

sensus on what form a national industrial strategy might take. By 1984 the situation had changed remarkably. The Liberals had quietly abandoned their appeal to nationalism, and the Progressive Conservatives put at the forefront of their enormously successful campaign a promise to restore economic and defence relations with the United States.

A third reason for the failure of the Third Option strategy may be that it was fundamentally in error from the start. The direction it tried to set for Canada was wrong because the democracies were moving in the 1970s and 1980s not toward greater national independence but toward the acceptance, often reluctantly, of the reality of interdependence and the consequent limitations of sovereignty. By directing Canadians toward the impossible goal of greater national independence in relation to its neighbor, trading partner, cultural cousin and military ally, the strategy generated acrimony, frustration and a sense of national failure that further undermined confidence.

I argue that this last is the correct explanation for the failure of the strategy. I seek to show that the Third Option grew from shallow nationalist roots and took a view of the future that proved to be quite wrong. So why, you may ask, should we now concern ourselves with an article by Sharp that experience has shown to be fallacious? Because the Third Option did for some years provide the framework for government policy toward the United States, and in fact it has never been replaced by a new comprehensive statement of strategy. The Liberal government edged away from it, and even began talks with the United States on the possibility of free trade in selected industrial sectors. The Conservative government has promised new policies, but has yet to define them, let alone propose longer term goals for the relationship. Sharp's article remains a useful analysis of the relationship and of Canada's options. By examining the article and the policies that flowed from it, we can see where Canada went wrong and, perhaps, how to avoid making the same mistakes in the future.

## Origins of the Third Option

The Third Option was a product of its turbulent times, a response to the politics of the changing world of the 1960s and early 1970s. In Canada, several streams of opinion had combined to create a climate of nationalism, and in the United States President Nixon abruptly announced a new attitude toward Canada, in effect ending the special relationship. The Canadian government's response to these pressures, not surprisingly, was to proclaim a strategy intended to enhance Canadian independence. But looking back, we can see that many of the nationalists' arguments were faulty, and that Nixon's policies were shortlived. The times were in fact changing faster than anybody then realized, and the Third Option strategy that might possibly have been appropriate in the conditions of 1972 was soon out of date.

The era of rapid change and rising turmoil, in Canada as in the other affluent democracies, had begun in the 1950s

and accelerated through the 1960s into the 1970s. New technologies of transportation and communication were changing the mechanics of politics, the style of social life and the organization of business. In the process, they were eroding the concept of national sovereignty. The reaction of Canadian nationalists and of Nixon, an American nationalist, was in essence to seek to protect the old against the new.

### Conservative nationalism

Conservatives were naturally dismayed by the changes they saw all around them in Canada, by the decay of the British tradition and the encroachment of American influences. George Grant, the philosopher, wrote his powerful *Lament for a Nation*, analyzing what he feared to be the inevitable triumph of American liberalism over Canadian conservatism. The impossibility of building a conservative society in an era of rapid change made possible by liberal values, he said, was the impossibility of Canada. Donald Creighton, the historian, raged against Liberal governments which, in his view, had betrayed John A. Macdonald's vision of Canada. More usefully, another historian, W.L. Morton, strove to define the Canadian identity and to preserve it from the corrosion of American ideas. While a powerful influence among the intellectuals and students, the three distinguished academics had little to contribute to practical politics, to the conduct of Canadian affairs. They helped to make nationalism acceptable in political circles, but at the heart of their thinking was the empty idea that Canadians ought not to be Americans. They were yearning for the British Canada of their youth at a time when Britain had ceased to be a useful model for Canadians, and for a return to the values of a more stable and orderly society at a time when technology was forcing change. Among the political parties, curiously, the Progressive Conservative Party was the least influenced by this traditional Tory nationalism. In recent years it has moved slowly toward the right of the political spectrum — that is to say, toward the American Republican version of conservatism, although it has refrained from embracing the extremes of the so-called neo-conservatism.

### Socialist nationalism

While traditional conservatives were dismayed by the rush of change, many socialists and social democrats found in it the opportunity to renew a fading faith in the vision of a better society. So much seemed possible. It was an era of decolonization and rising nationalism in the Third World, of anti-imperialism and liberation for all in the democracies. Revolution was the most overworked word in political discourse. The United States was readily identified as the headquarters of oppressive capitalism and aggressive imperialism, particularly when it went to war in Vietnam. A vaguely Marxist New Left sprang up in the United States to challenge liberal values, and in Canada it was easy, but of course foolish, to see the country as a colony about to be liberated from the American empire and ready to build a socialist society.

The American New Left's branch plant in Canada was the Waffle, a coalition of radicals with various interests but able to organize around the central issues of anti-Americanism, Canadian nationalism and socialist idealism. As a caucus within the New Democratic Party, the Waffle at