

would be related to our domestic situation. In 1971, this no longer seems true. NATO, CIDA and NORAD as they now operate are not succeeding in putting an end to the Canadian crisis which results from the structure of our economy.

One after the other, the Gordon, Wankin and Gray reports emphasized that Canada's problems had resulted from foreign control of our means of production. Today 35 per cent of the primary-resources sector is owned by Americans. Most of these raw materials are converted into finished products outside Canada. More than 50 per cent of our secondary sector is foreign-owned, with 87 per cent of this proportion owned by American interests. Canada's economic and social malaise is currently expressed in a chronic balance-of-payments deficit and in the inability of our governments to create the 350,000 new jobs that the growth of our labour force requires each year. We have attempted to remedy these problems by gaining control of our own economy. In 1971, American protectionism resulted in the imposition of a 10 per cent surtax on all the United States trading partners, including Canada, and this encouraged us to strive for greater control of our own economy. In 1973 the energy crisis imposed on Canada a new form of North American resource nationalism. Once again, the Canadian reaction was to seek domestic sovereignty by means of agreements within NATO, CIDA and NORAD. This tendency towards diversification in external relations is a clear expression of the intentions of our leaders.

Economic structure

However, the diversification of our commercial and financial markets does nothing to alleviate Canada's real problems. These do not arise from the foreign ownership of our means of production but from the structure of our economy. The majority of investments in Canada are directed to the resource sector, which is capital-intensive. On the other hand, the manufacturing sector, which requires the use of much manpower, is the least developed in the country. The main reason for this is that a great many of our natural resources are processed outside Canada, and consequently we are forced to import the manufactured goods we need. Out balance of payments illustrates this situation very well. The deficit in the current account is becoming chronic and must be constantly offset by an inflow of foreign capital, which invariably goes to the resource sector, thereby perpetuating the unhealthy development of our economy.

Our foreign policy, far from having come to grips with these problems, is still trying to solve them by multiplying our contacts outside North America. With respect to Europe, our membership in NATO is concerned not so much with contributing to the defence of the free world as with seeking European markets and capital in order to diminish our reliance on the United States. The economic "spin-off" effects that Canada may derive from membership in NATO are, for all practical purpose, non-existent. Europe trades with Canada because it is to Europe's advantage to do so. The members of the Warsaw Pact also trade with Canada for the same reason.

Another way of attempting to lessen our dependence on the United States has been to multiply our relations with non-Western countries, and CIDA is the instrument of this policy. The Agency does not, in fact, give much assistance to the countries of the Third World, since it offers them a development model that does not take account sufficiently of their economic conditions. As far as we are concerned, CIDA is continuing to devote a great deal of money to undertakings that have outlived their effectiveness. This is not to say that Canada should stop giving aid to the Third World; however, we should first concentrate on our own domestic development and then, through the medium of the international organizations, help to reduce the gap that now exists between the rich and the developing nations.

Neither NATO nor CIDA is bringing about changes in our economic structure. Nor does the renewal of the NORAD treaty help to resolve our structural problems. We are satisfied to have Canada pay only one-tenth of the total costs of the air defence of North America. These costs do not always take into account the economic "spin-off" effects, which are manifest in the United States but not in Canada. The Canadian negotiators agreed to renew this treaty primarily in order to avoid alien-

Domestic development should have precedence over foreign aid

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