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GERMAN UNIFICATION'S IMPACT ON A
UNITED STATES OF EUROPE

A thesis presented to the Faculty of the U.S. Army
Command and General Staff College in partial
fulfillment of the requirements for the
degree

MASTER OF MILITARY ART AND SCIENCE

by

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Fort Leavenworth, Kansas
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92 12 25 1 2

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REPORT DOCUMENTATION PAGE

Form Approved
OMB No. 0704-0188

Public reporting burden for this collection of information is estimated to average 1 hour per response, including the time for reviewing instructions, searching existing data sources, gathering and maintaining the data needed, and completing and reviewing the collection of information. Send comments regarding this burden estimate or any other aspect of this collection of information, including suggestions for reducing this burden, to Washington Headquarters Services, Directorate for Information Operations and Reports, 1215 Jefferson Davis Highway, Suite 1204, Arlington, VA 22202-4302, and to the Office of Management and Budget, Paperwork Reduction Project (0704-0188), Washington, DC 20503.

1. AGENCY USE ONLY (Leave blank)		2. REPORT DATE 5 June 1992	3. REPORT TYPE AND DATES COVERED Master's Thesis, 1 Aug 91 - 5 June 92	
4. TITLE AND SUBTITLE GERMAN UNIFICATION'S IMPACT ON A UNITED STATES OF EUROPE			5. FUNDING NUMBERS	
6. AUTHOR(S) JOE H. PARKER				
7. PERFORMING ORGANIZATION NAME(S) AND ADDRESS(ES) COMMAND AND GENERAL STAFF COLLEGE FT. LEAVENWORTH, KS 66027			8. PERFORMING ORGANIZATION REPORT NUMBER	
9. SPONSORING/MONITORING AGENCY NAME(S) AND ADDRESS(ES)			10. SPONSORING/MONITORING AGENCY REPORT NUMBER	
11. SUPPLEMENTARY NOTES				
12a. DISTRIBUTION/AVAILABILITY STATEMENT Approved for public release; distribution is unlimited.			12b. DISTRIBUTION CODE	
13. ABSTRACT (Maximum 200 words) SEE ATTACHED This study investigates the emergence of a unified Germany within the context of European integration and the security effect it has on an increasingly interdependent world order. These issues are very fluid, yet their nature will be critical to United States' interests. Central to this thesis is the assertion that whatever course European politics take Germany will be the pivotal nation. Its wealth, technology, and geopolitical position provide Germany enormous power.				
14. SUBJECT TERMS German Unification, European Integration, Interdependency			15. NUMBER OF PAGES 152	
			16. PRICE CODE	
17. SECURITY CLASSIFICATION OF REPORT UNCLASSIFIED	18. SECURITY CLASSIFICATION OF THIS PAGE UNCLASSIFIED	19. SECURITY CLASSIFICATION OF ABSTRACT UNCLASSIFIED	20. LIMITATION OF ABSTRACT	

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Distribution/	
Availability Codes	
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DTIC QUALITY INSPECTED 2

MASTER OF MILITARY ART AND SCIENCE

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The opinions and conclusions expressed herein are those of the student author and do not necessarily represent the views of the U.S. Army Command and General Staff College or any other governmental agency. (References to this study should include the foregoing statement.)

ABSTRACT

GERMAN UNIFICATION'S IMPACT ON A UNITED STATES OF EUROPE.
by LCDR Joe H. Parker, 132 pages.

This study investigates the emergence of a unified Germany within the context of European integration and the security effect it has on an increasingly interdependent world order. These issues are very fluid, yet their nature will be critical to United States' interests. Central to this thesis is the assertion that whatever course European politics take Germany will be the pivotal nation. Its wealth, technology, and geopolitical position provide Germany enormous power.

This study establishes that German unification is complete and will last for the near future.

In America there is a hope that a unified Europe will provide increased business opportunities. The European Community may become a restrictive trading bloc. Security relationships will be redefined based on the perceived interests, which will be increasingly affected by economic interests. The roles of NATO, the WEU, and the CSCE are not clear.

ACKNOWLEDGMENTS

Perhaps my first debt of gratitude for help with this thesis is owed to Professor Lowndes F. Stephens, of the University of South Carolina, who steadfastly encouraged my efforts in tackling such a nonconventional military topic, and who vociferously advocated the importance of computer literacy. I also owe a great debt to Commander Chris M. Handley, who, serving as chairman of my thesis committee, diligently read and commented on the thesis. The superb expertise of Donald L. Gilmore, of the Combat Studies Institute at the Army Command and General Staff College, was simply indispensable in finalizing the content and format of my thesis.

My colleagues of Staff Group 19D provided a challenging intellectual foundation for the thesis, while helping me maintain a positive perspective. Of course my wife, Sonok, provided loving support and a little prodding to deter her husband's procrastinating tendencies.

TABLE OF CONTENTS

TITLE PAGE.....	i
APPROVAL PAGE.....	ii
ABSTRACT.....	iii
ACKNOWLEDGEMENTS.....	iv
TABLE OF CONTENTS.....	v
CHAPTER 1. INTRODUCTION.....	1
CHAPTER 2. POLITICS, ECONOMICS, AND THE MILITARY.....	4
Politics.....	4
Economics.....	21
The Military.....	30
Summary.....	36
CHAPTER 3. GERMANY AND INTERNATIONAL ORGANIZATIONS: A HISTORICAL PERSPECTIVE.....	40
World War I.....	41
World War II.....	48
The Cold War.....	51
CHAPTER 4. CONCLUSIONS.....	58
German Unification.....	61
The European Integration Process.....	68
APPENDIX. REVIEW OF LITERATURE.....	78
German Unification Essays.....	78
Essays on Germany's New International Role.....	89
The European Community of 1992.....	104
Essays on Interdependency.....	128
GLOSSARY.....	133

BIBLIOGRAPHY.....	137
INITIAL DISTRIBUTION LIST.....	152

CHAPTER 1

INTRODUCTION

The joining of the German Democratic Republic (GDR), East Germany, and the Federal Republic of Germany (FRG), West Germany, should be viewed as the unification of an entirely new Germany. The current borders do not resemble those of pre-World War II Germany or Germany during any other period. This is a new polity that will face enormous challenges over the next several decades. The course that this German nation follows will have a significant impact on the economic, political, and military relations of all the countries of the world.

The collapse of communist governments in Eastern Europe and the Soviet Union, coupled with the unification of East and West Germany, sets a foundation for a new world order. The traditional balance of power between the Soviet block and the West no longer exists. Germany may become the center of power in Europe. If this power is magnified in the setting of the European Community (EC), it will have a significant impact on American policy. Thus, the United

States needs to formulate new policy based on the realities of this new world power. The United States must ask some hard questions. For instance, could a German-dominated EC become a threat to vital American interests? If this possibility exists, then what policies should the United States pursue to ensure that this scenario does not develop?

Ultimately, Germany's internal political and economic disposition will govern its international strategy. The United States should determine what a united Germany's real capabilities and intentions are and their possible effects on international relationships. Germany's political, economic, and military capabilities will contribute directly to Germany's impact on the EC.

The European Community has been viewed for some time as the vehicle through which Europe can flex its united might in the face of the United States, the Soviet Union, and, economically, Japan. What Germany's impact on the EC will be and whether that impact will be a positive influence needs to be determined. Will the United States, the EC, and Japan cooperate in structuring a new international order, or will they compete and act in accordance with more traditional nationalistic and balance-of-power precepts? For the purpose of brevity, this thesis will not address Japan's role in U.S. policy formulation. Rather, it will consider American policy as it relates to the capabilities and intentions of this new German power.

The following chapter will examine the political, economic, and political aspects of German policy to determine the relationship of German international policy to the evolution of her own domestic development, values, and internal policy--especially in light of the recent unification. Then, the impact of German unification on the European Community will be analyzed as well as the impact of this unification on the United States and world stability.

CHAPTER 2

POLITICS, ECONOMICS, AND THE MILITARY

Politics

The political impact of twentieth century Germany on Europe and the world has been enormous. Today, most analysts see the future stability of the Atlantic Alliance and the EC as resting on the continued commitment of Germany to capitalism and a liberal democracy. Germany's geopolitical position in Europe combined with its economic might make it the keystone for any pan-European development. Ultimately, Germany will decide the policies that best serve her interests. After forty-five years of acquiescing to her allies desires in policy decisions, Germany, in the future, will most likely be more tenacious in pursuing her own interests. Clearly, a unified Germany's political disposition will determine the character of her policies. With the post-World War II division of Germany, the political development of the GDR and the FRG have not been the same. At the end of World War II, a liberal democratic

tradition was introduced in the FRG that has since flourished. The GDR has had no such experience. The impact of this political schism needs to be addressed. Much of the optimism for rapid development in East Germany is based on the assumption that liberal democratic institutions will be quickly accepted and absorbed by the East German populace. The possibility of a return to authoritarian nationalism in the East--as well as the West--has not been weighed to any extent.

This absorption of the GDR by the FRG may severely test the German commitment to free democratic values. The FRG will have to assimilate and indoctrinate this new populace to Western institutions. By joining with the GDR, a united FRG has increased by one-quarter in population and one-third in territory. This makes Germany the largest and wealthiest nation in Western Europe. But superimposing 16 million East Germans, without a recent democratic experience, onto the West German political system is bound to be unsettling.¹ The political commitment to democracy by the East Germans may wane in the face of harsh economic reconstruction. Conversion to a free market system will probably not come easily to them.

The ability of German political institutions to assimilate the people of the GDR will depend largely on the

¹Stephen F. Szabo, "Reunited Germany," Current History 89 (November 1990): 357-60.

efforts of Germany's largest political parties. From an American perspective, it is essential that democratic institutions control German politics. The ruling political alliance led by the Christian Democratic Union (CDU) and supported by the Free Democratic Party (FPD) will be challenged for leadership by the Social Democratic Party (SPD). These three political parties form the core of German politics. Nonetheless, all of these parties have committed themselves to democratic principles. Concern arises, however, that extremist political parties may adversely affect the course of German politics. These parties are more dedicated to super-nationalistic or left-wing views than centrist ones. Politicians and leaders of the left and right fringes of the political spectrum pose problems for the present German government.

With the tradition of German aggression that appeared during World War II, concern arises over the possibility of the return of a nationalistic authoritarian regime in Germany. Particularly distressing are the challenges to democracy from the neo-nazi and extreme right-wing factions of the German polity. At present, the neofascists and right-wing extremists have focused their attacks on foreigners, leftists, and homosexuals. There have been 400 attacks on these groups within the first 8

months of 1991.² In one instance, the case of the foreigners' hostels in Hoyerwerda, the attack took on the aspect of an evening ritual. Leaders like Saxony's interior minister, Rudolf Krause, see the temporary solution to the problem as fencing in the hostels until the foreigners can be moved to barracks in Kamenz.³ The immigration problem has been used by these extremist groups to stir up German hatred for foreigners.

The FRG's guarantee to provide political refuge to people suffering political persecution has led to a significant increase in immigration to Germany, especially from Third World countries. Many Germans, however, view the influx of economic refugees from India, Sri Lanka, Afghanistan, Turkey, Iran, Cambodia, Romania, Poland, and Bulgaria as a major problem that needs to be stemmed.⁴ Public concerns are not limited to foreign nationals. Within Germany, current estimates also place East German immigration to West Germany at 20,000 per month.⁵ Whether this animosity toward foreigners is rooted in prejudice or based on economic interests is of great concern.

²"Echoes of an Evil Past," The Economist (28 September 1991): 58.

³Knut Pries, "East Germans Have Yet to Learn Tolerance," The German Tribune, 6 October 1991.

⁴Tony Geraghty, "Germany's New Army," Defense and Diplomacy (August-September 1991): 6-13.

⁵"From Worrisome Giant to Pitiable Gulliver," Defense and Diplomacy (August-September 1991): 14.

On 2 December 1990, the first free and unified German elections were held. These elections provided an indication as to the political disposition of the East German states. The fringe parties--the Republicans, Greens, East German Communists, and the Socialist Unity Party (SED)--fared poorly. While this election reflected popularity trends that support Germany's mainstream political parties, it did not negate some nagging internal-order problems. Even though most East German's enthusiastically supported the elections, nonetheless, there were elements of discord. For instance, riots prior to the election; riots at soccer matches; and anarchistic youths throwing stones and molotov cocktails created incidents reflecting internal turmoil.⁶ The extreme political right is utilizing the immigration flow as the central issue threatening Germany. Such a challenge is gaining popular support, especially in Eastern Germany. Many East Germans view non-German immigrants as a threat to their employment opportunities.⁷

The issue of immigration is so politically sensitive in Germany that Chancellor Kohl was insistent on it being included in the agreement signed at Maastricht. The pending open-border policy in the EC will pose new problems to

⁶Robin Gedye, "After the Party," National Review (31 December 1990): 21-22.

⁷ABC, "Prime Time: Live," 2 January 1992, "The Fourth Reich," Chris Wallace, reporter.

controlling immigration in Europe.³ At the summit meeting, the final accord set forth a process to reach new procedures for the acceptance of asylum seekers and immigration into the European Community.⁹ By the end of 1993, specific rules will be developed that will include such details as visa policies.¹⁰

A politically balanced Germany is of critical importance to the stability of Europe. Many argue that the forces that combined to provide the foundation for Nazi Germany have, since World War II, changed or declined. In addition, the Prussian aristocracy is politically nonexistent as an organized entity. In contrast, the petty bourgeoisie in West Germany is prosperous and content. The right-wing party, the Republicans, did very well during the 1989 elections in Berlin and Baden-Wurttemberg where they emphasized a strong anti-immigration platform. However, the Republicans' popularity has since declined. Indeed, they failed to get the requisite 5 percent of the popular vote to win a seat in the Parliament. The Eastern Germans voted primarily for the CDU of Chancellor Helmut Kohl and the Free

⁸"Where the Twelve Community Leaders Stand," The Times, 9 December 1991.

⁹ Joel Haveman, "12 W. European Nations Endorse Historic Accord," The Los Angeles Times, 11 December 1991.

¹⁰"What's in a Deal," The Economist (14 December 1991): 53.

Democratic Party.¹¹

Continuing challenges to the democratic political order also exist from the Left. Many East Germans were indoctrinated and schooled in communist doctrine and authoritarianism. Thus, the appeal of democracy may lose its attraction quickly if unemployment and poverty become the norm in East Germany and economic prosperity is not quickly realized. The old communist rule may become viewed as providing a better life than the new capitalism.¹²

Of more immediate concern is the threat by left-wing fanatics and terrorists. The Red Army assassinated Dellev Rohwebber, president of Truehand, in his home. As president of the Truehand conglomerate, Rohwebber was responsible for liquidating, preferably through sales, all GDR-owned enterprises. He represented the German government's commitment to the rapid transformation of East Germany into a free market economy. He also was responsible for liquidating all entities controlled by the former communist government. His assassination indicates that the Red Army, with its ties to the former East German secret police (Stasi), will make a concerted effort to disrupt new

¹¹"Uber the Hill: Why the New Germany's a Weakling," New Republic (4 February 1991): 24.

¹²"Lest Anyone Forget." The Economist (22 September 1990): 55.

democratic developments in East Germany.¹³ The ability of the postwar German party system to maintain a centrist, democratically dominated government, will be severely tested by these terrorist attacks.

The requirement that parties receive 5 percent of the popular vote before they can sit in the Bundestag seems to have limited access to that body by extremist parties. This Basic Law restriction may serve as an institutional obstacle softening the effects of fringe politics on German policy.¹⁴ But while democratic developments may be strong enough to prevent a return to militarism, fascism, or nationalistic authoritarianism,¹⁵ it may also provide a window for a possible return to such authoritarianism.

The East and West Germans are also divided by political divisions that may take generations to dissolve. Western Germans are resisting the tax increases levied against them to pay for rebuilding East Germany. Some conservative estimates place the cost at 50 billion Deutsche marks (DM) in 1991 and 15 billion DM distributed over the next four years.¹⁶ Additionally, some westerners view the

¹³Karen Breslau, "Terror in the New Germany; The Red Army Faction Returns With a Brutal Killing," Newsweek (15 April 1991): 45.

¹⁴Szabo, 357-60.

¹⁵Hanns W. Maull, "Germany and Japan: The New Civilian Powers," Foreign Affairs 69 (Winter 1990-91): 91-106.

¹⁶"Is Germany Really United," The Economist (23 February 1991): 45.

East's problems as arising from inefficiency and laziness born from forty years of communist rule. Since unification, East Germany's gross national product (GNP) has dropped 15 percent. Likewise, its industrial output has declined 50 percent. The International Monetary Fund's (IMF) model estimated that unemployment in East Germany would rise to 26 percent in 1991. These factors, coupled with average wage increases in East Germany, have led to a German budget deficit of more than 5 percent. The West Germans see their prosperity being misused to support the East Germans.¹⁷

On the other hand, many East Germans believe the westerners are taking advantage of them. Increased unemployment coupled with increased prices has led to demonstrations in many East German cities. Over fifty thousand people demonstrated in Leipzig on 18 March 1991. The sentiment of unrest was well stated by chemical worker, Claus Paetzold: "We stood here in the fall of 1989 to put down a dictator, and now we are in another kind of dictatorship.... We are victims so that people can live better in the West...."¹⁸

East German unions aggressively protested the sales arrangement of the largest East German steel plant to the

¹⁷"Don't Mention the Wall: German Unification Was Supposed to Create Another Economic Miracle What Went Wrong?" The Economist (6 April 1991): 67.

¹⁸"70,000 Germans Protest Economy in East." The New York Times, 19 March 1991.

Italian steel maker, Emilio Riva. The Italian firm originally estimated that 80 percent of the employees at the plant would be released. The Truehandstalt, which is the FRG's bureaucracy responsible for liquidating enterprises formerly owned by the communist East German government, was targeted by the unions as being responsible for the jobs lost. After aggressive demonstrations by the steel union, the Truehandstalt and the German government compromised. The German government agreed to pay for job creation and training projects for the 4,000 workers.¹⁹ The unions are adamant in their belief that the German government should establish a holding company to run inefficient companies until they are profitable. There would be no time limits placed on this reconstruction. This plan would save East German jobs. Such protectionist sentiments are gaining popularity among the SPD party and some East German members of the CDU.²⁰

The political dissatisfaction of the West Germans over unification policies has already expressed itself at the polls. In an effort to pay for the growing deficit, Germany increased taxes in western Germany. This tax increase has been cited as the principle cause of the CDU's

¹⁹Claus-Dieter Steyer and Nikolaus Blome, "Huge Steelworker Protest at Takeover Forces Truehand to Make Concessions," The German Tribune, 22 December 1991.

²⁰Ralf Neubauer, "SPD Urges More Effort to Save Companies," The German Tribune, 22 December 1991.

losing control of Helmut Kohl's home district to the SPD.²¹ Furthermore, Germany's unification is far from complete. The five new states that formerly comprised the GDR are culturally and politically different from the western states, and many more expensive adjustments will have to be made.

On the domestic scene, a significant political factor weighing against German world dominance is the very strong antimilitaristic sentiment that has emerged over the last three decades. This political force has been a more dominant influence than the fringe political issues of the Right or Left.²² Liberal democratic institutions have had forty years to moderate and temper the German spirit.

Germany's new role in the world, however, is still not clear, and her position on the international scene has yet to be clarified. Indeed, the international roles of most European nations are in a state of flux and uncertainty. It has been asserted that the "economically dynamic and socially cohesive" nations of Japan and Germany may emerge as the new world economic powers. As the threat to these nations' security declines, the importance of the military might of the United States may diminish for

²¹John Tagliabue, "Tax Increase Costs Ruling Party Kohl's Home State," The New York Times, 22 April 1991.

²²Angela Stent, "The One Germany," Foreign Policy 81 (Winter 1990): 53-70.

them.²³ The process that led to German unification needs to be examined to understand the dynamics of this historical development. Particular attention needs to be paid to the role of the FRG in this process. The FRG did not sit idly by while the allies determined Germany's future. Rather, the government of Chancellor Kohl aggressively pursued policies that would lead to German unity. From the beginning of negotiations for a unified Germany, Chancellor Helmut Kohl maintained that German unity was a German question to be decided on German terms. Even the European Community (EC) was not directly consulted.²⁴ The interests of German politics clearly superseded any sense of pan-European policy.

From the perspective of the CDU government, the unification process followed a series of bilateral and multilateral negotiations. Bilateral negotiations were most important in dealing with the Soviet Union and Poland. Multilateral negotiations were vital with the other war powers and European Community. The Two-plus-Four Meetings (GDR and FRG, and the Soviet Union, United Kingdom, and United States) were essential for the final settlement. The German strategy was primarily concerned with four major points: 1) the establishment of an autonomous unified

²³Mau11, 91-106.

²⁴Stanley Hoffman, "The Case for Leadership," Foreign Policy 81 (Winter 1990): 20-38.

Germany; 2) the continued German participation in Western structures, especially NATO and the EC; 3) the unification of Germany without legal and discriminatory restrictions on German sovereignty; and 4) the final resolution of questions left at the end of World War II. The changed East-West relationships and increased German resources dictated simultaneous multinational and bilateral negotiations.²⁵ A German strategy consisting of a complex series of negotiations was pursued to secure crucial German interests.

Germany's security strategy has been to support the existing European security structure of the North Atlantic Treaty Organization (NATO), while proposing an increased role for the Council on Security and Cooperation in Europe (CSCE) and Western European Union (WEU). The CSCE was to assume an increased role to supplement the NATO framework. The CSCE would also legitimize European security agreements by maintaining a Soviet role in Europe. The "Message from Turnberry," in England, clarified that NATO's commitment to Europe was based on law, democracy, and freedom and offered a hand of friendship and cooperation to the Soviet Union.²⁶

On 12 September 1990, the Treaty on Final Settlement was signed in Moscow by the foreign ministers involved in the Two-plus-Four talks. The Final Settlement resolved the

²⁵Karl Kaiser, "Germany's Unification," Foreign Affairs 70 (Winter 1991): 179-205.

²⁶Ibid., 179-205.

basic issues: It approved the unification of East and West Germany; it maintained that Germany would never claim land forfeited to Poland at the end of World War II; and it asserted that Germany would renounce the manufacture, possession, and control of nuclear, biological, or chemical weapons.²⁷

Through this series of bilateral and multilateral negotiations, Chancellor Kohl asserted Germany's determination to make international policy consistent with Germany's special interests. Thus, the FRG took an active role in the formulation of the final settlement. Additionally, Germany has been active in advocating the further integration of the European Community. Unified policies are her goal for Europe. The degree to which the EC will form a powerful political entity is not certain at this time. While the economic and military realities of European integration will have significant influence on the political arrangements made in this post cold war era, these arrangements are far from settled. What has been established is that Germany intends to pursue her own political agenda--which may or may not coincide with American interests.

After the collapse of the Eastern European communist governments in late 1989, the Germans took the initiative for unification. In March 1990, East Germans voted to join

²⁷"A Farewell to Arms." Time (24 September 1990): 64.

the Federal Republic of Germany. This culminated a German process in which the Americans stayed in the background; President Bush did not place obstacles in the path of German unification.²⁸

Germany's recognition of the Republics of Slovenia and Croatia on 23 December 1991 established that German policy will be made on German terms.²⁹ On this issue, Germany demonstrated her increased power within the EC and the world. Despite French and British resistance, Germany steadfastly supported EC recognition of Croatia and Slovenia. United Nations Secretary General Javier Peres de Cuellar's efforts were unsuccessful in moderating Germany's position. Serious reservations were voiced over the historic ties between Germany and the Roman Catholic republics of Slovenia and Croatia.³⁰ In the European Community, Germany asserted her influence by obtaining EC recognition of Slovenia and Croatia by mid-January 1992. Both France and Britain favored a weaker EC resolution. Nonetheless, it was German policy that was adopted.³¹

²⁸Michael Mandelbaum, "The Bush Foreign Policy," Foreign Affairs 70 (Winter 1991): 5-22.

²⁹Laura Silber, "Germany Recognizes Croatia and Slovenia," The Washington Post, 24 December 1991.

³⁰Paul Lewis, "U.N. Yields to Plans by Germany to Recognize Yugoslav Republics," The New York Times, 16 December 1991.

³¹Paul Lewis, "U.N. Yields to Plans by Germany to Recognize Yugoslav Republics," The New York Times, 16 December 1991.

Further, this German decision was made contrary to the desires of President Bush and Secretary General de Cuellar.³² One factor contributing to Germany's position is her concern that many of the refugees currently in Austria and Hungary may migrate to Germany. An unrelated but interesting point that has been made is that there has been a substantial increase in the number of anti-Serbian reports in the German press.³³

Chancellor Kohl worked closely, with President Mitterand's support, to push for the economic and monetary union of the EC. The financial and monetary integration of the EC in 1992 is viewed as the economic institution that will bind Germany to Europe.³⁴ German policy has steadfastly supported expansion of the European Parliament's power at the expense of the individual national powers.³⁵ Some German diplomats have laid claim to eighteen additional seats in the European Parliament based on the democratic principle of proportionality.³⁶

³²Stephen Kinzer, "Germany Is a Challenge for Post-Soviet Europe," The New York Times, 27 December 1991.

³³John Tagliabue, "The New Germans: 'Dwarfs' No More," The New York Times, 16 December 1991.

³⁴Helmut Kohl, "A United Germany in a United Europe; U.S., Canada, and the EEC." Vital Speeches 56 (1 July 1990): 546-48.

³⁵Alan Riding, "Shaky But Resolute, France Is Gambling on European Unity," The New York Times, 1 December 1991.

³⁶"Community Vests Power in 4 Different Branches," The New York Times, 9 December 1991.

The accords signed at the EC summit 9-10 December 1991 at Maastricht, Belgium, served as the first codified agreement binding the twelve member states in economic and monetary union.³⁷ The political nature of the EC monetary and financial union was clear during the Maastricht summit. Chancellor Kohl and European Commission President Jaques Delors pushed vigorously for a strong federalist system. This system would formulate and implement common European foreign policy and a social charter.³⁸ German insistence on the Social Charter being included in the Treaty of Maastricht was successful. Only Britain has chosen not to participate in this portion of the agreement.³⁹

The political wranglings leading to the Maastricht summit made it clear that much of the French leadership expect the American role to decline in Europe. This position adds to the concerns that the EC of 1992 will become a fortress to be overcome by United States businessmen. The Bush administration has clearly expressed concern over European farm subsidies and the lack of EC

³⁷Thomas Gack, "The EC Gets Its Act Together at Historic Maastricht Summit," The German Tribune, 22 December 1991.

³⁸"The Federalists Fightback", The Economist (30 November 1991): 48.

³⁹Robin Oakley and George Brock, "Major Holds Out at Maastricht: Social Chapter Wrangle Takes Summit to Brink," The Times, 11 December 1991.

urgency in assisting Eastern European development.⁴⁰

Economics

The emergence of the Federal Republic of Germany as an economic powerhouse coupled with the process of EC integration will pose new economic challenges to the United States' interests. Economic competition with the EC will increase. The extent that European and German policy supports open and fair trade in the European Market will be of more concern to United States' interests than the waning Soviet or Russian threat. Germany has many pressing problems of her own. Eastern Germany and Eastern Europe are now faced with almost certain labor problems and social unrest while they adjust to market economies. The incorporation of the GDR into the FRG will strain German society for some time. Due to its geopolitical position, Germany will have a vested interest in the stability of the East European republics.⁴¹

Another issue is whether a unified Germany will necessarily be stronger. This is an uncertain assumption. The cost of reunification will be high. Public sector debt has been estimated at 240 billion DM from 1990 through 1991.

⁴⁰"Maastricht, as Seen From Afar," The Economist (30 November 1991): 25.

⁴¹Ronald Steel, "The Rise of the European Superpower: What the New Europe Will Look Like," The New Republic (2 July 1990): 213.

The world's financial markets are concerned with Germany's ability to control the inflationary forces associated with the financing of this public deficit. Germany's inflationary period in the 1920s is cited as a major cause for its economic collapse during that period. The Bundesbank's tight fiscal controls today, however, may keep German inflation in check.⁴²

Eastern Germany's economic problems appear more deeply rooted and more difficult to correct than originally predicted. Forecasts of eastern Germany's steady growth appear to have been overly optimistic. After years of communist rule, there is no infrastructure for development. With no banking system along Western lines, the Deutsche Bank has only recently opened offices in the East to help provide the capital for development. But development will depend on more than access to capital; the application of capital needs to be equally emphasized to ensure rapid East German development. One common problem in eastern Germany is that work habits during the last fifty years have developed in an economic and political system that did not emphasize efficiency and competition. Whether this social characteristic will block economic development is still uncertain. It is possible that West German businessmen will recognize the investment potential in eastern Germany as not

⁴²Niall Ferguson, "Uber the Hill: Why the New Germany's a Weakling," The New Republic (4 February 1991): 24.

being important and profitable. It may be more profitable for Germans to invest in poorer EC countries than in Eastern Germany. This would lead to much slower Eastern German development than has been predicted.⁴³

On the European scene, West German policy has been to firmly support the monetary, economic, and social union of the EC. The close relationship of European interests and German interests has been the official policy of the CDU for some time. Helmut Kohl says: "Federalism is our goal for Europe as a whole...a United States of Europe before the end of this century...."⁴⁴ As Kohl points out, this would be a political and economic union of 336 million people from one of the most developed regions in the world. Germany's role would prove critical, linking Eastern and Southeastern Europe to the West.⁴⁵

German commitment to European common interests may be tested if those policies conflict with the development of Eastern Germany. As of late, the principal economic concern of the German government has shifted to the rebuilding of East Germany--then, Eastern Europe. Current estimates place required German investment in the East German states at 4

⁴³Samuel Hoyestt, "Letter from Germany." Harvard Business Review 68 (May-June 1990): 219.

⁴⁴Kohl, 548.

⁴⁵Ibid., 546.

percent of the German GNP.⁴⁶ Total costs have been estimated at \$600 billion. The impact of these costs will be felt on the international monetary market. This will most likely absorb the German monetary surplus that had been used to help finance the U.S. debt.⁴⁷ The Bundesbank will become a smaller supplier of capital on the international market, and fewer government bonds will be purchased by German banks.⁴⁸

Germany's financial influence will increasingly extend to Eastern Europe and the republics of the former Soviet Union. The degree to which her internal development absorbs her assets and attention is uncertain. What is certain is that Germany is already providing 18 billion DM to finance the withdrawal of Soviet troops from Eastern Europe.⁴⁹ There also appears to be a distinct possibility that the Soviet Union will politically and economically implode, leaving Germany as the single strongest nation on the continent.⁵⁰ Whatever is the result, the German government has committed her financial and political support

⁴⁶John Templeman, "Will Unification Separate Kohl from His Office?" Business Week (4 June 1990): 74.

⁴⁷"Prosit, Deutschland!" The Economist (29 September 1990): 13-14.

⁴⁸Templeman, 74.

⁴⁹"Prosit, Deutschland!" The Economist (29 September 1990): 13-14.

⁵⁰Steel, 23.

to the development of the Eastern European countries and the Soviet Union.

As far as the EC is concerned, it is in a position to become a superpower in a new world order. Germany may emerge as the dominant power within the integrated European Community. Whether the EC of 1992 is a threat to American interests will depend largely on whether it is an open or closed market. The fiscal problems and trade imbalances have left the United States a shaken superpower. Without question, the United States is the most important military power. But her deficit has continued to be financed by Japan and EC states. In the near future, economic power may become more important than military might. Germany's role is the key to development in the EC. Germany has the largest GNP of any European nation. Thus, Germany is in a position to dominate trade in Eastern Europe and funnel capital to developing the former Soviet republics.⁵¹ Similarly, Germany could be in a position to set the agenda for Europe, especially as United States' influence declines.⁵² Economic cooperation between the United States and Canada and the EC is often viewed as the key to international stability. If these nations work through the

⁵¹William Pfaff, "Redefining World Power." Foreign Affairs 70 (1990-91): 34-48.

⁵²Russel Watson, "A New Germany: By Merging Their Economies Last Weekend, East and West Have Created One Deutsche Mark, One Nation and a New Balance of Power in Europe," Newsweek (9 July 1990): 28.

free world trade framework of the General Agreement on Tariffs and Trade (GATT) in Uruguay, economic cooperation should be possible.⁵³ But the ability of GATT to decisively resolve trade issues has never been established.

The EC may be the vehicle that contains the designs of Germany (and other European states), or it may provide a basis for much stronger influence by EC countries with Germany at the helm. Economic power blocs could form pitting the EC, North America, and the Pacific nations against each other. As a nation of 78 million people, Germany will be the largest nation in Western Europe. It will contribute 35 percent of the EC's GNP.⁵⁴ This constitutes real power--political and economic. Right now, power in the European Parliament is distributed relatively equally between France, Great Britain, Italy, and Germany. With the absorption of 16 million additional people, and their concomitant economic power, the FRG may desire more influence in European policy decisions. If the principle of democratic equity is extended to the European Parliament, then Germans would comprise the largest voting block. Conflict between the United States and the EC is already being felt. For instance, Europe's Airbus conglomerate has received substantial government subsidies to finance its

⁵³Kohl, 546.

⁵⁴Stephen F. Szabo, "Reunited Germany," Current History 89 (November 1990): 357-60.

growth. Furthermore, European governments have helped finance the development of six commercial jets specifically designed to compete with U.S. commercial jets. European advocates argue that they are merely supporting a "strategic industry." If the EC were to extend this precedent to other industries, this policy would greatly limit American competition in numerous technical fields. Americans' argue that after twenty-one years of existence, Airbus hardly qualifies for any infant industry subsidies. These high-tech trade restrictions are especially frustrating when coupled with the protectionism incorporated in the EC agriculture subsidies of the Common Agriculture Policy.⁵⁵

Access to the EC market may be tested in the airline industry as well. Most European airlines are subsidized by their host government. With economic unification pending, deregulation of European airlines is imminent. It will not be the drastic deregulation that occurred in the United States. But in 1993, any EC airline will have access to any EC route, and by 1996, there will be no governmental setting of fares in the EC market. The issue to the American airlines industry is whether or not they will have access to this market. Giant airline companies like United, American, and Delta are viewed as the European airlines' major competitors. Many Europeans are fighting the deregulation

⁵⁵Robert J. Samuelson, "Worth a Trade War With Europe," The Washington Post, 3 July 1991.

trend, especially when it applies to foreign carriers. While citing lack of access by European carriers to the American market, the German position has focused on keeping the American airlines out of the EC market. Years of competition have made American carriers much more cost efficient than European carriers. The probable result of equal access for American carriers is that many European airlines would go out of business.⁵⁶

The Economic and Monetary Union (EMU) of Europe 1992 is proposed as another step toward creating a common market. The reduction of national barriers would provide a number of major benefits. First, the opening of borders would increase the flow of trade and reduce costs. Public procurement also would be across borders, permitting access to the most competitive suppliers. In addition, free access to all the financial services of Europe should reduce the cost of borrowing, leaving more assets for investment. Finally, general competition should force national monopolies to become more efficient.⁵⁷ By 1999, complete EMU integration is to be accomplished. To form a federalistic Europe, the policies of a single currency, common defence and foreign policy, common citizenship rights, and an effective European Parliament will coalesce.

⁵⁶Stewart Toy, "The Carnival is Over," Business Week (9 December 1991): 51.

⁵⁷"Schools Brief: One Europe, One Economy," The Economist (30 November 1991): 53.

This federalistic political design is curiously similar to Germany's own political design.⁵⁸

The European Monetary System moved much closer to unification at Maastricht. Yet there are problems that plague the process. While the German deutsche mark is strong, the pound sterling is weak. Political pressures in Britain favor keeping interest rates low to fight the recession. The problem facing a united Germany is that she may lose some of the stability provided by the deutsche mark.⁵⁹ The degree to which Germany will acquiesce to the fiscal views of the EC is not clear. Germany has steadfastly made the maintenance of high interest rates a cornerstone of its fiscal policy. In December 1991, the Bundesbank raised its interest rate. This effectively forced other European banks to follow suit. Many other European nations had hoped to see a lowering of interest rates to spur domestic economic development.⁶⁰

Also, the domestic German debate over the EMU process is not yet finished. Some Germans are now questioning the attractiveness of the EC as an institution. The EC provided a supranational organization that produced a

⁵⁸"Europe: The Deal Is Done," The Economist (14 December 1991): 51.

⁵⁹"EMS under Pressure," The Economist (30 November 1991): 16.

⁶⁰Stephen Kinzer, "Germany Is a Challenge for Post-Soviet Europe," The New York Times, 27 December 1991.

united front during the cold war. That cold war is over. There are concerns that changes in the EC may do more harm than good to German interests.⁶¹

The political and economic direction that Germany pursues is certainly central to American interests, especially when these policies manifest themselves in the development of the EC. Economic competition could be a source of conflict, and the highest level of this sort of conflict entails, of course, military conflict.

The Military

Germany's military policy is certainly unique and bears analyzing. Hopefully, Germany's fixation on internal goals and development may restrict her inclination to utilize her military.⁶² Nonparticipation in the Persian Gulf War by Germany was viewed by many as a commitment by Germans to nonmilitaristic policies while she focused on internal German development. Germany's adherence to the interpretation that the Basic Law prohibits the use of any military force outside of NATO could explain her nonparticipation in the Gulf War. Nonetheless, Western criticism has arisen over Germany's reluctance to get

⁶¹Roger de Weck, "The Decisions Have Been Taken, But the Debate Is Only Beginning," The German Tribune, 22 December 1991.

⁶²Peter Ross Range, "From Worrisome Giant to Pitiable Gulliver," Defense and Diplomacy (August-September 1991): 14-17

militarily involved in conflicts outside of Germany, while, at the same time, she participates in the international arms trade. For instance, embarrassing problems arose for Germany over corporate Germany's role in building Saddam Hussein's biochemical weapons that were to be used on her Western allies.⁶³ Yet Germany is quick to point out that she fulfilled her financial contribution to the United States in March 1991, accounting for about 18 billion DM.⁶⁴ In addition, by 4 April 1991, Germany had deployed a flotilla of mine sweepers to the Persian Gulf to support mine clearing operations.⁶⁵

Germany's international military role has yet to be comprehensively defined. At present, the CDU simply supports a policy that defines German security in terms of its continued participation in NATO. Chancellor Kohl, nonetheless, views the transatlantic security link as being critical and needing strengthening. From Kohl's perspective, NATO's role should continue to be a strong one. Currently, there is no other institution that can ensure European stability to the degree that NATO has. The CSCE is often proposed as an alternative to NATO, but Chancellor Kohl argues that the CSCE, with the United States and Canada

⁶³Giuseppe Sacco, "Saving Europe From Itself," Commentary 92 (September 1991): 36-39.

⁶⁴"Final War Contribution Installment Paid", Hamburg DPA, transcript in FBIS, 29 March 1991, 7.

⁶⁵Ibid.

as full members, will play a more valuable role supporting the NATO framework. He asserts that the members of NATO will need to address broader issues in the future and that perhaps the CSCE could play a role in this area.⁶⁶

Chancellor Kohl has made assurances that Germany should remain closely linked to the United States, and remaining in NATO is crucial to this German policy.⁶⁷

Some concern has been expressed that if Germany were to remain in NATO, she would remain too militaristic and consequently a threat to her East European neighbors. In reality, a unified Germany inside NATO is supported by Poland, Czechoslovakia, and Hungary. Germany's policy is that it will not become neutral, demilitarized, or nonaligned. Germany will remain a free, democratic, and federalist state.⁶⁸

NATO's military role in the Atlantic Alliance is also being questioned anew. Europe is getting richer and, if unified, will have economic parity with the United States. Supported by their economic power, European countries may assert claims for increased influence in deciding NATO's policies. Thus, American dominance of NATO

⁶⁶Stanley Hoffmann, "The Case for Leadership," Foreign Policy 81 (Winter 1990-91): 20-38.

⁶⁷Kohl, 546.

⁶⁸Ibid., 546.

may soon be modified.⁶⁹ German Foreign Minister Genscher explicitly states that as far as Germany's role in NATO is concerned, German policy should be to "...change NATO from a military institution into a political forum while strengthening the CSCE."⁷⁰

The military role of Germany appears settled for the near future. The Germans have agreed to limit their military, which will include 25,000 troops of the old East German Army. This army will be divided into army field forces of 248,000 and a troop territorial army of 64,000. The latter will be utilized for border and internal security duties. The former will be utilized as part of NATO battle units.⁷¹ The issue of a continued NATO role for Germany needs to be clearly defined. With many Germans referring to Americans derogatorily as "the Romans," the days of America dominating the security agenda of Europe may be short. Current discussions of an Allied Command Europe (ACE) mobile force designed to react on short notice to a wide spectrum of threats may provide NATO a more current mission.⁷²

The concern of the United States and her allies (as

⁶⁹"NATO versus Euro." The Economist (1 April 1989): 13.

⁷⁰Robin Gedge, "After the Party," National Review (31 December 1990): 21-22.

⁷¹Tor. Geraghty, "Germany's New Army," Defense and Diplomacy (August-September 1991): 6-13.

⁷²*Ibid.*, 10-13.

well as former communist countries) over Germany acquiring nuclear weapons has been great. Chancellor Helmut Kohl appears to lay to rest concerns over Germany's nuclear role when he says: "... No, this discussion is over in Germany. We are not at all longing to be an atomic power."⁷³

Through the German unification process, Germany limited its military power and implemented two major policies. First, Germany confirmed its nonnuclear status. Second, as a result of the Caucus Summit Meeting in July 1990 between Helmut Kohl and Gorbachev, Germany agreed to a maximum military force of 370,000.⁷⁴

German assistance to the Soviet Union proved essential in obtaining a Soviet agreement to remove its forces from East Germany. To resolve the nagging postwar question of Eastern German borders, Germany in July of 1990, during the Two-plus-Four talks in Paris, agreed to recognize the Polish borders in their present alignment. This was codified in the bilateral treaty between Germany and Poland signed on 14 November 1990.⁷⁵

Not all of Europe's internal problems have been resolvable. The EC's, NATO's, or CSCE's ability to affect conflicts in Europe can be seriously questioned based on the

⁷³"Defusing the German Bomb," Time (2 July 1990): 34.

⁷⁴Karl Kaiser, "Germany's Unification," Foreign Affairs 70 (Winter 1991): 179-205.

⁷⁵*Ibid.*, 179-205.

current conflict in Yugoslavia. NATO clearly has no mandate to intervene. What is more, the United States contends that Europeans should take the lead in resolving the dispute. But the CSCE lacks the power and will to influence the conflict. Likewise, there is no unanimity as to what actions should be taken. The EC, on its part, sees economic sanctions as ultimately being ineffective. So the three institutions most often mentioned as assuming a collective security role in Europe are avoiding Yugoslavia's Civil War.⁷⁶

The Treaty of Maastricht, in general terms, has pointed to the West European Union as playing an increased security role as the EC's defense arm. Both France and Germany support expanding the WEU. While neither nation believes that the WEU will supplant NATO, an EC defense role is forecast for the WEU.⁷⁷ Firm opposition from Britain, however, convinced Germany to withdraw her support formalizing the WEU's defense role in the Treaty of Maastricht. For now, this has avoided any conflict with NATO. NATO will remain the principal security organization in Europe.⁷⁸

⁷⁶"The price of not stopping violence." The German Tribune, 15 September 1991.

⁷⁷William Tuohy, "EC Says Defense Arm Will Not Replace NATO," The Los Angeles Times, 11 December 1991.

⁷⁸Robin Oakley and George Brock, "Major Holds Out at Maastricht: Social Chapter Wrangle Takes Summit to Brink," The Times, 11 December 1991.

The central issue of German unification and her impact on the European Community of 1992 will be its effect on real power relationships. The political, economic, and military position of Germany within the EC could establish the next superpower. The political interrelationships and economic interdependencies between North America and Europe may preclude conflicts similar to those in the early twentieth century. But this is not certain. Now and in the near future, the United States' international foreign policy will be formulated based on its perceptions of German capabilities and intentions.

Summary

The new unified Germany has emerged as the largest and richest nation in Europe. Despite concerns over the delay in incorporating East Germany into the FRG, it appears that unification will be successful. The uncertain aspect is the degree that issues of East German development will affect German policy. The Soviet empire has disintegrated. Germany will prove to be the pivotal nation in Europe. The United States will have to base its policies on the realities of Germany's real economic and political power in Europe.

One central theme in German politics is Germany's commitment to the EC's integration process. The CDU-CSU, FDP, and SPD have firmly supported the economic, social, and

political development of the EC. There have been steady assurances that Europe will not develop into a economic fortress protected from competitive trading. But, again, it will most likely be the politics of Germany that affect EC policies. The corporate and financial might of Germany will make its preferences felt in Brussels.

The issue of European security hinges on two related factors. One is the future of NATO. Without its original foe, NATO seems desperate for a purpose. Consequently, many Europeans, including Germany's SPD, view NATO as a temporal organization whose days are limited. NATO is frequently viewed as a fading relic that needs to turn its responsibilities for European security over to the WEU, CSCE, or some other hodgepodge relationship between organizations.

Others point out that NATO has worked in the past. Perhaps it's time to change its basic mission. Moreover, friction arises from the efforts of the EC to develop its own military force within the WEU framework. The duplicity seems impractical. But there is still a strong emotional desire by Europeans for security on European terms, without the United States' intrusion.

Another factor that is central to the future security relationships of Europe is the role of the United States within Europe. This role is most often linked to the future of NATO. That is, if there is no NATO, then the

United States is out of Europe, which provides some analysts with an argument for keeping NATO intact. There have been other proposals for linking the United States to Europe, such as the CSCE's growing responsibility and power. Germany will prove critical in determining if an American presence will be maintained in Europe and what type of presence that will be. If Germany were to shift from its pro-Atlanticist view to a strictly European view of security, then NATO would fold, and the United States would have to leave Europe. Germany will decide if her security interests are best served by close ties with the United States. The ties that include American troops on German soil and protection of Germany by the American nuclear umbrella may or may not still be valid.

The following chapter will analyze some of these problems and developments from a historical perspective. The political developments prior to World War I, during World War I and World War II, and through the Cold War should give some basis for comparison with current events. Perhaps the new world order is not all that new, and that current developments may merely be shifts in current international power relationships. The question of international dependencies will also be raised, since it is this new trend toward interdependencies that many analysts believe will provide a safeguard against future world conflicts. Germany is emerging with substantially more

power than she has ever possessed before. If this power is combined with that of the EC, the United States will no longer be the worlds preeminent superpower. The likelihood of this eventuality must be weighed and thoroughly evaluated.

CHAPTER 3

GERMANY AND INTERNATIONAL ORGANIZATIONS:

A HISTORICAL PERSPECTIVE

When addressing Germany's political, economic, and military position in the world, a brief review and analysis of German history prior to World War I and during World War II and through its aftermath may prove helpful. Are there any lessons to be learned or comparisons to be made concerning these periods? Certainly, German policy has been pivotal to twentieth-century European history. German ambitions prior to, and during, World Wars I and II may have contributed directly to the Cold War superpower stand-off. In the past, German policy seems to have been driven by the same fundamental desire of any nation-state: to be secure and prosperous. In this chapter analysis will focus on German policy, the domestic foundation of that policy, the increased interest by Germany in relationships of economic interdependence, and the ability of international organizations to prevent conflicts in cases of clashes

between major and international powers.

World War I

German policy prior to World War I attempted to ensure Germany's national security and prosperity. Thus, national needs were satisfied by the German government to stabilize domestic unrest. Internationally, Germany asserted its claim as an equal.⁷⁹ By the end of the nineteenth century, Germany had established herself as an industrial power on a par with Britain.⁸⁰ German policy from the Boer War (1898-1901), through the first Moroccan crisis (1905-1906) and the "Bosnian Crisis" (1908), was a series of attempts to exert power to shape international events in Germany's favor.⁸¹

Certainly, the desire to expand the nation's influence was not unique to Germany. All of the strong industrialized nations had designs for empires. Colonization was the conventional means to this end. However, to limit the scope of this essay, the focus of the discussion will be on German policy as it related to colonialization. Colonization proved to be a central German policy prior to and during World War I. Germany's

⁷⁹Fritz Fischer, World Power or Decline (New York, N.Y.: W. W. Norton & Co., 1974): 3-7.

⁸⁰David S. Landes, The Unbound Prometheus (London: Cambridge University Press, 1969): 232-358.

⁸¹Fischer, 7-9.

Mittlelafrika policy was designed to establish a German colonial belt across Africa. This belt would include Portuguese colonies, the Belgian Congo, and Dutch colonies. Germany expected this policy to strengthen its economic position in the world.⁸²

Prior to World War I, Germany wished to extend its influence within Europe to ensure its competitive edge with the United States of America. The "United States of Europe" was a plan developed to confront the growing economic power of the United States. The proposal was based on an Anglo-German alliance that would force other European states to join. As part of the alliance, the nations of France, Austria-Hungary, Italy, England, and Germany would join in a restrictive economic bloc. Anti-Americanism was central to the policy.⁸³ The immediate goal of such a proposal may have been to gain England's neutrality in a German war with France, but the basic argument was that it would provide an increased balance of power in relation to the United States.

Great Britain did not join such a scheme. Consequently, Germany pursued a smaller scale European power-enhancing policy called Mittleleuropa. The crux of the policy was the same: To enhance German prosperity and world power. This policy justified German expansion. Either through diplomacy or use of force, Germany desired to

⁸²Ibid., 11-12.

⁸³Ibid., 13-14.

create an economic sphere of influence within Europe that was protected from international competition--specifically, English, American, and Russian competition.⁸⁴ Although the concept never came to fruition, the Allied blockade appeared to make a scaled-down version a reality. The concept was kept alive well into World War I.⁸⁵

German hegemonic aspirations were clearly the basis for its policies prior to World War I. Quick victory was anticipated. Germany was to economically dominate France, the Lowlands, and Denmark. This French-German Axis would economically sever England from the Continent. With these acquisitions into the German sphere of influence, Germany would strategically enhance her mineral, industrial, and agricultural power base. These conquests would maximize German world power. The war and postwar order were founded on the assumption of German victory. This achievement of Mitteleuropa would be the first step toward world domination by Germany.⁸⁶

Another purpose in expanding German power in Europe and abroad was to provide security for the Reich. By increasing the German sphere of power, the Reich not only would be more prosperous, it would be less vulnerable to

⁸⁴Ibid., 13-16.

⁸⁵David Stevenson, The First World War and International Politics (London: Cambridge University Press, 1988): 96.

⁸⁶Fischer, 32-44.

external threats. Kaiser Wilhelm II's "world policy" was conceived on a grand scale, but its application was focused primarily at England.⁸⁷

The fundamental policies of Germany were not the machinations of Bethmann Hollweg or the Kaiser; they represented the political inclinations of the elite of Germany. The declining aristocracy, the industrialists, the landowners, and the military had vested interests in an expansionist German policy. War provided a means of protecting all those interests in German society.⁸⁸

Even the Socialist Party and unionists in Germany predominantly supported a nationalistic "self-defence" policy. In this regard, nationalism proved stronger than international labor.⁸⁹ Although many groups influenced the decision of the Social Democratic Party, when the time came, the SPD voted for war credits and an Enabling Act that authorized the war.⁹⁰ The socialists, as leaders of the labor movement, ultimately did not identify with workers in France. Rather, the socialists in Germany (as well as in France) supported their own governments.⁹¹

Prior to and during World War I, the nationalistic

⁸⁷Ibid., 57-59.

⁸⁸Ibid., 70-81.

⁸⁹Stevenson, 34.

⁹⁰Ibid., 101.

⁹¹Ibid., 38-39.

context of German policy manifested itself in clear racial terms. The most immediate struggle was between the Germans and Slavs. The racial struggle was always a significant element of German nationalistic motivation. The German leadership firmly believed that this racial conflict existed and shaped its policy accordingly.⁹² The Pan-German Association was adamantly in favor of annexation of European territories. This would lead to a strong German economic and political bloc in Europe.⁹³ A German intellectual foundation for racial and anti-Semitic thought was established in the German universities by the 1880s and 1890s. The idea of the Volk (Germanic peoples) having a destiny separate and superior from other races was prevalent in Germany. Bourgeois elitists assumed the role of leading the Aryan race and Germanic Volk to its destiny.⁹⁴ In turn, racially pure Germans would become the aristocracy of all the lesser races. Intermingling of the races was recognized as weakening the German nation.⁹⁵ The proposal of a "frontier strip" in Poland created by moving the Slavs and Jews east exemplifies the significance that racial

⁹²Fischer, 23-24.

⁹³Stevenson, 100-102.

⁹⁴George L. Mosse, The Crisis of German Ideology (New York: Grosset & Dunlap, 1964): 150-53.

⁹⁵Ibid., 89-92.

thought had on German policy.⁹⁶

The lack of interdependent relationships between the industrial powers is often cited as a contributing factor leading to World War I. From the beginning of the nineteenth century to 1913, European trade increased to over 30 percent of world production, and Europe "...accounted for 65 percent of all world imports and 59 percent of all exports...." ⁹⁷ German coal tar production relied substantially on imports from the United Kingdom.⁹⁸ On the other hand, the international flow of capital favored Germany. In general, German banks maintained higher interest rates than other nations, which encouraged investment in German banks.⁹⁹ International trade and commerce was a part of the pre-World War I German economy. As with most nations, the question in Germany was, to what degree would their domestic economy be open. Ultimately, near the end of the nineteenth century, protectionist policies, trade barriers, and governmental involvement overwhelmed free market tendencies.¹⁰⁰ Again, the Mitteleuropa policy was designed to extend German access to European markets and resources while denying access to

⁹⁶Stevenson, 95-96.

⁹⁷Ibid., 6-7.

⁹⁸Landes, 332.

⁹⁹Ibid., 333-34.

¹⁰⁰Ibid., 355-60.

others.¹⁰¹

International organizations are often viewed as institutions that can maintain the peace between nation-states. During the nineteenth century, the Concert of Europe was an informal understanding among the great powers of Europe that conferences would be convened to resolve conflicts. The conferences were purely voluntary. The Concert had little power over larger countries. Traditional deterrents to war still carried the day. Attempts were made to regulate the conduct of war through the Hague Peace Conferences of 1899 and 1907. Numerous other international bodies also were formed to coordinate technical interrelationships like transportation and communications. But none of these organizations proved effective in limiting the ambitions of nations.¹⁰²

During this era, the political perception appears to have been that the best way to ensure Germany's security and prosperity was for her to expand militarily, by either direct subjugation of other nations or vassal-state relationships. Germany intended to extend her sphere of power, which would enable it to confront the powers of the future--the United States and Russia.

¹⁰¹Stevenson, 96-97.

¹⁰²Ibid., 4-10.

World War II

Similar to World War I, the policies adopted by Germany prior to and during World War II were predominantly based on her perception of state security and prosperity. The addition of fanatical racism--which proved to be of the highest priority to the Nazi regime--was often couched in terms of national security and economic prosperity.

The Nazi policy of expansion by force was based on the belief that social and economic benefits would be accrued from victory.¹⁰³ The National Socialists worked with German capitalists to control the German economy. Germans considered it essential that they increase their territorial control to ensure their destiny and prosperity. To the Nazis, the expansion of Germany's control to all of Europe was economically essential. Control of more area would support the social and racial reconstruction of Europe, as well as provide more resources for the war effort. Germany would have to look past the economic unit of the state and gain control of a "large area." The two powers that economically controlled large areas were the United States and the Soviet Union.¹⁰⁴ Nazi Germany's new European order would incorporate an economic and political union ruled by the superior Germanic people. Germany would

¹⁰³Alan S. Milward, *War, Economy and Society: 1939-1945* (Berkeley: University of California Press, 1979): 4.

¹⁰⁴*Ibid.*, 7-14.

be the financial, industrial, and technocratic center that would guide the union. Less-developed states would provide raw materials to support this greater Germany. The Nazi economic formula was closely intertwined with the National Socialist's racial ideology.¹⁰⁵

Stockpiling of vital materials and weaponry and rapid military conquest proved essential to supporting Germany's expansion. The German policy of stockpiling of vital materials and armaments was pivotal in supporting her blitzkrieg expansion. Quick military expansion was critical to financing the war effort. The blitzkrieg was more than merely a rapid military conquest. It was a rapid military conquest that turned the resources of the conquered over to the Reich for support of the next campaign. This reflected the Nazi government's belief that control of Europe's resources was essential to the establishment of a new European order.¹⁰⁶ By various methods, the Nazis would utilize the vanquished states' assets at their own discretion.¹⁰⁷ So successful was Germany's rapid expansion and exploitation that it did not mobilize into a total-war economy until mid-1942.¹⁰⁸

¹⁰⁵Ibid., 153-65.

¹⁰⁶Ibid., 28-30.

¹⁰⁷Gordon Wright, *The Ordeal of Total War: 1939-1945* (New York: Harper & Row, 1968): 117-23.

¹⁰⁸Ibid., 61-65.

The Nazi government also desired to enhance German security and prosperity. In the Nazi view, the only true security and prosperity would evolve in a society where Germans ruled. The preeminent policy was the racial policy. Success of the racial policy would lead to success of economic and social policies. From the Nazi viewpoint, the Jews were the antipathy of all that was good. The lesser races, such as the Slavs, were to serve and support the Germans. Essential to German security and prosperity was the elimination of Jews in Europe. In addition, the Nazi's linked the evils of capitalism and communism to the Jew. The existence of the current system of states was merely part of the Jewish machinations. The core of the real struggle was against the Jew. From this perspective, both the United States and the Soviet Union were tools of international Jewry.¹⁰⁹

The belief in German superiority that was part of the Nazi ideology extended past the National Socialist Party (NSDAP). The conservative party, German National People's Party (DNVP), also advocated Volkish principles. Moreover, the conservatives firmly supported the disenfranchisement of Jews in German society. The DNVP, Stahlhelm Veterans' Organization, and the Deutschenationale Handelsgehilfen Verband (the largest white-collar union in Germany) were all center of the political spectrum organizations that

¹⁰⁹Mosse, 296-311.

supported German racist policies.¹¹⁰

During this era, failed markets, trade restraints, and monetary instabilities proved formidable obstacles to economic interaction. Again, protectionist practices such as tariffs and quotas gained favor in most countries of the world, including Germany. As the prosperous years of the 1920s passed and the world entered the depression of the 1930s.¹¹¹

Earlier, during, and after the formation of the League of Nations (at the conclusion of World War I), many world leaders hoped that the League would be the sort of international organization that could restrict the aggressive tendencies of nations. Many reasons, however, are cited for the failure of the League to have a real impact on the policies of European nations. Lack of U.S. ratification coupled with French and British reservations concerning its practicality contributed significantly to the ineffectiveness of the League of Nations.¹¹²

The Cold War

When the world entered the Cold War period economics and politics were determined in an international environment that pitted two superpowers against each other. With

¹¹⁰Ibid., 250-59.

¹¹¹Landes, 364-67.

¹¹²Stevenson, 244-60.

diametrically opposite political and economic systems, fundamental government policy on both sides was confrontational. The Western powers, led by the United States, saw containment of communism as central to their political, economic, and military policies. On its part, the Soviet Union, with its Warsaw Pact allies, sought to undermine international capitalism by exporting communism. The restraining factor preventing direct military conflict between the two superpowers was the presence of nuclear weapons. Nuclear weapons assured each superpower a new massive retaliation capability that effectively set limits on each superpower's policy. Policy makers for each system focused on policies that would ensure their sides security and enhanced prosperity. Germany proved to be the ground on which the superpower confrontation was most vividly dramatized. This essay, however, will limit itself to a brief review of Western policies, emphasizing the German and American perspectives.

Post-World War II reconstruction posed a challenge to the Western democracies. The containment of communism and reestablishment of a prosperous world economy were the preeminent goals for the West. Through American leadership, an unprecedented international policy of heavy investment in the rebuilding of the European economy was pursued. This policy, the Marshall Plan, combined direct aid with loans to provide the capital for European reconstruction. The most

innovative aspect of American policy was its extension of the concept of reconstruction to include Germany. Germany was to be a part of a democratic, economically vibrant, Europe. A system of protective quotas was established and regulated to ensure European industry and agriculture would grow. Soon, German economic performance outpaced other European nations. In this view, it was consistent with American interests to integrate a strong Germany into the Western economic and political system. After the Marshall Plan ended, American aid did not, but aid began to shift in emphasis to military aid.¹¹³

The German leadership of Chancellor Konrad Adenaur placed FRG security and prosperity interests firmly in the path of Western integration. His Christian Democratic Union supported integration economically, politically, and, most controversially, militarily. It should be noted that the Socialist Democratic Party, led by Kurt Schumacher, opposed this integration. The SPD viewed integration as being an impediment to unification and as an excuse to rearm.¹¹⁴

Germany's political and military integration into the West was marked by its entry into NATO. NATO served as the institution that unified the Atlantic powers of Europe and America. The United States, to solidify this union,

¹¹³Landes, 493-99.

¹¹⁴David Marsh, The Germans: A People at the Crossroads (New York: St. Martin's Press, 1989): 55-58.

committed itself to the defense of Europe. Political and military considerations were of equal importance to United States planners.¹¹⁵ NATO also served as an institution through which one of the major superpowers, the United States, could influence German policy. American economic and military preeminence provided her the power to determine NATO relationships. It has been debated whether American interests always coincided with German interests.¹¹⁶ For both the United States and Germany, however, the principal interest was in maintaining the Atlantic Alliance to deter aggression by the Soviet Union.

The belief that some sort of international institution was needed to control the nationalistic aspirations of states has led to the establishment of many organizations such as NATO in an attempt to ensure world stability and prosperity. The International Monetary Fund, the European Economic Community, and the United Nations are a few of these other major institutions.

Postwar economic relations were also formulated as an effort to promote Western prosperity and contain communist expansion. The Bretton Woods Agreement of 1944 strove to formulate an international monetary system that would resist nationalistic inclinations in the way of

¹¹⁵Manfred Worner, Change and Continuity in the North Atlantic Alliance (Brussels: The Office of Information and Press NATO, 1990): 43-48.

¹¹⁶Marsh, 226-42.

protectionism. The International Monetary Fund was to monitor national behavior to ensure compliance with the monetary rules.¹¹⁷ The IMF has developed over the years into an open institution committed to economic development. In this regard, standard criteria have been established for the lending of funds. The IMF's control is based on a state's economic resources. Western industrial nations have controlled its fiscal policies.¹¹⁸

The General Agreement on Tariffs and Trade was another attempt to establish a vibrant international economy. The intent of these meetings was to reduce trade barriers and to promote interaction between national economies. The use of tariffs and quotas was accepted to assist nations in building a particular industry. The goal was to create a stable world economy based on free trade that would benefit all nations.¹¹⁹ These developments in the international economic community were paralleled by

¹¹⁷Richard N. Cooper, "Prolegomena to the Choice of an International Monetary System," in World Politics and International Economics, ed. C. Fred Bergsten and Lawrence B. Krause (Washington, D.C.: The Brookings Institution, 1975): 85.

¹¹⁸Lawrence H. Officer, "The International Monetary Fund," Proceedings: The Academy of Political Science 37 (1990): 28-36.

¹¹⁹Robert E. Baldwin and David A. Kay, "International Trade and International Relations," in World Politics and International Economics, ed. C. Fred Bergsten and Lawrence B. Krause (Washington, D.C.: The Brookings Institution, 1975): 99-102.

security arrangements in Europe and Asia that provided the stability required for prosperity.

An emerging German view holds that the world will be divided into three competing economic spheres: the United States, the Far East, and Europe. Consequently, the economic power within Europe should be accompanied by a political and defense union. Chancellor Kohl states: "In the United States of Europe, we will naturally ... take care of defense ourselves....One cannot say that we are building the political union of Europe and exclude very decisive elements--foreign and security policy...."¹²⁰

From this brief treatise, it is evident that the idea of the United States being an opposing power is not new in German thought. Also, it should be understood that the integration of European resources to increase Europe's competitive edge is not new. German policy makers prior to both World War I and World War II viewed the United States as the power that would ultimately have to be dealt with. The obvious power relationships have been noted since the turn of the century. The process of EC integration will most likely consolidate the nations of Europe to an unprecedented degree. German financial, industrial, and technological might will play a significant role in determining the policies of the EC. Whether Germany will

¹²⁰Vienna ORF Television Network, "Kohl on European Unification, USSR, Ex-GDR," 27 March 1991, transcript in FBIS (19 March 1991).

continue to view the United States as vital to her interests will be addressed in the final chapter. But if the politics of the past provide any insight into the future, then the developments in Europe are not necessarily positive, nor are they distinctively new traits. The new feature is that German industry will gain unfettered access to the markets of Europe through a pluralist democratic integration process rather than through force.

CHAPTER 4

CONCLUSIONS

Will German unification and the European Community's integration support a more interdependent, secure, and stable world order? Unfortunately the answer is not a definite yes. It is not clear whether Europe's balance-of-power politics, which dominated its international relations prior to the two world wars, will again predominate. Moreover, to break historical patterns, many of the traditional nation-state relationships in Europe will have to be considerably modified. But many experts assert that the realities of an interdependent international market have altered traditional international business and finance to a degree that limits aggressive national aspirations. This new interdependency among nations is viewed as a stabilizing factor, in Europe's and, more specifically Germany's relations with other international powers. Many commentators have proposed that interdependency will create a "new world order" that will contain the aspirations of nation-states. According to this model, interdependency

between national economies has created supranational relationships that will lead to more international cooperation and less conflict. The rapid growth of multinational enterprises reflects, to a degree, the interdependent nature of finances and production in this new world order. The incorporation of democratic principles in resolving conflicts may stabilize international economic relationships. This, in turn, should ensure a more equitable growth and development for all nations. A myriad of actors will contribute to the development of this model, and German unification and the EC's integrating process may well play an important role in this new drive toward international cohesion.

Chancellor Kohl has committed Germany to a supporting role in the development of these new interdependent relationships between developed nations. In general, Kohl's support of increased interdependency has been on a European as well as worldwide basis. His support of European integration can be seen as the institutionalization of a higher level of interdependency between European nations. In the process, the EC may expand into an economic superpower on a par with the United States. Meanwhile, the increased economic activity between European nations should serve to restrain the aggressive aspirations of those nations and prevent future European wars.

The United States supports this worldwide trend

towards political and economic interdependency. American President George Bush succinctly expressed this view in the 1991 National Security Strategy when he said: "At a time when the world is far more interdependent--economically, technologically, environmentally--any attempt to isolate ourselves militarily and politically would be folly."¹²¹ Thus, the United States is concerned whether the EC will lean toward economic isolationism now that its major security threat, the Soviet Union, has dissolved. In the future, the United States' contribution to European security will become a substantially reduced bargaining chip for resolving European economic conflicts.

In the past, traditional bilateral political arrangements have led to conflict. The growth of multilateral relationships and institutions may resolve such conflicts more effectively. New international economic, military, and political relationships may help to avoid conflict between major powers. In addition, international institutions based on democratic principles may moderate national power relationships and provide for world security and stability.

¹²¹National Security Strategy of the United States, The White House, August 1991, 2.

German Unification

Germany's fundamental national security and prosperity goals have remained unchanged throughout this century. More recently, through a series of voluntary, democratically based, institutions, Germany has achieved both of these long-term objectives. The security Germany fought for in two wars has finally become a reality through the Atlantic Alliance. Likewise, access to resources and markets (which concerned German policy makers earlier in the twentieth century), has been provided by an economic order based on the principles of market capitalism. The new phenomena of European integration and international interdependency may provide an international order that further enhances German security and prosperity while avoiding conflict.

Germany will be the central nation in the EC's integration process. Therefore, Germany's domestic political disposition will prove critical. Germany's internal stability is essential to its own well being as well as European development. Since Germany's wealth, geopolitical position, and power have greatly increased recently, the EC of 1992, as a strong institution, will not survive without German support.

There has been much concern over whether the FRG can absorb the East German states into a stable Germany. While the economic and political schism between East and West

Germany is a significant obstacle to absorption, in the long term, German unification will be successful. The strength of the FRG's economy and German cultural ties will provide a stable base for the integration of East Germany into the FRG. In addition, Germany's federalist system will provide the political flexibility required to effectively address East German development in a relatively harmonious manner.

Early estimates of rapid integration and economic growth in East Germany were overly optimistic. The poor condition of the five East German states will take years to improve. Decades of communist rule have severely restricted the development of the East German industrial infrastructure, which is not economically competitive at present. But the German government has taken positive steps to build this East German infrastructure. Given time, these steps should be successful.

The demand for credit in Germany has been viewed by many German analysts as exerting perilous inflationary pressures on the German economy. This increase in public and private borrowing has placed a strain on German credit. But the Bundesbank has steadfastly maintained a strict monetary policy that will continue to successfully check inflation. At the same time, the FRG has aggressively sought to sell the enterprises owned or controlled by the former GDR. Although strongly resisted by some German politicians, this policy will, in the long run, infuse

capital into East Germany and create a base for private enterprise.

In the near future, the FRG's governmental policies will be driven by the political coalition of the CDU-CSU and the FDP. The focus of their policy has been to support the trends of international interdependency on the European and Atlantic levels. Their strong support for NATO reflects their belief that NATO can not be replaced and that it is the one working security institution in Europe that has been and can be accepted by the Europeans.

The German commitment to the transatlantic link, although strong in the military realm, may be tested in the economic realm. Access to the European market will prove more vital to American interests than maintaining NATO's security structure. With the Soviet threat vanished, there will be little incentive for German policy makers to compromise on economic issues for the sake of maintaining security relationships. Nonetheless, Chancellor Kohl, while stalwartly supporting European integration, has assured the United States that market access will be available to American business. This, in turn, should increase the interdependency between the United States and Europe. These assurances are central to American interests.

On the other hand, the prospect of the SPD gaining power in the FRG does not bode well. The SPD has not embraced the concept of interdependency. Indeed, their

protectionist tendencies fueled much of their resistance even to German integration. The SPD's desire to slow unification was founded on the principle that an influx of East Germans would cost West Germans jobs, money, and stability. Now that unification has been completed, the SPD advocates its protectionist programs that are contrary to East German interests. In this policy shift, the SPD desires to gain popularity at the expense of the CDU. The SPD supports the German government's management of inefficient East German firms for the purpose of maintaining employment. In theory, these firms would eventually become profitable and be sold to private interests. Such massive subsidies, however, parallel the already maligned and questionable agricultural policies of the current German government.

If the SPD were to gain control of the German government, these protectionist socialist policies could spill over into EC policy. The effort to protect German jobs could be extended to include the populace of all EC nations. In addition, many European socialists, such as Jaques Delors, view the preservation of the European culture as being of the highest importance. In this view, policies could be devised to protect European social institutions--perhaps at the expense of fair competition.¹²²

¹²²Jaques Delors, "Europe's Ambitions," Foreign Policy 80 (Fall 1990): 14-27.

It is in Germany's and the United States' interests to recognize that the principle of interdependency extends past the economic realm and impinges on security. Each nation's security will provide the foundation for its economic growth. Conversely, each nation's economic growth will provide an essential link in the formation of its security policy.

The preservation of the Atlantic Alliance is in Germany's interests. The SPD, however, has expressed the view that NATO is only of temporal utility until the WEU becomes firmly established as the security arm of Europe. Chancellor Kohl's government does not agree. The CDU-CSU's position has been eloquently stated by NATO's Secretary General Manfred Worner:

One of NATO's unique historical achievements has been the integrated defense structure. It has given our Alliance nations a security they could never have achieved alone....An obvious principle of a future European architecture must therefore be to maintain collective defence where it exists, which means maintaining NATO's integrated defence structure, albeit with reduced forces and a different military strategy.....The alternative would be to renationalize security. Europe would run the risk of returning to the shifting alliances, rivalries and power politics of the past.¹²³

This assertion that NATO is central to European and German security interests appears to be valid. NATO's political-military role will continue to integrate atlanticist

¹²³Manfred Worner, Change and Continuity in the North Atlantic Alliance (Brussels: The Office of Information and Press NATO, 1990): 262.

policies thereby avoiding conflict between American and European interests. There is no other institution that has effectively addressed transatlantic issues.

NATO is an institution not without flaws, many of which will need to be mended to provide for German as well as American interests. At present, there is an identity crisis shaking NATO because of the Soviet Union's demise. But even if Russia were to revert to its old communist ways, it still would be extraordinarily difficult for it to reestablish hegemonic control over Eastern Europe. Meanwhile, most of the current rhetoric addressing NATO's future centers on the increased probabilities of regional and ethnic conflicts. The emphasis, however, should be shifted to flexible and mobile forces at the expense of static defensive forces.

One European argument is that a separate European security force is needed to support European security objectives. According to this view, NATO is restricted in its functions to the territorial limits of member states. This reasoning, however, does not hold up in the face of reality. Operation Desert Storm utilized many NATO forces. Many of the coalition forces deployed from Europe, albeit under national auspices, to reassemble under a combined commander in Saudi Arabia. Furthermore, many of the standard operating procedures and rules of engagement used

by these forces were developed in the NATO theater.¹²⁴

Thus, one approach to the current security issue would be for NATO to divest itself of the restrictions on its use of force outside its territorial limits. The political arm of NATO could legitimize NATO's military role and thereby ensure that the member states' interests were made attainable.

Another aspect of this challenge to NATO rests on the disproportionate influence that the United States has exerted on NATO policy. Thus, a more equitable institutional restructuring of finance sharing and the command structure appears to be in order to reflect the increased power of Germany and, in turn, Europe. Meanwhile, NATO is the functioning institution that provides for Germany's security interests, and Chancellor Kohl has remained committed to that institution. From the American perspective, it is critical that NATO remain the guarantor of German security interests. In an interdependent world, the greater the political-military interrelationships, the greater the probability of avoiding conflict between the United States and Europe or within Europe itself.

The acquisition of nuclear weapons by Germany has been proposed as a means for providing for German security. This proposal, from a practical viewpoint, is infeasible.

¹²⁴John Galvin, "NATO's New Multi-Faceted Mission," International Defense Review (Defense 1992): 23-25.

It is based on two central assumptions. One is that the proliferation of nuclear weapons can be controlled. The second assumption is that the nuclear powers, through some sort of omniscience, will know which states should get the weapons.¹²⁵ Unfortunately the proliferation of nuclear weapons continues, with only marginally effective controls. At this time, the best course for Germany's security interests lies in its continued transatlantic link and its continuing commitment to interdependent relationships that reduce strife. For the time being, the German government has clearly rejected the notion of domestic procurement of nuclear weapons, and its relationship with the United States is viewed as a means of ensuring German security.

The European Integration Process

Germany's pursuit of security arrangements that guarantee its national existence and prosperity will have substantial influence on EC policy. At the same time, German economic interests will have an enormous influence on German policy. While the transatlantic alliance has been able to meet Germany's security interests, the EC has emerged as the dynamic economic force in Europe. The development of an EC of 1992 that is a superstate capable of functioning on a superpower level is a vision that is shared

¹²⁵John J. Mearsheimer, "Back to the Future: Instability in Europe After the Cold War," International Security 15 (Summer 1990): 5-56.

by many Europeans in 1992. Most Europeans, including Chancellor Kohl, view the European integration process as including economic, political, and social aspects. Currently, the EC is seen as an entity that will prevent nations from reverting to the aggressive patterns of the past.

The EC's assumption of foreign policy and security responsibilities raises serious problems for those who support a strong link by the EC with the United States. Some Europeans see the EC as eventually assuming all the responsibility for Europe's security and stability, in which case, there would be no practical function for the United States in European security institutions. Others argue that the atlantic link is crucial to Europe's stability. Meanwhile, the government of Chancellor Kohl appears to be riding both sides of the fence. While strongly supporting NATO, Kohl has also promoted an increased role by the WEU in military matters. This issue alone may determine the future of European and American security relations. The WEU is either going to replace NATO as Europe's functioning security organization, or it is a waste of financial resources. If the former is the case, then the United States should heed Prime Minister Thatcher's words:

If a European superstate were to be forged it would most certainly develop interests and attitudes at variance with those in America. We would therefore move from a stable international order with the United States in the lead to a more dangerous world of competing power blocs. This would be in no one's

interest, least of all America's.¹²⁶

The creation of a WEU command structure would create an unnecessary bureaucracy. There is little utility in maintaining two military structures in Europe, nor would it be easy to maintain the funding for two political-military organizations. In the future, NATO should structure effectively deployable military forces that can meet both European and American interests. Any non-NATO deployable force could pose problems for U.S. interests. In a world of limited resources, such a force could be employed contrary to American interests. The broadening of NATO's role seems the best course for German, American, and European interests.

On the economic scene, Germany's ability to exploit European markets will improve German and European competitiveness. Substantial efficiencies will be derived by creating markets of scale. The removal of national trade barriers coupled with the introduction of a common currency will be enormously beneficial to German and European business in general. European integration has been cited as a step towards promoting interdependency among the world's nations. This increased interdependency, based on free trade and open markets, would provide new economic growth

¹²⁶Margaret Thatcher, "Freedom and the Future," delivered at the Heritage Foundation, in Ronald D. Asmus, "Germany and America: Partners in Leadership," Survival 33 (November-December 1991): 551.

and stability. European integration is a positive economic process that needs to be extended gradually to include all of the world's industrialized nations including the United States.

The government of Chancellor Kohl has steadfastly supported this integration process. German corporations stand to benefit substantially from the removal of national barriers and the creation of a common currency. The real economic power of Germany will make itself apparent in the formulation of common European policy. Certainly Germany's espoused policy will be diluted to some extent by the pluralized nature of the European Commission, but that will not nullify Germany as a significant actor in the EC. Already, Germany's ability to make de facto European policy can be seen in its Slovenia-Croatia policy: Germany forcefully compelled the EC to extend diplomatic recognition to Slovenia and Croatia.

The value of a strong EC to the United States is that it may provide a single, unified market that will be open to all enterprises, American or European. But at the same time, there is a real possibility that instead of the EC becoming an open market, it could become a regional trading bloc impervious to penetration by American business. Serious concerns are aroused by such protectionist policies. The Common Agriculture Policy and Airbus subsidies are two clear examples of European intransigence. Each policy

supports inefficient European sectors creating competitive disadvantages for American business. The Europeans will have to make a choice soon. Either their industry and agriculture will be protected from worldwide competition, or they will have to compete in an open market. There will be an enormous domestic call in Europe to protect European markets from outside competition. Not even the pro-atlanticist government of Chancellor Kohl appears inclined to challenge Germany's agriculture lobby. The agricultural sector in Germany is well organized and enjoys significant popular support. These conditions make supporting the reduction of subsidies politically difficult. A challenge to the subsidy system would almost certainly erode the CDU's traditional support among farmers.

EC policy in regard to protectionism will be strongly affected by German policy interests. While the United States is very critical of large government subsidies of industry and agriculture, German policy regards governmental support of economic development in a historical perspective. Germany's economic development, as well as that of other Continental European nations, has been closely tied to governmental guidance and assistance. It is easy for Americans to think that the smaller the government, the better it is for business. But the American and British experience of a largely autonomous industrial development was not experienced in Continental Europe. Thus,

governments on the Continent have been actively involved with their nation's industrial and agricultural development. Governmental assistance and protection have been the norm on the Continent. German business has historically been nurtured by governmental policies.¹²⁷ Thus, the United States should not be surprised if the same principle is extended to European markets at the expense of American enterprises.

The socialist parties of Europe could assert that such protectionism is the means to protect workers' jobs and thus preserve the "European culture." EC president Jaques Delors clearly makes a case for a separate role for Europe when he says:

The idea of 'security' is not a solely military concept. It involves ideology, values, socioeconomic systems and the environment....There is a European model of society that is accepted by the vast majority in the Community and that is considered worth defending. The European model of society is distinct from--not necessarily better than but different from the American and Japanese models.¹²⁸

These remarks clearly indicate that many in Europe do not see their interests as closely paralleling those of the United States. In fact, these remarks imply that some sort of conflict with the American system is not only possible but likely.

But at the same time, Germany has an export-based

¹²⁷Landes, 124-230.

¹²⁸Jaques Delors, "Europe's Ambitions," Foreign Policy 80 (Fall 1990): 18-24.

economy. Thus, Germany has developed interdependent relationships with other nations to such a degree that most analysts believe that this factor will influence German policy to favor greater liberalization of trade with the United States, and Germany's position could effectively influence EC policy to follow the same course.

Unfortunately, the opposite could occur with a change in Germany's political disposition. The commitment of Germany to an open European market could change with the loss of power of the CDU-CSU. Clearly, the risk for Germany would be whether an increased European market would adequately compensate it for its loss of the American market.

Currently, Germany's intra-EC exports exceed its exports to the United States, with 170,183 million Ecu's (European Currency Units) of trade within the community and 142,220 million Ecu's with the United States.¹²⁹ But restricting the access of United States and Japanese firms to the EC market could more than compensate German firms for their market loss in America. Certainly, large corporations with subsidiaries established within Europe would hardly be affected by any restrictions. The risk of trade sanctions by the United States may be unsettling to German business, but it would not have a devastating effect.

A new form of protectionism may be forming in three regions of the world: America, Europe, and Japan. The flow

¹²⁹Eurostatistics, Luxembourg, October 1991, 64-66.

of capital indicates increased interdependency among industrialized nations and it points to a trend of growing regionalism of economic power. This triad accounts for 80 percent of the worldwide outward flow of stocks and capital, which totaled \$196 billion in 1991.¹³⁰ Corporations and enterprises of Europe, America, and Japan appear to be emphasizing investment ventures in their own region closer to the company's home office. This tendency has been referred to as economic clusters. The formation of economic clusters could lead to a new form of protectionism called regional protectionism. Potentially, this could create a volatile balance of power struggle. This could prove especially true in critical regions such as the Middle East or Southeast Asia which are vital regions to each triad member.¹³¹ There are many regions where the interests of both the United States and Europe are intertwined. It is quite possible that Europe could counterbalance the United States in key regions such as the Middle East.

A scenario of regional market isolationism would be detrimental to Germany's and the United States' interests. An economic split could definitely lead to the United States and Germany establishing political and security relations capable of defending their economic interests against the

¹³⁰United Nation's Document, The Triad in Foreign Direct Investment Report of the Secretary General, 17th Session, 18 March 1991, 1-27.

¹³¹Ibid, 20-27.

other's region.

Proclamations promoting separate European interests miss the central point of interdependency, which is to eliminate friction between major powers that could culminate in war. When separate interests exist, they must be defended with all available power, which includes military power. This power is likely to be applied against non-members. If NATO dissolves as an effective institution, then the United States will have little influence on the application of European power. Such a scenario would separate the United States from Europe to a degree that would resemble traditional balance of power politics. This would result in a near-term economic standoff that could eventually develop into a standard military conflict.

Interdependency favors both the United States and Germany because they have more common interests than separate interests. It is difficult to select an issue that does not affect both the United States and Europe. For instance, the economic development of Poland is of paramount interest to both the United States and Germany. Likewise, the economic stability of Latin America is an interest Germany and the United States share. In this light, the development of functioning international institutions that promote interdependencies can resolve conflict and enhance security and prosperity worldwide. If Germany supports this process, strong transatlantic institutions will

continue to provide security and stability to Europe and ease American apprehension and costly security arrangements.

APPENDIX

REVIEW OF LITERATURE

The unification of Germany and the approaching economic and financial union of the European Community (EC) has been the source of much recent scholarly work, where a number of complex issues have been addressed. This chapter is dedicated to the review of that literature.

German Unification Essays

In one of these works, Professor Karl Kaiser of Cologne University, provides a comprehensive discussion on the German unification process. His article, "Germany's Unification," outlines the Federal Republic of Germany's strategy for unification. Six principal policies compose the strategy. First, the FRG wants to strengthen European integration, particularly through the economic and monetary union of 1992. Second, the Conference on Security and Cooperation in Europe should serve as a basis for a new European security structure. The CSCE would supplement NATO, while keeping the Soviet Union involved in Europe.

Third, the multilateral disarmament of Europe should continue. Fourth, Germany should work diligently to continue to improve Soviet-German relations by actively supporting the government of Mikhail Gorbachev. Fifth, Germany should renounce the production and use of nuclear and chemical weapons. Sixth, unconditional recognition of post World War II borders should be supported. In addition, Kaiser provides a chronology of the multilateral and bilateral negotiations that led to the signing of the Treaty on Final Settlement, on 12 September 1990.¹³²

David Gress of the Hoover Institution at Stanford University, provides an interesting account of the German politics that led to German unification. He concentrates his discourse on the SPD and CDU, the two largest political parties in Germany. He provides a concise summary of political events that led to East Germans favoring the CDU over the SPD during the most recent elections. The SPD's policy development has been one of the wrong policy at the wrong time. During the 1970s, the SPD favored rapprochement that Gress views as supporting the East German communists. In the 1980s, the SPD was strongly against the confrontational policies of the CDU-CSU and FDP coalition. These policies were epitomized by the decision to deploy the Pershing II and nuclear cruise missiles. The strong

¹³²Karl Kaiser, "Germany's Unification," Foreign Affairs 70 (Winter 1991): 179-205.

security position of the West is viewed as contributing to the communist collapse in Eastern Europe. The SPD's crowning blunder was to oppose rapid integration with West Germany. Again, this policy was very unpopular among East and West Germans.¹³³ The most interesting aspects of this article are the repetitious political blunders by the SPD and the SPD's chameleon efforts to turn German unification to its advantage. The SPD's efforts may be somewhat successful in persuading the CDU-CSU to support social protectionism in the EC integration process.

Charlie Jeffrey of the Centre for Federal Studies at the University of Leicester provides a detailed account of German elections in 1990. In his article, "Voting on Unity: The German Election of 1990," he points out that the larger West German political parties cooperated with, and merged with, GDR parties. The two notable exceptions were the East German Greens, who joined the Alliance '90 movement in the East, and the former GDR socialist party, the Party of Democratic Socialism (PDS). The big winners in the 1990 election were the CDU-CSU and the FDP alliance. These party's identification with the unification process, possession of incumbent positions, and their leaders' personalities provided for the victory. The SPD, Greens, and PDS all advocated a slower unification process that

¹³³David Gress, "The Politics of German Unification," Proceedings: The Academy of Political Science 38 (1991): 140-52.

proved to be unpopular with the electorate. Also, none of these political parties had strong leadership personalities like the CDU, with Chancellor Kohl, or the FDP, with Foreign Minister Genscher. A summary of the election results is provided below:

TABLE 1: 1990 GERMAN VOTE¹³⁴

	GERMANY		ELECTION AREA: WEST		ELECTION AREA: EAST	
	%VOTE	SEATS	%VOTE 1990	%VOTE 1987	%VOTE DEC '90	%VOTE DEC '90
MAR '90						
CDU	36.7	268	35.5	34.5	41.8	40.8
CSU	7.1	51	8.8	9.8	-	-
SPD	33.5	239	35.7	37.0	24.3	21.9
FDP	11.0	79	10.6	9.1	12.9	5.3
GREENS(W)	3.9	0	4.8	8.3	-	-
GREENS(E)						
+ ALNCE 90	1.2	8	-	-	6.0	4.9
PDS	2.4	17	0.3	-	11.1	16.4

The growing popularity of the CDU-CSU and FDP coalition bodes well for trans-atlantic relations. Whether this trend will continue in the face of increased taxes in Western Germany and massive unemployment in Eastern Germany is doubtful.

Andrew J. Pierre, of the Carnegie Endowment for International Peace, in his article "The United States and

¹³⁴Charlie Jeffrey, "Voting on Unity: The German Election of 1990," International Relations 10 (November 1991): 329-46.

the New Europe," also reviews the political process that led to German unification. He details the intricate political negotiations that culminated in the Final Settlement.¹³⁵

Professor Stanley Hoffman, of Harvard University, in his article, "The Case for Leadership," examines the political process leading to German unity. In Hoffman's view, Mikhail Gorbachev and Helmut Kohl are cited as the two leaders that shaped the European events that led to German unity. Chancellor Kohl, on his part, pursued unification as a German issue; the EC was not consulted. Currently, Hoffman maintains that the government of Chancellor Kohl remains committed to NATO, but without a common enemy NATO will decline in its influence. This article implies that the Conference on Security and Cooperation in Europe may emerge as the new forum for European security. Consequently, American influence will continue to decline.¹³⁶ This article clearly shows that the American power based on a strong military power will be substantially less influential in European politics than it has been in the past. Without a major military threat, economic and political power will become more influential.

Michael Mandelbaum, of Johns Hopkins University and director of the project on East-West Relations at the

¹³⁵Andrew J. Pierre, "The United States and the New Europe," Current History 89 (November 1990): 353-57.

¹³⁶Stanley Hoffman, "The Case for Leadership," Foreign Policy 81 (Winter 1990): 20-38.

Council on Foreign Relations, explores the United States' foreign policy role in German unification in his article, "The Bush Foreign Policy." According to Mandelbaum, President Bush correctly has stayed in the background during the German unification process, while at the same time lending his full support to Chancellor Kohl's efforts. Mandelbaum believes the end of the Cold War entails a victory of the West's ideas, political institutions, and economic practices.¹³⁷

Alexander Moens of Simon Frazer University analyzes German unification and American policy during that process. In his article, "American Diplomacy and German Unification," he takes to task two popular theories that attempt to explain the German unification process. The first theory is one that views the process of German unification as a runaway train that forced the United States' policy makers to follow the political inertia of events. The second theory asserts that the Bush administration missed an opportunity to shape events in Europe. Moens disagrees with both theories. He argues to the contrary and asserts that the Bush administration led the unification process by giving steady support to the unification process. He provides a detailed chronology that supports his claim that the United States was fully aware and supportive of German

¹³⁷Michael Mandelbaum, "The Bush Foreign Policy," Foreign Affairs 70 (Winter 1991): 5-22.

unification. The skillful diplomacy exhibited in several capitals, especially Bonn and Washington, adeptly shaped events that lead to German unification.¹³⁸

Mandelbaum's and Moens' articles reflect that policy can be rapidly implemented if the political leadership of nations have the political will to accomplish common goals. German and American leaders firmly believed in rapid German unification and it became a reality. Much of the impetus was provided by Chancellor Kohl. But many obstacles were removed by President Bush's firm support of German unification. The American administration was consistently Germany's strongest supporter in the drive for unification. The importance of this supportive alliance may prove beneficial to American interests especially as German domestic politics develop and influence EC policy.

Stephen F. Szabo, of the National War College, in his article, "The German Answer," addresses the question of the political foundation of a unified Germany. He centers his discussion on three issues. First, German unity raises the historical question of the cultural orientation of Germany. Is it oriented to the West or East? The incorporation of the East German population may bring an increased eastern perspective to German policies. A second question that Szabo poses is: to what degree has democracy

¹³⁸Alexander Moens, "American Diplomacy and German Unification," Survival 33 (November-December 1991): 531-45.

developed within Germany? Prior to World War II, the Germans did not seem eager to develop into a liberal democracy. This concern extends to current political relationships, specifically, to incorporation of the five eastern states into Germany with a great deal of concomitant cultural and administrative autonomy, but without a significant democratic experience on their part. This could provide cause for future concern. Third, the unity and security question centers on the maintenance of NATO as the cornerstone of stability for Germany and Europe.¹³⁹

In "Reunited Germany," Szabo examines the political impact of German unification. He poses concerns regarding the impact of the extremist left and right factions on the centrist political party system of the FRG. Further, he details the increased influence that Germany will possess. Germany will be the largest and wealthiest nation in Western Europe. This will clearly increase its power and prestige in Europe.¹⁴⁰ Szabo's articles express a common concern over the future political disposition of Germany. This wealthy nation with its disturbing history currently is firmly committed to liberal democratic principles. Germany's use of its power will be determined by its

¹³⁹Stephen F. Szabo, "The German Answer," SAIS Review: A Journal of International Affairs 10 (Summer-Fall 1990): 41-56.

¹⁴⁰Stephen F. Szabo, "Reunited Germany," Current History 89 (November 1990): 357-60.

domestic disposition.

German commitment to democratic, nonviolent, and antimilitaristic values is addressed by Angela Stent, of Georgetown University, in her article "The One Germany." Stent makes the point that Germans have been socialized to these values while experiencing occupation. Hence, Germany did not develop this democratic tradition on her own, and it is not part of a self-generated philosophy.¹⁴¹ Again the concern raised is whether or not Germany's political disposition is firmly rooted in peaceful democratic traditions.

Hanns W. Maull, professor of international relations at the Catholic University of Eichstatt, Germany, in his article, "Germany and Japan: The New Civilian Powers," asserts that current economic and social shifts favor cohesive nations, like Germany and Japan. At the same time, international roles are changing, with Germany and Japan gaining influence. Maull sees the development of strong democratic values in Germany as preventing a return to militarism, fascism, or nationalistic authoritarianism.¹⁴² This article articulates that the elements of economic power that Germany possesses will have greater influence in the international arena, and with the superpower confrontation

¹⁴¹Angela Stent, "The One Germany," Foreign Policy 81 (Winter 1990): 53-70.

¹⁴²Hanns W. Maull, "Germany and Japan: The New Civilian Powers," Foreign Affairs 69 (Winter 1990-91): 91-106.

fading, the importance of military power will be somewhat diminished.

Some of the basic problems of the economic union of the FRG and GDR are addressed by Samuel L. Hayestt. As the Jacob H. Schiff Professor of International Banking at the Harvard Business School, he addresses the lack of East German infrastructure and the poor work habits of the East Germans as being fundamental problems that will not be easily remedied. He believes the East Germans may take years to reach parity with Western Germany.¹⁴³

Bernd Hoene, professor of economics at the Hochschule fur Okonomie in Berlin, in his article, "Labor Market Realities in Eastern Germany," outlines the problems of the East German economic collapse. Problems such as: unclear property ownership titles, slow privatization of plants, obsolete equipment, poor state of the environment, distorted resource allocations, lack of managerial experience, insufficient initiative and willingness to incur risks, and a weakened work motivation. All these have combined to damage the East German labor markets. One certain trend is the migration of labor to West Germany. Between 15,000 and 30,000 people per month migrate to the West. There is another 1.2 million workers that commute to the West for employment. The result is a work force

¹⁴³Samuel L. Hayestt, "Letter From Germany," Harvard Business Review 68 (May-June 1990): 219.

reduction of 7 million people in East Germany. The central concern is that the young and educated will leave East Germany, and those left in the East will be unemployable. By January 1991, the total idleness of the East German work force was estimated at 30 percent. Hoene details several complex problems that stand in the way of East German economic development.¹⁴⁴

The Hoene and Hayestt articles are very significant in that they articulate the difficult realities of development in Eastern Germany. Contrary to the assertions of politicians and newspaper reporters, Eastern Germany's economic development will lag behind Western Germany for many years.

Hans-Joachim Veen, director of the Research Institute at the Konrad Adenauer Foundation, in his article "German Unity: Public Opinion and Voting Trends", analyzes political issues that will continue to influence German politics. Veen asserts that there is a fundamental dichotomy between Germans over forty-five years old and those younger than forty-five. The older Germans identify more closely with the politics of unification and the Germans living in the GDR. The younger Germans identify more with policies that promote closer relations with Italy and France. The result is that the younger populace is more

¹⁴⁴Bernd Hoene, "Labor Market Realities in Eastern Germany," Challenge 68 (July-August 1991): 17-22.

supportive of European integration policies, while the older populace emphasizes German unification and development policies.¹⁴⁵

Brigadier General Ordens, former Chief of Staff for the British Berlin sector, in his article, "The Bundeswehr in Transition," details the recent developments in the German military. This article reviews the developments that led to the establishment of the current German military. Orden's conclusions are threefold. First, Germany is resolved to keep the instruments of military policy under German control. Second, Germany may not enter conflicts that are against its will and self-interest. Third, Germany will not be deprived of the flexibility to use the military in its own interests.¹⁴⁶

Essays on Germany's New International Role

Roger Morgan, of the European University Institute, examines the expanded FRG's impact on NATO, the EC, and the Helsinki Process in his article, "Germany in Europe." He asserts that Germany, allied with NATO, should relieve international fears of a powerful, aggressive Germany flexing her might. Morgan believes that the United States'

¹⁴⁵Hans-Joachim Veen, "German Unity: Public Opinion and Voting Trends," The Washington Quarterly 13 (Autumn 1990): 177-89.

¹⁴⁶Geoffrey Van Ordens, "The Bundeswehr in Transition," Survival 33 (July-August 1991): 352-70.

role in Europe is critical to Europe's stability. It should be through NATO, CSCE, and United States-EC bilateral consultations that the United States will continue to be a stabilizing force in Europe. In this view, the CSCE is too fragile to replace NATO as the guarantor of security in Europe.¹⁴⁷

In his book, Change and Continuity in the North Atlantic Alliance, Manfred Worner has compiled a number of his speeches. He repetitively emphasizes the importance of maintaining the transatlantic alliance. The stability and security provided by NATO should not be taken lightly or discarded rapidly. One of Worner's themes is that NATO plays a critical role in Europe and is the key institution binding the United States to Europe.¹⁴⁸ Worner's book clearly articulates the CDU-CSU position on security issues in Europe.

Ronald D. Asmus of the international policy department at RAND has written an interesting article, "Germany and America: Partners in Leadership." In it, he analyzes future German and American interests. He asserts that German security is certainly less dependent on the United States. Further, while the German elites are

¹⁴⁷Roger Morgan, "Germany in Europe," The Washington Quarterly 13 (Autumn 1990): 147-57.

¹⁴⁸Manfred Worner, Change and Continuity in the North Atlantic Alliance (Brussels: The Office of Information and Press, NATO, 1991).

currently pro-Western and pro-European, the demands of German unification and the emerging republics in Eastern Europe may divert Germany's attention and resources.

Asmus points out that German interests in collective security still exist, but the sentiment is not universal. As of autumn 1990, 74 percent of West Germans supported NATO's collective defense policies, but 68 percent of the East Germans favored strict neutrality. With the Soviet Union's forces withdrawing from Eastern Europe and the disintegration of the Soviet Union itself, the success of the American containment policy based on the Soviet threat may have undermined American engagement in Europe.

The EC integration has evolved from a liberalized international trade policy led by the United States. In the past, this policy has proven extremely beneficial for Germany. In fact 40 percent of Germany's current GNP is a product of trade, while only 10 percent of the United States' GNP is a product of trade. The United States' interests are at stake at the GATT. Particularly troublesome is the European insistence that the European Community's Common Agriculture Policy be maintained. These economic tensions could undercut transatlantic security links. Asmus also points out that by increasing the power of the European Commission and Parliament, there could be a real shift in policy to protect domestic European concerns

at the United States' expense.¹⁴⁹

Asmus outlines two currently popular visions for Europe. The first is personified in the views of European Commission President Jaques Delors. This view emphasizes a high degree of European integration with the development of political, economic, and military institutions with a European identity. The other view has been expressed by British Prime Minister Margaret Thatcher. This view holds that any European superstate will come into conflict with the United States thereby leading to instability. Thatcher argues for a loose confederative relationship between European nations.

Asmus seems to be urging caution in an integration process that could lead to conflict with the United States. He further addresses specific elements of tension that developed between the United States and Germany during the Persian Gulf War. In the early stages of that conflict the United States was very critical of the lack of German political and moral support. In the end, Germany paid for 12.2 percent of the United States' costs. Chancellor Kohl attempted to address the issue of German military involvement in the Germany parliament but was faced with strong opposition by the SPD. Asmus argues that even when German support for the United States was high, the support

¹⁴⁹Ronald D. Asmus, "Germany and America: Partners in Leadership," Survival 33 (November-December 1991): 546-66.

stemmed from a sense of obligation to the United States, rather than a sense that the war was in German interests.¹⁵⁰

David B. Walker of the University of Connecticut also examines Germany's new political role in his article, "Germany Searches for a New Role in World Affairs." According to Walker, Germany's inactive stance toward the Gulf War supports the interpretation that Germany will not play an active role in the arena of international politics. In this crisis, German public opinion swung from being strongly against the Gulf War to being strongly for it in January 1991. The shift appears to have been generated by Iraq's missile attacks on Israel and a German commitment to protect Israel. Vivid anti-Americanism displayed in German public demonstrations during the initial phases of the war became so passionate that they compared to the antisemitic and anticomunist sentiment of earlier times.

Walker views Chancellor Kohl as having taken a weak leadership role in policy making for the Gulf War. Walker views German relations in Europe as also changing. For instance, Germany's firm support of NATO may be waning. Yet that support will probably continue to be stronger than the French position. In addition, future German policy will certainly focus more on Eastern Europe than it has in the past. Through grants, macroeconomic assistance, and private

¹⁵⁰Ibid., 546-66.

investment, Germany has committed itself to Eastern European development, including the Soviet Union.¹⁵¹

Professor Szabo of Johns Hopkins University, in his article, "The New Europeans: Beyond the Balance of Power," addresses new European security relationships. He asks the pertinent question: "Defense against What?" Szabo points out that the Soviet Union and the Warsaw Pact have crumbled. According to Szabo, "The perceived need for the American security umbrella has declined." Nonetheless, concern arises over the numerous ethnic conflicts that exist in Eastern Europe. Szabo sees the Central Europeans reacting nationalistically and in favor of Europeanization and against Soviet hegemony. Szabo believes that Germany is not viewed as a threat by most Europeans. He further asserts that Europeans should deploy forces outside of Europe in support of their interests, and such a deployment should be outside the auspices of NATO.¹⁵²

Szabo addresses the issue of European collective security. One security arrangement is for Europe to maintain NATO as the preeminent source of stability. He points out that NATO is accepted by most Europeans, and it assures American involvement in Europe. Another

¹⁵¹David B. Walker, "Germany Searches for a New Role in World Affairs," Current History 90 (November 1991): 368-73.

¹⁵²Stephen F. Szabo, "The New Europeans: Beyond the Balance of Power," Proceedings, The Academy of Political Science 38 (1991): 26-34.

alternative, proposed by the Social Democrats in Germany, is to strengthen the CSCE and create a European security system. Although Szabo does not clearly choose a security model, he does assert that the future security relationships of Europe will be determined by Europeans. He also believes that current leaders emphasizing pan-European policies will distance themselves from the United States.¹⁵³

German views on the North Atlantic Treaty Organization (NATO) are explored by Professor Keith B. Payne of Georgetown University and Michael Ruhle of the Institute of the Konrad Adenauer Stiftung in their article, "The Future of the Alliance: Emerging German Views." Payne and Ruhle's article bases its analysis of German opinions on two assumptions: first, since the Soviet threat no longer exists, there will be less popular support for NATO. Second, since there is less need for U.S. military assistance and Germany is an ever increasing economic power, the FRG will exercise increased influence within NATO.

Payne and Ruhle also address, a number of factors in their analysis of German opinion. The authors believe the unification of Germany was a balancing act by the German government of Helmut Kohl. Kohl's commitment to NATO and support for an increased role for the Committee for Security and Cooperation in Europe alleviated the concerns of both the Western allies and the Soviet Union regarding German

¹⁵³Ibid., 26-34.

unification.

Payne and Ruhle also think that German public opinion has ranged from neutralist to negative when issues of security and the military have been raised. In general, Germany's political leaders have dominated policy in this realm. Two examples cited were Chancellor Adenauer's support for rearmament and Chancellor Kohl's support for American deployment of intermediate-range nuclear forces. Germany's economic well being was the primary concern of the average German; security was a secondary concern. Much of the German populace opposed this deployment and viewed the United States' policy as forcing German acceptance to the detriment of their own interests. This is one issue that has contributed to antiatlanticist sentiment in Germany, which could become a factor in German politics.

In addition, Payne and Ruhle maintain that EC integration could profoundly affect German views of NATO. Both, French President Mitterand and Chancellor Kohl expect the EC to develop a common foreign and security policy. This trend may lead to an increased challenge of NATO. The Social Democratic Party already views NATO's existence as temporal, being justified only during a transition period during which the CSCE will assume the security responsibilities of Europe. Then NATO would be abolished. Payne and Ruhle also believe the liberalization of politics in Eastern Europe could give increased impetus to support of

the CSCE and correspondingly decrease NATO's role.¹⁵⁴ This article provides an excellent analysis of the views of the majority political parties in Germany: the Christian Democratic Union and the Social Democrats.

The Krupp Senior Associate of the Institute for East-West Security Studies, David Robertson, provides an insightful essay, "NATO's Future Role: A European View." He points out that NATO is only one of many international institutions in Europe, and its European popularity has little to do with its mission or American interests. He argues that NATO has permitted small nations to rearm and larger European nations, like France and Britain, to develop deployable conventional forces.

Robertson critically analyzes the political role of NATO and argues that it is uncertain to what degree member nations will acquiesce to the broad foreign policies developed by NATO. He points out that the EC is asserting itself into the area of foreign policy and that the policies of the EC and NATO may not be complementary. Nonetheless, Robertson believes that for the time being, NATO will remain because no other institution can address European security on a supranational basis. In this article, Robertson addresses the role of numerous institutions, such as the EC, the CSCE, WEU, and the Council of Mutual Economic Assistance

¹⁵⁴Keith B. Payne and Michael Ruhle, "The Future of the Alliance: Emerging German Views," Strategic Review 19 (Winter 1991): 37-45.

(CMEA), as European security arbiters. According to Robertson, only NATO provides three essential security elements: "(1) it already involves the United States and Canada; (2) it is already a nuclear alliance...; and (3) the military organizational structure of NATO has a special value for the stability of Central Europe."¹⁵⁵ He points out that the current arguments for NATO do not necessarily solve Europe's security problems. NATO has political and military organizational problems that will need to be addressed to provide for changing European security needs. Furthermore, the ability of NATO's members to respond jointly outside of their territory is not clear. He argues that the linear defense against the Soviet Union is no longer a driving European security requirement; consequently, new doctrine and forces will need to be structured to respond to new threats.¹⁵⁶

Robert L. Pfaltzgraff, president of the Institute for Foreign Policy Analysis at Tufts University, looks at NATO's historical role and American interests in his essay, "NATO's Future Role: An American View." He asserts that NATO has ensured that no power exerted hegemonic control over Europe. Further, the security framework provided by NATO has provided the basis for unprecedented prosperity in

¹⁵⁵David Robertson, "NATO's Future Role: A European View," Proceedings: The Academy of Political Science 38 (1991): 164-75.

¹⁵⁶Ibid., 164-75.

Europe. In addition, NATO anchored West Germany to Europe during its rearmament and should continue to link a unified Germany to Europe.

Pfaltzgraff addresses the role of NATO in the 1990s and finds that NATO's existence is still valid: first, to maintain the American commitment to Europe; Second, to provide a viable organization that can resolve Europe's security issues. The EC is emerging as the other powerful European institution that will play an increased role in European politics. He argues that close cooperation between NATO and the EC will be required to address European issues, including Eastern European security and development. He points out that security and economic development are dependent upon each other.¹⁵⁷

Robert Laird, director of European and Soviet studies at the Institute for Defense Analyses, in his article, "France, Germany, and the Future of the Atlantic Alliance," analyzes French and German strategies and their views on NATO. In Laird's view, a close French-German association will be crucial to any European pillar in the Atlantic Alliance. The European goal is to keep the United States committed to Europe, but with reduced influence. He asserts that the Europeanization trends will have to eventually include a European security policy. He provides

¹⁵⁷Robert L. Pfaltzgraff, "NATO's Future Role: An American View," Proceedings: The Academy of Political Science 38 (1991): 176-86.

a concise review of French and German policy and the collapse of the Warsaw Pact and concludes that the Western European Union has been revitalized as an institution that could assert European security claims if it is given time for development.¹⁵⁸

Michael Vlahos in his article, "The Atlantic Community: A Grand Illusion," argues that the world is splitting into three power blocs: North America, the EC, and Japan. The Atlantic Alliance will no longer play a valid role. Thus, America needs to focus on rebuilding itself. The maintenance of the myth of the Atlantic Community will simply delay the realities of the world. Vlahos believes that the military alliance should not stand in the way of the United States improving its economic competitiveness. He argues that Europe and the United States are culturally separating, not getting closer. This separation is based on centuries of divergent development in Europe and America. The Atlantic Community served to export American culture, but that role now will be short lived. He argues that after World War II, the United States assumed the role of guarantor of European security at the sacrifice of economic competitiveness and that "... Europe [in] 1992 look[s] like a perfect way to ensure that the United States would continue to foot the bill for European security while

¹⁵⁸Robbin Laird, "France, Germany, and the Future of the Atlantic Alliance," Proceedings: The Academy of Political Science 38 (1991): 50-59.

acceding to all regulatory and tariff demands from a united European economic polity." In short, Vlahos believes that the economic position of the United States should determine its policy and not outdated security issues.¹⁵⁹

Alan L. Springer of Bowdoin College poses a challenge for the Atlantic Alliance in the field of environmental protection. He argues that it is time for the focus of NATO and other organizations, such as the Organization for Economic Cooperation and Development (OECD), to shift their focus to environmental problems. He provides four reasons for this shift. First, NATO needs a new sense of purpose. Second, Western public opinion supports environmental protection. Third, the politics of environmentalism has, and will, cause conflicts among the Atlantic Alliance's member states. Fourth, environmentalism will prove useful in creating links to Eastern Europe. Springer asserts that the Alliance members have an obligation and the resources to implement a comprehensive environmental program.¹⁶⁰

American Secretary of Defense Dick Cheney firmly supports NATO's continued political and military role in Europe. In his view, the Atlantic Alliance's success at

¹⁵⁹Michael Vlahos, "The Atlantic Alliance: A Grand Illusion," Proceedings: The Academy of Political Science 38 (1991): 187-201.

¹⁶⁰Allen L. Springer, "Protecting the Environment: A New Focus for the Atlantic Alliance," Proceedings: The Academy of Political Science 38 (1991): 129-39.

detering global confrontation will need to continue. As he puts it, "NATO continues to provide one of the indispensable foundations for a stable security environment in Europe and serves as a transatlantic forum for consultations on issues that affect our shared interests."¹⁶¹

The Supreme Allied Commander Europe, General Galvin, echoes the need for a continued Atlantic alliance. He asserts that the political-military interface provided by NATO is vital to European stability and provides the flexibility for crisis response. General Galvin cites the efforts of the NATO allies during the Persian Gulf War as an example of NATO procedures, doctrine, rules of engagement, and forces being utilized in an united effort.¹⁶²

Field Marshal Sir Richard Vincent of the United Kingdom provides an excellent essay on the future roles for NATO forces in his article, "NATO's Multinational Rapid Reaction Forces." He provides almost irrefutable reasoning for shifting assets from static forces to more mobile and deployable forces. The decline of the Soviet Union has greatly diminished the need to concentrate on large static forces on the northern plain of Europe. Rather a variety of regional threats dictate that a more flexible force be

¹⁶¹Richard Cheney, "U.S. Defense Strategy for an Era of Uncertainty," International Defense Review (Defense 1992): 7-9.

¹⁶²John Galvin, "NATO's New Multi-Faceted Mission," International Defense Review, (Defense 1992): 23-25.

trained and ready for deployment.¹⁶³

Much of the current literature regarding Germany's new international role appears to be based on the presumption that interdependency and European integration has diffused security relationships in Europe to a degree that can not be reversed. Furthermore, Germany will not return to its security posture of the first half of the twentieth century. It seems that many of the authors assume that nation-states in Europe and America are so committed to mutual defense security relations, like NATO and the WEU, that the chance of conflicts between these nations are almost nonexistent. Perhaps a study exploring the trend of military integration is warranted. Some of the European cooperative ventures may or may not be a long-term trend.

Also, with regard to Germany's new international role, there is little data regarding German views on the specific policies of the European integration process. For example, will Germans view the free-flow-of-labor concept as a positive policy or as a threat to their jobs? Certainly, skilled workers in poorer regions of Europe will attempt to better their lot by moving to higher-paying regions.

Several authors assert that Western Europe has developed a coherent pan-European identity that will continue to grow as a cultural force. The implication is

¹⁶³Richard Vincent, "NATO's Multinational Rapid Reaction Force," International Defense Review (Defense 1992): 29-32.

that the pan-Germanism concepts of the first half of the century have faded or have been replaced by this greater identity. More study and the passing of time will determine if Europe is a single cultural entity.

The EC of 1992

Alberta M. Sbragia of the University of Pittsburgh provides a concise introduction for the book Euro-politics. In her essay, she delineates the changing nature of the European Community, its internal institutions, and the impact these changes will have on Europe as well as other institutions such as the CSCE, WEU, and NATO. This introduction provides a solid foundation for more detailed analysis in subsequent chapters.¹⁶⁴ Clearly, one aspect that has not been resolved are Europe's security relationships.

David R. Cameron of Yale University in his article, "The 1992 Initiative: Causes and Consequences," articulates the theoretical and historical basis for the Europe of 1992. The first theoretical perspective is based on neofunctionalist theories of regional integration. In this view, the integration process, in and of itself, will continue to develop completely new European political relationships. The other perspective is based on the

¹⁶⁴Alberta M. Sbragia, Euro-politics (Washington D.C.: The Brookings Institution: 1992): 1-22.

neorealist theories of international relations. Here, the nation-state is, and will continue to be, the dominant actor in the European integration process. In essence, the nation-state is acquiescing to a controlled integration process out for its own interests.

Cameron develops the historical aspects of European economic integration by detailing the increased importance of trade among European nations. He establishes that in real terms each nation's economy is dependent on other nations. For example, as of 1985, the FRG was heavily dependent on trade. Exports provided 32.4 percent of its GDP. Intra-EC trade accounted for 47.5 percent of the FRG's trade. The EMS has provided monetary stability in Europe by checking inflation and moderating the fluctuations of national currencies. Cameron singles out the unified Germany as being the dominant economic actor in Europe. As of 1989, the FRG accounted for 27.6 percent of all intra-EC trade. Its balance of trade was \$50.8 billion. German political and economic interests will continue to manifest themselves in EC policy.¹⁶⁵ Germany's preeminence in the community is clear. It will be Germany's disposition that will determine EC policy with the United States as well as the rest of the world.

Peter Lange of Duke University provides valuable

¹⁶⁵David R. Cameron, "The 1992 Initiative: Causes and Consequences," in Euro-politics, ed. by Alberta M. Sbragia (Washington D.C.: The Brookings Institution, 1992): 23-74.

insight into the social dimension of the EC of 1992 process in his article, "The Politics of the Social Dimension." He identifies two basic schools of thought regarding the European social dimension. The first view is the minimalist approach that favors social issues to be settled at the lowest bureaucratic level as possible. The other school advocates a protectionist approach that stabilizes the social dimension throughout the EC. The institutions of the EC are to be active in implementing the social charter. In this view, economic protectionism is seen as a tool to be utilized to stabilize social relationships in Europe. German policy has, in the past, generally favored the protectionist approach to support social policy.¹⁶⁶

The Director of International Investment and Finance for the National Association of Manufacturers, Stephen Cooney, in his article, "The Impact of Europe 1992 on the United States," provides a concise analysis of American interests in the European integration process. He believes that the internationalization of EC markets is a positive development. Cooney views the United States' containment policy utilizing NATO to militarily contain the Soviet Union as a corollary to the Marshall Plan's economic containment of the Soviet Union. These strategies worked. Cooney argues that the EC-92 integration will continue the economic

¹⁶⁶Peter Lange, "Politics of the Social Dimension," in Euro-politics, ed. by Alberta M. Sbragia, (Washington D.C.: The Brookings Institution, 1992): 225-56.

strengthening of Europe, which is ultimately in America's interests. The United States will need a prosperous Europe to help eliminate its trade imbalances and deficits. Additionally, the United States currently has a trade surplus with the EC nations and further integration could increase that trade surplus. He views the protectionist trends in the EC as nonthreatening. The EC nations have profited from open access to the American market. For instance, "...between 1981 and 1985, 43 percent of all GNP growth in West Germany was due to its growth in exports to the United States." He did express concern over several specific areas of EC economic policies: such as, standardization practices, opening of public procurement, local content, and origin rules. But as a whole, his article views unification as a positive process that will provide the United States' businesses with increased opportunities.¹⁶⁷

President of the European Commission, Jaques Delors, addressed security and EC integration in his lecture, "European Integration and Security." He argues that the EC is weak on foreign policy cooperation and that there is a need to enforce the rule of law. This principle was established in the Persian Gulf War. He cites Palestine

¹⁶⁷Stephen Cooney, "The Impact of Europe 1992 on the United States," Proceedings: The Academy of Political Science 38 (1991): 100-12.

and Lebanon as potential conflicts that need to be dealt with.

Delors argues that the EC is central to the revival of Europe. The goal of the Single European Act is to increase the social and economic cohesion within the European Community. He believes that Europe must have a European identity. To achieve this goal, a political framework is required. The concerns over the loss of national sovereignty are real but need to be overcome.

Delors argues that the United States should not be threatened by a strong EC. In fact, the United States has recognized an increased role for the EC through the signing of the Transatlantic Declaration in November 1990. This agreement accepted a European security identity and established that the costs of that security should be equitably distributed.

Delors foresees the WEU as becoming the defense institution for Europe. He proposes that the original WEU treaty be modified to include a mutual defense organization. Additional links would need to be developed between the WEU and the EC, with the EC being the preeminent institution. At the same time that Delors proposes the WEU as a new organization, he insists that Europe will remain committed to the Atlantic alliance but that the EC will assert its own identity outside of the NATO framework. In any event, there will be a transition period where the WEU will depend on

NATO for stability.¹⁶⁸

Delors' views of a broad active European security policy was expressed explicitly in these comments:

The idea of 'security' is not a solely military concept. It involves ideology, values socioeconomic systems and the environment....There is a European model of society that is accepted by the vast majority in the Community and that is considered worth defending. The European model of society is distinct from--not necessarily better than but different from--the American and Japanese models.¹⁶⁹

Raymond Vernon of Harvard University in his article, "European Community of 1992: Can't the U.S. Negotiate for Trade Equality?", analyzes EC integration and its impact on American economic strategy. He asserts that there has been bipartisan American support for free trade. However, the weakness of the executive branch of government and the bureaucratic inefficiency of Congress has made American policy contradictory and inconsistent. He believes that America's future may be viewed optimistically or pessimistically. The developing international economic relationships will determine the nature of future comprehensive relationships. He views the GATT negotiations as a source of friction. Many developing countries are reluctant to give up protection that helped their industries develop even though such protection is no longer justified.

¹⁶⁸Jaques Delors, "European Integration and Security," Survival 33 (March-April 1991): 99-109.

¹⁶⁹Jaques Delors, "Europe's Ambitions," Foreign Policy 80 (Fall 1990): 14-27.

To avoid conflict, the author points to a positive development that emerged from the forming of the North America Free Trade Association (NAFTA). He argues that the conflict resolution process agreed to in the NAFTA provides for all parties interests and will work. He argues that the model of the NAFTA that allows an international tribunal to settle disputes also should be used for American and European relations.¹⁷⁰

Joseph I. H. Janssen, of the Catholic University at Nijmegen, Netherlands, analyzes public opinion in France, the FRG, Italy, and Great Britain as it concerns EC integration. He addresses Inglehart's theory of a silent European revolution that has made a transition from materialistic, nationalistic-dominated political values to postmaterialistic, European-dominated political values. Janssen makes four basic conclusions. First, the general German public has developed somewhat apathetic attitudes on EC integration. Even though many people support European integration, half of these would be indifferent if the EC dissolved. He asserts that European integration is not necessarily linked to the EC's development. Second, the European trend for supporting EC integration is increasing. Third, large-scale public opposition to EC integration exists only within Britain. Fourth, the on-going EC

¹⁷⁰Raymond Vernon, "European Community 1992: Can the U.S. Negotiate for Trade Equality?" Proceedings: The Academy of Political Science 37 (1990): 9-16.

integration has not increased the amount of opposition to the EC. The summarizing point he makes is that EC integration is supported by a large portion of the European public, and that support is relatively constant.¹⁷¹

Rudiger von Rosen, chairman of the Board of Managing Directors of the Stock Exchange in Frankfurt, provides a speech that outlines the German financial system after the 1992 unification. He argues that Europe would not become a fortress. All international banks would have equal access to the EC market. He cites the United States Federal Reserve Bank and German Bundesbank as examples for the European Bank. According to Rosen, the deutsche mark will continue to provide stability until the European currency (Ecu) becomes firmly established. He also advocates Frankfurt as the headquarters for the European bank. In relation to the international economy, he urges the United States to increase its savings, thereby increasing the global supply of money to spur growth. An increase of 1 percent in savings by the United States means a \$55 billion increase in cash available for investment.¹⁷²

Whitehall Paper 6, "1992: Protectionism or

¹⁷¹Joseph I. H. Janssen, "Postmaterialism, Cognitive Mobilization and Public Support for European Integration," British Journal of Political Science 21 (October 1991): 443-68.

¹⁷²Rudiger von Rosen, "The German Financial System After Unification: Price Stability in Europe," Vital Speeches 58 (1 December 1991): 114-17.

Collaboration in Defence Procurement," explores the developing trends of European defense contractors in the EC. European technological dependency on the U.S. is examined. This relationship is viewed as not healthy for the European defense industries. The advantages of cooperative ventures among EC countries is argued. Germany, France, and Great Britain can benefit by integrating their defense development and procurement. The result will be an interdependent, multinational defense industrial base that is kept within the framework of the EC of 1992.¹⁷³ The United States needs to question cooperative European military ventures that do not include the inclusion of American firms. Either the United States will be included in the strategic military industries, or it will not be included. In which case, the United States may question the utility of its extensive commitment to the security of Europe.

Glenn Sussman of Morningside College and Brent S. Steel of the Oregon State University examine the roles of the peace activists in the development of new international relations. They assert that the German activists are more prone to radical forms of protest than are American activists. The peace activists in the United States, Great Britain, and the FRG will continue to try to influence

¹⁷³RUSI Working Group, Whitehall Paper 6- 1992: Protectionism or Collaboration in Defence Procurement (Whitehall: Royal United Services Institute for Defence Studies, 1990).

policies that will steer away from militaristic solutions. The principal difference between the movements will be in the methods they employ.¹⁷⁴ This essay stands on two precarious presumptions. The authors assume peace activists make a difference when nations determine requirements for security and prosperity. Also, they assume that a nation's military is not a means of providing security.

The issue of the power vacuum caused by the collapse of communism is addressed by William Pfaff, columnist for The International Herald Tribune, in his article, "Redefining World Power." Pfaff foresees a world order where there may be no superpowers. Power will be balanced by a triad composed of military power, economic power, and social cohesion-public consensus. The United States may be the most important military power. But in the economic arena, it has been largely dependent on Japan and the EC to finance its deficit. In Europe, Germany is the country that will dominate relations with Eastern Europe and the Soviet Union. However, reconstruction of East Germany may take a decade. The already slow rate of development in East Germany may be further hampered by the introduction of the single market of 1992. Businesses may seek a quicker return on their investment by investing in EC expansion rather than

¹⁷⁴Glenn Sussman and Brent S. Steel, "Support for Protest Methods and Political Strategies Among Peace Movement Activists: Comparing the United States, Great Britain, and the Federal Republic of Germany," The Western Political Quarterly 44 (September 1991): 519-40.

East German reconstruction. The EC will eventually expand to include European Free Trade Association (EFTA) states. All states will be vulnerable in the future. None will enjoy superpower status like the United States.¹⁷⁵

John Mearsheimer of the University of Chicago, in his article, "Back to the Future: Instability in Europe after the Cold War", draws a pessimistic picture of Europe after the Cold War. He concludes that the stability of Europe since World War II was guaranteed by two factors. The first was the bipolar power relationship that pitted the United States against the Soviet Union. The balance of power in this relationship was more difficult to upset than in a multipolar system. Each superpower guaranteed its own security and stability. In a multipolar system, alliance politics would be used to establish a state's security and consequently its stability. A serious problem in alliance politics is the increased misperception of the true power relationships, which might lead to conflict. The second factor creating European stability was the introduction of nuclear weapons. This made war a politically unacceptable alternative. The mutually assured destruction doctrine left little incentive for either superpower to chose war as a

¹⁷⁵William Pfaff, "Redefining World Power. (Cold War's Demise Skews World Balance of Power)," Foreign Affairs 70 (Winter 1991): 34-48.

policy option.¹⁷⁶

Professor Mearsheimer also sees a secure and stable Europe's future as resting on three basic policy recommendations. First, Europe should develop limited and manageable nuclear proliferation. This policy emphasizes German procurement of nuclear weapons. Second, a British and American presence should be continued on the Continent to balance emerging powers there. Meanwhile, the United States should maintain a force capable of rapid deployment to Europe. Third, control of hypernationalism in Europe should be a high priority in European security relations. Nationalism as a political force may return to dominate European political relationships if not kept in check.¹⁷⁷ Professor Mearsheimer raises some of the questions of power politics that need to be addressed prior to formulation of a consistent American policy.

Professor Szabo, of Johns Hopkins University, addresses new European relationships in his article, "The New Europeans: Beyond the Balance of Power." With the collapse of communism, East and West Europe are united. The Soviet threat will seem more real to Eastern Europeans than Western Europeans. In a related matter, he asserts that Eastern Europeans are unlikely to identify with old

¹⁷⁶ John Mearsheimer, "Back to the Future: Instability in Europe After the Cold War" International Security 15 (Summer 1990): 5-20.

¹⁷⁷ Ibid., 26-55.

communist parties. Concerns over a superpower conflict has given way to concerns over North-South relations, environmental problems, and instability in Eastern Europe and the Soviet Union. Security relationships will be challenged and changed. A security oriented NATO dominated by the United States may give way to a more politically oriented NATO. Most Europeans accept that NATO will continue to play a vital security role. But European nations may start to deploy forces outside of Europe to protect their own interests. EC integration is viewed as a mechanism of supranationalism that will check the nationalism that led to World War II.¹⁷⁸

Senior associates at the Carnegie Endowment, Gregory Flynn and David J. Scheffer, address the issues of European security in their article, "Limited Collective Security." They provide a draft treaty for a new collective security order in Europe. From this perspective, NATO is viewed as a continued balancing force to the Soviet Union. But the authors believe that NATO's membership is too narrow to deal with the broad security needs of Europe. The CSCE is seen as the institution that has the best opportunity to deal effectively with European security problems. NATO, nonetheless, will remain as the stabilizing factor in Europe. NATO needs to continue to deal with the big

¹⁷⁸Stephen F. Szabo, "The New Europeans: Beyond the Balance of Power." Proceedings: The Academy of Political Science 38 (1991): 26-34.

security problems, while the CSCE addresses wider ranging problems, such as arms control verifications, ethnic conflicts, and environmental issues. The CSCE's membership contains both the Soviet Union and the United States, and this will give it greater credibility and sway.¹⁷⁹

W. R. Smyser, of the Carnegie Endowment for International Peace, in his article, "Vienna, Versailles, and Now Paris: Third Time Lucky?" compares the European peace treaties of Vienna, after the Napoleonic Wars, and Versailles, after World War I, with the Four-plus-Two Agreement of Paris in November 1990. He asserts that the Paris agreement has a high probability for success. Internationally, the inclusion of the victors as well as the vanquished provides the balance required for a lasting peace. Domestically, the principles of democracy and self-determination should create stability within Europe. These factors are critical in Germany's new role. Germany was a central actor in the negotiation for the new European order. The economic foundation for the Paris agreement was based on three assumptions. First, Open trading borders would be realized. Second, a certain level of prosperity would continue in Europe. Third, economic and trade cooperation would continue to provide a basis for development.

Dr. Smyser succinctly points out that many

¹⁷⁹Gregory Flynn and David J. Scheffer, "Limited Collective Security," Foreign Policy 80 (Fall 1990): 77-101.

institutions in the past have failed to prevent war. But he sees the mechanisms that emerged from Paris as being very promising in their ability to prevent conflict. NATO, CSCE, and the West European Union would provide for security interests. NATO, with a unified Germany as an active member, would be the principal institution for the prevention of war. The CSCE would continue to play a central role in arms control agreements and corresponding verification duties.

Thus, the CSCE would serve as the institution that would prevent repetition of the World War II cycle. The EC and the European Monetary System (EMS) would provide for trade and economic cooperation. The point is made that previous democratic institutions and political arrangements have not prevented the accession of dictators to power. The current institutions are no better. The solution is for nations to remain flexible and to channel threats away from conflict. The institutional arrangements have merits, but they will be no more effective than their political application.¹⁸⁰

James Goodby of Carnegie Mellon University examines the need for a new set of rules for nations' behavior. In his article, "Commonwealth and Concert: Organizing Principles of Post-Containment Order in Europe," Goodby

¹⁸⁰W.R. Smyser, "Vienna, Versailles, and Now Paris: Third Time Lucky?" The Washington Quarterly 14 (Summer 1991): 61-70.

makes a case for new policy guidelines. Goodby believes that European stability will rest on the creation of viable institutions. Many believe the EC, in its adoption of common policies, national interdependence, and economic integration may become a central institution maintaining peace in Europe. But Goodby views the EC as incapable of providing security and stability for at least the next ten years. He proposes other models of international policy for consideration.¹⁸¹

Professor Amuzegar addresses economic issues as they will affect the relationships of the G-7 (United States, Japan, Great Britain, France, Germany, Italy, and Canada). In his article, "Western Democracies at a Crossroads," he addresses the question of increased conflicts between the industrialized Western economies. The possibility for conflict is increased due to the decline of the Soviet threat. In the future, Germany and Japan will be less inclined to acquiesce to American policy decisions. The most recent G-7 meeting in Houston focused on five problems, none of which have been resolved. First, there is a continuing high unemployment rate in some countries. Second, inflation continues to increase at an excessive rate in some countries. Third, deficit countries, like the United States, are not reducing their national deficit.

¹⁸¹James Goodby, "Commonwealth and Concert: Organizing Principles of Post-Containment Order in Europe," The Washington Quarterly 14 (Summer 1991): 71-90.

Fourth, the level of private savings is too low in some nations. Fifth, increased competitiveness may spur protectionist policies by threatened economies.

He points out that far from being harmonious, the record of the Western allies has been one of economic disunity. For example, Nixon's unilateral abandonment of the gold standard shocked international financial relationships.¹⁸²

Professor Amuzegar cites five new circumstances that have arisen that dictate new G-7 relationships. First, Eastern Europe and the Soviet Union appear headed toward a system of private enterprise and capitalistic market economies. The Soviet threat will no longer dictate economic cooperation among the G-7 countries. Second, NATO will start to play a more political role. The large military forces in Europe are no longer required. Consequently, NATO may merge with the CSCE.

Third, the single market of the EC of 1992 will create the largest market in the world. Conflict could arise if the EC becomes a trading bloc that restricts access to American and Japanese firms. The formation of such a trading bloc would add impetus to the formation of a North American trading bloc and a Pacific trading bloc. Fourth, the power relationships will have to shift from one

¹⁸²Jahangir Amuzegar, "Western Democracies at a Crossroads," SAIS Review: A Journal of International Affairs 11 (Summer-Fall 1991): 27-41.

dominated by the great superpower, the United States, to a balanced relationship that increases EC and Japanese influence. Fifth, the global power tilt will continue to be away from military, political, and ideological strength toward economic strength, scientific development, and technological leadership. Without a common threat, the West may be more vulnerable to political and economic conflicts.¹⁸³

Professor Rugman and Professor Verbeke of the Faculty of Management at Toronto University in their article, "Europe 1992 and Competitive Strategies for North American Firms," analyze the spectrum of competitive possibilities in the EC of 1992. They assert that American multinational corporations will have to understand the EC of 1992 to maximize access to Europe's markets. Rugman and Verbeke create a box model that analyzes the sentiments of EC integration to national responsiveness. The synopsis of this model is that the EC of 1992 is expected to be used to enhance the position of European multinational corporations while limiting the competitiveness of American firms. Thus, the North Americans "...will be confronted with higher marketing costs when exporting to the EC market and yet need to consider moving to niche strategies."¹⁸⁴

¹⁸³Ibid., 37.

¹⁸⁴Alan M. Rugman and Alain Verbeke, "Europe 1992 and Competitive Strategies for North American Firms," Business Horizons 34 (November-December 1991): 76-81.

Professor Vernon, of Harvard University, outlines the growing U.S. concerns over the EC of 1992. Trade access to the EC market is central to the essay. The EC market will almost certainly provide a boom to those businesses inside the market. However, there is little evidence that the EC will reduce restrictions to outside competitors. The General Agreement on Tariffs and Trade (GATT) is addressed as being hampered by similar protectionist tendencies that may retard development of an open EC of 1992. Professor Vernon identifies two viewpoints regarding EC unification. The first view is pessimistic. This view sees the EC of 1992 as providing a source for conflict between countries. The other view is optimistic. From this viewpoint, the EC of 1992 will bring a new era of cooperation, solving the chronic problems that have damaged national relationships.¹⁸⁵

Stephen Cooney, of the National Association of Manufacturers, views the development of the EC of 1992 in a positive light. Cooney believes this mechanism may resolve some of the standing problems of unemployment, inflation, and government deficits. The American trade and federal budget deficits are the most critical problems facing the United States. According to Cooney, the United States needs to eliminate its federal budget deficit while increasing

¹⁸⁵Raymond Vernon, "European Community 1992: Can The U.S. Negotiate for Trade Equality?" Proceedings: The Academy of Political Science 37 (1990): 9-16.

exports. The EC of 1992 may provide the market for these exports. There are many issues that could lead to conflict, but it would be disadvantageous for either the EC or United States to try to reduce the level of mutual interdependency.¹⁸⁶

The article, "The United States, Europe, and the Middle East," by Leon T. Hader of American University, analyzes U.S. and European roles in the Persian Gulf War and lessons that may be learned. Initially, there was little European support for the Persian Gulf War. Germany wanted to play a peaceful role. Many French viewed the war as an American ploy to avert recession. In his article, Hader proposes two models for international relations. The first model would be based on a U.S.-European partnership. This would include an active NATO, with the West European Union acting as a bridge to NATO. Europe's influence would increase in this scenario. The second model would be an independent European security structure with no American participation. In this context, Europe would be a military superpower like the United States. Again, the WEU would be the institution for building political and military unity among EC nations.¹⁸⁷

¹⁸⁶Stephen Cooney, "The Impact of Europe 1992 on the United States," Proceedings: The Academy of Political Science 38 (1991): 100-12.

¹⁸⁷Leon T. Hader, "The United States, Europe, and the Middle East," World Policy Journal 8 (Summer 1991): 421-49.

Joseph Lepgold of Georgetown University also addresses the international relationships of the United States and the EC in his article, "The United States and Europe: Redefining the Relationship." NATO is viewed as a slimmed-down institution that needs to shift its emphasis to political issues. NATO's new role is founded on five tenets. First, The Soviet Union still has a huge nuclear and conventional force capability. This is a real capability that needs to be balanced. Second, there is instability in Europe which needs to be contained. Third, NATO will be essential in nurturing the political and military development of Europe. Fourth, NATO will anchor Germany to Europe. Germany will become the European powerhouse. Fifth, NATO will be the political forum for discussing problems. The decreasing influence of NATO is accepted. Professor Lepgold raises potential areas of conflict in the economic and political arenas. For example, economically, the EC trade subsidies for agriculture and industry may lead to conflict. In addition, on the political side, France's desire to have a Rapid Reaction force that is ultimately responsible to the EC is viewed with concern by the Bush administration.¹⁸⁸

David Marsh, London Financial Times correspondent, in his book, "The Germans: The Pivotal Nation," provides a

¹⁸⁸Joseph Lephold, "The United States and Europe: Redefining the Relationship." Current History 90 (November 1991): 353-57.

detailed analysis of the social and political aspects that will affect German policy. Many of the complex interrelationships of German historical development are addressed.¹⁸⁹ This book was finished prior to the unification of Germany. Some of its conclusions, such as the unacceptability of East Germany's possible membership into NATO have been overcome by events.

Gregory Flynn and David J. Scheffer of the Carnegie Endowment have proposed a new limited security arrangement for Europe. In this conception, collective security and alliances will continue to serve as the basis for state security. To the authors, the real problem rests with establishing new security arrangements within the CSCE before the existing arrangements in NATO crumble. NATO would continue to address the big security problems facing the North Atlantic Alliance, like balancing the Soviet Union's or Russia's military power. On the other hand, the CSCE could more effectively address specific problems in Europe, such as nationalism and Eastern European problems. The United States and Canada would have to be active members in this process. Flynn and Scheffer urge that the Military Council, Environmental Council, and Ethnic Councils be utilized to deal effectively with the problems facing

¹⁸⁹David Marsh, The Germans: The Pivotal Nation (New York: St. Martin's Press, 1990).

Europe.¹⁹⁰

The issue of military expenditures being utilized to finance social programs, hence creating a "peace dividend," is also placed in the center of the international security discussions. In the United States, many argue that America is militarily overextended and should let Europe attend to its own security. William E. Odom, director of national security studies at the Hudson Institute argues that the military security order of the Cold War years has provided the basis for the contemporary economic order. But while there is stability in Europe, that stability may be taxed in the near future. The Bundesbank at present is focusing its capital assets on rebuilding East Germany. Nonetheless, Eastern Europe presents a litany of potential problems that need to be addressed. Current state relationships are relatively new in Eastern Europe and may not be able to resolve all conflicts peacefully. Numerous border and ethnic disputes still remain. Moreover, the democratic experience is relatively new in this region. With no definite security order to sustain economic development, the presence of NATO would appear to be critical:

The lack of a NATO structure to coordinate Western policy, even moderately, is almost bound to encourage competition among Western policies. That, in turn, will permit the East Europeans to strike diplomatic arrangements with West European states that help to reinforce mistrust and disputes within Europe as a

¹⁹⁰Gregory Flynn and David J. Scheffer, "Limited Collective Security," Foreign Policy 80 (Fall 1990): 77-101.

whole.¹⁹¹

The issue of the power relationships that will evolve from the integration of Western Europe should drive the United States' future policy. A coherent policy reflecting the real balance of political, economic, and military power, no longer the monopoly of the United States, is needed. Without the clear communist threat of the Soviet Union, the unifying concern for security will muddle the decision-making process regarding Europe. The utility of 150,000 American troops in Europe needs to be further explored. The major justifying theme is that this stationing agreement will keep the United States involved in European security. This commitment will be expensive to maintain.

The reality that needs to be explored more carefully is that European interests may not always coincide with American interests. In this case, institutions need to be developed that resolve conflicts. Particularly in the economic realm, the United States and Europe appear to be headed for conflict. The Common Agriculture Policy and Airbus subsidies are policies that threaten the United States economically. The issues of conflict resolution need to be explored further.

Another area of research that could be developed

¹⁹¹William E. Odom, "Is the Guns-butter Curve Valid for NATO in the 1990's? Security and Economies." Vital Speeches 56 (1 July 1990): 550-53.

regards the forces that are acting against the European integration process. Several magazine and newspaper articles hint at discontent in France, Germany, and the United Kingdom regarding reservations about the European integration process. Many of the intellectuals writing for academic periodicals assume that the integration process will continue or that it is predestined. Perhaps the force of nationalism in Europe will reassert itself and break the pattern leading to integration.

Essays on Interdependency

The essay, "International Economics and International Politics: A Framework for Analysis," authored by C. Fred Bergsten of the Brookings Institution, Robert O. Keohane of Stanford University, and Joseph S. Nye of Harvard University, provides a good summary of the complex restraints that interdependency will place on national policies. It looks at power relationships of the United States and other nations. Further, the article outlines many of the complexities that will weigh on the policy makers of the future.¹⁹²

Professor Gilpin of Princeton University in his article, "Three Models of the Future," provides an analysis

¹⁹²C. Fred Bergsten, Robert O. Keohane, and Joseph S. Nye, "International Economics and International Politics: A Framework for Analysis," in World Politics and International Economics, ed. C. Fred Bergsten and Lawrence B. Krause (Washington D.C.: The Brookings Institution, 1975): 3-36.

of emerging international models for economic relations. The first is the liberal view of economic relations that maintain that interdependency will diminish the role of the nation states. The second model relies on the Marxist view that world economies will develop into a situation where the poorer elements are exploited for the benefit of the richer ones. Again, in this model, the nation state's role would greatly decline. The third model sees national governments attempting to manipulate the international economic order for their own interests. Contrary to the first two models, this mercantilist model would lead to significant conflicts between the economic powers.¹⁹³

The United States Under Secretary of Defense for Policy, Paul Wolfowitz, in his essay, "An American Perspective," makes a brief historical comparison between the interdependencies and international relationships of pre-World War I and pre-World War II to the currently evolving world order. "The Great Illusion" prior to World War I, that war was no longer possible, proved false. After World War I, efforts to create a League of Nations that would govern national ambitions and thereby prevent war did not work either. Wolfowitz argues that the new international institutions, such as NATO, the United

¹⁹³Robert Gilpin, "Three Models of the Future," in World Politics and International Economics, ed. C. Fred Bergsten and Lawrence B. Krause, (Washington D.C., 1975): 37-60.

Nations, and the General Agreement on Tariffs and Trade (GATT), are more durable. He sees the Soviet threat as declining but still present. Moreover, new threats by the terrorist states and proliferation of missile technology are still emerging. The current international situation will permit the United States to substantially reduce its armed forces. Correspondingly, Europe, Japan, and the United States will have to join in an effort to provide foreign aid to developing nations.¹⁹⁴

Bill Frenzel, in his article, "A Close Call for Free Trade," makes a case for fair trade in the international economy. He reviews unfair trade practices of the 1980s. Much of the unfair practices felt by American textile, steel, and auto industries are emergent in other industries also, such as machine tools, automotive parts, agricultural products, and high technology electronics. But United States support for the GATT principles has been consistent.¹⁹⁵

The director of Economic Research at the Hudson Institute, Alan Reynolds, provides a comparison of the American, Japanese, and German economies in his article, "Competitiveness and the 'Global Capital Shortage.'" His

¹⁹⁴Paul Wolfowitz, "An American Perspective," in Global Security: North American, European and Japanese Interdependence, ed. Eric Grove (New York: Maxwell Pergamon Publishing Co., 1991): 19-28.

¹⁹⁵Bill Frenzel, "A Close Call for Free Trade," The Brookings Review 9 (Fall 1991): 44-47.

study of long-term trends indicates that American competitiveness in the international market is in a good position relative to that of the Europeans and Japanese.¹⁹⁶

State-Secretary J. Orstrom Moller of the Ministry of Foreign Affairs for Denmark provides a dissertation on the state of American industry when compared to Europe and Japan. In his article, "The competitiveness of U.S. Industry: A View From the Outside," he points out that the internationalization of the economies has penetrated all levels of production. There are no longer national markets or products. The future world will be divided into three spheres of influence. The United States will dominate the Western Hemisphere, which will emphasize primary products. Japan will dominate Asia and control technology and the manufacturing areas. The EC will manage a viable European economy, with German manufacturing as the keystone, that will have the advantage in the service sector and some high-technology areas. Moller sees the role of the United States as diminishing. Further, American protectionist trade policies will need to be contained. The critical arena of the future will be competition for the communication and transport industries. According to Moller, the United States' position relative to Germany and Japan is gloomy. The United States failure to invest in long-term research

¹⁹⁶Alan Reynolds, "Competitiveness and the 'Global Capital Shortage,'" Business Horizons 34 (November-December): 23-26.

and development and machinery modernization will lead to a shift in economic and technological power away from the United States. More important, American management has made poor utilization of its human resources.¹⁹⁷

The essays on interdependency examine several economic trends among nations, especially industrialized nations. The degree to which national economies interact globally is unprecedented. There are numerous articles that explain the history of economic trends since World War II. The uncertain part of these growing interdependent trends are the political and security interrelationships that have developed to provide stability. An issue beyond the realm of this thesis that needs to be determined is whether nation-states or international organizations will establish future security relationships.

¹⁹⁷J. Orstrom Moller, "The Competitiveness of U.S. Industry: A View From the Outside," Business Horizons 34 (November-December 1991): 27-34.

GLOSSARY

BASIC LAW. This came into force in the British, French, and American zones of occupation on 23 May 1945. It was adopted by the Federal Republic of Germany at its independence. It was to serve as a provisional constitution until a permanent one could be adopted by a unified Germany.

BUNDESRAT. The upper house of the Federal Republic of Germany's parliamentary system.

BUNDESTAG. The lower house of the Federal Republic of Germany's parliamentary system. It functions as the main legislative organization.

CHRISTIAN DEMOCRATIC UNION (CDU). This political party emerged after World War II as one of the two major political parties in the Federal Republic of Germany. Its political base is united Catholics and Protestants for German life on a Christian-Democratic basis with support for private property, individual rights, and continued commitment to NATO. Its membership is estimated at about 800,000.

CHRISTIAN SOCIAL UNION (CSU). A Bavarian based party very closely allied with the CDU. This party strongly supports free market economics. Its membership is estimated at about 190,000.

CONFERENCE ON SECURITY AND COOPERATION IN EUROPE (CSCE). This international organization was established to review the Helsinki Agreement of 1975 on East-West relations covering military security, economic cooperation, and the observance of human rights. Its membership includes all European countries, Canada, and the United States.

DEUTSCHE MARK (DM). The financial monetary unit of the Federal Republic of Germany.

ECONOMIC AND MONETARY UNION (EMU). EMU refers to the process agreed to by EC countries in the Treaty of Maastricht that will create a single open market with a European central bank and one currency.

EUROPEAN COMMUNITY (EC). The EC was created by the Treaty of Rome in March 1957 to promote the harmonious development of European economic activities. Members currently include Belgium, Denmark, France, Germany, Greece, Ireland, Italy, Luxembourg, Netherlands, Portugal, Spain, and the United Kingdom.

EUROPEAN CURRENCY UNIT (ECU). The financial monetary unit that links currencies of EC members.

EUROPEAN MONETARY SYSTEM (EMS). A quasi-fixed exchange rate regime that has greatly facilitated trade and commerce among EC member states.

FEDERAL REPUBLIC OF GERMANY (FRG). This nation-state was established 21 September 1949 and included the French, British, and American occupied zones of Germany.

FINAL SETTLEMENT. This refers to the agreement that resolved the lingering issues of World War II and permitted German unification.

FREE DEMOCRATIC PARTY (FPD). A political party that has emerged as the critical swing party, forming coalition governments with the SPD and now the CDU-CSU. The FPD emphasizes individual rights as the focal point of policy. Membership is estimated at 200,000.

GENERAL AGREEMENT ON TARIFFS AND TRADE (GATT). GATT consists of ninety-nine contracting parties to a series of contractual agreements based on the principle of non-discriminating trade (exceptions are to favor developing countries). Protection in GATT is to be confined to customs tariffs. The goal is to provide for stable and predictable trade based on the agreements.

GERMAN DEMOCRATIC REPUBLIC (GDR). This nation-state was established in October 1949 in the Soviet occupied zone of Germany. It acceded to the Federal Republic of Germany on 3 October 1990 as a group of five Landers (states).

GREENS. Left-wing political party that supports ecological platforms and the dissolution of security organizations such as NATO. Membership is estimated at about 40,600.

GROSS DOMESTIC PRODUCT (GDP). The sum of all factor incomes gives total domestic income, once adjusted for stock appreciation.

GROSS NATIONAL PRODUCT (GNP). A money value of a nation's total annual output, including the production of goods and services by all business enterprises, proprietors, professional persons, farmers, and government agencies. This includes income from abroad.

INTERNATIONAL MONETARY FUND (IMF). The IMF is comprised of 154 members. Its charter is to promote monetary cooperation, the balanced growth of trade, increased real income for all members, stable monetary exchange, and to provide access to funds to correct maladjustments in the balance of trade.

NORTH ATLANTIC TREATY ORGANIZATION (NATO). NATO is collective defense pact comprised of Belgium, Canada, Denmark, France, Germany, Greece, Iceland, Italy, Luxembourg, Netherlands, Norway, Portugal, Spain, Turkey, the United Kingdom, and the United States. It is also referred to as the Atlantic Alliance.

RED ARMY. Radical terrorist organization devoted to destabilizing Western capitalistic democracies.

REPUBLICANS. Extreme right wing political party. Its membership is estimated at about 25,000.

SOCIAL DEMOCRATIC PARTY (SPD). The SPD emerged after World War II as one of the two major political parties in the Federal Republic of Germany. It supports the promotion of social justice to soften the harshness of capitalist economics. Its membership is estimated at 944,000.

STASI. Secret police for the former German Democratic Republic.

TRUEHANDSTALT. Bureaucratic organization formed by the Federal Republic of Germany to privatize or liquidate enterprises operated by the former German Democratic Republic.

TWO-PLUS-FOUR MEETINGS. A series of meetings comprised of the Federal Republic of Germany and the German Democratic Republic as the Two, and France, the United Kingdom, the United States, and the Soviet Union as the Four.

WESTERN EUROPEAN UNION (WEU). The WEU's purpose is to provide for collective defense and collaboration in economic, social, and cultural activities. Members include Belgium, France, Germany, Italy, Luxembourg, Netherlands, Portugal, Spain, and the United Kingdom.

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