

Journal of World-Systems Research\_  
Volume 1, Number 13, 1995  
<http://jwsr.ucr.edu/>

ISSN 1076 -156X

Germany, The United States and Future Core Conflict

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## I. Introduction

With the end of the Cold War, much attention has been paid to the nature of the emerging new world order. By what criteria will power and influence be measured in this new era? Who will be the winners and losers? What types of alliances will develop? Or is Francis Fukuyama's argument correct that, with the collapse of communism, we have reached the "...end point of mankind's ideological evolution" and thus "the end of history" [1]. Unlike Marx, who saw socialism as the end of humanity's arduous journey, Fukuyama tells us that the search is off because we have already arrived at our evolutionary destination: liberal capitalism.

Other analysts envision less optimistic scenarios. Common to these views is an understanding of capitalism that stresses its more competitive nature, and thus its inherent tendency towards conflict. This inherent antagonism between the major industrial powers, which in the old Marxist literature used to be referred to as "inter-imperialist rivalry," appears to have been renamed "geo-economics" by many contemporary observers [2]. There seems to be broad agreement that economic

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rivalry is the driving force of future conflict, rather than the "high politics" of security. In fact, now that Marxism has been declared dead, economic questions have entered center stage in scholarly works on the global competition for power and wealth.

One of the most popular scenarios to have emerged over the past few years has been to anticipate growing tensions between the three main core powers: the US, Germany, and Japan [3]. In this conception, the world is about to fall into three competing (neo-Orwellian?)

economic blocs, with each of the three main powers using their immediate geographic areas to build its own regional empire. While a scenario which anticipates growing tensions within the core is entirely plausible, there is little doubt that the US will continue to be the dominant power in the new world order, especially in the military/strategic areas. This dominance will not translate into a position of hegemony, however, and we will argue below that inter-core tensions will lead to a strategic alliance between the two main Western core powers, the United States and Germany [4].

As has been often noted, Germany at the turn of

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the millennium is destined to play a pivotal role in the new world order. After unification, it boasts one of the largest populations of any of the world's nation states, in addition to being one of the economic powerhouses within the victorious world of liberal capitalism. Yet, tugging at the tails of German ambitions are memories of a past which is unsuitable for great power ambitions, at least in the foreseeable future [5].

The first task of this paper, then, is to look at Germany within the context of the radically altered post-Cold War world. What precisely is happening in Europe's most powerful state? Has one of the consequences of unification been a resurgence in German nationalism and expansionist ambitions? Is there a chance, in fact, that Germany will seek to become a new global hegemon? Is this even a possibility?

We argue that Germany, based on a multitude of factors which will be outlined below, is not now, nor will it become at any time in the foreseeable future, a global hegemon. This is not to argue, however, that Germany does not have an increasingly ambitious foreign policy agenda, nor that it will not become a key player in global politics. Indeed, as will be asserted in the

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second part of this paper, Germany will enter into a close alliance with the United States to form a reinvigorated trans-Atlantic marriage in which the common bonds of "culture and civilization" will replace a virulent anti-communism as the common vow.

A key question which this second part of the paper will address is the extent to which contours of this new alliance and the enemy images used to cement it are already visible. As will be argued, many of its features are not new but were half forgotten during the conflict with communism. In the decades to come, the "East" will again define the "others," the enemies against whom Western states must be on guard and protect themselves. In this coming conflict, however,

the "red menace" will be replaced by the "yellow peril," itself a notion which is not new in the historiography of the West [6]. As stated in *The Economist*, the success of East Asia seems to present "a challenge to the West that is in some way stronger (if less antagonistic) than that of communism" [7].

Before addressing these issues in detail, however, we will turn to a brief discussion of the domestic and international context in which to place unified Germany.

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## II. Germany since Unification

### a) Problems with Unification

On October 3rd, 1990 the former German Democratic Republic was formally incorporated into the Federal Republic of Germany (FRG) under Article 23 of the latter's constitution. On that day the GDR simply ceased to exist, and the entire West German political, economic, legal, and social apparatus was imposed on the Eastern part of the country as though it were a tabula rasa. This had been preceded on July 1 by the introduction of the West German deutsche mark in the East, at a rate which was politically determined by Chancellor Kohl's government but which had disastrous consequences for the East German economy.

Between 1989 and 1992, east German exports to former Comecon countries fell by more than 75% from almost DM 29bn to DM 7 bn. During same period, West German firms were able to increase their exports by 23% (DM 24.4 bn to DM 30.1 bn) [8]. Economic developments after 1990 led to an unprecedented level of deindustrialization in the former GDR. For example, in the Halle/Leipzig/Bitterfeld region, in which over

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100,000 workers were employed by the chemical industry during GDR days, more than two-thirds have lost their jobs [9]. By spring 1994, counting unemployment (1.26 mn), government job creation (238,000) or retraining (249,000) programs, as well as early retirement schemes (205,000), 37% of the entire East German working population was without regular employment [10]. Two Harvard economists, Robert Barro and Xavier Sala-i-Martin, have estimated that it will take fifty years before the economic gap between East and West Germany is closed [11]. Lothar Spott, general manager of Jenoptik GmbH and former minister president of the West German state of Baden-Württemberg, thinks it will take 10-15 years before self-sustaining growth in the East will take place [12].

Industrial production in the former GDR amounts to only 4% of total German production, while 20% of the

German population lives there. Export levels provide a good indicator for the precipitous fall of production in eastern Germany: Overall exports fell from DM 41.1 billion in 1989 (the last year the GDR existed) to DM 17.5 billion in 1991 and roughly 12 billion in 1993 [13].

For east Germans, another aspect of unification

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has been that everything learned in the past has been rendered obsolete, and indeed the negation of how properly to do anything. Civil servants from the old FRG were dispatched to teach east Germans the "proper" way [14]. Just about all supervisory and managerial positions in the government bureaucracy in the east were held by people from the western part of the country, totalling 35,000 high level civil servant "migrants" by 1993 [15]. The same was true for most top positions in research and academic institutions. Since leading positions had previously belonged to loyal members of the SED, a massive purge took place after unification to "purify" the country of ideological undesirables. Their replacements were generally chosen in the West. The GDR's print and electronic media were likewise either simply taken over by West German enterprises or closed down.

Even "privatization," that alleged magical solution to postcommunist woes, has created among East Germans the sense of being deprived of the just fruits of their past labor. While in most other Eastern (Central?) European countries individual citizens have at least gotten the legal right to purchase or to receive on a grant basis stock in former "people's

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owned enterprises," the east German economy was sold to the highest bidders through a special institution, the Treuhandanstalt in Berlin. Although founded under the Modrow Communist caretaker government on March 1, 1990, and assigned the task of overseeing the transition from a centrally planned to a market economy, to East Germans the Treuhandanstalt has become the symbol of Western domination over the old GDR. Charged with selling off 32,400 enterprises in the former GDR, from restaurants to corner grocery stores to gargantuan chemical plants, Treuhand automatically became an institution of the Bonn government after unification. Obviously Western investors bought the most profitable east German plants first, leaving Treuhand with all those firms unable to compete in a free market environment. Treuhand AG still owned 850 enterprises by the spring of 1994 [16]. Treuhand's first president, Detlef Karsten Rohwedder (assassinated in 1991) confidently predicted that Treuhand would make "around DM 600 billion" selling off East Germany's "people's

enterprises"; instead, it accumulated about DM 275 in debt. East German criticisms of Treuhand abound, including that it brought about deindustrialization in the east, it engaged in many sleazy deals [17], and it

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caused the layoff of millions [18].

In April 1994, the polling institute Infratest/Burke found that 65% of all east Germans think the overall economic situation is bad, and another 14% that it is very bad. Only 55% look to the future with optimism (1991 = 70%), while pessimists now make up 35%. Only one in four thinks that developments in the East are heading "in the right direction", 28% are no longer sure, and 47% think post-unification economic development gone in the wrong direction [19]. According to Forsa, another polling institute, an overwhelming number of Germans in both the East and the West now feel that privatization has gone too quickly, and over two thirds think that the Treuhand did not do a good job. [20] The agency officially closed its doors on December 31, 1994.

At one of his regular meetings with representatives from industry and trade unions in July 1994, Chancellor Kohl pointed out that more than DM 500 billion will have been invested in the eastern part of the country by the end of the year. On a per capita basis, the Chancellor argued, this amounts to three times the amount invested in the FRG after the establishment of the DM in 1948 and before the

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"economic miracle" began a decade later [21]. The Bonn government has transferred a net amount of DM 130 billion annually to the East in order to facilitate economic development. What the Chancellor did not point out, however, is that East Germany imports DM 255 billion worth of goods annually from the West, mainly from West Germany. What this amounts to, then, is a massive transfer of public funds from the Bonn government to West German industry via a formal transfer to the eastern part of the country, where people use this money to purchase consumer goods made in the western part of the country [22]. In addition, many private investments in the East are in highly capital intensive sectors such as chemicals or automobiles, using state-of-the-art technology. This does not bode well for an improvement in the employment situation in any foreseeable future [23].

#### b. The Standort Deutschland Debate

German unification coincided with the largest crisis in the world capitalist economy since the Great Depression of the 1930s. This crisis had both a

structural and a cyclical dimension, as adjustments in

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production and exchange brought about by the third industrial revolution and one of capitalism's periodic downturns coincided. In Germany, the cyclical downturn was mitigated by the artificial rise in demand brought about by unification with the East in 1990. Just as in other advanced capitalist societies, however, the effects of accelerating technological advancements and intensifying globalization of production have led to a "competitiveness" debate in Germany over the past few years.

The conservative government coalition's explanation of the structural crisis of the German economy is simple enough: Germans have become spoiled by high wages, long vacations, and cradle-to-grave social security. The answer? More market, more individual initiative, more flexibility in hiring and firing, and liberalization of job protection laws. On the other hand, lower wages, fewer benefits, less government, lower public debts, social security only for the needy; i.e., lean production and lean government [24]. These sentiments are largely echoed by German industry, which insists that Germany's international competitiveness is being threatened by the country's high wage and benefit structure [25].

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The country's trade unions disagree, pointing to the fact that Germany's unemployment rate is low by international standards and that the country alternates with the United States as the world's largest exporting nation, although its economy is only one third that of the US [26]. The unions argue that the statistics used by both government and industry are skewed by dramatic changes in exchange rates. Between 1985 and 1992, for example, the US dollar appreciated by 72.3% vis-à-vis the DM, and 24.5% vis-à-vis all OECD countries. Thus any presumed losses in global competitiveness are due to factors to be found in the global economy, not in Germany as a location of production [27].

Both government and industry point out that the end of the Cold War has permanently affected the employment and investment situation in Germany by removing the Iron Curtain. This has meant a large number of highly skilled workers in the former communist countries stand ready to work for considerably lower wages. The effect of radically different wage structures in Central and Eastern Europe and within Germany is two-fold: It will encourage German foreign direct investments in the East, while also serving as a magnet for migrant laborers to the

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West. According to a German economics think tank, the DIW, even if post-communist economic transformations work smoothly, roughly 2.7 million will migrate West by the year 2,000, with another 1.9 million by 2,010. Should promises of rapid economic development fail to materialize, the DIW estimates that the number of East - West migrants will increase to 3.9 million by 2,000 and another 2.6 million by 2,010 [28]. A survey conducted by Eurobarometer in 18 post-communist societies in the former Soviet bloc essentially confirms the DIW assertion: About 2.7 million (1.2% of the total population) say that they are definite about migrating West, while 16.7 million (7.3%) say that they will "definitely" or "probably" do so [29].

Conversely, according to a survey conducted by the German Chamber of Commerce in the Fall of 1993, 30% of all German companies planned a relocate production abroad, compared to 24% in the preceding years. This normally does not mean closing entire plants in Germany but instead amounts to a "creeping" relocation, initially involving only parts of the production process. In recent years about 70,000 jobs a year have been created abroad through German FDIs. In the next three years, planned foreign investments will lead to

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the creation of roughly 250,000 jobs abroad.

The motives mentioned most often are disadvantages in producing in Germany, especially in terms of costs (high wages, benefit payments, taxes) plus environmental legislation. Central and Eastern European locations have advantages in low wages and close proximity to Germany (especially the Czech Republic, Poland and Hungary), as well as highly trained and motivated workforces. Companies are also aware that one of their advantages is the "Made in Germany" label, however, which leads to a certain reluctance to relocate production entirely abroad.

The countries of Central Europe are in first place as the destination of choice within next three years, followed by Asian countries, which in the past enjoyed advantages based on low wages. Now Southeast Asian countries are mainly of interest for realizing future market shares of the little tigers plus China and Japan. Of little surprise is the fact that companies in labor-intensive industries, such as textiles plants, plan to relocate most often [30]. The prestigious Institut für Weltwirtschaft in Kiel has suggested that Germany's borders with low-wage Central European countries will create a "European version of the

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Maquiladoras;" i.e., a border economy like the one on the Mexican-US border [31].

Even Japan, long considered immune to these types of adjustment pressures, now finds itself in the twin throes of its worst recession since the Second World War and the competitive pressure of low-wage neighboring countries [32]. A study of 1,615 domestic Japanese companies showed that the manufacturing industry will dramatically increase foreign investments over the coming year, mainly to low wage Asian countries [33]. The Japanese government, like its German counterpart, appears to be following an approach of urging its workforce to make concessions while simultaneously facilitating the movement of capital to neighboring regions [34].

German industry and government are thus obviously not alone in telling its populations that they need to work more for less. What has become a "competitiveness debate" of sorts in the United States [35] also very much informs discourse in Germany, as its political and economic elite look for ways to keep the country firmly within the core of the core [36]. The main problems which are blamed for Germany's supposed lack of international competitiveness are the country's

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structure of high wages and social security benefits, making overall compensation packages the highest in the world [37].

The end of communism has made this process of labor cost reduction easier, as there is no competing system claiming to represent an alternative to the exploitation and economic insecurity which capitalism holds for the average worker. The mere "existence" of communism had always made necessary at least some concessions by capital to labor. While over the past seven decades workers in the West were told that they could enjoy political freedom and economic and social security simultaneously, with the end of communism they are now told to be "realistic," not simultaneously to expect political freedom and a high standard of living!

### c. The Search for Identity

Unified Germany continues to be badly divided, not only economically but also psychologically [38]. People in the post-communist East feel let down by the many promises not kept over the past five years and the communist successor party, the PDS (Party of Democratic Socialism), is now the third strongest political party

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there [39]. In the west, on the other hand, there is a strong feeling that eastern Germans are unthankful for all of the help they have gotten and that the years of living under communism have made them look to the state for too many handouts [40].

The situation is further complicated by the fact that Germans on both sides of the former Iron Curtain have no clear sense of what it means to be German. Unified Germany has no fixed vision of itself as a nation, no symbol or historical event, no matter how distorted or mystified, that can unite the population behind it [41]. It has become clear in the years since reunification that the "German Question" is much more complex than it seemed during the time of the country's division, where the sole emphasis was placed on the fact that the German people had been separated against their will [42].

After the bitter experiences of the Hitler era, West Germans found pride in their economic achievements ("DM nationalism") while East Germans kept themselves going by yearning to be united with the western part of the country again. Now that unification is here and the country is caught in a deep structural economic crisis, Germans on both sides have no clear guideposts on how

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to proceed, what to believe in, or what precisely it is that binds them together [43].

The Kohl government has sought to provide part of a solution by becoming more explicitly nationalistic in its rhetoric. For example, the Chancellor ended his 1994 New Year's speech with the statement, "God bless our German fatherland," something that would have been quite unthinkable only a few years ago. In fact, it is the significant shift to the right of the ruling CDU/CSU which contributed greatly to the poor showing of the country's extreme right parties in the October 1994 federal election. These parties's main political appeal has been their attack on the huge influx of foreigners, their insistence on a return to "family values," as well as their insistence that German interests should become the primary focus of Germany's foreign policy objectives [44]. The fact that the mainstream conservative parties have picked up these themes to a significant extent has taken much of the wind out of the electoral sails of these far right parties.

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#### d. Xenophobia and Asylum Seekers

As Germans are searching for a new identity, the country is reminded of its rather unsavory past almost daily as mainly young men assault foreigners on streets and set fires to the homes of asylum seekers and so-called "guest workers." What is perhaps most depressing about these attacks is that most of these perpetrators either work or are in school and come from rather "normal" German families. According to Amnesty International, there is a growing climate of

intolerance toward foreigners, particularly dark-skinned peoples, with the police often failing to protect the victims of racist attacks and sometimes even mistreating foreigners and asylum seekers themselves [45]. While most of the foreigners arriving in Germany in search of a better life come from Central and Eastern Europe, it is interesting that the media usually show pictures of non-Europeans when presenting the issue of migration into Germany [46]. The backlash against people of color in Germany has been dramatic, and many cities have begun to assign police to provide protection on trains, busses and subways [47].

Europe in the post-communist era has become the

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site of massive migrations to avoid civil wars such as

in former Yugoslavia, or to escape grinding poverty and despair [48]. Germany, as the continent's richest country and sharing contiguous borders with more countries than any other European nation, has been the main destination for hundreds of thousands of political and economic refugees and migrants.

The response of the Bonn government to this influx has been to close the borders as tightly as possible by changing its asylum law effective July 1, 1993. This law makes it impossible for someone seeking asylum to do so in Germany if he/she has come from a "safe third country;" i.e., from any of Germany's neighboring states. What this means, in effect, is that it is now virtually impossible for a refugee to reach Germany legally. This has led to a huge decline in the number of asylum seekers, from 322,599 in 1993 to 127,210 in 1994. Only 7.3 percent of the asylum requests were approved during 1994 [49].

This closing of the borders has become a particularly grave problem for Central and Eastern European countries, which are themselves rapidly becoming a transit zone for migrants heading to Western Europe and beyond. According to the IOM, transit routes

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from the Middle East, Asia and Africa are developing as the transition of the former socialist bloc countries creates conditions which increase possibilities for international travel and migration. Some actually reach the West but, having encountered stricter immigration controls, hundreds of thousands are in a holding pattern in the region [50]. According to a Russian government official, Yuri Archipov, his country is also experiencing growing migration from Africa, Asia and the Near East. About 200 people arrive daily, and there are now roughly a half million illegal immigrants in Russia [51]. According to the Polish government, an

estimated 150,000 to 200,000 people from neighboring eastern countries willing to work for "starvation wages" now work illegally in Poland, principally in the construction sector [52]. The dramatic wage differentials between various Central and Eastern European countries, coupled with the dream of somehow getting into Germany, obviously serve as a big magnet for much of this East-West migration [53].

One of the German government's central tasks has been to prevent further migration into the country by making the western part of Europe a fortress. In fact, this has been the most successfully adhered to aspect

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of the terms worked out in the EU's Maastricht Treaty, and cooperation among EU members in seeking to keep others out is generally excellent. It is only behind this new wall, argues an editorial in the German management magazine *Capital*, that ideals such as freedom and equality, as well as the present high standard of living, can be maintained. Leaving the borders open, which would result in an eventual equalization between East and West, "would lead to the complete collapse of our social system with disastrous consequences for political stability" [54].

### III. Post-Unification Germany: The International Context

The search for identity among Germans is not limited to the construction of a useable past at home, but also extends to searching for a new role abroad. After World War II, the Federal Republic of Germany became a classical trading state in the typology established by Richard Rosecrance [55]. Hanns Maull, a German scholar, has made a similar argument about both Germany and Japan, referring to them as "civilian powers" [56]. Daniel Hamilton and others have referred to the type of foreign policy pursued by Bonn as

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"checkbook diplomacy," an option which the new Germany can no longer exercise as it did in the past. Hamilton, who is now special advisor to the American ambassador in Bonn, argues that being a purely "civilian" power is a "luxury" which Germany can no longer afford [57]. President Clinton confirmed that this is indeed the view of his administration in an extensive interview with the *Süddeutsche Zeitung* in early July 1994, in which he called on Germany to abandon its past foreign policy. "The Germans have no choice but to play a leading role in global affairs," given their size and economic power, stated Clinton in advance of his trip to Germany [58].

There are many in Germany who totally agree. One

of the most outspoken proponents of a stronger German role in global affairs has been defense minister Volker Rühe. During a speech he delivered at the CDU's Adenauer Foundation in Bonn in early July 1994, for example, he reiterated one of his constant themes; i.e., that Germany wants to become a "global partner" with the United States. He envisions the gradual establishment of a "northern zone of stability, which would include the Americas, the European Union and Russia" [59].

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This will require, in the view of both Germans and Americans, that Germany play a leading role within the EU and that the two countries form a "strategic partnership" with Central and Eastern Europe.

a) Germany and the European Union

Since unification Germany's position vis-à-vis the EU has changed considerably, as the country now feels vindicated in its efforts to gain acceptance as a "normal country with an abnormal history" as Richard von Weizsäcker once called it. Germany used its six-month turn at the EU presidency in the second half of 1994, for example, to push its vision for Europe based on the aggressive pursuit of a larger EU, as well as on making the Brussels bureaucracy more fiscally responsible. The German political elite is showing quite clearly it is no longer willing to be the EU "paymaster" [60].

A constant barrage of negative comments about the country's disproportionate financial commitment to the EU has undoubtedly contributed to the dramatic decline of support for European integration among Germans. For example, in 1982 50% of West Germans thought that

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integration should proceed more quickly, while in 1984 an even higher number (62%) believed that. By 1992, however, only 13% of West Germans and 8% of East Germans endorsed that view [61]. At the rhetorical level Germany is clearly still pursuing European integration, but it is equally clear that its political leaders are no longer timid in pushing their own agenda now that unification has been achieved. As the Economist phrased it: "European integration is at the heart of Germany's view of Europe. But is that on Germany's terms? Or on Europe's?" [62] And former Chancellor Helmut Schmidt has warned his fellow Germans to be sensitive to the feelings of neighbors as the country has embarked on a much more aggressively self-centered foreign policy [63].

Enthusiasm for a united Europe has also waned in other EU countries, amid an environment of growing

nationalism and xenophobia. Arguing that "Euro-fatigue" is a growing sentiment among EU members, President Francois Mitterand warned about the cooling of support for European unity in his final address to the European Parliament in January 1995. Mitterand warned that

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We must overcome our prejudices, our history. If we don't, one imperative will overtake us--nationalism and war. For war isn't just something of the past [in Western Europe]; it can also be something of the future [64].

Thus the whole project of European unity, already shaken by the divisive experience of the war in former Yugoslavia, and lacking the cohesive conviction of a common enemy which had formerly been provided by the communist bloc, is in jeopardy. While ever closer integration is taking place at the economic level, the political will to further this process appears to be waning.

In any case, Germany's ability to become a hegemon even within the European Union (i.e, a power which can enforce its national interest at will) is far from certain. This is undoubtedly a main reason for the commitment of Germany's political class to maintain very close relations with the United States in the years to come.

#### b) The Re-Styled Berlin-Washington Axis

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As indicated above, Germany's new assertiveness vis-...-vis its neighbors has the full blessing of the United States. Washington has been one of the primary catalysts for pushing Germany into a more aggressive foreign policy role, with the view of making it a junior partner. As Hamilton phrased this endorsement: "Neither Germany nor America can afford to stay home alone. Domestic renewal in each country depends on active engagement abroad" [65]. He refers to the United States and Europe as a "community of shared values," and points to the "deep and extensive ties" which have developed between Germany and the US since World War II [66]. In his most telling statement about the purpose of the German-American "strategic alliance," Hamilton argues:

For the first time in sixty years the transatlantic relationship is being defined and tested as severely by economic as by security challenges. Global economic forces now impinge more directly and powerfully on the well-being of the average American or

European than do military security issues. Unless more effective mechanisms can be developed to preempt and resolve economic and monetary conflicts between the advanced industrialized nations, the frontlines of the post-Cold War era may be drawn between the victors of the Cold War themselves. (italics added) [67]

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These sentiments are expressed by others as well. For example, W.R. Smyser, in a stunningly eurocentric world view, argues that the "global concert" used to be led by Great Britain, was then taken over by the United States, and now has the US and Germany as "the most prominent members" [68]. And the former American Ambassador to Germany, Undersecretary of State for Europe Richard Holbrook, is quoted as saying: "In Asia we have common human-rights and political views, but we are destined to be political and economic rivals...Germany is the key player in moving the Cold War alliance into a new post-Cold War phase and Clinton and Kohl are at the heart of it" [69].

Wolfgang Sch„uble, in a major speech at the Brookings Institute in Washington, D.C., echoed the same sentiments, stating that in a world characterized by new risks and dangers of global dimension "problems have become indivisible" and the "global redistributive struggle is getting ever harder." According to Sch„uble "the West more than ever before depends on a community of shared values of the free democracies;" a "Schicksalsgemeinschaft" (a community fated to be) of the West which forms the basis for common global responsibilities. Germany is part of the EU but also a

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partner in the Atlantic alliance, and Sch„uble called for collective security to get a handle on the new world order [70].

So who is the new enemy against whom this Schicksalsgemeinschaft is directed? The new fronts appear to be drawn between Europe and America on the one hand, and Japan and its Asian neighbors on the other. As Richard Rosecrance has phrased it with disarming honesty: "...it is imperative that the economies of Europe and North America follow a common approach toward their Asian competitors" [71]. As usual, however, economic conflict and threats to core interests will be couched in moral terms. During the times in which the threat came from "real socialism," with its lack of freedom and mobility, the operative term was "democracy." In the new post-Cold War era, this new East-West struggle will be couched in terms of "culture." As Fareed Zakaria put it recently: "Culture is in" [72].

As John Dower has pointed out in his classic study of World War Two in the Pacific, igniting racial and cultural hatreds is not hard to do. He shows "just how enduring and universal the old images that had been attached to nonwhite peoples since the sixteenth

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century really (are)" [73]. His extensive study shows how Asians have responded to allegations of being polar opposites to their conquerors (e.g., savages, children, madmen, and beasts, and, "of course, as pagan and evil opposed to Christian and good" with their own notions of racial and cultural superiority [74].

We need not go far back in history, however, to find confirmation of these anti-Japanese feelings in the West. In 1991, for example, the French Prime Minister, Edith Cresson, was quoted as referring to the Japanese as "little yellow men" who "stay up all night thinking about ways to screw the Americans and the Europeans. They are our common enemy" [75]. One month earlier she had brought "Nippophobia" in France to new heights by calling the Japanese "a nation of ants" [76].

In an era in which populations in the core have lost the ideological certainties of the Cold War, while simultaneously being subjected to social and economic changes unparalleled in their own lifetimes, the soil is fertile for domestic manifestations of racism and xenophobia to turn to enemies abroad. Given the extremely uneven distribution of wealth globally [77], pressures on the rich core will only increase in the

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years and decades to come. Blaming the booming Asia-Pacific region for some, if not all (yet!), of these pressures is an entirely predictable scenario.

#### IV. The Asian Challenge

As Paul Krugman reminded his readers in a recent article, in the early phase of the Cold War the economic progress made by the Soviet Union was quite phenomenal. This led many to speculate about the superiority of central planning and, indeed, of socialism itself [78]. He cites the warning voice of Newsweek in 1959 that the Soviet Union may well be "on the high road to economic domination of the world," as well as a similar assessment by then CIA Director Allen Dulles made in hearings held by the Joint Economic Committee [79]. What is interesting, of course, is that these economic considerations were largely lost in mainstream scholarly works, which treated the conflict between these two competing social and economic systems mainly from the "high politics" perspective of military and strategic matters.

In the post-Cold War era, we will likewise witness an ideological struggle between the Eurocentric core and

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its challengers in East Asia, where phenomenal growth rates have made the region the most economically dynamic in the world. Japan, the only non-European member of the core, is at the heart of this Asian challenge, with a number of emerging economies (the "little tigers" plus the ASEAN countries) increasingly tied into its economic nexus. Conflict is programmed into this situation:

The growth mechanism in the southern tier is critically dependent on Japan as the supplier of capital goods, high-value-added components, technology, and aid, and on the United States as the demander of first resort. Virtually all the high-performing East Asian countries run large trade deficits with Japan and large surpluses with the United States...These imbalances are driving the well-known trade tensions in the region [80].

Leonard Silk and Tom Kono argue that

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Central to the trade issue are differences between Japanese-style capitalism and the Western model. American "revisionists" have long argued that Japanese capitalism is not only different from but essentially incompatible with Western capitalism - a view that key members of the Clinton administration, including President Bill Clinton himself, appear to share [81].

The phenomenal rise of the Newly Industrializing Countries (NICs) in Asia, as well as the more recent successes of ASEAN, is well documented [82]. The region has become a major competitor for the traditional export sectors of the old Euro-American core states, and its low wage and social security structures have made it a serious threat to the competitiveness of core countries. Although there is some debate about the long-term strength of these economies [83], what interests us here is that, for the first time in centuries, Western economic hegemony is increasingly being challenged.

Japan has become the center around which this enormous economic growth has taken place. Between 1965

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and 1985, for example, over half of all development assistance and foreign direct investments received by the ASEAN countries came from Japan. Since the Plaza Accord was signed on September 22, 1985 Japanese investments in neighboring countries have exploded, while Japan itself has served as a model for effective industrial development, particularly for the NIEs. James Fallows refers to the date of the signing of the Plaza Accord, which set off this chain of events, as being of as much historical importance as November 9th, 1989, the day the Berlin Wall was opened. According to him, this is the day the Asian economic era began [84].

After the Plaza Accord a period of unprecedented growth, which the Japanese refer to as *endaka*, enabled Japan to become the dominant economic power in Asia. Japan's national currency was worth more than ever before abroad, making Japanese foreign investments enormously attractive and helping Japanese companies to set up basic assembly plants throughout East Asia [85]. This will have a negative effect on the tradition of offering permanent employment to workers in Japan, who are increasingly finding themselves competing with low wage countries in the region. Meanwhile, the Japanese government, as a result of

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the end of the Cold War and mounting economic tensions with the United States [has] encouraged greater Japanese diplomatic activity in East Asia in order to cultivate a more hospitable regional environment... Japanese also feel an affinity in terms of basic values and social customs toward their Asian neighbors - especially those similarly influenced by the Confucian cultural tradition [86].

The general emphasis of scholars in discussing the Asian exception to the "Western model" emphasize its economic dimension [87]. Our own analysis goes beyond this purely economic dimension, however, and argues that the reason why the "Asian miracle" is so threatening is because it squarely challenges five centuries of European hegemony and claims of superiority in all aspects of life - political, social, cultural, as well as racial. As James Blaut has pointed out,

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European writers over the past half-millennium have tended to view Asia as a place where people are inherently unfree and society is inherently unchanging...It was accepted as an axiomatic truth, rarely questioned, but efforts were made to explain

this inherent "Oriental despotism" (as it came to be called) in terms of everything from theology to race to environment [88].

To Blaut, the notion of European superiority in all aspects of human existence (what he and others refer to as Eurocentrism) has become so deeply ingrained in European minds that it has become "a unique set of beliefs, and uniquely powerful, because it is the intellectual and scholarly rationale for one of the most powerful social interests of the European elite" [89]. He insists that this belief system is entirely linked to the experience of European colonialism and neocolonialism, both of which rest on the exploitation of the wealth and resources of the colonized.

And Samir Amin, in his work on Eurocentrism, explains how this phenomenon differs from traditional ethnocentrism:

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Eurocentrism is not the sum of Westerners' preconceptions, mistakes, and blunders with respect to other peoples. After all, these errors are no more serious than the corresponding presumptions that non-European peoples hold with respect to Westerners. Eurocentrism is thus not a banal ethnocentrism testifying simply to the limited horizons beyond which no people on this planet has yet truly been able to go. Eurocentrism is a specifically modern phenomenon...it constitutes one dimension of the culture and ideology of the modern capitalist world [90].

Our argument here is that the harmony of cultures presented by both Germans and Americans in explaining the future of their countries' relations with one another is in recognition that their common "Eurocentrist" project is under attack [91]. Thus, while the Cold War alliance was based on an ideology of virulent anti-communism, the ideological/superstructural justification for this new alliance within the core will be presented in form of a "clash of civilizations."

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The idea that politics in the future will be shaped by such clashes was advanced by Samuel Huntington, not coincidentally Director of the Institute for Strategic Studies at Harvard University. He argued in the Summer of 1993 that

a crucial, indeed a central, aspect of what global politics is likely to be in the

coming years..will be the clash of civilizations...With the end of the Cold War, international politics moves out of its Western phase, and its center piece becomes the interaction between the West and non-Western civilizations and among non-Western civilizations [92].

Huntington, reflecting his own ideological bias, claims that this clash has nothing to do with the respective political and economic systems found inside these countries, but rather with "their culture and civilization" [93]. He also does not explain why this clash is going to take place now, except to point to the pressures of globalization and modernization which create kind of a cultural backlash.

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A German observer, Eberhard Rondholz, has referred to Huntington's approach as a new policy of containment, this time against emerging competing cultures. Rondholz finds a growing number of supporters in Germany for this idea of cultural spheres, which in the European context means drawing lines between the Latin/Roman Occident and Eastern Christianity, between enlightenment and orthodoxy, between democracy and absolutism [94].

To us this seems to be the crucial point, however: It is precisely at the moment in which the European core countries are facing a new round of challenges to their hegemony that new justifications for this conflict are being sought at the ideological level. We argue that the coming "clash of civilizations" will be brought about because, for the first time in centuries, European notions of racial and cultural superiority are being challenged in the economic sphere. Indeed, issues of culture and race will draw the new fault lines that determine the fatal categories of friend and enemy in the coming century. Our argument thus is that the phenomenal rise of East and Southeast Asia over the past decade has threatened not only the economic interests of the Western core nations, but it has also

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seriously undermined European notions of racial and cultural superiority, a deeply internalized sense of cultural-racial self-identity. "Race," "culture," and "civilization" will thus become the new fighting words in the future world of "geo-economics," just as "democracy" and "freedom" were the guise under which the struggle for the maintenance of core interests was carried out in the Cold War era.

V. The Asian Response: New Cultural Assertiveness

The fault line of culture and race is not new. In core-periphery relations the issue of race and ethnicity has always played a dominant role, although one which a self-centered and culturally arrogant Europe has not focussed on as much as its victims in the periphery. Frantz Fanon once described this aspect of the core-periphery relationship by stating that in the periphery it was not primarily class which assigned your station in life, but:

...the fact of belonging to or not belonging to a given race, a given species. In the colonies the economic substructure is also a superstructure. The cause is the consequence; you are rich because you are white, you are white because you are rich [95].

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This racial fault line, a byproduct of European colonialism which was temporarily overshadowed by the ideological divisions of the Cold War, will show seismic activity for the first time in decades. It should thus more properly be called a return to the status quo ante earlier in the century, at which time the African-American scholar and activist W.E.B. Du Bois predicted that the "problem of the twentieth century" would be "the problem of the color line." Though undoubtedly correct about his prediction that "the relation of the darker to the lighter races of men in Asia and Africa and the islands of the sea" [96] would be the source of future global conflict, Du Bois's prediction did not foresee the way in which the communist challenge would temporarily freeze the "problem of the color line."

Eleanor Roosevelt, chair of the United Nations Commission on Human Rights in the immediate post-war years, said of her experiences: "An age-old sore had come to light and I felt the weight of history for which the nations of the Western world are now to be called to account" [97]. The weight of history to which she was referring was that "we, because our skins are white, necessarily look down upon all peoples whose

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skins are yellow or black or brown. This thought is never out of their minds" [98].

The only non-European core nation is Japan, whose history over the past century has been one of trying to find acceptance in the white world by adapting as much as necessary while retaining as much of its own culture and identity as possible. The response of Europe to Japan's ascendance to core status was marred from the beginning by the fact that membership in the core had always been the privilege of white Europe [99]. For example, an attempt on the part of Japan to get an

amendment calling for racial equality included in the preamble of the League of Nations covenant failed, largely over the objection of US President Wilson who argued that "The trouble is that if this Commission should pass it, it would surely raise the race issue throughout the world" [100].

The issue was raised among the non-European peoples anyway, and the hypocrisy of the colonizing nations did not go unnoticed. Nor did it go unnoticed that Japan, a fellow Asian nation, had succeeded at the white man's game. Karl Kautsky wrote long ago:

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The people of the East have been defeated by the Europeans so often that they thought it hopeless to resist. Europeans had the same opinion. Their colonial policy, which deceived and disposed of foreign peoples as if they were cattle, was based on this. But as soon as the Japanese had broken the ice, this had an immediate effect on the whole of the East. Both the whole of the Far East and the whole of the Mohammedan world rose up with independent policies, to resist all foreign domination [101].

As John Dower has pointed out, it was Japan that further shattered the mystique of Western superiority during World War II [102]. Japan was also the only core power to attend the founding conference of the non-aligned movement in Bandung in 1955, expressing its solidarity with the peoples of Africa and Asia in their struggle against European colonialism. The argument here it not that Japan did this unselfishly or that suspicions of Japanese intentions do not exist among fellow Asians, but that the mere fact of not being Caucasian or Christian provides an element of cohesion [103].

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With the growing economic links between Japan and its neighbors brought about since endaka began, Japanese television programs have begun to emphasize the need for Asian unity (kyosei). Elsewhere in Asia, pride in these economic achievements has also begun the process of creating an Asian consciousness which reflects a new level of self-confidence vis-...-vis the former colonial masters. "Asia will no longer put up with being treated simply as a card; it will demand respect as a player," argues Yoichi Funabashi, the Washington bureau chief of Asahi Shimbun [104]. An adviser to Malaysia's Prime Minister, Mahathir bin Mohamad, quoted his boss to James Fallows in 1991, "We must cease to be brown Sahibs, brown Englishmen. We must find our own roots in Asia" [105]. Kishore

Mahbubani, a senior official in Singapore's Ministry of Foreign Affairs, expressed these sentiments the most bluntly:

It is difficult for a European or North American to understand the momentousness of the psychological revolution in East Asia because they cannot step into East Asian minds. Their minds have never been wrapped in colonialism. They have never struggled with the subconscious assumption that perhaps they were second-rate human beings, never good enough to be number one. The growing realization of East Asians that they can do anything as well as, if not better than, other cultures has led to an explosion of confidence [106].

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This new Asian assertiveness and insistence on defining its own values and societal norms is occurring at precisely the moment in which matters of race, culture and civilization have also begun to play a much larger role in public and political discourse in the West. Thus, as economic conditions inside the core countries continue to deteriorate and governments grope for ways to create new forms of allegiance from increasingly cynical publics, the stage is set for a "clash of civilizations" between Japan and its Asian neighbors on the one hand, and the United States and Germany as the key members of the Western core.

## VI. Conclusion

Making Japan and its people into a new enemy is a process which has already begun, particularly in the United States [107], although the process itself is obscured by a general popular threat perception about people of color. In Europe this has found expression in a more diffused form of general xenophobia and attacks against outsiders. The underlying sentiment on both continents appears to be the same, however: a sense that non-Europeans (non-whites) are threatening the

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position of economic and cultural superiority enjoyed by Europeans for centuries.

Several factors account for this embryonic but growing change.

- 1) The end of the Cold War has created an ideological vacuum. The implosion of the "red threat" has left populations and leaders alike searching for a new sense of identity. Paradoxically, this has infused a new mood of cynicism about Western democracy and a more openly critical stance toward established

politics. Events in Italy have been most dramatic in this regard, but in the absence of a strong external enemy, politics as usual has come under severe scrutiny in all other core countries as well. The notion that Western-style democracy is experiencing its own crisis of legitimation has begun to accumulate a substantial body of scholarly evidence [108].

2) Threats to Western security are no longer clearly defined in the form of the Warsaw Pact powers. While the collapse of communism has also led to the dismantling of large sections of those countries' military-industrial complexes, no corresponding process has taken place in the West. Thus, finding new enemies is seen by the military, the arms industry, as well as

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politicians whose entire careers have been devoted to an anti-communist agenda, as preferable to losing decades of power and privilege. As deployments of the American military in the post-Cold War era have shown, Third World crises so far have been used to fill much of the gap [109].

3) The average core citizen is experiencing growing economic hardships resulting from the twin processes of rising globalization and accelerating technological changes. These have led to a systematic destruction of manufacturing jobs in the core, with a resultant drop in real wages and structural unemployment [110]. By 1994, thirty-six million people in the OECD countries were out of work. Within the core G-7 countries, only the US and Japan had below-double-digit unemployment levels in 1994. The figures for the US, although they look good on paper, hide the fact that "today 6 million Americans are working part-time who would like to work full-time, and almost 9 million are unemployed" [111]. Paul Kennedy posed the difficulties ahead with the following question: "...where will we find jobs for young, ambitious Europeans coming out of school?... Political instability is often rooted in widespread social despair" [112].

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4) Populations in both Western Europe and the United States have begun to react angrily to the growing tide of people seeking entry into their countries, either as immigrants, refugees, or asylum seekers. As discussed above, one of the anchors of post-Maastricht cooperation within the EU has been designing structures designed to keep foreigners out.

In the United States, concern about growing competition from immigrants (legal as well as illegal) has manifested itself in a variety of ways. One much discussed aspect of this has been a backlash of "white males" in the November 1994 elections, in which conservative Republicans were able to make an

unprecedented sweep [113]. This will have repercussions on American foreign policy as well, since many of the senior Republican politicians in Washington are known for their extremely conservative and nationalistic views [114]. Just like in Europe, however, broad consensus exists on the need to curb the influx of immigrants among the most powerful political groupings. Thus President Clinton has promised the Republican -led Congress his full cooperation on the issue [115].

Mario Cuomo, in his final speech before turning over his job as Governor of New York to his Republican

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successor, voiced his concern about this agenda in the following words: "You're turning those white factory workers all over the country against people of color. You're turning them against immigrants. You have turned the middle class to look downward instead of up. And they're now pitted against the poorest" [116].

These xenophobic impulses are not only generated in Washington, however. In California, for example, a radically anti-immigrant "Proposition 187" (called "Save our State") won in the same election, calling for a cut in public services, including education and health care, to illegal immigrants and requiring educators, police and public health officials to report anyone suspected of being an illegal immigrant [117]. The Mexican government has strongly condemned the measure and expressed concern that it may undermine the spirit in which the country joined the NAFTA bloc [118].

Another interesting manifestation of this rise in anti-foreign sentiments in the United States is the rekindled debate about differences in native intelligence among various racial groups. According to Herrnstein and Murray, authors of a controversial book on the relationship of race and class [119], the mean IQ

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of African Americans is 85, compared to 100 for white Americans and 111-115 for East Asians. As Alan Ryan has pointed out in a lengthy review article, in the United States this debate has always been driven by "fear of new immigrants...fears of the 'dilution' of the 'pure bred' white stock by Jewish or Negro blood were the common coin of academic discussion throughout the first forty years of this century" [120]. It is interesting, of course, that the debate has resurfaced with a vengeance at this point in time.

5) Within this increasingly bellicose climate governments are hard pressed to use their power and influence to maintain current standards of living for the majority. Unfortunately, governments have begun to lose much of their competence in regulating markets, which themselves are globalizing ever more rapidly. As

Herman Schwartz has pointed out, as a proportion of total economic activity, global trade did not regain its 1914 levels until roughly 1980. He argues that the era of postwar stability, in which states dominated markets, has thus come to an end and that our present era much more closely resembles conditions at the end of the 19th century [121]. The implications of this development for world peace are ominous, especially if

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one compares events leading up to World War I with those discussed in this paper. Then, like now, the power of established core powers, Great Britain as the first among them, was challenged by the United States and Germany. Even then, cultural affinities rather than economic realities alone determined the pattern of future alliances. As James Joll has pointed out, "From the purely economic point of view the United States was at least as dangerous a rival [to Britain] as Germany; yet there was no talk of a growing antagonism between the two countries" [122]. Joll shows that anti-German sentiments rose over several decades prior to the actual outbreak of the First World War and acquired an inexorable logic of their own on both sides.

In the present era, in which foreign trade issues are once again becoming paramount for governments [123], the rise of Asia as a challenger to European core hegemony may well have a similarly destabilizing effect.

Thus, as the world is heading into an era of disorder, a climate of opinion is emerging within the core in which new lines of friends and enemies are being drawn. As this paper has sought to show, Germany is much too preoccupied with its significant domestic

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problems and too burdened with ghosts of the past to become a hegemonic power on its own. The United States, on the other hand, is seeking to maintain its continuing preponderance in the military/strategic sector while recognizing its loss of hegemonic power in the economic sphere. Enlisting Germany as a junior partner in its ambitious global agenda makes sense. Germany, tamed by the experiences of the first half of this century, is an easier and more compliant partner in Europe than Great Britain or France, for example. It is also well versed in the art of multilateral diplomacy and already a key member of the world economy [124].

Thus, as the economic balance of power is beginning to tilt in the direction of East Asia, Germany and the United States will become the wardens to protect the Eurocentric project. As this paper has tried to show, the stage has thus been set for the "coming clash of civilizations."

ENDNOTES

1. Francis Fukuyama, *The End of History and the Last Man*, New York: The Free Press, 1992, p. xi.
2. See, for example, Edward N. Luttwak, "The Coming Global War for Economic Power: There are no nice guys on the battlefield of geo-economics," *The National Times*, March 1994, pp. 48-54. Luttwak argues that "today...the emerging geo-economic struggle for high-technology industrial supremacy among Americans, Europeans, and Japanese is rapidly eroding their old alliance solidarity, and the ill feelings now released between them are beginning to affect all other trading countries of any importance." (p.53)
3. Interestingly enough, these types of arguments have emerged in all three countries. See, for example, Jeffrey E. Garten, *A Cold Peace: America, Japan, Germany and the Struggle for Supremacy*, New York: Times Books, 1992; Lester C. Thurow, *Head to Head: The coming Economic Battle among Japan, Europe, and America*, New York: William Morrow and Company, 1992; Shintaro Ishihara, *The*

- Japan That Can Say No: Why Japan Will be First Among Equals, New York: Simon and Schuster, 1991; Konrad Seitz, *Die japanisch-amerikanische Herausforderung*, 6th ed., Bonn: Verlag Aktuell, 1994.
4. Alliance here is used in terms of formal as well as informal networks established between governments, not so-called "strategic alliances" between transnational corporations.
  5. See Steven Muller, "German Dilemmas," *Problems of Post-Communism*, Premier Issue, Fall 1994, pp. 37-44.
  6. See Karl Taro Greenfield, "Return of the Yellow Peril," *The Nation*, May 11, 1992.
  7. Sebastian Mallaby, "Death of a role model," in: "Oriental renaissance," *The Economist: A Survey of Japan*, July 9th, 1994, p. 4.
  8. Quentin Peel, "East Germany sees former Comecon trade fall," *Financial Times*, 19 August 1993.
  9. "Die Beatmung eines schrottreifen Monsters," *Süddeutsche Zeitung*, 22 March 1994.

10. Judy Dempsey, "The high price of German unity," Financial Times Survey: Restructuring of Eastern Germany, Financial Times, May 4, 1994.
11. "Verpaßte Chancen im Osten," Süddeutsche Zeitung, 2 January 1994.
12. "Ostdeutschland," Handelsblatt, 9/10 October 1993.
13. "Kaum Export aus Ostdeutschland," Die Welt, 22 June 1994.
14. See Wolfgang Seibelt, "Zur Situation der öffentlichen Verwaltung in den neuen Bundesländern. Ein vorläufiges Resümee," in: Wolfgang Seibelt/Arthur Benz/Heinrich Müding, eds., Verwaltungsreform und Verwaltungspolitik im Prozeß der deutschen Einigung, Baden-Baden: Nomos Verlagsgesellschaft 1993, pp. 477-498.
15. Süddeutsche Zeitung, 28 April 1993.
16. "Treuhand katapultiert Schuldenstand auf zwei Billionen Mark," Frankfurter Rundschau, 14 April 1994.

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17. For example, a former director of a regional Treuhand office in Halle on the run from German law was arrested in the summer of 1994 in Texas for speeding in his Rolls Royce.
18. Quentin Peel, "Sale of the Century ends," Financial Times Survey: Restructuring of Eastern Germany, Financial Times, May 4, 1994. For a scathing critique of the way in which this "privatization" has taken place, see Otto Köhler, Die große Enteignung: Wie die Treuhand eine Volkswirtschaft liquidierte, Munich: Droemersch Verlagsgesellschaft, June 1994. Köhler points out, inter alia, that the Treuhand board of directors reads like a Who's Who of West German top managers, whose interests more clearly lay in protecting their own organizations' interests rather than making sure that the East German "people's property" get divided fairly among those who initially worked for it.

19. "Ostdeutsche über Wirtschaftslage skeptisch," Frankfurter Allgemeine Zeitung, 21 April 1994.

20. Die Woche, 29 December 1993.

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21. "Blühende Landschaften: Aufschwung Ost treibt erste Knospen," Die Welt, 7 July 1994.
22. This argument was made by Dr. Norbert Bub in his talk

"German Economy on the Up," at the Nomura Research Institute Frankfurt, 7 July 1994. In the written (unpublished) text of his talk he wrote: "The extreme flow of goods and services towards the eastern part has become a most interesting and profitable additional business for western German suppliers...in a net view, western German "exports" to the eastern part of the country are still having an enormous trigger impact on the western German economy. Therefore the common view that building up eastern Germany's economy constitutes an excessive pressure on the West has to be reconsidered."

23. According to an Ifo survey of West German industry in summer 1994, the employment situation will not improve before 1998, as companies do not plan to make significant new investments in either the eastern or western part of the country. Indeed, plans are to let more employees go. "Industrie streicht auch 1995 Jobs," Frankfurter Rundschau, 15 July 1994.

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24. Federal Economics Ministry, Bericht der Bundesregierung zur Zukunftssicherung des Standorts Deutschland, Bonn, 2 September 1993.

25. Bundesverband der deutschen Industrie, Sicherung des Produktionsstandortes Deutschland, Cologne, November 1993.

26. A worldwide Gallop poll of consumers commissioned by the US advertising agency Bozell to determine preferences for products of the twelve biggest exporting nations found that Japan scored highest with almost 39% in very good or excellent category, followed by Germany (36%), and the USA (34.3%). "Consumer patriotism" was highest in Japan, where 76% of those polled rated their own products as either very good or excellent. Germany's rating as the second most popular exporter of goods clearly gives a boost to the trade unions' arguments about the country's international competitiveness. Richard Tomkins, "Japan, Germany and US make best quality goods, say consumers," Financial Times, 11 February 1994.

27. Deutscher Gewerkschaftsbund (DGB), "Standort Deutschland: Solide Basis - Kein Grund zum Schwarzsehen; Geschweige denn zur Panik," Informationen zur

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Wirtschafts- und Strukturpolitik, Nr. 12/93, Düsseldorf: 2 November 1993.

28. "Der Anteil der Ausländer am Arbeitsmarkt wächst," Handelsblatt, 21 October 1993.

29. Commission of the European Communities, Central and

Eastern Eurobarometer, Brussels, February 1993.

30. Deutscher Industrie- und Handelstag, Produktionsverlagerung ins Ausland: Ergebnisse einer Unternehmensbefragung, Bonn, November 1993.

31. Klaus-Dieter Schmidt and Petra Naujoks, Western Enterprises in Eastern Markets The German Perspective, Kiel Working Paper No. 607, December 1993, p. 1.

32. See Yoshikazu Takao, Chi Hung Kwan and Masayuki Kichikawa, "Long-Term Outlook: Japan in an Era of Global Structural Adjustments," NRI Quarterly, Tokyo, Spring 1994, pp. 2-35.

33. William Dawkins, "Japan looks to low-cost areas," Financial Times, 3 June 1994.

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34. Barbara Odrich, "Japans Unternehmen wandern aus," Frankfurter Allgemeine Zeitung, 28 September 1993.

35. See, for example, Paul Krugman, "Competitiveness: A Dangerous Obsession," Foreign Affairs, March/April 1994, as well as the responses by many distinguished economists entitled "The Fight Over Competitiveness: A Zero-Sum Debate?" in Foreign Affairs, July/August 1994, pp. 186 - 203.

36. See, for example, Erhard Kantzenbach, "Germany as a Business Location," Intereconomics, January/February 1994, pp. 3-10; Michael Frenkel, "Germany's International Competitive Position under Siege," Ibid, pp. 10 -17.

37. This factor is picked up in a cartoon-type graph in the July 20, 1994 issue of The Straits Times, published in Singapore, depicting a very fat German worker whose average hourly compensation in 1992, including benefits, amounted to \$39.62, compared to Singapore, \$8.34 and Mexico, \$ 4.10.

38. For the difficult process of "mental unification" of the two Germanies, see, for example, Michael Lukas

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Moeller and Hans-Joachim Maaz, Die Einheit beginnt zu zweit. Ein deutsch-deutsches Zwiegespräch, Berlin: Rowohlt Verlag 1991; Reinhard Bobach, "Mentale Konversion? Kulturelle Aspekte der deutschen Vereinigung," Deutschland Archiv, Vol. 26, No. 1, January 1993, pp. 7-20.

39. The PDS scored an impressive victory in last year's local, state, and federal elections among East Germans, showing a consistent level of voter support of around 20

percent.

40. Fritz Stern, "Germany's Divisive Unity," Foreign Affairs, September/October 1993, pp. 108-125.

41. Wolfgang Schäuble, most likely successor to Helmut Kohl in the CDU and one of the country's most prominent conservative politicians, outlines his strongly nationalistic views in his book *Und der Zukunft zugewandt*, Siedler Verlag, 1994. He admonishes Germans to believe more strongly in family values and their nation.

42. For the painful efforts at reconstructing German history, see, for example, Uwe Uffelman n,

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"Identitätsbildung und Geschichtsdidaktik," *Aus Politik und Zeitgeschichte*, B/41/94, 14 October 1994, pp. 12-20. In the same edition of the journal, see also Horst Kuss, "Historisches Lernen im Wandel," pp. 21-30.

43. For a collection of very thoughtful essays written by some of Germany's major contemporary thinkers and public figures on the ambiguities which haunt reunified Germany, see *Umdenken: Deutschland, seine Rolle, seine inneren Umbrüche*, Hamburg: ZEIT-Punkte, Nr. 3/1994.

44. See, for example, *Wir machen uns stark --- F&R DEUTSCHE INTERESSEN*, Party Program of the Republikaner Partei, passed at the party's congress in Augsburg on 26/27 June 1993.

45. "Sorge über Brutalität in Europa," *Frankfurter Rundschau*, 7 July 1994. See also a detailed study conducted by Human Rights Watch/Helsinki entitled "Foreigners Out" *Xenophobia and Right Wing Violence in Germany*, October 1992.

46. For a critical analysis of the role of the media in creating xenophobic sentiments, see Georgios Tsapanos,

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"Immer in Anführungszeichen - Ausländer und Fremdenfeindlichkeit als Thema der Medien," in: *Entstehung von Fremdenfeindlichkeit: Die Verantwortung von Politik und Medien*, Bonn: Friedrich Ebert Foundation, 1993, pp. 93-101.

47. "Schutz der Fahrgäste verstärkt," *Süddeutsche Zeitung*, 17 October 1994, p. 6; "U-Bahn, S-Bahn, Bus: Die Angst fährt mit," *Berliner Morgenpost*, 9 October 1994, p. 9; "Zeichen der Gewalt: Gesichter unserer Stadt," *Berliner Morgenpost*, 23 October 1994, p. 9.

48. According to the World Bank, five years of post -

communist transition in Central and Eastern Europe have created huge unemployment and social dislocations. Of the region's 320 million people, 58 million live below the poverty line (\$120 monthly income per capita), of which 50 million are "new poor." See Branco Milanovic, "The Cost of Transition: 50 Million New Poor and Growing Inequality," *Transition*, Vol. 5, Number 8, The World Bank, 8 October 1994.

49. "Number of Asylum-Seekers Dropped Sharply in 1994," *The Week in Germany*, New York; German Information Center, January 13, 1995, pp. 1-2.

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50. IOM (International Organization for Migration) Press Release, "Transit Migration Soars in Poland, Bulgaria and Czech Republic," Budapest, 13 May 1994.

51. "Ruálands Beh"rden úber Zuwanderung besorgt," *Süddeutsche Zeitung*, 7 July 1994.

52. "Die Schattenseite des Aufschwungs", *Süddeutsche Zeitung*, 7 July 1994.

53. Average monthly wages at current exchange rates in eastern Europe varied from \$58 (Bulgaria) to \$240 (Hungary) in 1991; from \$66-70 (Romania and Bulgaria, respectively) to \$280 (Hungary) in 1992; and from \$85 (Romania) to \$320 (Hungary) in mid-1993. UN Economic Commission for Europe, *Economic Survey of Europe in 1993 - 1994*, New York and Geneva, 1994, p. 100.

54. Johannes Gross, "Neue Bl"cke: Die Welt gliedert sich erneut in Bl"cke," *Capital*, 7/94, p. 3.

55. Richard Rosecrance, *The Rise of the Trading State: Commerce and Conquest in the Modern World*, New York: Basic Books, 1986; -- *America's Economic Resurgence: A Bold New Strategy*, New York: HarperCollins, 1990.

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56. Hanns W. Maull, "Germany and Japan: The New Civilian Powers," *Foreign Affairs*, November/December 1990, pp. 91 - 106.

57. These arguments were raised in an enormously influential study conducted under the auspices of the Carnegie Endowment for Peace. See Daniel S. Hamilton, *Beyond Bonn: America and the Berlin Republic*, Washington, 1994, p. 17.

58. "Deutschland muá eine Fúhrrungsrolle úbernehmen," *Süddeutsche Zeitung*, 4 July 1994.

59. "Rúhe: Europa will Amerikas globale Politik

mitgestalten," Frankfurter Allgemeine Zeitung, 5 July 1994.

60. Interestingly, it is Germany's industry which is most adamantly opposed to this rhetoric and has published a study showing that the country not only pays the most into the EU coffers but also benefits the most economically. See Deutscher Industrie- und Handelstag, Deutschland - Zahlmeister in Europa? Ein Beitrag zur Versachlichung der "Nettozahler-Diskussion", Brussels, May 1994.

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61. Renate K"cher, "Pl„doyer f"r ein europ„isches Pathos," Kas Auslandsinformationen: Europa, Vol. 10, 1/1994, Bonn: Adenauer Foundation, pp. 121.

62. "Germany's Europe," The Economist, June 11, 1994, p. 25. See also Mark N. Nelson, "Forward March. Germany is Ready to Lead, but is Europe Prepared to Follow? Even Germans are Nervous About New Global Role; First Job: EU Presidency," Wall Street Journal Europe, Vol. XII, No. 106, July 1-2, 1994.

63. Helmut Schmidt, "Einf"hlen, nicht auftrumpfen," Die Zeit, Nr. 18, 29 April 1994, p. 9. On the growing worries of other Europeans about Germany's growing assertiveness, see also Peter Glotz, "Der gr"ate Brocken auf dem Kontinent. Wir Deutschen sollten uns klarmachen: Die Nachbarn mi"trauen uns weiterhin," Die Zeit, Nr. 26, 24 June 1994; Pierre Pflimlin, "Zur europ„ischen Einigung gibt es keine Alternative," Das Parlament, Vol. 44, Nr. 14, 8 April 1994.

64. "Mitterrand urges unity in Europe," The Hartford Courant, January 18, 1995, p. A9.

65. Hamilton, op.cit., p. 24.

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66. Ibid., pp. 20-21.

67. Ibid, p. 53.

68. W.R. Smyser, Germany and America: New Identities, Fateful Rifts? Boulder: Westview Press, 1993, p. 14.

69. Craig R. Whitney, "'Unvarnished Truth' Makes Clinton's Envoy to Bonn 'Right Man at the Right Time,'" International Herald Tribune, 26 January 94.

70. "Deutschland an der Seite Amerikas," Frankfurter Allgemeine Zeitung, 24 March 94.

71. Richard N. Rosecrance, "Trading States in a New

Concert of Europe," in: Helga Haftendorn and Christian Tuschhoff, eds., *America and Europe in an Era of Change*, Boulder: Westview Press, 1993, p. 137.

72. Fareed Zakaria, "Culture is Destiny: A Conversation with Lee Kuan Yew," *Foreign Affairs*, Vol. 73, No. 2, March/April 1994, p. 125.

73. John W. Dower, *War Without Mercy: Race & Power in the Pacific War*, New York: Pantheon Books, 1986, p. 148.

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74. *Ibid*, p. 149.

75. *Sunday Times*, 23 June 1991, p. 17, cited in: Dunbabin, *op.cit*, p. 181. The author also quotes from the first draft of the 1988 American Trade Act, which stated "...When trading with adversaries, like Japan." According to Dunbabin, the phrase was dropped from the final text, for obvious diplomatic reasons.

76. Guy Faux de la Croix, "Die Japan Politik Frankreichs," in: Hanns W. Maull, ed., *Japan und Europa: Getrennte Welten?* Frankfurt/Main: Campus Verlag, 1993, p. 312.

77. Of the 5.4 billion people on the planet, 828.1 million are in "high-income economies" with an average GNP per capita of \$22,160. In contrast, 3.2 billion people live in "low-income economies" with per capita GNPs of \$390. World Bank, *World Development Report 1994*, New York: Oxford University Press, 1994, Table 1. "Basic Indicators," pp.162-163.

78. Paul Krugman, "The Myth of Asia's Miracle," *Foreign Affairs*, November/December 1994, pp. 63-66.

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79. *Ibid*, p. 65.

80. Albert Fishlow et al., *Miracle or Design? Lessons from the East Asian Experience*, Washington, D.C.: Overseas Development Council, 1994, p. 68.

81. Leonard Silk & Tom Kono, "Sayonara, Japan Inc.," *Foreign Policy*, Number 93, Winter 1993-94, p. 116.

82. See, for example, the World Bank's *The East Asian Miracle - Economic Growth and Public Policy*, 1993; Brigitte H. Schulz, ed., *European Corporate Strategy Toward the Asia-Pacific Region*, Frankfurt: Nomura Research Institute, 1993.

83. Paul Krugman, in a recent dissenting opinion, refers to the NICs as "paper tigers" whose past performance will

not lead to a duplication of core economic strength. See Krugman, op. cit., pp. 62-78.

84. James Fallows, *Looking at the Sun*, New York: Pantheon Books, 1994, p. 225.

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85. William Dawkins points out that Asia has overtaken the US as Japan's largest export destination in trade, and investments to the area have also skyrocketed. "Japan's economic influence in the rest of Asia has grown so strong that its neighbours are now under pressure to peg their currencies to the yen, rather than the dollar - the first step towards the formation of a yen bloc..." "Rising value of yen encouraging Japanese firms to shift to Asia," *The Straits Times*, July 20, 1994, p. 29.

86. Mike M. Mochizuki, "Japan and the Strategic Quadrangle," in: Michael Mandelbaum, ed., *The Strategic Quadrangle: Russia, China, Japan and the United States in East Asia*, New York: Council on Foreign Relations, 1994, p. 115.

87. See, for example, Albert Fishlow et al., *Miracle or Design? Lessons from the East Asian Experience*, Washington, D.C.: Overseas Development Council, 1994.

88. J. M. Blaut, *The Colonizer's Model of the World: Geographical Diffusionism and Eurocentric History*, p. 81.

89. *Ibid*, p. 10.

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90. Samir Amin, *Eurocentrism*, New York: Monthly Review Press, 1989, p. vii. Variations on Amin's theme ;have been numerous. Among the most compelling are Frantz Fanon, *The Wretched of the Earth*, New York: Grove Press, 1968; Edward W. Said, *Orientalism*, New York: Vintage Books, 1979, and *Culture and Imperialism*, New York: Vintage Books, 1994.

91. It is this heritage of Eurocentrism which makes the United States quintessentially a member of this project, despite the fact that it has significant numbers of citizens of non-European descent.

92. Samuel P. Huntington, "The Clash of Civilizations," *Foreign Affairs*, Vol. 72, Nr. 3, Summer 1993, pp. 22-23.

93. *Ibid*, p. 23.

94. Eberhard Rondholz, "Abendl,ndliche Visionen: Alte europ,ische Ordnungsvorstellungen, neu aufgelegt," *Bl,ttter f,ur deutsche und internationale Politik*, 7/94, pp. 863-872.

95. Fanon, op. cit. p. 40.

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96. W.E.B. DuBois, *The Souls of Black Folk*, Greenwich, CT.: Fawcett Publications, 1961, p. 23.

97. Quoted in Paul Gordon Lauren, *Power and Prejudice: The Politics and Diplomacy of Racial Discrimination*, Boulder: Westview Press, 1988, p. 226.

98. Eleanor Roosevelt, *India and the Awakening East*, New York: Harper & Brothers, 1953, quoted in Lauren, *Ibid*, p. 227.

99. It should be pointed out that the issue of race, just like that of gender, is largely ignored in traditional scholarly works on international relations; i.e., the leading paradigms are silent on this subject. Finding specific empirical data is thus difficult, although the importance of differences in the way in which people relate to each other in cross-cultural negotiations, for example, is now generally recognized.

100. Conference document No. 767, cited in Lauren, op. cit. p. 92. For a more detailed discussion, see Chapter 3, "Racial Equality Requested - and Rejected." American hypocrisy about the issue of race generally did not go

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unnoticed in the colonized world. For example, Afro-Asian nations circulated a story about independence celebrations in Ghana in 1957, when then-US Vice President Richard Nixon turned to his black neighbor at the dinner table and asked: "How does it feel to be free?" The reply: "I wouldn't know. I am from Alabama." Recounted in Lauren, p. 228.

101. Karl Kautsky, "Der Weg zur Macht," in Patrick Goode, ed., *Karl Kautsky: Selected Political Writings*, New York: St. Martin's Press, 1983, p. 76.

102. John W. Dower, *War Without Mercy: Race & Power in the Pacific War*, New York: Pantheon Books, 1986, *passim*.

103. For a lengthy discussion of the animosities between Japan and its Asian neighbors, see Dower, op.cit., *passim*.

104. Yoichi Funabashia, "The Asianization of Asia," *Foreign Affairs*, Vol. 72, No. 5, November/December 1993, p. 85.

105. Fallows, *Looking...*, op. cit., p. 250.

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106. Kinshore Mahbubani, "The Pacific Way," *Foreign Affairs*, January/February 1995, p. 103.

107. "Japan-bashing" is a vote-getter for American politicians and US public opinion has long had a strong anti-Japan bent. Recently, however, scholarly works have added new fuel to this old fire. See, for example, George Friedman and Meredith LeBard *The Coming War with Japan*, which forecasts war with Japan at the beginning of the next century; Edward N. Luttwak, "The Coming Global War for Economic Power: There are no nice guys on the battlefield of geo-economics," *The National Times*, March 1994, pp. 48-54; Karel Van Wolferen, *The Enigma of Japanese Power*, London: Macmillan, 1989. Michael Crichton's hugely successful novel *Rising Sun*, and the resulting film of the same name, certainly added to the image of Japan as a perilous enemy.

108. For an insightful critique of the global crisis of liberalism, see Henrik Bischof, *Die Krise der politischen Philosophie des Westens und die internationale Sicherheit*, Bonn: Friedrich Ebert Foundation, 1994 (unpublished manuscript). See also John Gray's review article entitled "Does Democracy Have a Future?" *The New York Times Book Review*, January 22, 1995, p. 1.

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109. This became clear with the Pentagon's "Operation Desert Storm," whose ostensible reason was to oust the Iraqi dictator, who was presented as a threat to democracy. For a discussion of the importance of the Third World in creating new enemy images, see Volker Matthies, "Neues Feindbild Dritte Welt: Verschärft sich der Nord-Süd-Konflikt?" in: *Aus Politik und Zeitgeschichte*, B 25-26/91, 14 June 1991, pp. 3-11.

110. According to the Economic Policy Institute's *The State of Working America*, real hourly wages for U.S. male high school graduates declined 20.2 percent between 1973 and 1993. Doug Henwood, "A Decent Minimum," *The Nation*, January 30, 1995, p. 113.

111. Lester C. Thurow, "The Fight over Competitiveness: A Zero-Sum Debate?" *Foreign Affairs*, July/August 1994, pp. 189.

112. Frederick Kempe, "Global Economic Integration Holds Perils as Well as Opportunities, Historian Says," *The Wall Street Journal Europe*, July 1-2, 1994, p. 8.

113. See the lengthy analysis of the November 1994 election by Susan Estrich, "The Last Victim," *The New*

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York Times Magazine, December 18, 1994, pp. 54 -74. "The new men's movement isn't about hating blacks or women or wanting to reverse our national commitment to equality. But it is about scapegoating, with men as the new victims." (p.55) Estrich describes these sentiments: "...with blacks and women getting jobs they don't deserve, and illegal immigrants taking jobs and collecting welfare, it's a wonder a white man can ever make ends meet." (p. 54)

114. Jesse Helms, for example, is one of the most powerful senators and, as a result of his party's sweep in the elections, has just become chairman of the powerful Senate Foreign Relations Committee. Helms, a fundamentalist Christian with very limited formal education, is a right-wing ideologue who makes no secret of his racist and xenophobic views. As reported by Tim Weiner, "All his life, he has passionately opposed the civil rights movement, Federal aid to education, environmental projects.....Over time, his list of pet hates has grown to include foreign treaties, foreign aid, many foreign countries and most of the striped-pants experts at the State Department." "Man With His Own Foreign Policy," The New York Times, December 7, 1994, p. A10.

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115. "Clinton Will Seek Spending To Curb Aliens, Aides Say," The New York Times, January 22, 1995, p. 1.

116. "Cuomo speaks critically of GOP agenda," The Hartford Courant, December 17, 1994, p. A4.

117. Ashley Dunn, "In California, the Numbers Add Up to Anxiety," The New York Times, October 30, 1994, p. 5: "The economy is down and resentment of the immigrant influx is up." See also "Immigration issue defines California race," USA Today, 30 September 1994, p. 4A. As pointed out in this article, although non-Hispanic whites make up only 54% of California's population, they have a tremendous edge in the polls, since nearly 80% of them have voted in past elections, compared to less than 10% for all other ethnic groups in the state. Thus, while California is a multi-ethnic state, its politics can be described as largely reflecting the will of the majority of the white segment of the population.

118. Tim Golden, "Mexican Chief Urges Talks on Freer Flow of Migrants," The New York Times, November 14, 1994, p. A11.

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119. Richard J. Herrnstein and Charles Murray, The Bell Curve: Intelligence and Class Structure in American Life,

New York: Free Press, 1994. The book has proven to be a financial bonanza for its publisher, the Free Press, which is now "rolling in money." This brand of ultra-conservatism has clearly become big business in America. See "Adam Bellow Seizes The Day," The Talk of the Town, The New Yorker, January 16, 1995, p. 28.

120. Alan Ryan, "Apocalypse Now?" The New York Review of Books, Vol. XLI, Number 19, November 17, 1994, pp. 7-11. See also Charles Lane, "The Tainted Sources of 'The Bell Curve'," The New York Review of Books, Vol. XLI, Number 20, December 1, 1994, pp. 14-19. Lane traces the sources used in The Bell Curve to an international network of scholars committed to proving and protecting the superiority of the White race, ranging from Great Britain to the US to Canada to South Africa.

121. Herman M. Schwartz, States Versus Markets: History, Geography, and the Development of the International Political Economy, New York: St. Martin's Press, 1994, p. 4.

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122. James Joll, The Origins of The First World War, 2nd ed., London and New York: Longman, 1992, p. 164.

123. See, for example, David E. Sanger, "War. Peace. Aid. All Issues are Trade Issues," The New York Times Week in Review, January 15, 1995, p. 1. Sanger reports former Treasury Lloyd Bentsen as saying: "Everyone's been saying for a long time that foreign policy is becoming economic, but like everything it's taken a while for the message to sink in around here." The article outlines the increasingly aggressive American policy in pursuit of foreign markets. Argues Sanger: "The risk, of course, is that relentless pressure to buy, buy, buy American undercuts alliances and breeds resentments."

124. Karl Kaiser, "Das vereinigte Deutschland in der internationalen Politik," in: Karl Kaiser and Hanns W. Maull, eds., Deutschlands neue Aussenpolitik, Munich: Oldenbourg Verlag, 1994, p. 12.