

thereafter and more slowly.<sup>2</sup> The development of economic relations accelerated in the favourable climate of East-West détente in the early 1970s; there was an exchange of prime ministerial visits with the USSR and the signing of a series of state-to-state agreements.<sup>3</sup> Canada's policy interest cooled in the late 1970s, as East-West détente waned. A new, Conservative government in Ottawa participated in the international response to the invasion of Afghanistan by imposing a sweeping set of sanctions against the Soviets, thus ushering in a policy of confrontation in the early 1980s. Official programmes were gradually restored after 1982, and by the end of the decade Canada had returned to an active policy of cooperation, as the implications of Soviet *perestroika* became increasingly apparent. The return was slow and cautious, however, and an overview of Canadian foreign policy published earlier this year concluded, "indeed, it took Ottawa rather longer than its allies to recognize the breadth and significance of the changes underway in the Soviet Union."<sup>4</sup>

Over the postwar decades, Canada's unique relationship with the United States has affected its relations with the other superpower in various ways. The détente of the 1970s found a new Liberal government anxious to assert foreign policy independence from the United States and to adopt a differentiated policy towards Eastern Europe that would clearly signal this. In the economic sphere, the expansion of relations with the Eastern countries accorded with the Trudeau government's goal (the "Third Option") of reducing Canadian dependence on the US economy through trade diversification. Canada therefore jumped on the East-West cooperation bandwagon, adopting a position in this regard closer to its West European allies than to the United States.

In the 1980s, Progressive Conservative governments had different foreign policy priorities. They were determined to dismantle the nationalist economic policies of their Liberal predecessors and to work towards building a closer relationship with the United States, culminating in the 1988 Free Trade Agreement. Assertive foreign policy positions that ran counter to Washington's Cold War line at the time were avoided.

In fact, there was little inclination to adopt such positions. The Conservatives largely shared the American view of the Soviet Union. Long in opposition, Conservative leaders had been accustomed to criticizing the Liberal government's foreign policy, and were especially sensitive to the human rights issues in Eastern Europe that had provided

them with ammunition in the House of Commons. The party's traditional base was in Western Canada, where ethnic groups concerned with these issues, and opposed to policies of cooperation, are politically strong.

Nor was the government under organized pressure from the Canadian business community to develop economic relations with Eastern Europe. This can be explained by the volume and structure of Canada's trade with the European COMECON economies. Trade with the area has represented a very small share of Canada's foreign trade. Grain (especially wheat) exports have dominated Canada's commerce with the USSR and have been a major component of trade with other area countries, notably Poland and the German Democratic Republic. The grain trade has been important to Canadian agriculture which is highly export dependent (about 75% of Canada's grain production is destined for export). In the 1980s, the USSR alone purchased over one-fourth of Canada's grain exports. Nevertheless, even including grains, exchanges with the COMECON Seven have never exceeded two percent of Canada's total trade turnover, and averaged only 0.68% in the second half of the 1980s (five-year period 1985-89). Without grains, the area's trade share in this period drops to 0.27%.

### *Policy Principles*

Several recurring themes are discernible in the development of Canada's economic relations with the Soviet Union and its allies: these are the traditional 'principles' which guided Canadian policy towards these economies over most of the postwar period.

Those responsible for Canada's East-West trade policy have tended to stress its multilateral context. Canada has valued multilateral approaches and has sought to play a relatively active role in them. Issues of military security, human rights, international trade and finance — which bear significantly on Canada's relations with Eastern Europe — have been the subject of Canadian policy within the framework of NATO, the United Nations, the Conference on Security and Cooperation in Europe (CSCE), the Organization for Economic Cooperation and Development (OECD) and the Western economic summits.

Bilateral relations have been heavily state-to-state in character. This was determined not only by the centralized nature of the systems on the Eastern side but also, on the Canadian side, by the leading role in bilateral initiatives taken by the federal government,