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WORLD REPORT

Reinventing Europe

Shifting economic power could draw new maps of the old Continent

**THE
NEW
EUROPE**

To the postwar generation that grew up with the iron curtain, a glance through the 1936 *Europa Touring Guide* is a shocking reminder of how unnatural the division of Europe has been for the past 40 years.

The guidebook, with no hint of the barbed wire and concrete to come, notes that a motorist traveling from Berlin to Krakow crosses only one border. It advises that Albanian customs officers are "very obliging to foreign tourists" and promises that the best French food east of Paris can be found in Warsaw.

Now, the map of Europe that changed so dramatically with World War II is changing again. As the two military alliances that have enforced the division of the Continent begin to give way, new economic arrangements will redraw some boundaries and erase others. Europe's drive toward greater economic unity in the 1990s will revitalize the Old



Fireworks. A celebration at the Brandenburg Gate

World, but it also could aggravate the strains between Western Europe and the U.S., over trade, over how to assess the Soviet threat and over how deeply to invest in a bankrupt Soviet bloc. Within Western Europe, the ghosts of campaigns past are beginning to reappear, between France and Britain, for exam-

ple, and now between Germany and its neighbors, about who will lead, who will follow and who should get out of the way. The most volatile region—again—may be Eastern Europe, where the demise of Communism and the retreat of Soviet power already are uncorking old ethnic, religious and national hatreds.

Reform in Eastern Europe comes at a critical time in the Continent's drive toward integration.

Some of the toughest issues on the European Community's agenda, such as monetary union, a common West European currency and a social charter guaranteeing workers' basic rights, have yet to be settled. French President François Mitterrand called an emergency EC summit in Paris last weekend to discuss the accel-

erating changes in Eastern Europe. EC traders, realizing that the huge Western European market now could be expanded to include the hungry consumers of Eastern Europe, want a more ambitious agenda, despite Mikhail Gorbachev's warning to the West last week against "exporting capitalism" into the Kremlin's back yard. Poland, Hungary and now East Germany are wooing Western investors. Czechoslovakia could be next.

New equilibrium. But there could be snags. The changes in Eastern Europe come amid a festering political dispute between Mitterrand and British Prime Minister Margaret Thatcher over deeper economic integration in Western Europe. "We must decide how to manage this new equilibrium," says Corrado Pirzio-Biroli, acting head of the EC delegation to the United States. Because Europe includes so many small countries, the potential size and strength of a united Europe are deceptive. In fact, Greater Europe, which stretches to Poland's eastern border, covers 3.8 million square miles, more than the United States. There are 500 million people in Greater Europe, with nearly 360 million in Western Europe alone. Economically, Western Europe already is a superpower. Its gross domestic product is \$5.5 trillion, about 70 percent of the GDP of the U.S. and Japan combined.

To some analysts, it is almost as if history is repeating itself. Richard Bitzinger, a European specialist with the Rand Corporation, notes that the ascendancy of economic power is a throwback to the 17th century, when the Dutch, with



Reunited Germans. East Berliners celebrate a tearful family reunion

their trade routes and colonies, became a major world power despite military weakness. "If power, authority and influence is not measured by military instruments, then what is it measured by?" Bitzinger says. "It used to be that empires were based on trade and economics—and we are moving in that direction again."

But as Europe assumes a larger economic role, it could clash with the United States. In July, President Bush signaled a sea change in Europe's economic role when he conceded to the EC the lead in coordinating aid to Eastern Europe. Last

week, West Germany sketched out its design for a "Marshall Plan" for East Germany while Thatcher called on the EC to upgrade its ties with the emerging democracies of Eastern Europe by giving them the association status now enjoyed by Turkey. Bonn's six-point plan for East Germany would include far-reaching investments and joint ventures and even a revamping of the country's communication and transport system. In Washington last week, Solidarity leader Lech Walesa's appeal for "an investment in freedom, democracy and peace" included

Europe today



European Community European Free Trade Area NATO
Warsaw Pact

Europe today. As the iron curtain crumbles and the European Community unifies, the map of Europe is changing again. Here are three scenarios of different shapes the Continent could take

Integrated Europe



European Community Associate EC members
Socialist bloc

A larger Community. The EC has expanded, and Germany is a confederation. Most of Eastern Europe is associated with the EC, and some Soviet republics have gained much greater autonomy



Attention Ka'damm shoppers. East Berliners pour through an opening to the West

some gentle chiding of the Bush administration's meager offers when he called for a U.S. commitment "adequate to the greatness of the American nation."

America's go-slow approach derives partly from a belief that the Europeans, particularly the Germans, now have the financial strength to take the lead and partly from a concern that a sudden infusion of big money might be wasted in systems still struggling to cast off Stalinism. In addition, David Wigg, a former U.S. deputy assistant secretary of defense, warns that heavy Western investment in

the region could backfire. Unless the Soviet Union has abandoned its traditional expansionist goals, Wigg says, its hands-off posture toward bankrupt Eastern Europe will not be permanent. "I call it a long-term lease with a take-back option," says Wigg. "What they get back is a new and improved building." Wigg and others worry that Western Europe could become so economically embroiled in the East bloc that it will confuse economic and security interests.

There is no doubt that the military alliances will fade in importance; the

question is what kinds of structures will take their place. French political scientist Pierre Hassner predicts that NATO and the Warsaw Pact will become "relatively empty shells." "The name of the game is no longer security," he says, "but the mutual influence of societies, what the EC does for Eastern Europe, and what West Germany does for East Germany." Hassner foresees either a Brussels-centered European Common Market, a neutral, Finlandized Europe or a Balkanized Continent, with the prospect of civil war or nationalist clashes in Poland, Yugoslavia or the Soviet Union if economic reforms fail in those countries. "It's a kind of new game," Hassner says, "where Europe increasingly takes on the character of North-South relations. What do you do about immigration, debt? The U.N. may look more relevant than a cornerstone of European military alliances."

Looking both ways. Some Europeans worry that West Germany will lose its enthusiasm for economic unity within the EC. For its part, Bonn feels it can give full attention to both halves of Europe, pledging unflinching loyalty to EC objectives while restoring Eastern Europe's shattered economy. Its economic-aid plan for East Germany would loose West German corporations on the country, encouraging them with tax breaks. That would make West Germany, already the world's fourth-largest economy and biggest exporter, richer than ever. French and U.S. policymakers argue that Bonn's aid plan fits so nicely with East Germany's needs that it could spur reunifica-



Deutschland über alles. A powerful, reunited Germany dominates more than half the Continent's economy. Eastern Europe, Greece and Turkey provide cheap labor for German industries



Chaotic Europe. Reform fails in the old Communist bloc, and nationalist tensions explode, splintering Yugoslavia, Poland, Czechoslovakia, Romania and eventually the Soviet Union itself