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Editorial And Subscriptions:

National Press Building,
150 Wellington Street, #302,
Ottawa, ON, Canada K1P 5A4
Tel: (613) 238-2628
Fax: (613) 234-2452

TORONTO ADDRESS:

310 Dupont Street,
Toronto, ON, Canada M5R 1V9
Tel: (416) 968-7252
Fax: (416) 968-2377
Telex: 065-28085

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Germany ...

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per house in Bonn. Then there will be an all-German election.

But whether this vote will be linked with the West German election scheduled to be held next December, as Chancellor Helmut Kohl would like, or conducted separately a year later, as East German Prime Minister Lothar de Maiziere prefers, is still a moot point.

On the external track, the main issues to be settled are: how to absorb 16 million more Germans into the Community; the size of the Bundeswehr; how a united Germany is to relate to the North Atlantic Treaty Organization; and how the four-power occupation rights are to be wound up. The corresponding *fora* for negotiation are the EEC, NATO, the Vienna talks on conventional force reductions, and the two-plus-four foreign ministers (the two German states, Britain, France, the United States and the Soviet Union).

The mechanism, which has been established with the Open Skies Conference in February, has been refined further with meetings in Bonn and then Berlin. The hope is that these talks can be completed in time to present the results to the proposed Paris summit of the Conference on Security and Co-operation in Europe at the end of the year. Some progress has been made but a lot remains to be done, especially on the security aspects.

The most contentious issue is German membership in NATO and the most difficult position is that of the Soviets. Their concerns, coloured by the enormous sacrifices of World War II, are partly political and partly strategic; the political concerns include the feared loss of influence over strategic events in the heart of Europe and the strategic ones include worry about an upset in the balance of power. The Soviets' preference would be a neutral, non-aligned Germany but others, even in Eastern Europe, consider this to be a recipe for instability. Finding itself without allies, the Soviet union has offered other suggestions, including German membership in both NATO and the Warsaw Pact — in fact, any option except full membership in NATO alone. It has even offered to decouple the internal from the external track of German unification but this has been turned down by both the Germans and their allies because it would prolong the occupation rights of the Soviets.

Germany's Preference Must Be Paramount

Soviet concerns must be taken into account. European security cannot be defined without the Soviet Union's participation or against its wishes. On the other hand, the Soviets cannot exercise a veto in this matter because it is, in the last analysis, for the Germans themselves to decide their alliance. It also would be unwise to drive into the future with eyes fixed on the rear-view mirror. The Germany of today is not the Germany of the past; democracy has taken firm root and Germans are fully committed to the West. Hence, Germany should not be singled out for discriminatory limitations.

Closely related to this issue are the fate of the Warsaw Pact on the one hand and NATO reform on the other. If the Pact disappears, it will obviously exacerbate Soviet concerns and complicate the task of constructing a new security framework, for it will create an asymmetrical situation and raise questions about the continued need for NATO. In any case, the West has no option but to address the question of making NATO less of a military alliance and more of a political one, including which elements to maintain or modify.

The "forward defence" doctrine is a prime candidate for deletion, the mix of nuclear and conventional weapons clearly needs revision, and the possibility of permitting Soviet troops to remain in East Germany for an interim period should be seriously considered. But beyond that, there is an increasingly pressing need for elaborating a new concept of mutual security based on co-operation rather than confrontation, in which both a reformed NATO and a strengthened CSCE could play complementary roles.

Constructive suggestions along these lines were made recently by External Affairs Minister Joe Clark (see pages 66 & 67). These suggestions deserve more attention from the Canadian public and our allies.

John Halstead is Chairman of the Canadian Council for European Affairs and former ambassador to NATO and West Germany.

SIGNPOSTS

PHNOM PENH — Representatives of about two dozen Canadian aid organizations are trying to decide how to spend some \$16 million that has been committed for aid to Cambodia. The delegation arrived only a couple of weeks after the Canadian International Development Agency had agreed to match \$8 million in funds raised by Non-Governmental Organizations. The NGOs moved quickly to capitalize on External Affairs Minister Joe Clark's lifting a ban on aid to Indochina and CIDA agreed to provide a similar amount to begin the long process of rebuilding the shattered country.

OTTAWA — A five-year project designed to help China to improve its transportation sector is expected to receive annual funding of about \$3 million from the Canadian International Development Agency. Although no Canadian services had been contracted for as of May 23, the plan is to have a private company provide management training in planning and analysis to Chinese personnel as well as furnish teaching aids, including computer software and hardware. Up to 45 Chinese are expected to be trained in Canada and 315 others in China. The consultants also will do feasibility and case studies with Chinese officials.

PARIS — In the war of words over agricultural subsidies, Canada and its farmers often lament that they are somehow trapped in a subsidy battle between the United States and the European Economic Community. A new report by the Organization for Economic Co-operation and Development suggests Canada takes a back seat to few other countries on subsidies. The report looks not only at the direct cost of such programmes but also the extra costs to consumers that result from food prices driven up by supply management. The OECD concludes that among its main agricultural members, Japan topped the list with subsidies equal to 76% of its farm production value. The EEC was second at 50%, Canada third at 46% and the U.S. fourth at 39% while the other two countries reviewed, New Zealand and Australia, trailed with 18 and 12% respectively.

OTTAWA — As the federal government wrestles with proposals to contribute several hundred million dollars more to ensure completion of a major Canadian nuclear project in Romania, there is growing pressure for an inquiry into allegations that "slave labour" had been used on the project and that work did not meet Atomic Energy of Canada Limited standards. When Canadian advisers uncovered falsified construction records at Cernavoda reinspection disclosed that up to 30% of crucial welds were deficient including those on pipes for highly radioactive steam within the five AECL designed reactors. The official Ottawa position is that nothing was known about this until after the Nicolai Ceausescu dictatorship was toppled in December.

BRUSSELS — Months of intense and often bitter debate about the possibility of a major military flight-training base being established in Labrador have ended with a North Atlantic Treaty Organization announcement that the base will not be built at all for the foreseeable future. The only other contender for the \$500-million base was Turkey. Both were rejected by NATO's defence ministers after "extensive studies of the technical, financial and geographic factors involved." It also cited "the evolution of the international security environment and of pressures on the defence budgets of member states." However, the ministers left open the possibility of creating a base elsewhere "should a requirement for it be identified at a later date." Current NATO training at Canadian Forces Goose Bay will be maintained at least about 7,000 missions annually.

OTTAWA — The Department of National Defence is getting tough with stray or intrusive foreign aircraft. It has implemented a "directed landings" policy through which all unidentified aircraft that enter the Canadian Air Defence Identification Zone now must land at a recognized point of entry. It permits the North American Air Defence Command structure to be used more effectively in controlling sovereignty. Also, all aircraft entering the zone are now required to file flight plans; any that don't are intercepted by Canadian Forces fighters and escorted to the nearest entry point.

PARIS — Claiming support from the United States and Japan as well as members of the European Economic Community, International Trade Minister John Crosbie has been soliciting Organization for Economic Co-operation and Development support for his proposal of a new international regulatory body. It would be an integral part of the reforms being discussed at the current Uruguay round of General Agreement on Tariffs and Trade talks that are due to finish at the end of this year. "If there is a successful conclusion of the Uruguay Round, then it's clear the time has come for a proper international or world trading organization," he said during a two-day OECD ministerial meeting. "But we're not going to get it unless we do some thinking about it now."

OTTAWA — Canada's international investment position continued to shift last year as growth in external assets decelerated to 4% and liabilities rose by 8%, keeping in line with increases in the previous two years. Foreign assets at Dec. 31 were valued at \$180.5 billion compared with \$173.2 billion at the end of 1988. Liabilities, meanwhile rose to \$409.8 billion from \$377.8 billion. As a result, Canada's net international investment position was a deficit of \$229.3 billion last year against the year-earlier deficit of \$204.6 billion.

TORONTO — As expected, the government has initiated an appeal against the Ontario Supreme Court acquittal of the first person to be accused in Canada of war crimes. Imre Finta, now 77, was acquitted by a 12-member jury of charges of confinement, kidnapping, robbery and manslaughter in the deportation of more than 8,600 Jews while he was a Hungarian officer during the Second World War. "Completely devastated," is how Helen Smolack, Chairman of the Canadian Holocaust Remembrance Association, describes her reaction to the acquittal. "It makes us lose faith in the justice system. There are aspects of this case that just cry out for an appeal and we hope that there will be. There has to be." Finta repeatedly denied any complicity in the deportation.