cutting move,” *The Washington Post*, January 12, 2012.

(BCTs) – 48 active and 28 Army National Guard (or over 300,000 soldiers) – and approximately 225 active and reserve support brigades.”⁸³ Their model for their multifunctional rapid response force is the Stryker Brigade (SBCT), which consists of approximately 3,500 core troops, with perhaps up to 1,000 or more in support, in “ready-to fight combined-arms packages.”⁸⁴ Similarly, NATO has agreed to work towards a rapid response force (NRF) strictly on the European continent,⁸⁵ should “American forces [choose] not [to] or cannot deploy,” where an “American Joint Task Force could quickly augment the NRF if a situation showed signs of exceeding NRF capabilities.”⁸⁶ Their goal for this expeditionary force is approximately 25,000 personnel (approximately 7 combat brigades, not including support),⁸⁷ of which 13,000 (approximately 3 - 4 brigades, not including support) would be mobilized into an immediate response force, with an annual rotation.⁸⁸

According to *The Military Balance 2010*, the year NATO and the EU began this modest proposal, a fully ‘pooled and shared’ Visegrad ‘Plus’ is fairly impressive, significantly more so than the current group of four; and even when compared to the currently more integrated Nordic Defense Cooperation (NORDEFCO), represented by the Nordic-Baltic Group. Referring to Table 5.3, it is true that when measured next to the western Anglo-Franco cooperative that neither NORDEFCO nor a possible ‘VISDEFCO’ (Visegrad 7 Defense Cooperation) look very impressive. However, it is assumed that as former great powers both France and the UK would

⁸³ Andrew Feickert, *Does the Army Need a Full-Spectrum Force or Specialized Units? Background and Issues for Congress* (Washington, D.C.: Congressional Research Service, January 18, 2008).

⁸⁴ Global Security, “Stryker Brigade Combat Team (SBCT)”, *GlobalSecurity.org*, last updated May 7, 2011, <http://www.globalsecurity.org/military/agency/army/brigade-ibct.htm> (accessed July 30, 2015).

⁸⁵ NATO, *Riga Summit Declaration*, issued by the Heads of State and Government participating in the meeting of the North Atlantic Council (Riga, November 29, 2006), http://www.nato.int/cps/en/natolive/official_texts_37920.htm?selectedLocale=en (accessed May 19, 2016).

⁸⁶ William A. Bulis, “NATO Transformation: Giving the Old Alliance New Teeth” (master’s thesis, Naval War College, February 14, 2005).

⁸⁷ Timo Noetzel and Benjamin Schreier, “Does a multi-tier NATO matter? The Atlantic alliance and the process of strategic change,” *International Affairs* 85, issue 2 (2009): 211-226.

⁸⁸ NATO, “NATO Response Force,” NATO website, http://www.nato.int/cps/en/natolive/topics_49755.htm?selectedLocale=en (accessed July 30, 2015)

have a natural inclination toward retaining significant independence of their national forces requiring more resources; whereas subregional regimes on the periphery, which have long been dependent on regional powers for their security, might likely be willing to integrate more completely – as NORDEFECO represents.

Should Visegrad 7 choose to maximize their collective interests, in their own defense, while they are understandably unable to attain matching capabilities and numbers of the proposed U.S. battalions, they could come close to matching NATO'S NRF model, while assuming the U.S.'s Stryker format. What is also known in such a force structure and their likely resource needs is that other than a strategic reserve force,⁸⁹ and over 300 Calvary personnel transport vehicles per BCT (about 1,000 for an immediate response force), approximately 200 transport planes would be necessary for initial deployments.⁹⁰ As already noted, Visegrad 7 has a substantial pool of active and reserve personnel from which to draw. However, in the attempt to establish a Visegrad rapid reaction force it is important to sift through, if not the excess then, the less significant to the core force structure. Therefore, the numbers within Table 5.4 reflect only those troops that were brigade ready.⁹¹

A 'pooled and shared' Visegrad 7 could potentially have 36 brigades, approximately 126,000 soldiers,⁹² ready to assemble into BCTs. This far surpasses the 7 brigades required for NATO's NRF, let alone the battalion sized battlegroup which EU members have contributed towards since 2005. Interestingly most Visegrad states tend to have few reserve personnel,

⁸⁹ Lindstrom, op. cit.

⁹⁰ This latter estimate comes from a contingency planned in a central African theatre by the UK, France and Germany. Visegrad 7 would likely not require such support for force projection as it would likely only be required to handle its own defense and local projection. Nevertheless, the number is useful for this analysis. Chappell, op. cit.

⁹¹ For the purposes of manning, first, a core rapid response BCTs, the table does not include: artillery, air defense, engineers, logistics, signals, nor any presidential guards.

⁹² These personnel were tallied from infantry, light mechanized infantry, special forces and reconnaissance brigades – perfect for quick response BCTs.

though two states impressively constitute 18 brigades that they hold in reserve – which in the case of Lithuania makes up for the single ready brigade that they may contribute toward a possible VISDEFECO. Nevertheless, these excess numbers would actually allow for a significant reduction of redundant forces, lest Visegrad 7 prefer to maintain a large rotating force. Even if it were to halve the 36 ready brigades to 18, Visegrad would still have over twice as many available than what NATO has proposed for all of Europe. While this large force indeed could prove very useful, *the proposed immediate term goal, beyond the 2016 battlegroup, would be to create and maintain an immediate response force sizeable to 3 BCTs*. Therefore, CEE states could greatly benefit from a drastic downsizing of military forces; while still retaining, should they choose, a sizeable force for the sake of subregional security. Now that it is established that a proper VISDEFECO can be practically manned, let us also see that it may be properly mobilized.

As noted previously, approximately 1000 personnel carriers are required for 3 mobilized BCTs, and up to 200 transport airplanes would be required to a theatre as far as Africa. Referring, again, to Table 5.4 we see that Visegrad was deficient, with only 98 transport planes, half that required. However, according to The Military Balance, in 2009 alone, the seven CEE states procured an additional 47 more transport planes. Not including purchases and acquisitions since 2009, this brings the Visegrad total to 145 transport planes. Therefore, while CEE states would require additional vehicles and planes for its reserve forces, these assets come very near the proposed requirements for a highly mobile and substantial response force.

Trimmed, Boosting Visegrad's Resources

According to the U.S. Government Accounting Office, see Table 5.5 above, in reference to the U.S. transition to agile modular forces, “the Army’s cost estimate through fiscal

year 2011 [was] \$52.5 billion,” in total since 2005,⁹³ which “includes costs for a total of 43 active component brigades—covering upgrades to the existing 33 brigades and the creation of 10 new brigades—as well as 34 brigades in the reserve component.”⁹⁴ From this, “78 percent, ha[d] been allocated to equipment.”⁹⁵ Returning to CEE, Visegrad 7 spent over \$21 billion on defense in total, though only about one-third of this went toward equipment – even less toward BCT related equipment, see Table 5.6. CEE states, therefore, have room to increase their BCT asset numbers by spending *together* more efficiently. Initially at least, it may be proposed that CEE could redirect moderate defense spending toward BCT related equipment, possibly even above the 78% allocated in the U.S., so as to buttress their current brigade mobility.⁹⁶

According to figures from 2009, it was Poland and Bulgaria who would be able to provide most of the necessary equipment for a proposed VISDEFECO, see Figure 5.1. Expectedly, then, it was Poland and Bulgaria that spent the most toward equipment procurement, but not with the highest percentages toward BCT related equipment. While the remaining 5 of the Visegrad 7 spent 100% of their equipment procurement toward BCT items, Poland and Bulgaria spent 69% and 25% respectively. Were both Poland and Bulgaria to have spent the remainder, \$2.5 billion, toward transitioning 3 leaner and meaner BCTs, or on BCT items, they

⁹³ Janet St. Laurent, “Force Structure: Capabilities and Cost of Army Modular Force Remain Uncertain,” (testimony before the Subcommittee on Tactical Air and Land Forces, Committee on Armed Services, House of Representatives, U.S. General Accounting Office, GAO-06-548T, Washington, D.C.: April 2006).

⁹⁴ Sharon Pickup and Janet St. Laurent, “Force Structure: Preliminary Observations on Army Plans to Implement and Fund Modular Forces,” (testimony before the Subcommittee on Tactical Air and Land Forces, Committee on Armed Services, House of Representatives, U.S. General Accounting Office, GAO-05-443T, Washington, D.C., March 2005).

⁹⁵ St. Laurent, *ibid.*

⁹⁶ While it may be possible for Visegrad 7 to reduce spending on its active forces (36 brigades) by reducing forces, this will not be altered in this study as it is assumed that personnel would have to be retrained and educated to join the civilian workforce. However, after this transition it would be assumed that substantial spending could be redirected toward a leaner force with better equipment.

may have acquired approximately 1000 additional personnel carriers, or about 125 transport planes -- well past the threshold to field a VISDEFECO immediate response force.⁹⁷

As Europe's defense transitions through the 2010s it is felt more incumbent upon states and their subregional security regimes to acquire the means to field their own EU battlegroups, so as to bolster an expected receding Transatlantic security umbrella. The above proves that not only is it possible for the states of CEE to reach a level of security relatively autonomously, but also that if CEE states were bound together under subregional security framework, their potential 'pooled and shared' resources would allow them to accomplish so much more with relative ease that in time a future VISDEFECO could reach comparable capabilities with those proposed by the Atlantic Alliance for the continent at large, though dedicated to the security and stability of Central Eastern Europe.

Concluding Greater Security

This chapter began against the backdrop acknowledging of Europe's return toward harder power. Further, it was the position of the author that with postwar Europe's inability to muster sufficient political will in support of the Union's autonomous defense,⁹⁸ *the 21st Century's entry with flux would instigate the formation of smaller state-clustered security regimes*: clustered, so as to pool and share, though smaller than the Union – yet no longer the individual state alone. Certainly, if the world could speak of Europe's troubled financial union shaking the success of the European project, then it would be hard to successfully argue toward a closer political and defensive union. Indeed, with such discussions never having been able to get passed the table since post-war Europe, while prospects of a two-tiered monetary union could cause alarm for the success of the EMU, a multi-speed subregional security regime would be

⁹⁷ These numbers were taken from extrapolation of Poland's 2009 procurements.

⁹⁸ Autonomous from, yet largely in parallel with the U.S.

expected to find greater acceptance as a satisfactory, if not desired, alternative. By itself, the notion would not seem to imperil a European Union unable to satisfactorily address the issue to date.

More than this, in the grand restoration of Europe, a successful security regime in CEE is necessary for Europe in order for it to be a competent regional actor. The evidence of Lisbon's permanently structured cooperation is present from the general demand for such across the EU, though especially appropriate within this contentious shatterbelt region. However many partake in the responsibility to underwrite its stability is not of issue, but rather that its clustered zone be maximized by common interests, and evenly mindful of their accompanying threats. On that latter point, alarm has come to many in response to the crisis in Ukraine. Western Ukrainians are fighting for their greater independence from Russia, in their march toward 'Europeanization;' and the turmoil that surrounds the civil war in eastern Ukraine, along with the Crimean annexation, has arguably put some neighboring states on notice of how quickly stability can fade. In the next chapter, we will address this very timely topic, and how it relates to CEE subregionalism.

CHAPTER VI

PRESCIENT PERIPHERAL CRISIS: FRONTIER INSTABILITY

Simply put: The European Union's efforts toward a stable foreign and security policy lacks credibility and capabilities. While it is a policy that shows similarities amongst its members in that they all desire stability, they fail in their ability to come together in unified action, nor to speak with one voice. And, as with the Euro, it is their persistent differences, or simply their individual natural national wills, that has persistently remained in the background and now poses a significant challenge to the Union with the affairs surrounding Ukraine. While the EU's programs to reach out to states further east have, perhaps, made some progress toward their Europeanization, *changes in Ukraine's political leanings have led to the reaction of great power involvement*, which is reminiscent to centuries of similar great power rivalry – and all, it seems, *at the expense of the small state(s) along the periphery*. Their actions, and the relative inability of individual small states, have set the tone for the subregion's continued fragility, where continued great power involvement will likely lead to greater instability. The following pages will look at the origins of fragility of these small states and their regions, and beyond, it is wondered as to whether they are condemned to remain so.

Introducing Ukrainian Instability

The previous chapters of subregional cooperation have been presented, and past success in CEE subregionalism has been proven in the multiple attempts over the centuries. Nevertheless, it is useful to remember that these small states between East and West are often overlooked in the presence of such larger actors, like Germany and Russia, now the entirety of the EU, as well as the U.S., if even from a distance. Therefore, if history, or subregional interests are not enough to draw proper attention to the subregion, then permit an investigation

into another external, yet associated, issue that helps to highlight potential avenues to greater CEE cooperation. Just as the worsening of the Euro crisis could set the stage for changing the status quo toward greater CEE attention and cooperation, many, such as subregional sociologist Sándor Köles,¹ believe that *the Ukraine crisis might also provide the need to take potential subregionalization more seriously.*

The second scenario draws attention to the inherent security fears that are typical of peripheral instability: external interests and their actions. EU's regional security policies have not sufficiently placated the fears that some of these peripheral states have: either from Europe's south and southeast with the rather negative aspects related to Arab Spring and western intervention, in for example Libya and Syria; to the matter of whether or not Russia is actually portraying qualities akin to an irredentist state bent on resurging to its former glory. In 2008, the Russo-Georgian conflict had some in Europe worry that Russia had intended to do exactly that. Perhaps more of that mindset is present today following its intervention, and annexation of the Crimea, in Ukraine's more recent revolutionary turn towards Europe following its Euromaidan movement. Whether or not Russia actually has any intent on pursuing influence further westward, its actions have some calling for greater security measures along Europe's eastern periphery – to which greater subregionalism defensive cooperation could be the answer.

Frozen Conflicts along the Periphery

With such a broad topic of instability and its causes, it is useful to look at some cases across a few broad regions, such as the greater Black Sea region with some comparisons in Central Asia. Specifically, I will introduce the similarities amongst such fragile areas as the Ferghana Valley and the Afghanistan-Pakistan border, as well as recent conflicts in Georgia and Ukraine. All have reawakened the world since the century's inception, and their growing

¹ Köles, op. cit.

instability has increased calls for greater regional stabilization and democratization. And while it may be argued that the spread of democracy is accompanied with greater stability and that the premise of democratizing is arguably positive, it may be a necessary means, but not sufficient means by itself for peace in the region. Just as peace tends to require more than a single ingredient, its opposite, conflict, is enabled by more than one cause. In search for an answer, the literature seems to argue upon three fundamentals: internal differences (nationalism, ethnicity, culture and religion); conflict over resources (water, minerals, oil-gas, as well as territory); or outside intervention (by those having interests *within* the region, yet originate from *without*). Investigating the possible ramifications of conflict along the CEE periphery, let us proceed along the path of inquiry toward the origins of instability; and begin with: Who has the right to control; and who owns what?

Who Has the Right to Control?

In many areas of conflict a multitude of causal explanations seem to be in play with reference to an area's divisive nature: religion, ethnicity, language, even caste. Ukraine, for example, is primarily divided religiously within the fold of Christianity by Orthodoxy and Catholicism, respectively between its East and West, but its Islamic adherents in the south should also not be forgotten. Further, while the clear majority of its populace is Slavic, they differentiate themselves between their Ukrainian heritage versus others such as Russian or even Polish. This is very similar to its linguistic division, where the Russian language dominates in Ukraine's south and east. However, let us begin by noting some similarities in another region tarnished by fragility, Central Asia, where stability has been tenuous at best, since the late 1800s.

Take Kashmir, for example. It is divided socially in a rather complex fashion beyond that of Muslim versus Hindu.² What makes this locale even more compelling is that it is claimed by no less than three states (China, Pakistan and India). As well, it can easily be argued that at least two other states have an interest in this area's stability (Russia and the U.S.). Therefore, in Kashmir alone, we have the internal conflicts of ethnicity, religion, language and caste; but we also witness the unfortunate marriage with powers near and far. Political scientist Sumantra Bose believes that due to this bewildering multiplicity, there exists no practical "recourse to the plebiscitary-majoritarian method", such as that found in the Balkans, where a referendum might be used to settle ownership or representation. Here, it would be a disastrous option. Neither Pakistan nor India openly want independence of the controlled area.³ The multiplicity of identities tethered to the multiple claimants of authority make this subregion susceptible to instability.

Take the Ferghana Valley as another example. Here, we also observe shared ethnicity and conflict across borders. In fact, Ferghana is a tinderbox in its own right,⁴ where the civil stress within the borders of any of the three states of Ferghana (Uzbekistan, Kyrgyzstan, and Tajikistan) contributes to conflict spillover across borders. Researchers at the Centre for the Study of Civil War in Oslo refer to this as "a neighborhood effect." They find that, "conflict is more likely when there are ethnic ties to groups in a neighboring conflict and that contagion is primarily a feature of separatist conflict."⁵ This certainly does characterize the tension amongst the states of Ferghana. As we shall see, this spillover effect has potential in other areas within

² Sumantra Bose, "Kashmir: Sources of Conflict, Dimensions of Peace," *Survival* 41, no. 3 (Autumn 1999): 149-171.

³ Ibid.

⁴ Charles Recknagel, "Ferghana Valley: A Tinderbox for Violence," *Radio Free Europe, Radio Liberty*, June 17, 2010, http://www.rferl.org/content/Why_Is_The_Ferghana_Valley_A_Tinderbox_For_Violence/2074849.html.

⁵ Halvard Buhaug and Kristian Skrede Gleditsch, "Contagion or Confusion? Why Conflicts Cluster in Space," *International Studies Quarterly* 52 (2008): 215-233.

the region. Nevertheless, the multiplicity of identities and the spillovers associated within the neighborhood effect has added to the subregion's instability.

Take the Afghanistan-Pakistan (Af-Pak) border, held by ethnic Pashtuns, as another example. It is a pocket of territory that has long been ungoverned. The Federally Administered Tribal Areas is rather a euphemism as there are very little administrative capabilities exercised by the central government in this area. Historically, this ungoverned territory is the center of conflict; today, against Taliban insurgents fighting U.S., Afghan, and Pakistani forces. This, of course, comes as no surprise observing Islamic fundamentalism's transnational character that has settled across the region over the past generation, migrating from the Af-Pak border north to Ferghana and back to the destabilized Af-Pak border of today.⁶ Together, this ungoverned space mixed with the destabilizing traits of changing fundamentalism has inabled reasonable stability to be found.

And so it goes, there are strong ethnic divides as well as cries for alternative sources of social order that are present within a triangulated space between Kashmir, Ferghana, and somewhere on or near the southern Af-Pak border. However, while compelling as all the above references to ethnicity and religion may be toward root causes of instability, the conflict within and across borders may have alternative sources. For example, Henderson and Tucker have found that even "states of similar civilizations were more likely to fight each other than were those of different civilizations."⁷ Could it be that a more appropriate explanation of this regional conflict reaches toward a level above the differences identified in ethnicity and ideas of religion? In relation to such "territorial issues," scholar Ronald Suny argues that, at least in the Ferghana

⁶ Michael J. Swanson, *The New Great Game; A Phase Zero, Regional Engagement Strategy for Central Asia* (Fort Leavenworth, KS: School of Advanced Military Studies, at the United States Army Command and General Staff College, 2007).

⁷ Errol A. Henderson and Richard Tucker, "Clear and Present Strangers: The Clash of Civilizations and International Conflict," *International Studies Quarterly* 45, issue 2 (2001): 317-338.

Valley, ethnic violence stems largely from economic competition.⁸ So, it would seem that in order to find cooperation within or amongst these states, a consensus (or overwhelming imposition) must be reached regarding regional ownership.

Who Owns What?

Following Suny's line of argument, that conflict is primarily based on economic competition, let us look at what communities (national, ethnic, or tribal) are actually competing for. In Ukraine there is much at stake. Once, Ukraine was a breadbasket in the region, and was appreciated as such by its neighbors. There are also the potential for energy deposits that lie off the Black Sea coast. But more than this, Ukraine's position along the periphery lies along transit lines of trade between east and west, particularly that of energy trade. In 2006 Europe imported just over 40% of its natural gas needs from Russia,⁹ via Ukraine, about 128bcm/year. Due to political differences, diversification, and related squabbling this has been reduced by half in 2014, to about 62bcm/year.¹⁰ Also in 2006 Russia sent 88% of its total oil exports to Europe, 3.66 million bbl/d, of which about 35% was sent through its Druzhba pipeline traversing Ukraine.¹¹ There is little indication that such diversification and decreases in oil will be sought, as it has been with natural gas, but the numbers clearly show that Ukraine is an important conduit for energy trade, and likely will continue to be so. Still, it remains a matter of persistent bickering between the associated parties regarding their rights of transit and ownership. Let us, again, look to similarities in our other regions.

⁸ Ronald Grigor Suny, "Provisional Stabilities: The Politics of Identities in Post-Soviet Eurasia," *International Security* 24, no. 3 (Winter 1999-2000): 139-178.

⁹ Susanne Nies, *Oil and Gas Delivery to Europe: An Overview of Existing and Projected Infrastructure* (Paris: French Institute of International Relations, 2011), <http://www.lsa.umich.edu/UMICH/ceseuc/Home/Academics/Research%20Projects/Energy%20Security%20in%20Europe%20and%20Eurasia/Nies.pdf> (2007 version used, though 'not yet for citation')

¹⁰ Simon Pirani and Katja Yafimava, *Russian Gas Transit Across Ukraine Post-2019: Pipeline Scenarios, Gas Flow Consequences, and Regulatory Constraints* (Oxford: The Oxford Institute for Energy Studies, February 2016).

¹¹ Nies, *ibid.*

Returning to Kashmir, for example. Since 1960, the Indus Waters Treaty has been a recognized agreement to distribute the waters between the states of Pakistan and India. However, its ability to completely prevent one side from depriving the other of this natural and essential element has been less than a complete success. India's Bahlihar Dam, in its own administrative region in Kashmir, is one such example. This dam diverts water away from Pakistan further south into India where, it is argued, increased capacity is necessary to supply its growing population. While it is greatly debated whether or not India is actually diverting significant amounts of water at Pakistan's expense, it remains felt among the Indians that the Indus (for which New Delhi controls the headwaters) has historically been in India and should remain under its control.¹² This problem of who owns the territory of the headwaters, upstream, and another who geographically would benefit from these waters, downstream, is also a matter of conflict in Ferghana.

Returning to Ferghana, for example. The Ferghana region is centered upon its valley which is predominantly within Uzbekistan's borders. The geographic tragedy of borders surrounding Ferghana is the utter dependence that each has on the others. Taking water and other natural resources as the area's base of contention, Uzbekistan's 'valley' within Ferghana – the breadbasket of Central Asia – is completely dependent on the headwaters of the mountains of Kyrgyzstan that nearly encircle it. Elsewhere, Tajikistan also provides Uzbekistan access to waters. Uzbekistan's water dilemma rests on the others' compliance to adequate access during prime agricultural seasons, while the upstream states prefer to send water downstream during other seasons when power is of greater necessity. While this conflict of interests exists, in turn,

¹² John E. Peters et al., "Regional Sources of Conflict," in *War and Escalation in South Asia* (Santa Monica, CA: Project Air Force, RAND, 2006), 23-24.

the upstream states remain dependent upon Uzbekistan for oil and gas.¹³ At the best of times, or at least ‘better’ as in the days of the Russian empire or the Soviet Union when the whole of Ferghana was administered as part of a larger whole, perhaps there was an acceptance of mutual dependence; today, however, these unwanted dependencies can further spur animosity felt amongst the Ferghana states.

Based upon the argument of ownership, therefore, it is possible that instability may rest more heavily on the side of territorial and resource rights, rather than superficially on who administers over whom. However, if it is not a question of who rules, but of who rules what, we must remember that these areas of conflict have been divided, purposefully, into nations through the will of external states vying for influence.

Who Fans the Flames?

To begin, the Black Sea region (to include those extending from it, such as CEE and the Caucasus) and Central Asia lie within an inherently fractious region, what geography scholar Saul B. Cohen,¹⁴ and geostrategist Halford J. Mackinder before him,¹⁵ has referred to as a Shatterbelt.¹⁶ Their view of dyadic competition between land-based and maritime powers pits these converging areas of influence into a fractious belt of unstable polities. Scholar and political advisor Zbigniew Brzezinski similarly wrote that the states within this belt are pivotal, in that areas within that might be controlled by a single side could lead to undue influence upon

¹³ Olga Oliker and Thomas S. Szayna, *Faultlines of Conflict in Central Asia and the South Caucasus: Implications for the U.S. Army* (Santa Monica, CA: United States Army and the Arroyo Center at RAND, 2003).

¹⁴ Saul B. Cohen, *Geopolitics: The Geography of International Relations* (New York: Rowman & Littlefield Publishers, 2009), 5 and 7.

¹⁵ Mackinder, “The Geographical Pivot,” op. cit., 421-37.

¹⁶ For a very informative discussion on the empirical/n questions of the shatterbelt, please see: Paul R. Hensel and Paul F. Diehl, “Testing Empirical Propositions about Shatterbelts, 1945-1976,” *Political Geography* 13, no. 1 (January 1994): 33-51; Reilly, op. cit., 48-77; and Monty G. Marshall and Benjamin R. Cole, *Global Report 2009: Conflict, Governance, and State Fragility* (Vienna, VA: Center for Systemic Peace, December 2009).

the other.¹⁷ And it is from this that the states within have historically long suffered as the space between two or more powerful neighbors, sometimes as a “buffer zone,” and at other times a “crush zone.”¹⁸ *And it is because great powers have encountered each other time and again along this zone that this pattern points to a systemic issue of competition that keeps these pivotal subregions along the belt in a perpetual state of instability* due to designs of harnessing this gateway for their own unilateral purposes. Ready to put this matter on more familiar ground, it will be useful to inspect conflicts across the regions based upon historical intervention.

Take Ferghana, again, as an example. Boris Rumer, at the Davis Center for Russian and Eurasian Studies at Harvard University, argues that instability may be maintained by great powers jockeying for influence.¹⁹ He argues that, for the time after 2001 where the U.S. gravitated toward the position of Central Asia’s main economic and security guarantor, Russia’s opposition to the trend could have convinced Moscow that local instability may have been in its own interest, in order to preserve Russia’s traditional stake and position in the region.²⁰ After all, Russia has been (and will arguably remain) Turkestan’s historical long-term security contributor. History reminds us that the partition of former Turkestan into the Ferghana states of Central Asia was a policy of Stalin’s to divide-and-conquer, for Soviet stability – so that they could no longer threaten central authority as they had done during the Soviet Union’s fledgling years. It is interesting and relevant to note that Stalin found all of this necessary due to the British stirring dissent within the Basmachi in Turkestan during the Soviet’s early years.²¹ So, for better or (seen here) likely worse, the Ferghana division and subsequent ethnic and territorial

¹⁷ Zbigniew Brzezinski, *The Grand Chessboard: American Primacy and Its Geostrategic Imperatives* (New York: Basic Books, 1998), 41.

¹⁸ O’Loughlin, “Ordering the ‘Crush Zone,’” op. cit.

¹⁹ Boris Rumer, “The Powers in Central Asia,” *Survival* 44, no. 3 (Autumn, 2002): 57-68.

²⁰ Crimean annexation, and stirring rebellion in Donbass sounds similar. Due to Western pressure, Russia has had to act accordingly.

²¹ Peter Hopkirk, *Setting the East Ablaze: Lenin’s Dream of an Empire in Asia* (New York: Kodansha International, 1984).

conflict originated with great power intervention – from great power rivalry. As such, today, the area remains divided where each states' ethnicities may lay claim to numerous areas within neighboring states; and each is dependent on the other and/or a central authority to keep regional peace.²²

Take Af-Pak, again, as another example. The current border, long in dispute between the central governments of Afghanistan and Pakistan as well as the ethnic communities along the border, dates back to the 1890s, at a minimum. The Durand Line, as it is also known, intentionally divided Pashtun tribes living in the area to prevent them from becoming a nuisance²³ for the Indian Raj.²⁴ When the British left the region, however, the subsequent birth of Pakistan left such ambiguities among the local population that ethno-nationalism emerged along this border.²⁵ These very borderlands, imposed by outside forces, have served as a center for Islamic extremism in the region; and it remains today, in Paul Smyth's words, "an unwelcome obstacle to counterinsurgency [...] efforts" from the Global War on Terror following the terrorist attacks of September 11th, 2001.²⁶ GWOT, itself, as U.S. intervention in the region, has been highly criticized as having contributed to destabilization across the region.²⁷

Moving back closer to our region of interest, CEE, other conflicts also abound in the ebb and flow of great power relations. Each also have their related attributes, such as the differences of internal identification, resource competition, and the related external interference

²² Olikier and Szayna, op. cit.

²³ Ukraine has had its position along the "Frontier" for years. Its name is Frontier in Russian; and it has been used as a buffer ever since.

²⁴ Husain Haqqani, "Pakistan Replays the 'Great Game,'" *Far Eastern Economic Review* 168, no. 9 (October, 2005).

²⁵ Paul Titus and Nina Swidler, "Knights, Not Pawns: Ethno-Nationalism and Regional Dynamics in Post-Colonial Balochistan," *International Journal of Middle East Studies* 32, no. 1 (February, 2000): 47-69.

²⁶ Paul Smyth, "Addressing the Growing Importance of the 'Durand Line': A Role for Raptor," *RUSI*, Royal United Services Institute for Defense Studies 153, no. 4 (August, 2008): 32-36.

²⁷ Tariq Mahmood, "The Durand Line: South Asia's Next Trouble Spot" (master's thesis, Naval Postgraduate School, 2005); and Brahma Chellaney, "Fighting Terrorism in Southern Asia: The Lessons of History," *International Security* 26, no. 3 (Winter, 2001/2): 94-116.

by larger actors. Again, as it happens, these unstable locales lie within the aforementioned Shatterbelt of fragile states. Some of them have been referenced as “frozen conflicts,” such as: Kosovo, disputed between Serbs and ethnic Albanians, which is also contentious between Russia and the U.S.; Nagorno-Karabakh, disputed between Armenia and Azerbaijan, which has rekindled in the spring of 2016;²⁸ South Ossetia and Abkhazia, disputed between Russia and Georgia, which were at the heart of the 2008 Russo-Georgian conflict; Transdnistria, disputed between Russia and Moldova, which has a chance to reignite considering events surrounding Ukraine. Now, of course, we also have Ukraine; but before we focus on aspects of this frontier state, particularly since its dust has yet to settle, perhaps there are further lessons to learn from the Georgian crisis of 2008, now clearer in retrospect.

Georgian Conflict & Black Sea Tension

In the case of the Georgian conflict, Russia’s aggressive approach is often believed to mark its resurgence within its Near Abroad. For its part, Russia believes it restored peace to the autonomous areas of South Ossetia and Abkhazia, towards whom Georgia had initiated hostilities. While both sentiments are perhaps in a grey area and can be argued, there should be little dispute that the Russo-Georgian war in August 2008 has increased a rift between the East and West, which has only been exacerbated in the current conflict in Ukraine. Both seem to prove that old sentiments still linger.

Background to Conflict

On the matter of lingering sentiments, for years prior to the war the ante for provocation in relation to the ‘frozen conflicts’ had continually been increased. The Kosovo precedent, with its independence supported by the West, had been set in the late 1990s, and with its

²⁸ Thomas de Waal, “Dangerous Days in Karabakh,” Carnegie Moscow Center, entry posted April 02, 2016, <http://carnegie.ru/commentary/2016/04/02/dangerousdaysinkarabakh/iwiu> (accessed April 2, 2016).

independence the diplomatic thorn in the side of Moscow only increased. With tensions having increased, it was due for a spillover. In foreshadowing events in the Caucasus, nearly two years prior to direct conflict, Moscow accused Georgia of a premeditated intent to launch military operations in its autonomous regions, South Ossetia and Abkhazia.²⁹ To add to this, six months prior to the Russo-Georgian war Putin had commented that the growing political situation was intended to ‘provoke’ Russia.³⁰

As it turns out, though rarely brought to public discussion, Russia had not ‘fired the first shot,’ as it was Georgia that started the war. Therefore it may logically be presumed that Georgia believed it had something to gain from war – that there existed tangible utility to the use of force. Whatever the reasoning was, the Georgian government and its military command could not have forecasted anything close to a reasonable military victory. From this, it is clear that Georgia overplayed its hand, and at best could only have hoped for foreign political intervention in the event that Russia chose to respond. Alternatively, one could suppose that, the Georgian attack on Tskhinvali was nothing but a ruse. Perhaps, Georgia felt the Kremlin was itching to prove its power, and positioned the latter into stepping toward a fait accompli. After all, it is not abnormal for states to make a show of force from time to time – if for no other reason to convince other states of their seeming capabilities.

For years leading up to the war there had been a lively debate between the deescalating Cold War powers concerning each nation’s power projection capabilities.³¹ Part of Russia’s show of force and regional influence has been through the Black Sea Naval Cooperation Task

²⁹ Vladimir Socor, “Moscow’s Anti-Georgian Agitprop Targets Washington,” *Eurasia Daily Monitor* 3, issue 142 (July 24, 2006).

³⁰ Robert E. Hunter, *Building Security in the Persian Gulf* (Santa Monica: National Security Research Division, RAND Corporation, June 2010).

³¹ These capabilities include strategic nuclear disarmament, ratification of the conventional forces treaty, military defense planning, Russian troops exiting ‘frozen conflicts’, and proposed NATO expansion. For more information, please see Phillip R. Cuccia, *Implications of a Changing NATO* (Carlisle, PA: Strategic Studies Institute, U.S. Army War College, May 2010).

Group (BLACKSEAFOR), stationed out of Crimea. As it happened, the Russian task group was on maneuvers prior to and during the war with Georgia. As well, that very same summer, the Russian-led Collective Security Treaty Organization (CSTO) kicked-off its largest military exercise to date, which also took place throughout the Russo-Georgian war.³² At a time when Russia's military was attempting to exemplify its great power capability,³³ it was required, almost invited, to prove its abilities.³⁴ Timing was opportune; as was the a related situation to which Russia may have been reacting.

Western Involvement

Upon thinking about the 2008 conflict in the Caucasus, as well as the 2015 annexation of Crimea and their futures, it is necessary to observe the surrounding region's ebb and flow of relations with great power interests over time. As would be expected, some common aspects are: competition, loss, jealousies, and power. More contemporarily can be seen a Russian retrenchment from a Western (United States and a united Europe) push eastward toward the Black Sea region and beyond where political and economic foundations have been laid across CEE, the Balkans to the Black Sea littoral. For its part, Georgia's position in the Caucasus has clear value on the map as a bridge joining the Black and Caspian Sea regions.³⁵ With a renewed interest by the West, small states in the region have had a renewed choice of patronage, no longer having to rely on Russia.

³² PIMS, "'Rubezh 2008': The First Large-Scale CSTO Military Exercise," Partnership for Peace Information Management System, August 06, 2008.

³³ Vladimir Socor, "Russian Military Power Advancing in the Black Sea-South Caucasus Region," *Eurasia Daily Monitor* 7, issue 157 (August 13, 2010); and Graham Smith, "The Masks of Proteus: Russia, Geopolitical Shift and the New Eurasianism," *Transactions of the Institute of British Geographers* 24, no. 4, (1999): 481-494.

³⁴ Ronald Grigor Suny, "The Pawn of Great Powers: The East-West Competition for Caucasia," *Journal of Eurasian Studies* 1 (2010): 10-25.

³⁵ This momentum may be seen not only in NATO's Partnership for Peace initiative, discussion extending Membership Action Plans eastward, as well as intense bilateral politico-military ties with the United States in particular; but numerous Department of Defense plans as well as the US Congress's Silk Road Strategy act over the past two decades leads very little alternative interpretation to the rhetoric and planning for action across Transcaucasia and Transcaspian regions.

Now, the common practice for a small state is to strengthen its ties with another, stronger power. Since the breakup of the USSR, Georgia and Ukraine have also desired to assert themselves in a manner that shows that they are no longer the exclusive purview of their northern neighbor, as they have since extended these privileged relations westward. In defiance of Russia's traditional desire to keep privileged status in its near abroad, Georgia has long sought membership and protection within NATO, just as Ukraine has sought membership in the club of Europe. However, while their weakness and geographic location call out to the West for a commitment, these traits also present an obstacle, in that the view from Russia, if taken asymmetrically, will likely make their counter interests converge within this fragile region. This, then, requires an explanation of Russian interests.

Russian Reaction

How Russia determines policy is not so vague. Winston Churchill is often quoted describing Russia's seeming complexity, though few choose to continue Churchill's full thought. He once said: "I cannot forecast to you the action of Russia. It is a riddle, wrapped in a mystery, inside an enigma; but perhaps there is a key. *That key is Russian national interest.*"³⁶ With its own national interests in mind, it may be said simply that Russia desires a secure and prosperous Russia. Regarding security: Russia has historically felt vulnerable to invasion; and history has proven this justified: Mongols, Germany, even China, now the Transatlantic powers of the U.S. and EU. The 1990s until the mid 2000's saw a renewed chance for Russia to find peace and security through greater integration with Europe. The problem, however, has been that neither wants to reduce conditions sufficiently in order to do so. Regarding prosperity: Russia is outside the partnerships of trade within which the western European states have flourished. This has historically been the case, whether the reasons be its distance from the West, overland, the

³⁶ Winston Churchill, Comment on a radio broadcast, BBC, October 1, 1939 (*Emphasis added*).

complexity of the lands that lay between them, or the simple difference between them. And the end of the Cold War has done little to amend this situation. Even with Russia being accepted into the World Trade Organization, Western-Russian trade has extended little beyond resources necessary for the West.

And perhaps herein lies the allure in crossing the proverbial ‘rubicon,’ as we return briefly to Georgia. While a Western foothold in Georgia would grant projection through the Caspian, this would not be willingly permitted from its most recent historical patron in the north.³⁷ Increased western influence in Georgia could threaten not only Russia’s Black Sea access as well as further east on the Caspian in time, but could also allow for unwanted influence along Russia’s North Caucasus region. This might also be the case if the consolidation of Ukraine were to be pursued under Western protection. *Either could potentially put Russia’s own national security in jeopardy, and/or diminish its preferred trading privileges across those territories,* and would be opposed with great prejudice. Such a Western presence across the Black Sea littoral would likely come at a cost: *war*. This can be seen clearly in the case of the Crimea: where Russia’s perception of Western support for the 2014 Euromaidan movement and the subsequent arrival of a highly nationalist government in Kiev, prompted Moscow to fortify its own interests.

Now, for as much as they have similarities, Ukraine is a different situation from Georgia.³⁸ Both are amidst areas with “frozen conflicts;” however, their position of importance is different. Georgia and its position in the Caucasus has historically been a challenge for Russia to control, this is seen in the separatist areas of Ossetia and Abkhazia, Nagorno Karabakh, and

³⁷ M.A. Smith, *Geopolitical Challenges to Moscow in the Transcaucasus* (Surrey, England: Conflict Studies Research Centre, at the Royal Military Academy Sandhurst, September 1999).

³⁸ F. Stephen Larrabee, “Russia, Ukraine, and Central Europe: The Return of Geopolitics,” *RUSI*, Royal United Services Institute for Defense Studies 63, no. 2 (Spring/Summer, 2010): 33-52.

the North Caucasus in general. However, Ukraine (Little Russia) was the original seat of Slavic power in the east, with Kieven Rus; it is, for all intents and purposes, Russia's birthplace. The seat of power moved to the interior, but only for greater protection from its challengers along the periphery. The country's name, for that matter, "Ukraine" means "frontier" in Russian – denoting its position along the periphery with Russia's southwest borders. As such, *it is the geographic position of Ukraine that provides the greatest ability for provocation and, hence, where Moscow feels the most vulnerability.* It is useful, now, to turn attention to the events that have led up to the current crisis in Ukraine; and with it the repercussions as it pertains to the great powers involved along with the 'lands in between.'

Ukrainian Conflict: Coloring Euromaidan

Ukraine has long been a fragile state, relatively so since its inception. But, why? What has led to this? Which variable(s) can be said to attribute to its relative instability the most? Earlier, we did discuss three general fundamentals upon which states tend to be associated with fragility: internal differences; conflict over resources; and outside intervention. On the matter of 'Who has the right to control,' similar to the multiplicity of identities found in the examples of Central Asia, long before Kieven Rus was even formalized, Ukraine suffered from the bipolarism of its inhabitants hailing from two opposed sects of the Christian faith, Catholicism in the west and Orthodoxy in the east. The Dnieper River, running north-south through the middle of the country, more or less, marks the relative boundary between the two faiths. Accordingly, over the centuries differing identities also presented themselves in language and nationality. On the matter of 'Who owns what,' similar to the resource dependency that exists in Central Asia, there is the relative dependency surrounding energy trade traversing Ukraine between East and West: which includes 35% of all RU oil to Europe, and 20% of all the EU's gas needs. Ukraine,

itself, depends on 40% of its energy needs on natural gas; of which virtually all comes from Russia, alone.³⁹

Still, though, the two fundamental variants underwriting instability noted seem to be trumped by another, the intervention of major states. It should be remembered that shatterbelts are the site of substantial foreign military and economic involvement, typically between at least two competing major powers. The greater Black Sea region and its adjacent subregions of CEE, the southern Caucasus and Central Asia are key in the examples that can be given in the competition for influence within this zone. For example, much about Russia's 'grand designs' for its near abroad as it aspires to new 'imperial glory' can be easily found in the literature and the press. However, if one accepts this line of argument, then equal attention should be paid to the tension that originates from Western actions, at least in terms of its attempts to temper instability and to solidify its own influence toward energy,⁴⁰ self-determinism and free trade.⁴¹

Further, it has been found by scholar William Easterly that intervention such as that attributal to the superpowers during the Cold War had severe counterproductive effects on the

³⁹ Karolina Chorvath, "Why Ukraine Needs Russia – for Now, Anyway," *CNBC*, June 4, 2014, <http://www.cnbc.com/2014/06/04/ukraine-looks-for-freedom-from-dependence-on-russian-natural-gas.html>

⁴⁰ Essentially a modern construction of the ancient Silk Road, this is part of public U.S. government policy, to promote energy security, advised by former Secretary of State James Baker, and as legislated by the U.S. Congress, supported by the White House. For more information, please see, respectively: James A. Baker, "America's Vital Interest in the 'New Silk Road,'" *The New York Times*, July 21, 1997; *Silk Road Strategy Act of 1999*, HR 1152, 106th U.S. Congress (August 3, 1999). Background on U.S. Caspian Energy Policy: National Energy Policy Development Group, *National Energy Policy: Reliable, Affordable, and Environmentally Sound Energy for America's Future* (Washington, D.C.: U.S. Government Printing Office, May 16, 2001). Not to be forgotten, the EU also refers to 'the Silk Road of the 21st century.' It has long sponsored the Transport Corridor-Europe-Caucasus-Asia, also referred to as the Central Eurasian Corridor. For more information, please see: TRACECA Technical Assistance Projects (September 2009); Angelo Martino, *Transport Dialogue and Interoperability, between the EU and its Neighbouring Countries and Central Asian Countries, Inception Report* (Baku, Azerbaijan: TRACECA IDEA Project, September, 2009); Michael Emerson and Evgeny Vinokurov, *Optimisation of Central Asian and Eurasian Trans-Continental Land Transport Corridors* (Brussels: FRIDE/EU-Central Asia Monitoring, December 2009).

⁴¹ Since the very fall of the Soviet Union the U.S. has been eager to promote democracy within the FSU, as advised by then Secretary of Defense Cheney, in order to maintain hegemony. Even NATO's former Secretary General has stated that, "Securing, stabilizing and promoting democracy is our core business and will continue to be so into the future." For more information, please see: Dick Cheney, *Defense Strategy for the 1990s: The Regional Defense Strategy* (Washington, D.C.: U.S. Secretary of Defense, January 1993); Jaap De Hoop Scheffer, "NATO, Multiple Futures Project" (speech at the 45th Munich Security Conference, Munich Germany, February 7, 2009).

intervened states' stability and democratic progress.⁴² Supporting this, political scientist Gregory Sanjian argues that “the superpowers were not agents of progress...they actually intensified those problems.”⁴³ As well, it is argued, here, that Ukraine has also received this same treatment: just as Kashmir remains fragmented, in part, due to the claims from China, India and Pakistan; just as Ferghana was divided into multiple nationalities due to the USSR reacting to British agitation in old Turkestan; and just as the British imposed the Durand Line between old India and Afghanistan, resulting later in an ethno-national civil war in the birth of Pakistan; instability in Ukraine and these subregions have been the result of actions made in the interests of great powers, such as Russia and the West.

Ukraine's Precarious Position

Ukraine's position, as all other states within the greater CEE subregion changed significantly with the fall of the Berlin Wall and with the subsequent dissolution of the Soviet Union; and the EU's general foreign policy with states to its east has been fairly consistent since then, in parallel with NATO – *eastward expansion*. As explained above, the EU had methodically expanded toward economic and social integration of its eastern neighbors since the early 1990s, in part through its “Wider Europe Initiative” in 2003 meant to further cultivate a further “ring of friendly neighbors” beyond the states that were intending to accede the following year.⁴⁴ However, following the EU's ‘big bang’ of 2004, when much of CEE joined both western regional organizations, Ukraine's bid for membership or an action plan to pursue it was

⁴² William Easterly, Shanker Satyanath, and Daniel Berger, *Superpower Interventions and their Consequences for Democracy: An Empirical Inquiry* (Moscow: Centre for Advanced Studies at Moscow's State University – Higher School of Economics, 2008); and Reilly, op. cit.

⁴³ Gregory Sanjian, “Promoting Stability or Instability? Arms Transfers and Regional Rivalries, 1950-1991,” *International Studies Quarterly* 43 (December, 1999): 641-670.

⁴⁴ Taras Kuzio, “EU-Ukrainian Relations Hampered by Clash of Civilizations,” *Eurasia Daily Monitor* 1, issue 49 posted on July 12, 2004, http://www.jamestown.org/programs/edm/single/?tx_ttnews%5Btt_news%5D=30080&tx_ttnews%5BbackPid%5D=175&no_cache=1#.VxJ7XZMrLFQ (accessed May 17, 2016).

postponed due to the country's lack of progress in democratization. The country and its people were, in Ukrainian political scientist Mikhail Molchanov's words, "left behind;" where it was forced to choose how to move 'further' in their restricted space between east and west.⁴⁵ After, as Ukraine attempted to maintain a multi-vector foreign policy, to accommodate both East and West, the movement against the Ukrainian government known as the Orange Revolution began. Yet in the time leading up to the revolution, the public in general, according to the Ukrainian Monitor, preferred an eastern policy with only conditional support for westernization.⁴⁶ Still, as proffered by Molchanov, the new/Orange Yushenko government would have been wise to continue a multi-vector policy in an attempt to reconcile its own internal differences, in addition to those external, and make both its western and eastern policies compatible with each other, perhaps then bridging the divide.⁴⁷ This, however, was decidedly different than what took place in reality.

Following the gradual acquisition of CEE states through the 1990s, after the fall of the Soviet Union, the 'big bang' accession of 2004, along with the Orange Revolution, which followed a series of democratic revolutions in the post-Soviet space, *the Kremlin felt that its fears of Western expansion and imposition were real, and justified*.⁴⁸ Putin's message at Munich in 2007 was meant to communicate as much.⁴⁹ Indeed, it may be said that the current regional crisis and civil war in Ukraine had prior warning, what should have been plenty of warning in fact: that if Russia's special privileges across its near abroad were not going to be heard, there

⁴⁵ Molchanov, op. cit.

⁴⁶ Ibid.

⁴⁷ Ibid.

⁴⁸ Larrabee, op. cit.

⁴⁹ Vladimir Putin, Speech at the Munich Conference on Security Policy (February 10, 2007), <http://en.kremlin.ru/events/president/transcripts/24034> (accessed May 19, 2016).

was one location that would put these perceived Western transgressions to a stop: Ukraine's Crimea.

Well after Georgia's Rose revolution, and shortly after the Georgian instigated Russo-Georgian war, numerous analysts began to warn that the "next flashpoint" would be Crimea. Two Ukrainian specialists, Natalia Shapovalova and Balazs Jarabik, also pointed to patterns which should have served as a warning, going back to the 1990s.⁵⁰ Following the 1991 Ukrainian referendum on independence from the Soviet Union, separatism is said to have "flourished." Significantly, this was, again, the same case following the Orange Revolution of 2004. While Shapovalova and Jarabik do allude to Russian involvement in the matter, they also cite a study conducted by Kyiv-based think tank which showed that 63% of the Crimean population supported the idea of joining Russia, while only 25% supported the idea of joining the EU, with 52% against.⁵¹ Other opinion polls have similar numbers, but where differences are present, it is likely due to the larger geographic population polled. According to a Russian-based firm, polling the wider Ukrainian population, again, 63% supported joining Russia, while, now, 53% supported joining the EU, with 26% against.⁵²

These numbers which might seem to show a changing tone toward an increase in support for the EU actually bely the cultural split of the country's population that extend back centuries. It is no surprise, then, that a look into the popular supporters of the Orange Revolution disproportionately hailed from the country's western regions: a stunning 90% of 'orange revelers' came from west-central Ukraine, while those who opposed the revolution came from

⁵⁰ Natalia Shapovalova and Balázs Jarabik, *Crimea: Next Flashpoint in the European Neighbourhood?* (Madrid: FRIDE, Foundation for International Relations and Foreign Dialogue, July 2009).

⁵¹ Ibid.

⁵² Volodymyr Hranovskiy and Vira Nanivska, *Regional Integration of Ukraine* (Kiev: ICPS, International Centre for Policy Studies, September 2010).

the eastern-southern regions.⁵³ In light of this, it is not so surprising that people took to the streets in opposition to events in 2005 and were against the unpopular oppositional regime of Yushchenko, which eventually became a widespread sentiment primarily due to its lackluster performance. Further, then, when analysts were looking for other possible “flashpoints” to erupt following the Russo-Georgian conflict, opinions that Crimea should have been on watch were not so crazy.

Multiple analysts, such as scholar F. Stephen Larrabee, thought that Russia might use pro-Russian sentiment in Ukraine, particularly so in Crimea, as a card to play against the pro-western regime.⁵⁴ Two observers, in fact, nearly predicted Russian actions in Crimea in 2015,⁵⁵ journalist Luke Harding referring to an “accidental or deliberate confrontation,”⁵⁶ and Leon Aron describing a blitz-like operation that seized the peninsula in short order.⁵⁷ For what it is worth, and though it may be disdained in the West, pro-Russian sentiment remains consistent following the Euromaidan revolution with a Pew Center survey reporting that 91% of Crimean respondents stating that the referendum to join Russia was free and fair.⁵⁸

This is not to insinuate reasonable Russian leaders had prior designs or intentions of Crimean annexation, as conflict in the ‘frontier’ has never been in Moscow’s better interest. Politico-military actions are a burden, and in such a fragile subregion even dangerous of escalation. This is highly unlikely, as a former state department analyst notes it was much to the

⁵³ Mark R. Beisinger, “The Semblance of Democratic Revolution: Coalitions in Ukraine’s Orange Revolution,” *American Political Science Review* 107, no. 3 (August 2013).

⁵⁴ Larrabee, op. cit.

⁵⁵ Taras Kuzio, *The Crimea: Europe’s Next Flashpoint?* (Washington, D.C.: The Jamestown Foundation, November 2010).

⁵⁶ Luke Harding, “Ukraine Fears for its Future as Moscow Muscles in on Crimea,” *The Guardian*, October 10, 2009, <http://www.theguardian.com/world/2009/oct/11/russia-ukraine-control-election>.

⁵⁷ Leon Aron, “Russia’s Next Target Could Be Ukraine,” *The Wall Street Journal*, September 10, 2008, <http://www.wsj.com/articles/SB122100831438617621>.

⁵⁸ Ivan Katchanovski, “East or West? Regional Political Divisions in Ukraine since the ‘Orange Revolution’ and the ‘Euromaidan’” (paper prepared for Annual Meeting of the American Political Science Association, Washington, D.C., August 28-31, 2014).

advantage for Russia to influence, even direct if so, policies from afar rather than to manage them more directly, with conflict coming with significant disincentives.⁵⁹ Ukraine is certainly of singular importance to Russia, and its response may have been set upon a hair-pin trigger, but it stands to reason that Russia felt its hand was forced to follow through with the Crimean annexation, and support for Ukraine's eastern insurrection. From here it is reasonable to wonder: to what, then, should we attribute this pressure?

Ukraine's Western Hand

Russia has historically felt that influence in CEE is asymmetric: that is, another's gain is their loss, just as described by Schlesinger during the Cold War.⁶⁰ Following the EU's concept of a Wider Europe, and its European Neighborhood Policy, this fact was highlighted by Eurasian expert Vsevolod Samokhvalov after the Orange Revolution. It is understandable, perhaps, that in today's day and age that democratic development might be felt to be a normative issue, and simply part of a state's natural development; yet, as Samokhvalov noted, "Moscow tends to consider [revolutions] as part of the machinery of Western geopolitical expansion, which brings the states to the brink of anarchy."⁶¹ To this, he soundly recommended great care, as it is exactly that type of thinking that has arguably resulted in the tensions since 2014, and a renewal of our present Cold War mentality.

Regarding the recent revolutions, their origins have been the topic of much debate, particularly those revolutions over the past two decades, beginning around the turn of the century. *Doubts as to whether they were actually locally based, and a product of the people and for the people, are strong*; and claims that they were, indeed, of local origins are plentiful.

⁵⁹ William Varettoni, "Crimea's Overlooked Instability," *The Washington Quarterly* 34, no. 3 (Summer 2011): 87-99.

⁶⁰ Schlesinger, op. cit., 467.

⁶¹ Vsevolod Samokhvalov, *Relations in the Russia-Ukraine-EU Triangle: 'Zero-Sum Game' or Not?* (Paris: European Institute for Security Studies, September 2007).

Alternatively, and of course the prevailing belief in Russia,⁶² it is possible that the revolutions were not only inspired, but actually exported from the West. There is reason to believe its plausibility, for when it comes to regime changing movements such as that of Ukraine's 2014 Euromaidan, many political scientists and observers remain perplexed as to how such massive collective action has been able to be mobilized in cultures without traditions of sufficient social capital to do so. This is ever more the case when some claim, as political scientist Olga Onuch a specialist in democracy with regard to social mobility, that Euromaidan was organized simply by 'ordinary' local Ukrainians.⁶³ There is certainly evidence that points to the West having a hand, along with those that hold to their doubts.

Many who have investigated the recent spate of color revolutions, while concluding little to no Western intervention, do find that western institutions have contributed in some measure to the success of civil society organizations, such as the Ukrainian youth group Pora. A current U.S. foreign service officer wrote that the U.S.'s National Endowment for Democracy (NED), the main democratic assistance arm of the U.S. at the time of the Orange Revolution only gave \$350 thousand in the three years prior to the 2004 elections, and that none of that money went to Pora.⁶⁴ Yet this conflicts with Valerie Bunce and Sharon Wolchik, two subregional political scientists specializing in democratization, who while arguing that the West had not engineered the revolution and that its organization was locally based cite International Republican Institute's Ukraine Country Director, Brian Mefford, with his admission that, along

⁶² Alexander Orlov, "The Ukrainian Crisis: Strategic Mistake or Calculated Plan?" *International Affairs* 60, issue 4 (2014).

⁶³ Olga Onuch, "EuroMaidan Protests in Ukraine: Social Media Versus Social Networks," *Problems of Post-Communism* 62 (2015): 1-19.

⁶⁴ Nicklaus Laverty, "The Problem of Lasting Change: Civil Society and the Colored Revolutions in Georgia and Ukraine," *Demokratizatsiya* (August 2008): 143-161.

with \$2.8 million provided to Ukraine's democratic development from varied U.S. agencies, *the revolution would not have been possible without a decade's worth of U.S. assistance.*⁶⁵

Other arguments that the Orange Revolution originated from local social capital come from academic/analyst Abel Polese, who then also admits that this same social capital is somewhat artificial as it was able to flourish only after external aid.⁶⁶ His claim is that the aid to organizations such as Pora was necessary, though not sufficient for success. As well, Polese continues the *local* argument, yet still is forced to acknowledge that others have cited up to \$65 million of Western assistance before the elections. Actually, scholar historian/political scientist Andrew Wilson reports that close to \$250 million was provided by the U.S. between 2002 and 2004; yet attempts to argue that money given to Pora was only "seed money." Wilson also acknowledges aid given to other popular youth groups such as Znayu, who were given up to \$1 million and assistance with publication of Gene Sharp's influential book on 'regime change through social movements,' as well as a contract from a small non-profit from Vermont to aid in the very same in the amount of \$11 million.⁶⁷ Despite all of this 'seed,' Wilson remains resolute in the argument that not only must the revolution have local origins, but that it is because of the lack of 100% success in U.S. aid to numerous other democratically challenged polities that the suggestion "that the revolution followed some kind of US script [...] lack[s] credibility." While this can certainly be challenged, as the numbers show, there is some measure of, for lack of a better phrase, plausible deniability that could be present.

⁶⁵ Valerie J. Bunce and Sharon L. Wolchik, *Defeating Authoritarian Leaders in Postcommunist Countries* (New York: Cambridge University Press, 2011), 130-131.

⁶⁶ Abel Polese, "Ukraine 2004: Informal Networks, Transformation of Social Capital and Coloured Revolutions," *Journal of Communist Studies and Transition Politics* 25, no. 2-3 (Summer 2009): 255-277.

⁶⁷ Andrew Wilson, "Ukraine's Orange Revolution, NGOs and the Role of the West," *Cambridge Review of International Affairs* 19, no. 1 (March 2006): 21-32.

It might be argued that the U.S. is not ‘sufficiently’ responsible, as Bunce and Wolchik write, that “it would be mistaken to conclude, [...], that these electoral episodes can be reduced to the machinations of the American government and democracy promotion community.”⁶⁸ Instead, they support the probability of diffusion of this model through transnational networks, drawing comparisons between the waves of revolutions that spread through the former Warsaw Pact countries in CEE during the Cold War and those that have occurred as well in the Post-Soviet period.⁶⁹ Bunce and Wolchik reason that the revolutionary models were passed on country to country due to the similar political environments that they share. Perhaps, indeed, it is due to these shared histories, but in multiple publications they still had to acknowledge the fact that the U.S. has dedicated significant resources to democracy assistance in this region since the Soviet dissolution, with electoral assistance in post-communist states even surpassing that provided to nearby Latin America.

Others have drawn further parallels between U.S. assistance and this modular phenomena across post-communist revolutions. Sovietologist Mark R. Beissinger, for example, argues that the prior success of such revolutions inspires emulation, and that *these adaptive models can substitute for the lack of locally structured civil societal organizations*.⁷⁰ After all, where did these organizations originate, when these post-Soviet states have had little base from which to work? He also underlines that the U.S. has adopted the advocacy of aid to these growing civil society organizations, as well as their ability to channel up to \$65 million to Ukrainian NGOs through 3rd party organizations. Beissinger further notes that the U.S. had even

⁶⁸ Valerie J. Bunce and Sharon L. Wolchik, “Transnational Networks, Diffusion Dynamics, and Electoral Change in the Postcommunist World,” (paper prepared for the Annual Meeting of the American Political Science Association, Toronto, ON, Canada, September 3-6, 2009).

⁶⁹ Valerie J. Bunce and Sharon L. Wolchik, “Favorable Condition and Electoral Revolutions,” *Journal of Democracy* 17, no. 4 (October 2006): 5-18.

⁷⁰ Mark R. Beissinger, “Structure and Example in Modular Political Phenomena: The Diffusion of Bulldozer/Rose/Tulip Revolutions,” *Perspectives on Politics* 5, no. 2 (June 2007): 259-276.

reportedly offered support for Ukraine's primary revolutionaries of the Orange Revolution, Pora, to spread their strategies for democracy promotion beyond Ukraine's borders, in a similar manner to which they received their own instruction. Subregional political scientist Michal Simecka agrees with this diffusion theory and its ability to mobilize underdeveloped civil societies, as their weaknesses to develop and organize are offset by the agency of veteran activists from prior revolutions.⁷¹ Now, this is not to say that modular diffusion swept across the entirety of the populace, or even just the whole of the protesters for that matter. *A revolution need not encompass the whole of the masses, but only needs*, as Onuch concludes in her discussion of the Euromaidan movement, *a radical minority – a vanguard, to lead the median protester*.⁷²

Numerous youth groups provided the bulk of the protestors during the Orange Revolution, which remains consistent as a transnational model diffused from prior revolutions, as well as a general practice of Western democratic assistance. Much of the means to attain proper diffusion, apart from financing, were the face to face contacts made amongst social movements in the subregion. Veteran activists from, for example, Serbia and Slovakia made contact with Ukrainian activists as early as 1999, and their efforts were decisive in the 2004 Orange Revolution. An interview with Demokratizatsiya confirms that diffusion took place through the intermingling of these foreign activist, like Marek Kapusta who was a leader in OK'98,⁷³ part of the Slovak youth group that helped oust Prime Minister Mečiar from office. Kapusta admits to making numerous trips to Novi Sad, Serbia, 'the mecca' for regime change training, as well as training Ukrainian activists, such as Znayu (I Know) and Chista Ukraine (Clean Ukraine), prior

⁷¹ Michal Simecka, "Diffusion and Civil Society Mobilization in Coloured Revolutions," *CEU Political Science Journal* 4, no. 1 (February 2009): 1-25.

⁷² Olga Onuch, "Who Were the Protesters?" *Journal of Democracy* 25, no. 3 (July 2014): 44-51.

⁷³ Fredo Arias-King, "Revolution is Contagious: Interview with Marek Kapusta," *Demokratizatsiya* (January 2007): 133-137.

to the Orange Revolution with the aid of Freedom House, a U.S. funded NGO. Apart from the U.S. and Slovakia – Dutch, British, and Polish organizations were also represented in the efforts toward democratic promotion. However, it was the Serbian youth group, OTPOR, that had the greatest contact with the most crucial group, Pora (It's Time).⁷⁴ So, as can be seen, any argument towards a transnational model, and the use of its transnational activists, in the diffusion of revolution into Ukraine has to see the link that *these organizations all still originate in the West*, and with funding and organizational aid provided by the West, whether it be directly from the U.S. or from European partners. This is the case in numerous revolutions throughout the former Soviet Union, and has been reasonably suspected in Ukraine's Euromaidan movement, with reports of up to 600 million Euros provided to participating states in the three years prior to revolution.⁷⁵

Euromaidan, it should be remembered, is only the latest, perhaps, the most significant of revolutions to occur in the subregion since the Bulldozer Revolution in Serbia that followed the Kosovo conflict. As can be seen, the thawing of frozen conflicts within and surrounding CEE have been on the rise for a generation, and the accumulated tension has made small, and large, states in the vicinity rather nervous, which complicates cooperation within greater Europe, between: Brussels and Russia; Russia and individual EU members; EU members and Brussels; as well as all of the above and the U.S. Europe's failure to reach sufficient security through its own capabilities a generation after the end of the Cold War, virtually without means of mitigation amidst the rising tension, makes the above all the more worrisome.

⁷⁴ Taras Kuzio, "Civil Society, Youth and Societal Mobilization in Democratic Revolutions," *Communist and Post-Communist Studies* 39 (September 2006): 365-386.

⁷⁵ Stratfor, "Analysis: Low Expectations at the Eastern Partnership Summit," Strategic Forecasting, Inc., entry posted November 27, 2013, <https://www.stratfor.com/sample/analysis/low-expectations-eastern-partnership-summit> (accessed July 30, 2015).

To underline, conflicts abound around the subregion, particularly around the Black Sea: Georgia, Eastern Ukraine; perhaps Transdnistria next. It must be asked if even an EU peacekeeping/enforcement mission, based on the battlegroup concept, would be able to stabilize, even temporarily, a Transdnistrian gambit if necessary. At present, the Black Sea region is the European tinderbox that the Balkans was of last century. There is no question that were another border skirmish to occur, instability within the ‘zone of convergence’ would only increase. *The ability to address these potential conflicts, without having to rely on transatlantic promises or interests, should be more than simply desirable.* This should be seen as an imperative, considering the tinder already present in CEE, so that Europe does not move toward a greater conflagration, such as that eerily foreshadowed in the formative days of the Cold War. German sociologist Werner Cahnman wrote in 1949, “The two great sociopolitical ‘fields’ of East and West thus stand out, and between them is a vast region of twilights, uncertainties, and unresolved conflicts. This is the ‘shatter zone’ of Sir Halford Mackinder, the zone where two world wars have broken loose and where lies the greatest danger of a third.”⁷⁶ These potential conflicts, even the one at present in eastern Ukraine, have the significant potential of negatively affecting the surrounding states in CEE, as well as greater Europe;⁷⁷ and *they give greater reason to underline the need for smaller, more viable capabilities achieved by the combined efforts of smaller states within the CEE subregion.*

CEE Effects

So we return: if not the EU, then the subregion, itself, must come to grips with their lot in life and muster their combined efforts to deal with such contingencies. That is the logical answer. However, the truth is that while the Visegrad states do still have many shared interests,

⁷⁶ Werner J. Cahnman, “Frontiers between East and West in Europe,” *Geographical Review* 39, no. 4 (October 1949): 605-624.

⁷⁷ Kuzio, *The Crimea*, op. cit.

some remain pessimistic as there is little tangible cooperation at present.⁷⁸ Part of the problem is that CEE states, since their initial success with subregional cooperation in the 1990s, have become accustomed to, and have remained complacent in, dealing with their larger neighbors on bilateral terms. All, for the most part and regardless of their size, certainly in terms of higher politics, have followed this path since they were allowed to begin Europeanization. Yet the Ukrainian crisis may have exacerbated this pattern.

The current crisis in Ukraine, and the tension between Europe and Russia, has somewhat fractured relations amongst the Visegrad states.⁷⁹ After all, a handful of the V4 are strained under the weight of having to impose sanctions, and then dealing with sanctions imposed upon them. Hungary, Slovakia and even the Czech Republic, for example would prefer to ease sanctions, or drop them altogether. Poland is of a different mindset. Although Poland's farmers and manufacturers are also suffering under these current trade conditions, the Polish government prefers to maintain, even to increase, sanctions against Russia. These are more economic arguments that pit V4 states in opposition, though subregional security experts also underline that V4 seems equally at odds in terms of whether they feel physically threatened by Russia's response in Ukraine;⁸⁰ no doubt with Poland leading the charge. This is the dilemma. Geopolitical consulting firm Stratfor acknowledges the singular importance of the Poland within the group, believing that not only is Poland necessary for Visegrad, but that Visegrad is not sufficient without it; and that, in addition to the differences in foreign policies, if Poland

⁷⁸ Hajdú, op. cit.

⁷⁹ Robert Coalson, "NATO's Eastern Countries Fractured over Response to Russia," *Radio Free Europe, Radio Liberty*, September 6, 2014,, <http://www.rferl.org/articleprintview/26569958.html?displayOptions=2>

⁸⁰ Milan Šuplata, Jiří Schneider, and Marian Majer, "Crisis in Ukraine and the V4's Defence and Military Adaptation," Centre for Euro-Atlantic Integration and Democracy, Budapest, posted in 2015, <http://www.ceid.hu/ukraine-crisis-and-the-v4s-defence-and-military-adaption/> (accessed April 30, 2016).

continues to rely more on its bilateral relations with its Visegrad partners than working as a group, then it will prove that CEE is simply too heterogeneous for subregional organization.⁸¹

Due to this possible reality, if Visegrad cannot see it through to push towards tangible political cooperation, then, perhaps, they should regroup with less ambitious goals.

Hypothetically, at least in terms of security, it might be best to begin greater subregional cooperation with a modified V4: a V3, perhaps, able to move ahead at first without the weight of Poland, who wants a permanent NATO installation in CEE, which is against the wishes of the others.⁸² That is, *a triangulated V3 might be able to pursue social, economic, perhaps even defensive integration much more easily*. Still, to leave Poland out would be a major loss to the group; it would, at least, lose a certain measure of its politico-economic depth – which returns us to a presently fractured Visegrad Group. Subregional specialist Arthur le Liedekerke believes that as this crisis continues to fray the seams of Visegrad, it also erodes the credibility of the group, itself; perhaps even threatening the future success of the Visegrad Battlegroup.⁸³ Perhaps the realization of this might tease Poland and the others back to the Visegrad table. After all, it has been shown in preceding chapters that CEE cannot rely on EU to attend to its interests.

The U.S. could provide sufficient impetus to Visegrad toward greater political cooperation.⁸⁴ And CEE states may feel they need the U.S., as CEE states continue to pull away from the idea of the EU socially and come to realize that they are lacking defensively.⁸⁵ That is,

⁸¹ Stratfor, “Poland: The Vanguard of Central and Eastern Europe,” Strategic Forecasting, Inc., entry posted January 12, 2016, <https://www.stratfor.com/sample/analysis/poland-vanguard-central-and-eastern-europe> (accessed July 30, 2015).

⁸² Stratfor, “Annual Forecast 2016,” op. cit.

⁸³ Arthur le Liedekerke, “Political Cacophony in the East: Visegrad Fraying at the Seams,” Yale Journal of International Affairs, posted on November 10, 2014, http://yalejournal.org/article_post/political-cacophony-in-the-east-visegrad-fraying-at-the-seams/ (accessed May 17, 2016).

⁸⁴ John Blocher, “Conditions for Visegrad Defence Cooperation: A Transatlantic View,” *Foreign Policy Review* (2011): 40-64.

⁸⁵ Curyło, “Ideas of Europe,” op. cit., 1-18.

a returning fear of abandonment may enhance their Atlanticism,⁸⁶ perhaps even a dependence on the U.S. to compensate. The U.S. has previously supported such efforts, and could find reliable partners in CEE to bolster its interests in Europe.⁸⁷ However, CEE has recently felt rather abandoned by the U.S., as well, as indicated in an open letter written in 2009 by academics and politicians.⁸⁸ The letter was a request for the U.S. to rethink its policies in the subregion, regarding NATO and missile defense, almost with hopes to become relevant again. Perhaps they felt that Mearsheimer was right: that the U.S. had abandoned Europe.⁸⁹ Well, if they were not as relevant at the time, after Ukraine, the subregion is now. And, yet, *it is not toward the U.S. that CEE should turn.*

The danger of doing so, of course, would be that any further significant activity by the U.S. in the CEE borderland states, whether it be in the form of a permanent NATO base or a U.S. supported missile defense system, Russia is likely to react negatively toward it. It is not likely to raise the ire that resulted in the current Ukrainian crisis; however, it would certainly raise tensions. And, more to the point, CEE should not want to have to rely on U.S. support, nor to be put in a position to have to follow its policies. After all, a recap of the spate of color revolutions in post-communist states, and their resulting tensions, should remind us that *great power interference is part of the problem.* Rather than rush to the security that has been for so long hesitantly offered by the West, Visegrad can capitalize on the shake-up that the Ukraine crisis has given, and to find greater cooperation.

⁸⁶ Riishøj, op. cit.

⁸⁷ Stratfor, "Analysis: Eastern Europe: Finding Strength in Numbers," Strategic Forecasting, Inc., entry posted December 30, 2015, <https://www.stratfor.com/analysis/eastern-europe-finding-strength-numbers> (accessed July 30, 2015).

⁸⁸ RFERL, "An Open Letter to the Obama Administration from Central and Eastern Europe," *Radio Free Europe, Radio Liberty*, July 16, 2009, <http://www.rferl.org/articleprintview/1778449.html?displayOptions=2> (accessed May 19, 2016).

⁸⁹ John J. Mearsheimer, "Back to the Future: Instability in Europe after the Cold War," *International Security* 15, no. 1 (Summer, 1990): 5-56.

Now, just to be clear, it is not in this author's opinion that Russia poses any danger to Visegrad, or other states. Moscow has already accepted the former Warsaw Pact's induction to the West, and has no interest in projecting its influence within Visegrad states as it has in Ukraine. A scholar at the Carnegie Endowment for International Peace Balázs Jarábik writes similarly that the development of events surrounding Russian actions in Ukraine were "developed for its own neighborhood – not necessarily beyond it."⁹⁰ The Central Eastern European states of Visegrad are not within this "neighborhood" as described, and as such should not continue greater defense integration strictly out of the fear ascribed --- but rather to lend greater foundation to the states of this subregion. Nevertheless, for some CEE states, perhaps cooperation does come from fear. At least Visegrad has shown some solidarity following Crimea's annexation, as noted when Visegrad's heads of state came together to announce security cooperation, in the summer of 2014.⁹¹

Actions came to back up those words with early training activities of the Visegrad Battlegroup, both when they came together: in the fall of 2014 for NATO joint-defense operations; and, again, in 2015 for the same,⁹² in addition to peace-keeping training.⁹³ Even though this beginning leans upon its Transatlantic partners, at least it is real stimulus towards subregional security integration. And if this, then, can turn towards more independent collaboration between them, then all the better; as, again, it would be better, and more stable, for these states to pull together themselves and under their own steam, so as to avoid isolation and

⁹⁰ Balázs Jarábik, "Russia, Ukraine, and the Visegrad: Time to Get Real," Visegrad Revue via Carnegie Endowment for International Peace, entry posted November 14, 2014, <http://carnegieendowment.org/2014/11/14/russia-ukraine-and-visegrad-time-to-get-real/hukp> (accessed April 30, 2016).

⁹¹ Visegrád Group, "Visegrad Countries May Turn EU Battlegroup into Permanent V4 Rapid Reaction Force," Atlantic Council, July 3, 2014, <http://www.atlanticcouncil.org/blogs/natosource/visegrad-countries-may-turn-eu-battlegroup-into-permanent-v4-rapid-reaction-force> (accessed April 30, 2016).

⁹² Jiříčková, op. cit.

⁹³ PR dla Zagranicy, "Poland Heading V4 Military," *Radio Poland*, November 20, 2015, <http://www.thenews.pl/1/6/Artykul/229753> (accessed April 30, 2016).

unwanted neighborly influence. *Visegrad, without alienating East or West, should focus on the inter-related needs of the group*; and remember the words of Hungarian writer Konrád:

“We Central Europeans have the greatest interest in seeing that East and West do not come to blows. With the idea of a Central Europe we can anticipate a European solution. The more we shut ourselves up within our own boundaries, each locked in the consciousness of his own small nation, the more we will put ourselves at the mercy of the great powers.”⁹⁴

In this final chapter we looked at another timely topic, the Ukraine crisis, as it relates to subregional cooperation in CEE, specifically as it relates to the new Visegrad security regime. Conflict, across the world tends to have many similarities. The chapter found that these also exist in the examples given within the Shatterbelt. However, as Ukraine’s and other conflict’s position in the Shatterbelt also show, foreign meddling tends to trump all other causal variables. And if it may be argued that they do not necessarily trump, then it should be accepted that they tend to set the origins of other causal variables. This is the case in various examples given across Central Asia, as well as others given across the greater Black Sea region. Ukraine’s position and recent conflict could, eventually, reach a tipping point at which time nearby states had wished they had made greater effort toward their own common security. Actions show that this has already started within the Visegrad Group. Let us hope that it continues for the purpose of their own stability; and hope that it shows itself to be a deterrence from increased agitation from its larger neighbors.

⁹⁴ Konrád, *Is The Dream*, op. cit., 114-115.

CHAPTER VII

SUMMARY & CONCLUDING REMARKS

Writer Jonathan Bousfield once wrote of a special link for this subregion, that during Soviet times amongst the Warsaw Pact countries of CEE existed a train that ran along the subregion's spine from north to south, from Gdansk, on the Baltic Sea, down to Varna, on the Black Sea.¹ Train No. 76 united these 'lands in between.' It was at about the same time that the newly re-assembled Visegrad states began to fizzle that the number of passengers dropped to the point that its transit between the seas was discontinued. This study is meant to show that these 'tracks,' so to speak, still remain. Not to hasten the return of Soviet times, of course, but perhaps the remnants of this, now metaphorical, train can be reclaimed. The chapters presented, hopefully, show that varying measures of its resurrection have already begun.

In Chapter One we looked at the birth of subregionalism in Central Eastern Europe, and how the Polish-Lithuanian Commonwealth, encompassing much of the territories between the Elbe and the Don Rivers and between the Baltic and Black Seas, were successful in providing security and growth for centuries. What is more is that the polities associated with the Polish-Lithuanian Commonwealth stayed their cooperation in trade and defense amidst very formidable challengers on all fronts. History shows, however, how stressed such an environment can be; and previous attempts to return to it have failed for various reasons. In some cases, the Central Eastern European states were not willing to cooperate sufficiently; and in other cases external actors proved too overbearing for successful integration – though in all cases it may be argued that a mixture of the two are most assuredly true. What is also true is that meaningful stability and growth in the subregion has not effectively returned to these Central Eastern European

¹ Jonathan Bousfield, "Growing Up in Kundera's Central Europe," *New Eastern Europe* 2 (April 7, 2014).

states, and it will likely require similar cooperation akin to the previous Polish-Lithuanian Commonwealth to see it through. The pan-regional project of the European Union is not sufficient to do so. It is too large, too cumbersome, too diverse, and too disinterested to care for the fragility in Central Eastern Europe. Perhaps the situation may have been different had a Visegrad 2.0 come to fruition in the 1990s prior to accession the following decade – perhaps, then, Visegrad could competently represent the wills of the subregion within the European Union. However, as this did not happen, the lack of a single voice relegates Central Eastern European states to subprime status and disappointment. This can be seen in the subsequent chapters.

In Chapter Two we looked at another perspective of Europe's history in search for Central Eastern Europe's identity, finding them distinctively other than the West. This remains historically the case in their divergent paths of development over the centuries, but also remains so as there is a sense of differentiation between Central Eastern Europe and Western Europe within the European Union, if not veritable disinterest emanating from the West. Perhaps even more different than the West, Central Eastern Europe is decidedly different from its East, as well. At the very least, the Central Eastern European states have distanced themselves from their unwanted Soviet past in hopes to find greater development in the Post-Cold War age. Still, at least, they share common values and norms amongst themselves; they share a distinct history amongst themselves. They do have differences, but as neither East nor West has been able or willing to assimilate Central Eastern Europe, we can say that this common characteristic does unite these states, if even indirectly. Another element in this social investigation, as their social history relates to present-day, particularly against the backdrop of larger federalized polities both past and present, is that dissatisfaction and skepticism are common traits – with regular appeals

to greater popular representation. Two time periods came to the fore with relatively congruent trajectories: the period surrounding the Compromise of 1867, and the period the EU's big bang along with the Single European Act. Just as before, the populace yearns for a greater voice within the region. Nevertheless, both periods allowed for unequal power distribution, as well as social-economic development. The former, as history would have it, led to the eventual dissolution of the bloated federal polity; the latter, still within its adolescence, suffers from growing pains.

In Chapter Three we followed Central Eastern Europe's economic transition from, essentially, Soviet subservience to that of the European Union. That is said, in part, because there have been insufficient efforts to adequately integrate the subregion with the European economy. Its integration followed a path which has privileged western interests, at the expense of the vast majority of locals within the subregion. The patterns of investment and privatization are an example of this. The dependency which results from this merger, so to speak, is nothing new; as was presented, it fits a similar pattern of relations that harkens back centuries. There is little balance between the subregions of Europe. However, in today's day and age, as we understand accession into the EU meaning to be a path toward convergence, considering the patterns that still persist today, it is little wonder that we find its divergence, instead. Conflict in appropriating funds relate to this. This and the misallocation of those same funds, do suggest that local decision-makers have made mistakes as well. Nevertheless, if the economic cost of membership is greater than the socio-economic benefits that the subregion believed were in its future, a decade into the relationship shows that the subregion needs to take greater responsibility for its own economic development, and into areas that will allow Central Eastern European states to better handle their economic position within the greater region. The subregion expanding its

capabilities into the knowledge economy, and in promoting development from within rather than having to depend on those from without, is also likely to benefit the greater region of Europe, as well.

In Chapter Four we analyzed the very pertinent crisis surrounding the viability of the Euro. The Euro and, for that matter, the entire history toward monetary union has had significant obstacles. One could certainly argue a reluctance to converge on the matter of monetary union. It is due, quite simply and singularly, to this reluctance that has proven complete monetary union elusive to the European Union. Members have chosen simply not to cooperate; and to follow their own interests, even though it is at the expense of other members and to the European Union as a whole. Their reluctance stems, not simply as a matter of pursuing national interests, but also from a difference in economic ideals – the battle over which presents the EU, in a way, as a microcosm of the very same battle that has gripped the world since the early decades of last century. This is, of course, referring to the degree of state intervention within market economies. As it has happened, the intervention that the EU has been following has brought about questions towards the currency's viability, as well as that of the Union. These questions have sparked, and should continue to spark, thoughts toward its alternatives, whether that be in the form of: discipline, adherence to commodities, or exit. Whichever choice, the subregion could be heard if bellowed from a single voice.

In Chapter Five, we began by acknowledging Europe's innate security deficit. Actually, the EU project had tried to originally get off the ground based on mutual defense, but was unable to due to the inherent complications that surround other nations' security. And after decades of following a less direct route, security for the Union is little closer than it had been at the outset. The reasons for this is simply the different viewpoints that are had amongst the varied

members, based on their own specific histories, based on their own specific geographies; and Central Eastern Europe's is a very precarious one on both accounts, as we have witnessed in previous chapters. And this makes European security a very tenuous project. Failures were covered, such as the Balkans, after which the Europeans began getting serious about constructing their own defense; however, Libya showed just how little has changed over the decades. The EU remains divided, and in order to begin construction of European security beyond that offered through the U.S., and beyond that which any singular state can gather is to look at smaller, more cohesive groups; as these subregional security regimes promise to have more shared threats, than those at the regional level. Considering the seriousness of the high-politics involved in national security, it is worth mentioning again how surprising success has been with the smaller regimes, across the EU, but particularly in Central Eastern Europe. Certainly that this is advocated within EU treaties helps in making common defense acceptable at this level, but it also makes sense in theory, as well. Members have missed this intermediary step in the past, but have recently gathered together to rectify this. Visegrad's battlegroup in 2016 is the example of such organization, and their determination shows the viability of even fielding a larger, more capable force, with continued 'pooling and sharing.' Certainly, with consideration to events in nearby Ukraine, the topic has likely earned increased popularity in the subregion.

In Chapter Six we looked at some common origins of conflict, in analysis of their applicability to the current and pertinent crisis surrounding Ukraine. Ukraine, being right next door, if not even within Central Eastern Europe, could have a ripple effect upon its surrounding neighbors and that is why attention must be paid to it. The conclusions found were that these crises tend to originate in actions of large states vying for interest along their peripheries; and Ukraine is but one of those pivotal areas. As Central Eastern European states look onto this

crisis and react to it, it is important to see the perceptions of multiple sides of the story. That is, while the truth at present may not be at hand, the perspectives of the actors are. If even untrue that Russia has reacted to possible coercive Western policies in Ukraine, it is, nevertheless, what Russian leaders believe; and, therefore, the crisis did not originate within this frontier state. That is, onlookers should not see this crisis as simply problems inherent within this troubled state, but rather as a direct result of external actors. It is because of this that when Visegrad and other neighbors debate as to how best to arrange for their security, they should look towards each other, their smaller and more immediate neighbors – as there is strength in their numbers.

In fact, that is the message of this work: for wedged-states, such as those between Europe's East and West, to find solace and power within their combined numbers. No, they are not as numerous as that of the EU, but EU's own failures come from its size and diversity. In this case, what has been learned can be expressed in this popular phrase: **less is more**. It is not so much a cliché, but a truism, in the case of political, social, economic, and even securital organization. Nay-sayers have an argument, yes, it is acknowledged. Numerous times throughout history, even though the desire may have been present among some disparate Central Eastern European states to return to a greater level of autonomy, either the lack of will, intra-subregional bickering, or the influence of larger neighbors dissuaded the smaller states from coming together. Times have changed. Already Visegrad states have united toward defense, with a wealth of other opportunity before them.

Much of the literature regarding Visegrad cooperation has been addressed, if not presented, in this work. This study has the benefit of taking the wealth of history behind Central Eastern Europe and applying it to their cooperation today. Seeing the links of the medieval Commonwealth's independence, and the social dissatisfaction with institutionalism of the

European Union is almost reminiscent of the early dissatisfied sentiments of Bohemia, prior to the defenestrations now centuries past, as western administrators were increasingly seen for their illegitimacy. The same can be said of history's relation to Central Eastern Europe's economic development: parallel in its subaltern relationship with its west, in that it remains dependent upon it; and of Central Eastern Europe's physical position in Europe, itself, forever insecure as a small nation. Tomorrow is unlikely to bring about the same climax, but Central Eastern Europe's greater autonomy may be in the offing.

But more than this, what has also been learned is that rather than presenting the quiet attempts of subregionalism and the convenience if not predictability of it, within a decade of 'Europe's [fumbled] Hour' it had already been concluded that *the Union had simply grown too large to adequately answer to the needs of such a diversified group*, stretching the continent of Europe. Not only had it been found to be so, but the Union has since set aside space for mixed administration to blossom at the subregional level; and further, that this sanction could find support in the Union's neo-functional theory itself: in that *great things can come from small beginnings and their wellsprings*.

This studies helps to show that the Central Eastern European subregion along the East-West faultline has the capability to become more stable and better integrated between its regions, as well as a better partner in the world of globalization, as they consolidate from within. The means to do so lies in constructing locally clustered interdependencies. Clustered interrelated industries, for example, would provide finance for economic growth and a positive incentive for its continuation. Cross-border social programs would provide a supportive foundation. And expanding the already present subregional security regime, while pooling their resources, can provide the backbone to the security forever sought.

And as the subregion is to grow with greater development and stability, or merely as a means to underwrite its long-term legitimacy, local stakeholders would necessarily allow for outside participation of its larger neighbors to Central Eastern Europe's east and west. A central goal would be for local mending, or deconstruction, to be met with external consultancy instead of intervention. That is, major powers would need to reduce direct interference though maintain a role of consultation, with moderate assistance in return for modest gains. Aid would have to be limited so that decision-making and ownership of economic or military ventures would be kept at the subregional level, and available balance so that not one major regional actor is excluded from equal opportunity. Success of this breadth can create a favorable win-set for all participants towards international diffusion.

Indeed, major powers will be hesitant or even apprehensive at the outset of faultline deconstruction. Bear in mind that when we speak of greater interdependence even within this subregion, but particularly across this "line," it is easy to be met with discouragement. From a 'western' point of view, it could be associated with Russian and Soviet imperial policy; and, therefore, any consolidation across this line may then be associated with a possible neo-Russian return to Soviet times. Alternatively, from Russia's point of view, it could be seen as a Western attempt at further expansion toward Russia's borders. It should, therefore, be noted at the outset that any meaningful convergence across this divide would have to avoid these perceptions. Even though history lingers, it is very important for both great powers and local stakeholder states not to repeat the mistakes of history. The transition of lands so long dependent to or subjected by those more stable and independent presents a learning curve that history would suggest to be quite long. However, as increasing subregional cooperation begins to yield benefits, it stands to reason that in short order influential states would become increasingly willing to take part in

limited and balanced partnerships across the diminishing divide. And, provided that the subregional clusters do not impinge upon neighboring states and other affected regimes, they should be allowed to coalesce as a matter of due course.

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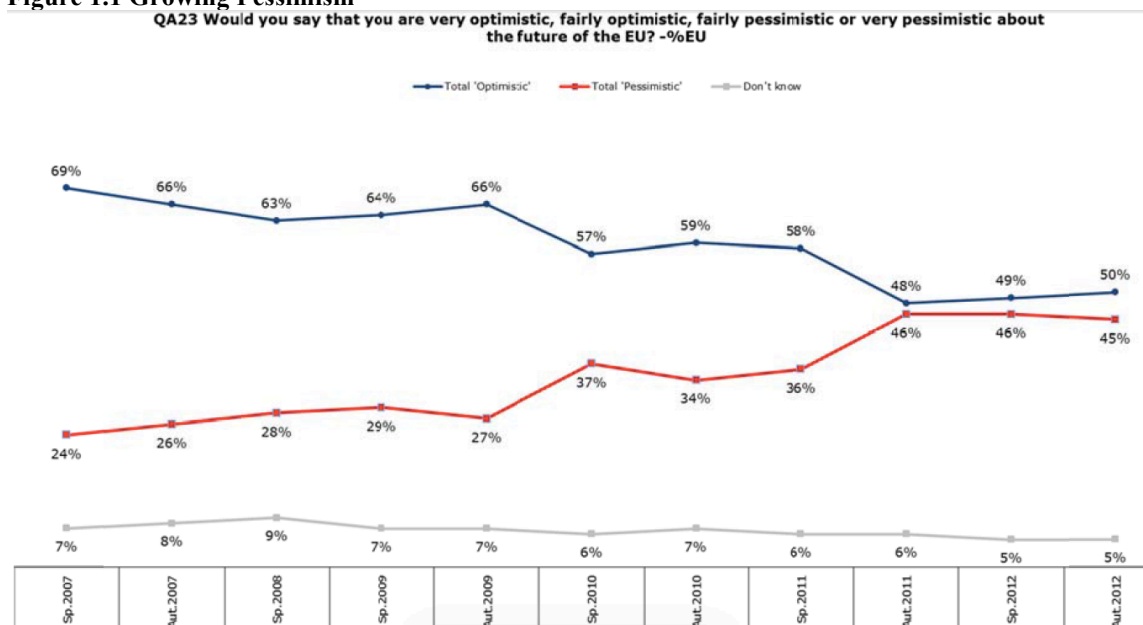
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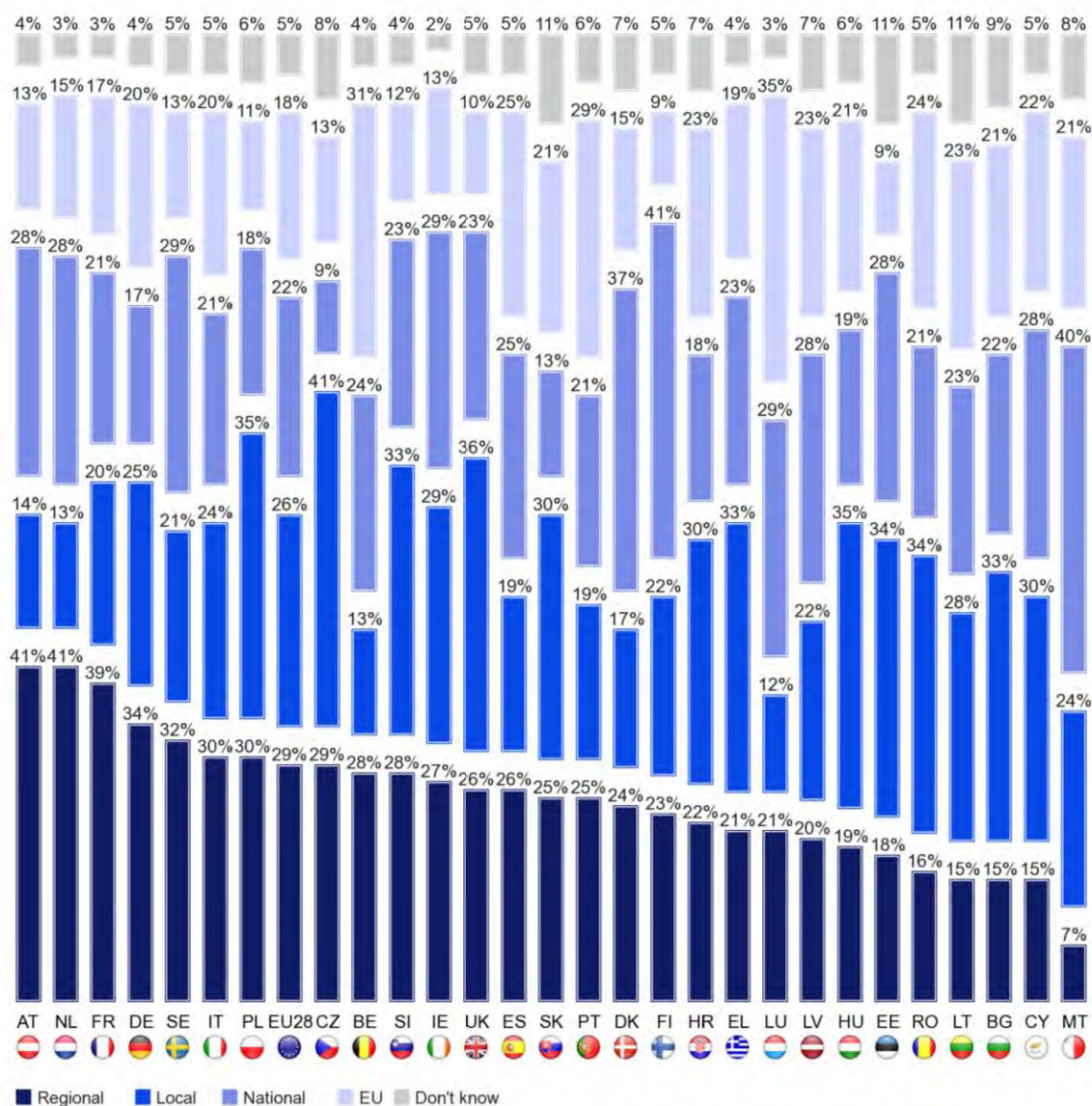
APPENDIX

Figure 1.1 Growing Pessimism²

² Eurobarometer, *Standard EB No.78: Public Opinion in the EU, Report* (European Commission: Autumn, 2012; Fieldwork November, 2012), 96.

Figure 1.2 Lower Level Lead in Projects³

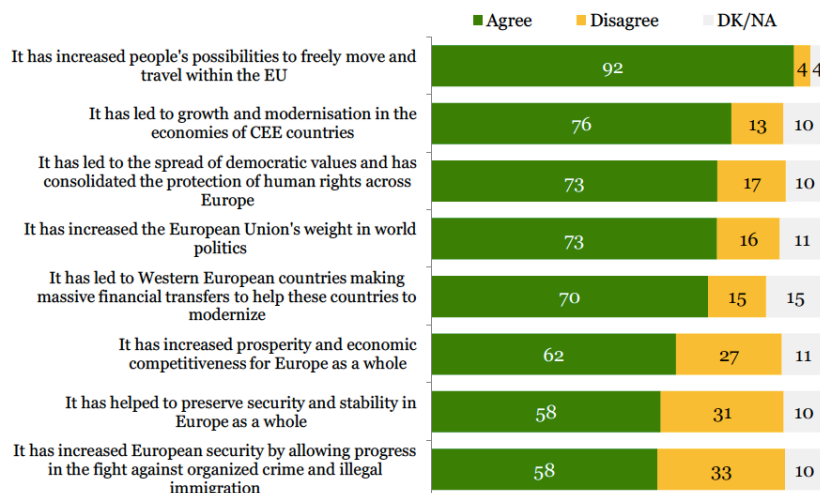
Q6. At which level should decisions about EU regional policy projects be taken?



³ Eurobarometer, *Flash EB No.384: Citizens' Awareness and Perceptions of EU Regional Policy, Report* (European Commission: December, 2013; Fieldwork September, 2013), 49; and Eurobarometer, *Flash EB No.298: Citizens' Awareness and Perceptions of EU Regional Policy, Analytical Report* (European Commission: October, 2010; Fieldwork June, 2010), 34.

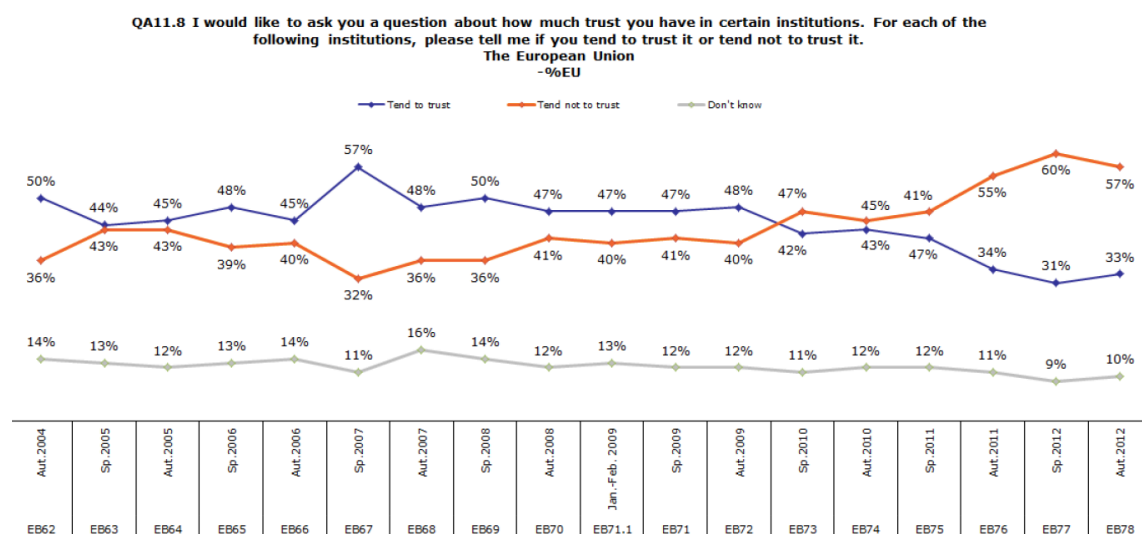
Figure 2.1 Positive CEE Consequences to Integration⁴

Positive consequences of the integration of CEE countries into the European Union



Q3. Regarding the consequences of the integration of Central and Eastern European countries into the European Union, would you agree or disagree with the following statements?

Base: all respondents, % EU27

Figure 2.2 Growing Distrust of EU⁵

⁴ Eurobarometer, *Flash EB No.257: Views on European Union Enlargement, Analytical Report* (European Commission: Fieldwork February, 2009), 20.

⁵ Eurobarometer, *Standard EB No.78: Public Opinion in the EU, Report* (European Commission: Autumn, 2012; Fieldwork November, 2012), 75.

Figure 2.3 Little Support for Common Constitution⁶

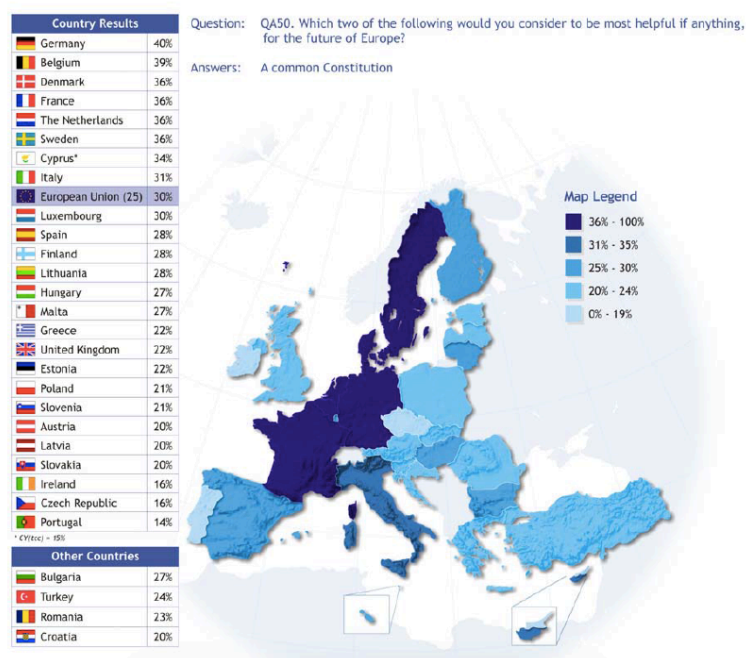
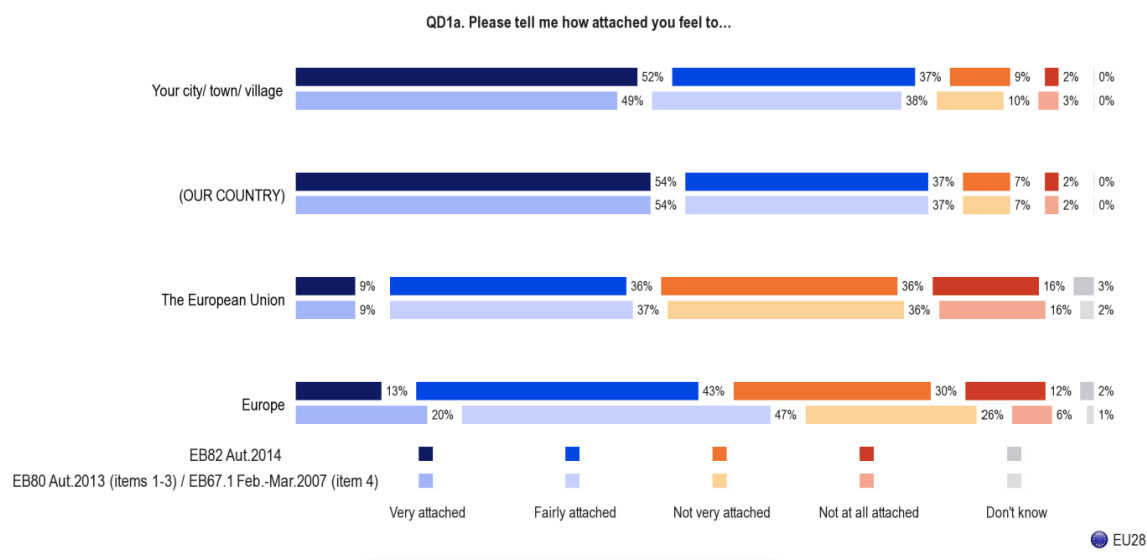
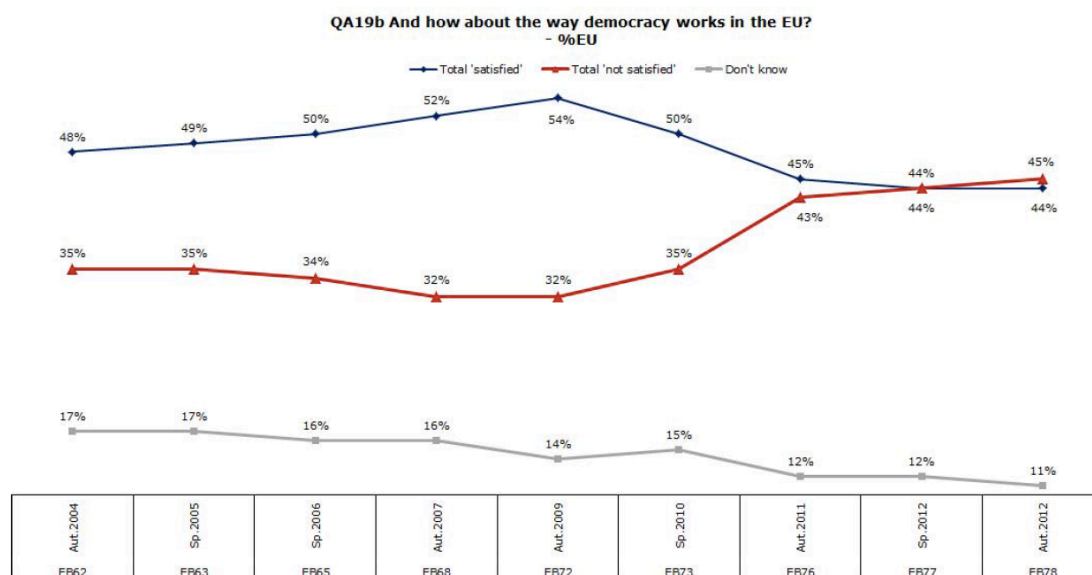


Figure 2.4 Lackluster Attachment to EU⁷

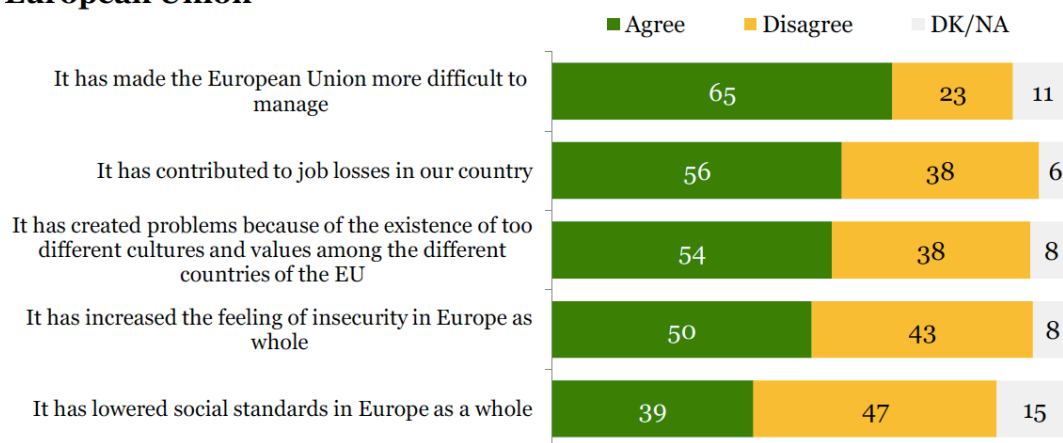


⁶ Eurobarometer, Standard EB No.66: Public Opinion in the EU, Report (European Commission: September, 2007; Fieldwork October, 2006), 193.

⁷ Eurobarometer, *Standard EB No.82: European Citizenship, Report* (European Commission: Autumn, 2014; Fieldwork November, 2014), 5.

Figure 2.5 Democracy Dissatisfaction in EU⁸Figure 2.6 Negative CEE Consequences to Integration⁹

Negative consequences of the integration of CEE countries into the European Union



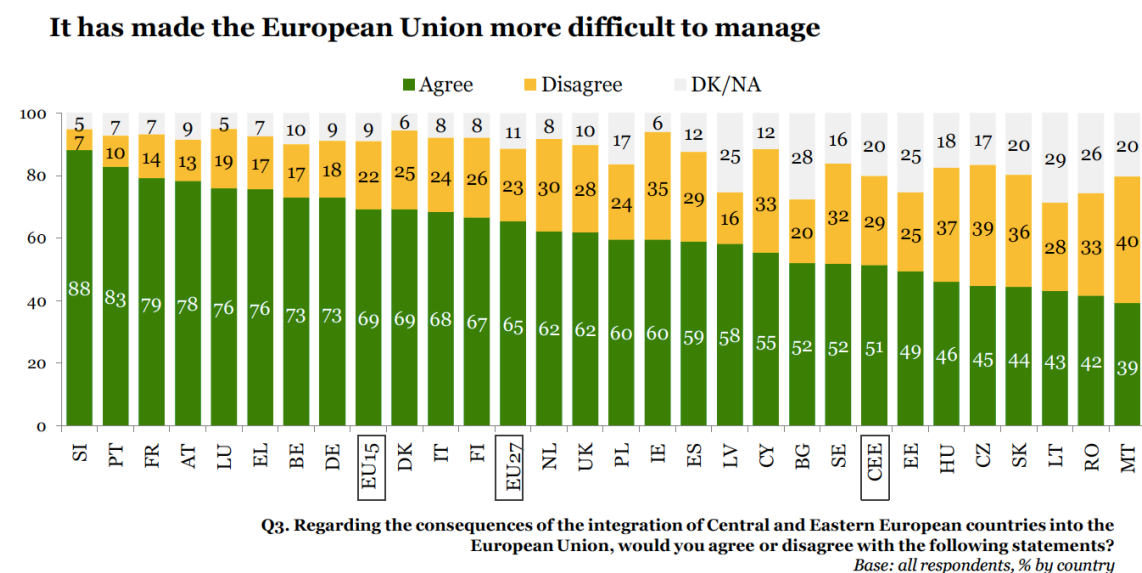
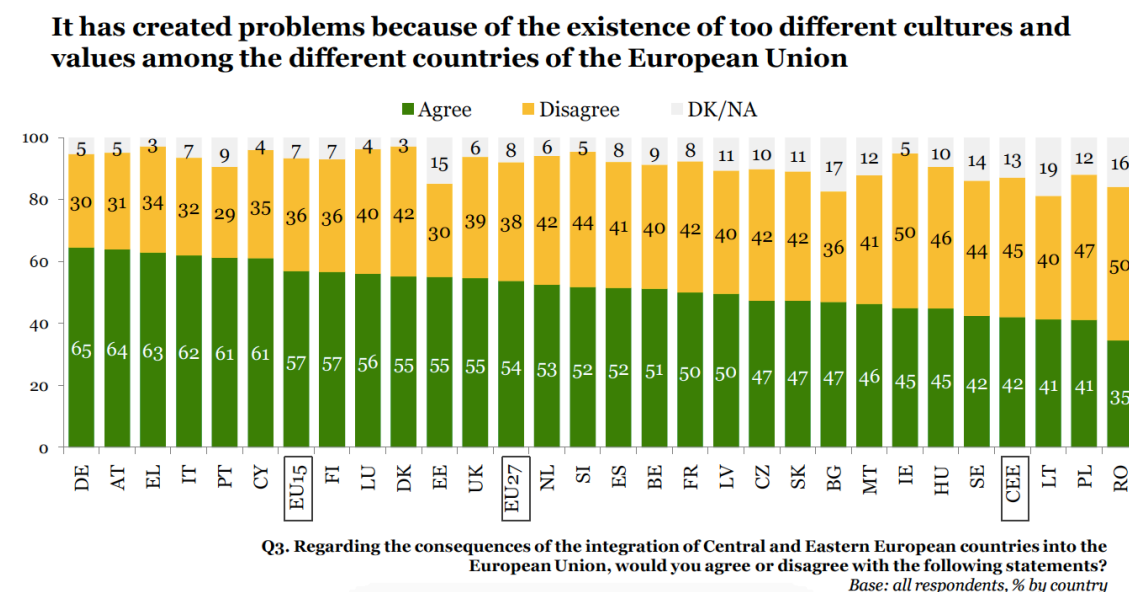
Q3. Regarding the consequences of the integration of Central and Eastern European countries into the European Union, would you agree or disagree with the following statements?
Base: all respondents, % EU27

⁸ Eurobarometer, *Standard EB No.78: Public Opinion in the EU, Report* (European Commission: Autumn, 2012; Fieldwork November, 2012), 54.

; only 35% believing their national interests count: Eurobarometer, *Standard EB No.76: Tables of Results from Public Opinion in the EU* (European Commission: Autumn, 2011; Fieldwork November, 2011), 75.

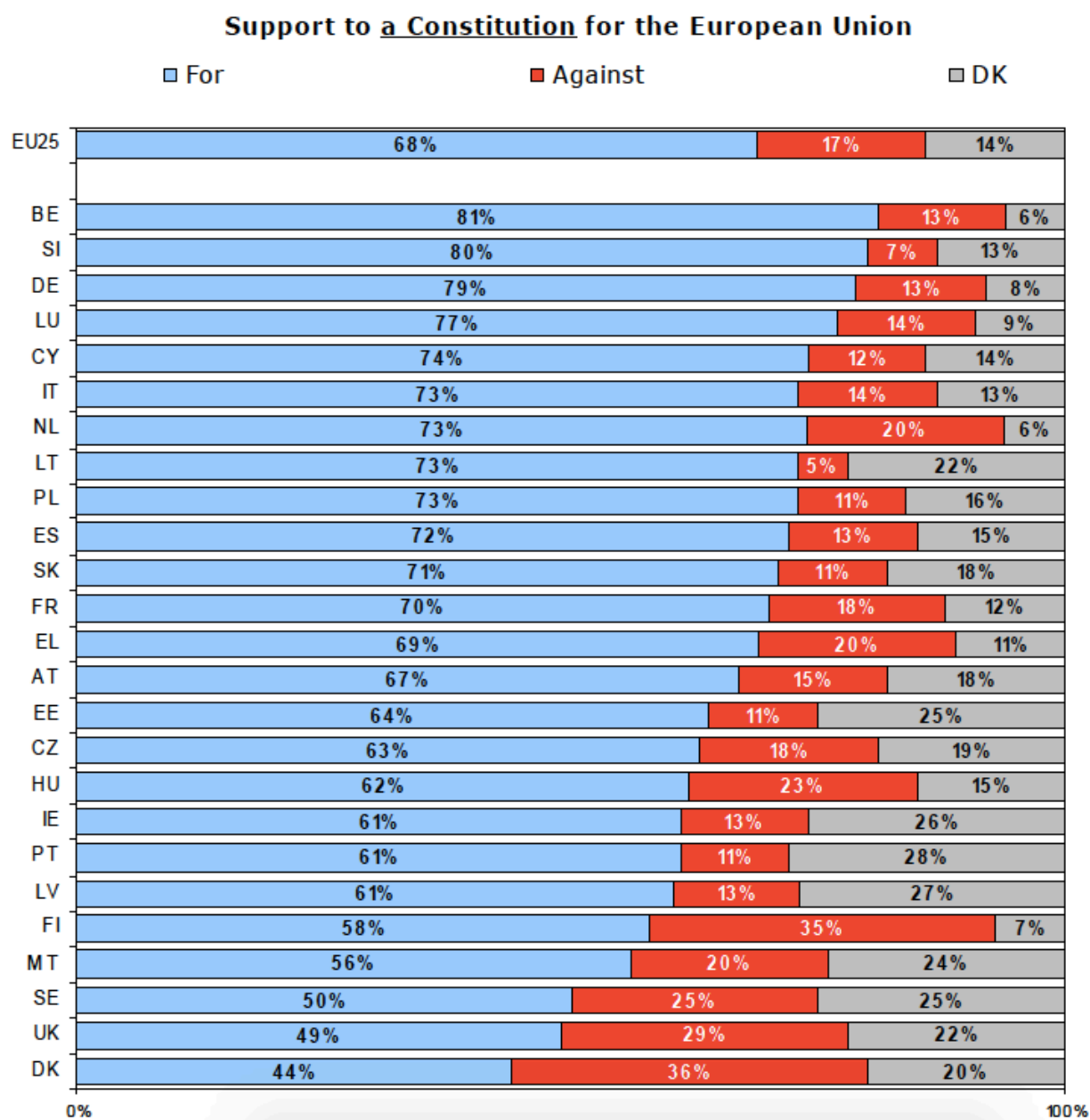
; 28% believing their voices are heard at EU level: *ibid.*, 74.

⁹ European Commission, *Eurobarometer - Flash EB No.257: Views on European Union Enlargement, Analytical Report* (Brussels, February 2009), 30.

Figure 2.7 CEE Has Made EU More Difficult to Manage¹⁰Figure 2.8 CEE's Values/Culture has Created Problems within EU¹¹

¹⁰ European Commission, *Eurobarometer - Flash EB No.257: Views on European Union Enlargement, Analytical Report* (Brussels, February 2009), 32.

¹¹ *Ibid.*, 33.

Figure 2.9 Support for EU Constitution¹²

¹² European Commission, *Eurobarometer - Standard EB No.62: Public Opinion in the EU, Report* (Brussels, May 2005), 150.

Figure 3.1 Central Government Debt (% of GDP)¹³

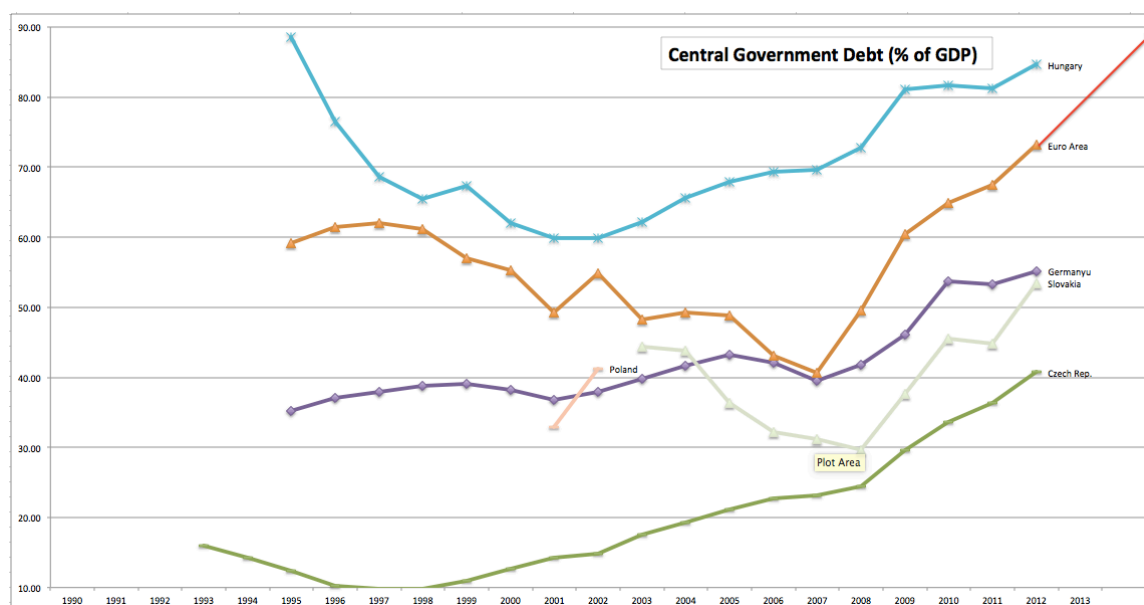
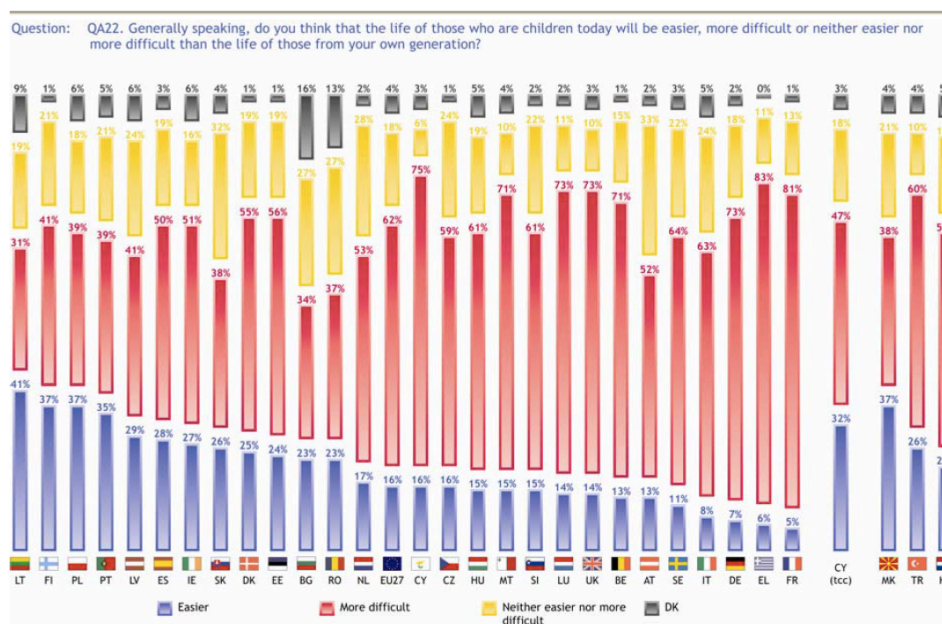


Figure 3.2 Life's Difficulties for Next Generation¹⁴



¹³ World Development Indicators: Central government debt, total (% of GDP), Washington, D.C.: World Bank (accessed May, 2015).

<http://data.worldbank.org/indicator/GC.DOD.TOTL.GD.ZS>



































¹⁴ European Commission, *Eurobarometer - Standard EB No.70: Public Opinion in the EU, Report* (Brussels, June 2010), 248.

Figure 3.3 Pessimism for Economic Recovery¹⁵

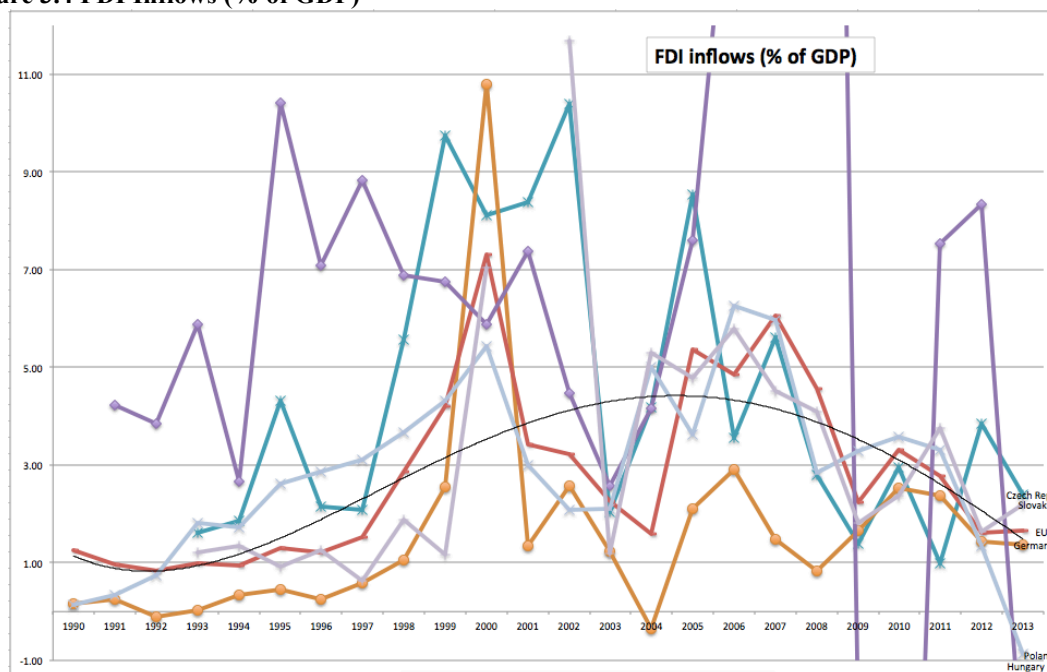
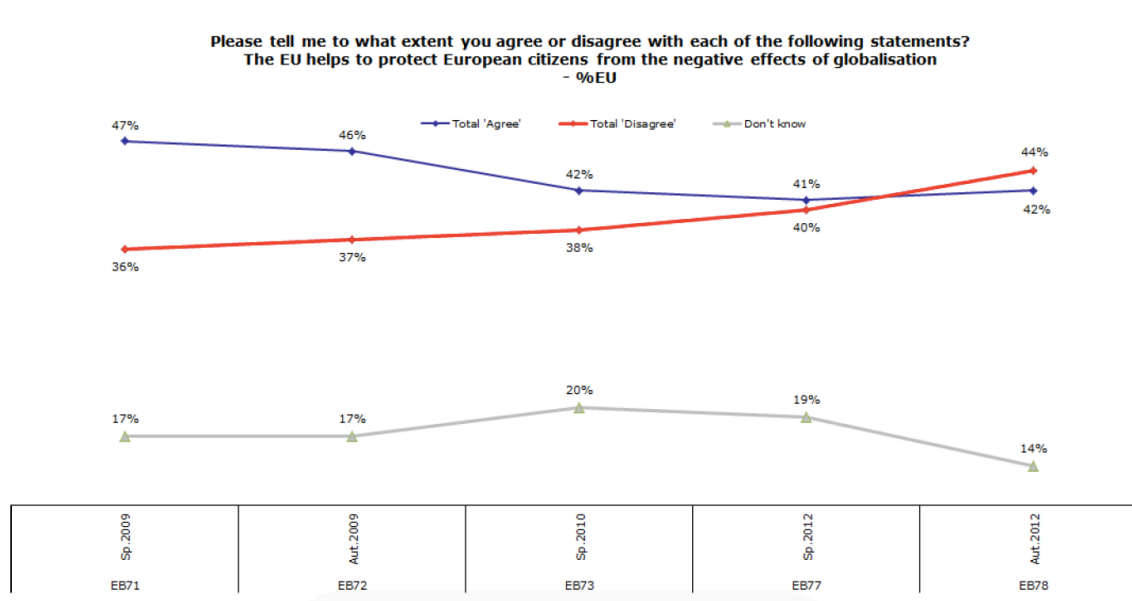
QC1 Certains analystes disent que l'impact de la crise économique sur le marché de l'emploi en est déjà à son apogée et que les choses vont tout doucement s'améliorer. D'autres, au contraire, disent que le pire reste à venir. Laquelle de ces deux opinions se rapproche le plus de la vôtre ?

QC1 Some analysts say that the impact of the economic crisis on the job market has already reached its peak and things will recover little by little. Others, on the contrary, say that the worst is still to come. Which of the two statements is closer to your opinion?

QC1 Einige Fachleute sagen, die Auswirkungen der Wirtschaftskrise auf den Arbeitsmarkt haben ihren Höhepunkt schon erreicht und die Situation wird sich langsam wieder bessern; andere hingegen sind der Ansicht, dass das Schlimmste noch bevorsteht. Welche dieser Meinungen kommt Ihrer Ansicht am nächsten?

		L'impact de la crise sur l'emploi a déjà atteint son apogée		Le pire reste à venir		NSP	
		The impact of the crisis on jobs has already reached its peak		The worst is still to come		DK	
		Die Auswirkungen der Wirtschaftskrise auf den Arbeitsmarkt haben ihren Höhepunkt schon erreicht		Das Schlimmste steht noch bevor		WN	
		EB	Diff. EB	EB	Diff. EB	EB	Diff. EB
		76.3	75.3	76.3	75.3	76.3	75.3
	EU 27	23	-20	68	21	9	-1
	BE	23	-33	74	33	3	0
	BG	38	-12	38	10	24	2
	CZ	21	-31	74	31	5	0
	DK	30	-38	65	36	5	2
	DE	24	-25	61	23	15	2
	EE	40	-24	55	25	5	-1
	IE	29	-2	65	5	6	-3
	EL	21	2	76	-2	3	0
	ES	25	-15	70	17	5	-2
	FR	18	-17	76	21	6	-4
	IT	25	-18	62	20	13	-2
	CY	16	-11	80	17	4	-6
	CY (tcc)	31	-8	57	10	12	-2
	LV	35	-8	58	6	7	2
	LT	31	-14	61	13	8	1
	LU	18	-32	77	35	5	-3
	HU	30	-19	62	18	8	1
	MT	25	-13	63	17	12	-4
	NL	18	-36	76	37	6	-1
	AT	36	-26	53	24	11	2
	PL	27	-17	62	19	11	-2
	PT	11	-4	84	4	5	0
	RO	25	-17	56	12	19	5
	SI	22	-16	73	14	5	2
	SK	25	-34	71	36	4	-2
	FI	23	-22	72	20	5	2
	SE	32	-24	65	27	3	-3
	UK	16	-17	79	18	5	-1
	HR	30	-13	65	13	5	0
	TR	38	-12	46	20	16	-8
	MK	45	-2	49	4	6	-2
	IS	47	-16	50	16	3	0
	ME	49	-6	45	13	6	-7

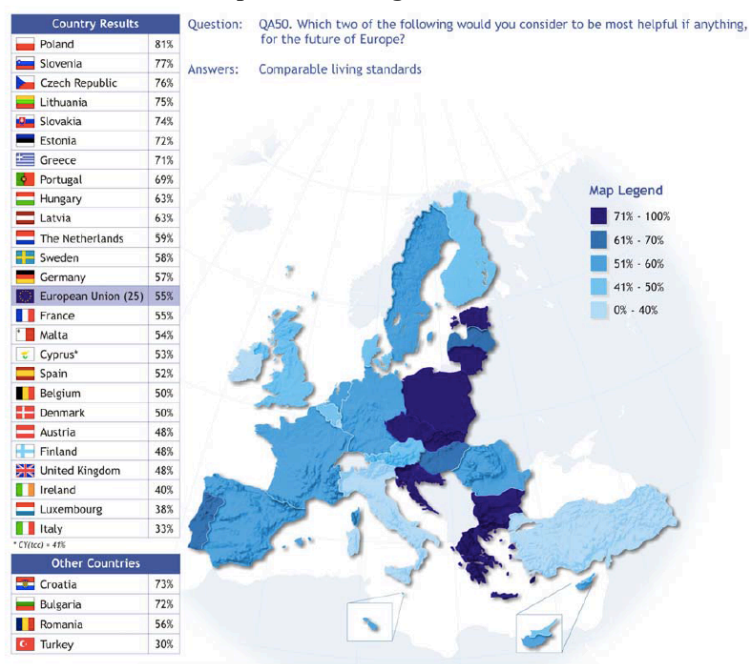
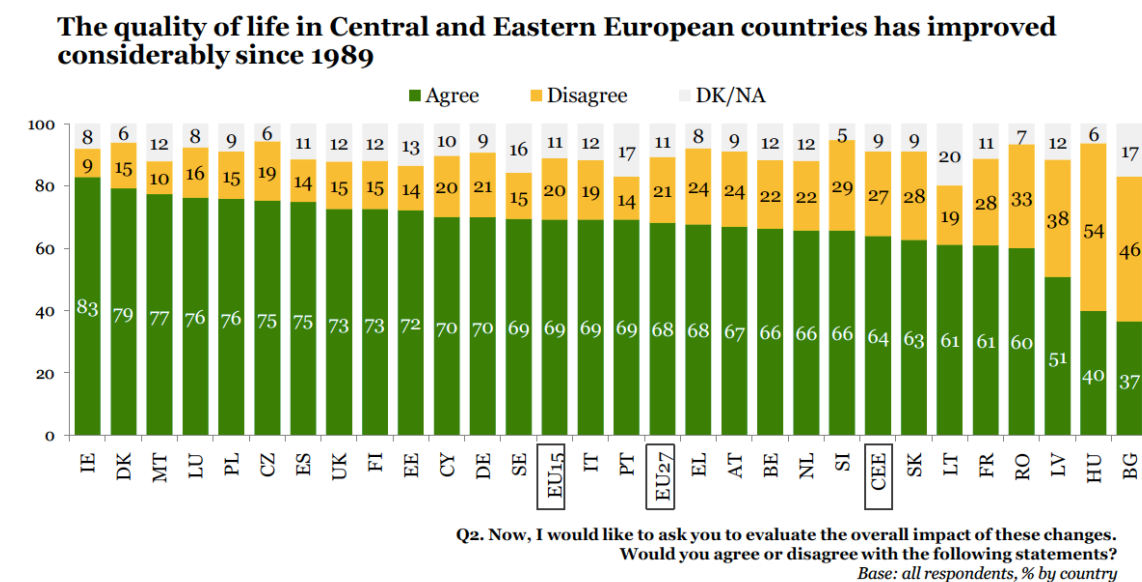
¹⁵ European Commission, *Eurobarometer - Standard EB No.76: Tables of Results from Public Opinion in the EU* (Brussels, Autumn 2011), 140.

Figure 3.4 FDI Inflows (% of GDP)¹⁶Figure 3.5 Negative EU Protection from Globalization¹⁷

¹⁶ World Development Indicators: Foreign Direct Investment (% of GDP), Washington, D.C.: World Bank (accessed May, 2015).

<http://data.worldbank.org/indicator/BX.KLT.DINV.WD.GD.ZS>

¹⁷ European Commission, *Eurobarometer Standard EB No. 78: Public Opinion in the EU, Report* (Brussels, Autumn 2012), 64; Interestingly, respondents felt these sentiments more strongly in 2006, prior to the financial crisis. See page 65.

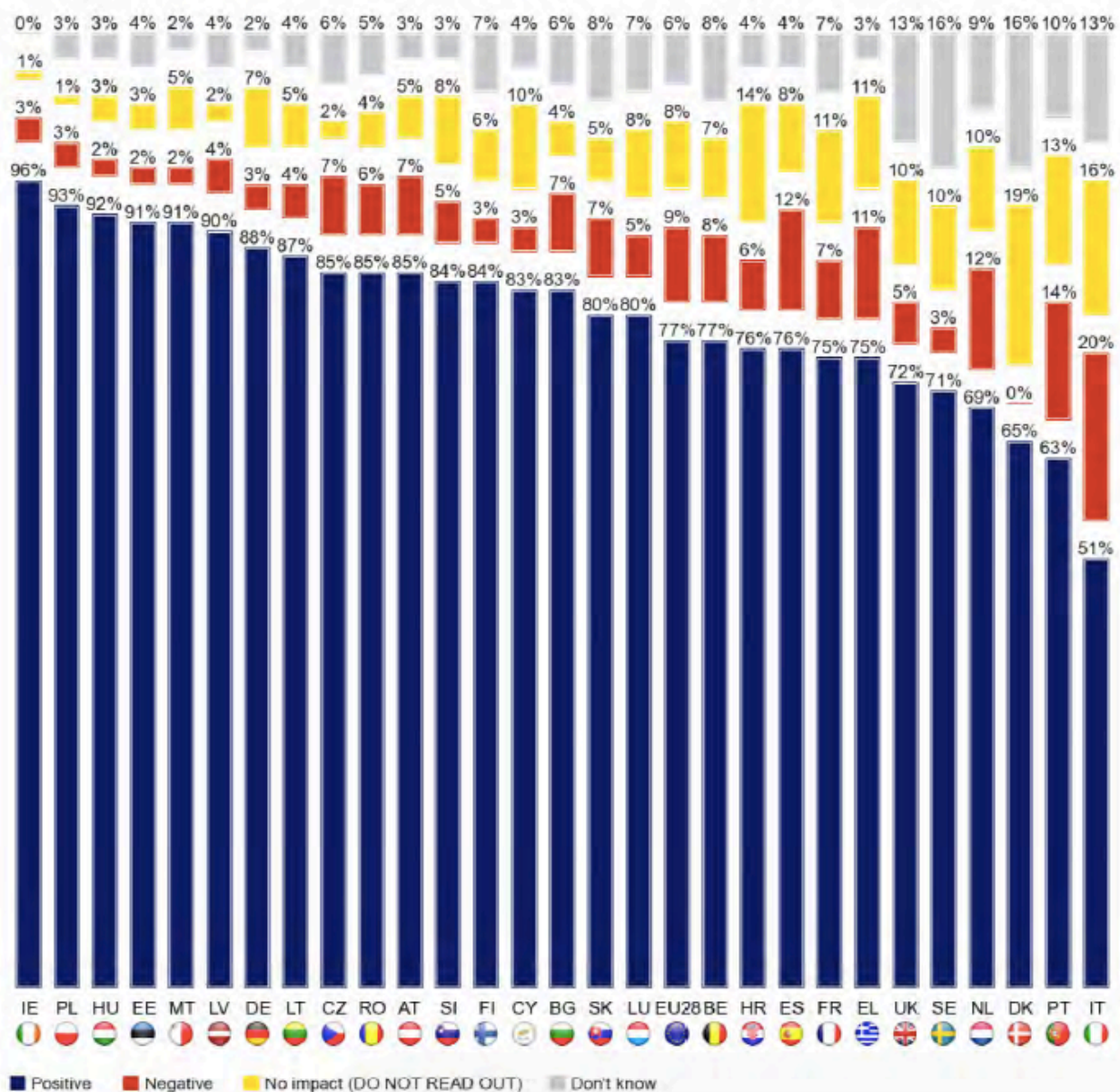
Figure 3.6 European Desires for Comparable Living Standards¹⁸Figure 3.7 Belief in Improved CEE Quality of Life since 1989¹⁹

¹⁸ Eurobarometer, *Standard EB No.66: Public Opinion in the EU* (European Commission: September, 2007; Fieldwork September-October, 2006), 192.

¹⁹ Eurobarometer, *Flash EB No.257: Views on EU Enlargement* (European Commission: Fieldwork February, 2009), 18.

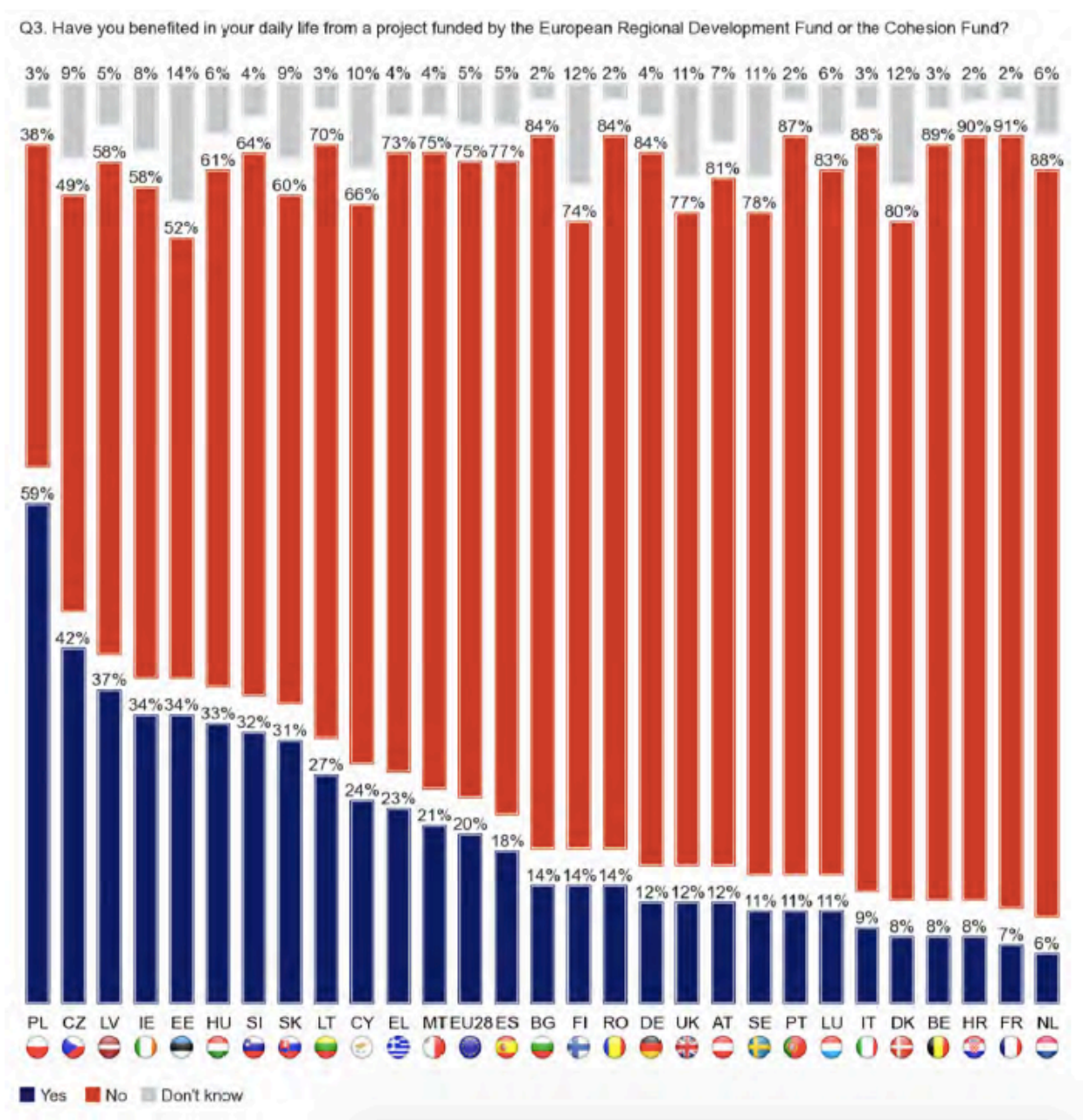
Figure 3.8 EU Projects as Being Positive/Negative on City or Region²⁰

Q1C. Taking into consideration all the projects you have heard about, would you say that this support has had a positive or negative impact on the development of your city or region?

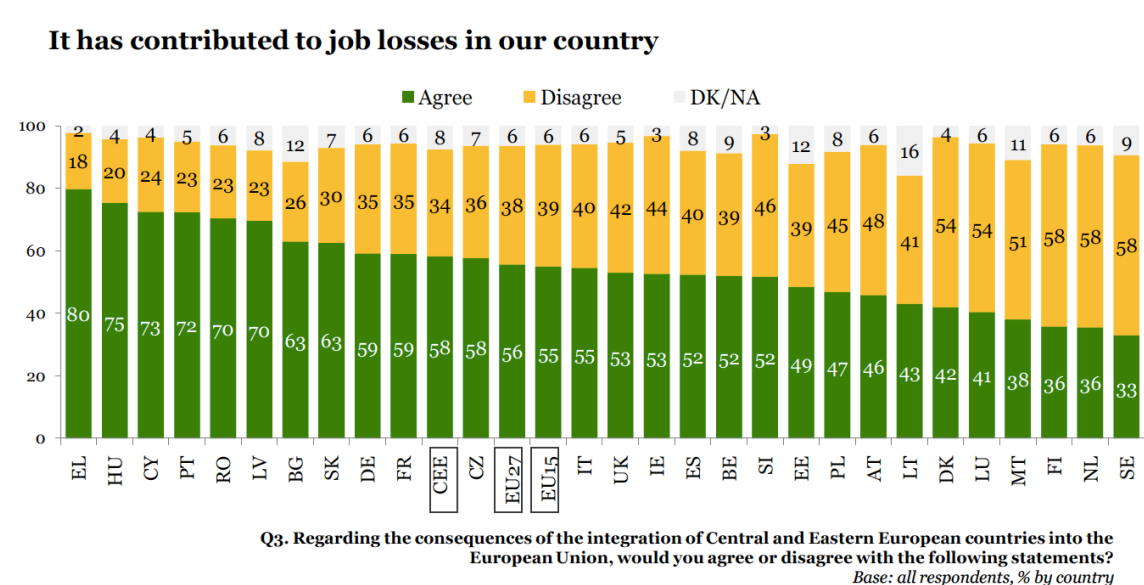


²⁰ European Commission, *Eurobarometer - Flash EB No.384: Citizens' Awareness and Perceptions of EU Regional Policy, Report* (Brussels, December 2013), 11.

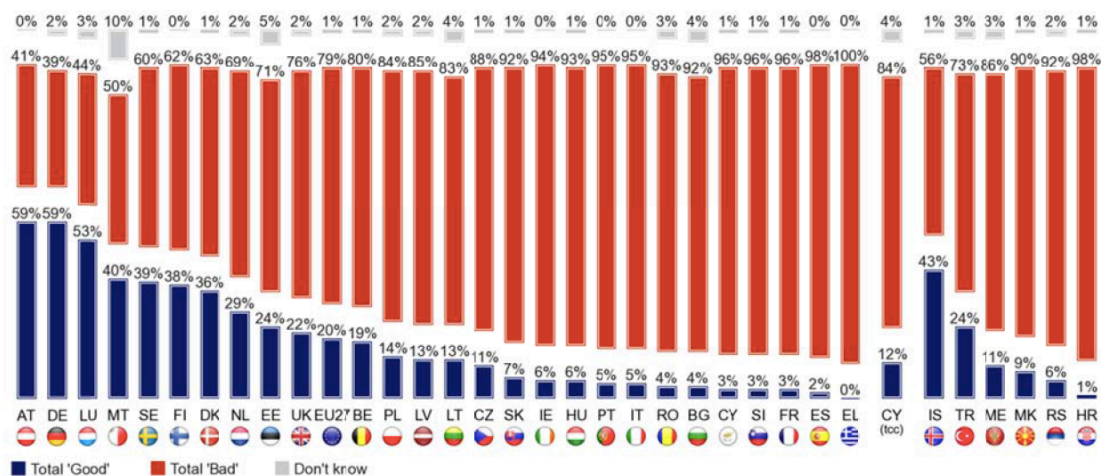
Figure 3.9 EU Projects as a Benefit to Daily Life²¹



²¹ European Commission, *Eurobarometer - Flash EB No.384: Citizens' Awareness and Perceptions of EU Regional Policy, Report* (Brussels, December 2013), 20.

Figure 3.10 CEE Integration Has Contributed to Jobless²²Figure 3.11 Employment Positive/Negative²³

QA3a.6. How would you judge the current situation in each of the following?
The employment situation in (OUR COUNTRY)



²² European Commission, *Eurobarometer - Flash EB No.257: Views on European Union Enlargement, Analytical Report* (Brussels, February 2009), 32

²³ European Commission, *Eurobarometer Standard EB No.78: Public Opinion in the EU, Report* (Brussels, Autumn 2012), 23.

Figure 3.12 Central Government Debt (% of GDP)²⁴

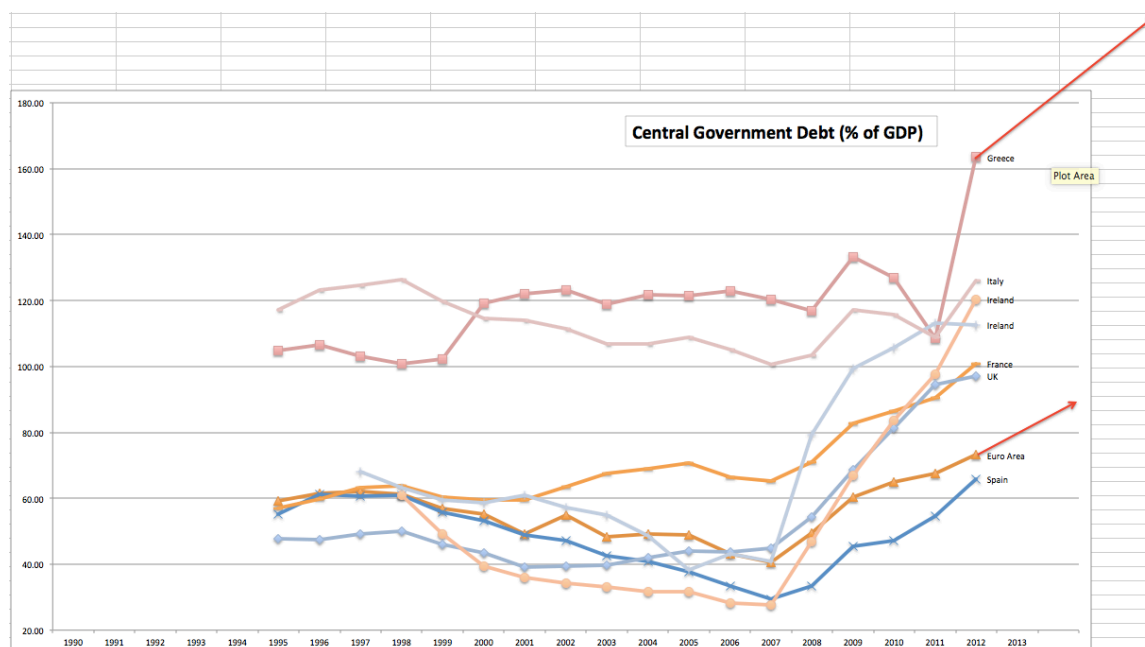
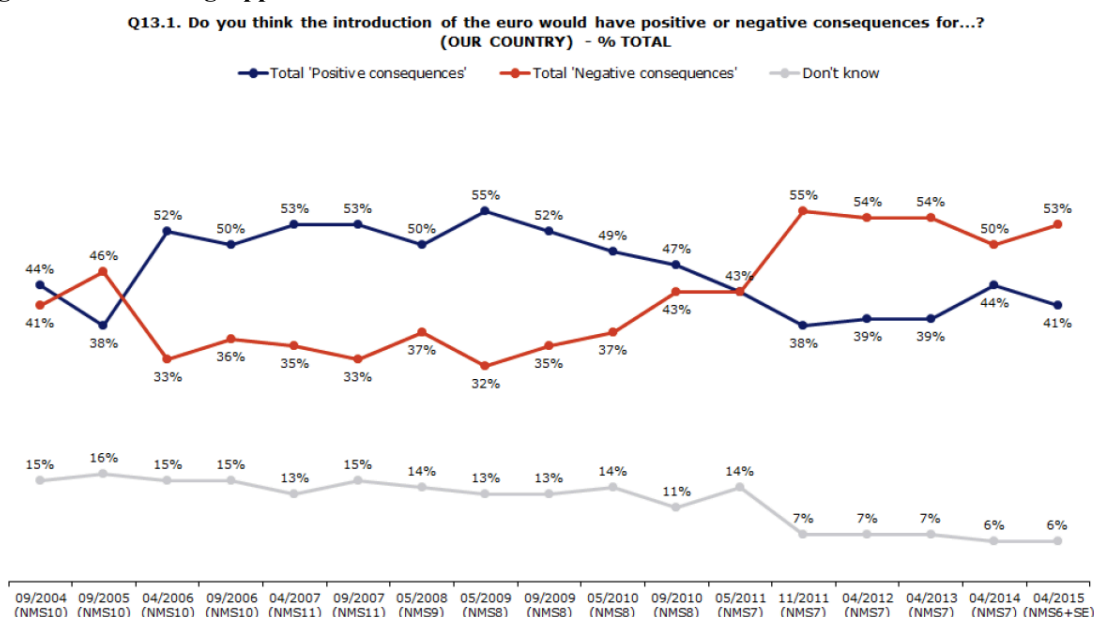


Figure 3.13 Declining Appeal of Euro to State for Non-Eurozone Members²⁵

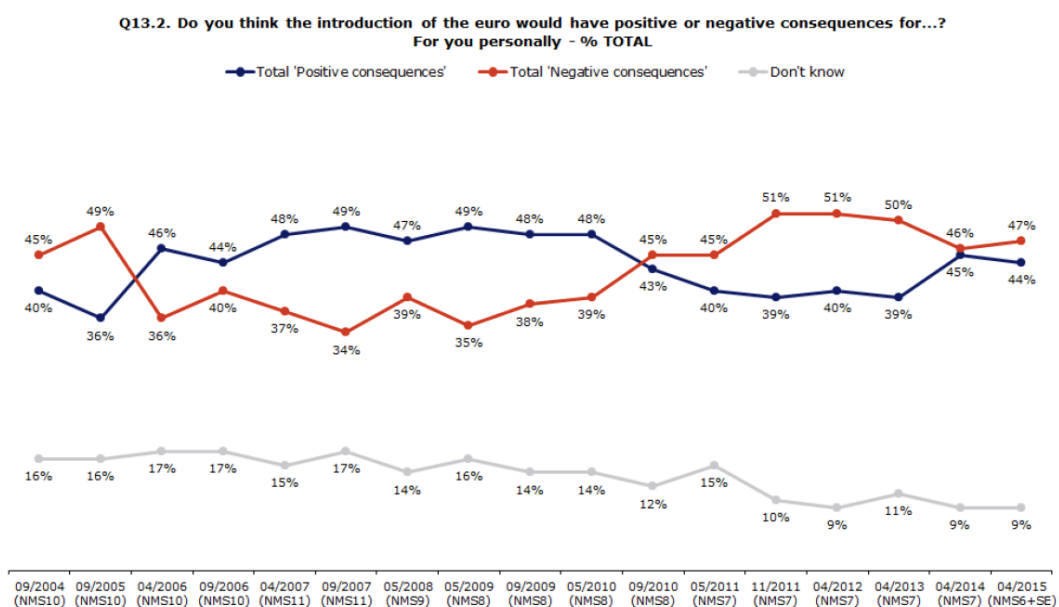


²⁴ World Development Indicators: Central government debt, total (% of GDP), Washington, D.C.: World Bank (accessed May, 2015).

<http://data.worldbank.org/indicator/GC.DOD.TOTL.GD.ZS>

²⁵ European Commission, *Eurobarometer - Flash EB No.418: Report: Introduction of the Euro in the Member States That Have No Yet Adopted the Common Currency* (Brussels, May 2015), 56.

Figure 3.14 Declining Appeal of Euro to Person for Non-Eurozone Members²⁶



²⁶ European Commission, *Eurobarometer - Flash EB No.418: Report: Introduction of the Euro in the Member States That Have No Yet Adopted the Common Currency* (Brussels, May 2015), 61.

Map 5.1: Subregional Security Partnerships in Europe



Table 5.1: Subregional Security Partnerships in Europe²⁷

	Weimar Triangle	Anglo-Franco Coop	Nordic-Baltic Group	Visegrad 4
GDP (PPP)	\$5,806 bn	\$4,318 bn	\$853 bn	\$1,290 bn
% World GDP	7.8%	5.8%	1.1%	1.7%
% World Trade	12.8%	6.9%	2.3%	3.0%
% World FDIs	13.8%	12.6%	3.4%	2.5%
Population	185,225,671	128,010,611	22,527,498	64,084,901
GDP (per Capita)	\$29,200	\$33,950	\$32,580	\$21,300
Debt, Public	72.9%	79.3%	37.8%	53.2%
Debt, External	\$11,622 bn	\$15,469 bn	\$2,245 bn	\$779 bn
Consumption-gas	166,480 mn	144,060 mn	15,588 mn	44,971 mn
Consumption-oil	4.9 mn	3.5 mn	.9 mn	.99 mn
Military Spending	1.9%	2.5%	1.7%	1.7%
Industrial Growth	9.0%	3.6%	7.2%	12.7%
Area (km2)	1,313,508	887,411	1,222,059	533,615

Table 5.2: Visegrad's Prospects in Perspective²⁸

	Weimar Triangle	Anglo-Franco Coop	Nordic-Baltic Group	Visegrad 4	Visegrad Plus +
GDP (PPP)	\$5,806 bn	\$4,318 bn	\$853 bn	\$1,290 bn	+ \$1,723 bn
% World GDP	7.8%	5.8%	1.1%	1.7%	+ 2.3%
% World Trade	12.8%	6.9%	2.3%	3.0%	+ 3.7%
% World FDIs	13.8%	12.6%	3.4%	2.5%	+ 3.3%
Population	185,225,671	128,010,611	22,527,498	64,084,901	+ 100,933,011
GDP (per Capita)	\$29,200	\$33,950	\$32,580	\$21,300	- \$16,100
Debt, Public	72.9%	79.3%	37.8%	53.2%	(-) 40.4%
Debt, External	\$11,622 bn	\$15,469 bn	\$2,245 bn	\$779 bn	(+) \$1,017 bn
Consumption-gas	166,480 mn	144,060 mn	15,588 mn	44,971 mn	+ 66,337 mn
Consumption-oil	4.9 mn	3.5 mn	.9 mn	.99 mn	+ 1.4 mn
Military Spending	1.9%	2.5%	1.7%	1.7%	- 1.6%
Industrial Growth	9.0%	3.6%	7.2%	12.7%	(+) 9.0%
Area (km2)	1,313,508	887,411	1,222,059	533,615	+ 982,036

Table 5.3 Select European Battlegroup Basic Capabilities²⁹

	Anglo-Franco Coop	Nordic-Baltic Group	Visegrad 4	Visegrad 7
Active Personnel	528,461	70,170	163,913	281,088
Reserve Personnel	269,580	631,116	51,888	406,088
ISAF Deployed	12,100	1,400	3,115	4,815
Defense Expenditure	\$127,800,000,000	\$9,690,000,000	\$16,590,000,000	\$21,447,000,000
Arms Procurement	\$103,248,300,000	\$2,500,400,000	\$4,025,200,000	\$6,871,100,000

²⁷ *The World Factbook*, op. cit.

²⁸ Only Lithuania joins Visegrad from the Baltics; and I have included Moldova, primarily as a test case (for a coming policy paper) on the Black Sea. Ukraine and the Caucasus states have been left out due to the obvious complications their inclusion would cause for Russia. It is believed that the benefits of additional membership, to include a more complete or substantial presence on the adjacent seas, outweigh the costs of even Moldova's inclusion. Ukraine, while desired by Pilsudski as did the Jagiellonian Dynasty, is not included within this representation of a CEE security regime intermarium, to its historic importance to Russian national security. As such, while Moscow has no need to absorb Ukraine – nor to take responsibility of it – and is willing to grant “its internal sovereignty, so long as Ukraine does not become a threat to Russia and so long as gas pipelines running through Ukraine are under Russian control.” See: George Friedman, “Geopolitical Journey, Part 6: Ukraine,” Strategic Forecasting, Inc., entry posted November 30, 2010, https://www.stratfor.com/weekly/20101129_geopolitical_journey_part_6_ukraine?utm_source=facebook&utm_medium=official&utm_campaign=link (accessed July 30, 2015).

²⁹ *The Military Balance*, op. cit.

Table 5.4 Visegrad Plus Capabilities³⁰

	Czech Rep	Hungary	Poland	Slovakia	Bulgaria	Romania	Lithuania	TOTAL
Brigades Ready	3	2	14	3	6	7	1	36
Brigades in Reserve					4		14	18
Personnel Carriers	78	164	239	132	604	16	187	1420
Air Transport	18	5	41		17	12	5	98
Helicopter S/Transit	41	17	163	21	23	58	9	332

Table 5.5: Modular Force Cost Estimates for the Entire Army by Function

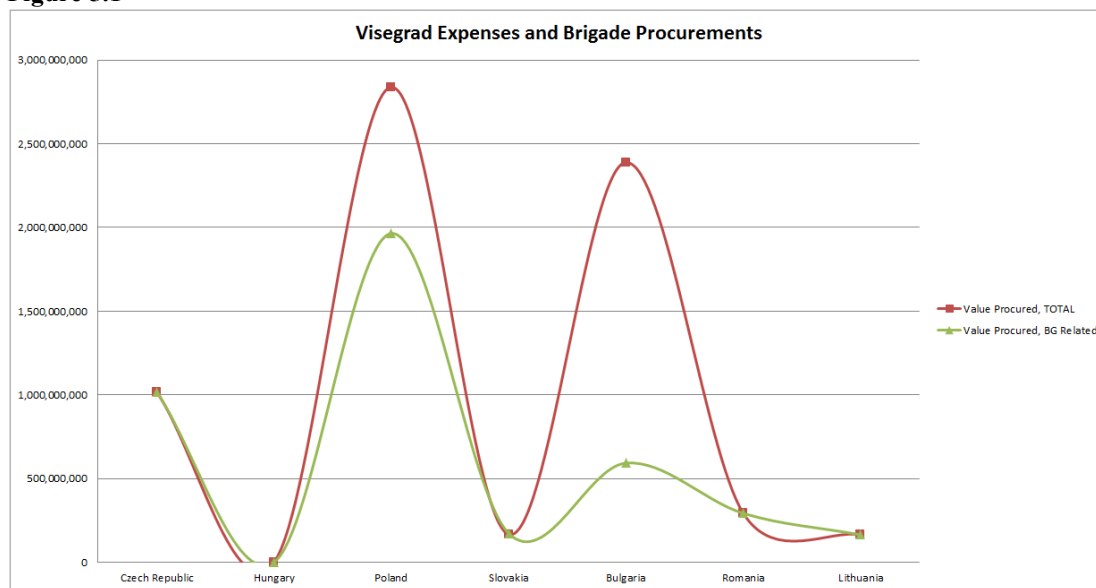
Dollars in billions									
	2005	2006	2007	2008	2009	2010	2011	Total	Percentage
Equipping	\$4.7	\$5.8	\$5.4	\$5.9	\$6.5	\$6.7	\$6.0	\$41.0	78
Military construction/ facilities	0.3	0.0	0.5	0.5	1.5	1.5	1.5	5.8	11
Sustainment and training	0.0	0.7	0.7	1.2	1.1	1.0	1.0	5.7	11
Total	\$5.0	\$6.5	\$6.6	\$7.6	\$9.1	\$9.2	\$8.5	\$52.5	100

Source: GAO analysis of Army data.

Table 5.6 Visegrad Plus Military Spending³¹

	Czech Republic	Hungary	Poland	Slovakia	Bulgaria	Romania	Lithuania	TOTAL
Defense Expenditure	\$3,160,000,000	\$1,860,000,000	\$10,100,000,000	\$1,470,000,000	\$1,310,000,000	\$3,000,000,000	\$547,000,000	\$21,447,000,000
Value Procured, TOTAL	\$1,019,000,000	\$1,300,000	\$2,837,900,000	\$167,000,000	\$2,388,000,000	\$293,000,000	\$164,900,000	\$6,871,100,000
Value Procured, BG Related	\$1,019,000,000	\$1,300,000	\$1,964,200,000	\$173,300,000	\$593,000,000	\$293,000,000	\$164,900,000	\$4,208,700,000

³⁰ The Military Balance, op. cit.³¹ Ibid.

Figure 5.1³²

³² The Military Balance, op. cit.

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Aaron Sander was born on Ellsworth Air Force Base, and raised in rural Illinois. After graduating from Mater Dei High School, Aaron attended Norwich University in Northfield, Vermont. He earned his bachelor of arts in international studies in May, 1997; and went on to teach abroad as a certified English language instructor in Moscow, Russia. Interested in graduate school, Aaron returned in 2004 in order to intern at the Kennan Institute within the Woodrow Wilson International Center for Scholars in Washington, D.C. As a student at Washington University in St. Louis, Missouri, he focused on Eurasia and Russian foreign policy within their international affairs program, where he spent a year of this term studying abroad at the Moscow State Institute of International Relations. Aaron earned his master of arts in international affairs in 2007. In 2009 he was offered a graduate assistantship award to study within the Graduate Program in International Studies at Old Dominion University in Norfolk, VA. There, Aaron focused on U.S. foreign policy and conflict/cooperation studies. As a doctoral candidate his research analyzed subregional cooperation in Central Eastern Europe. Aaron has presented at a number of academic conferences, to include the Central and East European International Studies Association in Poland, and as a Junior Scholar at the International Studies Association; and he has also begun to publish both at home in the U.S. and abroad. Aaron currently lives in Moscow, Russia.