

The European Free Trade Association: The Problems of an All-European Role

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INTRODUCTION

In 1974, the Montague Burton Professor of International Relations at Oxford University, Alastair Buchan, wrote a book entitled *The End of the Postwar Era*. His central argument was that the bipolarity of the international system, which characterized the period of the cold war, was now giving way to a multipolar system. The new system allowed man to speak of peace as a real alternative to cold war. 'Men must have felt like this when learning of the Treaty of Westphalia', Buchan wrote (1974, p. 4). By comparing the contemporary situation to that of 1648, the year when the modern state system came into existence, Buchan underlined the importance of the change.

When, following developments like the Soviet Union's military intervention in Afghanistan, there arose what has been called the second cold war, one could ask whether Buchan had heralded the basic change prematurely. It turned out not to be so. The second cold war was a reminder that the anarchic character of the international system precludes absolute guarantees against setbacks; however, the trend towards more co-operation identified by Buchan was sustained. Europe is quickly shedding the features of bloc division. That has a certain influence on *all* states and organizations. It is hard to predict when the period of upheaval will come to a halt, and what the new political Europe will look like. One may, however, identify the main elements of change, and then speculate about the kinds of pressures exerted upon a certain actor. Furthermore, one may try to analyse how the actor may accommodate the pressure, and how the actor's actions will in turn influence the character of change. This article will try to do these three things for one particular actor, the European Free Trade Association (EFTA).

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The first part is devoted to identifying the elements of change. Even though the importance of Europe's political partition is rapidly decreasing, it is still most fruitful to discuss separately changes in the West, the East, and the relations between the two. The dynamic elements of paramount importance are, firstly, the integration process within the European Community (EC); secondly, the changes towards democratic-capitalist regimes in Central Europe taking place with Gorbachev's consent; and, thirdly, the quality of the East-West dialogue. These developments exert great external pressure on EFTA. In the second part of the article, the nature of the pressure is sketched out in further detail. In part three we examine the options open to EFTA for alleviating the pressure. Since EFTA has so far chosen an extremely low-key role in all-European affairs, it is appropriate to use an action-reaction perspective of the kind just described to discuss its role.

ELEMENTS OF CHANGE

The EC

The EC has grown in political stature both qualitatively and quantitatively since its beginnings in 1950. Ever since the UK gave up trying to form an alternative to the EC under its own leadership and applied for EC membership in 1961, the EC has expanded to the detriment of other West European organizations. The EC which, in the Treaty of Rome, pledged itself to be open to all European democratic states, has had a magnetic effect on West European non-members, as well as on subject areas for binding co-operation. Other West European organizations have been divested of work and, in the case of EFTA, of members.

Developments within the realm of security policy bear out this point. Western Europe's relationship to the US is, nevertheless, a dominating and complicating factor. It is no coincidence that European Political Co-operation (EPC) got off the ground at the time when, according to Buchan, the post-war era was ending. Until then, the US had dominated Western Europe by means of its sheer economic and military might. However, at about this time, its dominance was scaled down rapidly. In 1971, the US no longer wanted to incur the costs of maintaining the economic system that the country had imposed on a prostrate Western Europe in the wake of the war, and went off the Gold Standard. In the same year, an amendment put forward by Senator Mansfield was up for discussion before the US Congress. Mansfield wanted unilaterally to pull American military forces out of Europe. The amendment would possibly have been carried, had not the Soviet Union one week before the vote was about to be taken, signalled its willingness to negotiate mutually balanced reductions of conventional forces in Europe. The Americans went for the possibility of reciprocity in force reductions, instead of a unilateral pull-out.

Instead of American force reductions, there came the Mutually Balanced Force Reductions talks (MBFR). The Soviet Union did, evidently, see some merit in keeping American forces in Europe, which allowed them to seek direct influence on the composition of forces in Europe by means of an orchestrated superpower dialogue.

For many Europeans, the Reykjavik meeting in 1986 between Reagan and Gorbachev on force reductions in Europe was seen as new proof of the tendency towards Soviet-American condominium rule in Europe. Historically, however, the West Europeans have to a greater extent than the Americans, always stressed negotiation before confrontation. In this respect, then, the new developments signalled a breakthrough for the West European line. Nevertheless, the negotiations were now being carried out above the heads of the Europeans themselves. This fuelled European suspicions about a reinforcement of the condominium role.

Western Europe's security relations with the US have been markedly influenced by incidents like those of 1971 and 1986. Nevertheless, West European security co-operation overwhelmingly takes place within an Atlantic framework. One may well ask whether it still holds true that the EC is the most dynamic element in Western Europe in this issue area. Even if EPC has steadily grown in importance, this forum mainly concerns itself with the broad political lines, and does not touch on more specific military matters (Hill, 1983; Pijpers *et al.*, 1988). On the other hand, the West European Union (WEU) was reactivated in 1984, and recently the two new EC countries Spain and Portugal joined the six original EC countries and the UK, already members of that organization.¹ The timing of the extension of the membership goes to show to what extent the WEU is connected to EC dynamics. It is not impossible that the WEU may, in time, be incorporated into the institutional structure of the EC.

Currently, a grand debate about the future of the Community is beginning to unfold. On one side we find those like the German Foreign Minister Hans Dietrich Genscher, who want to see neutral states like Austria as well as Warsaw Pact member states join the EC. On the other side, there are those like President of the Commission Jacques Delors, who want to consolidate the EC of the twelve, and to forge a real common foreign policy and an Economic and Monetary Union (EMU). At the heart of this debate lies the German question. Following the demolition of the Berlin Wall, cultural and also economic reunification immediately increased in intensity. The debate about how to institutionalize the reunification politically feeds into the debate about the future of the EC. One may expect the emergence of some new form of European Concert. The balance of power within the new Concert will be crucially affected by the dynamics of EC integration.

¹WEU demands an *automatic* response from all its members when one of them is attacked, covers extra-European territory, and is not exclusively defensive.

If the EC is the most dynamic element in Western Europe, Atlantic co-operation is still of overwhelming importance for West European security co-operation. Even here, the EPC is still not developed enough to play a decisive role in the short term.

Regime Change in the East

Ever since communism was exported to Central Europe by the Red Army, Soviet control has been made less effective by the proclivity of local populations to take an active interest in the political process (Neumann, 1988). The existence of a participant political culture in Central Europe has made it imperative for the rulers to legitimize their rule by means of nationalism, economic performance, and expanding participation in and information about the political process. Since the end of the Prague Spring in 1968, the rulers in Poland and Hungary have gone furthest in opening up that process. It became easier to follow this governing strategy as Gorbachev more and more clearly signalled that the Soviet Union would not interfere with measured and controlled internal political change in Central and Eastern Europe (Asmus, 1989). The new 'Sinatra doctrine' propounds the right of all states to do it their way. 1988 witnessed an enormous expansion of political rights in Poland and Hungary. As a result of free (if circumscribed) elections, during 1989 democrats were able to win seats in the Parliaments of these countries. Throughout Central Europe, these developments go hand in hand with attempts at economic reform, with the concepts of free price formation and decentralization of economic power taking pride of place.

In short, a regime change towards the West European democratic-capitalist model is currently in full swing. Historically speaking, this can be regarded as a normalization of the situation, since political and economic developments in Central Europe have always followed what had already happened west of the Elbe, and in so doing Central Europe has been ahead of developments in Russia (Szücs, 1988). Regime change in Central Europe is the most dynamic element of change in Europe's eastern half. This process is generated within the countries themselves, but has been facilitated by Gorbachev's perestroika of the Eurasian Soviet Union.

The Internal European East-West Dialogue

As stated above, the state of the superpower dialogue greatly influences the nature of political change in Europe. The superpower dialogue on Europe is a function of American and Soviet interests. Since it is also first and foremost meant to serve those interests, it is being conducted above the heads of the Europeans themselves. The debate going on within the Conference on Security and Co-operation in Europe (CSCE) framework includes not only all the European powers with the exception of Albania, but

also the two superpowers and Canada. The EC Commission takes part as a separate entity, and the work undertaken within the CSCE has been among the paramount experiences adding to the EC persona in foreign policy matters. In addition to CSCE developments, the Europeans themselves also conduct an internal European dialogue. Bilateral links have in fact been more important at that level; however, in the latter half of the 1980s the dialogue between the EC and the Council of Mutual Economic Assistance (CMEA) has also been an important feature of the web of intra-European relations.

At the time that Gorbachev took over as General Secretary, the EC was interested in reaching economic agreement with the countries of Central and Eastern Europe, and with the Soviet Union (Neumann and Radøy, 1989). These countries had been reticent about recognizing the EC. Their aim was to reach agreement between the EC and the CMEA, in which the two organizations were treated on an equal footing. This was unacceptable to the EC, for its part, which justified its stance by its own degree of supranationality and the Community's responsibility for external trade policy, and the lack of any similar structure in CMEA that could justify their equal treatment. But in any case, the EC perceived its best interest to lie in forging links with each CMEA country separately, since the Soviet Union could then to some extent be deprived of direct influence over EC relations with Central and Eastern Europe. The EC was only prepared to go so far as to suggest that the EC and CMEA should mutually recognize each other, and co-operate about a limited range of matters such as economic statistics. The CMEA responded to the EC's pursuit of separate approaches by breaking off negotiations. However, following internal changes in the Soviet Union in 1985 which broke the stalemate, the CMEA accepted the EC's position in June 1988.

The first member of the CMEA subsequently to make an agreement with the EC was Hungary, which signed a 'trade and commercial and economic co-operation agreement' in November 1988 (*Official Journal*, 1988). The agreement includes a schedule for the abolition of specific quantitative restrictions on Hungarian exports to the EC, which are to be phased out in four stages. The first phase is already over, and a mixed committee was also set up. Czechoslovakia signed a far less wide-ranging 'agreement on industrial goods' in March 1989 (*Official Journal*, 1989). No specific contact organ was established, but the parties pledged to consult each other once a year. In September 1989, Poland signed an agreement similar to the Hungarian one, and an agreement with the Soviet Union is expected before the end of the year.

In a further initiative, in November 1989, the EC responded to the most recent developments in Hungary and Poland by adopting a policy of abolishing quantitative restrictions applied specifically to imports of Polish and Hungarian products, and by extending the benefits of the generalized system of preferences to Poland and Hungary with effect from next year (CEC, 1989).

When the EC gained acceptance for its parallel approach to the CMEA member states, it had established its claim to be treated as the most important West European actor in the internal European East–West debate. The most recent confirmations of this came in July 1989, in Gorbachev's Strasbourg speech, and when the EC was made co-ordinator of food aid to Poland by the G-7 meeting in Paris.

THE PRESSURE ON EFTA

The changes discussed above have generated considerable indirect pressure on EFTA. Pressure of a more direct kind has also been exercised as a number of international actors have taken direct steps *vis-à-vis* EFTA in order to encourage that organization to adopt a certain line towards the Soviet Union and the European CMEA members.

Pressure from the West

During the summer of 1989, a number of articles advocating EFTA openness to new Central European members emerged in the West European press. Those who made these suggestions were often centrally placed in the milieu around the Commission in Brussels and around the Chancellor's office in Bonn (Foch, 1989; Mertes and Prill, 1989; Nötzold, 1989). These articles may be seen as feelers in the new political situation sketched out above. The sheer momentum of Central European developments since these articles were published only adds to their significance.

One theme that kept emerging in these articles was that EFTA, due to its 'neutral nature', would be an attractive alternative for CMEA countries striving to anchor their new *Westpolitik* in institutionalized co-operation with West European countries. Furthermore, all the articles were permeated by a strong wish to use EFTA in the common Western efforts to support regime change in Central Europe.

The German economist Holger Schmiedling (1989) presents perhaps the most interesting analysis of why the EC itself is interested in EFTA's playing an all-round European role of that kind. His point of departure is that the technological level of industry in Central Europe makes these countries the natural competitors of the Mediterranean EC members in markets for labour-intensive goods. Given the trend towards more protectionism in international trade and the EC's 1992 project the EC's potential trade with the East may thus easily be diverted by protectionist demands from Portugal and Greece. The further the EC proceeds towards a social dimension, the stronger this possibility, or danger, becomes. A social dimension would imply a rise of labour costs among Mediterranean EC members, and workers in these countries will in that event clamour for an increase in EC protectionist measures to offset its effects on employment. Such demands

would work to the detriment of Eastern exporters, and for several reasons would not be in the interest of the EC as a whole. Firstly, as Schmiedling points out, earlier experience shows that the number of Central Europeans immigrating to the EC in search of work tends to rise with slumps in the Central European economies. This aside, the EC has an overriding interest in supporting the Central European economies and trade with Central Europe. In order to fulfil this interest while keeping down the economic and political costs of doing so, the EC has an interest in seeing a strengthened EFTA that can help to share the costs. In order for this to happen, however, EFTA countries must clearly perceive this approach to be in their own interest as well, and the EFTA members must have the political will to make the necessary political and economic arrangements to implement it. We question below whether these preconditions exist in EFTA countries.

It is no coincidence that the perspectives just outlined were drawn up in a research institute in Cologne. Starting sometime in the spring of 1989, the Federal Republic has exerted diplomatic pressure on the Nordic EFTA members to agree to an opening up of the organization to Yugoslav, Polish and Hungarian membership (Udgaard, 1989). Bonn's policy in this regard is obviously a function of its line on German unification. For most EFTA countries, relations with the Federal Republic is central to their foreign policy. Since the FRG, moreover, seems to have broad support within the EC for its line on an all-European role for EFTA, the pressure from the West in this matter is considerable.

Pressure from the East

In the autumn of 1988, the Soviet Union officially presented its own suggestion for co-operation with EFTA. Commenting on it, the Soviet news agency Novosti wrote that, according to Soviet experts, establishing official relations with EFTA would contribute to the network of bilateral as well as multilateral ties with the countries of Western Europe (Filimonova, 1988). In other words, the suggestion was presented as an integral part of Gorbachev's efforts to build a European home. It represented a new Soviet approach to EFTA.

When it was formed in 1959, EFTA was little more than the by-product of a number of British attempts to undermine what was, in time, to develop into the EC. The Soviet Union initially reacted to EFTA by pointing out that the UK, a NATO member, dominated the organization, and that this was bound to have consequences for participating neutral countries. In later Soviet analyses, two partly contradictory themes emerge: on the one hand, EFTA was viewed as no more than a waiting room for the EC. On the other hand, it was suggested that there existed a definite possibility of a trade war breaking out between the two blocs. The main trend was, nevertheless, to

suggest that there was little distinction between EFTA and the EC (Törnudd, 1963, pp. 177–88).

This line of thought did not, however, pertain to the Soviet view of the neutrality dimension. Throughout the 1960s, Soviet commentators made frequent reference to the incompatibility of neutrality and EC membership, or even associate membership. This argument was not extended to EFTA, an organization which included three neutral countries: Sweden, Switzerland and Austria (Tarschys, 1971). When the UK left EFTA in 1973, this was perceived as the outcome of a power struggle between the UK on the one hand, and France and the Federal Republic of Germany on the other. As a result of the UK losing the power struggle, the rest of EFTA was shunted out of the mainstream of West European integration, while the EC became a 'power centre' in the imperialistic rivalization process (e.g. Maier *et al.*, 1978). The unfolding of the EC's first enlargement seems to have strengthened the Soviets in their view on the consequences of EC and EFTA membership for a state's neutrality: participation in the EC and neutrality are not compatible.

The Soviet scholar Yuriy Shishkov (1981) has described EFTA as an organization of small and rich countries, with no traces of supranationality. Following the UK's departure, EFTA's main concern has been to gather together the countries that find themselves on the lower of the two levels of integration in Western Europe. Nevertheless, Shishkov maintains, the EFTA countries are steadily gravitating towards the EC.

Changes in the Soviet Union's approach to EFTA follow changes in its approach to the EC so closely that the latter can be characterized as a function of the former. Influenced among other things by developments within the EC since the mid-1970s, Soviet analysts have treated integration as an 'objective phenomenon', i.e. as a tendency that grows straight out of the economic base (Neumann, 1989). Against this background, it is not surprising that the Soviet approach to EFTA on co-operation should have followed CMEA's recognition of the EC by only a few months. In Gorbachev's Strasbourg speech, delivered in July 1989, he mentioned EFTA twice, on both occasions linking the organization to the EC and CMEA:

The model for economic rapprochement between Eastern and Western Europe will to a considerable extent be determined by relations between the Western regional organisations, the EC and EFTA, and CMEA. . . . In no way do we pit our relations with the EC against our relations with other organisations and states. The EFTA countries are our good, old partners. It may prove fruitful to talk about developing relations between CMEA and EFTA in order to use even this channel in the many-faceted cooperation in building a new Europe. (Gorbachev, 1989a)

Since the EC and CMEA have put their relationship in order, the Soviet Union has been interested in seeing similar developments take place in EFTA–CMEA relations.

This is, however, not the only pressure on EFTA arising from the East. Yugoslavia, Hungary and Poland have signalled an interest in membership. In the case of Yugoslavia, the signals have grown in strength throughout the 1980s. For over 20 years, Yugoslavia has had formal contacts with the EC. The first sentence on the subject of Yugoslavia in the 1981 edition of EFTA's official handbook states that the question of Yugoslav membership or associate membership of EFTA has never been aired. In the 1987 edition this has been qualified to read that the possibility has not been aired *officially* (EFTA, 1981, p. 83; 1987, p. 29). In the meantime, the question had obviously been aired informally, and in 1989, the Yugoslavs have also discussed it openly. Still, the signals from Yugoslavia remain mixed. The old Habsburgian lands of Slovenia and Croatia, prosperous by Yugoslav standards, are much more European-minded than the rest of the federation. EFTA relations thereby become part of the general power struggle now rending the country. Radical Slovenians have even suggested EC membership for Slovenia itself.

As far as Hungary is concerned, the possibility of joining EFTA was aired informally as early as the late 1960s. However, nothing emerged before February 1989, when the Minister of Trade Tamás Beck declared himself in favour of Hungarian membership. In the aftermath, government spokesman György Marosán declared that EFTA membership was not official Hungarian policy; however, he was soon overtaken by Prime Minister Miklos Németh, who stated that a Hungarian application to join EFTA could not be ruled out (Sobell, 1989). In the autumn of 1989, the government declared its intention to take Hungary as close to the EC as possible, short of actual membership. During a press conference in Oslo in October 1989, Foreign Minister Gyula Horn said that Hungary wanted, first, a co-operation agreement with and then membership of EFTA, and in November Prime Minister Imre Pozsgay asked Finland for help in becoming a full member of EFTA (*Aftenposten* (Oslo), 23 October; 7 November). In Poland, this debate has so far been conducted on less conspicuously formal levels; however, at a press conference in Oslo in November 1989, Polish Foreign Minister Krzysztof Skubiszewski stated that Poland is going to apply for EFTA membership (*Aftenposten* (Oslo), 16 November).

To sum up, the Soviet Union is pressing for bilateral relations with EFTA, and for relations between EFTA and CMEA. Hungary and Poland want to join EFTA, and in Yugoslavia the question is being debated on an intrarepublican basis.

Pressure from the East-West Dialogue

In addition to direct pressure from East and West, a third and structural kind of pressure on EFTA and the EFTA countries is in operation. What may be called the institutionalization of the East-West dialogue is adding to

the EC's importance on the West European side. It has already been shown how the Soviet approach to EFTA is a function of the country's approach to the EC. Similarly, the European CMEA members look to their own (and also EFTA's) relations with the EC as the model for their relations with EFTA. Polish attitudes may serve as an example. In 1986, a Polish civil servant wrote in the *EFTA Bulletin* that the EFTA countries' free trade agreements with the EC should serve as a model for relations between EFTA and CMEA countries (Kaczmarek, 1986, p. 13). As these countries continue to transform themselves along the lines of democratic-capitalist ideas, the Central European countries will to a lesser and lesser extent be willing to put up with being treated as second-class Europeans by the small, prosperous EFTA countries. At the same time, there will be an ever stronger urge to secure the domestic regime changes by seeking some kind of institutionalization of relations with West European countries along the lines already traversed by post-authoritarian Spain and Portugal. The need for increased benefits from foreign trade, which can help to bring Central Europe closer to the general European type and level of socio-economic development, will also increase. The statement by the Polish civil servant, dating as it does from 1986, is a strong reminder of how closely European countries in the East are following the developments in EC-EFTA relations, and how this attention will add to the Central European pressure for institutionalization of the East-West dialogue.

Yet other aspects of the institutionalization of the East-West dialogue add to the pressure on EFTA. Organizations which have not so far concerned themselves with developing an all-European role are steadily changing their policies. Suggestions about new organizations are also being put forward.

The first kind of process is best exemplified by the case of the Council of Europe. As the progress of the EC has emptied that organization of issue areas, it needs some new projects. The Council of Europe's Parliamentary Assembly has already given observer status to Hungary, Poland, Yugoslavia and the Soviet Union. Poland and Hungary have, moreover, accepted invitations to join the European Convention on Culture, and in November 1989, they applied for membership of the Council itself. Gorbachev decided to exploit his visit to the Council of Europe in Strasbourg to deliver his momentous speech on Europe, discussed above. The Council of Europe has formed a fast-working committee to review relations with the Soviet Union.²

The normalization of East-West relations must itself necessarily change EFTA's environment, and is by and of itself contributing to the pressure on the organization to develop some kind of all-European role. The same effect

²Against this all-European backdrop, the EC finally accepted an old invitation from the Council of Europe for greater co-ordination of the work of the two organizations. It was decided to hold two meetings between the chairman of the Council of Europe's Committee of Ministers and the chairman of the EC's Council of Foreign Ministers every year. This underlines the importance ascribed to the internal East-West dialogue in Brussels.

is wrought by feelers of the kind put out by former French President Valéry Giscard d'Estaing (1989; Mauthner, 1989). He has suggested a new organization of the present EC members, and each and every Central and East European country. The main point, explicitly stated, is to keep the Soviet Union out of what he considers should remain an internal European dialogue. It is, however, well to recognize that any such institutionalization would also imply the further marginalization of present EFTA members.

Giscard's suggestion will probably never materialize, but it deserves mention as a good example of the kind of all-European perspective that is now making its presence felt within the EC. To some extent EFTA countries will be able to boost their all-European activity through their participation in organizations like the Council of Europe. Nevertheless, in a wider context EFTA stands out as the main focus if its member countries want to contribute substantially to the further institutionalization of the East–West dialogue. For the members of EFTA the institutionalization of the East–West dialogue may, if it is not adequately carried forward, result in less access to markets and less influence. For EFTA itself as an organization, the pressure may in the worst scenario prove fatal: If EFTA proves to be unable to deliver, members will try not to lose touch with all-European developments by extending alternative channels. That may raise the whole issue of whether EFTA actually has a future at all.

EFTA AND ALL-EUROPE

We now turn to consider how EFTA has tried to cope with the all-European pressure so far, and which possible all-European roles it can fill.

EFTA and All-Europe to Date

EFTA activity in this area dates back to 1967, when it established a working group between EFTA and Yugoslavia. During the period 1971–7 the working group did not meet, but then Yugoslavia took an initiative that resulted in the formation of a mixed EFTA/Yugoslavia committee. In 1983 they signed the Bergen declaration on trade, industrial co-operation, tourism and transport. Very little has, however, emerged by way of concrete action. EFTA's official report for 1988 lists only three 'events': EFTA participation in the Zagreb International Autumn Fair, the updating of a brochure on the legal aspects of industrial co-operation with Yugoslavia, and the production of a brochure on tourism (EFTA, 1989, pp. 26–7)! In the communiqué from EFTA's Council of Ministers meeting in June 1989, we read that the ministers had a comprehensive exchange of views on EFTA's relations with Yugoslavia, and that the ministers invited experts to complete their study of the possibilities for creating an industrial fund for Yugoslavia, and to report back to the next meeting of the Council of Ministers for a final

decision (*EFTA Bulletin*, 1989). Having read this, it comes as no surprise that the contacts with Yugoslavia and with the CMEA countries have not influenced trade. In 1960, EFTA imports from the CMEA added up to 6.2 per cent of total imports, and exports to these countries formed 7.7 per cent of total exports. The corresponding figures for 1988 were 4.5 per cent and 5 per cent. Now, as then, Austria accounts for over 50 per cent of EFTA trade with Yugoslavia (Kaczmarek, 1986; Inotai, 1989).³

Where other Central and East European countries are concerned, political contacts with EFTA are even less developed. Hungary and Romania are members of the convention on medical preparations that is administered by EFTA, and Czechoslovakia has signalled an interest in joining. Czechoslovakia established unofficial contacts with the EFTA secretariat only in 1986 (Vošický, 1987). It seems fair to conclude from all this that EFTA does not actually have an all-European policy worthy of the name.

The impression of passivity is only confirmed by EFTA policy in the period 1988–9, when all-European developments have evolved very fast indeed. For example, former Secretary-General Per Kleppe's reaction to the Soviet suggestion on co-operation was to play down the importance of the initiative, stating that what was involved was not necessarily any more than an agreement on the exchange of information (*Aftenposten* (Oslo), 11 August 1988). Although the Soviet Union clearly stated that they expected an answer to be forthcoming quickly, by November 1989 EFTA had still not responded. The explanation must be sought in differences of opinion within EFTA. Switzerland, traditionally a great sceptic on the subject of international co-operation, seems to have opposed the very idea of an all-European role for EFTA, and to have delayed discussions of the Soviet suggestion. The lack of supranationality in EFTA implies that any one member may effectively paralyse the organization. Although forces within Norway and Sweden have mentioned supranationality in EFTA as a possibility, and although these ideas have been discussed by EFTA working groups, no agreement can be reached if Switzerland sticks to its present position. Furthermore, one should not rule out the possibility that some members actually sympathize with the Swiss stance, but leave it for them to carry the costs of being the odd man out.

It still remains an open question whether EFTA can actually manage the all-European pressure that is being exerted on it, or if the organization, by continuing its present line of passivity, simply chooses not to play any such role.

One may certainly expect resistance to the assumption of an all-European role from a number of quarters within EFTA itself. Although business circles in Austria and Finland already have ample competence in trade with Central

³Of the CMEA members, Hungary's trade with EFTA is the largest, with over 10 per cent in 1988. Trade per capita is also highest for Hungary.

Europe, the other countries may not be able to follow their lead. The question of export interests versus import interests is also bound to arise. Where security policy is concerned, Norway and also Iceland are members of NATO, and may (but need not necessarily) find themselves in an awkward situation should EFTA lean towards the East. EFTA's most important role so far has been to co-ordinate the EC policies of the Member States. The EFTA secretariat estimates that EC-EFTA relations take up over 80 per cent of its time. If, however, EFTA's all-European profile should be strengthened, which the EC has signalled would be in their interest, EFTA would become a target of the EC's all-European policies rather than of EC's intra-Western policies, which has been the case so far.

These factors go a long way in explaining the widespread official reluctance to an all-European role within EFTA. In October 1989, the then Norwegian Foreign Minister, Thorvald Stoltenberg warned against Norway ending up 'with an EFTA consisting of Hungary, Poland, Norway, and some others'. The present Foreign Minister has also expressed negative views on membership applications from Central European countries (*Aftenposten* (Oslo), 4 October, 29 November). The same goes for EFTA members located further to the East. According to Luif (1989), the Austrian policy elite has a negative attitude towards new applications, as has the Finnish Prime Minister (Antola, 1989).

Bearing in mind that it is not at all certain that EFTA will actually develop an all-European role, we now turn to a discussion of what such a role might look like, should it nevertheless emerge. We take it for granted that today's EFTA is not open to the East, and that EFTA will not be able to develop strong traits of supranationality. Possible all-European roles for EFTA will, consequently, belong in the upper right-hand corner of Figure 1. Possibilities falling within the other three corners will not be discussed here.

	Supranationality	Traditional co-operation
Open to the East	Today's EC	Possible all-European roles for EFTA
Not open to the East	'Fortress Europe'	Today's EFTA

Figure 1: Limitations on Possible all-European Roles for EFTA

Possible All-European Roles for EFTA

Given that EFTA does not develop supranational traits and that the organization decides to open itself to the East, there exist two possible all-European roles. They both entail marginal positions within the Concert of Europe for EFTA members. EFTA may either play the role of buffer between the Soviet Union and the EC, or it may play the role of waiting room to the Community.

The buffer role. In international political theory, the buffer role is known from geopolitical terminology. The standard example of a state playing this role is Belgium, which has acted as a buffer between the UK, France and Germany. Another example is Afghanistan, which first served as a buffer between the Russian and British empires, and then between the Soviet Union and East Asia. During the post-war era, Western analysts have often used the term buffer to describe the Soviet Union's European allies (Knudsen, 1986). In the strict sense, however, the European buffers have been Europe's neutral states. The four countries in question, namely Austria, Finland, Sweden and Switzerland, are all EFTA members, justifying the frequent references to EFTA's neutral character.

In the debate on the future of EFTA that started during the summer of 1989, some of the suggestions that were put forward would imply a buffer role for EFTA. Foch (1989) actually uses this term. Mertes and Prill (1989) of the German *Kanslerkontor* sketched out a concentric Europe, with an 'Organization of European States' lying between an expanded EC on the inside and a 'Common European House' occupied even by the superpowers on the outside. The 'Organization of European States' could consist of Central European countries and Finland, Switzerland and Sweden, and could be moulded on today's EFTA, according to the two German writers. Two of the present EFTA members, Austria and Norway, have in their scenario become EC members. And indeed, if Norway should stick with its present Atlantic orientation, which is to be expected, the country would not be interested in seeing EFTA's buffer role expand. Neutral Austria has already applied for EC membership. One possible non-economic and non-stated motive may have been an interest in toning down the buffer role that the country is already playing. One suspects that this argument could be widely applied to EFTA's present and indeed also to the potential membership.

If a buffer role would not suit Austrian and Norwegian interests, it would be welcomed by those political forces in Hungary, Poland and Yugoslavia that are looking for a way to institutionalize their *Westpolitik* and so further secure the on-going regime changes. If these countries should opt for full or associate membership of EFTA, then the problems involved for the Soviet Union would be less with an EFTA fulfilling a buffer role than with an EFTA fulfilling any other kind of all-European role.

If EFTA should choose a buffer role, the neutral members would in the final analysis have both to get rid of non-neutral elements like the present NATO members, and keep Warsaw Pact members at bay.⁴ There are certain traits within EFTA today which may indicate that something along these lines is afoot. During the summer of 1989, while Norway was chairing EFTA, Swiss ambassadors to a number of Western capitals reportedly contacted Norwegian colleagues and asked them to initiate political co-operative meetings of EFTA ambassadors. Norway did not see it in its interest to do so, and the result is that meetings of this kind are now taking place not between the six EFTA members, but only between the four neutral EFTA members. At the end of October, there was even a meeting between the Foreign Ministers of these four countries. That meeting was, incidentally, held in Switzerland.

President of the Commission Jacques Delors has taken to speaking in terms of a Europe of concentric circles, where a buffer role for EFTA seems to be implied. Political forces within the EC and the Soviet Union would certainly prefer such a role for EFTA.

The antechamber role. EFTA could also take on another all-European role, that of antechamber or waiting room for prospective members of the EC. EFTA was formed in 1959 as UK's answer to the EC; however, when the UK applied for EC membership in 1961, EFTA was already assigned the role of antechamber. Denmark and the UK left for the EC in 1973, Portugal followed in 1986, and in 1989 Austria applied for EC membership. At the same time, however, Finland further institutionalized its links with Western Europe by joining EFTA in 1986, and Hungary, Poland and to some extent Yugoslavia, are discussing the membership option.

Taking these developments to heart, EFTA could create an all-European role for itself by actively accommodating the already existing trend towards using the organization as an antechamber to the EC. By granting membership to new applicants, as was done for Finland, EFTA could, literally, play an important part in the ongoing Finlandization of Central and Eastern Europe, and become a guarantor for the regime changes in these countries. An EFTA policy along these lines would also suit the EC, which has a long-term interest in itself gathering under its wing *all* democratic, European countries. Countries with an interest in institutionalizing their relations with Western Europe could get an *immediate* response, without the EC having to pay the full economic and political costs.

If EFTA should choose the role of antechamber to the EC, the loser would be the Soviet Union. The Soviet reaction to the Austrian application for membership is instructive in this regard. In February 1988, the Soviet

⁴One could, of course, also think of a model where Norway and Iceland were balanced by Hungary and Poland.

ambassador to Vienna declared that neutrality and EC membership were incompatible; in May of the same year, a spokesman of the Soviet Foreign Ministry said exactly the same thing (*Neue Zürcher Zeitung*, 31 August 1988). These reactions were fully in line with the traditional Soviet line discussed above. Nevertheless, at the same time, contradictory signals were coming from Moscow. The mixed signals may quite possibly mirror an internal Soviet debate, in which the advantages of keeping Austria outside the EC were being weighed against the advantages of having neutral Austria as a brake on further political integration within the EC. *Komsomolskaya Pravda's* correspondent in Vienna wrote an article in which he stated squarely that the Austrians had shown a surprising lack of interest in possible Soviet reactions to an application for EC membership, given that the Soviet Union under the *Staatsvertrag* of 1955 had an obvious right to react in a situation of overwhelming importance to the neutrality question (Popov, 1988). Furthermore, he declared that the lack of interest on the part of the Austrians amounted to a conscious tactic, the intention of which was to show up a possible Soviet reaction as an interference in Austrian internal affairs. Soviet 'interference' could then be used manipulatively in the internal debate in order to draw attention away from the heart of the matter, i.e. the question of neutrality itself.

Another reason why no more debate was surfacing may be found in Austrian historical experience with Soviet reactions. In 1966, Podgorny stated on Austrian TV that any Austrian move towards the EC would be met with a strong Soviet reaction. When, however, Austria in 1972 proceeded to negotiate its Free Trade Agreement with the EC, no reaction was forthcoming. Nevertheless, in August 1989 an official Soviet reaction to the Austrian membership application did actually emerge.⁵

It must also be mentioned that the Soviet approach to Austrian EC membership may still change rapidly, as new political thinking permeates the conduct of Soviet foreign policy. Gorbachev's Helsinki speech of October 1989, in which the new and positive Soviet view of neutrality is more pronounced than ever before, makes further developments in the Soviet view of Austrian membership a definite possibility (Gorbachev, 1989b). At the press conference following his speech in Helsinki, Gorbachev's response to a question about the Soviet attitude to Finnish EC membership was simply that this question was in Finnish hands.

⁵The Soviet government sent an *aide memoire* to Austria in which an understanding for Austria's need to solve its economic problems in relation to the EC was expressed. It did, however, also point to the political character of the question, and was 'convinced that a permanently neutral state's membership in such an organization as the EC would result in the loss of its concrete opportunities to implement its neutrality policy' (*FBIS Daily Report, Soviet Union*, 15 August 1989, p. 32). *Staatsvertrag* and Austrian law are mentioned as foundations of Austrian neutrality, the implication being that the Soviet Union has an obvious right to let its voice be heard in matters regarding the nature of neutrality. Austria's own line is that the country is completely sovereign and will decide itself what is the content of the country's neutrality (Vranitzky, 1989, pp. 14-15).

Even though the Soviet view of the EC has become much more positive, it remains sceptical about increases in EC membership and EC political integration. An all-European role for EFTA as an antechamber to the EC would serve such developments. It must, therefore, be expected that the Soviet Union would be critical of any EFTA move in this direction.

CONCLUSION

The pressure on EFTA to play an all-European role is strong and many-faceted. At the same time, internal differences within EFTA have obstructed a response to the pressure. If EFTA should, nevertheless, be able to hammer out an all-European role for itself, the choice would be between acting as a buffer between the EC and the Soviet Union, or as a waiting room for prospective Central European candidates for EC membership. The role of waiting room to the EC flies in the face of Soviet foreign policy interests. EFTA members will possibly not wish to incur the costs of choosing an all-European role which openly thwarts the Soviet Union. Therefore, as long as the Soviets do not change their stance, e.g. by playing down their interest in reforming the CMEA, so opening the field for westward movements by Central European countries, EFTA will probably not adopt the role of waiting room to the EC.

In the meantime, EFTA may find itself fulfilling the role of buffer between the EC and the Soviet Union. With the possible exception of Switzerland, all the members, and especially Norway and Iceland, may be expected to oppose such a move. Moreover, as long as the member countries do not themselves treat EFTA as an antechamber to the EC, as has Austria, it will certainly not be in their interest to see other members doing so. EFTA's apparent lack of will to develop an all-European role is weakening the organization, and is making it a weaker partner in the on-going EC-EFTA negotiations than it need have been.

EFTA's all-European policy has so far been negligible. Since EFTA must sort out a number of internal differences before a positive all-European role can be adopted, and since the roles open to it can only be adopted at great cost, either to the members themselves or to countries in their immediate surroundings, the most likely outcome is that the present-day EFTA must simply play the all-European role allocated to it by the evolving Soviet-EC relations. Indeed, the EC may quite possibly also encourage EFTA further into assuming an all-European role as part of future negotiations between the two organizations about a European Economic Space.

The adoption of a low-intensity all-European role by default does not, however, solve EFTA's basic dilemma. The organization is caught between the evolving economic and political centre of Europe, on the one hand, and a number of unwanted prospective Central European membership applicants who will not go away, on the other. In the new and rapidly unfolding context

of European politics, a low-intensity all-European role may not be enough to keep EFTA from becoming fatally weakened. The only way out would be for EFTA to adopt a more positive and committed approach towards the reforming Central European countries.

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