

tween the East and West is vital to Germany, and the importance of detente cannot be minimized. Schmidt has firmly adopted the role of loyal but critical ally of the United States. His July 1980 trip to Moscow illustrates his determination to avoid freezing relations between Washington and Moscow and assure that an East/West dialogue continues.

SPD criticism of U.S. policy centers on two issues: lack of consultation and the lack of predictability of the United States actions. The first is best typified by the Afghanistan crisis in which Schmidt maintained that it was up to the Russians to create a climate for the Olympics and did not immediately agree to a boycott. In the end, however, rather than break the position of loyal ally, he went along with the United States.

An example of the second criticism, lack of predictability in American policy, occurred over the neutron bomb issue. Against the counsel of some of his own advisors, Schmidt revised the course of action he had adopted in order to follow the American lead, only to have Carter change his mind and withdraw from that course declaring that the neutron bomb was no longer acceptable to the United States.

These recent strains in U.S.-German relations foretell not a breakdown in relations, as Strauss portrayed during the election, but an opening up of new initiatives by the German government. While the Federal Republic has grown immensely in economic power, it has tended to disguise its foreign initiatives behind those of NATO and the EEC. The newly elected Chancellor can be expected to show somewhat more open international leadership.

The proximity of the military threat from the East has spurred West German defence efforts in spite of the reluctance of many citizens. Mr. Schmidt reiterated during the campaign that West Germany does not aspire to be a super power. He has stressed, however, that as long as the United States and the Soviet Union are roughly balanced in the nuclear field, Bonn is in a position to exert influence on other medium sized powers, especially in Europe. There have been several examples of West German initiatives in the last two years. When the United States wanted to lead a trade embargo against Iran, for example, Bonn pressured other European states to support this decision. Last July, when Schmidt visited Moscow, he got a small concession from the Soviets on nuclear missiles.

Within NATO, the West German position has been to agree to the deployment of new intermediate range nuclear missiles in Germany on the condition that arms reduction talks begin, and that other NATO members in Europe also agree to provide sites for weapons. Schmidt has called this balance the "unalterable prerequisite for the preservation of peace". The left wing of the SPD has never accepted the idea that the missiles should be deployed, but now that the Chancellor's coalition majority is large enough, he can

withstand their pressure which will undoubtedly be strong unless Belgium, Italy and the Netherlands make a clear statement of intent in accordance with the German policy.

Morale in NATO is low, and it was a serious blow to both NATO and the U.S. when, instead of taking a strong leadership role within NATO as the U.S. wanted after the election, West Germany joined Belgium, the Netherlands and Denmark in cutting military expenditures in order to maintain high social service levels. The U.S. also wants West Germany to make multi-million dollar improvements in American military installations in West Germany, but this will now be a matter of negotiation and possible irritation.

Germany has tended to operate within the European Community in tandem with the French. Mr. Schmidt works well with Giscard d'Estaing who is likely to win another seven year term of power in France's Presidential election next spring. With this new mandate, it is likely that Schmidt's Germany will show even more independence from France in areas where their interests do not clearly coincide, such as over the problems of the Common Agriculture Policy.

Domestic Policy

On the domestic scene, although the German economy is strong in relation to other European countries, there are disquieting economic projections which indicate that a foreign leadership role will have to be tempered by more stringent economic policies. This could be particularly true in the area of foreign aid, which could diminish West Germany's influence in the Third World.

For the first time in 15 years, there is a large foreign trade deficit. Germans have become less industrially competitive, buying many more finished and semi-finished goods abroad than they used to. At the same time, the unions are agitating for a shorter work week, and there are disquieting signs that labour problems are building. During the campaign, the SPD and their coalition partners could not agree on a position of equal partnership between management and labour on the management boards of some industrial concerns.

Unemployment now stands at only 3.7 percent, which seems low by North American standards, but if it were calculated on the same basis as in the U.S., (government-combined) the percentage would be considerably higher. One government commissioned report predicted that the current rate will double over the next four years.

The most serious domestic issue is over nuclear power. Because of disputes about the overall effects of atomic reactors, no nuclear power plants have been built in West Germany since 1977. Schmidt has endorsed the use of German coal for heating and generation of electricity but has kept open the nuclear energy option. It is quite possible that a further movement toward nuclear development will occur rather quickly