

It is a great pleasure to be back in München, where I spent 9 years during the Cold War working at Radio Free Europe. Back then the world was intellectually and morally a much simpler place. But for my countrymen in Estonia back then it was simply an immoral place and for all of us a much safer place.

I think there is little doubt that the past 50 years of the EEC and since 1995 of the EU represent a model of Peace, Security and Prosperity. But for this statement to have real meaning beyond the kinds of platitudes uttered on round anniversaries, we need to analyze what the mechanisms were for achieving Peace, Security and Prosperity.

Secondly, we must be careful about the word "model". We must be precise as to whether we mean "model" as a highly positive instance as in a "model student". Alternatively, do we mean model in the sense that it is possible for others to emulate? For example, the EU as a model for other regional organizations such as the African Union or Mercosur. Or finally, and what I think is meant here: has the EU in its 50 years discovered or invented a formula for Peace, Security and Prosperity? In other words, does what worked for the EU in the past apply as a guide to policy today as well? For it may indeed turn out that what worked in the past - reliance on a strong trans-Atlantic presence, a willingness to put aside national economic interest for the good of the community, or enlargement as a mechanism to drive change and guarantee liberal democracy and rule of law - is no longer politically possible.

Prosperity is the easiest of the three. Any economic history of Europe - I highly recommend Barry Eichengreen's recent, magisterial *The European Economy Since 1945* - demonstrates beyond any doubt that economic integration, the opening of markets, the free movement of goods, capital, people and, to the degree it is permitted, the free movement of services has only led to increased wealth generation on our continent. We must of course keep in mind how it all started: The European Coal and Steel Community, comprising six countries who decided that sharing resources and production in the long run was beneficial for all. This meant realizing that suppressing short-term benefits to the national interest for the general good also turns out to be more beneficial to the national interest as well. We need to ask ourselves 55 years later, whether we are still willing to engage in the same spirit of co-operation for the long term benefit to all when it comes to energy policy today as Europe was in 1951 regarding coal and steel? Especially, when we recall that the promise of prosperity through co-operation and a willingness to subordinate narrow national interest for a future common good, was the fundamental motor that allowed Europe to achieve its most important accomplishment in the bloody history of this continent.

Peace. We all know the success story of the EU bringing together formerly warring countries. Past enmity was overcome, resulting in peace and co-operation a few short years after the bloodiest war in the continent's history. In the process, Democracy, a way of governance that had till then enjoyed a rather checkered history in Europe, became the norm. This was the success story of the founding six.

Later, in the 1980s, the EEC discovered the carrot of enlargement as a tool to help affect and later underpin reform, *regime change* if you will. The establishment of democracy in the 1970s, leading to the accession of Spain, Portugal and Greece in the 1980s is considered by all to be a resounding success because popular support for democratic governance was based also on the promise of "normality" and "*Europeanness*" that came with accession to the European Community. This was precisely the premise of the enlargements of 2004 and 2007 too, when a total of ten countries freed of communist totalitarian rule transformed themselves into thriving European countries. The promise of accession to an EU with an accession policy not only guaranteed democratic elections but also guaranteed that rule of law, respect for human rights were enshrined in these countries. The EEC/EU was rightly seen as a bulwark against a sliding back to authoritarian ways.

Finally, **Security**, a less straightforward proposition for the EU. We here in this hall I think, by and large agree, that it was close trans-Atlantic co-operation through NATO that guaranteed the EU's security in the most difficult times of the cold war. Recall there were no non-NATO members of the EU before 1973 when the EEC enlarged to include Ireland, probably the least insecure country in Europe during the Cold War. It was only the enlargement to include the "neutrals" - Austria, Finland and Sweden - some forty years after the treaty of Rome, and the Partnership for Peace almost 50 years after the North Atlantic Treaty, that we began to talk about "differing security geometries". Before that, the EU was all-NATO plus Ireland. Thus, when it comes to security in the classic hard-security sense, the jury on how much security the EU has provided is still out. The EU as a security organization is in its infancy, with much planning and high hopes but with limited operational experience.

Is this a model for the EU in future?

The preceding is a very short summary of what we have done right. The EU is a model in the narrowest sense of a star performer. The question, however, is does this model still work? Are lessons learned applicable for success in the future?

First, let us recall the motivation for earlier enlargements: widening the area of Peace, Security and Prosperity in Europe. In the euphoria following the collapse of the Berlin Wall, enlargement was a matter of hallowed principle. The idea was to allow East Europeans to enjoy the prosperity, opportunities and stability of the EEC, all of which had been denied the Poles, Latvians and Hungarians by Soviet domination. This idealistic rationale faded quickly, and was replaced by rational European self-interest that was no less pro-enlargement, but was certainly more focused on the benefits of expansion to the member states themselves. Member states realized they did not want the barbed wire fence torn down only to let Europe lie exposed to a new glacial of impoverished, polluted and corrupt countries impinging upon and permeating its borders. Nor was it morally acceptable to keep Eastern Europeans out by replacing communist barbed wire with a gentler, Western version of the same. Offering the carrot of EU membership was correctly seen as providing an incentive for change that would ultimately be in the self-interest of the then fifteen member states. The Grand Enlargement, in other words, has already wrought its most important result. EU candidacy and the promise of membership have, with enormous success, motivated most East European countries bordering the Union to transform themselves. This was no easy task, far more formidable than the metamorphosis of authoritarian market economies such as Spain and Portugal into viable, democratic societies. Indeed, the changeover of formerly communist countries from command economies governed by totalitarian political dictatorships into EU member states by means taking over the EU's body of legislation known as the *acquis communautaire* is one of the great unsung revolutions of Europe. Moreover, unlike most revolutions past, it was relatively benign in its consequences. If you want to be with us, EU reasoning went, then become like us. It was an offer difficult to refuse. Parliaments and governments overcame no small number of seemingly insurmountable difficulties by dangling the carrots of EU membership, as well as occasionally brandishing the stick of refusal and rejection. East Europeans would do anything and everything to act like the EU does, to follow EU laws and ways, and to become like the EU, and sometimes the EU will even pay the Easterners for doing so. But, as it turns out, only if they are offered membership.

But this scenario is no longer open to us. We have reached a point where the willingness to take in new members whose GDP per capita is significantly lower than the EU average is no longer acceptable to the voters of a number of member states. I mention GDP per capita, because I have little doubt that any one in the EU would object to the accession of Iceland, Norway or Switzerland, were they to apply. But even though in the past the EU was willing to open up to a number of countries still poor when applying - Ireland, Portugal, Spain, Greece, the former communist countries of Eastern Europe - I don't think I err when I say the will is gone. Current levels of support for further enlargement and the requirement in France and Austria for a national referendum on further enlargement after Croatian membership means, that it will be a long time before we can again think about new members. Which means the model no longer is open to us.

What does that leave us? As I mentioned above, the origins of the success on the EU lie in the diffusion and sharing of responsibility and resources in the Coal and Steel Community. Today

we face a similar task when it comes to energy security. We recognize that it would be good to have a common energy policy, that instead of individual deals with energy suppliers, the EU speaks with a common voice. This would allow us to meet our energy needs more cheaply, we would avoid the *divide et impera* tactics available to suppliers, it would add security to the energy supply when dealing with a fickle Russia that sees energy as a foreign policy tool.

Alas, as with external trade, before we can have a common trade policy we need to have a liberalized internal market for energy. This, however, seems a far-off prospect. We do not find among member states the same long-term thinking that yielding on immediate national interest in the short-term will help our national interest much more in the long run.

Security on a broader scale than just energy is another issue we need to examine more closely. With the end of the “cold-war“, security concerns have shifted focus beyond recognition. It is a complete paradigm shift. We no longer think in terms of a symmetrical face off in the Fulda or GIUK gaps, we are concerned with terrorism, asymmetrical threats, often from within our own borders. With the disappearance of a conventional threat from the East, Europe’s commitment to NATO weakened considerably as well. If anything we see a rise in the willingness to weaken the trans- Atlantic link. What was a pillar of European security is often treated as a barely necessary appendage.

The question is, has Europe come up with something to replace the trans-Atlantic pillar? Does EDSP offer a credible alternative? In some areas certainly, but in most areas of classic security, word is still out. As Chancellor Merkel said this morning “ESDP is in its infancy. Where Europe does not have a common voice, we have little influence“. In other words, if in the past we had a model to emulate, then today we no longer do.

Finally, Peace, Security and Prosperity on our borders. Until the 1990s Peace, Security and Prosperity to our East was primarily an issue of Security best dealt with through NATO. After the collapse of communism until the 2007 enlargement it was an issue of Peace and Prosperity Europe solved by enlargement, then what do we have today? Neither NATO nor enlargements are any longer the primary tools in our toolbox.

The instrument we do have at our disposal to deal with our neighbors is the EU’s European Neighborhood Programme, which offers some financial support for countries to our East but no prospect of membership. This, as we know is not a very big carrot. Considering how unpopular reforms are that are necessary to bring about good governance, democracy, rule of law, not to

mention compliance with *phytosanitary* norms, can we really be surprised that governments are unwilling to undertake them without the promise of EU membership at the end of the tunnel?

But if we do not offer the carrot of membership, are we prepared to see on the borders of the new EU27, what the EU 15 was not ready to tolerate on its erstwhile borders: unreformed and corrupt governance, illegal immigration, lack of rule of law? More bluntly, are we now ready to allow a zone of lack of prosperity, peace and security on our borders? Perhaps we are.

There is one alternative of course. NATO. While the trans-Atlantic tie has become weaker in the past 15 years, it might just be that NATO membership represents the carrot that the EU cannot offer. We know from the history of the EU that membership is a major stimulus for domestic reforms. Perhaps then we should redirect our efforts to bring about reforms in our neighborhood not through an un-motivating Neighborhood programme, but rather through active EU-NATO co-operation and NATO enlargement.

Yes, this probably sounds quite heretical to some in this audience, but just saying no doesn't change the situation.

But why worry? After all aren't the countries to our East and Southeast democracies? Yes, but they are not past the point of no return to their old ways. The recent elections in Serbia show that a pro-democratic, pro-European government is not a foregone conclusion. Rather, we were simply lucky.

To our East we have Russia. Again we all wish Russia to be a genuine liberal democracy, with respect for human rights, freedom of speech, etc. We also want Russia to be a positive force for peace and security in our region and the world at large, taking constructive approaches to serious issues such as nuclear proliferation, frozen conflicts, and so forth.

But this leads to a fundamental question: What is the Union's response to a country that considers democracy on its borders as a threat? Or despotism on its borders as a source of stability. If there is anything I have learned in a decade of dealing with the European Union, it is that Russia's internal issues are something the EU often does not want to touch.

The EU as a model for Peace, Security and Prosperity has been a huge success for us, but its *generalizability* in the future remains, alas, very much in doubt.