

**The United States and Central Europe:  
Looking to the Future**

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Thank you for the gracious introduction and the opportunity to join you today. I would like to thank the Austrian Marshall Plan Foundation for its leadership in maintaining strong ties between the United States and Austria, and for its support of the Central Europe Initiative we are launching at my Center for Transatlantic Relations, which is part of the Paul H. Nitze School of Advanced International Studies at Johns Hopkins University. The Foundation's support for our work will enable us to strengthen the European voice in Washington and to generate new knowledge about the dynamics of central Europe.

In these days, as we consider the future of this dynamic region, we commemorate important milestones in America's relationship with central Europe, a relationship that over past decades has been marked by cycles of American engagement and retrenchment.

This week we particularly recall the closing days of World War II in Europe--those dramatic days of liberation sixty-five years ago.

Unfortunately, in most of Central Europe, liberation from the grip of the Third Reich did not lead to freedom as it did in Western Europe, Austria and in Germany itself. By the end of May 1945, Patton's advancing troops had already withdrawn from western Bohemia, which they had liberated, leaving the Red Army in control not only in Czech and Slovak lands, but throughout the region. The hope of liberation soon gave way to the sober reality of foreign rule and a new Cold War.

America's withdrawal from this region was part and parcel of a general retrenchment by the United States from global commitments and responsibilities in those initial postwar years, as American soldiers, and the society that deployed them far from American shores, ached for their return, to gain victory's dividend and to build a better future at home.

Meanwhile, Europe laid prostrate, devastated by its wars and unable to generate the capacity for a peaceful future. Between 1945 and 1948, the United States provided \$15 billion in assistance to Europe -- a huge amount at that time. By early 1948, however, it was clear that American largess alone had failed to revive the continent, which remained traumatized and torn by divisions within and among its societies.

It was only then, as concerns grew about Europe's future, that American leaders understood that the United States could not afford to retrench, and that checkbook diplomacy alone was inadequate to safeguard the very U.S. interests and values it had sacrificed so much to defend during two world wars. It was only then that a new cycle really began, one marked by a clear message: the United States would engage actively on the European continent, it would contribute

as it could to Europe's better future -- but Europeans had to lead the way. If Europeans wanted American support, they would have to cast aside their divisions and demonstrate how they would build that better future -- together. This was the "Plan" in the Marshall Plan -- America would fuel Europe's recovery, but Europe had to work together to chart the way forward.

The Marshall Plan was a tremendous success -- and its legacy continues to pay dividends for our relations, as can be seen by the good work of the Austrian Marshall Plan Foundation itself. Perhaps no country benefitted more from the Marshall Plan than Austria, as Austria received more funds per capita than any other recipient country. Without the Marshall Plan, Austria's postwar economic revival would have been difficult, if not unthinkable.

Today, everyone recalls the money behind the Marshall Plan -- but in the end, the Marshall Plan amounted to \$13 billion -- less money than the \$15 billion the United States had invested in Europe in the three years after the war. It was not simply money that made the Marshall Plan, it was the "plan" behind the Plan -- and its true legacy for Europe's better future. Not only did Europeans have to tell the Americans how they would use the funds, they had to do so together. The effect was to galvanize the European movement, to make real and practical what had only been a dream -- a true European Community. This week we also commemorate this success -- the 60th anniversary of the Schuman Plan creating the European Coal and Steel Community, the forerunner to the European Union.

The U.S. and its partners built on their newfound, common engagement to forge other institutions, including the GATT, the OECD and NATO. The Atlantic Alliance created an umbrella under which European unity could develop, and together these institutions helped produce unparalleled peace and prosperity for half a century--but only for half a continent.

And then, 21 years ago, Hungarian Foreign Minister Gyula Horn joined Austrian Foreign Minister Alois Mock -- a noted alumnus, I should add, of our School's Bologna Center -- to snip open the Iron Curtain. That event gave voice to the singular message that had been expressed by lonely souls for years and that then grew to a crescendo on the streets of Budapest, Gdansk, Prague, Leipzig, Bucharest and other central and eastern European cities. "We want to return to Europe," was the message of those on the streets and in their Trabants, Skodas and Ladas -- to be part of a Europe to which they had always belonged, and yet had been prevented from joining because of where the Red Army stopped in the summer of 1945.

Their message unleashed an earthquake that is still shaking the continent and its institutions. Their message is both opportunity and obligation -- the opportunity to build a continent that is truly whole, free and at peace with itself, and the obligation to see it through.

It was unclear in those waning days of the Cold War, however, when faced with peace's dividend abroad and daunting challenges at home, whether Americans would retrench or engage.

In the heart of Central Europe, America and its partners engaged vigorously, seizing history's opportunity and meeting its obligation, by helping Germany to unify in peace and Poland, the Czech Republic and Hungary to join our institutions.

In southeastern Europe, however, we failed to heed history's lesson. As violence began to engulf the Balkans, America retrenched. American leaders declared that the U.S. had "no dog in the fight." Many Europeans seemed to agree, proclaiming this to be "Europe's hour." America's failure to resist its historic temptation toward retrenchment, and our joint failure to understand America's continuing role as a European power, not just a power in Europe, amounted to the greatest collective failure of the West since World War II. Only after great tragedy -- marked this year by the 15th anniversary of the horrific genocidal acts at Srebrenica -- did the United States and its European partners understand again the lessons they had learned -- and lost -- forty years earlier.

Once again, we applied those lessons, by working together to bring the Balkan conflicts to an end and to set that part of the continent on a course to rejoin "Europe" -- a Europe where war simply does not happen, where democracy and prosperity prevail. Once again, Western -- and, this time, primarily European -- financial support has been important, but more important has been the message behind the money: stability cannot be based solely on external support; it must be built from within. Only if the countries in question are committed to create conditions by which their integration into this community could be possible -- resolving bilateral disputes and ethnic tensions, engaging in true political and economic reforms, respecting human rights and fundamental freedoms, working together rather than standing apart -- are they likely to leave their turbulent history behind.

Today, we have made real progress. Dictatorships have become democracies. Europe is more whole, more free, and more at peace than at any time in living memory. A whole new tier of countries have joined our institutions.

We should be proud. But we cannot be complacent. Once again, Americans are tempted to retrench from European concerns. Many back home argue, in good Yankee jargon, that "Europe is fixed -- why do we need to be engaged when we face so many challenges elsewhere?" One hears echoes in Europe: "Can't Europe take care of its own challenges? Why do we need the Americans?"

The answer is to be found in understanding the relationship between America's enduring interests in Europe as a whole and that part of Europe that is not, in fact, "fixed": wider Europe -- the turbulent space between the EU and Russia, the vast area stretching from south central and southeastern Europe into north central Europe and the Black Sea, and abutting Eurasia and the Broader Middle East.

U.S. interests in central Europe and this wider region derive from four enduring U.S. interests toward Europe itself.

First, the United States has an enduring interest in a Europe that is hospitable to freedom. Over many decades it has acted on that interest, including through support of democratic allies across the continent, support for European reconciliation and integration, and support for European efforts to create an open, pan-continental Single Market. In this regard, the U.S. has an interest in consolidating the democratic transformation of Europe -- working with its European partners to extend as far as possible across the European continent the space of democratic and economic freedom where war simply does not happen. To the extent that the spaces of wider Europe can be

tamed and included in such a space, the U.S. has an interest in working with others to advance those goals.

Relatedly, the United States has an interest in a European continent that is at peace with itself. The American people would be the first to cheer if Europeans proved capable of resolving European conflicts on their own. Unfortunately, even after the Cold War has ended, this has not proven to be the case, as shown most recently by the Russian-Georgian conflict, the Balkan wars of the past decade, and in U.S. peacekeeping, reconstruction and reconciliation efforts that -- at European invitation -- continue today. Vast swaths of central and eastern Europe are still beset with historical animosities and multiple crises on or near its borders, including a number of festering conflicts that in some way affect all the countries of the region. Tensions over Transnistria, Nagorno-Karabakh, Abkhazia and South Ossetia, which some euphemistically label "frozen conflicts," are in reality festering wounds that absorb energy and drain resources from countries that are already weak and poor. They inhibit the process of state building as well as the development of democratic societies. They generate corruption and organized crime. They foster the proliferation of arms and a climate of intimidation. They are a major source of instability within these countries and the broader region. Overall, wider Europe is significantly less democratic, less secure, and less aligned with the West than it was at the beginning of this decade. Successful reforms in wider Europe could resonate significantly across the post-Soviet space and into the broader Middle East. Failures risk destabilizing competition and confrontation. And whenever we have ignored the twilight zones of Europe, we have always paid a higher price later.

Third, the United States has an interest in ensuring that Europe or significant parts of it are not dominated by any power or constellation of powers hostile to the United States. The U.S. waged two world wars and one cold war to safeguard this interest. Today's EU does not present such a challenge, despite elements in Europe who would prefer to establish the EU as America's counterweight, rather than its counterpart. On the contrary, the EU provides the guiding framework for the consolidation of democratic governance, market economies and the rule of law across most of the continent, and the U.S. has both supported such efforts and supplemented them with initiatives of its own. The only other theoretical challenger is Russia, but the Russia of Putin and Medvedev is not the Soviet Union, and Washington and Moscow share a number of common interests. But there are elements in Russia inclined to treat parts of wider Europe as Russia's own special preserve. The U.S. will remain attentive to any effort to establish exclusivist "spheres of influence," and the nature of relations between Russia and the West has direct implications for U.S. interest in stability and cooperation in central and eastern Europe.

Fourth, the United States also has a keen interest in Europe as a partner with which it can work to deal with transnational challenges that no nation can tackle effectively alone. Europe not only plays that role already in areas such as peacekeeping and development assistance, and is even more engaged in other areas such as confronting climate change, it has the potential to do far more. The U.S. thus has an interest in a confident, capable, outward-looking Europe, not one so best by turmoil or so focused on instability along its periphery that it cannot play this broader role. This reinforces the U.S. stake in working with its democratic partners to stabilize and transform Europe's periphery. Moreover, the spaces of wider Europe have themselves become a focal point for many of these transnational issues, ranging from organized crime, human

trafficking and critical energy flows to environmental degradation, terrorism and nuclear smuggling. The growing salience of these issues has raised the strategic profile of wider Europe for the United States, and enhanced the need for more effective U.S.-European cooperation.

These enduring interests help to explain why the U.S. should resist the urge to retrench and to remain engaged in central and wider Europe. Much depends on the people of the region. But much also depends on the nations of the West.

**First and foremost, this means finishing the job in the Balkans.** Despite significant progress, challenges remain. Some countries, such as Croatia, are on the brink of fully joining the transatlantic partnership. Others are still struggling and in danger of slipping backward. Serbia has yet to take decisive steps forward to contribute to a more vibrant and prosperous region. The status of Kosovo is not fully accepted and the situation in northern Kosovo remains tense. The fact that a handful of EU member states does not recognize Kosovo's independence has been extremely damaging to Kosovo's ability to move forward, and thus to wider progress in the region. The issue of its name keeps Macedonia's relations with its Greek neighbor tense. In Bosnia, recent efforts to strengthen institutions, reform the constitution, improve governance, and reconcile competing structures have gone nowhere. The EU has been hesitant in exercising the powers of the High Representative to drive through necessary change. There is talk in the EU of reducing EUFOR, and yet separatist forces remain strong. In fact, nationalist leaders enjoy support throughout the region, and even some NATO and EU member states prefer to settle scores and pursue narrow agendas at the expense of the broader strategic agenda of integration.

In short, this is not the time to retrench, it is time for redoubled engagement. The costs of finishing the job are far lower than the costs of past wars or future instabilities. This means action on various fronts.

We must maintain the Open Door to EU and NATO membership as the most powerful incentive for continued reforms. We should not compromise on the high standards we expect of prospective EU and NATO members. But we can work actively with candidate countries on specific reforms and criteria to embolden those prepared to enact the farthest reaching reforms.

We must maintain a robust international presence and commitment in Bosnia, including a strong High Representative with a U.S. Deputy and a robust EU Force, until Bosnia sustainably implements far-reaching reforms. NATO should give Bosnia a Membership Action Plan, and the EU should move ahead with a visa-liberalization agreement, which can help undermine those leaders exploiting fear and uncertainty.

We must maintain our robust commitment in Kosovo – both through KFOR and EULEX. While U.S. troops make up only about 10% of KFOR, they remain far more credible in Kosovar eyes than their EU counterparts. They are a linchpin of stability and must remain as long as they are needed.

We need to give a renewed impetus to the effort to resolve the Macedonia name issue, especially since the basis for such a compromise already exists within the UN framework.

We should highlight Montenegro's successes while working with its leaders on strengthening democratic habits and institutions and fighting corruption. Montenegro's successful integration into Europe can resonate powerfully through the region.

Sixth, we need to continue robust engagement with Serbia even as we work to strengthen Kosovo as a democratic state. And we must encourage Albania to strengthen its democratic institutions, its economy, and government transparency and anti-corruption.

Second, it means acting on the realization that, even after the Cold War, the United States continues to play an essential role in central Europe, both as security underwriter and as a major factor of reassurance throughout the region.

Many in Central Europe have been unnerved by a series of developments, including the Russian-Georgian War, Russia's more assertive economic, energy, political and even military presence in the region, the setback for Orange forces in the recent Ukrainian elections, Putin's latest proposal for an energy merger with Ukraine, the Obama Administration's call for a "reset" in relations with Moscow, and its reconsideration of Bush-era missile-defense plans. Others, looking to Russia's stunning domestic challenges, are less anxious. Yet Moscow's inability or unwillingness to tackle some of its own problems only reinforces regional uncertainties.

As a result, leading central Europeans have begun to question the credibility of NATO security commitments to its own members and the adequacy of NATO planning and defense capabilities. They are concerned that this cycle of developments may herald U.S. retrenchment from the region and thus have called for the U.S. to offer strategic reassurances.

To its credit, the Obama administration, if fitfully, has been responsive to this need. By returning to Prague to meet with central European leaders and sign the new START treaty with Russia almost a year to the day after his landmark April 2009 speech calling for a nuclear-weapons-free world, the President sent an important message of reassurance that U.S. cooperation with Russia under the "reset" will not come at the expense of close U.S. allies in Central Europe. In recent months, American officials have worked hard to bolster regional confidence through NATO contingency planning, Patriot missiles in Poland, military exercises in the Baltic and Black Seas, the creation of strategic consultative mechanisms and forward movement on the new missile defense architecture. But the U.S. can and should do more.

First, the U.S. can help to assuage central European insecurities through clear re-affirmation of NATO's collective defense commitments and practical steps to make those commitments credible. Lack of confidence in NATO's ability to carry out its fundamental commitment risks undermining an enduring -- if often forgotten -- element of NATO's purpose: to prevent the kind of renationalization of European defense and conflicting security guarantees that led Europe to disaster in the 20th century. As mentioned, some efforts are already underway. The NATO Lisbon Summit in November offers an additional opportunity.

The U.S. should also ensure that progress in relations with Russia is complemented by continued investments in deeper ties with countries in central Europe, and this is related to the third area

where redoubled U.S. engagement is essential, and that is to advance stability in wider Europe beyond central Europe and the Balkans.

For untold generations, the nations of this turbulent space have been extinguished and reborn, its peoples pushed across frontiers. A 92-year old resident of Galicia, for example, was born in the Austrian-Hungarian Empire, became of age in the Polish Republic, survived World War II as a Soviet citizen under German occupation, reintegrated into the Ukrainian SSR, and for the past 19 years has lived as a citizen of Ukraine -- all without leaving her house. She has seen the two worst wars in history and the Cold War begin in her neighborhood. She has lived through colored revolutions red and black, red and white, orange and blue. Walking down the streets of her hometown of L'viv -- or Lvov, or Lwow, or Lemberg -- she can see the past everywhere: in the marble steps of the Habsburgs, in the German names engraved on public fixtures, in the baroque church of the old Polish commonwealth, in the cracked windows of the synagogue or the courtyard of the Armenian church, and in buildings dedicated to Hungarian merchants or adorned with Yiddish or Cyrillic inscriptions. The past is everywhere. The question that should preoccupy us is how and where she, her children and grandchildren see their future.

Today, this region of shifting borders and peoples, one whose turmoil has so often rippled across the continent, is our new frontier of opportunity and obligation -- opportunity to consolidate the progress of past decades towards a continent that is truly whole, free and at peace, and the obligation to see it through. And once again, the United States and its partners face a choice between retrenchment and engagement.

The prospects of these countries for membership in European and Euro-Atlantic institutions any time soon is low. On the whole they have been less successful in their economic and political reforms, have yet to resolve lingering bilateral tensions or festering conflicts, are roiled by ethnic and nationalist disputes, and Moscow is suspicious of any effort by them to forge deeper bonds with the West. Western leverage to induce reforms in this region is thus correspondingly low. But the EU and the U.S. have a substantial -- and common -- interest in helping these countries create the conditions by which their integration into a freer, more stable and prosperous Europe is possible. Addressing the festering conflicts of wider Europe is important to such an effort. Overcoming these conflicts is a precondition for putting these countries on a firm course of reform and a test of Western commitment to a Europe whole, free and at peace with itself. The EU and the U.S. can also offer intermediate mechanisms and transitional vehicles to help guide and support reformist nations along what could be a long and winding road. Such mechanisms were used with both Baltic and Balkan states to good effect. For instance, when working with the Baltic states the U.S. launched the Northern European Initiative and negotiated the U.S.-Baltic Charter and accompanying action plans, which not only provided important bilateral assurances to the Baltic states at a particularly sensitive time of transition but also harnessed the experience of Nordic partners to widen the agenda of cooperation to such areas as health, environment, human rights, economic development and empowerment of women. A "wider agenda with wider Europe" could build on these experiences by developing intensified cooperation on a variety of issues beyond traditional foreign policy topics. In the Balkans, together we launched a few, highly visible "Quick Start" infrastructure projects linking regional countries to the West and to each other. Such initiatives can have two important "demonstration effects:" first, they can show public opinion in transition countries that closer partnership can do real things for real people;

and second, they can assure transitional governments that tangible benefits can come from intensified cooperation.

With this in mind, the EU and the U.S. should discuss how the U.S. can complement or contribute to the EU's Eastern Partnership and Black Sea Synergy, while also giving those initiatives greater content. Such programs should be careful not to close the door to stronger institutional links, but should focus on practical progress. The West has an interest in promoting democratic governance, the rule of law, open market economies, conflict resolution and collective security, and secure cross-border transportation and energy links, regardless of the institutional affiliations of these countries. The immediate goal should be to encourage stronger cooperation with and among the countries of the region, creating the conditions in which the question of integration, while controversial today, can be posed more positively in the future.

The alternative is to leave the peoples of wider Europe suspended between a prosperous, democratic EU, a largely authoritarian Eurasia, and a turbulent Middle East. As we know to our sorrow, such "in-between lands" are often the cockpits for violence, conflict and geopolitical competition. Through our actions -- together -- we can, and must, set ourselves a historic goal: no more "*Zwischeneuropa*." The ability of governments in the region to deal with these issues, and the willingness of Europe and the U.S. to work together with them and with Russia, could determine not only where Europe ends, but what it represents. And if we fail to engage vigorously now, if we succumb to the comfortable temptation to retrench, we -- Americans and Europeans together -- could end up paying a much higher price later. That is history's lesson.

Thank you for listening and I look forward to engaging with you on these many issues as part of our new Central Europe Initiative. *Vielen herzlichen Dank!*

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<sup>i</sup> Daniel Hamilton is the Austrian Marshall Plan Foundation Professor at the Paul H. Nitze School of Advanced International Studies, Johns Hopkins University, and Founding Director of the Center for Transatlantic Relations. References for this talk include "Europe Must Avoid Being Held Prisoner By Its History," Richard C. Holbrooke, Assistant Secretary for European and Canadian Affairs, Remarks before the North Atlantic Assembly, Budapest, Hungary, May 29, 1995, of which the author played a role; **Daniel Hamilton, "Unsettled: The New Eastern Europe and the West after the Russian-Georgian Conflict"** *Welttrends*, 63/2008; Kurt Volker, "Unfinished Business in Southeast Europe: Opportunities and Challenges in the Western Balkans," testimony before the U.S. Senate Foreign Relations Committee, April 14, 2010; Daniel Hamilton, "The Lisbon Treaty: Implications for Relations between the European Union and the United States," testimony before the U.S. House of Representatives Committee on Foreign Affairs, December 11, 2009; Mark Brzezinski and A. Wess Mitchell, "Growing U.S.-Central European Ties," *International Herald Tribune*, April 7, 2010.