

Now, Representative Patricia Schroeder has turned the usual rhetoric into a proposal. "We are subsidizing the security of our major trading partners," she said, "while they are cleaning up in international markets." The proposal is to retaliate against the trade of allies if they do not spend more on defence. It does not seem likely to succeed; declining US defence outlays would seem an unpromising base from which to lecture allies, although in politics, as in football, the best defence often is a good offense. But the temptation to link will be part of the politics of burden-sharing in the alliance.

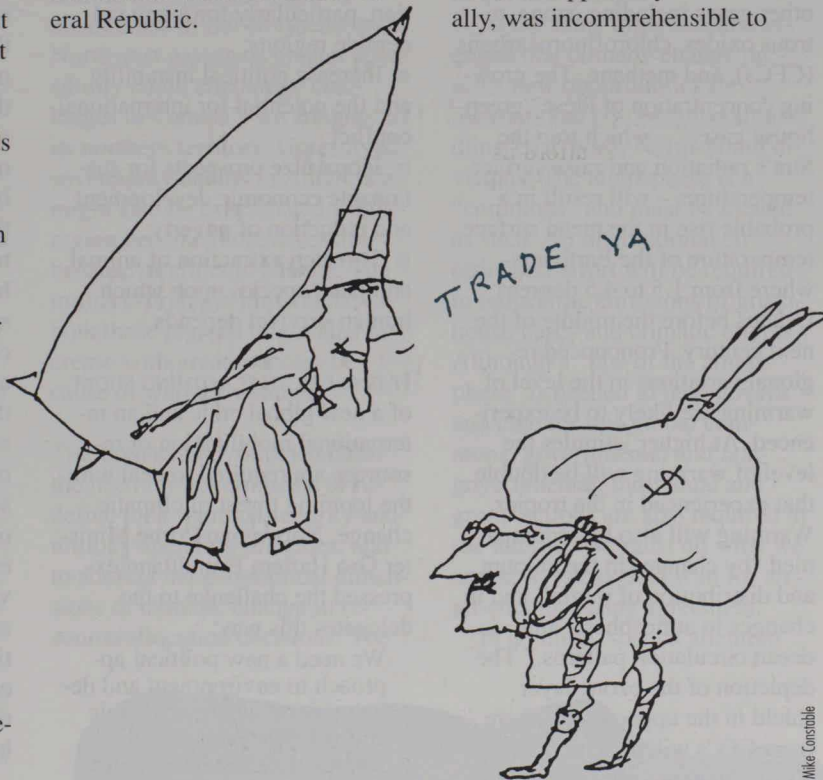
The possibility of linkage leads to the pressing trade issues that will confront the new president. The trade deficit, now larger than the national incomes of all but twelve countries in the world, is running at about \$150 billion per year. Still, despite deficits, protectionism in the United States has advanced on the creep, not the bound.

The fate of presidential candidate, Richard Gephardt, who sought to ride the protectionist tiger is instructive: if Americans are concerned about losing jobs to other countries, so are they attached to their Toyotas and Sonys. And so the Administration negotiated the free trade agreement with Canada even as it acted protectionist on other issues.

THE NEW PRESIDENT WILL CONFRONT one specific European – for which read "German" – issue in all this. If the US is to move from trade deficit toward balance, other countries will have to contemplate lower surpluses, even deficits. At present, the two largest surplus countries by far are Japan (\$80-100 billion) and the Federal Republic (\$40-50 billion). The new president thus will continue the Reagan administration's pressure on Germany to pump up its domestic demand, and so consume more at home while exporting less. On the face of it, the case for German reflation is strong: growth estimates are less than two percent per year, while unemployment re-

mains in the high single digits – unprecedented since World War II. Japan has taken steps to boost its domestic demand, but the Federal Republic has done much less.

Yet it is a curious kind of Puritan irony that the international financial systems glorifies surpluses and vilifies deficits. In Germany, surpluses are prized only slightly less than soccer, and the mere mention of inflation horrifies, so history suggests that the new American president will get less than he wants from the Federal Republic.



A final set of teasers facing the new president falls out of the treaty banning Soviet and American long-range and short-range intermediate nuclear forces (INF). These questions also bear most heavily on the Federal Republic.

The idea of a "zero-zero" INF treaty was hard to resist: public opinion was for it, and, after all, the single zero option (a ban on long-range INF) originally was an American idea embraced by the allies. Reagan's "zero option" of 1981 was regarded as a political masterstroke not least because no one expected the Soviet Union ever to agree to it.

Yet for all its political attractions, the strategic logic of double zero was troubling. NATO had gone into nuclear arms control strategically backwards: leaving in place those short-range sys-

tems its defence planners had long since despaired of justifying – and which would explode on German territory – while removing its most modern, most survivable, most flexible weapons.

These strategic concerns would have been muted had not the 1986 Reykjavik summit intervened. That Mikhail Gorbachev would contemplate scrapping all (offensive) strategic nuclear weapons was only surprising; that Ronald Reagan would do so as well, and apparently rather casually, was incomprehensible to

Those missiles, with a range of about one hundred kilometres, most deployed on West German soil, are aging and need to be replaced. Flexibility argues for increasing the range of their replacements somewhat; the INF treaty (which prohibits missiles with a range greater than five hundred kilometres) strengthens that argument. Yet that same INF treaty means that any modernization of Lance will bring forth cries of "circumvention" from Moscow, a cry that some in the Federal Republic will echo.

The Lance issue will pose a special problem for Mr. Dukakis: having talked so much about reducing nuclear weapons, will he want to inaugurate his presidency by pressing reluctant Germans to take a new nuclear system? Either Bush or Dukakis is likely to read the history of INF's double track – which made deployments hostage to the vagaries of arms control – as an example to avoid. Better to simply go ahead and modernize, while trying to handle the public ruckus with unilateral gestures, such as reducing further the 4,000-odd nuclear warheads NATO still has in Europe.

So far, however, Germans have shown little interest in such a tack. The government argues that the question should not be rushed, and it hints that perhaps short-range negotiations should come first. But the simple obsolescence of Lance argues against deferring the decision for long.

For connoisseurs of alliance history, all this sounds like *plus ça change*: what could be more familiar than a series of German-American dust-ups? And perhaps it will turn out to be business as usual for an alliance whose demise, to paraphrase Mark Twain, has been regularly – and prematurely – predicted for forty years. So a betting man would wager. Yet I cannot escape the feeling that trends afoot, particularly in German politics, mean that historians will look back on this period perhaps not as the beginning of the end of the alliance, but as the beginning of a new pattern. □

most European leaders and not a few Americans as well. The process of the meeting seemed naive, and the idea threatened to upset a forty-year history of NATO reliance on nuclear deterrence.

The current administration position – with zero-zero marking the end of nuclear arms control in Europe – will do for now but cannot hold. Even German conservatives will find it hard to resist Soviet calls and their own public pressure for negotiations to reduce battlefield nuclear weapons.

BEFORE A NEW PRESIDENT CONFRONTS the puzzle of short-range INF negotiations, however, he will face another nuclear question: whether and how to modernize the existing Lance short-range missiles deployed in Europe.

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