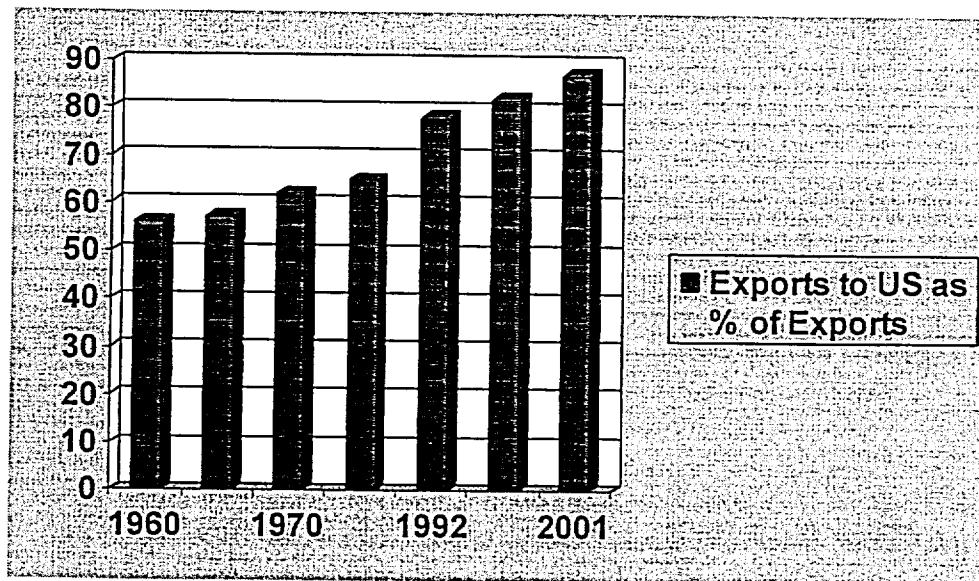


options open - - closer cooperation with the EU, widening as well as deepening NATO, and institutional reform at the UN. While it is impossible to characterize this activity as balancing, Canada attempts to keep its options open. Building stronger international security institutions can help Canada, along with most other small and middle sized states, to gain leverage over U.S. decision making (as far as Washington is willing to abide by the decisions taken by these institutions). But Canada does not balance - it tries to bandwagon on its own terms. In the security sphere, we balance in rhetoric, but bandwagon in substance.

In the economic sphere, Canadian options should be much more extensive. It is much more difficult to balance security threats than economic threats. Where is Canada threatened in the economic sphere? Trade dominance by the US over Canada is at least a 50 year old problem. Previous governments have attempted, at least at the rhetorical level, to rectify the problem. Pierre Trudeau attempted the Third Option, attempting to reduce trade reliance on the US market. Jean Chretien began a policy of "Team Canada" missions abroad, in an attempt, partially, to reduce trade reliance on the US. But the outcomes have been much the same. Recent discussions with the EU focused on increasing trade with Canada. But since 1945, the percentage of overall exports that ends up in the US has continued to grow steadily, even with the attempts of governments to rectify the problem. And leaders such as Brian Mulroney (and even the present leader of the opposition Stephen Harper) have overtly courted the US as economic partners, deepening Canada's bandwagoning with its neighbours to the south.

Canadian Exports to the US 1960-2001⁵



Does Canada have any other options? If we look at the efforts of Canada to diversify in the past, these have had little overall effect on trade balances. During the era of the "Third Option", exports to the US grew by 3% as total of exports. The "Team Canada" era saw exports to the US grow by 7% as total of exports. And with the present day turmoil of South Asia and the Middle East, the preponderance of economic power in East Asia of Japan and, increasingly, China, plus the active role played by the US, there