

A PLACE IN THE SUN

by David Schoenbaum

Three decades after the contentious postwar reorganization of Central Europe, the largest fragment of a once-devastated nation—the Federal Republic of Germany (FRG)—is now a power in world affairs.

Chancellor Helmut Schmidt's debut at a Western summit meeting on Guadeloupe in early 1979 only confirmed the obvious. As the world's third-largest industrial economy, and a global trader second only to the United States, West Germany exports 23 percent of its GNP (versus 8 percent for the Americans). Its generous foreign-aid program, designed in part to keep its Third World customers happy, is the West's third biggest.

As suppliers (and consumers) of goods and services, the West Germans are ubiquitous. They build Volkswagens in Pennsylvania, airports in the Soviet Union, nuclear power complexes in Brazil, solar installations in Kuwait, medical research laboratories in Egypt, desalinization facilities in Libya, Iran, and Saudi Arabia. The Federal Republic's works adorn the planet and extend beyond it, with a sophisticated European Spacelab, mostly German-built, scheduled for launching aboard the U.S. Space Shuttle in 1983.

No German city today matches the "world city" standards of Imperial or Weimar Berlin. But the Deutsche Mark (DM), created by the American military government in 1948, has edged out the pound sterling as the old Reichsmark never did to become a world reserve currency second only to the dollar. Despite the rising price of OPEC oil, Bonn has managed to hold both inflation and unemployment below six percent.

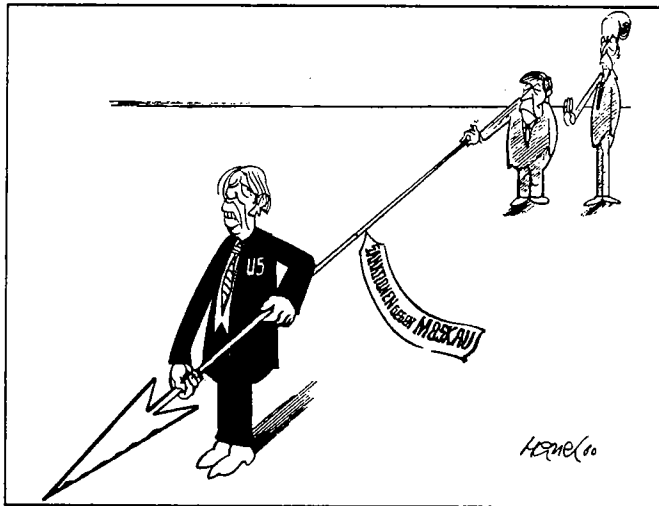
Actually, the Federal Republic has been an economic giant since the late 1950s although, in Willy Brandt's phrase, it long remained a "political dwarf" in world affairs—partly by choice. But, during the past decade, West Germany has grown in international stature. Its representatives receive respectful attention in Moscow and Riyadh, in Tokyo, Tripoli, Beijing, and, lately, even in Washington, once accustomed to taking Bonn's compliance for granted.

Be it democracy's survival in postrevolutionary Portugal,

the financial bail-out of Turkey, the economic health of Israel or Poland, the effectiveness of last year's Olympic boycott, or the periodic support of the dollar, the success of a growing number of Western (and Eastern) initiatives now depends heavily on quiet decisions made in Bonn. "We have to live up to our growing responsibility," Chancellor Schmidt observed last November. "But we don't want our German role in the world to be written too large, . . . awakening expectations that can't be fulfilled."

On the face of it, West Germans enjoy the best of at least three worlds. The Federal Republic is the keystone of the NATO alliance and the European Economic Community; it is the bridge-builder, via *Ostpolitik*, to Eastern Europe; and it is the beneficiary-participant in numerous bilateral pacts with the United States, France, and the Soviet Union.

Bonn has managed, despite the recent Polish troubles, to maintain a tolerable relationship with its powerful East German sibling on the other side of the Iron Curtain and the Berlin Wall. East-West German trade totaled nearly \$5 billion in 1980,



By Walter Hanel for *Rheinischer Merkur/Christ und Welt*.

West German Chancellor Helmut Schmidt and then French President Valéry Giscard d'Estaing endorsed many of President Jimmy Carter's foreign policy initiatives with reluctance—particularly those unfriendly to Moscow. The caption of this 1980 West German cartoon is "Hello, partner."

up 34 percent over 1979. While Erich Honecker's Communist regime last October doubled the amount of "hard" currency Western visitors must exchange daily after they enter its territory—from about \$7 to \$14—West Berliners and West Germans continue to visit their colleagues, friends, and relatives in the "other Germany" by the hundreds of thousands. Some 50,000 phone calls are made every day between the two nations.

West Germany's postwar achievement is all the more remarkable for a nation whose earlier leaders asserted the primacy of an aggressive foreign policy and pursued that policy around the world. From Waterloo through World War II, successive generations of Germans lived and died with the same obsessions: Germany as the country in the middle, Germany with its nightmares over hostile European coalitions (and its capacity for bringing such coalitions into being), Germany in pursuit of markets and a place in the sun from Samoa to Togo to Baghdad.

Looking East

The traumatic outcome of World War II (and the subsequent partition of Germany) made these traditional concerns irrelevant. For a time, West Germany, like Japan, had neither the need nor the capacity for any foreign policy at all. Its territory dismembered, its economy in ruins, its cultural and social structures in disarray, its politics in suspension, post-Potsdam Germany became a passive object of international politics. Its leaders' choices were effectively defined by the occupying powers: France, Britain, the United States, and the Soviet Union. Defeated and demoralized, demobilized and displaced, millions of Germans wanted nothing more than to restore the freedom and security of their private lives.

Konrad Adenauer, the venerable Christian Democrat and the Federal Republic's founding Chancellor (1949–63), was convinced that only cooperation with the Western allies, and especially with Washington, would ensure the Federal Republic's future prosperity and safety. He led his nation, seriatim, into the European Coal and Steel Community, into rearmament, and into NATO, and he accepted the deployment of U.S. nuclear missiles on German soil. As for the question of national reunifica-

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tion—the nation's major preoccupation—Adenauer counted on Western strength and cohesion. There would be no flirtations with the Soviet bloc in general and certainly no dalliances with the new communist regime to the east, the German Democratic Republic, which Adenauer, to the end of his life, continued to call the "Soviet Zone."

The West Germans enjoyed the fruits of Adenauer's *Westpolitik*. With hard work and Marshall Plan aid, protected by the U.S. security umbrella, the West German economy recovered rapidly. Exports flourished, and the new DM acquired the luster Germans once associated with the nation's military might.

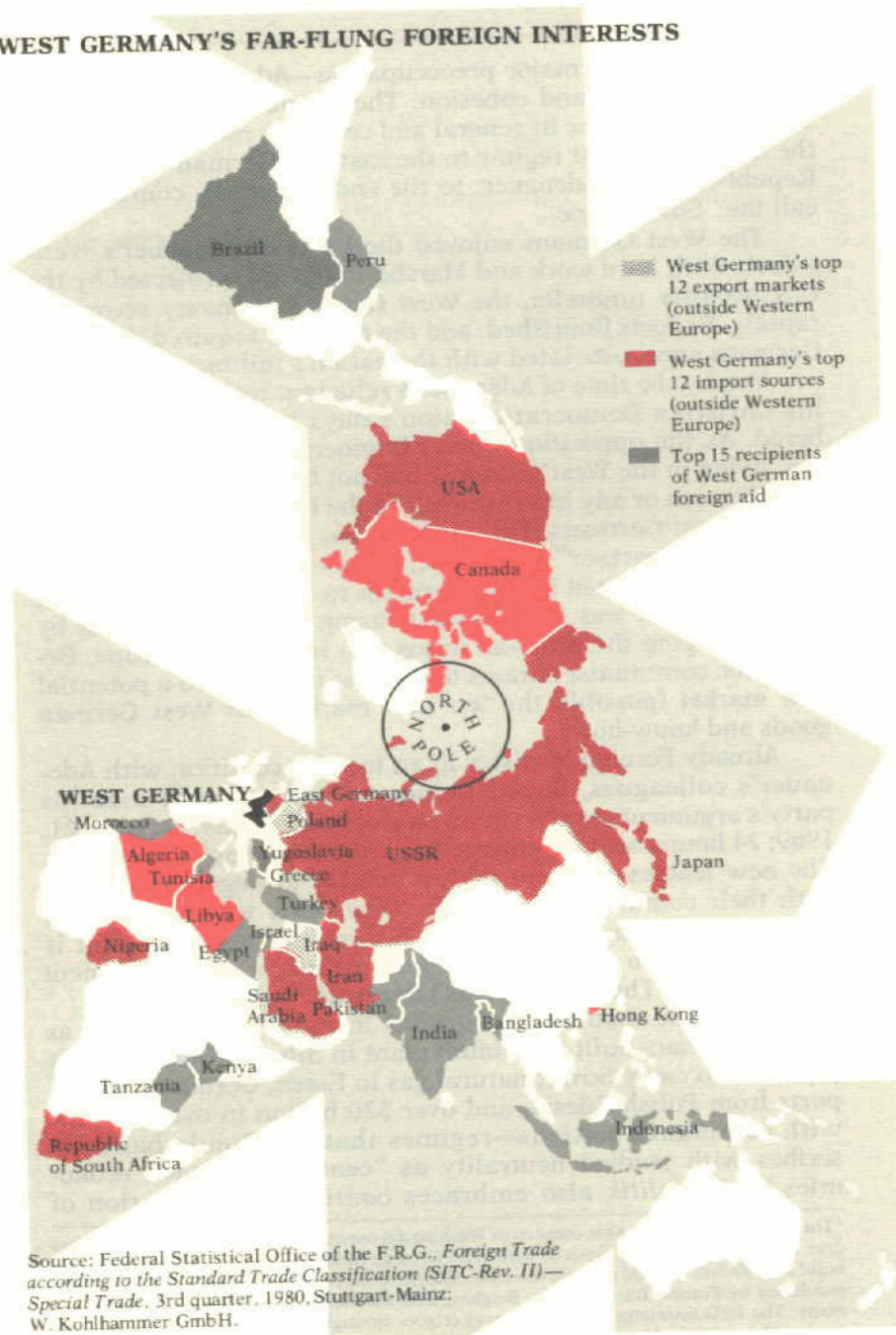
Yet, by the time of Adenauer's reluctant retirement in 1963, his Christian Democratic Union's days in power were numbered. As the opposition Social Democrats untiringly pointed out, living in the West's shadow had not brought about German reunification or any improvement in the lives and liberties of 17 million East Germans. They argued that Germany's future was as a "senior partner" in Europe, not as the everlasting junior partner of the United States. Germans in and out of government believed that it was time to start easing Cold War tensions by acknowledging the postwar status quo in Eastern Europe. Besides, the communist nations to the east represented a potential new market (possibly the *last* new market) for West German goods and know-how.

Already Foreign Minister in an interim coalition with Adenauer's colleagues, Social Democrat Willy Brandt took his party's arguments to the voters on election Sunday, October 21, 1969; 24 hours later, he emerged as West Germany's Chancellor. The new leaders in Bonn moved quickly to negotiate treaties with their communist neighbors. *Westpolitik* was not scuttled—economically and strategically it remained essential—but it was joined by a complementary *Ostpolitik*, a rapprochement with the East. The goal, then as later, was "balance."

Today, the abstraction *Ostpolitik* includes such tangibles as a West German-built aluminum plant in Siberia, German-built pipelines to carry Soviet natural gas to Essen, German coal imports from Polish Silesia, and over \$20 billion in overall trade with communist nations—regimes that the Bundesbank describes with studied neutrality as "centrally planned economies."* *Ostpolitik* also embraces continued repatriation of

*There has been considerable concern in Washington over the European-Soviet natural gas deal. As it now stands, the Soviets, with West German financing and technology, intend to build a 3,600-mile natural gas pipeline from Siberia to the Federal Republic. The gas will be purchased by France, Italy, Austria, Belgium, and the Netherlands, as well as West Germany. The FRG estimates that, if the project goes through, 30 percent of its natural gas needs will be supplied by the Soviet Union in 1990 (versus five percent in 1980).

WEST GERMANY'S FAR-FLUNG FOREIGN INTERESTS



ethnic Germans—50,000 in 1980, half of them from Poland, another quarter from East Germany—as well as East-West German family reunions on Black Sea beaches, and some 20 million trips a year between West Berlin and West Germany on *autobahns* where the sudden tightening of Soviet restrictions on travel once served as a warning of impending Cold War crises.

Scrapping an Arms Deal

What neither *Ostpolitik* nor other successes have provided is an abiding sense of self-assurance in a people long more disposed than most to find the cloud in every silver lining. The Federal Republic survives thanks to a close relationship with both NATO and the Soviet Union and a formidable industrial machine that for 30 years has sustained social tranquility and political civility. Having come to appreciate the status quo, the Germans now must take pains to maintain it. It is not always easy.

The recent debate on arms sales is symptomatic of the fragility of Bonn's political equilibrium. The Germans decided after World War II that arms sales only meant trouble and resolved to restrict their business primarily to NATO countries and to sell no weapons to nations that might actually use them. West German leaders violated this prudent policy at their peril. The revelation in 1965 that the Federal Republic had for eight years secretly been shipping arms to Israel led to a diplomatic breach with Arab states and a triumphant reception in Cairo for East Germany's Walter Ulbricht.

But now there is a domestic angle. Arms sales mean export revenue at a time when West Germany's current-accounts balance is \$15 billion in the red. They mean jobs at a time when unemployment in the Federal Republic is at a record high (some 230,000 West Germans are employed in the weapons industry) and the economy is in a slump.

Last year, Bonn tentatively agreed to sell 300 Leopard

More than most nations, West Germany lives by trade. Its exports last year topped \$187 billion, not far behind total U.S. exports. Automobiles and heavy industrial equipment account for about one-quarter of the total. The biggest import item is oil. Often overlooked in the American press is West Germany's sizable foreign aid program. In 1979, the Federal Republic disbursed grants and loans of some \$3 billion to about 100 nations, most of them in the Third World. (This compares with U.S. economic aid of \$7.1 billion to 112 countries that same year.) Bonn plans to increase its foreign aid by 12.5 percent annually during the next three years.

tanks, various armored vehicles, an unspecified number of Chee-tah anti-aircraft missiles, and other weapons systems to Saudi Arabia. In return, West German businessmen hoped to secure some \$9.2 billion annually in Saudi contracts. That would help pay West Germany's mounting oil bill. But many in Chancellor Schmidt's own party opposed the scheme, arguing that, whatever the short-term advantages of the weapons transfer, the Federal Republic's long-term interest was to keep its distance from international trouble spots. Last April, Bonn quietly called off the deal.

The Japanese Challenge

Many of those who oppose West Germany's weapons sales also oppose Bonn's decision to press forward with nuclear energy—the only way, the government contends, to reduce reliance on expensive OPEC oil in a country where the sun shines fitfully and coal is increasingly costly (and dangerous) to mine. Some 70,000 persons demonstrated last March against construction of a new nuclear power plant in Brokdorf, near Hamburg.

The issue goes beyond keeping German homes warm in the winter and illuminated at night. West Germany's economy, like those of other industrialized nations, depends on high-technology exports and on energy-intensive manufacturing. Excluded by design from postwar avionics and unable to keep up with the Japanese and Americans in microelectronics, the Germans fatefully invested a great deal of money and ingenuity in nuclear technology. One object was to supply 45 percent of West Germany's electricity needs by 1985—a goal that will not be met. (In 1980, nuclear energy accounted for less than 14 percent of the nation's electricity.)

Another aim was to generate income from sales of reactors abroad. Here Bonn ran into trouble in 1977 when the Carter administration sought to block West Germany's proposed sales of nuclear reactors and uranium enrichment plants to Brazil and Argentina. The White House called the German plans another step toward worldwide nuclear proliferation. West Germany went ahead with the sales anyway. In a nation where one out of four jobs depends on exports, the issue was as much an economic matter as a question of diplomacy. The deals with Brazil and Argentina are together worth \$6 billion—as much as West Germany spent to import iron and steel in 1980.

Economists in Bonn shudder at the deficit in the Federal Republic's current account (which measures the value of trade,

"Whoever drives intelligently should also make intelligent decisions" reads this Toyota advertisement in Der Spiegel. West Germans spend more than \$1 billion a year on Japanese cars.



**WER INTELLIGENT FÄHRT,
SOLLTE AUCH INTELLIGENTE
ENTSCHEIDUNGEN TREFFEN.**

services, and other international transactions). Oil is not the only culprit here, although it is West Germany's biggest single import, and its price more than doubled between 1978 and 1980, to \$36.16 per barrel. One out of every five dollars of export income flows out of West Germany to such countries as Saudi Arabia, Libya, Nigeria, and Algeria. (Much of this money, however, is in turn recaptured by the German businessmen who quadrupled the Federal Republic's exports to OPEC countries between 1973 and 1977.)

Other factors behind the current-accounts deficit include the millions of foreign workers in West Germany who send money out of the country. And German tourists spend twice as much overseas, all told, as tourists from any other country. (In 1979, foreign tourists brought \$6.5 billion into the country, while German travelers took \$20 billion out.) Only recently have the Germans noticed that they are also importing 28 percent of their cars, one-third of them (250,000) from Japan. Only the Federal Republic's oil bill tops its imported auto bill, and German automakers, like their American counterparts, have suddenly discovered an interest in "protection."

West Germany's general economic health has been good for the Germans and good for the world. But the Federal Republic's "locomotive" economy is but one reason for the nation's impor-

tance on the international scene. The Germans remain where they have always been, at the center of a fractious and productive continent. Their country is crucial simply as a piece of real estate, facing 46 Warsaw Pact divisions across the Elbe. For the Federal Republic, the Cold War remains a fact of life.

Since World War II, the Germans have lived with two fears. One is that America won't defend them. The other is that it will.* A chill in Soviet-American relations, be it the result of trouble in Afghanistan, Poland, El Salvador, or anywhere else, inevitably makes West Germans feel a cold coming on. Frenchmen, confident that NATO forces stand between Paris and Moscow, sometimes kid themselves that they can always stay aloof, if they choose. Most West Germans, particularly those of the ruling generation, have no such delusions.

Like other NATO countries (except the United States, Britain, and Canada), West Germany continues to draft its youth—for 15-month tours. The country maintains a well-equipped, well-motivated Army of 500,000 with a mobilization potential of one million; a modern Air Force comprising 561 combat aircraft; and a serviceable little North Sea Navy. Defense spending (\$20 billion in 1980) has regularly constituted about three percent of a growing GNP.

Guns or Butter?

With the largest armed force among the European NATO allies, the West Germans are willing to do their share. It is no secret, however, that Bonn was uneasy with the Reagan administration's postinaugural focus on El Salvador and its chilly fundamentalism on the subject of East-West relations. German leaders prefer quiet on their eastern front. They favor continued strategic arms talks between Washington and Moscow.

But the West Germans are also realists when it comes to the USSR. In 1977, Chancellor Schmidt was among the first to warn publicly of the threat of the Soviets' new SS-20 medium-range missiles aimed at Western Europe. His Social Democratic Party in 1979, despite its "dovish" nature, overwhelmingly endorsed the government's decision to allow the deployment of 108 countervailing U.S. Pershing II missiles on German soil.

And, stung by recent complaints from Washington, Bonn has grudgingly agreed to raise its defense budget. West German

*In a 1980 poll conducted by the Hamburg weekly *Stem*, 77 percent of West German respondents agreed that the United States would go to war with the Soviet Union in the event of a Warsaw Pact move against the Federal Republic. Only 58 percent of Americans surveyed concurred.

leaders recognize the need to be prepared should many of the American troops in Central Europe be abruptly airlifted to the Middle East. They also want to pre-empt a new "Mansfield Amendment" mandating withdrawal of some or all of the 230,000 U.S. troops from German soil on the grounds that "rich Europeans" refuse to "pay their share" of the NATO burden. (Senator Mike Mansfield, D.-Mont., now U.S. Ambassador to Japan, proposed in 1971 that the United States unilaterally cut its troop levels in Western Europe by one-half. The Senate defeated the proposal, 61 to 36.)

The unanswered question is: How much more can West Germany actually afford to spend on defense? The country's military budget is penned in on three sides—by the rising rate of inflation (now 5.3 percent), the rising price of imported oil, and the rising price of American weapons and training programs. Defense Minister Hans Apel reported last year that he was running as fast as he could to stay in the same place. Soon he was falling behind. In March 1981, Apel announced that production or acquisition of several new weapons systems, including a new main battle tank and new combat aircraft, would be delayed or abandoned owing to the cost squeeze.

If Bonn is to spend more on defense, the money will have to come, as it does in other countries, from domestic civilian programs. As in the United States, that is a looming question for the legislature. The Bundestag deputies are loath to slash the social welfare portion of the budget—especially at a time of economic dislocations.

So all is not roses for the Federal Republic, as its citizens are generally the first to emphasize. But today, most nations of the world would regard themselves as fortunate to have West Germany's problems, instead of their own.
