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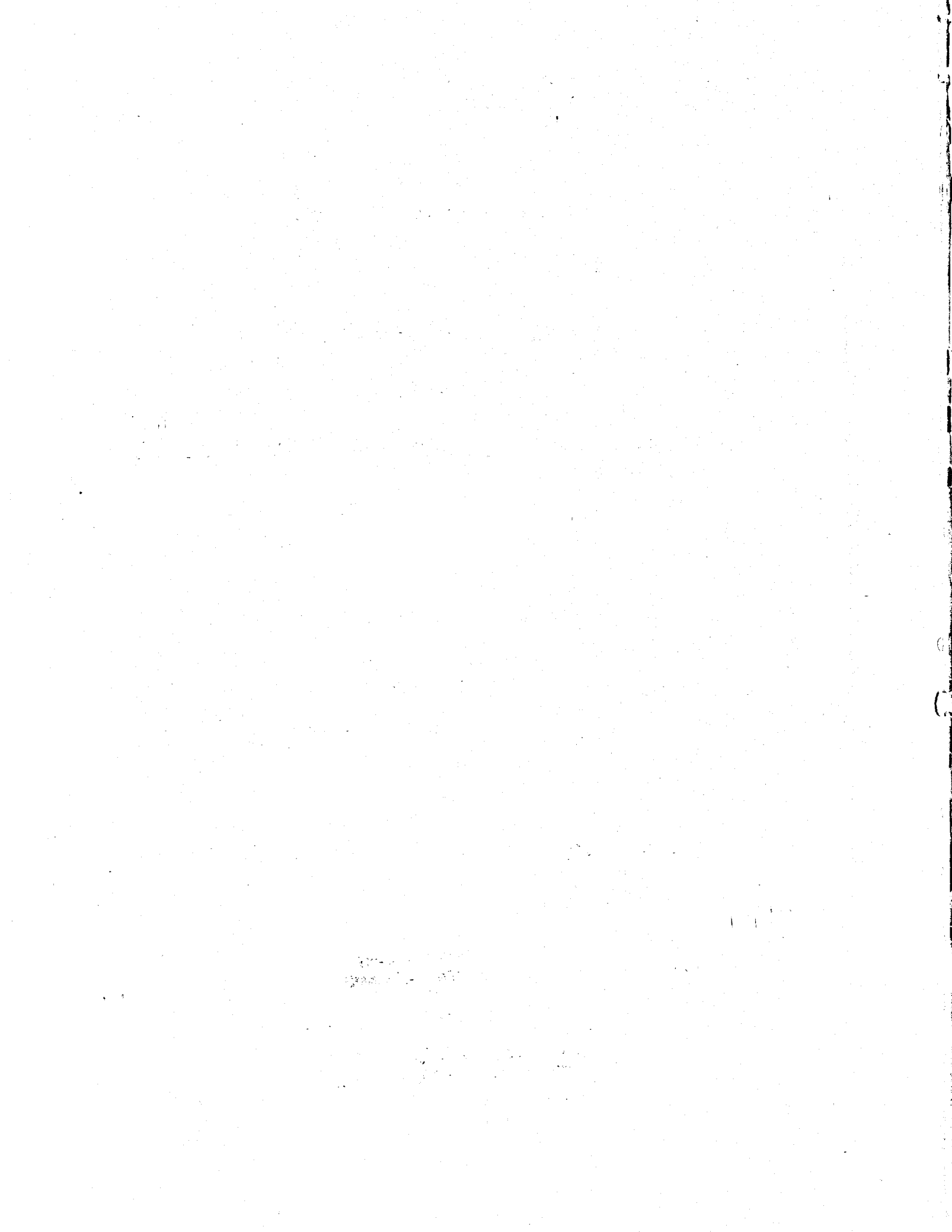
External Affairs
Canada

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**MÉMOIRES PRÉSENTÉS
AU
COMITÉ MIXTE SPÉCIAL
SUR
LES RELATIONS EXTÉRIEURES DU CANADA**

**WRITTEN SUBMISSIONS
TO THE
SPECIAL JOINT COMMITTEE
ON
CANADA'S INTERNATIONAL RELATIONS**

**PHASE II
OCTOBRE 1985 à MAI 1986
OCTOBER 1985 to MAY 1986**



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CANADIAN SECTION (ENGLISH SPEAKING)

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November 26, 1985

Senator Jacques Flynn, P.C.
Tom Hockin, M.P.
Joint Chairmen
Special Joint Committee on
Canada's International Relations
Box 663 West Block
Houses of Parliament
Ottawa, Ontario
K1A 0A6

Dear Sirs:

Amnesty International welcomes this opportunity to express its views regarding the international promotion and protection of human rights and the mechanisms for formulating and delivering Canadian foreign policy in this area pursuant to themes four and six of your Committee's terms of reference. We believe that all governments as members of the world community share the responsibility for human rights. This responsibility requires a well-informed, credible foreign policy with the promotion and protection of human rights as a cornerstone. Amnesty International believes, as well, that governments must create appropriate human rights machinery within governmental institutions which will facilitate the effective formulation and delivery of a stated human rights foreign policy. The international human rights policy of a government should promote human rights, oppose human rights violations and help victims of human rights violations.

The Canadian Section of Amnesty International values deeply the healthy dialogue that has developed over the years between the Canadian government and the organization. Discussions have taken place primarily with the Minister of Employment and Immigration and the Immigration Commission regarding refugee concerns, and the Secretary of State for External Affairs and the Department of External Affairs regarding prisoners of conscience, countries, themes, or human

AMNESTY INTERNATIONAL is a worldwide movement which is independent of any government, political grouping, ideology, economic interest or religious creed. It plays a specific role within the overall spectrum of human rights work. The activities of the organization focus strictly on prisoners:

- It seeks the *release* of men and women detained anywhere for their beliefs, colour, sex, ethnic origin, language or religion, provided they have not used or advocated violence. These are termed "*prisoners of conscience*".
- It advocates *fair and early trials* for all *political prisoners* and works on behalf of such persons detained without charge or without trial.
- It opposes the *death penalty* and *torture* or other cruel, inhuman or degrading treatment or punishment of all *prisoners* without reservation.

AMNESTY INTERNATIONAL has consultative status with the United Nations (ECOSOC), UNESCO and the Council of Europe, has cooperative relations with the Inter-American Commission on Human Rights of the Organization of American States and is a member of the Coordinating Committee of the Bureau for the Placement and Education of African Refugees of the Organization of African Unity.

rights issues that feature on the agendas of Inter-Governmental Organizations.

The Canadian Section takes great pride in being able to state that Canada has gone beyond lofty declarations by performing concrete acts which have given real meaning to its stated human rights policy objectives. We have watched with great satisfaction as the Canadian government has taken an activist approach to promoting human rights and opposing human rights violations in bilateral and multilateral fora. As a result, the Canadian Section has often made the statement that we consider the Immigration Commission and the Department of External Affairs our allies in the struggle for the international promotion and protection of human rights. Nevertheless, we are concerned that Canada's activist approach must be not only sustained but also expanded to ensure Canada is a world leader in the international human rights arena.

DIVISION OF HUMAN RIGHTS

The Canadian Section recommends that Canada create a Division of Human Rights within the Department of External Affairs. This Division can provide institutionalized support for a vigorous international human rights policy. The Division can also perform a coordinating role for human rights issues throughout the federal bureaucracy. It can be responsible for the training and education of diplomats and officials of the Department in subjects such as international standards and actions related to human rights that diplomats can undertake when working abroad. The training could further deal with reporting on human rights, refugee work, and the implementation of a stated foreign policy regarding human rights. These few potential responsibilities of the Division are certainly not exhaustive.

STANDING COMMITTEE ON HUMAN RIGHTS

The Canadian Section of Amnesty International recommends the establishment of a Standing Committee on Human Rights. Its mandate should include, inter alia, international human rights concerns. This Standing Committee should provide the opportunity for Canadians to express their concerns and ideas regarding Canada's role in the international arena of human rights. The Committee should have the mandate to initiate studies of particular international human rights concerns in addition to responding to any concerns at the request of the Secretary of State for External Affairs or any other relevant Minister. The Standing Committee should ensure that it considers matters within its jurisdiction in such a way that it avoids any geographical, political or ideological bias. We would welcome a provision wherein the Secretary of State must record his or her reasons in writing when any recommendation of the Standing Committee is not implemented. The Standing

Committee can also monitor the Division on Human Rights to ensure that it is operating effectively.

PUBLIC ADVISORY COMMITTEE

The Canadian Section recommends the creation of a Public Advisory Committee having the mandate to advise the Secretary of State for External Affairs on specific problems of human rights and foreign policy. The Advisory Committee should consist of well-informed human rights experts appointed in their individual capacities, including academics and persons enjoying the confidence of non-governmental organizations. The Committee can advise the Secretary of State at his or her request or on its own initiative. If the Secretary of State decides not to follow the advice of the Advisory Committee, then the Secretary of State must record in writing the reasons for not doing so. A specific role of the Advisory Committee could be to review annually the human rights training program created by the Department of External Affairs.

MILITARY, SECURITY AND POLICE TRANSFERS

The Canadian Section believes that the Canadian government should strengthen its procedures to ensure that military, security or police transfers of goods or services from Canada to receiving countries are never used by receiving countries in a way that can contribute to torture, disappearances, or extra-judicial executions. Consequently, we recommend the introduction of legislation and regulations which would require the human rights situation in receiving countries to be taken into consideration prior to export permits being issued for military, security or police transfers. Amnesty International is of the view that such laws should prohibit military, security or police transfers from taking place where they can be reasonably assumed to contribute to human rights violations. The Division of Human Rights would be well-placed to monitor the implementation of such a policy.

BILATERAL RELATIONS

In countries where proven human rights violations occur, the Canadian government should not hesitate to voice its concerns during bilateral consultations. Human rights issues should be raised not only by our officials but also by our Ministers. The nature of the representations should be clear and unambiguous. It should be made clear to foreign officials that Canada's concerns emanate from universally recognized rights and that not only the Canadian people are concerned but also the Canadian government. Bilateral consultations offer Canada the unique opportunity of raising individual cases on a confidential basis between two governments. A discussion dealing with human rights as an agenda item during a bilateral consultation is a form of pressure on an offending government which can lead to concrete improvements in the lives of persecuted individuals.

Canadian embassies situated in a country where human rights violations are occurring should give high priority to human rights. Such embassies should be routinely instructed to raise individual cases or general concerns with the appropriate government officials either formally or informally. Embassy staff can be instructed to visit a prisoner's family, attend a trial or take other high-profile steps which would emphasize concern about the fate of an individual prisoner. Newly-appointed ambassadors should be encouraged to consult Canadian non-governmental organizations before being sent to their new country of accreditation. Furthermore, embassies should be instructed regularly to report on the human rights situation in their countries of accreditation.

Canada can express its concern regarding human rights violations in other countries by the Secretary of State for External Affairs requesting a formal consultation with the ambassador of the offending country. Furthermore, a government Minister, government officials or politicians could raise their concerns when meeting representatives of an offending government on a visit to Canada or at international meetings and conferences.

MULTILATERAL RELATIONS

The Canadian Section of Amnesty International hopes that Canada will vigorously support the human rights machinery within the network of the United Nations. Furthermore, we believe that the Canadian government should support the creation of regional systems for the protection of human rights similar to those created through the Council of Europe and the Organization of American States. In multilateral fora, Canada should be activist and innovative. While Canada should act in concert with like-minded governments, it should also take initiatives and lead other like-minded governments in standard-setting work. As well, persistence and determination are necessary in working for the development and acceptance of the most effective implementation procedure possible.

Canada has considerable opportunity in its multilateral and bilateral relations to contribute to international well-being and the promotion of human rights. This opportunity will be lost if concrete mechanisms are not established in Canada which will facilitate the delivery of an effective Canadian foreign policy regarding the international promotion and protection of human rights. Given time constraints, the Canadian Section of Amnesty International is not in a position to elaborate in further detail on the various

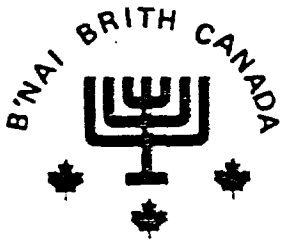
recommendations contained in this brief. The Canadian Section will welcome, however, an opportunity to expand on these ideas at a future date.

Yours truly,

A handwritten signature in cursive script that reads "Michael Schelew". The signature is written in black ink and is positioned above the typed name.

MICHAEL S. SCHELEW
Past-president (Anglophone Branch)
on behalf of the
Anglophone and Francophone Branches
of the Canadian Section
Amnesty International

MSS:mk



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SUBMISSION OF THE INTERNATIONAL AFFAIRS CABINET

OF B'NAI BRITH CANADA

TO THE SPECIAL JOINT COMMITTEE ON

CANADA'S INTERNATIONAL RELATIONS

DECEMBER, 1985

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Director of Communications and Education: Ellen Kachuck

Written by: David Yanowski

December, 1985

Introduction

B'nai Brith Canada welcomes the opportunity to participate in the discussion of the Green Paper entitled, "Competitiveness and Security: Directions for Canada's International Relations". We commend Parliament on its establishment of a Special Joint Committee authorized to conduct hearings across Canada on the future directions of Canada's foreign policy. The government has shown wisdom and sensitivity by accepting that in a democracy the basis of a successful foreign policy lies in achieving consensus among our citizens.

B'nai Brith has a history in this nation extending back almost to the time of Confederation. As Canadian Jewry's senior volunteer organization, B'nai Brith, with its membership of 20,000 families, is involved in issues of concern to Jewish people at the local, national and international levels. Through the League for Human Rights, B'nai Brith Canada fights racism and bigotry, promotes inter-community relations and combats anti-Semitism at home and abroad.

International affairs and Canada's role in the world are of primary importance to the organization. B'nai Brith is an international organization which has branches in 46 countries and a world-wide membership of 500,000. The organization has Non-Governmental Organization status at the United Nations and participates in projects which ease suffering and promote justice throughout the world, the benefits of which accrue to all, regardless of race, colour or religion.

B'nai Brith Canada was among the first to adopt Vietnamese refugees; we sent aid to Italy for the victims of the 1980 earthquake; clothing to Lebanon in 1982; in 1984 we assisted in the absorption of Ethiopian Jews to Israel; and most recently we sent funds in aid of the victims of the Mexican earthquake and the volcano in Colombia. In addition, B'nai Brith has sent its representatives on missions to Ethiopia, Spain, the Soviet Union, Italy, Lebanon, Biafra and Israel. As part of its international program B'nai Brith meets regularly with foreign governments and maintains an ongoing dialogue with the Canadian Ministry of External Affairs. We also sent a delegate to the End of the Women's Decade Conference in Nairobi.

Canada in the World

The central question which the Green Paper poses is how we, as a nation, can best "reconcile our resources and commitments"; how, given our capabilities, we can most influence international events so that peace is maintained and justice prevails. The review of Canada's international relations for which the Green Paper calls, as is made very clear, does not extend to a reassessment of our goals and purposes. Our democratic way of life -- from which we derive our international aspirations -- is not open to question. The purpose of the review is to develop

national consensus on the important international issues facing Canadians. By doing this we can set our priorities and commit ourselves to policies which are within our capabilities.

B'nai Brith Canada shares the same hopes and purposes as the Canadian government. Working in co-operation with the Canadian government we aspire to end human rights abuses, alleviate misery, and promote prosperity. In our brief we have set out policy recommendations which can bring us closer to achieving these goals. Because B'nai Brith is deeply committed to the promotion and protection of human rights, we have devoted special attention to this area. Throughout our discussion we have emphasized policies which, given our resources, allow Canada to make an important difference in the world.

A sound foreign policy must begin with a realistic assessment of the international environment. What a nation ought to do is in part determined by the situation in which it finds itself. The first step then in reassessing Canada's foreign policy is to describe the world as it is, and not as we would like it to be. We must carefully distinguish between reality and our aspirations. Hiding from ourselves truths which we find too painful to admit, or minimizing the obstacles which stand between us and our national goals is the route to ineffective and failed policies.

While Canada and other democracies aspire to a world in which there is adherence to international law, where conflicts are settled through agreement, and where all governments respect the dignity of their citizens, the world in which we live is far removed from this ideal. In spite of over forty years of effort to build an international consensus which would transcend the enmities between East and West and North and South, our world remains deeply divided. The world is fundamentally divided between the few nations in which the leaders govern with the consent of their peoples, and the many nations where the leaders maintain their rule by force. That this division will endure is one of the few predictions which we can make with certainty. The democracies will continue to be a minority in a dangerous world made up of regimes opposed to our way of life.

All regimes which are governed by force do not pose an equal threat to Canada and to other democracies. By far the greatest danger which Canada faces comes from the Soviet Union. The combination of Soviet military strength and antipathy to our way of life are what makes the challenge so formidable. While the Green Paper does take note of this, it also implies that the conflict between East and West has an important basis in mutual suspicions and misunderstandings. It is extremely important to recognize that while misunderstandings can exacerbate the antagonism between the Soviets and ourselves, they are not the cause of the conflict. The competition between East and West is

based on the pursuit of incompatible goals. While the Soviets seek to create subservient replicas of their form of government wherever they can, we believe that communist rule is incompatible with individual freedom and the respect for human rights. Neither we nor the Soviets are willing to give up our goals. The differences between East and West cannot be negotiated away. What we can and must do is maintain our vigilance against Soviet encroachments, while doing everything in our power to make sure that the conflict is peacefully managed. Our situation makes real peace impossible, but it also makes war improbable. Dealing with the Soviet challenge requires resolution not illusion.

The other major area of conflict of interest is in the Middle East, again, the non-democratic governments of the Arab countries are in various degrees of antagonism with Israel. While religious differences with built in conflicts have always existed, each nation pursues its own interests. However, real potential exists for peace between the less radical Arab nations and Israel. The more radical governments of various stripes appear to be succeeding in avoiding any substantial settlements to be established. We are concerned of course with the plight of Jews remaining in Arab countries. B'nai Brith Canada is concerned with human rights issues everywhere.

In the Middle East as in other places extreme statements and propaganda has been detrimental to the peace process. Gross

distortions of the truth and the use of captive populations for propaganda cause much distress, not only to the vast majority of individuals involved who desperately need peace, but to those of the Western nations who would like to be of help.

Since 1956 Canada has played a significant role as peace keeper in the Middle East. We, in B'nai Brith still believe Canada can continue to play an important role in that area. It is in Canada's best interest, in the interest of our moral credibility in the world, to defend the integrity of all member states of the U.N. It is important not only in relation to Israel and the Middle East, but in relation to our own participation in the U.N.

Canada sends her citizens, her soldiers, as part of the peacekeeping process in the Middle East. Therefore, we have an inherent responsibility to see that all avenues are searched and a dialogue is maintained between the nations, in order to ensure the safety of our countrymen and our integrity.

Canada and Multilaterlism

The United Nations

Canada entered into the United Nations in order to achieve noble goals. In the aftermath of the Second World War, the U.N. appeared as the best means in which to maintain peace and help others to achieve prosperity. In recent years the U.N. has shown itself not only to be an ineffective forum for achieving many of our ideals, but it has also proved to be an obstruction to the realization of our international goals. The majority of members share neither our ideals or purposes. They are not dedicated to freedom, justice, or equality. The forum which was intended to narrow differences has been turned into an arena where differences are heightened and divisions widened. The U.N. has been transformed from a democratic institution to an organization ruled by a tyranny of the majority. Instead of being a forum in which the members, dedicated by a common purpose, transcend their differences, the U.N. has become a forum for displaying the most egregious partisan characteristics.

Much of the time at the U.N. is consumed in condemnation of the only democracy in the Middle East. For over ten years a coalition of Soviet, Arab and African nations have spared no

effort in their attempts to delegitimize the Jewish state. Israel has been accused of being the perpetrator of every crime and the cause of every injustice. The venom which is allowed to flow against Israel has paralyzed much of the work of the U.N. and its various agencies. Resources have been squandered on propaganda campaigns designed to undermine western values. And the democracies have been subjected to diatribes on the failings of the West by regimes who flagrantly violate every norm of civilized behaviour in their treatment of their own citizens.

We should never lose sight of the fact that the U.N. is only a means for achieving a better world and not an end in itself. If our goals are perverted, if our participation causes us to compromise what we as a nation stand for, then it is time to give serious consideration to finding other roads which will lead us towards our goals.

While B'nai Brith does not advocate that Canada at present opt out of the United Nations, it does believe that Canada has the right and duty to withdraw from the General Assembly and individual agencies of the U.N. if the institutions are not amenable to reform. Of all the U.N. agencies, UNESCO has strayed furthest from its original purposes. Our two closest allies, the United States and Great Britain have concluded that this agency could not at present be sufficiently reformed to

warrant their continued participation. We believe that Canada should give serious consideration to following their example.

The first step in bringing about reform at the U.N. is to be clear on what we can accomplish in an organization in which there is so little real consensus. We must look at the resources at our disposal for bringing about essential changes.

In recent years Canada and other democracies have been at the forefront of a campaign to bring about U.N. reform. Although there is still much to be done before the organization truly begins to fulfill the intentions of its founders, this campaign has demonstrated that a consistent and determined effort can have a positive effect. Canada has an important role to play. In order to advance this cause we suggest the following measures, some of which are already Canadian policy:

1. Canada should always be clear and candid in voicing its approval or disapproval of a member's behaviour. There should be no doubt in anyone's mind what the Canadian position is on a given issue. When member states behave in ways which run counter to the U.N. Charter, we should condemn their actions. When delegates to the organization engage in unacceptable discourse, we should censure their conduct.

2. It must be made clear that Canada's patience is not infinite, and we will not wait forever for reform. Other governments should be made aware that continued Canadian participation in the forums of the U.N. is based upon substantial progress in the behaviour of their delegates. If the U.N. proves unable to deal with the most serious international problems in a constructive way, if partisanship continues to obstruct the work of specialized agencies, if members do not refrain from hurling abuse at each other, if resources continue to be used to further ends of which Canada disapproves, then Canada should withdraw from the organization or from those agencies which continue to behave irresponsibly.

3. The U.N. has a structural flaw in that those who provide the most funds do not have a somewhat proportionate say in how those funds are spent. Nations who contribute almost nil or who are years behind in their payments have as much say in the creation of the U.N. budget as those members who contribute the bulk of the funds. This encourages fiscal irresponsibility. Canada and other major contributors should make it clear that the misuse of funds will not be tolerated. To further this end, Canada should withhold contributions to agencies and programs of the U.N. which violate the aims and principles of the organization.

4. Canada should seek to break up the bloc voting of Soviet, Arab and developing countries which has brought the U.N. to its present state. We can help to do this by making it clear to those developing nations with whom we have good relations that it is not in their interest to vote in a bloc notwithstanding their individual interests. Nations who vote against the interests of Canada should be made aware that they cannot be our adversary in the U.N. - and our friend when they need our aid.

The key to persuading the developing nations to behave responsibly in international forums is to realize that no group of nations made up of so many different cultures, coming from diverse regions of the world, at various levels of development, have a set of common interests which transcend their own national aspirations. This situation allows Canada to encourage certain developing countries to behave in a constructive and helpful manner. Even if Canada cannot count on common purposes to move members to support Canadian goals, it can persuade some nations that pursuing anti-western policies is not in their best interest.

Canada in recent years has taken a firmer stand in international forums. B'nai Brith is proud of the new assertiveness which Canada is demonstrating. Bold and decisive positions can only enhance our international standing and influence. We are especially proud of the behaviour of our

representatives to the recent United Nations International Conference in Nairobi which appraised the U.N.'s Decade for Women. While Iran and other countries worked hard to make sure that references defaming Zionism would be part of many paragraphs and resolutions, Canada and her representatives the Honourable Walter McLean and Maureen O'Neil, worked even harder not to allow fanaticism to subvert the conference. Thanks to their lobbying efforts, Canada, a leader of the Western bloc, was able to keep negative references to Zionism out of the final document. This is clear evidence that when Canada states its position firmly and makes its views known to others, this has an important effect upon the final results. We are proud of the way in which Canada acted in Nairobi, and recommend it as a model for future international forums.

The Repeal of Resolution 3379

The decline in dignity which the U.N. has experienced, the lack of esteem in which the organization is now held by people of goodwill, has a great deal to do with the unjust Resolution 3379 which it adopted on November 10th, 1975.

This resolution which equates Zionism with racism marks the low point in the history of the General Assembly. To equate Zionism, which, as the right to self determination, embodies the

most noble and just aspirations of the Jewish people, with doctrines of racial superiority is to promulgate a lie. This obscenity is not only an affront to Israel and the Jewish people, but has done more to subvert the ideals of the U.N. than any other action. The legitimation of such a doctrine by the General Assembly has cast serious doubts on the ability of the U.N. to serve constructive purposes. Because the resolution makes a mockery of truth and justice and affronts the ideals for which we stand, Canada and other nations of goodwill must work in concert to see that it is repealed.

Many of the developing nations who voted for the original resolution can be persuaded to change their votes. After a decade of backing the Soviet and Arab agenda, many of these nations have come to realize that support for radical resolutions has not furthered their interests. Neither the Soviets nor the Arab states have provided them with promised aid. Through a concerted effort in co-operation with the other opponents to this resolution, Canada could orchestrate a campaign to have the resolution repealed. This is an objective that is well within our capabilities. This action would restore, more than anything else, moral authority and dignity to the General Assembly. The retraction of this obscene decision would be a clear sign that reform is possible and that the U.N. is worth preserving.

The International Red Cross

Since 1949, Israel's first aid society (Magen David Adom) has tried to gain admission into the International League of the Red Cross. Although the Israeli Magen David Adom meets every important criterion for admission, all of its applications have been rebuffed. The reason for this rejection is hard to believe: The International Red Cross refuses to recognize the legitimacy of the Red Star of David which the Israeli society uses as its emblem.

Currently the International Red Cross recognizes as its official symbols the Christian Red Cross, the Moslem Red Crescent and the Red Lion and Sun of Iran. When the Moslem nations objected to the use of the Cross because of its religious significance, they were promptly and properly allowed to use their own emblems. When Israel raised the same objection, they were denied admission. The refusal of the International Red Cross to act properly in this matter has occurred because the organization has succumbed to the political pressure of those members who seek the destruction of the Jewish state. In allowing itself to be politicized in this way, the Red Cross has damaged its reputation for impartiality. The Red Cross, through its refusal, is helping to promulgate the anti-Semitic idea that the symbol of Judaism is unworthy and that Israel is an illegitimate country.

Canada has in the past come out in full support of Israel's position. Unfortunately the same cannot be said of the Canadian Red Cross who have consistently refused to support Israel's inclusion in the International Society. The International Red Cross is an organization within which Canada has influence and prestige.

This insult to the Jewish people should not be allowed to continue. Because Canada would never allow any of its citizens to be treated as second class members of our society on the basis of their religion, it should not allow an organization as important as the Red Cross to discriminate in this way. Canada has the ability to work with other nations to bring about the recognition of the Red Star of David. Denying entry of the Magen David Adom into the International Red Cross is being used as a political weapon to attack the legitimacy of the Jewish State. It is, however, in Canada's own interest to support another U.N. sovereign state and a friendly ally of Canada. The same techniques which we have begun to use in the U.N. could be applied to the Red Cross. Canada in concert with other nations could help to rectify the injustice which is now being practised against the Israeli emblem.

Canada and Human Rights

The respect and promotion of human rights go to the heart of what Canada stands for in the world. The Green Paper has made it clear that this is a cornerstone of Canada's foreign policy. It is also clear that while Canadians deplore the abuse of human rights anywhere, there may be limitations to what we can do to end violations. A wise human rights policy must therefore choose attainable goals and decide upon the appropriate means to bring them about.

Throughout the world, minority and religious groups are being persecuted, including the Bahai in Iran, the Kurds in Afghanistan, Syria and Iraq, Christians in Lybia, and Copps in Egypt. South America is also riddled with political persecution.

There is no one method which will bring positive results in all circumstances. We must assess the nature of the regime committing the violations and look at what tools we have available to us for rectifying the situation.

Soviet Human Rights Violations

Violations by the Soviet Union of its agreements to respect human rights continue to be an important source of friction between East and West. The Helsinki Accords which were signed ten years ago by Canada and thirty-five other nations have not had any affect on the behaviour of the Soviets towards their own citizens. While Canada and other Western countries have been diligent in bringing these violations to the attention of the Soviets, the Soviet attitude has been to deny all charges.

Relations with the Soviets are made difficult not only by the existence of a form of government which is inimical to our principles, but also by our lack of influence upon their behaviour. Given these serious limitations there are still some very important reasons why Canada should continue to voice strongly its objections to Soviet behaviour. By terrifying their own citizens the Soviets have been able to silence internal dissent. By intimidating the West through their military might the Soviets hope to silence us. Such a strategy can only work if we allow it to.

It is for this reason that defending human rights is much more than a humanitarian policy; it is the key to our strength. The only retort to such acts of intimidation is to show that this behaviour will not frighten us and will not cause us to be silent

when it comes to speaking the truth. Canada should and can be a leader in setting moral and leadership standards.

Another key tactic in the Soviet strategy is to convince the West of Soviet good intentions. They accomplish this goal by signing documents which they know the West cannot enforce and which they have no intention of carrying out. The most flagrant recent example of this is the Helsinki Accords. While the document speaks in lofty terms of the respect for human rights, it provides no concrete mechanisms through which abstract principles can be transformed into reality. Vague documents such as the Helsinki Accords are well liked by the Soviets, allowing them to score propaganda points without having to alter their ways.

Unfortunately for the West, signing such documents is not a harmless enterprise as it undermines a major distinction between their system of government and ours. Whereas for the the Soviets, human rights are just empty rhetoric, for Canada human rights goes to the very heart of the purpose of our nation. In signing vague documents we trivialize our most noble aspirations by allowing them to be turned into empty slogans. Because we in the West are by nature conciliatory we have at times been willing to sign agreements rather than face the prospect that an absence of written agreement would best serve our cause. If we are to sign future agreements dealing with human rights with the

Soviets, they must be specific, they must avoid generalities, and they must have means for implementation.

Among the most serious Soviet human rights violations continue to be their persecution of many individuals in society, including their Jewish minority. Contrary to all norms of civilized behaviour, the Soviets continue to deny those individuals who want to emigrate the right to do so, and in particular be reunited with their families.

Soviet Jews are subject to religious persecution as they are not allowed to worship freely, study Hebrew, or possess prayer books. And they are subjected to blatant anti-Semitic slander which is officially sanctioned by the regime. Those Soviet citizens who rightly protest against such abuses are incarcerated in slave labour camps, or forced to undergo bogus psychiatric treatment. These violations are not only contrary to international agreements into which the Soviets have entered, but they also contravene Soviet law.

We believe that Canada has been following the appropriate course in using every opportunity to make our displeasure known to the Soviets, and we urge Canada to continue in the same steady manner. We especially commend the Honourable Joe Clark, Secretary of State for External Affairs, for his courage in confronting Soviet leaders with the evidence of their

transgressions. That the Soviets react in anger to such accusations is to be expected, given their aim to intimidate us. Our best response is to remain true to our purposes by being unequivocal in our denunciation of Soviet violations.

We commend the initiative of the Canadian government for recognizing Raoul Wallenberg's tremendous dedication to human rights. Canada's action in bestowing upon him honorary citizenship is a significant act whereby Canada commits itself to the highest humanitarian ideals. This is the latest of a series of initiatives taken by Canada on Wallenberg's behalf. We hope it will enable Canada to intensify its attempts to obtain his release from the Soviet Union.

South Africa

As a strong proponent of human rights, B'nai Brith Canada opposes any type of racist or discriminatory government. The government of South Africa's policy of apartheid is abhorrent to all democratic values. We wish to see as swiftly as possible a peaceful resolution to this problem.

In recent years, as a result of the policy of apartheid, acts of violence have escalated in South Africa with many citizens being killed. We have grave concern that this situation

could deteriorate into full-scale civil war. It is in the best interest of all democratic countries to prevent further violence from occurring and to see the abolishment of apartheid. We therefore urge the Canadian government to continue to press South Africa to end its racist regime. As an expression of our deep concern, B'nai Brith Canada is sending a mission to South Africa in early 1986.

Syria

There are still about 4,500 Jews living in Syria. This community is held hostage by the Syrian government and is denied even the most basic human rights. They are the only Jews in the world still forced to live in a medieval style ghetto. Anyone caught trying to escape is punished by death. These people are isolated from all others and live in constant fear for their lives. They are not allowed to practise freely their religion or their professions. In their homes they are subject to arbitrary searches, lootings, and beatings.

While Canada does not have a great deal of leverage with the Syrian government, it can make its abhorrence of the present situation known to the regime. Syria is a signatory to the Universal Declaration of Human Rights and this issue should be brought up by our representative at the United Nations. As the

result of diplomatic pressure, Iraq in the early seventies opened its doors to those Jews who desired to leave. The same sort of pressure and condemnation of Syrian policy could perhaps influence the Syrian regime. The exposure of these discriminations will be the first step to their correction. Canada could be a leader in revealing the inequities in Middle Eastern society.

Ethiopia

More than 8,000 Ethiopian Jews still remain stranded in Ethiopia. As a result of Operation Moses and the American airlift, two-thirds of this community are now safely in Israel, but many were also left behind. Those that remain in Ethiopia were too old, too sick, or too young to make the difficult journey into Sudan. All of these people now have the majority of their relatives living in Israel and wish to be reunited with them. The situation is urgent because the Ethiopian government is involved in a campaign to relocate its population from drought-stricken provinces to more fertile areas. Once this massive relocation is completed the Ethiopian Jews are likely to be dispersed and it will be extremely difficult to locate them.

The reunification of Ethiopian Jewish families is a human rights issue where Canada can make a unique and critical

contribution. The Canadian International Development Agency is the largest contributor in Africa to agricultural development and aid. Canadian assistance is a major factor to progress in Africa, enabling the nations to move toward self-sufficiency in food resources. CIDA provides job education and training.

In addition, Canada is one of the only nations with sufficient prestige and influence to take the lead in this issue. Pressing for the reunification of Ethiopian Jewish families, perhaps more than any other human rights issue, at this time, is a goal which is entirely within our grasp. It would stand as an example of a major Canadian human rights victory. We could demonstrate to the world that Canadians promote human rights through concrete action and not just through declarations. In the long run, Canada will be admired not for its aspirations but its accomplishments. On this critical issue we have the resources and the influence to make sure that Canada does make a difference.

Immigration

Among the most important rights is the freedom of individuals to leave any country freely, including their place of birth. It is only in those countries that respect this right that we can ascertain that the leaders govern with the support of

their citizens. Despite being enshrined in the Universal Declaration of Human Rights, many nations do not allow their citizens to exercise freedom of movement. Furthermore, this right only becomes practical if citizens who wish to leave their native land have another country which is willing to admit them. One way in which Canada has demonstrated its support for freedom of movement is by allowing people from many different countries to begin new lives in Canada.

As a nation which is, to a large extent made up of immigrants, Canada is aware of the great contributions new Canadians have made to every aspect of Canadian life. Those nations such as Canada, the United States, and Israel that have encouraged immigration are characterized by their strong democracies, their dynamic societies, and great advances in all fields of human endeavour. B'nai Brith has always been committed to free admission into Canada of refugees from all parts of the world. We urge our government to make it easier for people to gain admission into Canada on humanitarian grounds.

Canada and Conflict in the Middle East

Terrorism and the P.L.O.

The fight against terrorism around the world requires the concerted efforts of the democracies. Such a co-operative effort has yet to take place. While Canada has taken a strong position against terrorism, the problem is so widespread that it requires the combined efforts of many governments.

One area in which Canada has not been as assertive as it should, has been in its dealings with the P.L.O. In spite of the P.L.O.'s continuing record of violence, most Western countries cling to the notion that this group holds the key to peace in the Middle East. Time and again Yasser Arafat and his terrorists have been directly linked to violent acts. The Achille Lauro incident is the most recent example, but one should not forget that the infamous Black September massacres were also under the direction of Yasser Arafat, as proven by documents seized in Lebanon in 1982. The P.L.O., in spite of doing everything it possibly can to block serious negotiations, in spite of its thirst for violence, in spite of its record, does not seem to lose permanent favour.

Canada would not think of maintaining contact with an organization such as the I.R.A., yet there is no essential difference between it and the P.L.O. Both of these groups are dedicated to the destruction of a legitimate government. There is no such thing as a moderate terrorist organization. When it comes to terrorism one should not engage in semantics. While the

P.L.O. claims that it cannot recognize Israel, the real reason is that the P.L.O. would cease to have a purpose. After twenty years of terrorist activity, the P.L.O. has no goals other than the perpetuation of itself as a violent organization. The P.L.O. exists to prevent peace, not to promote it.

In the past decade Canada has had a policy of allowing members of the P.L.O. into Canada so long as they are not known terrorists. Canada is not in a position to know who amongst the P.L.O. has been involved in terrorist crimes. More important, though, is the fact that all members of the P.L.O., by being members advocate violence. Members of any terrorist organization should not be admitted into this country. Canada should not make distinctions between known killers and those who are accomplices.

The P.L.O. stands for everything to which we as a nation are opposed. Because we are against violence as means for settling disputes, because we are against the promotion of hatred, because we stand against those who bully their opposition into silence, we should not deal with the P.L.O. until it renounces terrorism and formally accepts the State of Israel. In having contacts with such an organization we compromise our dignity and moral stature. The argument that having contact with the P.L.O. allows us to encourage the organization to moderate its position has been refuted by experience. Contact with the

organization only increases its international standing while allowing it to continue with violent behaviour. For all these reasons it is important that Canada take a much tougher stand against this organization. If the P.L.O. desires Canadian recognition, let them demonstrate over time, through their actions, that they indeed have given up violence and that they are prepared to negotiate peacefully with Israel.

The Peace Process

Canada has always supported a just and durable peace between Israel and her neighbours. A great step towards the settlement of the conflict was taken in 1979 with the signing of the Egypt Israel Peace Treaty. In return for the Sinai, Egypt agreed to establish full and normal relations with the Jewish state. While the treaty has been very successful in minimizing the possibility of war between Egypt and Israel, it has failed to live up to its promise in two very important respects: Egyptian-Israeli relations have not been normalized and the treaty has not been followed by other peace settlements.

Although the Peace Treaty bound both parties to the establishment of full diplomatic relations, there has been no Egyptian ambassador in Israel for over three years. The treaty also bound the parties to establishment of normal cultural and

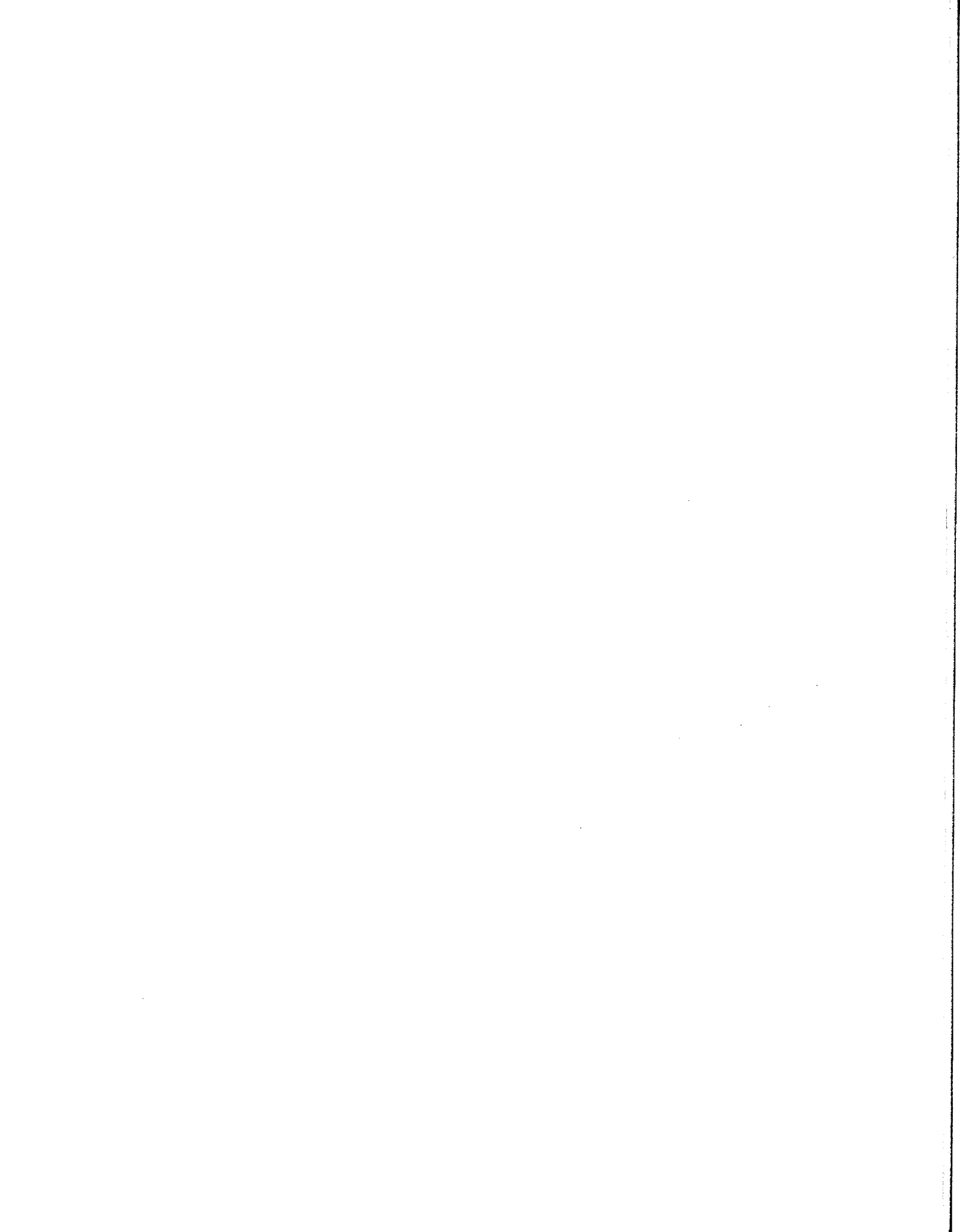
economic relations. These have also failed to materialize. Almost all of the Israeli proposals for establishing stronger cultural and economic relations have been rejected by the Egyptian government. This has been very unfortunate because it has meant that those elements of the treaty which were designed to solidify the peace between the two countries have not been given a chance to develop. Israel gave up strategic depth, its only domestic oil supply, its most advanced air bases, and billions in investments - all for the sake of peace. In return all it asked was that the Sinai be demilitarized and that Egypt establish good neighbourly relations.

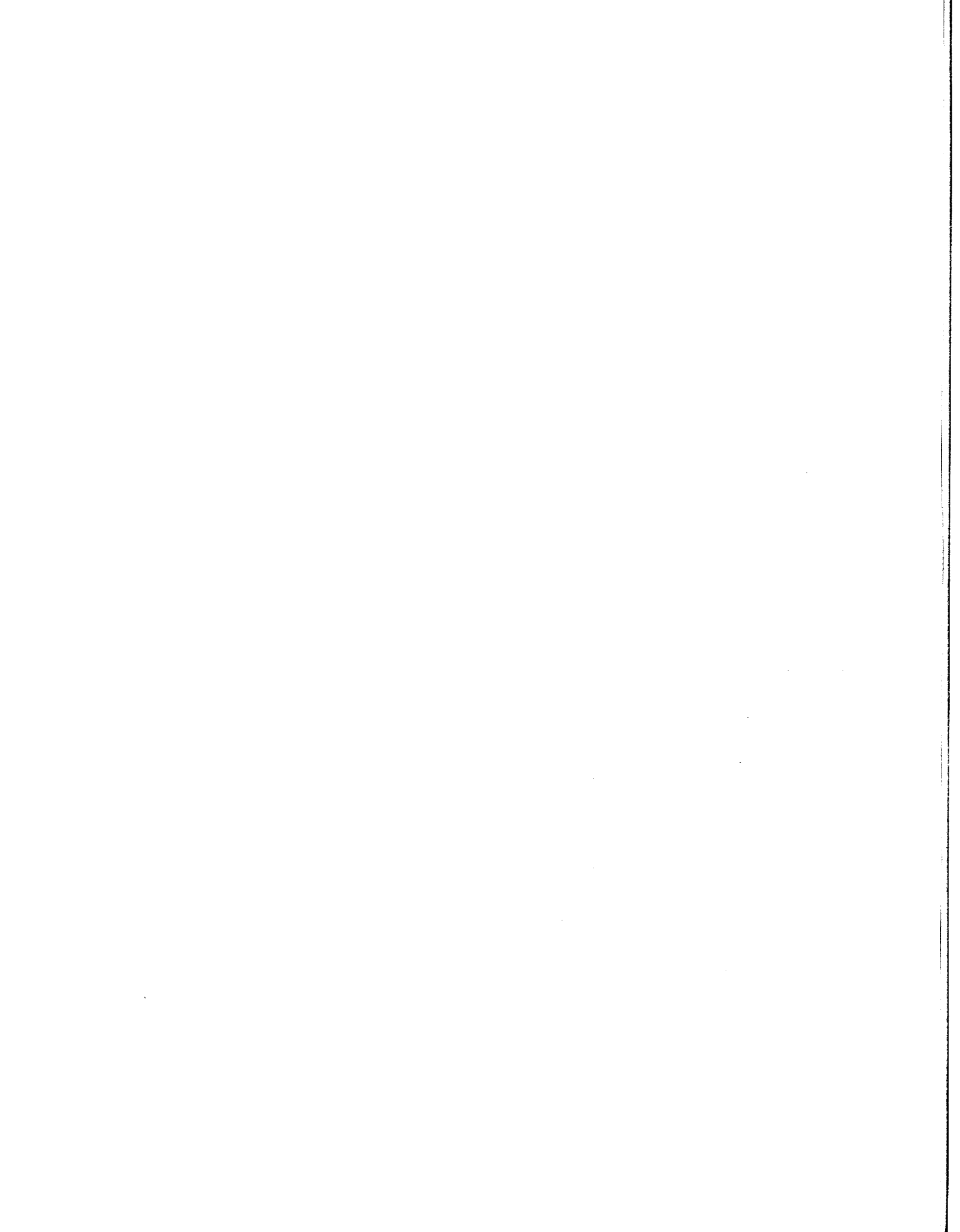
We urge Canada to use its good offices and encourage Egypt to fulfill its agreements and allow the peace treaty to be the means of truly normalizing relations.

The other hope of the treaty was that it would lead other Arab nations and moderate Palestinians to settle their disputes with Israel. Unfortunately, the Egyptian example has not paved the way for the expansion of the peace process. The Israeli government has made significant concessions in order to encourage moderate Arab leaders to negotiate with Israel. In recent months there has been some response by Jordan, but as yet there has been no announcement of the start of negotiations. Canada should encourage these steps and urge the parties to begin serious discussions as soon as possible.

It has been the Canadian position that the final settlement should be worked out in direct negotiations between the parties and that outside solutions should not be imposed. B'nai Brith supports this stand and advocates that this remain Canada's position.

B'nai Brith Canada wishes to express its thanks to the Special Joint Committee for allowing us to present our views on issues relating to Canada's international affairs. We look forward to meeting with the committee and responding to questions raised by our presentation.



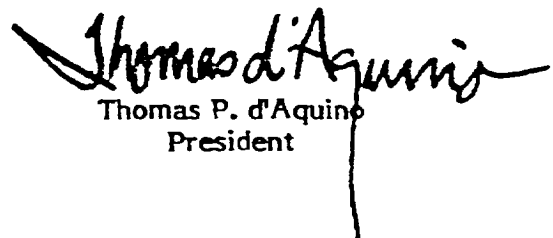


A RESPONSE BY THE
BUSINESS COUNCIL ON NATIONAL ISSUES
TO A PAPER TABLED BY
THE RIGHT HONOURABLE JOE CLARK P.C., M.P.
SECRETARY OF STATE FOR EXTERNAL AFFAIRS

COMPETTITIVENESS AND SECURITY:
DIRECTIONS FOR CANADA'S
INTERNATIONAL RELATIONS

JANUARY 1986
OTTAWA


Rowland C. Frazee
Chairman


Thomas P. d'Aquino
President

This paper reflects the views of the Business Council on National Issues and the work of the Task Forces on National Finance, the International Economy and Trade, and Foreign Policy and Defence. The Task Forces are chaired respectively by Messrs. Darcy McKeough, Alfred Powis and Peter Cameron.

The Business Council on National Issues is composed of chief executive officers of 155 leading Canadian companies, representing all sectors of the Canadian economy. The Council is the means by which business leaders in Canada have chosen to contribute personally to the development of public policy and to the shaping of national priorities.

The corporations which make up the Business Council administer in excess of \$650 billion in assets which produce annually more than \$240 billion in revenues. The member companies employ more than 1.5 million Canadians.

Business Council task forces are active in the areas of economic policy, international trade, industrial and competition policy, taxation, social policy, government institutions, and foreign policy and defence.

INTRODUCTION

Predicting the future is always a hazardous activity, and no field is more challenging to grapple with than international affairs. Consideration of a nation's foreign policy requires applying a long-term strategic view to the lessons of history, to the predicted global trends of tomorrow, and with even greater difficulty, to the perceived policies of other nations. All of these factors are beyond the control of national policymakers.

It is with a recognition of these limitations that the Business Council on National Issues welcomes this opportunity to respond to Competitiveness and Security: Directions for Canada's International Relations. It should be stated at the outset that we believe that Competitiveness and Security raises a host of important policy issues that must be addressed as Canada proceeds to fashion its external policies in future years. But rather than responding to all of the issues raised in the paper, we will concentrate on a few select developments which we believe have special significance for Canada. These will be presented under two broad headings: Canadian Security and Sovereignty, and Competitiveness and Economic Policy in a Changing World. Because the Business Council on National Issues has recently pronounced at some length on the subject of Canada-United States trade and economic relations, the second half of this paper will mainly focus on key multilateral economic issues of concern to Canada.¹

The first step is to position Canada within the global environment. Viewed from this perspective, it is clear that Canada holds a remarkably privileged position with a high standard of living, an educated work force, and freedom from the devastation of war or overpopulation. Yet Canada is more than the sum of its natural or socio-economic descriptors; it is also rich in its values -- a liberal, Western, capitalist democracy with a history of stable government, an enviable record in human rights, and a longstanding concern for the struggling and less privileged.

Canada is also a moderately-sized, open economy with an enormous stake in a liberal and effectively functioning global trading and economic system. With the world's ninth largest economy; with memberships in the Economic Summit, the North Atlantic Treaty Organization (NATO), the United Nations (UN), the Commonwealth, and La Francophonie; with a respected history of international activism including well established programs of development assistance and sixteen UN peacekeeping operations; and with cultural links to many countries through our two founding races and rich cultural mosaic -- with all of these enviable features, Canada is a nation with considerable potential for influence in the world. Though not a super power, Canada's middle-power status creates both global opportunities and responsibilities.² Despite the natural proclivity to compare Canada's attributes with those of the United States -- where Canada tends to suffer a 10 to 1 disadvantage -- it is important to stress that relative to most of the nations of the world, Canada has attained an impressive degree of economic well-being, stability and influence.

CANADIAN SECURITY AND SOVEREIGNTY

A continually changing international environment creates varying threats and opportunities for Canada's national security. Our economic prosperity, our form of government, and our values are subject to constant challenge. The federal government has a clear responsibility to take a leadership role in defining Canada's security interests, in recognizing and explaining threats to those interests, and in developing appropriate policies to protect and further Canadian security. In the past, Canada's geography protected the country from the horror of war and conquest. Now, however, the universal destructive nature of nuclear warfare has put Canada at risk and made the search for a credible defence posture more necessary. Canadians recognize that Canada cannot realistically expect to safeguard its security by acting alone. The strong support evident among Canadians for NATO and NORAD, and for Canada assuming a fairer share of the Alliance burden, indicates a widespread understanding and acceptance of the need for defence cooperation between Canada and its allies in the free world. The fact that such broad, public support for collective defence efforts continues to exist in Canada should not be overlooked when the parliamentary hearings to review Competitiveness and Security take place. Many groups will be calling for a radical alteration of this country's postwar national security policies. The evidence clearly suggests that their views are not representative of those of our citizens as a whole.

The Soviet Threat

The most salient threat to Canada and the community of democracies is posed by the Soviet Union's continually expanding military power.

The underlying strategic trend of the last twenty years has been the steady erosion of the military balance between East and West, a balance which has been a major factor in the maintenance of peace. Across most dimensions of military capability, the Soviet bloc has now equalled or surpassed the NATO alliance, and the trend toward increasing Soviet military power shows little sign of being reversed. As noted in Competitiveness and Security, in the nuclear sphere the Soviets at the very least have now attained a position of rough parity with the West in strategic forces, and enjoy a clear superiority in theatre nuclear forces in Europe. It is widely recognized that the conventional forces of the Soviet bloc are considerably stronger than those of NATO. The Soviet Union has also developed a very impressive capability to project its growing military power worldwide. In the area of naval forces, the massive increase in Soviet strength in recent decades is particularly striking in view of the Soviet Union's comparatively minor dependence on the oceans for commerce.³ This military build-up has been accomplished at high cost to the Soviet economy, with an estimated 12-14% of its Gross National Product (GNP) being devoted to defence.⁴ The priority attached by Soviet leaders to defence and security has resulted in the development of an offensively postured and equipped military force, particularly in the area of conventional and theatre nuclear forces in Europe.⁵

The evidence of vastly strengthened Soviet bloc military capability is clear. What is less transparent, however, are Soviet intentions. In international relations it is not possible to determine the intentions of other countries with absolute certainty. Of necessity one must infer policy motivations from observable facts. The history of East-West relations indicates that military power has been the principal mechanism of Soviet expansion and the key to the consolidation of its external power. The Soviet Union's role and influence in world affairs are inextricably linked to its steadily increasing military power. Indeed, it is primarily in the military

sphere that the U.S.S.R. enjoys an unambiguous status as a superpower. It can be argued that a natural historical insecurity regarding Western intentions gives rise to exaggerated Soviet defensive concerns.⁶ But its huge military build-up and its reliance on force and coercion as instruments of both domestic control and diplomacy suggest that Western governments would be ill-advised to view the Soviet Union as a purely defensive power. The fact is that it does represent a real threat to Western security and to Western global interests. In short, regardless of the motivations of Soviet leaders, the potent capabilities of the Soviet Union and its profoundly anti-democratic values must be treated as a threat to the Western democracies.

Collective Security and Canada's Defence Policy

Canada's postwar security policy has essentially rested on three complementary strategies: deterrence of aggression through collective security arrangements within NATO including bilateral arrangements with the United States for North American defence -- for example NORAD; pursuit of reciprocal and verifiable arms control agreements; and commitment to the peaceful settlement of international disputes through the United Nations and other appropriate agencies. The Business Council on National Issues supports these strategies. As emphasized in Competitiveness and Security, these various approaches to security are mutually supportive rather than incompatible. Thus, Canada's full participation in NATO and NORAD in no way threatens or invalidates our interests in arms control or our occasional participation in UN peacekeeping initiatives.

For the Western world, national security in the second half of the twentieth century has become synonymous with deterrence. Although subject to occasional debate within the alliance, the NATO policy of deterrence

through flexible response is widely seen as appropriate in the present strategic environment. To be effective, deterrence requires that a potential aggressor be convinced that the costs of aggression will outweigh the gains. The advantage of NATO's strategy of flexible response is that adversaries are deterred both by uncertainty about the severity of an initial response to aggression, and by the possible escalation to an increasingly destructive response. Thus, should a massive Soviet conventional attack not be stopped by conventional forces, NATO could reply with tactical nuclear weapons, and if necessary with strategic nuclear weapons.

NATO's deterrence strategy has been criticized from a variety of perspectives. One major critique suggests that peace-seeking democracies should renounce a first-use nuclear option; while a second and more pragmatically oriented critique argues that due to the high cost of conventional forces, NATO should rely solely on nuclear retaliation as a less expensive defence alternative. Both of these suggestions are flawed. Relying solely on a massive nuclear response is no longer credible in an era of reciprocal nuclear vulnerability; nor would it permit a more measured response to other limited forms of aggression, for example minor military attacks, or political and economic threats. The former view, that NATO should renounce a first use of nuclear weapons, is also inappropriate, for in the face of a successful conventional Warsaw Pact attack, NATO would be precluded from escalating its response. The logic of this strategy demands that NATO maintain and deploy much more powerful and expensive conventional forces, sufficient to prevent a Soviet victory in a conventional European war. If this objective were attained, it might then prove possible for NATO to adopt a no-first use posture. Proponents of this policy should therefore be strong supporters of a major increase in NATO and Canadian conventional military capabilities.

Indeed, it is precisely this desire to raise the nuclear threshold that underlies the argument in favour of much stronger Western conventional forces, not just in Europe but in other important areas of the world as well.⁷ Unfortunately, as made clear in Competitiveness and Security, Canada's military capability and preparedness were allowed to deteriorate severely in the 1960s and for much of the 1970s as well.⁸ However, during this period there was no corresponding contraction of Canada's basic military and security commitments. Canada maintained its commitment to common defence within the NATO alliance on land, air and sea, with regard both to Europe and to North America, and to protect and promote its own territorial security and sovereignty. As a result, by the late 1970s and early 1980s, a yawning gap had come to exist between the various defence obligations accepted by successive Canadian governments on the one hand, and the military forces and equipment required to meet these commitments, on the other. Our deep concern over this unsatisfactory state of affairs prompted the Business Council to establish a special Task Force on Foreign Policy and Defence in 1981. After three years of extensive investigation, we published a document outlining the key problems confronting Canadian security policy in the current and emerging international environment, and proposed a fairly detailed plan designed to bring Canadian military capability up to a level commensurate with the country's defence commitments over a period of 10-12 years.⁹

Examples of Canada's military deficiencies are not difficult to find. As part of NATO, Canada maintains land and air forces in Europe -- the 4th Canadian Mechanized Brigade Group (4CMBG), and the 1st Canadian Air Group (ICAG). We have also designated further Canadian-based forces for deployment to Allied Command Europe (ACE) in the event of crisis, and agreed to commit an air-sea transportable brigade group (CAST) to Norway, and a mobile infantry battalion group and additional fighter squadrons to the

Northern European Flank. These forces face significant deficiencies. 4CMBG is seriously undermanned, and lacks appropriate air defence, chemical warfare and night fighting capabilities. The survivability of this formation for even a few days of active operations is very doubtful. 1CAG is not properly protected against enemy air attacks. It is lacking in hardened shelters, advanced low-level air defence systems and capabilities for maintaining and repairing runways.¹⁰ All of these problems demand corrective action. The new federal government has acted with dispatch to provide additional troop strength to our NATO force structure. However, over time it is evident that more must be done to close the gap between Canada's capabilities and the defence obligations we have undertaken through NATO. Other elements of our Armed Forces, for example our Maritime Forces, face even more serious deficiencies than our European-based and -tasked forces, and will also need to be strengthened significantly over the next decade or so. Unless action is taken to upgrade Canada's military capabilities, our ability to meet our NATO obligations will continue to be doubtful.

In addition, it is also necessary to consider Canada's ability to protect and safeguard its own territorial sovereignty. The sad fact of the matter is that we have virtually no military presence in our vast northern regions, and only a very limited capacity to conduct adequate surveillance or military operations in this huge area. Moreover, in light of Canada's extensive maritime interests as the nation with the longest coastline in the world and which borders three oceans, our current naval forces are far from capable of effectively enforcing Canadian maritime claims, particularly since the advent of 200-mile coastal state jurisdiction. This inability to properly enforce jurisdiction and undertake effective surveillance activities is most glaring in the case of the Arctic waters, over which Canada's claims of jurisdiction are not universally accepted, and where present Canadian military capabilities are almost non-existent.

In view of these many deficiencies in Canada's military capabilities, the Business Council has concluded that a balanced, two-phased program is required to gradually reverse the major decline in the capabilities of the Canadian Armed Forces.¹¹ Phase one would concentrate on re-equipping, while in phase two the priority would be to increase manpower resources. To meet Canada's defence requirements, the regular forces would rise from 83,500 to 115,000 over 10-12 years. The reserves would also be substantially strengthened. This program would not be cheap. It would necessitate a modest shift of government expenditure commitments away from other programs and in favour of national defence. However, by implementing this program Canada would be moving to assume a defence burden more commensurate with our size and wealth, and more in line with that accepted by other NATO powers.

Other Defence Issues

Two other defence-related issues deserve brief mention here. The first is the question of national preparedness. Not surprisingly, the decline in Canada's military capability has been more than matched by a deterioration in national preparedness, which may be defined as the ability to mobilize military and civilian resources in the face of emergencies or international conflicts.¹² By the end of World War Two and into the 1950s, Canada had an impressive mobilization capability.¹³ During the following decades, however, de-emphasis and general neglect of defence led to a complete atrophy of our rapid mobilization capacity, which is essential to our commitment to European defence.

Recently a shift has occurred in alliance thinking away from a "short war" strategy to "sustainment." Whereas formerly it was assumed that any conventional war would be of relatively short duration, it is now recognized that the deterrent effect of conventional forces is enhanced by the ability to maintain and increase their capability in the field over an extended period. This strategy yields two imperatives for Canada. First, there should be a plan and a structure within government to mobilize the country on short notice. Second, Canada needs the industrial capacity that can be mobilized to produce the necessary equipment required to keep armed forces in the field.

Although Canada's present mobilization capacity is deficient, modest progress is being made. At the level of government planning, in accordance with the 1981 Emergency Planning Order, National Emergency Agencies are being created in key sectors under the appropriate Ministers and with the coordinating assistance of Emergency Planning Canada. The Business Council views this step as prudent and useful.

However, we are concerned about the state of Canada's defence industrial base. Since the cancellation of the Avro Arrow Project in 1958 Canada has essentially opted out of the business of major weapons systems research and development. In addition, the reduction of military budgets in the sixties led to a drop-off in the acquisition of military equipment and a resulting reliance on the part of Canadian industries on foreign markets. With the establishment of the Defence Production-Sharing Agreement (DPSA) and the Defence Development-Sharing Arrangement (DDSA), a virtual free trade area in defence material was created with the United States. Over time, a limited modern defence industry has developed, geared largely to producing dual-military and civilian-use products, with expertise in areas such as communications, electronics and specialized aviation. But it is largely a build-to-print industry, lacking a significant independent research and development

base and responsive to foreign market opportunities, not to Canadian defence and strategic requirements. For many years DND research and procurement tended to emphasize this natural trend. Policies did not function in a way which would enhance our industrial base.

The problems affecting the defence industrial base are presently being reviewed by work groups in the departments of Regional Industrial Expansion, Supply and Services, and National Defence. The Business Council is pleased to see these issues being actively considered by the government and views this as prudent and useful. It is our concern, however, that the activities of these work groups may not receive the attention and coordination required from senior levels within government, and that as a result there is a danger of fragmentation of effort, policies and results.

Accordingly, we strongly recommend that consideration be given to merging the present work groups into one interdepartmental Task Force; that as an immediate measure a committee be struck to coordinate the industrial preparedness work already underway; that the committee be composed of the Deputy Ministers of the relevant departments; and that overall political responsibility be vested in one designated Minister. We further recommend that an Advisory Committee on Industrial Emergency Preparedness be formed with strong private sector representation to aid the Government in its work in this area. The Business Council would be pleased to assist in putting forward nominees for this Committee.

The second defence-related issue is arms control. Continued support for NATO and an improvement in Canadian military capabilities by no means excludes the possibility that arms control can play an important role in enhancing Canada's security, as was clearly recognized in Competitiveness and

Security.¹⁴ Canada has long been active in international discussions and forums aimed at achieving arms control and disarmament accords, both in the United Nations and in NATO. For example, Canada has called for agreement among the nuclear powers to prevent or control the development of new nuclear weapons systems (e.g., in space); has participated since 1974 in the Mutual and Balanced Force Reduction Talks in Vienna between NATO and the Warsaw Pact; has participated vigorously in the Conferences on Security and Cooperation in Europe held in Finland in 1975 and in Spain in 1983 and also in the recent Stockholm Conference on Confidence Building Measures in Europe; and has called for the negotiation of an international convention to eliminate chemical weapons stockpiles and prohibit the development of new chemical weapons. Canada should continue to work for the development of verifiable arms control accords between NATO and the Warsaw Pact, between the superpowers, and more generally. However, it should be pointed out that Canada's present inadequate contribution to the NATO alliance cannot help but lessen our credibility within the alliance on arms control matters. In particular, Canada's voice would carry more weight if the Canadian contribution to NATO's conventional military capability were more proportionate to the country's economic and political standing in the world.

COMPETITIVENESS AND ECONOMIC POLICY IN A CHANGING WORLD

The remainder of the twentieth century promises to be a period of major challenge for the Canadian economy. The severe problems presently evident in the international economy, from rising protectionism to the Third World debt crisis, will continue to form an unstable and somewhat ominous backdrop against which Canada must evolve its policies toward the external economic world. Intensified competition from developing and industrialized countries alike will put increasing pressure on a host of Canadian industries in the years ahead. A central economic challenge facing Canada will be to meet and adapt to this growing competition. Another challenge will be to work to strengthen the existing system of multilateral economic institutions and arrangements that have provided a measure of predictability, stability and order in the world economy since the late 1940s. Canada has a special interest in this area, having been a leading participant in the construction of the postwar international economic system in the early years following World War Two.

More than most nations, Canada has a major stake in the preservation of a stable, orderly and open world economy. Canadian policy must be made in full awareness of the variety of ways in which the international economy shapes and constrains Canada's options and opportunities. Few if any of the key domestic policy objectives embraced by most Canadians and successive national governments will be realized if Canada's competitive position in the world deteriorates. As a moderately-sized, open economy heavily dependent on foreign trade and capital flows, Canada has a strong interest in promoting open global markets and well functioning international institutions and rules. This perspective is clearly reflected in Competitiveness and Security, and the Business Council wishes to record our concurrence with the emphasis put in

that document on the need for improved competitiveness and a strengthened multilateral economic system.

Trade

With close to 30% of GNP derived from exports of goods and services, Canada is vitally concerned with both foreign market access and the effectiveness of international institutions and arrangements concerned with trade. (Comparable figures for the export dependence of the United States and Japan, Canada's two largest trading partners, are approximately 10 to 14 percent, respectively.) Up to 3 million Canadian jobs depend on international trade. Moreover, the importance of exports to the Canadian economy has been increasing over the past three decades. In 1965, merchandise exports amounted to 15.6 percent of Canada's GNP; today, the figure exceeds 25 percent. As the international economy grows more interdependent and Canadian industry seeks to achieve greater efficiencies, Canada's reliance on foreign trade will continue to increase in the years ahead.

In spite of the importance of trade to Canada's economic welfare, until recently the subject has not received the attention or priority it deserves, either by governments or the broader public. Canadians need to understand better Canada's enormous stake in the international trading system and in the gradual lowering of impediments to trade in most economic sectors. Canada's share of world exports has been declining. Reversal of this unfavourable trend will require a strengthened competitive position for Canadian industry as well as more assured access to foreign markets. Success in achieving these two related objectives will pay off in the form of higher per capita incomes and more jobs. Failure threatens to consign us to a deteriorating relative standard of living and a less vigorous Canadian economy.

Canada has long been a principal supporter of multilateral trade liberalization through the General Agreement on Tariffs and Trade (GATT), by far the most important international organization in the sphere of trade and commercial relations.¹⁵ Through the GATT negotiations, Canada has achieved improved access to foreign markets, and has also agreed to lower its own tariff and non-tariff barriers to trade. The seven rounds of GATT trade negotiations that have taken place since the late 1940s have been particularly effective in slashing tariff rates on industrial goods. By January 1, 1987, average tariffs on dutiable industrial imports will have declined to 5-7 percent in the European Community and Japan, to 4 percent in the United States, and to 9-10 percent in Canada. (Tariffs are considerably higher than this in some sectors.) GATT has also achieved some success in regulating and disciplining the use of non-tariff barriers (NTBs), such as subsidies, quotas, government procurement practices, and many other measures that impede trade. However, NTBs have proven much more difficult than tariffs to address through GATT negotiations. Finally, GATT has provided a useful mechanism to address and resolve commercial policy disputes among countries.¹⁶

A new round of GATT negotiations will soon take place, and the Business Council believes that Canada should continue to attach high priority to the further reduction of foreign trade barriers through the multilateral GATT system. There is a pressing need to deal more effectively with such difficult issues as safeguards, subsidies and barriers to trade in services.¹⁷ Another GATT round can help to head off the protectionist pressures now growing throughout much of the world and which pose a serious threat to the integrity and effectiveness of the postwar multilateral trade order established in the late 1940s and 1950s. It can also help to strengthen the GATT as an institution vital to the maintenance of a well-functioning trading system. But it is not likely to provide an appropriate forum for Canada to develop new

market access arrangements with the United States. Thus, we believe that bilateral trade discussions with the United States should also be pursued at the same time, and we commend the federal government for inviting the United States to enter into such discussions.

Economic Relations with the Third World

In the long term, Canada has several reasons to be concerned about the Third World -- political, economic and humanitarian. Famine and crushing poverty in any part of the world are disturbing. Canadians continue to be moved by the spectre of starvation and deprivation globally. Unfortunately, this problem is likely to remain acute in the coming decades, and Canadians will continue to search for ways to offer assistance.

Canada also has extensive economic linkages with developing countries. Canada is certainly affected by the Third World's serious debt problems. Simply stated, if the Third World cannot repay its debts, the banking system will be faced with enormous non-performing loans with dire consequences for the world financial and trading systems. While the crisis atmosphere of 1982 and 1983 has passed, recent events indicate that the debt situation remains fragile. Exports of several of the major debtor countries are only now beginning to rise dramatically -- Brazil and Mexico are striking examples -- and the absolute levels of debt remain very high. Continuing high real interest rates have made debt repayment an especially complicated problem for the international community.

Nevertheless, the world has managed the international debt situation well to date. Institutional cooperation, including the exchange of vital

information, has been improved over the pre-debt crisis situation. Not only the International Monetary Fund and private banks, but also the debtor countries themselves share responsibilities to the world community. More use of private, direct capital investment in the affected countries, thereby reducing their dependence on loans and aid, would be desirable. Aid from the wealthier countries to the poorest, especially in Africa, will also be required; the commitment of the Canadian government and people in this respect is commendable given the country's present economic circumstances. The indebtedness problem of developing countries cannot be solved overnight. Grand schemes to ameliorate the problem on a world-wide basis probably should be avoided. However, the careful proposals outlined by the U.S. Secretary of the Treasury, James Baker, on October 8, 1985 to the annual meeting of the International Monetary Fund may help to address the debt situation facing many developing countries in a constructive manner. A greater role for the World Bank and increased investment in Third World countries are certainly called for, and we believe that Canada should be active in exploring these and other ways to assist hard-pressed Third World economies. A sense of mutual responsibility, patience, and sensitivity to the political and social elements involved in the adjustment process of developing countries will clearly be needed on the part of both lenders and debtors in the years ahead.

Canada is also linked to the Third World as a market for exports. Over the last decade the Third World has been a rapidly growing market for the developed world. A few examples of the present percentage of exports going to the developing countries include: Canada-12%, U.S.A.-35%, Japan-45%, and for the developed countries as a whole, 25%.¹⁸ Thus our future growth and prosperity is linked, at least in part, to the Third World. On the other hand, as suppliers of raw materials and commodities, some developing countries

compete with Canada for export markets. Of course the Third World is not a homogenous entity. Several of the Pacific Rim "Newly Industrialized Countries" (NICs), such as Taiwan, Hong Kong, South Korea, and Singapore, are becoming increasingly developed, mature economies. These countries should become a more important focus of Canada's foreign economic policy in the future.

A final direct economic linkage is our substantial annual expenditure on foreign aid. Channelled through the Canadian International Development Agency, through multilateral assistance programs, and through voluntary agencies, our official development assistance is targeted to rise to 0.6% of GNP in 1990 and 0.7% by 1995. Present aid totals are approximately two billion dollars a year. This is a significant sum of money for Canada and the Third World, and we must ensure that the maximum potential benefit is achieved. As Canada's own economic and fiscal circumstances improve, the Business Council believes that Canada should aim to increase financial and other forms of aid, particularly to the poorest developing countries. At present, however, Canada's own difficult fiscal position militates against any significant expansion of foreign aid.

The Need for Greater Policy Coordination

In an increasingly interdependent world, many of the major economic problems facing Canada and other countries cannot be solved or effectively dealt with through unilateral national decisions. This is now generally understood by the governments and the peoples of the leading industrialized countries. Different views in the world's largest industrialized countries on the priority to be attached to various problems and policy objectives can

lessen the capacity for effective collective management of the international economy. The institution of annual economic summits, involving the heads of government of the seven major noncommunist industrialized countries and the European Community, reflects a recognition of the need to strive for a measure of consensus among the world's major economies on fundamental issues. However, recent experience suggests that the system of collective economic management has not been as effective as might be hoped. The severity of the 1981-82 recession, for example, was partly attributable to a lack of policy coordination by the leading industrialized nations. The instability evident in international foreign exchange markets in recent years has also proven difficult for the governments of the major industrial countries to deal with. What is needed among the leading economies is a greater degree of coordination and consensus on such key macroeconomic issues as fiscal policy, monetary policy, and exchange rates. Other issues, such as the rise of protectionism and the Third World's debt difficulties, also require a more coordinated response from the major economic powers.

Acting alone, there is little that Canada can do to strengthen global economic management or to improve policy coordination among the key industrialized states. However, a priority for Canadian international economic policy should be to seek such strengthening and improvement whenever we can. We must work with our major trading partners and fellow industrialized countries to grapple with economic issues that cannot be addressed effectively by countries acting in isolation. The recent successful effort by the five largest industrialized countries to institute a more coordinated policy on exchange rates offers but one example of the benefits that can flow from more effective collective economic management. Because of their preponderant economic influence and their similar values and economic systems, the leading Western industrial countries have the potential to act as

the guarantors and principal managers of the multilateral economic order. To do so properly, they must be more willing to examine carefully the international ramifications of domestic policy decisions, and to undertake actions in concert with their allies for the long-term good of the global economy. Acceptance of this principle should be a cornerstone of Canada's foreign economic policy in future years.

CONCLUSION

Competitiveness and Security reviews the key issues confronting Canada in the two spheres in which our involvement with the external world is most extensive and significant -- defence and security, and international economic affairs. Although the External Affairs paper does not say so explicitly, the implicit message it conveys is that the foundations of Canada's previous defence and foreign economic policies remain sound. The Business Council does not dissent from this view. The objectives which have heretofore guided Canadian security policy have included the maintenance of deterrence through effective collective security arrangements within the Western Alliance; the quest for reciprocal and verifiable arms control agreements; and the peaceful settlement of disputes through the United Nations and other mediatory instruments. In the present and emerging global security environment, there is no need to alter these objectives. Instead, what is called for is a greater Canadian effort in the area of defence and security policy, through the improvement of our seriously inadequate defence forces. Once this has been achieved, Canada's voice on many international security matters, including those relating to arms control, will carry more weight.

Similarly, the basic policies adopted by Canada toward international economic affairs have served the country well and should continue to influence the course we follow in the future. Strong multilateral economic institutions and the development of credible rules and norms to guide and manage the international economic behaviour of countries are unquestionably in the interest of a moderately-sized, open economy such as Canada. The most pressing multilateral economic challenge is to resist the onslaught of protectionist forces, which is threatening to unravel the liberal international trading system established in the late 1940s and based in large part on the

GATT. A new and successful round of GATT trade negotiations is a priority for the last half of the 1980s. It is to be hoped that such a round will lead to new international disciplines being imposed on non-tariff barriers and other trade-distorting devices and policies, as well as to the further liberalization of remaining tariffs. Another key international economic issue that will require the sustained attention of policy makers in Canada and elsewhere is the debt situation confronting many Third World countries. Flexibility and patience will be essential as efforts are made to develop arrangements that permit these countries to repay their loans without having to undergo intolerable social and economic dislocation. Finally, Canada should work with its major developed country allies and trading partners to strengthen the system of collective economic management built up by the industrialized countries in the decades following World War Two. Greater policy coordination, and an increased willingness to take into account the international ramifications of domestic policy choices, are urgently needed, and Canada should do what it can to achieve progress in this important area.

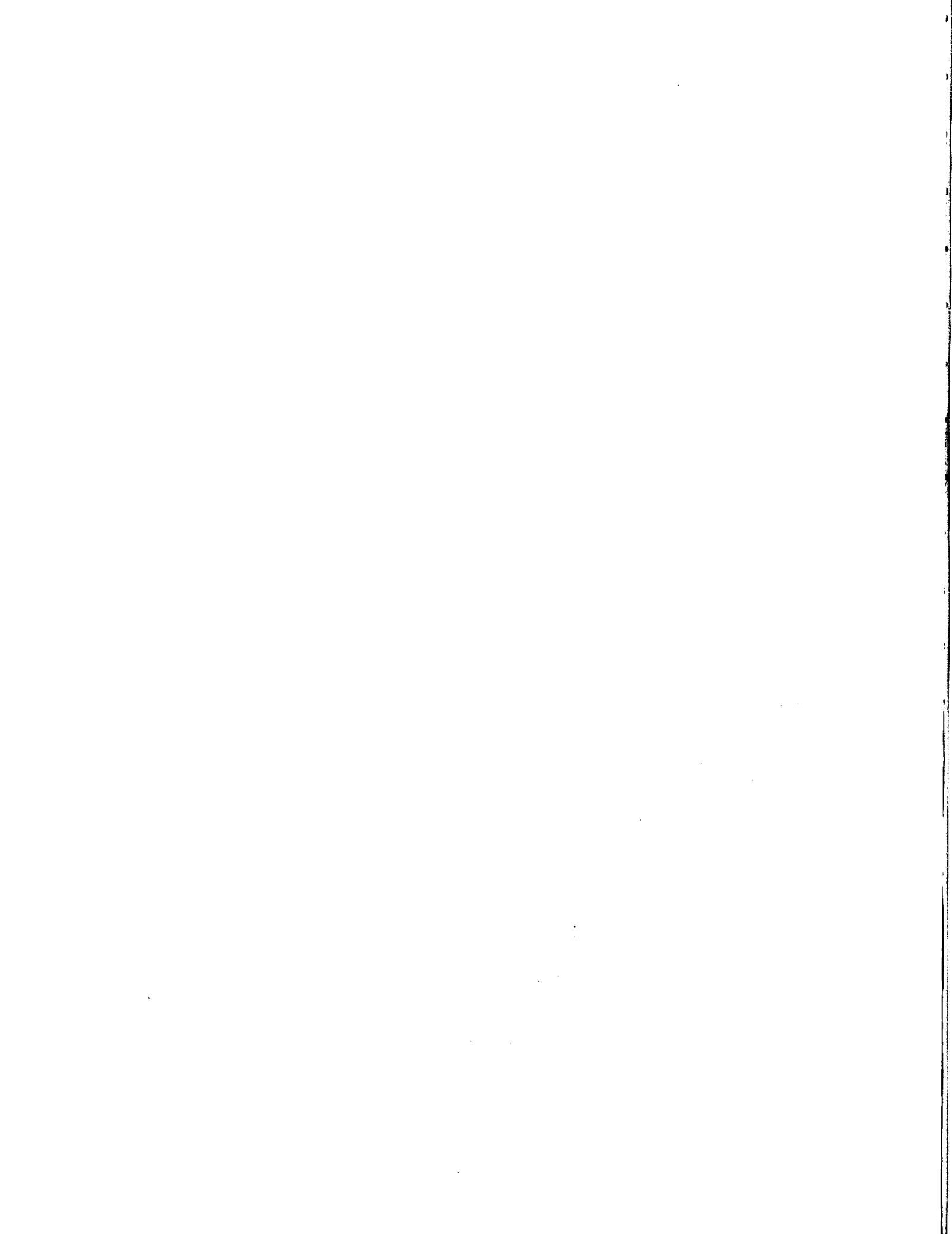
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CANADA and STRATEGIC ARMS CONTROL - NO MORE FREE RIDES

Submitted by:

John M. Lamb
Executive Director
The Canadian Centre for Arms Control and Disarmament

to the

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When Canadians reflect upon this country's record in the field of arms control and disarmament, it is generally of the multilateral fora in which Canada participates, particularly NATO and the United Nations, that they think. Indeed, we can be proud of the contributions made over the years by such men as General E.L.M. Burns, Lester Pearson, George Ignatieff, and others who have represented Canada more recently in this field.

As we look ahead, though, I think we cannot help concluding that a growing proportion of our arms control effort will need to be pursued within the framework of our bilateral relations with the United States. That is the contention I would like to make today.

This is not to say that our multilateral arms control diplomacy will or should be diminished. As the Government's foreign policy Green Paper put it, those fora "provide an essential mechanism for smaller and middle powers to influence arms control issues."

Concrete developments in the strategic environment, however, will increasingly press in on Canada in such a way as to make arms control a more prominent issue in our bilateral relations with Washington.

The change I am referring to, of course, is the reemergence of Canadian territory as a key link in Western, and particularly American, strategic planning. I do not need to detail for this Committee the clear trend in American thinking in the direction of ballistic missile defence, nor the fact that without air defence, for which Canadian territory would be essential, ballistic missile defence would be non-sensical.

Canada has long been accused by foreign and domestic critics of taking a free ride on defence. Whatever the historical merits of such accusations, it seems to me that the growing importance of Canada to the United States occasioned by the developments I have mentioned brings with it new opportunities for this country to take greater responsibility for its security.

In particular, I believe it brings with it an unprecedented opportunity to have a hand in shaping the larger strategic environment to the benefit of both Canadian security and the prospects for global peace by placing Canada in a more advantageous position to influence American policy on strategic arms control.

Assuming this role, however, will require a significant change in the way Canada views its interests in arms control. The connection Canadians have traditionally drawn between our security and arms control focuses on the danger posed to Canada by nuclear war between the superpowers, or other forms of conflict elsewhere in the world which might catalyze such a disaster. This attitude was eloquently summed up many years ago by General E.L.M. Burns, who observed that Canada's role in disarmament has been largely to encourage others to give up their arms. Hence, our concern with the multilateral arms control and disarmament fora.

This way of viewing arms control, however, has not encouraged Canada to pay much heed the fact that strategic arms control can directly affect Canada's own, immediate national security interests. An example with particular relevance to the situation we are confronting today concerns the SALT II negotiations on cruise missiles. Had that accord actually banned long-range cruise missiles, instead of merely restricting their range for a brief time, the potential threat facing Canada today would be far less. While it would, of course, be absurd to suggest that Canada's voice alone could have altered the outcome of that debate, there is no evidence in the public record, at least, to suggest that the Canadian government of the day even asked the United States to seek such a ban.

The West Europeans, in contrast, notably Great Britain and France, were not at all reticent in pressing their interests home with Washington concerning cruise missiles during the SALT II debate. Forseeing the day when they themselves might wish to acquire long-range cruise missiles as a means of modernizing their independent deterrent forces, they discouraged the United States from pursuing limits on these weapons.

A further, contemporary example of Canadian abnegation of its national security interests in the arms control field concerns the new American proposal that was tabled at the Geneva arms control talks last November. As you know, the Government expressed its support for that proposal at the time. Ottawa also, of course, noted the movement evident in Moscow's position on arms control reflected in the proposal it had tabled earlier in the month, but was considerably less approving of the Soviet proposal itself.

If, however, one examines these two packages in the light of specifically Canadian interests and concerns, particularly their

respective handling of the bomber and cruise missile issue, it is difficult to understand Ottawa's enthusiasm for the American proposal. The Soviet proposal indicates that Moscow sees no need to increase its bomber and cruise missile forces beyond current levels, and would even allow for reductions in those forces. In contrast, the new American proposal, if adopted as is, would virtually compel the Soviets to build up to a level of 350 bombers and 1500 air-launched cruise missiles.

I do not mean to suggest that, on balance, I find the Soviet proposal preferable to the American. It clearly contains elements which are one-sided and unacceptable to all Western countries. But the American proposal also contains elements which run directly counter to identifiable Canadian security interests. Yet we gave that proposal our support.

The question we need to ask is why. The answer, I think, is that we have failed to appreciate strategic arms control as a truly integral component of our national security policy. Regarding its consequences as somehow "out there", except in some very general sense, we have been deferring to the judgement of our Alliance leader on these questions. We have been letting the Americans do our thinking for us.

Before addressing the reasons for this, I would like to suggest that Canada has been deferring to American judgement not only on certain arms control questions, but on the larger matter of Western strategy as well. I am referring here to the move toward strategic defences.

Alliance strategy, of course, is always and inevitably established by the Alliance leader. I think that it is historically correct, however, to say that, in the past, that strategy has enjoyed an appreciable degree of consensual support.

I think we need to acknowledge that the shift in strategy now underway in the United States is being carried out with the acquiescence, and not the considered, convinced endorsement of Canada and its European allies. This is not, let us face it, a change which enjoys the consensual support of the NATO Alliance.

In Canada, it is difficult to find anyone who can argue convincingly that this country's security is likely to be enhanced by the introduction of strategic defences. In this regard, it is worth noting that there is no tradition of support for strategic defences in the Canadian strategic community. Yet employing the increasingly implausible arguments that SDI is merely a prudent effort to keep up with a much more advanced Soviet program, and that the program is compatible with the ABM Treaty, we have given SDI our blessing. We are, in effect, treating our security like a spectator sport.

Canadian deference to American judgement on strategy and arms control can be traced to a variety of sources. First, there is the sense that, since we are getting a "free ride" on defence, we have no right to demand a hearing on such important matters. The United States has always, of course, encouraged this sentiment among the Allies and used it to justify its habit of unilateralism.

The linkage, though, is really quite false. The "right" to speak up (personally I would call it a responsibility) stems not from the level of our defence expenditures, but rather from the fact that our vital national interests demand it. In any event, Canada will never be able to satisfy Washington that it is doing enough on defence, no matter what we spend.

A second source of Canadian deference is concern with preserving Alliance unity on important security questions. Alliance unity, of course, is extremely important in the context of arms control negotiations. At issue, though, is whether the requirement for unity tends to foreclose or impede the working out of differences among the Allies.

As I have said, I believe that the current shift toward strategic defence is being pursued in the absence of Alliance consensus. At the same time, Washington has placed a heavy premium on Alliance unity with regard to the program.

This effort to mute Allied disquiet over the move toward strategic defence has thus far been amazingly successful. In Canada, as elsewhere, "agnosticism" about SDI has been declared the watchword of the day, meaning that one ought to withhold judgement on the program until all of the technical results are in.

This policy of agnosticism, however, occasioned largely by the perceived requirement for Alliance unity, harms rather than serves Canadian security interests. The likely impact of strategic defences on stability, arms control and Canadian defence policy, are in broad terms at least quite predictable and negative. Although the technology that eventually emerges would clearly influence Canadian policy options, it is hardly necessary to see the blueprints to know that those options will be unpleasant from a Canadian standpoint.

And imposing unity over an absence of harmony is simply asking for trouble down the road.

A third factor encouraging Canadian deference on these matters is a concern with cross-issue linkage. In other words, the perception that

accounts are kept carefully in Washington, that trouble-making on one issue is likely to garner retribution on another, encourages caution.

You will recall that this became an issue during last summer's debate on Canadian participation in SDI. Concern was raised in a variety of quarters that Canadian refusal to participate would result in a loss of cooperation in other areas of the defence relationship or even that the U.S. would spurn Canada's petitions over free trade.

This Committee's conclusion that Canadian-U.S. relations would not suffer as a consequence of a decision by Canada to decline participation in SDI has, I think, been vindicated by the lack of retaliatory measures by the United States in other areas of the relationship since that decision was taken in September. More generally speaking, it is quite implausible that forthright, and that is not to say gratuitously provocative, presentation of Canadian interests to Washington in the field of arms control would call up retribution in other areas.

A final problem which contributes to Canadian reticence in the pursuit of our arms control interests with the United States concerns analytic resources.

This is, of course, a problem which confronts all of the Allies to varying degrees, not just Canada. Nor is it a problem peculiar to the arms control field. In endeavouring to advance their interests in the policy process in Washington, the Allies cannot hope to match American access to the information and analysis pertinent to complex strategic issues. This fact, though, can encourage a sense that the Americans know better because they have better information, and consequently mute the presentation of one's own national interests.

Canada has been endeavouring to redress this problem by developing areas of specialization in the arms control field that would give it an entrée into discussions of those issues. Of particular note in this regard are verification and outer space law. By all indications, this strategy has worked well, so that Canada is now gaining international recognition in these areas.

Canada has also been adding very gradually to the manpower and other resources allocated to arms control. In view of the challenges to Canadian security interests emerging from changes in the strategic environment, however, the resources that have been put into arms control to date remain woefully inadequate.

Taken together, the factors mentioned here have served to encourage Canadian deference to American judgement in the strategic area. This has helped, in turn to preserve the traditional Canadian view of strategic arms control as essentially a superpower preserve in which we are relegated to the role of cheerleader or, at best, a helpful provider of ideas.

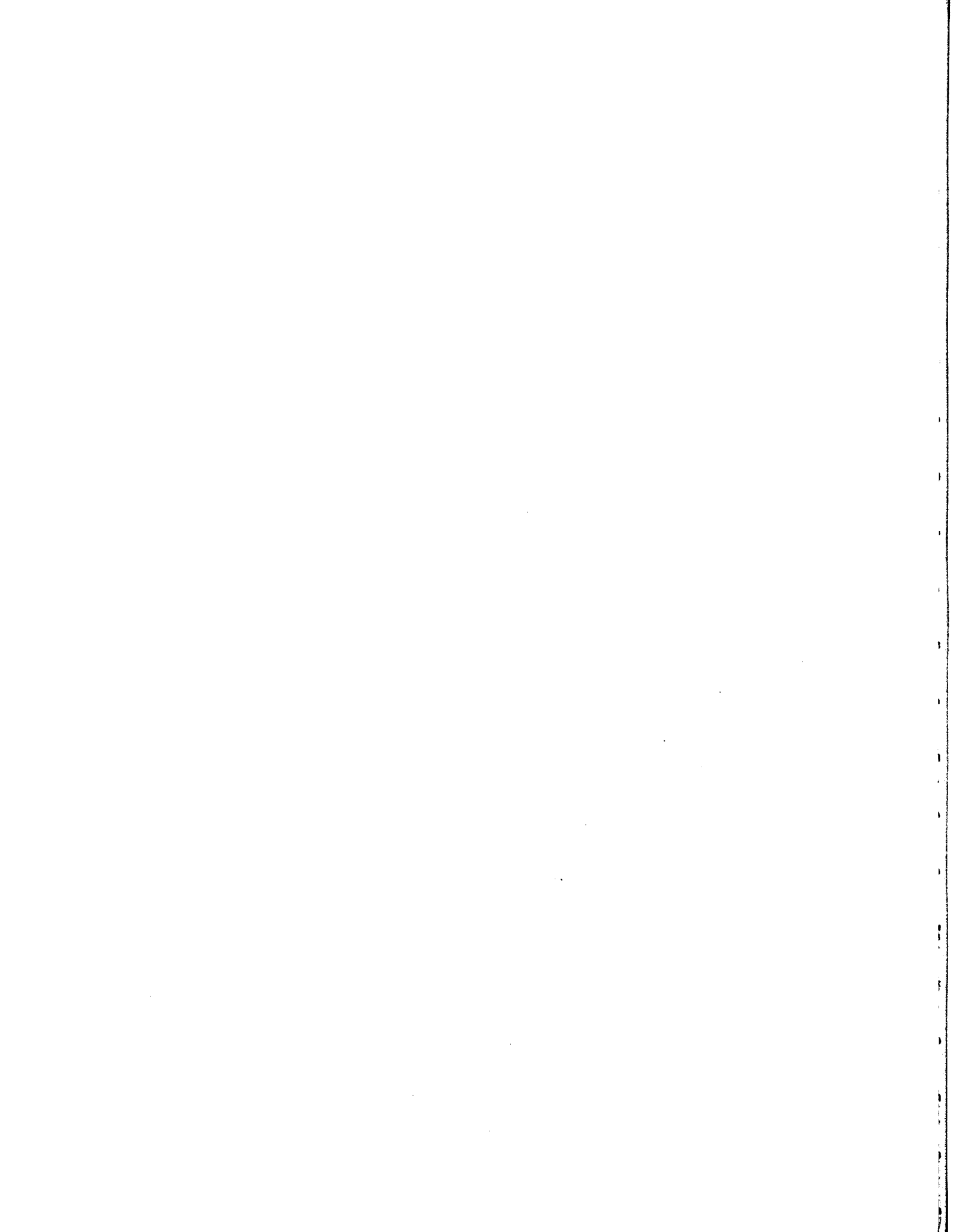
It has thereby inhibited an appreciation of superpower strategic arms control as having consequences for Canadian security more immediate than those stemming from the threat of nuclear war. And most important of all, it has impeded recognition of Canada's need for a strategic arms control policy of our, a policy concerted, of course with our Allies, but taking into account Canada's own concerns and interests.

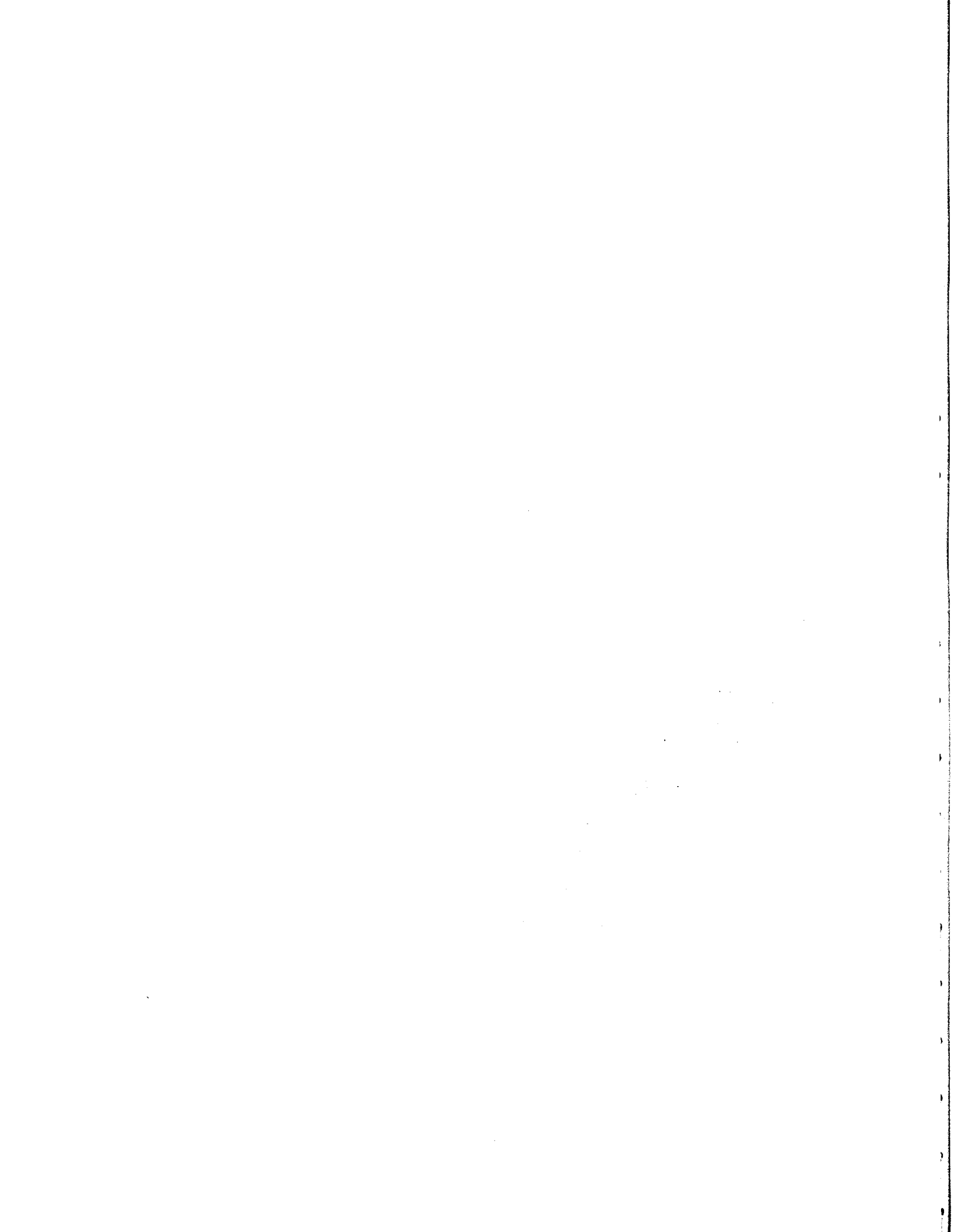
In the absence of such a policy and the long-term thinking it would entail, the changes taking place in the strategic environment now and in the future will carry Canada along, willy-nilly, with them.

Of course, there would be nothing particularly new in that. What have changed, however, are the stakes now involved for Canada in deferring to the judgement and interests of others. The trend toward strategic defence promises to alter Canada's security situation to an unprecedented degree. In a very concrete way, the free ride we have been taking on strategic arms control will no longer do.

Preparing to take up our responsibility in this area will entail a variety of measures.

1. The government must substantially increase its own internal resources, especially its analytic capacity, devoted to strategic arms control. This should be accompanied by a rationalization of the strategic arms control policy-making process.
2. The government should ensure that the Embassy in Washington includes staff with significant expertise in arms control. It might, in this regard, consider hiring a professional arms control lobbyist also capable of presenting Canada's case effectively.
3. The government should examine the idea of rejuvenating the Permanent Joint Board on Defence, and making a significant element of its reconstituted mandate the development of a working relationship with the United States on mutual arms control interests.





A SUBMISSION OF
THE CANADIAN CHAMBER OF COMMERCE
TO THE
SPECIAL JOINT COMMITTEE OF PARLIAMENT
ON
CANADA'S INTERNATIONAL RELATIONS



December 12, 1985

EXECUTIVE OVERVIEW

This submission of the Canadian Chamber of Commerce to the Special Joint Committee of Parliament on Canada's International Relations advocates a multi-faceted approach to restoring Canada's international competitive edge. This includes the creation of new, and the refinement of existing, government policy instruments, as well as cooperation and consultation among all segments of society and the reduction of the federal budget deficit.

In the area of trade policy, the Chamber recommends the broadest practicable liberalization of trade, both through GATT and through bilateral negotiations with the United States. Negotiations with the U.S. should detract neither from the management of our on-going trade relations with all countries nor from the development and expansion of Canadian trade with other important markets. In addition, the Chamber believes that the organization of trade promotion efforts is in need of review; this should aim for greater consolidation of federal government programs for international trade and industrial cooperation, along with closer cooperation with existing provincial and private sector organizations involved in this field.

With regard to international development cooperation, the Chamber considers that Canadian commercial objectives and the development objectives of Third World countries need not be in conflict, and we therefore support the tying of aid resources to the export of Canadian goods and services.

The section on "Industrial Policies and International Competitiveness" reviews a number of government policies and regulations that weaken the ability of Canadian firms to compete and makes a number of recommendations regarding economic adjustment, R & D and investment policies.

The submission also addresses existing inter-provincial barriers to trade and means of improving labour relations, two key areas where Canadian performance has fallen short of the requirements imposed by the need to be competitive in the world and the desire to improve the welfare of all Canadians.

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INTRODUCTION

The Canadian Chamber of Commerce is pleased to present its views on a broad range of economic issues of relevance to this review of Canada's international relations.

The Canadian Chamber of Commerce is Canada's largest national business association with an overall membership of 150,000. Its membership is made up of companies both large and small, from every region of the country and encompassing every sector of industry and commerce. The Chamber is a voluntary non-profit body which derives much of its strength from the commitment and involvement of business people across the country.

International activities are a significant element of the Chamber's program including trade and investment promotion, development of positions on federal policies and the provision of trade services to businesses in Canada.

The Chamber had an opportunity to appear before the Committee in July to comment upon Canada-U.S. trade relations. As a result, this submission will make only passing reference to that issue.

The interdependence of domestic and international economic and political dimensions is becoming increasingly complex. Similarly, political and security issues can, and do, have a significant impact on economic relationships and the economic prospects for individual countries. While recognizing the existence of these close linkages, however, the Chamber will concentrate on economic and commercial issues. Indeed, the Chamber is of the view that, given Canada's current economic and political circumstances, economic issues should receive priority attention in the development of policies affecting Canada's international relations.

Since the last review of Canadian foreign policy some fifteen years ago, the world has changed quite dramatically. The U.S. continues to be the primary engine of the world economy (particularly for Canada), but it is growing at a much slower pace than are other regions, some of which are assuming a larger, more dynamic position. While Europe has also lost some ground as a major economic power, the Asia-Pacific region has increased its position quite dramatically. From 1970 to 1983, world-wide economic growth recorded an average annual increase of approximately 3.2%. For that period, the U.S. experienced annual growth of 2.5% while Western Europe showed growth of nearly 3%. The Asia-Pacific region, meanwhile, experienced annual growth of 4.8%. Excluding the 3 developed countries of the region (Japan, Australia and New Zealand), the Asian average annual growth rate for the period was 5.3%.

Latin America and the Middle East showed impressive growth in the past 15 years as well. Latin America, including Central America and the Caribbean, experienced an average annual growth rate of 4.6%, while the Middle East recorded average annual growth of 5.9%. Both have lost some of their momentum at the present time, the former as a result of serious debt problems and the latter as a result of oil price reductions. However, in spite of their present difficulties, current prospects for Canada in these regions are not insignificant and both have the potential to resume strong growth patterns in the medium term. As a result, Canada cannot afford to ignore these regions.

Trade shares have shown a similar shift. In the past 13 years, a number of developing countries have assumed a significant position in world trade. In 1972, the United States was the source of 13.6% of the world's exports. In 1984, its share fell slightly to 12.6%. Canada's share fell, during that period, from 5.7% to 4.8%. Economies such as Japan and the four Asian NICs (South Korea, Taiwan, Hong Kong, Singapore) have captured a greater share of world markets. Japan's share grew from 7.2% to 9.3% while the Asian NICs more than doubled their market share from 2.4% to 5.4%.

As a region, Asia-Pacific countries have increased their share of world exports from 14.1% to 22.1%. Western Europe on the other hand, experienced a loss in world export share from 49.4% to 39.3%.

The past 15 years have seen a quite significant change in the "developing" countries. A number of them have leaped beyond the ranks of the Lesser Developed Countries (LDCs) and have achieved industrial successes which are challenging many of the traditional industrialized nations. Economies such as South Korea, Brazil, Singapore, Hong Kong and Taiwan can no longer be considered in the same league as the majority of LDCs. Indeed, their emergence in the past 15 years has had a significant impact on the competitiveness of many industries in Canada and other developed countries.

It is in the context of these new realities that this review of Canada's international relations must take place.

1. TRADE POLICY

Since World War II, virtually every country in the world has grown increasingly dependent upon international trade. In the case of Canada, merchandise trade comprises over 30 percent of our GNP. Nevertheless, Canada is one of the few industrialized countries which does not have secure access to a market of over 100 million. Achieving relatively unfettered access to world markets must be a prime objective of Canada. This would enable Canadian companies to rationalize production, achieve certain economies of scale and plan for the future with a degree of certainty. However, the growth of regional trading blocs and the emergence of sophisticated and restrictive non-tariff barriers have eroded Canada's competitive position in world markets. Coupled with this phenomenon is the growth of protectionist pressures in the United States, a more significant trading partner than the rest of the world combined.

Trade is Canada's life-blood. In fact, some three million Canadians in the work-force depend directly on trade for their livelihood, as well as that of their families.

For the foreseeable future, the United States will continue to be our dominant trading partner, and, as we indicated in our submission to the Special Joint Committee of Parliament on July 18, 1985, we want to see our trade with the U.S. grow further still. The Chamber does, however, believe that it is important to diversify our foreign markets and to put as much balance as possible into our external trading relationships. The Chamber believes that, concomitant with efforts to launch multilateral negotiations at GATT and bilateral negotiations with the United States, greater effort should be directed to expanding our trade relations with the new, growing markets of the world, such as the Asia/Pacific region.

Thus, while the Chamber fully supports current efforts under way to enter into negotiations with the United States with the objective of securing

greater access to that market for Canadian producers, the Chamber hopes that this undertaking will not unduly detract from either the management of our ongoing trade relations with all of our trading partners, including the United States, or the development and expansion of Canadian trade in other areas of the world of particular importance to us. The Chamber hopes that the current preparations for trade negotiations with the United States, and the negotiations themselves, will not result in a massive diversion of resources from existing priority areas and that the Department of External Affairs will continue to devote a sufficient degree of manpower to areas such as the Pacific Rim, where Canadian trade has been growing at a steady pace in recent years.

Both in GATT negotiations and in Canada/U.S. talks, we believe that the Canadian government should aim for the broadest, most comprehensive approach possible. A comprehensive approach promises the greatest potential economic benefits, and it allows the greatest scope for trade-offs between tariffs, NTBs, sectors, functions, etc., as well as the greatest scope for transitional measures permitting industry to adjust to the new trading environment. Moreover, a comprehensive approach to Canada/U.S. trade liberalization is the one favoured by the U.S. Administration and the one most easily reconciled with GATT. The Chamber would expect that bilateral negotiations with the United States would go further than a new round of GATT negotiations in reducing tariff and non-tariff barriers and that bilateral negotiations would allow us to address more directly the problem of proliferating protectionist measures passing through Congress, in addition to other issues of particular or unique concern to Canada and the United States.

The Chamber hopes to see a bilateral trade agreement which will result in the orderly phasing-out of all or substantially all trade barriers between the two countries by a pre-determined date and which will establish a mechanism to monitor and arbitrate on possible violations to the wording or

intent of the bilateral trade agreement and related agreements. Such an agreement should not infringe on the freedom to formulate Canadian trade, industrial and social policies according to Canadian needs and objectives.

There must be a clear recognition that export markets are only accessible if governments allow the world trading system to operate openly. Exports and imports are linked, and countries cannot attempt to promote one while restricting the other. Governments of all countries, including Canada, must recognize that protectionism is counterproductive and will hurt the ability of their own companies to export. The Canadian Chamber of Commerce commends Canadian efforts in favour of the earliest possible launch of the next round of multilateral trade negotiations. A new MTN round is the best hope for providing Canadian exporters with improved access to countries other than the United States. We must therefore ensure that these negotiations cover the broadest possible range of trade issues. Special efforts must be made to involve LDCs and NICs fully in the process, to bring these countries fully under multilateral, non-discriminatory disciplines and to overcome their distrust of developed countries' interest in trade in services. International agriculture trade, especially the use of export subsidies, must be brought under the rules of GATT.

Effective adjustment policies will be essential in order to assist those sectors of the economy that will require the greatest adjustment in the transition to a more competitive trading environment. The Chamber recognizes that a lesson of previous trade liberalization exercises has been the problem of factoring out the impact of a changing trading environment from other impacts on firms or labour when implementing trade adjustment assistance programs. However, when designing such programs, the government must consider as priority issues: phase-in periods corresponding to industry sectors' capacity to adjust; worker-oriented transition programs; transition measures designed for companies, with special consideration given to the needs of small business; and longer term assistance responding to the need to stimulate research and development and taking into account regional development needs.

2. INTERNATIONAL MARKETING

A critical aspect of a national trade strategy is international marketing. The Chamber is of the view that the development of a program to increase Canada's presence in foreign markets will require the cooperative efforts of all levels of government and the private sector.

There should be a recognition at the outset, however, that the requirements of Canadian companies differ quite significantly depending upon their size, level of export sophistication, type of product or service, markets of concentration, as well as the nature of their trade. It is, therefore, a mistake to assume that one or two approaches to export development will satisfy the requirements of all exporters.

The types of programs which can be useful to assist Canadian companies to develop markets fall into three categories:

- information
- on-site assistance
- market development assistance or incentives, including export financing

An essential aspect of any effort to penetrate foreign markets is information. Many small and medium-sized companies are greatly in need of information about opportunities abroad and the programs which are available to assist them to develop those opportunities. Much of that information is available, but it tends to be spread among several government organizations. Larger companies have learned how to access that information, but smaller ones don't have the resources to keep in touch with various government bodies and associations, to travel to foreign markets on a frequent basis, or to maintain research departments and libraries.

Most companies therefore require a well-established information collection network and, equally important, an effective delivery system. The Canadian Posts abroad and the trade sections of the Department of External Affairs do a fairly good job of collecting information, but it doesn't appear to be disseminated as well as it should. An expansion of the federal government's regional offices does not appear to be the answer, particularly when existing mechanisms already exist through the provinces and private sector organizations.

The Chamber is pleased to note the increased degree of cooperation between the federal government and provincial governments in the trade development field. We would urge both to continue their efforts to rationalize their activities to increase efficiency. On the specific issue of information dissemination, it is our view that the provinces are not only closer physically to companies than is the federal government, but most have fairly good delivery systems.

Private sector organizations can play a significant role as well. The large horizontal organizations such as the Canadian Chamber of Commerce, the Canadian Export Association and the Canadian Manufacturers' Association can all assist in channelling information to Canadian companies. From the Chamber's own perspective, the network of community chambers of commerce and boards of trade is, by its grass roots nature, an excellent vehicle to carry out programs of this type. Indeed, a number of community chambers already have business information centres and are able to disseminate information in several ways: print, seminars, etc.

In addition, there are a number of trade councils which have developed quite good information programs that include market-targeted seminars, publications, and research studies, to name just a few. But these bodies are generally supported by companies which are larger and fairly well-established in the markets they serve. These organizations might be encouraged to take on a greater information dissemination role with respect to a much broader range of companies, particularly smaller businesses.

Electronic data bases relating to trade information are not well developed in Canada. The Chamber would encourage, and would be willing to cooperate in, the development of a trade information system which would link trade opportunities and Canadian companies, both importers and exporters.

A second program area which is crucial for market development is on-site service. To a large extent, this embraces the type of services provided by trade officers in Canadian Posts abroad. These services should include such tasks as: identifying opportunities, providing advice on the characteristics of selling in that market, establishing contacts and making appointments for Canadian companies, to name but a few.

By and large, trade commissioners are viewed positively by the business community, although there have been suggestions by a number of people that the newer trade commissioners are less business-oriented than their predecessors. It is the Chamber's view that to properly serve as a trade commissioner requires a number of years of experience and training, not just in the public sector (in a trade commissioner's role), but also in the private sector as someone involved in marketing within a company. The current effort to produce well-rounded foreign service officers by having such individuals serve stints in various branches of the Department of External Affairs may have the effect of producing more foreign service generalists, rather than trade commissioner specialists, such as we feel are needed.

In short, it is our belief that there should be a return to a greater degree of specialization within the trade commissioner service. Individuals should be recruited into the service at levels somewhat higher than the most junior foreign service officer (which is the current practice), in order to attract individuals from the private sector who already have experience in marketing or other business activities.

The distribution of trade development services abroad, in the view of the Chamber, still reflects a bias in favour of historical trade patterns (e.g. Europe) at the expense of markets that may have greater prospects for growth (e.g. Asia-Pacific). If one looks at the number of trade officials in Western European posts compared to those in Pacific Rim posts, it is somewhat obvious that the concentration is still on Europe, even though the Pacific Rim has surpassed all of Europe as a market for Canadian products. For this reason the Chamber applauds the government's recent decision to increase the number of trade personnel in certain Asian-based posts, but we feel that more remains to be done.

In addition, the need for the services provided by trade commissioners varies in different parts of the world. For example, it is easier for Canadian companies to pursue market opportunities in the United States and Western Europe where business practices are much more similar to those of Canada and where linguistic differences and other difficulties are either non-existent or less of an impediment than they are in the countries of Asia-Pacific. To develop market opportunities in Asia-Pacific, the Middle East, Latin America and Eastern Europe requires a great deal of assistance from trade commissioners to seek out information, make initial contacts, set up appointments, and provide follow-up. Canadian companies feel much more comfortable doing this on their own in the United States and Western Europe. Similarly, business practices in the developing world, particularly in the Pacific Rim, are significantly different from those in North America and Western Europe. These differences require that a great deal more guidance and support be provided by trade commissioners.

The impression should not be left that the Chamber views current federal activity in the trade development field as being of a low level. Indeed, we recognize the many positive programs which are in place. We do feel, however, that given the highly competitive international environment, Canada must seek to achieve the maximum benefit from every dollar spent.

The Chamber does not feel that the trend toward establishing trade promotion or industrial cooperation divisions in individual federal departments is likely to produce the results hoped for. Rather we see this development as an unnecessary duplication of effort and a dissipation of scarce resources that not only lends credence to reports of friction inside the federal government but also confuses our potential customers, to the benefit of our foreign competitors.

Perhaps it is time for Canada to review the basic structure of its trade promotion and support services as they relate to the operation of trade offices abroad and to the Canada-based services provided by both senior levels of government. The Chamber therefore has urged the establishment of a joint private sector/public sector task force to review the broad range of trade services and recommend a future course of action. Included in such a review would be an investigation of the practices of other countries.

The third type of program which is required to be internationally competitive is financial assistance. As much as we might like to avoid a discussion of the topic in this era of restraint, Canada cannot ignore the reality of the competition from other countries. If most of our major competitors are receiving tax incentives, or market development assistance or subsidized export financing, Canada cannot simply ignore reality and let Canadian companies fare as best they can. However, given the limited resources available, Canada must be selective in its choice of assistance programs and target these programs to achieve specific objectives.

In this submission, the Chamber would like to point to two types of programs for more detailed discussion. There are a number of other programs which might be identified, but the Program for Export Market Development (PEMD) and export financing will suffice to serve as examples of the Chamber's approach to the concept of financial assistance.

The PEMD program is a grant program designed basically to offset some of the costs involved in developing new markets. It has generally been given high marks by companies, since it fills a definite need, especially for small and medium-sized companies. For these companies, travel costs, particularly for markets outside of North America, are a fairly heavy burden to assume in the initial stages of market development. However, the program could be further simplified to make it more rapidly responsive and easier to access. The Chamber believes it could be more effective if it were a tax-based program. This would not curb the ability of the government to limit the size of the benefit -- such as a maximum percentage of export sales, or excluding certain regions of the world -- in order to minimize the impact on the federal Budget.

Export financing is perhaps the most visible of financial assistance programs. It bears noting, however, that approximately 90% of Canadian exports are financed by private sources with essentially no government involvement. Most is short-term financing provided by the companies themselves or by the private banking system. Consequently, the the Export Development Corporation is only involved in about 5% of export financing, only 1% of which is direct financing.

One should also keep in mind that financing is only one factor governing the success or failure of a particular bid for an export order. Price, quality, ability to deliver, dependability and reputation of the firm, knowledge of the market, willingness to provide support, and ability to transfer technology are all important.

The financing package takes on added importance when the markets are developing countries or Eastern Europe, particularly for larger projects that require long-term financing. While we may be unhappy with the expansion of subsidized export financing in the world, if we are going to be in the game, we have to recognize reality and provide competitive financing packages. However, Canada cannot afford to match the financing offered by

others in every case. Nor can we afford to be world leaders. Perhaps, most important, Canada cannot afford to "buy" projects or to prop up bids that would otherwise be uncompetitive. We must establish criteria which will ensure that concessional financing would only be provided when the longer-term interest of Canada is served.

The other aspect of export financing which should be addressed is the delivery of that portion of export financing now provided by government bodies such as the Export Development Corporation. The Chamber is of the view that a broader distribution of Canada's government-supported export financing services, resulting over time in a significant increase in Canada's export volume, could be achieved by utilizing the already established domestic and international branch networks of Canadian private financial institutions.

Therefore, private bank and insurer participation in all aspects of export financing and insurance should be supported and encouraged, provided there is an economic benefit to Canada, the needs of all exporters are appropriately served, and they are not placed at a competitive disadvantage. In this regard, the Export Development Corporation could move increasingly into the role of facilitator, insurer and guarantor of export credit leaving the delivery of the programs to the private financial institutions.

To conclude this section on international market development, some mention should be made of trading houses. Quite properly, the former federal government quashed the concept of a National Trading Corporation. A recent study, the Burns Report, Promoting Canadian Exports: The Trading House Option, identified a number of positive steps which can be taken to strengthen existing, and to encourage the creation of new, trading houses. Strong trading houses can serve as a major boost to the export potential of many small and medium-sized companies that simply do not have the resources or expertise to undertake an international marketing program.

One of the shortcomings of Canadian trading houses is that, because they are generally small, they lack financial resources. The Canadian banks can play a role, either by providing financing to the existing trading houses or through a more direct route. The characteristics of most major Asian and European trading houses frequently reflect a bank involvement, often as the owner.

The United States has recently amended legislation to enable banks to invest in trading companies. These examples suggest that Canada might be well served by an amendment to the Bank Act of 1980 to permit Canadian chartered banks and other financial institutions to form or participate in trading companies and also to take possession of and hold goods as may be necessary to facilitate the export of Canadian goods and services.

3. INTERNATIONAL DEVELOPMENT COOPERATION

In spite of the economic progress which has been witnessed in the past 15 years, development remains a major problem in much of the world. Since the last foreign policy review, the complexities of economic development and the diversity of the problems of Third World countries have come to be recognized more clearly. There is now a much better understanding that there is no single uniform solution to the problem of economic and industrial development. As a result, the policies of aid-doner countries must be flexible enough to meet the specific needs and special circumstances of aid-recipients.

Canada has played a significant role, relative to its size, in aid programs since the early 1950s. That role has been a positive one not only for recipient countries but for Canada as well. It does the industrialized countries no good to have large parts of the world burdened by hunger and debt. The resolution of these problems in a sound, efficient manner will lead to a stronger world economy.

The role Canada has played, and should continue to play in international development, is generally directed toward both humanitarian and economic development objectives. Humanitarian objectives, such as Canada's response to the recent crisis in Ethiopia is an example of our response to the basic needs of our fellow man. Special cases such as this one, as well as the on-going food, medical and other humanitarian aid programs, are supported by most Canadians as long as they meet the real needs of the people of recipient countries and are managed in an efficient and fair manner.

But to help Third World countries develop the means to achieve progress, it is the economic and industrial development components of Canada's aid programs that will have the greatest impact. Canada has a great deal to offer Third World countries in their efforts to develop their economies.

However, if Canada is to make that positive contribution, it must do so from a sound economic base at home. As a result, we must also consider the impact of all of our programs on the domestic economy.

Canadian commercial objectives and the development objectives of Third World countries, however, need not be in conflict. As a result, the Chamber supports the continued practise of tying 80% of aid resources to the export of Canadian goods and services. Canadians can, in most areas, provide products or services of a quality which matches that found anywhere else in the world. Efforts to ensure that Canadian aid funds for a particular project are used to finance Canadian goods and services, rather than those of another country, should not only be acceptable, but encouraged and pursued.

First of all, Canada's competitors use such a linkage to great advantage. Secondly, Canada does not have many of the historical or military relationships with developing countries that its major competitors possess. For example, Canada does not have old colonial ties such as the British and French use to great effectiveness in their ex-colonies. While much may be said of the animosity toward the old colonial power, there is no doubt that the business relationships established under colonial rule are aggressively maintained. Furthermore, since Canada is not a world military power, it cannot use military support for particular governments as a means to achieve economic ends.

Moreover, many of the goods and services in which Canada is particularly competitive relate to infrastructure projects. Many of these infrastructure projects take place in developing countries. In such markets, the linkage of trade and aid is extremely important, if not crucial to the success of a project. In addition, it is generally assumed that if a country such as Canada is heavily involved in the development of basic infrastructure in a developing country, it will receive a great deal of additional business as the infrastructure is expanded.

The Chamber also believes that assisting the propagation of business enterprises in Third World countries provides opportunity for economic development in those countries. The private sector in Canada should be encouraged to pursue projects in developing countries which will produce benefits both for the host country and for Canada. CIDA's Industrial Cooperation Program has made a major contribution to this effort.

4. INDUSTRIAL POLICIES AND INTERNATIONAL COMPETITIVENESS

International competitiveness for Canada and Canadian companies is significantly affected by the domestic economic environment. Conversely, the objective of establishing sound domestic economic policies can only be achieved with a clear and ever-present recognition of the international economic environment. As a resolution adopted by the Chamber's 1984 Annual Meeting recommended, "public policies and private business practices should all be assessed against the criteria of enhancing productivity and increasing competitiveness".

For many years Canada was fortunate to be a leading exporter of resource-based commodities which were in great demand in the world. But it is no longer a sellers' market for resource-based commodities. As a result, the terms of trade have turned against Canada. However, given the weight of resource-based products in Canada's exports, there is little that Canadian government policies can do to stimulate demand for and production of output. Canada's problem is the longer-term one of improving the international competitiveness of traditional resource-based industries, of enabling, encouraging and assisting manufacturing and service industries to restructure and adjust to increasing world competition, and of promoting the establishment of new industries to meet the needs of the 1990s and the 21st century.

It is obvious that many volumes could be written on these issues and the policies which might be pursued to achieve these objectives. General economic policy, for example, has a major impact on international competitiveness. In this connection, the Canadian Chamber of Commerce urges that the Federal Government increase its efforts to reduce budget deficits, and do it now, or else the Canadian economy will fail to realize its potential. The Chamber recognizes that a major deficit reduction could weaken economic growth in the short term and therefore urges that the deficit cuts be made now while our economy is experiencing growth strong

enough to absorb some of the potential short-term effects. Lower interest rates resulting from the reduced public sector borrowing requirement would help cushion these short-term effects. Moreover, it is critical that the goal of deficit reduction be accomplished through spending cuts rather than tax increases, as the latter approach would undermine Canada's competitive position vis-à-vis other countries, particularly the United States, which is heading for lower tax rates.

As a general comment on the issue of industrial policies, there appears to be a tendency in many industrialized countries, including Canada, to base such policies on the weak and declining industries, rather than on the strong and growing; policies designed to defend the past and present rather than to fight for the future. The Chamber believes that industrial policies must recognize the necessity of adjustment and restructuring which means allowing some industries - or, as is more likely the case, some companies in certain industries - gradually to be phased-out. This is a natural economic development, and to attempt to turn back market forces risks prolonging and aggravating the situation.

In creating industrial policies designed to achieve the objective of a stronger economy, we believe that the greatest contributing factor will be a positive environment for business including a competitive tax regime, a high level of productivity, a minimum of regulation, etc. However, there will be instances when specific programs can and should be implemented by governments to encourage the development of strong industries. It is our view that Government incentives for industrial growth and renewal should apply broadly and impartially to all firms and industries and not to specific firms or industries that the government believes, at a given moment, will be successful. We do not believe in the concept of "picking winners and losers", nor do we generally support the use of grants directed at particular companies or industries. We do, however, believe there are identifiable requirements of strong, growing companies and industries. To

help meet these requirements governments will implement specific programs. The programs should, where at all possible, be delivered through the tax system rather than by way of grants.

One example of a factor common to strong companies is enhanced and new technology, whether process technology or product technology. Programs to develop technology at home and, equally important, seek out technology from abroad, are critical to Canada's future economic strength. The Canadian government should place a high priority on policies designed to achieve these objectives. Indeed, it is quite conceivable that several objectives might be combined by linking more generous tax incentives for R & D to increases in exports. Another effect of such a policy might be to encourage investment in Canada by foreign multinationals and, with it, global product mandating. Coherent policies for the protection of intellectual property must be put into place - policies that recognize and balance the rights of creators with the needs of users - in order both to make Canada an attractive base for creators and innovators and to remove any disincentives that may exist against the transfer to Canada of foreign-owned intellectual property.

Furthermore, we in Canada should be making a greater effort to combine the resources of the private sector, universities and research institutes, and governments in the pursuit of technological advances. The Chamber recognizes the budgetary constraints facing the government and fully supports efforts to reduce the budget deficit. However, as a priority, attention must be paid to the funding of university research programs in order to meet our country's need for research and for highly-qualified manpower. Technology transfer programs between universities and industry should be encouraged.

Government must also recognize the effect domestic policies, such as competition legislation, can have on international competitiveness.

Competition is becoming less and less a matter that can be judged purely on domestic grounds. For a country such as Canada, which is quite open to imports, competition is increasingly affected by non-domestic suppliers. As a result, Canadian companies must be allowed to restructure and rationalize. This process may well result in fewer companies but, in the process, stronger ones will be created which can withstand the competition they will face in international markets as well as in the domestic market. Unless barriers are placed on the import of competing products from abroad, a reduction in the number of Canadian companies in a particular industry will have little or no effect upon competition domestically.

With a domestic market increasingly open to international competition, we must ensure that our domestic regulations and other legal requirements do not impede Canadian companies' ability to compete at home and abroad. The federal Government recognizes that many existing regulations add substantially to the costs of doing business without contributing significantly to the attainment of the social, economic, environmental or other goals the regulations were designed to attain. The Chamber applauds the Government's efforts to de-regulate, for example the Transportation Minister's discussion paper Freedom to Move, and we urge further bold and imaginative actions.

Investment policies also have a significant impact on Canada's ability to compete internationally. As Canada goes through the restructuring and adjustment process we suggest must occur in the next decade, foreign investment will play a critical role. The investment which will be required is not simply capital but, perhaps more importantly, technology. We would expect that this new investment will not simply be in the form of acquisitions, although these can have a positive effect, or wholly-owned greenfield investments, but increasingly we would expect to see more joint ventures with existing Canadian companies.

The Canadian government has made a major step forward to promote investment by the creation of Investment Canada. But attracting investment is not a simple task. The welcome mat is only the first step. There is a great deal of competition for investment and it will take a strong, aggressive program involving all sectors of Canadian society if Canada is to attract the level and quality of investment we require. A joint effort involving, at a minimum, governments, business associations and business leaders, as well as the banking community is needed.

However, investment, like trade, is a two-way street. It is also important for Canada to recognize the necessity of Canadian companies becoming more aggressive as investors abroad. The process of strengthening, restructuring and diversifying a company's activities frequently means it must invest abroad. While access to markets protected by trade barriers may be one reason, it is by no means the only one, or even the most important reason. Companies invest abroad to serve a market they could not efficiently serve from their home base; to secure access to raw materials; to adapt to structural changes in the industry; to acquire new technology; or to diversify.

All of these actions can strengthen the parent company and increase its competitiveness, and that, we suggest, is better for the Canadian economy than a company which remains domestic and becomes weaker in the face of increasing international competition.

The Canadian Chamber believes that Canada should encourage Canadian companies to seek investment opportunities abroad. The Industrial Cooperation Program of CIDA has made a positive contribution to Canadian companies seeking investment opportunities and other forms of cooperative activities in developing countries with benefits to both Canada and the lesser developed countries. Also, the Canadian government should accede to the Multilateral Investment Guarantee Agency and to the International Convention for the Settlement of Investment Disputes. In addition, Canada should conclude, where possible, bilateral investment protection treaties which would help to facilitate Canadian investments abroad.

5. INTER-PROVINCIAL BARRIERS TO TRADE

Of extreme importance to the Canadian economy in and of itself, but emerging as a key element in Canada's efforts to obtain maximum benefits from international trade, is the matter of inter-provincial barriers to trade. Since Confederation, most provincial governments have put in place preferential procurement policies that penalize out-of-province companies wishing to conduct business in their jurisdiction. These barriers to inter-provincial trade include percentage preferences to local suppliers/contractors on public projects, restrictive tendering practices, restrictions on the ownership of land by non-provincial residents, restrictions of the sourcing of materials and also restrictions preventing manpower mobility.

In recent years there has been an escalation of barriers inhibiting the inter-provincial flow of goods and services in Canada. This has reached the point where some provinces have adopted procurement policies that effectively deny access to provincial contracts for suppliers from other provinces.

These inter-provincial barriers impose higher costs on governments and higher taxes on taxpayers. They fragment and balkanize the already small Canadian market; they also weaken our industry's efficiency and competitiveness. Canadian companies are unable to derive maximum benefits from their domestic market of 25 million people, a market that must serve as a springboard for entry into international markets.

The Canadian Chamber of Commerce applauds the federal Government's efforts to address these inter-provincial trade barriers and urges that all levels of government - federal, provincial and municipal - act to remove all barriers to trade within Canada from their legislative, regulatory and administrative practices, with a view to realizing the benefits of one indivisible, common market for goods, services and labour in all regions and in all jurisdictions of Canada.

7. IMPROVING LABOUR RELATIONS

The Canadian Chamber of Commerce believes that the business community must take a leadership role in introducing and encouraging changes to improve Canada's labour relations climate.

Canada's poor industrial relations have weakened our ability to produce goods and services as efficiently as possible. Moreover, our record has fostered the perception among our economic partners, including the United States, that Canada does not offer as stable as possible an environment in which to do business.

Chamber members feel that a major goal facing Canada is the improvement of industrial relations. As a starting point, we believe that attitudinal change must occur among all parties involved -- employers, employees and governments. Canadians must replace the existing adversarial approach with one that emphasizes co-operation. There are many steps employers can take to improve labour relations. These include increasing discretionary authority and responsibility at lower levels, increasing worker participation in decision-making, and renewed management efforts to communicate with employees directly so that issues can be discussed and resolved before they become problems. Employers must work to convince employees of the need to take up, with them, the challenge and to share in the effort to replace confrontation with co-operation.

Government, too, has a critical role to play. It can take measures to facilitate better employer-employee relations, for instance by encouraging labour participation in tripartite committees, by promoting the use of preventative mediation and industrial relations councils. We note the potential role of the Canadian Labour Market and Productivity Centre which, in our view, deserves continued support. Government can also contribute by

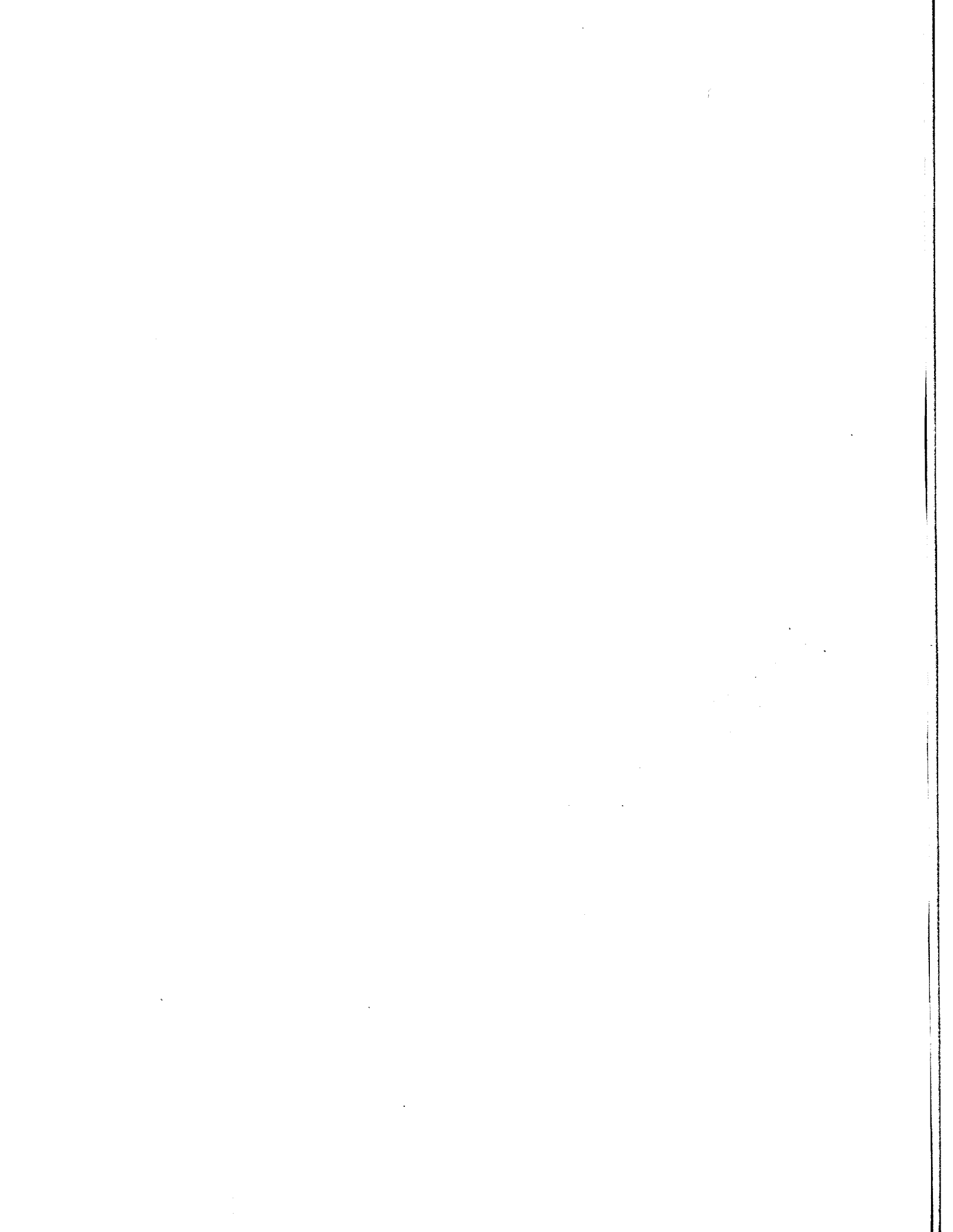
introducing legislative changes to remove impediments to open and direct communication between employers and employees and by taking measures to facilitate a cooperative approach to collective bargaining and to industrial relations in general.

CONCLUSION

Inability to compete abroad is the obverse of inability to compete at home. Although Canadian exports have grown absolutely in recent years, in relative terms we have fallen from fourth to eighth place in world trade since 1968. Much of this decline has to do with productivity and input costs; much has to do with the downtrend in relative prices and demand for certain goods and resources traditionally produced and exported by Canada.

The government of Canada has embarked on a mission of crucial importance to all Canadians, that of strengthening the Canadian economy and of preparing it for the future. The Canadian Chamber of Commerce welcomes the government's determination to subject all related federal policies and programs to close scrutiny. The Chamber believes that action is needed on a number of fronts. As we have stated elsewhere, the Chamber believes that realism dictates a multi-faceted approach which involves the creation of new, and the refinement of existing, policy instruments in a manner that is mutually reinforcing and that enhances the ability of Canadian industry to compete at home and abroad. There can be no quick fixes.

The Canadian Chamber of Commerce feels that Canada has already made significant strides forward, particularly by the growing willingness of most parts of society to cooperate and consult. This spirit of cooperation and consultation is underlined by the work of the Special Joint Committee. The Chamber has responded in the same spirit, and we have made a number of recommendations, both to government and to Parliament. The Chamber believes that by working together and by implementing policies that are consistent and mutually reinforcing, Canadians will be better able to regain their international standing and to withstand the inevitable challenges and shocks of the coming years.



BRIEF TO THE SPECIAL JOINT COMMITTEE
OF THE SENATE AND THE HOUSE OF COMMONS
ON
CANADA'S INTERNATIONAL RELATIONS

NOVEMBER 1985

CANADIAN COUNCIL FOR INTERNATIONAL CO-OPERATION
200 ISABELLA STREET
OTTAWA, ONTARIO
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I. INTRODUCTION

The Canadian Council for International Co-operation (CCIC), founded in 1968, is a national coalition of more than 100 Canadian non-profit and voluntary organizations working for international development overseas and development education in Canada. (See Appendix for member organizations.) Representing the interests and concerns of this non-governmental organization community and its extensive support network, the Council provides an important opportunity for communication between NGOs and government.

Development assistance has a significant role in Canada's international relations and a major impact on implementation of Canada's foreign policy because, in many instances, it is the most visible manifestation of Canada's policies. Due to the impact of Canada's international relations on Third World countries there is considerable interest in the work being undertaken by the Special Joint Committee of the Senate and the House of Commons among NGOs who are members of CCIC.

Therefore CCIC is pleased to respond to the Special Joint Committee's call for submissions on Canada's international relations. CCIC also expects to appear before the Special Joint Committee to further elucidate and discuss points made in this submission.

OBJECTIVES

As an organization, CCIC believes that there are basic objectives for gauging development needs and international development. These objectives are:

1. Development involves people in a process of defining their own goals, taking control of their lives and determining their own future as individuals and/or communities;
2. Development should promote social justice, equal access to wealth and power, and strive for conditions of peace and security;
3. Development must involve, among others, the poorest of the poor -- both people and nations -- as equal partners. Particular attention must be paid to the most socially and economically disadvantaged. In this regard, the position of women requires special examination and action;
4. Development must meet basic needs -- adequate food; clean and sufficient water; decent and affordable housing; health; and education;
5. Development, from the outset, must integrate political, economic and social aspects to be truly effective;

6. Development is sustainable and has due regard for the promotion and maintenance of a healthy environment; and
7. Development is self-reliant and not dependent on external aid; notwithstanding that aid may, if given under the right conditions, be necessary in the development process.

These development principles are widely accepted by the international development community, including the Canadian NGOs, U.N. bodies, and other international communities. Most of these development principles were put forward by the Parliamentary Task Force on North-South Relations in 1980. Also, they are inherent in the priorities of the Canadian International Development Agency (CIDA).

In 1975 the Canadian government issued a Strategy for International Development. According to that document the objective of the Canadian development assistance programme was to "support the efforts of developing countries in fostering their economic growth and the evolution of their social systems in a way that would promote a wide distribution of the benefits of development among the population of these countries, enhance the quality of life, and improve the capacity of all sectors of their population to participate in national development efforts".

Those objectives should remain intact and they form the context in which the brief by the Canadian Council for International Co-operation is submitted.

FOREIGN POLICY REVIEW

CCIC is fully supportive of the current foreign policy review and, in fact, would suggest that it should be carried out on a regular basis rather than being left to the fates of electoral change.

While acknowledging the role that the House Standing Committee on External Affairs and National Defence has in keeping a watching brief on foreign policy for the House of Commons, there is little doubt that it is Ottawa-centric and given to fragmentary reviews of specific areas of the nation's foreign policy application as opposed to an overall review of Canada's international relations.

THE THEMES

While CCIC will address the six themes on which the Special Joint Committee will focus, we feel it is important to add the specific of development assistance. After all, it is through development assistance that the face of Canada is seen in the Third World.

Development assistance either has a role in the majority of the themes or is affected by the themes on which the committee will focus. CCIC acknowledges that there is to be a sub-committee of the House Standing Committee on External Affairs and National Defence that will address the issue of Official Development Assistance (ODA) and report to the House by the end of 1986. (This may well be delayed should the current committee structure be altered in 1986.)

However, it is the view of CCIC members that the current comprehensive review of directions for Canada's international relations is incomplete without incorporation of development assistance as an issue in its own right.

CCIC's submission, therefore, points to the importance of development assistance and the role that Canadian NGOs have in relation to the six focal points established by the Special Joint Committee.

PUBLIC INTEREST

The fact that many of CCIC's member organizations, either individually or in conjunction with others, have submitted briefs to the Special Joint Committee reflects the widespread interest of Canadians in the issue of Canada's international relations because it is the international development NGO community, more than any other in Canada, that has the closest contact with average Canadians. Member organizations of CCIC depend on the average Canadian for their participation and support. The NGOs would soon fail if they did not reflect the attitudes and beliefs of their supporters.

CCIC members believe there is a flawed view that Canadians are not interested in the issues of international relations and Canada's role in international relations. Two items substantiate our belief.

A 1984 Gallup survey conducted for a group of non-profit organizations lead to the conclusion that Canadians donate more than \$80 million each year to the non-profit organization sector aiding Third World countries. Those organizations do not include religious groups, universities and colleges, or service clubs that also carry out aid programmes in the Third World.

A recent Decima Research survey indicates Canadians have a strong grasp of the issues relating to international development. For instance, fully 81 per cent of those polled believe the motive for giving aid is because Canada has a moral responsibility to help. Only 18 per cent believe the motive for giving aid is because countries might become prosperous and buy Canadian goods.

Seventy per cent of those polled believe the majority of aid should go to help stimulate development. Twenty-eight per cent believed the majority of aid should go to fight poverty.

The results of both surveys indicate that Canadians have an interest in and an understanding of the issues of development. These results shatter the arguments perpetuated by the strong business lobby, accepted for years by politicians and bureaucrats alike, that Canadians only support development assistance policies because they subsidize exports and generate employment in Canada.

The flawed view of public interest is undoubtedly assisted, to some extent, by the lack of emphasis placed on international coverage by Canada's media, although this is gradually changing.

There are genuinely encouraging signs that reflect the general interest of the Canadian public. One example is the expanded space given to international news and analysis by newspapers. The Ottawa Citizen is perhaps the best example. The reportage and analysis of Africa by Lise Bissonnette for Le Devoir, Michael Valpy for The Globe and Mail, and Patrick Nagle for the Southam chain of newspapers through Southam News Service all point to increased interest. It is most unlikely that Canadian newspapers and other media would be devoting more space and air time to international coverage, especially analytical coverage, if they were not getting a clear message from their readers and viewers that there is considerable interest.

Another example is CBC Radio. As it Happens for years has had a high quotient of international features -- many with a Canadian perspective. As it Happens and its predecessor Radio Free Friday were addressing such issues as apartheid and southern Africa, possible scenarios, solutions and roles for Canada more than 15 years ago. Sunday Morning continues to look at international issues from a Canadian perspective.

The work done by Raymonde Provencher for Radio Quebec's Nord/Sud is but another example of initiative programming in response to public interest.

Such news coverage and programming would not happen without a receptive audience. The NGO community reflects that audience.

The famine crises in Africa point to the fact that Canadians are interested and, what is more, respond most generously when called upon. There is the view that the response is almost solely an emotive one and not long-lasting. The NGO community knows that it is not so because they have found that there is a longer term commitment to support than merely the response to the immediate

crisis. Canadians are interested in knowing what can be done to prevent a recurrence of the famine tragedy and are making financial contributions to reconstruction and rehabilitation programmes being carried out by NGOs. Canadians not only contribute to their NGOs, they want to know what is being done and, perhaps most importantly, what the relevance is of NGO programmes.

II. GLOBAL SECURITY

The Canadian Council for International Co-operation is specifically concerned about the linkages between development and disarmament. The rising tide of militarism, escalation in competition for military superiority between the superpowers (the recent U.S.A.-U.S.S.R. heads of government meeting notwithstanding), the general international arms race, and underdevelopment are not separate problems but one. These issues must be solved together and not as separate entities.

It is the belief of CCIC members that international security can be achieved only on a global basis and that some of the vast resources currently used for military purposes can be better used for development.

The arms spending spiral, now exceeding US\$750 billion per year, has not only failed to make the world secure but has had a destructive effect on the work of development organizations. International expenditures on arms equal the Gross National Product of all Latin American nations and double that of all of Africa.

We therefore urge that Canadian foreign policy, in all its aspects, be concretely oriented towards fostering improved global social conditions so as to genuinely increase the security of all people rather than supporting the cycle of serving short-term national interests through military-based security. Security based on military strength only serves to protect the existing economic advantages and interests of the militarily-superior powers and their allies.

In Canada there has been a deleterious effect. The aid budget for 1984-85 was \$2.1 billion, 0.5 per cent of GNP. Canada's commitment to 0.7 per cent of GNP for development assistance, first announced in 1966 to be reached in the mid-1970s, has now been pushed back into the mid-1990s. It is yet another reduction in development assistance funding.

By contrast Canada's defence budget for 1984-85 was \$9.6 billion, about 2.2 per cent of GNP.

In addition to its growing military budget, Canada contributes to global militarization through its arms export industry, involving both Crown Corporations and private enterprise. In 1984, Canadian military exports totalled \$1.8 billion, in value just short of Canada's Official Development Assistance programme. While the greatest portion of these sales were to the United States and Europe, military goods valued at \$150 million were bought by governments of countries where economic and social conditions are the cause of great hardship and injustice for the people.

The arms race has a profound and increasing impact on the economies and development capabilities of the countries in which CCIC member agencies have programs. Many Third World countries now spend more on the military than on health and education combined. A considerable portion of the crisis-level external debt burden of a growing number of Third World countries is due to purchases of military hardware and technology.

It is also a fact that repressive governments have become more numerous in the Third World in recent years. At last count, no less than 56 of 126 countries are under military rule. Such rule enables governments to maintain social and economic conditions which favour a privileged few through the use of repression and violence to silence the inevitable social unrest that results.

At present, governments spend 15 times more on weapons than on development assistance. It has been estimated that \$17 billion per year would provide adequate food, water, housing, health and education for every person in the world. This is an almost incomprehensible sum of money. However, it equals less than 11 days worth of global military spending.

It is perhaps worth considering what dramatic results could be achieved if some of the resources currently absorbed by the arms race were diverted to development work. For example:

- The cost of one \$20.0 million jet fighter could build 40,000 village pharmacies;
- The cost of one \$1.0 million modern tank could provide 1,000 classrooms for 30,000 children and also be used for adult education and health courses;
- \$0.5 billion would provide vaccine protection for all children;
- \$4.0 billion would provide safe water for all; and
- \$2.0 billion would eliminate malaria.

The arms race, with all its implications, serves as an insurmountable barrier to genuine development, security and peace. While these programmes outlined above seem costly they are but

minor expenditures when compared to the nearly \$2.0 million per minute being spent on the military effort. CCIC member organizations work at the community level in the Third World, but realize that macro effects such as repressive governments (supplied with military equipment by countries such as ours) can minimize or eliminate any good results of their work.

If technology and human resources were used for the sustenance of life rather than preparation for destruction, the security of the global community would be greatly enhanced.

Apart from wishing to see a greater commitment to international development and a diversion of funding from military spending to ending the cycle of poverty that exists in the Third World, CCIC is opposed to Canadian involvement in the Strategic Defence Initiative (SDI) even in its more limited form. The diversion of Canadian research and development energies into SDI, given Canada's paltry current research and development efforts, merely means the diversion of an already limited effort into a field containing the seeds of destruction. CCIC supports the position adopted by this committee and the Canadian government not to participate in SDI. The Council also recommends there be no Canadian participation whatsoever in SDI.

Ending the arms race requires global vision and a significant change in political will. In this process Canada can play its traditional role as a moderating influence on the world stage. It is CCIC's view that Canada need not participate in SDI in any form in order to do so.

In fact, refusal to participate would lend greater legitimacy to our efforts.

Canada can contribute to increasing global stability and security through U.N. peacekeeping forces. This role could be enhanced by the use of the military in emergencies and disaster relief. Two recent events would have suited such activity: the Mexico earthquakes and the Columbia volcano disaster. While providing humanitarian assistance, the Canadian military would also be using expertise in real life situations rather than mock exercises.

There is need for an arms sales register which would enable public access to information on Canadian industries involved in this sector.

Such a register would also act as a control of who these industries might be prepared to sell to.

Global security also would be greatly enhanced if there was greater access to trade on an equal footing.

CCIC recommends that:

Canada undertake the necessary steps to implement recommendations of the U.N. Group of Governmental Experts on Development and Disarmament to which Canada gave its support, including a study of the economic and social costs of military preparation in Canada, creating the necessary pre-requisites to facilitate the conversion of resources to civilian purposes;

Canada take a strong and leading role in the 1986 U.N. Disarmament and Development Conference in Paris, and a commitment to carrying out the recommendations adopted at the conference;

Canada establish an arms register;

Canada give its full support to U.N. resolutions which call for multilateral action to freeze, control, and reduce nuclear arms development, testing and production; and

Canada should end its involvement in all aspects of the nuclear technology process which contribute to nuclear weapons proliferation. This would include the export of uranium and the sale of CANDU or nuclear technology to countries which have not signed nuclear non-proliferation treaties.

III. CANADIAN ECONOMIC COMPETITIVENESS

CCIC has strong reservations about the disjointed approach being taken to the current foreign policy review, especially vis-à-vis economic competitiveness and its impact on development assistance programs to the least developed nations.

Of overriding concern is that short-term benefits from changes in government policy and direction will prove of long-term disadvantage for the steady progress that has been achieved in Canada's international development policies.

There is a clear inter-relationship between those regions of the world that can be expected to have particular importance for Canada in the future and the implications for Canadian economic competitiveness of the most important shifts occurring in international and financial systems. CCIC members are distinctly uneasy about the inter-relationships because of their impacts, already in place and possible new ones, and distorting effects on Canada's international development commitments.

A warp already has been introduced through creation of the 'Trade and Development Facility', announced by Finance Minister Michael Wilson in May 1985, that will be housed in the Canadian International Development Agency. This facility will consume half of the planned increase in official development assistance (ODA) once the 0.5 per cent of Gross National Product (GNP) is achieved in the latter part of the 1985-86 budget year. It is estimated that by 1990 the facility will spend \$830 million to underwrite the cost of Canadian goods and services in developing countries. The amount used in the facility will depend on Canada's overall GNP during the years immediately ahead.

The facility was put into place despite the fact that CIDA's bilateral programmes already consist of 80 per cent tied aid. CCIC is not opposed to diversified trade so long as it is not at the expense of development assistance. CCIC's concern centres on who will benefit from the facility. It is unlikely to be the poorest nations and the poorest sections.

Those objectives must be applied to the funds set aside in the Trade and Development Facility. Failure to do so would be a dereliction of duty and the first steps away from the commitment to international development so clearly laid out in Strategy for International Development. CCIC is opposed to the facility being used for any program other than those which fit into the terms of the strategy and the seven outlined in the objectives.

Doubtlessly the facility is the current government's response to switch to a much stronger aid-trade emphasis in Canadian development assistance as a means of assisting Canadian export growth.

This use of development assistance for essentially trade purposes is done with little apparent concern for the principles for international development. Decades of practical experience in Third World countries have led the Canadian NGO community to some conclusions about what constitutes effective development. These principles and objectives are directly at odds with the impact of concessional financing and similar actions that promote tied aid.

Overall, these distort trade patterns and development programs by obliging Third World countries to buy more Canadian goods than they might under regular trade market conditions i.e. when they would be free to buy the most appropriate and competitive products.

The average additional cost of tied aid has been estimated as being between 20 and 25 per cent. To illustrate this fact, we

will review the impact of concessional financing on the development objectives identified:

1. Concessional financing tends to favour "mega-projects", where the equipment needed is too large, too complex, and too expensive for local needs;
2. Development projects tied to Canadian exporters rarely serve the poorest countries or the poorest people in a country.

Canadian exporters are more interested in "development" projects in industrializing countries (the "take-off", "middle-income" nations) and a limited range of low-income countries with export earning potential. Concessional financing has so far completely bypassed the vast majority of people in the Third World, including rural inhabitants, the unemployed, and the landless;

3. Concessional financing is never used for basic needs such as food production, health and education which are essential prerequisites for sound economic development. These are sectors that are labour-intensive, require few imports, and are extremely decentralized. For example, construction of a large hospital would normally only serve a tiny percentage of the total population, generally the urban upper middle class.
4. Concessional financing for tied aid projects also militates against strong local participation in the planning and execution of development projects. Local people require time to define their needs and appropriate developmental objectives in contrast to the quick time frame on which businesses operate; and
5. Concessional financing and tied aid undercut the local economy and local suppliers by skewing projects towards the use of Canadian products.

Third World industries cannot be built on a stable base when they are constantly faced by subsidized imports from other countries which create an artificial need for foreign goods. The benefits accrued by Canadian exporters through concessional financing are at the expense of Third World producers and they are only short term. Without the establishment of a strong economic base, most Third World countries would not continue to import Canadian goods without concessional financing.

We also note Canada's interest in "supporting the new round of multilateral trade negotiations in GATT", and the fight against protectionism. We think the government should address the question of trade reciprocity.

It is disconcerting to see successful Canadian development assistance to a Third World country such as Bangladesh being thwarted by restrictive import quotas that protect uneconomic Canadian production and favour more technologically advanced Third World countries.

As the Green Paper, Competitiveness and Security, stated: "Canadian funds for use abroad are limited". CCIC believes this statement should be taken in conjunction with that made by the 1980 Parliamentary Task Force on North-South Relations, "the purpose of aid is to aid".

Canada's aid program is but a tiny portion of our national budget. CCIC believes that it should not be bent and adapted to serve political and economic goals. The net result is a much less useful aid program with only marginal advantages accruing to Canadian industry.

Canada's official development assistance (ODA) budget was previously planned to be 0.6 per cent of GNP for 1985 and 0.7 per cent for 1990. The new federal government subsequently reduced this to 0.5 per cent in 1985 and pushed the target date for achieving 0.7 per cent to 1995. Recently the North-South Institute estimated a reduction or diversion of \$2,445 million in ODA funds from the beginning of 1984 to the forecast of 1986-87.

CCIC recommends that:

- the Canadian government not undertake concessional financing for Canadian exports, as this practice distorts Third World economies and confuses the objectives of development and international trade.
If the Canadian government wishes to assist Canadian companies that export products, other means are more effective;
- the Canadian government continue to make representations, through the Organization for Economic and Cultural Development (OECD) and other fora, to reduce or eliminate concessional financing by other governments;
- the federal government not move CIDA's bilateral and industrial co-operation programmes to come under the aegis of the Minister of International Trade within the Department of External Affairs;
- the federal government initiate a comprehensive study of the effects of concessional financing on international development and on the creation of Canadian export markets; and
- the Canadian government should promote, through GATT negotiations, the reduction of protectionism not only for the benefit of Canada but also for Third World nations with a mind to trade reciprocity.

IV. AID

CHANNELING AID

Donors often stress the lack of "absorptive capacity" for aid in Third World countries. The World Bank suspects that donors often cannot get their aid absorbed because they are pushing the wrong type of aid. This is particularly true when there is support for new projects rather than for operating and maintaining existing activities.

The village-level, people-based, grass-roots agricultural development organizations now appearing in Africa may provide effective points of absorption for donors. Africa's hope for growth and development lies in the well-being of its farmers because agricultural self-sufficiency is essential to ensure a solid base from which future growth can occur. Current grain imports in Africa point to the inadequacy of agricultural programmes being delivered.

What is needed was admirably described by former President Leopold Senghor of Senegal: "When you ask them (the African farmer) what they want, they don't hesitate for a second. They ask for small-scale projects. From time immemorial they've had to battle against drought. They need help. They don't need people to think for them."

The African crisis, while it has highlighted the difficulties of government and multilateral agencies in being able to deliver appropriate programming at the most relevant level, has also highlighted the success of the NGO approach. Dollar for dollar, the NGOs help more people than the large, more formal governmental and multilateral institutions. Certainly, the Canadian experience with the creation by CCIC of African Emergency Aid to be the focal point for the African crisis, for both the government and public responses, underlines the ability of the NGOs to respond in a faster, more flexible, and direct fashion than either governmental or multilateral organizations.

CCIC recommends that:

the Canadian government acknowledge and support the essential role of NGOs in international development by channeling 20 per cent of Official Development Assistance (ODA) through non-governmental organizations by 1990. This can be achieved by enhancing the participation of NGOs in country-focus programmes and by increasing CIDA's Special Programmes Branch budget to 15 per cent of Canada's ODA in 1990. In 1983-84 the Special Programme Branch's budget was a mere 8.3 per cent of ODA.

AID PROGRAMME PRIORITIES

The crisis in Africa is a reminder for Canadians that there still are a number of less developed countries which would benefit from untied and more efficient aid for their development.

In the first decade of their independence (the '60s and '70s), a considerable amount of foreign aid was spent on building the symbols of modernity: plants, dams, ports, conference centres, hotel and universities. Subsequently there was a general realization that such development was doing little for the majority of Third World people.

This led, during the '70s, to priorities being switched (at least on paper and speeches) to "basic needs", food-sufficiency, and "the poorest". However, basic needs didn't seem to have the desired effects. In some cases basic needs seemed to have no effect at all.

After the 1968-73 Sahel drought, both donors and Sahelian governments pledged that their prime goal was to establish "food self-sufficiency" in the region. Donors had become aware of the links between environmental degradation and famine. Money rolled into the region from all donors.

How was it spent? Between 1975 and 1981, about 35 per cent went to food aid of various types, help with balance of payments and to various Sahelian organizations, according to a report by the Gamma Institute of Montreal.

Another third went to "infrastructure" such as transport, telecommunications, health, education, and water supply -- "perhaps necessary but unproductive in themselves".

The final third went to investments "productive in principal", such as irrigated and rainfed cash-crop agriculture. But only four per cent of the aid went to growing rainfed food crops. Only 1.5 per cent went to ecological projects such as tree-planting and soil and water conservation, to improve the resource base upon which rainfed agriculture depends. Yet these are the types of projects essential for the future of the region.

Canadian regulations require that 80 per cent of bilateral aid be spent on Canadian goods and services. In Tanzania, Zambia and the Sudan, Canada is trapped in spending much of its aid on high-technology wheat farms, projects which cost the recipient nations large amounts of scarce foreign exchange, employ few local Africans, produce food the majority of Africans do not eat, and have disappointing economic returns.

Canada should carefully review its concentration programme countries to reflect the priorities of long-term recovery and development. Again using Africa as an example, the United Nations Office for Emergency Operations in Africa focuses on the following list: Mauritania, Mali, Niger, Burkina Faso, Chad, Sudan, Ethiopia, Angola and Mozambique.

CIDA's country concentration programme categorizes countries into three admissible groups for varying levels of assistance. Those that fall within the first category are admissible for the most assistance through to those in the third group that receive the least assistance. The same Sahelian nations selected by the U.N. Office for Emergency Operations in Africa range in CIDA categories from one to three:

The first category: Mali, Niger, Burkina Faso;

The second category: Ethiopia and the Sudan;

The third category: Mauritania, Chad, Angola, and Mozambique.

Canada's priorities were established in 1975, based on criteria such as traditional Commonwealth links, links with anglophone and francophone Third World nations, and others based on regional and political affinities. It is the time for those to be reviewed from the perspective of which nations really need the most development assistance.

CCIC recommends that:

CIDA untie aid to the least developed nations (LDCs);

CIDA establish a list of priority ODA recipient nations more related to long-term recovery with special emphasis on the African continent;

CIDA's sectorial priorities in agriculture, energy, and human development be linked to ecosystems management, especially in Africa.

WOMEN IN DEVELOPMENT

An increasing awareness of the inequality women experience in society has arisen in recent years in western industrialized nations. However, concrete improvements in the status of women have been extremely uneven, and on the whole, unsatisfactory. Studies generated throughout the Decade for Women (1976-85) by governmental and non-governmental organizations alike have shown conclusively that there is no major field of activity and no country in which women do not face major discrimination on the basis of their gender.

Women's rapid integration into the paid labour force has not significantly improved women's status, nor has it narrowed the gap between men's and women's pay. In Canada, women earn only 64% of what men earn.

In all countries of the world, women's work is either unpaid or underpaid. Heightened awareness and governmental good intentions are not good enough to stop the every-increasing global problem of the feminization of poverty.

Women's work inside and outside the home plays a key role in the development of all communities, both in Canada and overseas. Yet, women's major contributions have not guaranteed them equality as decision-making agents or beneficiaries of the development process. We know that although women account for 50 per cent of the world's population, and do more than 2/3 of the world's work, they earn only 1/10 of the world's income and own less than 1/100 of the world's property.

In the Third World, the effects of this reality are particularly evident. For example, women account for more than half the food produced in the developing world, and in Africa this amount rises to as much as 80 per cent. Yet, in 1984 the FAO reported that in all regions the introduction of modern agricultural technology is primarily aimed at male tasks and used almost exclusively by men. Women have also limited access to agricultural education, training and extension services.

Historically, women have been bypassed in the planning and delivery of development programmes, yet if development is to be truly effective it must address the problems of the largest segment of the world's poor, marginalized and disadvantaged population - women. The actual conditions of underdevelopment hit women hardest because of their role in maintaining the family. Women must be central participants in all aspects of the development process, both in Canada and in the Third World.

While it is necessary to advocate women's participation on the grounds of increasing the effectiveness and efficiency of development programmes, it is not sufficient to do so on those grounds alone. Women must be included, not only for the sake of good development, but also from a concern for women. First, there is much evidence to show that development schemes that have not involved women at the outset have actually harmed them severely. Second, it is crucial from the point of view of equity and justice that barriers be removed to women assuming their rightful place in shaping their communities and their societies. These barriers are both concrete and attitudinal in nature and are expressed in both the development assistance projects of donors and in the countries of the recipients.

Canada's development assistance programmes must take into consideration the critical role that women play in world economies. Canada's development assistance strategies must support women who are finding their own ways to tackle the problems they face. Development must include a commitment to equity for women in all fields of endeavour.

CCIC believes that:

- 1) Women can best improve their situation through projects they develop themselves at the grassroots level. Canadian NGOs that have partners in the Third World are in an excellent position to be the channel for such aid.
- 2) Aid donors have the responsibility for ensuring that projects do not have a negative impact on women either by adding to their workload or removing rights that they have had historically - for example, access, ownership or control of land.
- 3) The number of women in Canada's foreign student training programmes should be increased and women should not be marginalized in traditional areas of study. (In 1982, women comprised only two per cent of students in Canada's training programmes for foreign students).
- 4) All Canadian development assistance programmes should be evaluated according to whether or not they impact positively on women, and whether or not women participate in the entire development process, both in Canada and overseas.
- 5) The importance of women's participation in the development process should be reviewed not only from the point of view of efficiency, but from the point of view of building a just and equitable society for all, with the equal participation of men and women.

V. HUMAN RIGHTS

There is a strong role for Canada to play on Human Rights issues. CCIC members see the Canadian government being in an ideal position to take a lead position on Human Rights issues.

Canada has no history as a colonial power and yet has a strong historical role as a member of the Commonwealth, the United Nations, and an independent middle power that follows its principles on vital issues. Recent statements on Afghanistan and statements and actions on the South African crisis support that view.

Canada's traditional role as an intermediary between the First and Third Worlds and its reputation and expertise in humanitarian aid can be shown to their best advantage in work to protect refugees and displaced people. Support is needed for the financially squeezed United Nations High Commission for Refugees (UNHCR) so that it becomes even stronger and more responsive in pursuing greater cooperation with local NGOs and their overseas refugees' rights.

In an unstable world under ecological, economic and social pressures, whole populations are much more likely to be on the move and a loss to development. Canada should be ready to address the causes of mass migration as well as protection and resettlement issues, and to revise its own Immigration policies with regard to refugees.

CCIC members believe there is a vital role for NGOs in the area of Human Rights. This is particularly true where there has been a breakdown in government-to-government relations and yet there remain opportunities for non-government agencies to provide basic support to assist those caught in conflicts. The recent federal government initiative to establish a human rights fund for South Africa, which is being used by Canadian NGOs, illustrates the point. Other efforts in Central America underline the point.

CCIC's experience of responding to the humanitarian and human rights issue in Ethiopia illustrates that initiatives can be taken. By creating African Emergency Aid as an umbrella operating agency of participating NGOs, CCIC displayed a flexibility that allows for prompt action with maximum benefits to all concerned -- the recipients, the Canadian government, and the Canadian public.

SOUTH AFRICA

The Human Rights issue is poignantly raised vis-à-vis South Africa and it points to the necessity for a clearly formulated foreign policy.

The African majority in South Africa has always fought against oppression and exploitation and it has always fought against apartheid. The oppressed majority demands basic rights: the right to live and work where they want; the right of free association; the right to engage in business or the arts; and the right to influence the course of South African society which the weight of their numbers' warrant. This is why it is of the utmost importance that they receive the support of the Canadian government. Without the support of the international community, and in particular from the Western Countries whose

economic interests are of a vital importance to South Africa, they will be left once more to face the full military might of the apartheid state.

The government of Canada obviously cannot interfere in the internal affairs of a sovereign state. But the political imperatives of national sovereignty are not at stake here, rather the government is faced with a political decision in which an overriding moral imperative is the determining factor. The South African and Namibian situations are international problems and must be addressed as such. The recent initiatives taken by Prime Minister Brian Mulroney during the Commonwealth Conference in Barbados, the sanctions already announced by Secretary of State Joe Clark, and Ambassador Stephen Lewis's interventions in the United Nations General Assembly clearly indicate the Canadian government's acknowledgement of the exceptional nature of the situation and the necessity for outside pressure to be applied on Pretoria.

The measures taken so far by Cabinet are commendable and indicate a clear break with past attitudes and behaviour. But, when objectively examined in the light of sanctions taken by certain western nations (Sweden, Norway, Denmark, France in particular) against Pretoria, they cannot be said to constitute a comprehensive policy of sanctions.

Canada has developed a reputation as a world leader in the mediation of international disputes. Such a reputation was built on the patient and tenacious work of leading Canadian statements. The credibility which such a reputation affords is not merely given, it remains on the line constantly and the efforts of Messrs. Mulroney and Clark during the recent Commonwealth Conference constitute an indication of the government's will to uphold Canada's commitments and reputation in the international arena.

In the opinion of CCIC, the main goals of a comprehensive new policy should be:

- to continue to influence the government of South Africa in opening a meaningful dialogue with representative leaders of the black population with the explicit purpose of dismantling apartheid and of enshrining the principle of majority-ruled government. To do this, a comprehensive series of measures, including economic sanctions, will have to be implemented by the government of Canada, in concert with other nations;
- to act as an impartial observer and commentator of these talks;

- to continue to support development actions specifically aimed at the disenfranchised African majority, both within South Africa and in exile in neighbouring southern African states; and
- to continue strengthening the long term development action strategy adopted by the Southern African Development Coordinating Conference (SADCC) and establish closer diplomatic relations with all countries in the Southern African region.

It has been argued that sanctions would hurt the black majority of the South African population out of proportion to their effect on the apartheid regime. However, all observers inside or outside South Africa, agree with the fact that the imposition of sanctions and the threat of further action by western nations has coincided with the beginning of limited reforms. In this context it becomes imperative that further steps be taken by the international community to better coordinate and increase the political pressure it can bring to bear on the South African government through the use of economic sanctions.

The first effect of sanctions, however imperfect they might be, is to increase costs and reduce the South African government's ability to control the economic environment. Ideally, economic sanctions set the different groups of economic and political actors in motion in a process of internal lobbying and negotiation aimed at terminating their negative effects. The Opec oil embargo against South Africa, however imperfect, is estimated to cost US 2,170 million dollars a year to the economy of that country. In this case, extra costs include special risk insurance premiums, strategic storage capacity, synthetic fuel production and "long shot" off-shore oil drilling by state-run agencies.

Economic sanctions would increase pressures by the powerful South African business community on their government to accelerate reforms and to engage in talks with representative black leaders. The recent meeting in Zambia between the African National Congress (ANC) leadership in exile and prominent members of South African big business is an indication that some of the South African white leadership is beginning to think in terms of negotiations because the South African government seems unable to cope with the resistance, and because of international pressures.

Other effects of sanctions include the high probability that they would act as a morale booster for the oppressed black majority, and conversely bring about a loss of confidence among large numbers of whites in their government's ability to manage the situation.

Finally, the adoption of sanctions by Canada, and other countries, would signal the definite emergence of a new international environment, in the context of which Pretoria would have no other solution but to initiate meaningful dialogue with representative leaders of the black majority.

Economic sanctions will obviously affect the black population. But as Bishop Desmond Tutu argued in the South African newspaper **Sunday Tribune**:

"We are told that sanctions will mean suffering, especially for those they intend to help. First, when did (South African) whites suddenly become so altruistic? Have they not benefitted from massive black suffering in the form of migratory labour and cheap labour for many years? Why should they suddenly worry whether blacks suffer or not? (...) No, responsible black leaders such as Nobel Prize-winner Chief Albert Luthuli and others, have said it is better to take on even additional suffering if it means bringing an end to the purposeless and seemingly endless suffering (which apartheid causes)".

Other undesirable effects of economic sanctions lie in the possible retaliation, already intimated by Pretoria, against neighbouring African states.

Clearly, sanctions short of a military blockade of South Africa cannot bring about the outright downfall of that government. What they can and must achieve, is to set forces in motion within the white community which will eventually lead to dialogue between all the different groups which make-up the population of that country. It will then be up to those representatives to draw the blueprint of a non-racial South African political system in which all persons are enfranchised.

The following is a list of sanctions which the CCIC believes would be effective in putting pressure on the South African government.

The Canadian government should:

- 1) prohibit any contact, trade or exchanges of any nature between Canadian Crown Corporations and South African business or government agencies other than for the purpose of influencing the South African government to negotiate with representative black leaders, including those of the **ANC**;
- 2) adopt all sanctions agreed upon by, and continue to play a leading role, in Commonwealth countries' joint actions against South Africa;

- 3) ban all export of goods or technological knowhow which are not normally classified as having military applications but which can be used for military or political purposes. This must also cover goods which transit through Canada on their way to South Africa;
- 4) use its influence with the IMF and the World Bank to secure a ban on the extension of existing multilateral loans to South Africa, including Special Drawing Rights; and reform application of Canadian funds to such loans and Special Drawing Rights.
- 5) impose, in collaboration with parties involved, the divestment of civil service and military personnel pension funds or parts thereof which are invested in companies, or financial institutions with subsidiaries or investments in South Africa, and the divestment of government deposits and operational funds from financial institutions with subsidiaries or investments, whether direct or indirect, in South Africa.
- 6) within the voluntary Code of Conduct for Canadian companies operating in South Africa, transform the role of the official observer of labour practices it has posted in South Africa into a full fledged monitoring agency - which would include representatives from Canadian business, organized labour, academia and parliament - to publicly report on all aspects of Canadian company labour practices and involvement in the economy of South Africa;
- 7) offer tax and other financial incentives to Canadian companies willing to divest or relocate their operations from South Africa to one of the SADCC states;
- 8) review Canadian laws, including those dealing with income tax, to eliminate any loopholes which can be used to circumvent existing or future economic sanctions against South Africa approved by Cabinet and/or Parliament;
- 9) Continue to pressure the South African government to withdraw unconditionally from Namibia in the context of the implementation of resolution 435 of the United Nations. Respect Decree Number One by the United Nations Council for Namibia prohibiting operations of transnational corporations (including Canadian) in Namibia without prior acceptance by the U.N. Council. Develop a programme of urgent humanitarian support to Namibian refugees and establish dialogue with SWAPO.

Canada has already pledged \$1 million in humanitarian assistance to families and individuals who have suffered from repression at

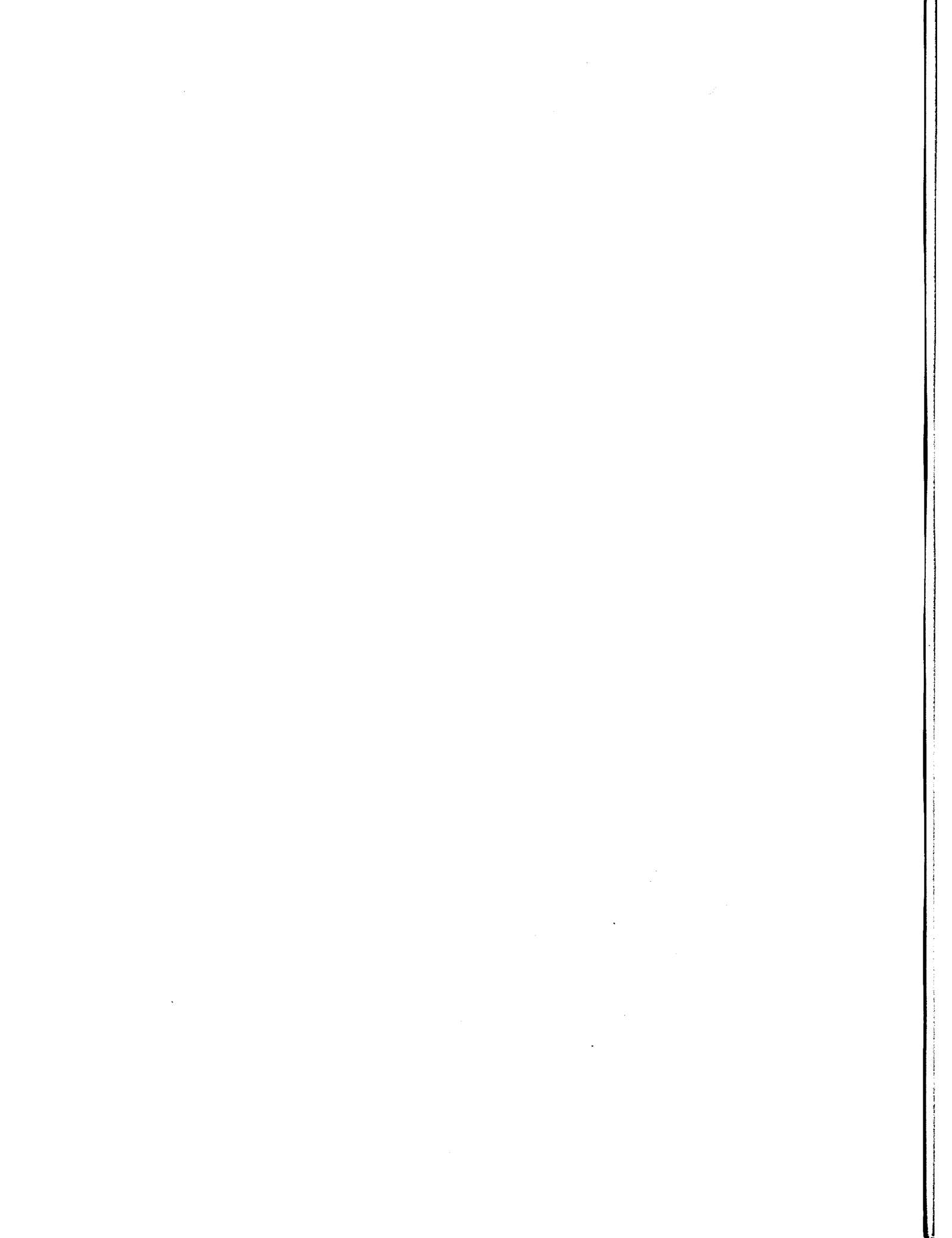
the hands of the apartheid state. This action is commendable. However, it must be pointed out that in no way does this constitute part of comprehensive aid programmes to the oppressed South African and Namibian populations. Canada then should:

- 1) pledge resources for the development of black South African and Namibian educational facilities both within and outside of those countries.
- 2) offer to increase the support for the vocational, professional or technical training of South African and Namibian Blacks in Canadian universities and colleges.
- 3) encourage Canadian companies with subsidiaries in South Africa to institute on-the-job and/or formal training programmes with a demonstrated capacity to help black workers to move up into technical, supervisory and management job categories.

Canada cannot at once impose comprehensive sanctions and involve itself in direct development assistance to the black majority within South Africa itself, especially if it offers this assistance overtly to exiled South African political opposition groups. However, the government of Canada and its agencies already enjoy privileged relations with Canadian NGOs and multilateral agencies. The CCIC therefore recommends that the government:

- 1) make increased provision for the active participation of Canadian NGOs in development action programmes aimed at the black majority of South African and Namibia, both inside those countries and in exile. Also increase the support for NGO programmes for development education about the realities of apartheid and the struggle of the South African population.
- 2) make provision for further financial support to multilateral agencies which engage in development assistance to South African and/or Namibian blacks, both inside that country and in exile.

Actions in favour of the oppressed African majority must incorporate dialogue with legitimate and representative leaders of the black majority of South Africa, including the ANC. These consultations would be held in order to determine the development action priorities which should be assigned to Canadian NGOs and agencies in the Southern Africa region and to send a clear message to the present South African government concerning Canada's stand on the issue of apartheid.



CANADA'S INTERNATIONAL RELATIONS: AN ALTERNATE VIEW

An Enhanced World Role for Canada

Brief Submitted by
The Canadian Council of Churches

to

The Special Joint Committee
on
Canada's International Relations

29 November 1985

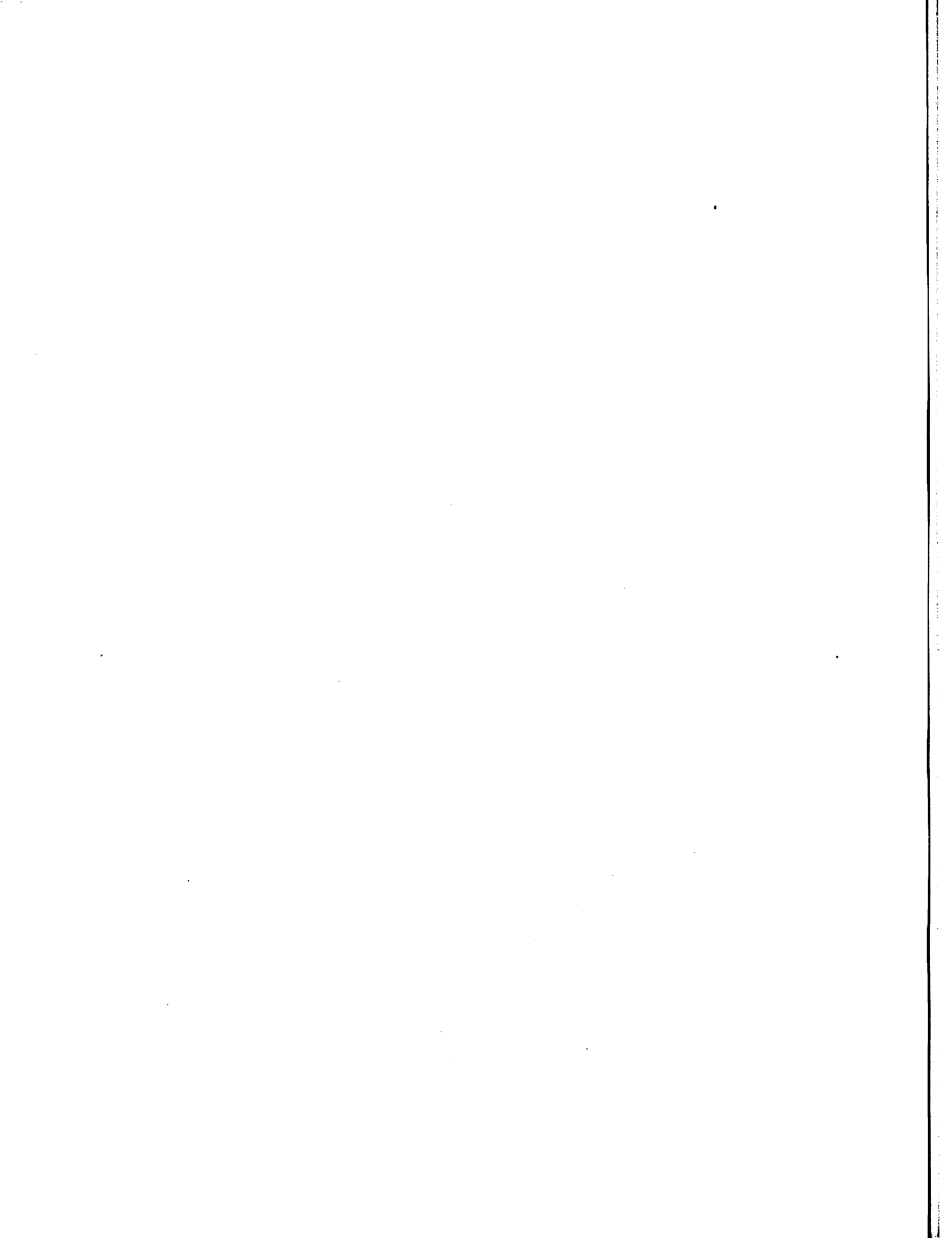
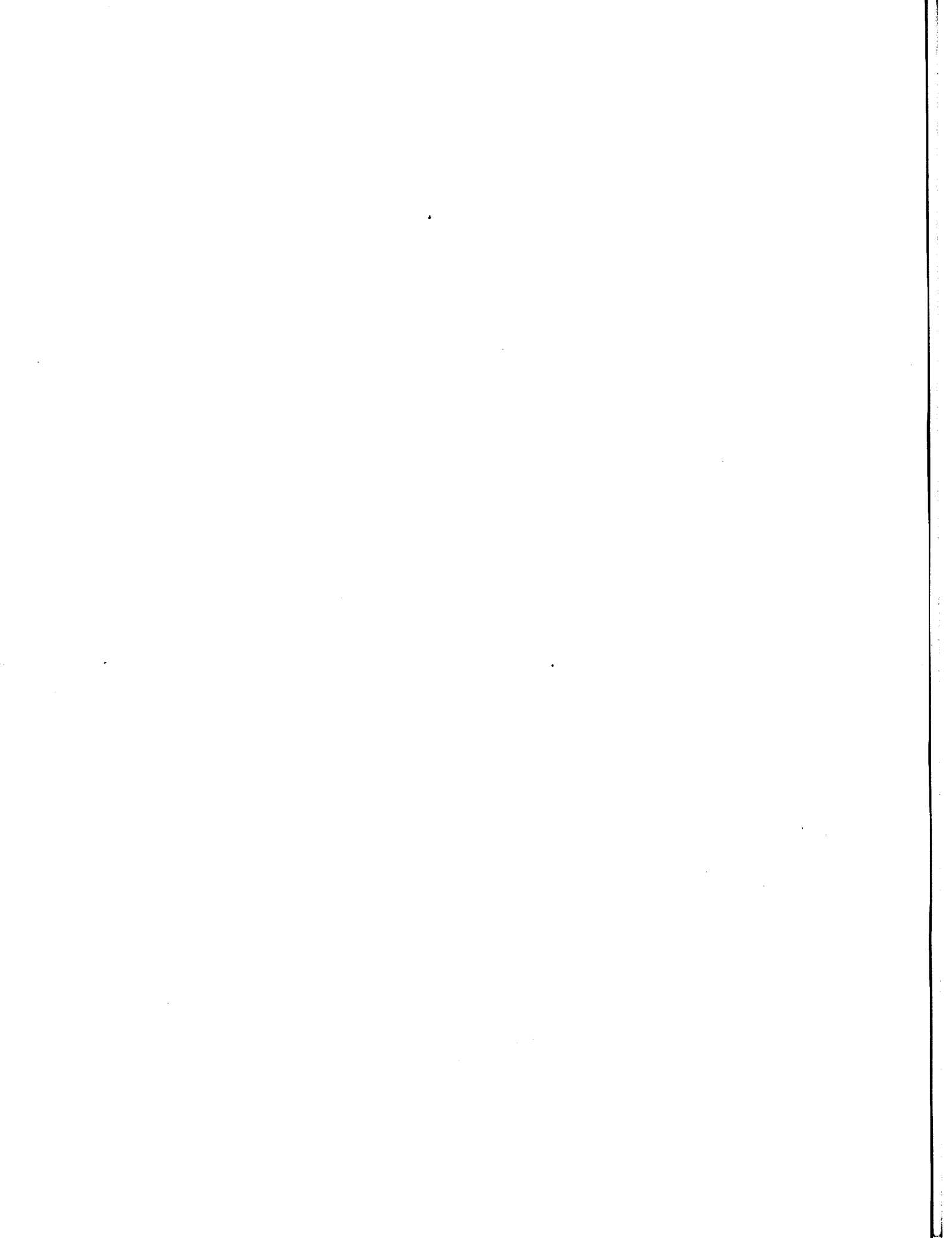


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FOREWORD

This brief is a response from the Canadian Council of Churches to the invitation of the Right Honourable Joe Clark to participate in a review of Canada's foreign policy. It is the latest in a series of briefs presented to the government over the years by the Canadian Council of Churches, and the inter-church coalitions.

The churches in Canada look back to the last comprehensive review of Canada's foreign policy by the government, "Foreign Policy for Canadians" in 1970. In a very important way, this initiative of External Affairs was a spark which ignited a process of research and advocacy on the part of the churches working together. This present brief grows out of the study and activity of the past fifteen years.

We in the churches wish to express our appreciation not only for the invitation to participate in the current policy discussion, but also for the willingness of many divisions of External Affairs and of CIDA to enter into dialogue with us on an ongoing basis. The accessibility of these areas of the Federal Government to the churches of Canada is commented on with envy by our colleagues in other countries. We want to emphasize that although the churches are often fairly critical of the policies and practices of our government in the international arena, we are genuinely appreciative of its openness and willingness to accept our comments and criticisms.

It is also important to state our credentials for putting forth proposals for Canadian policy on the international scene. While there may be a popular conception that Church statements on political, economic, and social issues are formulated by theologians with little contact with the real world, the reality is that this document, like its predecessors, is based entirely on concrete experience with the issues of which we speak.

Canadian churches have had first-hand experience in developing countries for one hundred and fifty years. For more than half that time, it was the letters home and the speaking tours of Canadian missionaries "returned from foreign lands" which gave Canadian communities their only direct contact with Africa, Asia, South America and the Pacific Islands. While we may now regret the cultural narrowness and paternalism of many of our predecessors, they were genuinely committed to the countries and the peoples whom they served. Moreover, they aroused an interested

concern in the hearts and minds of Canadian Christians for men, women and children on the other side of the world that has continued to this day.

Our churches are still closely involved, through the invitation of independent national churches, in the lives and struggles of ordinary people in Africa, Asia, and Latin America. We see the effect, for good or ill, of Canadian aid programs in these countries. We know personally the tragic stories of refugees in Southeast Asia, of urban slum dwellers in Latin America, of poverty-ridden rural women in Africa. We know the aspirations of the people of the least developed countries. We are friends and colleagues of the leaders of churches in South Africa and human rights organizations in Central America who are working to bring justice to their people, often at the risk of their lives. Our learnings from these men and women, our church partners around the world, have formed the basis of our recommendations for Canadian government policy.

We not only feel ourselves qualified through our international experience to comment on world issues, we also feel qualified and knowledgeable in the area of government policy. This statement has been drafted by the researchers and academics who work closely with our inter-church coalitions. They are by training political scientists and economists; their assignment is to research the information on which the churches can base their own international policies as well as to provide a basis for advocacy with Canadian government policy-makers.

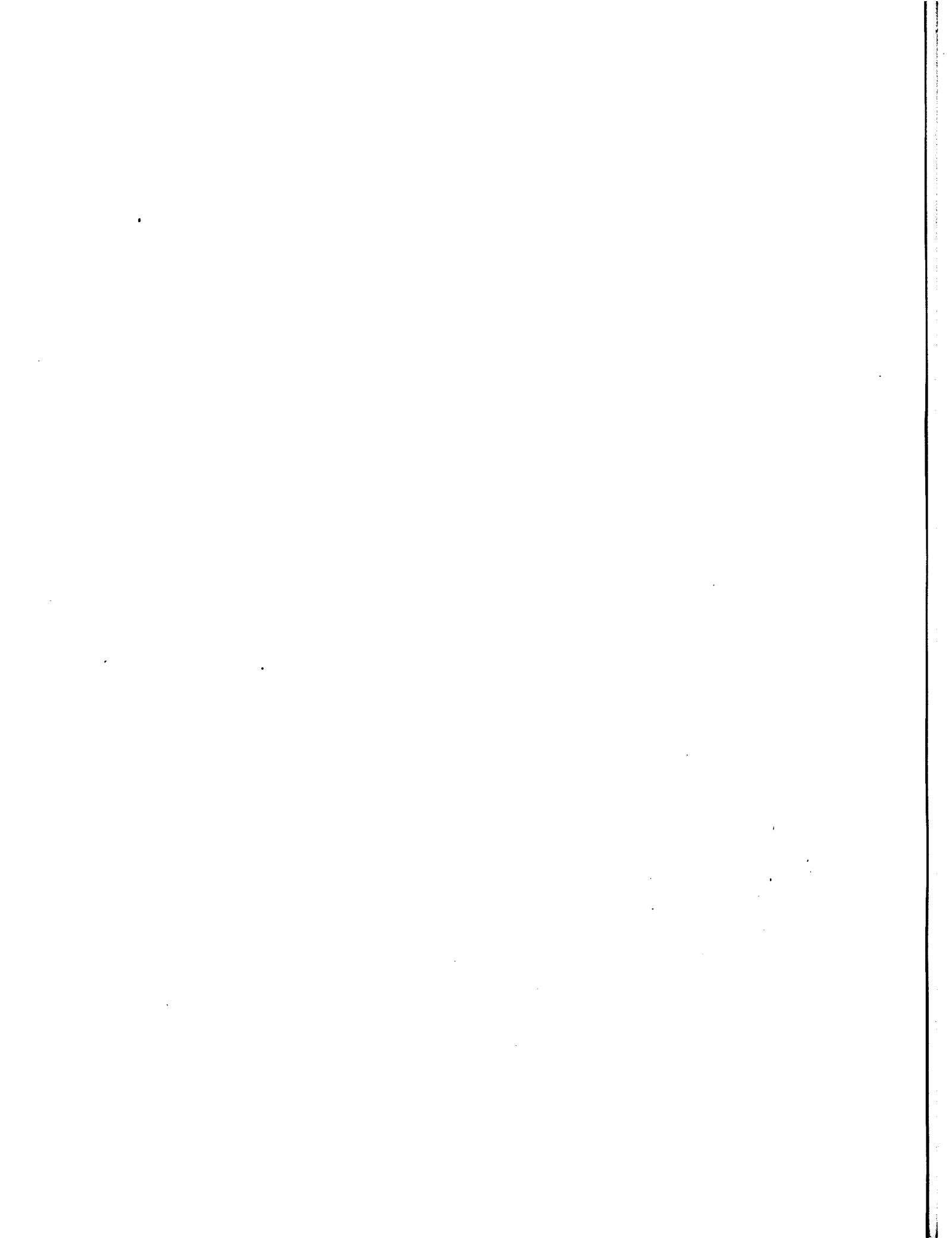
Finally, we make no apology for our preference for policies which will benefit the least-developed countries, and particularly the poor and oppressed of those countries. We realize that this is not an even-handed statement; our bias is towards the poor. We believe that there are many who will advise the government on ways in which Canada can enhance its relations with other rich and well-developed countries. Powerful economic interests can make their voice heard, and have every right to do so. We do not believe, however, that we need to speak for them. We do believe that the God whom we seek to serve calls us to speak for the "little ones of the earth" whose voices are not often heard in the High Commissions and Embassies maintained by our Government around the world.

We also believe that we are speaking for the concerns of thousands of members of our churches across Canada who show by their support of world development programs and their ongoing interest that they are deeply concerned that Canada play a humanitarian and constructive role in the world. We know that in our churches there is a constituency strongly in favour of promoting development, human rights and peace. In this brief we have attempted to express their views. We hope that some of these people will have an opportunity to

address you in person at hearings across the country.

The major principles of this brief were unanimously endorsed at a meeting of the General Board of the Canadian Council of Churches on November 22, 1985, in Niagara Falls, Ontario.

We look forward to appearing before the Committee to speak to our brief and answer any questions you may have.



CHAPTER ONE

AN ALTERNATE VISION

The recent Green Paper on "Directions for Canada's International Relations" refers several times to the dynamics and interdependence of international life. Despite this recognition of what we believe to be the reality of the world in the late twentieth century, the major focus of the policies outlined in that paper is a narrow emphasis on Canada's need to become economically competitive, and to secure itself against external threats - specifically from the Soviet Union.

Our response grows out of a deep concern that Canada, like most other states, is engaged in the pursuit of its narrow self-interest at the expense of the broad long-term imperatives of global survival. In contrast to the Green Paper's image of a world of egotistical states, each pursuing its own competitive course and intent on achieving its own security, we are inspired by a vision of a world in which peace, prosperity, and justice are indivisible.

The churches are firmly committed to the belief that the security of Canada cannot be established independently of the security of other countries, or on the basis of an unjust world order. We know that ultimately our prosperity depends on all other peoples prospering as well. We know that there can be no true and lasting peace without justice for men and women everywhere. We believe that our humanity can only be fully realized in a world in which human rights are respected everywhere, and in which all peoples are assured of their basic needs.

We know that the world which we are describing is an ideal, but we believe that we have no alternative but to work towards making it a reality. In fact, it is in the interest of Canada, as of all middle and small-sized countries, to pursue such a reality. It is the less powerful states who suffer most in an international arena where the rules for equitable relations between states are allowed to break down. We believe that Canada can play a constructive and mediating role on the world stage. The pages which follow contain specific recommendations for Canadian policies which we believe would be helpful steps leading to a more truly just and peaceful world.

The chapters which follow deal with areas in which the churches have particular concerns. There are, however, two basic issues which we wish to address in this introductory chapter. They are:

(1) the need for Canada to have an independent foreign policy; and

(2) the importance of Canada's maintaining its support for multilateral institutions.

1. AN INDEPENDENT FOREIGN POLICY FOR CANADA

One of the questions raised by the Special Joint Committee on Canada's International Relations (Themes for Phase Two) is "What historic and geographic factors, natural and human resources and traditions influence Canada's foreign policy?"

Evidently, a major factor influencing our foreign policy is our close proximity to the great power to the south, with whom we share a continent and four hundred years of history. The United States is a great and good neighbour; the lives of our two nations are inextricably intertwined, so much so that a markedly anti-American foreign policy is unrealistic. And yet, we maintain that Canada is, in the best sense, a "friend of the United States" when it maintains a little distance. Canadian effectiveness on the world scene is diminished if we are invariably seen as closely identified with American policies. Moreover, there are occasions when our assessment of a situation requires us to take an independent position. One example will illustrate our meaning.

The American analysis of the situation in Central America seems to be almost wholly in Cold War terms. Their determination to resist the development of "other Cubas" has led them to adopt policies which are rapidly militarizing the region, are lending support to brutally repressive regimes, and are driving movements seeking to redress economic and political injustices into the arms of the eastern bloc. Independent observers of American policy in the area can see that they may in the end bring about the very result they are seeking to avoid. The friends of the United States can be most helpful by encouraging the peace process and by doing all in their power to address the root causes of the unrest.

Canada can play the role of friendly critic. She can attempt to convince the United States of the values of multilateralism. She can also interpret the United States to other countries. Although she is a member of NATO and the western bloc, Canada is still regarded by most countries as friendly and non-threatening. As such, Canada can sometimes find acceptance for proposals which, if they came from the

United States, would be viewed with suspicion. This gives Canada an advantage on the world political scene which it is our responsibility to exercise in the most constructive way possible.

Canada has a natural affinity in size and outlook with the Nordic countries, the Netherlands, Australia and New Zealand, and can work with those countries in establishing good relations with other blocs. It could be that there is potential for a "small power bloc" of western nations which could find partners in the non-aligned world. The futility of superpower rivalry and the stalemate caused by the division of the United Nations into three opposing camps, East, West, and non-aligned, is painfully clear. For this reason, there may be a role for a new alignment of smaller states, friendly to the United States but not threatening to either the eastern bloc or the non-aligned countries. As a leader in such a bloc, Canada could play a very constructive and creative role.

2. THE IMPORTANCE OF SUPPORTING MULTILATERAL ORGANIZATIONS

As a small country in world terms, Canada's interests are well-served by a multilateral approach to international issues. The major powers may be able to act unilaterally or bilaterally, but most nation states including ourselves make our most effective contribution as part of a larger effort.

The section of the Green Paper on the UN system and multilateralism raises a number of questions. We are in general agreement with the Green Paper's view that the UN "helps to substantiate and validate Canada's position in international affairs and provides a vehicle for the exercise of our influence". The paper raises the question to what extent the UN furthers Canada's current and prospective interests and priorities in light of the fact that the United States no longer attaches the importance to the UN that it once did. As we have indicated, it is our strong belief that Canada needs the United Nations, and should put a high priority on the task of revitalizing it.

As we noted above, we believe that Canada should be seen as pursuing its own policy initiatives on the world scene. We recognize that the United Nations system with its rigid pattern of voting blocs is inhibiting to initiatives from many countries, Canada included.

We wish to congratulate the Canadian government on its recent successful participation in the UN Assembly to mark the end of the Decade for Women. We are aware of the high esteem in which Canada's contribution was held by the delegates of other countries, and consider this an indication of the notable role Canada can play on the world stage.

However, we have a concern about Canada's participation

in the UN system, which can be summed up in the observation: "Canada has a role to play in the U.N., but doesn't play it." (Quoted from a representative of another country in an article, "Canada at the United Nations", by Peyton V. Lyon, International Perspectives, September-October, 1985, p.17.)

Participation in UN Assemblies often becomes an almost perfunctory ritual in which the content of every speech or intervention can be predicted in advance. This breeds a cynicism which we have sometimes seen expressed by External Affairs officials as an implied attitude of "what is the point of a Canadian initiative when it probably won't succeed?" While not underestimating the problems, we strongly believe that cynicism leads to apathy which, if shared by many of the potential leaders of the UN, will spell its death-warrant. We firmly believe that would be a tragedy not only for the developing countries but also for Canada and other countries of the western world.

For this reason, we welcomed the appointment of Mr. Stephen Lewis as Canada's Ambassador to the United Nations. We commend him for the energy with which he is representing Canada and the enthusiasm with which he defends the organization against its numerous critics. Our perception is that Canada is again, in the mid-1980s, establishing a significant place for itself in the United Nations.

We support Canada's efforts to reform some institutions, notably UNESCO, from within. The withdrawal of the United States and other countries from UNESCO does not solve any of the problems of that organization but rather creates new ones. (We were saddened to hear recently from a church partner in St. Lucia of the cancellation of an excellent literacy program in his country because of the cut in UNESCO's budget.)

The paper also raises the question of Canada's role as part of the UN's peacekeeping efforts. Elsewhere in this brief we express our conviction that peacekeeping is a highly appropriate role for Canada's armed forces to play. In answer to the specific question asked: we would advocate a return to the practice of UN sponsorship of peacekeeping operations, and we would like to see additional Canadian resources devoted to this enterprise.

Canada's avowed support of the United Nations may face a severe test if the United States does in fact cut back on its financial support. Countries like Canada, some of which are already contributing more per capita than the United States, may be asked to contribute even more in order to make up for the shortfall in the UN's revenue. We would urge that Canada indicate its willingness along with other countries to assume a greater share of the expense of maintaining the UN and its organizations.

Turning to Canada's other multilateral involvements, we note the increasingly significant part which we are taking in the Commonwealth of Nations. At this moment in history Canada, together with Australia and New Zealand, is playing a constructive bridging role between the United Kingdom and the Third World members. We commend the Prime Minister on the leadership which he showed in the recent Commonwealth meeting in the Bahamas, where the question of sanctions against South Africa proved so divisive.

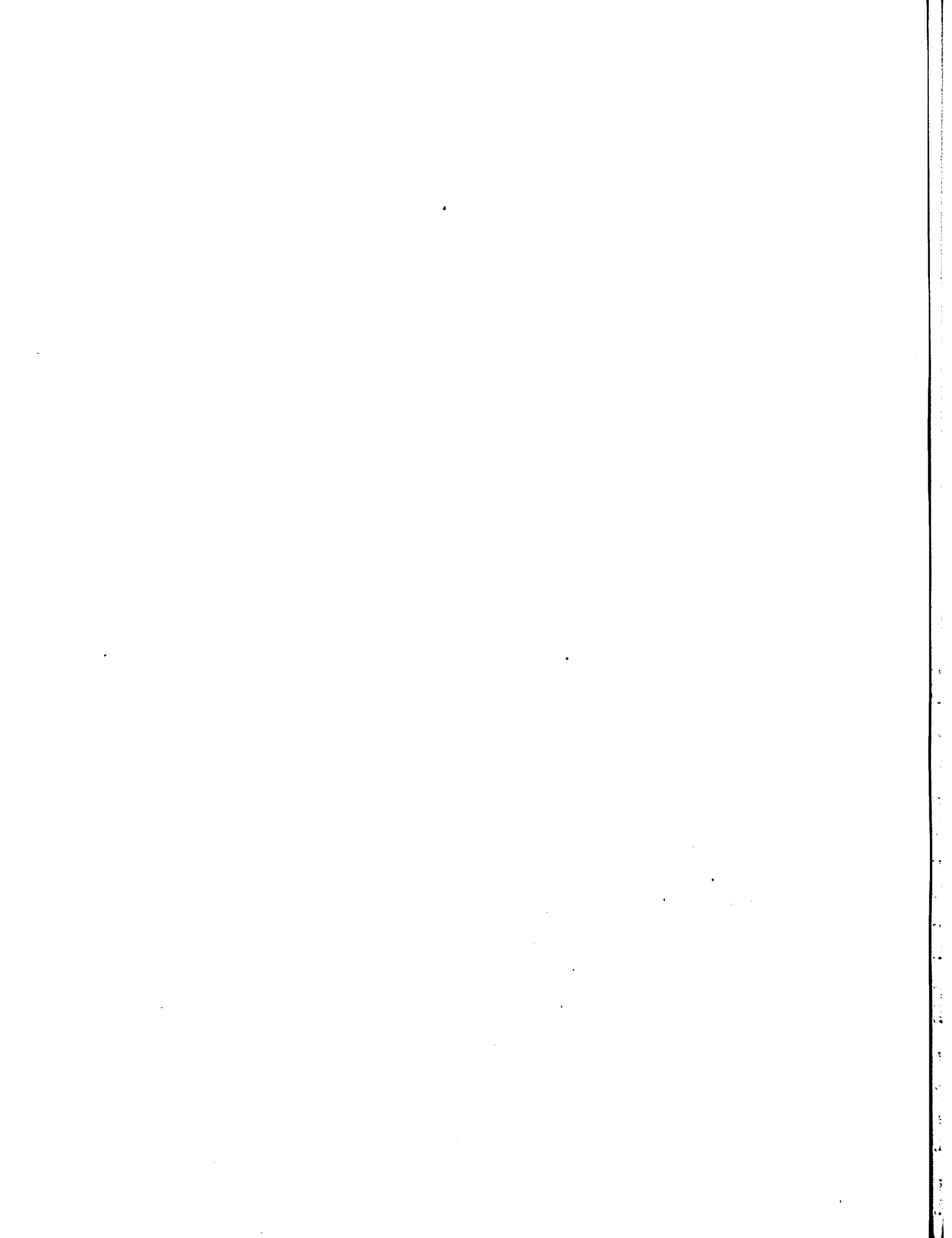
We are surprised in fact, in light of the very prominent Commonwealth role played by Mr. Trudeau over many years, the excellent beginning made by Mr. Mulroney, and the positive emphasis we know is laid on Commonwealth connections by our diplomats in Africa and Asia, that the Commonwealth tie is given only a few lines in the Green Paper. We believe that there are many constructive initiatives possible within the Commonwealth; it is potentially very valuable as an alternate forum to the UN, where the lines between the western countries and the Third World are very sharply drawn.

We welcome Canada's recent initiative in supporting other Commonwealth governments as they implement programmes of mass immunizations against six childhood diseases. This is a good example of interaction in the relatively small forum of the Commonwealth where Canada's initiatives and contributions can have a real impact.

Canada's bilingual character makes it a desirable centre for further studies and cultural exchanges for the large majority of the countries in the developing world. This is reflected in the programmes Canada supports through the Commonwealth and our participation in La Francophonie. We are very well equipped for leadership in this field. We would urge that Canada continue to make this a priority.

To sum up:

1. The churches strongly endorse Canada's participation in multilateral organizations and urge the government to pursue policy initiatives within these forums which are designed to achieve constructive and humanitarian results, not only for this country but also for countries of the developing world.



CHAPTER TWO**CANADA AND THE THIRD WORLD
AID, INTERNATIONAL TRADE
AND THE INTERNATIONAL FINANCIAL INSTITUTIONS**

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I. Introduction

Over the last several decades, Canadian churches have actively engaged in relief and development activities in many Third World countries. In this they have been part of a wide spread movement of concern and commitment in Canada that has actively sought to express its solidarity with the world's poor. This movement has embraced many groups, whose positions have not been identical. Nevertheless, three concerns have usually been central to their positions and activities.

1. An acceptance that we Canadians have obligations which extend to those beyond our borders.

2. A recognition that the international order persistently works to the advantage of the rich and powerful within it; equity and justice towards the less developed countries will therefore require concessions from the countries of the North.

3. An emphasis in development activities on helping communities of poor people and poor countries to meet their basic needs more adequately, and on assisting them to gain a greater control over the forces and institutions which determine their economic progress.

The Canadian NGOs were not alone in their advocacy of these central propositions. The second proposition above, that there are obligations of justice and equity which call for concessions by the North, was at the core of the demands of the Third World in the mid- and late-1970s for a new international economic order. The validity of this claim was unambiguously supported by Prime Minister Trudeau in his famous speech in 1978 at Mansion House, London, by the Brandt Commission in 1980, and by the Parliamentary Committee on North-South Relations in its report in 1980.

The third proposition, that development assistance should concentrate upon helping poor people and poor countries to meet their basic needs was very widely championed in "development circles" by the mid-1970s as it became more and more clear that without special care much development assistance might fail to be of any value to the poorest within the countries being aided. It was the International Labour Office that gave to the concept of basic needs its most persuasive definition. The ILO also agreed, and it was a view that received wide endorsement, that the objective of development assistance was to assist poor people and poor countries to be able themselves to meet their basic

needs. The Declaration of Principles and Programme of Action adopted by the 1976 World Employment Conference of the ILO includes this authoritative statement (from Annex B in Employment Growth and Basic Needs: A One-World Problem, prepared by the ILO, 1976):

2. Basic needs...include two elements. First, they include certain minimum requirements of a family for private consumption: adequate food, shelter and clothing, as well as certain household equipment and furniture. Second, they include essential services provided by and for the community at large, such as safe drinking water, sanitation, public transport and health, educational and cultural facilities.

3. Basic-needs-oriented policy implies the participation of the people in making the decisions which affect them through organisations of their own choice.

4. In all countries freely chosen employment enters into a basic-needs policy both as a means and as an end. Employment yields an output. It provides an income to the employed, and gives the individual a feeling of self-respect, dignity and of being a worthy member of society....

6. In developing countries satisfaction of basic needs cannot be achieved without both acceleration in their economic growth and measures aimed at changing the pattern of growth and access to the use of productive resources by the lowest income groups. Often these measures will require a transformation of social structures, including an initial redistribution of assets, especially land, with adequate and timely compensation.

CIDA came close to embracing a similar attitude toward development in 1975 with the publication of its policy paper, Strategy for International Development Cooperation 1975-80. That paper in many ways marks the high point of CIDA's ability to give a primary emphasis to helping poor countries and poor peoples to meet their basic needs. However, this paper was never an authoritative guide to CIDA policy, and certainly it did not reflect the attitude and values of the Departments of Finance, and of Industry, Trade and Commerce. Almost from the date it was published, there was a major erosion of CIDA's ability to pursue the objectives set out in the strategy paper as other, and lesser, objectives were quickly required of CIDA. This erosion is well known, and has been authoritatively documented by the North-South Institute in its In the National Interest (Ottawa, 1980).

Over the past decade CIDA's concern with basic needs and

with projects that will directly help the poor has declined as its interest in large-scale projects and in the newly-industrializing countries has grown. In contrast, the churches, along with many of the major non-governmental organizations working on aid, have moved in quite the opposite direction. The development which they are concerned to promote is less and less seen in terms simply of an expanding gross national product for the countries they seek to assist, and more and more in terms of increasing the capacity of these countries to meet the basic needs of their peoples and of achieving more just international economic relations.

For example, the 1985 Action Goal and Objectives of Ten Days for World Development urged the Canadian Government "to develop and strengthen policies that will support the development of just, self-determining and participatory societies..." The target of this recommendation is Central America but the perception of development which informs the recommendation has universal applicability. The Inter-Church Fund for International Development (ICFID) has recently issued a similar definition of development. It is

"a process of continuous change by which any country or sector of population seeks to advance itself both materially and spiritually by: a) transforming its productive structure to serve its needs more adequately, b) establishing new and more just social relationships; c) acquiring adequate and appropriate political and administrative institutions; d) renewing its own culture to achieve a better quality of life"

With a greater sensitivity to the multiple dimensions of genuine development has come also a greater awareness of the complexity of the causes of under-development. ICFID, for example, observes that

"There is increasing exploitation of the poor by the rich. Global resources, sufficient for the satisfaction of every human need are controlled and enjoyed by a powerful few..."

The Canadian Catholic Organization for Development and Peace in its 1982 statement on basic principles pursued this theme further.

"Underdevelopment is in large measure caused by rich countries, and it is rich countries which create obstacles to development such as militarization and control of prices and markets. Development of the Third World is also the responsibility of the richer countries such as Canada and demands much more than financial aid."

The Canadian churches have also applied these values in assessments of specific Canadian economic policies towards the Third World. Examples of this are the recent Canadian Council of Churches' submission on the government discussion paper, Export Financing; and the statements by church representatives to the Special Parliamentary Committee on North:South Relations. In addition, church representatives have been active participants in the preparation of such statements as the paper on Canadian development assistance which was published in 1979 by the Canadian Council for International Cooperation and the 1981 and 1984 statements by the Group of 78.

This paper develops further the positions taken in these earlier statements. We are seeking to apply to the consideration of government policy on North:South issues these central ethical concerns:

1. a commitment to solidarity with those who suffer;
2. support for reforms that will lead to greater international equity;
3. a desire to help Third World communities and states develop economically, to become more self-reliant and more able to avoid exploitation and dependency in their relationships with larger and richer powers.

These three concerns are the basis of our recommendations with regard to aid, to trade, and to the international financial institutions (IFIs). Some of our recommendations seek to stop the erosion that has already occurred in the aid and trade policies of the Canadian government and in the activities of the IFIs. Others seek to move beyond this immediate, damage-limiting objective to suggest policies that would promote greater international equity and provide greater concrete assistance to the least developed countries. Finally, there are recommendations which even more clearly go beyond the intentions of the present Government and give concrete expression to the churches' concern that we respond more generously and imaginatively to the needs of the poorest, including their need to gain a greater control over the circumstances of their lives.

II. Development Assistance Policies

It is urgently necessary to reverse the trend in Canadian aid policies which has involved over the last ten years a significant retreat from the policy statement of 1975. We therefore recommend that:

1. The Government of Canada should restore 1990 as the latest date by which it commits itself to reach the target of .7% of the Gross National Product for its development assistance expenditures.

This recommendation is only the beginning of a revitalized aid program for Canada. Indeed, by itself and without other reforms it might be of limited value. However, it is a desirable first step. We have been promising the Third World that we accept this target for nearly two decades. Let us begin by withdrawing the announcement that Canada would delay until 1995 the final achievement of the target for its aid expenditures of .7% of the Gross National Product. Let us reinstate 1990 as the date by which this target will be reached.

2. CIDA should immediately permit tenders from other Third World countries in relation to the development assistance projects administered by its bilateral programs.

Over ten years ago there was an OECD decision that its member countries should permit Third World tenders for the supply of goods and services required by their aid projects. The 1975 CIDA Strategy paper promises that Canada will do this. Let it now be done.

3. Canada should rapidly and progressively untie its bilateral aid, that is, permit the countries being assisted to use competitive international tenders for projects financed by Canadian aid.

This will significantly increase the real value of Canadian aid to the recipients. Regulations presently require that Canadian goods and services constitute 80% of bilateral projects. This requirement has been estimated, even by Presidents of CIDA, as adding an additional cost averaging between 20 to 25%. There is a second important consequence to this untying. As long as Canadian aid is as tied as it now is, Canada can do little to assist many of the projects which are most likely to help meet the basic needs of poor people. Activities such as the provision of rural water supplies, tertiary roads, low-cost urban housing, rural dispensaries, and agricultural extension services cannot be provided if 80% of the inputs must be Canadian in origin. The selection of the projects to be assisted by Canada is thus severely skewed in the direction of capital intensive, large scale, technologically complex projects.

4. CIDA funds should not be used, directly or indirectly, in association with export credits to secure capital contracts for Canadian firms.

This practice has developed and become common in recent years. It is, indeed, the most important innovation in Canadian aid policies in recent years and the most damaging. Canadian bilateral aid had long been in large part tied to the purchase of Canadian goods and services. To this self-serving practice was then added the promotion of Canadian trade. This additional responsibility for the Canadian aid program was urged upon the government by the Hatch Report on Promoting Canadian Exports presented to the Minister of Industry, Trade and Commerce in 1979 and has been a recurring theme ever since.

This new emphasis has two main implications. The first is that more aid should be given to the newly industrializing Third World countries for their markets are potentially far more important to Canadian exports than were those of the least developed. The second implication is that Canadian aid should be used in a variety of ways to help secure for Canadian firms substantial orders, particularly for capital goods. The techniques used are several and they are complicated. But their central characteristic is that CIDA assistance is made available on the condition that a commercial project associated with the aid project is awarded to a Canadian firm. The results are obvious. Aid is drawn towards projects that are large and capital intensive. Aid is also by this device more likely to be awarded in higher income countries for it is they who are most likely to have the large capital projects capable of being financed in these complex ways. First the previous government and more recently the present government have announced their intention of devoting one half of all increases in aid spending to a mechanism which would achieve this same end.

We do not deny the legitimacy and importance of trade promotion. However, we agree with the recent brief of the Canadian Council of Churches on Export Financing that it is shabby to present as aid funds spent in the promotion of Canadian exports. To propose, as the government is proposing, that 50% of the increase in CIDA's budget should go to the new aid-trade facility is effectively to use these funds for trade promotion. It thus undermines the meaning and value of the government's acceptance of .6% of GNP as the target for aid expenditures.

In addition to the above recommendations which seek primarily to check the erosion to the integrity of CIDA's development assistance which has occurred in recent years, we add these further recommendations which would lead CIDA in imaginative and desirable fresh directions. Many of these additional recommendations are corollaries of the conviction

so widespread amongst both church and non-church NGOs, that we should be seeking to promote development which involves much more than an expanding Gross National Product.

5. Canadian aid should be directed in particular to those countries whose governments are seriously endeavouring;

a) to pursue a more self-reliant development strategy, and

b) to ensure that the poorest in their societies are able to meet their basic needs.

It is hard for government-to-government Canadian aid to reach the poor and to be of particular assistance to them in countries whose governments ignore the poor and are unresponsive to their needs. In contrast, regimes which are making particular efforts to lessen their dependency and to be responsive to the needs of their poor merit the special attention of CIDA.

6. In selecting the projects and programmes which are to receive Canadian support CIDA should take especial care to search out those activities which will "produce a wide distribution of the benefits of development..., enhance the quality of life and improve the capacity of all sectors...to participate in national development efforts." (Quoted from CIDA's 1975-80 Strategy Paper.)

This was once the most important part of CIDA's mandate. It has been largely swamped by the insistent concerns that CIDA projects include at least an 80% Canadian content and that our aid program should help to create and expand markets for Canadian exports to the Third World. We need to go back to first principles. We need a fresh reaffirmation of what was seen in 1975 as the primary purpose of Canada's development assistance. This will not exclude other types of development assistance beyond those that directly and immediately assist the poorest and address their basic needs. The governments of the least developed countries have many needs, including substantial capital needs, which must be met and these too are appropriate for Canadian support. One thinks, for example, of transportation systems and urban water supplies. Direct financial balance of payment support for least developed countries whose whole economies are faltering severely and whose foreign exchange needs are nearly overwhelming is also a highly desirable form of aid, at least to those Third World governments with a demonstrated concern to promote the genuine development of their countries in ways that will bring its advantages to their peoples.

The expansion of the work of the NGO Division in CIDA is applauded especially as it is often very imaginative and enterprising. However, as the size of the funds being spent in this way grows, so also grows the risk that CIDA will wish

to influence the NGOs in their expenditure of these monies.

7. Special care should be taken within CIDA to ensure that the NGOs are not treated as agents for the implementation of government policies and that NGOs' aid programs are not regarded as mere extensions of government-to-government assistance.

CIDA has often acknowledged that the very independence of NGOs and the intimacy of their involvement in Third World countries enables them to be more effective in promoting self-reliant development among the poorest than is possible for a government agency. Financing and managerial structures within CIDA should be developed to enhance cooperation and coordination where appropriate between NGO concerns and expertise and CIDA's bilateral priorities. It would be a sad denouement of the work of the NGO Division if there was a gradual assertion of influence and control by government over the NGO activities it is supporting. CIDA's new "country-focus" program has the clear potential to increase CIDA's influence upon the activities of the NGOs. Avoiding this must be seen as a high priority.

8. The Canadian government should commission a major review of CIDA's uses of food aid.

Food aid continues to be used extensively by Canada. It is important to ensure that when this aid is used for purposes other than emergency relief, it assists the recipient countries to move towards food self-sufficiency and is not employed to unload awkward Canadian surpluses. Indeed it seems likely that except for emergency relief, food aid may well be a particularly undesirable form of aid, because of its impact upon local agriculture.

9. The Canadian government should establish basic human rights criteria as one of the important co-determinants of Canadian aid policies.

We recognize that the detailed implementation of this recommendation is more complex than perhaps it first appears. Nevertheless it is highly desirable that human rights considerations should be an integral component of the decision-making process that is brought into play for the identification of the countries that are the major recipients of Canadian development assistance. It is our judgement that in recent years Canada has tended to give only very inadequate weight to human rights considerations when shaping its development assistance program. In a later chapter we discuss more fully the implications for Canadian policy in a number of areas if the government were to pay, as we recommend, greater attention to human rights.

10. Where it is clearly determined that basic human rights are grossly and persistently violated by a state, that state should receive no Canadian government-to-government assistance, except for emergency relief aid.

Under such circumstances any real and authentic development is most unlikely to be state-sponsored. Canada should indeed see it as an obligation to avoid any direct involvement with those guilty of massive human rights violations. Even the use of sizable Mission Administered Funds in these situations should be reviewed lest undue support be given indirectly to local organizations that are in fact the creatures of the oppressive regime or, worse yet, endanger local groups truly working for structural changes. This recommendation is based on the churches' experience that careful informed judgements are needed on a project-by-project basis in many countries with poor human rights records. In these countries, it is vital to ensure that Canadian aid genuinely helps to meet the real development needs of the people rather than being used to reinforce the power of an oppressing regime.

REFUGEE RESPONSES

The churches also urge that Canada's foreign policy be more actively directed in the search for solutions to the root causes of refugee migrations, which can be found in underlying economic and social injustices and related human rights violations. There can be no improvement in the world refugee situation until there are greater efforts to remove root causes. As Ambassador McPhail, Canada's Ambassador to the UN, pointed out in 1980, "It is our view that unless action is taken to deal on an urgent basis with the root causes of these refugee situations the flow throughout the world will only....continue.... Mass movements of populations threaten to remain....one of the most vivid and dramatic reminders of the shortcomings of the present international order." (Executive Committee of UNHCR Statement, 1980, p.2).

We believe that the situation calls for increased diplomatic support by Canada for authentic regional negotiated solutions to conflicts such as the Contadora initiative in Central America. Canada can take initiatives to play a mediating role, especially in situations such as Sri Lanka, where there are Commonwealth ties and ongoing development aid programs.

Moreover, Canada's humanitarian response to the victims must be as energetic as its efforts to remove root causes. The churches welcome the fact that Canada has recognized international efforts to assist refugees for what they are - humanitarian concerns. For Canada, refugee policies have been policies for humanitarian assistance which have been

kept quite distinct from our domestic or foreign policies. This approach has earned international respect.

United Nations High Commissioner for Refugees (UNHCR)

Canada has played a major role in supporting and strengthening UNHCR in the protection and settlement of refugees. Persuasion, special initiatives, and financial contributions for both general and specific programs are all part of this independent Canadian supportive role. We urge that this role for Canada continue in a world where permanent solutions for the many refugees seem so illusive. In 1984, Ambassador Beasley told the Executive Committee of UNHCR, "let me say without reservation, there will be no retreat from the high standard of protection Canada has achieved in the past". May this be so!

The implications of continuing the Canadian policy of strengthening the international instruments for refugee protection would include:

(a) efforts to support the formulation of new, wider protection instruments, and to ensure that traditional instruments are adhered to and applied integrally by the international community (EX.COM. Statement, 1980, p.6);

(b) efforts to strengthen the protection which the UNHCR can offer for the physical safety of refugees and asylum seekers; for example, from military attack or from piracy (EX.COM. Note on Protection, 1984; Statement 1982, p.7; Statement 1981, p.7);

(c) efforts "to maintain a level of refugee intake which reflects the nature of the global need for this form of refugee assistance" (EX.COM. Statement, 1981, p.15);

(d) efforts to continue "Canada's established humanitarian tradition of offering a permanent home to refugees and others in need of humanitarian assistance" (EX.COM. Statement, 1981, p.15);

(e) efforts to strengthen the integration of refugees into the development process, such as the ICARA II process to provide additional development assistance for African states (EX.COM. Statement, 1984, p.4).

(f) efforts to continue to make a significant commitment to the financial support of UNHCR programs (EX.COM. Statements, 1981, p.14; 1982, p.13)

(g) efforts to ensure "action is taken to deal with, on an urgent basis, the root causes of refugee situations" (EX.COM. Statement, 1980).

Two of these points require further elaboration.

Special Development Assistance for Countries Burdened with Refugees

The African states have chosen to try to solve the problems of African refugees within Africa. This relieves other countries of the normal pressures to re-settle refugees. However, there is a corresponding need to assist the African states who are struggling to carry an enormous burden of refugees, which in many instances results in serious delays in their own development plans. We therefore urge the Government of Canada to support the efforts of the African states and of the United Nations who are seeking to secure additional, above and beyond, development-related assistance through the ICARA II process. As Canadian Ambassador Beasley stated before the EX.COM., "The historic commitment to long-term integration of refugees in the development process must now be translated into truly effective projects. This can only be done by maintaining the political will to do so.

Continuing Significant Financial Support for UNHCR and Related Refugee Programs

Through CIDA the Canadian government has made significant contributions to the core budget of the UNHCR, as well as to several of its special program appeals over the last few years. Contributions have also been made to the UN Relief and Works Agency (UNRWA) for Palestinian refugees and the International Committee of the Red Cross.

The churches welcome the continuing support the Canadian Council of Churches receives from the International Humanitarian Assistance Division of CIDA for the refugee programs of the Middle East Council of Churches and the All Africa Conference of Churches. This assistance is channeled through the Refugee Programme of the World Council of Churches.

III. TRADE POLICIES

The churches' recommendations in the area of development assistance dealt first with measures to check the damaging disintegration which has occurred in recent years. Our recommendations with regard to trade policies also begin with remedial measures, for in recent years there has been an erosion also in the openness of access which Canada gives to manufactured goods from the Third World.

However, the trade policy issues are more complex than those of aid. In recent years the export of manufactured goods from Third World countries to western countries such as Canada have become controversial with clear implications for domestic manufacturing and employment. There are a number of mutually re-enforcing factors at work.

They include: the high levels of unemployment; the increasing importance of trade to western economies; the great increase in global planning and global sourcing by trans-national enterprise; the speed at which at least a few less-developed countries are moving through the various stages of industrialization. All of this means that governments such as the Canadian government are bound to be concerned about the employment and investment consequences of Third World industrial exports upon their own domestic economies.

Low-cost manufacture imports are not nearly as important as technology in generating structural unemployment. The invention of new products and, even more, of new manufacturing processes has always been the primary cause of structural unemployment from the invention of the spinning jenny to the moving production line to robotics and micro-electronics. Nevertheless, low wage imports, though a far less significant cause of unemployment, are a highly visible source of unemployment and are easily targetted. In devising public policies to manage this structural unemployment, it is important to recognize that some of the possible responses to these low-cost imports have disproportionate and substantial negative consequences for the Third World. For this reason, the churches believe Canadians have an obligation to promote employment and growth in Canada in ways that do not impose any special burden on the countries of the Third World.

Our first few trade policy recommendations are designed to ensure that Canadian policies do not directly discriminate against Third World products. It is a sad comment that this must be our starting point.

The churches recommend that:

11. Canadian policies designed to deal with structural unemployment due to low-cost imports shall not be negatively discriminatory against Third World countries and, except possibly in rare exceptions, shall be transitional in nature. These policies, called industrial adjustment policies, should be designed to facilitate the transfer of capital and labour to industries in which Canada can maintain a comparative advantage rather than to perpetuate and entrench a declining industry at increasing cost to Canadian consumers and to the Third World exporters.

The record to date is far too clear: country-specific protectionist measures are used primarily against the weakest of those countries that are selling in Canada. Non-discriminatory trade rules, that is international rules that rule out protectionist measures that are specific to one or a limited number of countries, are therefore of particular importance to the less developed countries, for they (and East European countries) are almost always the main targets of such measures. For similar reasons, safeguard measures should also be transitional in order to ensure that they are being used to facilitate an orderly adjustment to the appearance of the Third World products rather than to block their way permanently.

12. Manufactured products from poor countries should not be excluded from Canada merely on the grounds that they come from low wage societies.

To accept that goods can be excluded merely on the grounds that they come from low-wage societies would be to aspire to a two-tiered system of international trade in which manufactured goods were almost exclusively produced by already-developed countries; any such exclusion would deny poor countries what is often their one comparative advantage, their low wages; it would entrench what would constitute a policy of trade apartheid.

However, in order to protect the interests of labour both in Canada and the Third World, much more effort is required to ensure that employers, both multinationals and indigenous capitalists, do not exploit Third World labour in the manufacturing of goods for export to Canada. This does not mean that they must pay wages equivalent to Canadian wages for that would mean that they could never be in a position to export. However, it should mean that the exporting companies are meeting basic standards relating, for example, to safety regulations, to child labour and to hours of work and that their wages are comparable to or better than the wages of other workers in that national economy. To that end,

13. Canada should itself enforce a fair labour practices code upon its trading partners, and should press for the introduction and enforcement of such a code internationally.

14. The Canadian government should formulate vastly improved domestic policies of industrial adjustment.

Canadian industries in which Canadian production is not competitive and cannot be expected to become competitive - for example, labour-intensive requiring low levels of skill and producing for a mass market - cannot in the longer run be kept in Canada save at increasing cost to Canadian consumers and with increasing injustice to Third World manufacturers. Yet if there are not in place imaginative and generous policies to assist the workers who will thereby lose their jobs, two consequences will be almost inevitable. The fact is that the workers will bear the greatest burden of whatever adjustment occurs and the second is that there will be very great political pressure for protectionist measures to save these industries and their jobs. For this reason, Third World countries have pressed the developed countries to implement effective industrial adjustment policies for without them few countries would in fact be able for long to welcome an increasing flow of Third World manufactured imports.

15. Canada should strongly support the General Agreement on Tariffs and Trade, and should seek to ensure that it reflects the needs of the poor countries more than it has in the past.

Over the years, GATT, the international framework of rules and institutions which regulate international trade, has proved significantly more advantageous to the developed countries than to the poor countries. Nevertheless, as the countries of the Third World well know, they more than any would suffer if the international trading system were to slip back to the anarchy that characterized it in the 1930's. It is the weakest which suffer when rule-making and rule-enforcing mechanisms break down. On this issue there is a real mutuality of interest between Canada and the Third World countries. While Canada is a major trading nation, it does not have the bargaining power of the U.S., the U.S.S.R., Japan, and Germany, or even of France and Britain. An ordered multilateralism in trade is therefore also in the interests of Canada.

The last two recommendations in this section which follow would urge the Canadian government to support reforms to the international economic order which would in the first instance in particular assist Third World countries but which we believe are also in the long-term best interests of all countries, rich and poor alike, as they would contribute to a

more equitable and stabler international order.

16. Canada should acknowledge that the present international economic order works to the persistent comparative disadvantage of poor countries, and should support and play an initiating role in international efforts to promote a new and more equitable international order.

The western world, including Canada, has killed the move towards a new international economic order (NIEO) which was such a prominent feature of North:South relations in the period 1974-81. Yet the inequities that called forth the demand for the NIEO continue. We think, for example, of the adverse terms of trade faced by most of the least developed countries; the instability of commodity markets; the relative absence of processing of Third World commodities in the Third World; the unregulated play of transnational enterprises throughout the Third World; the low levels of Third World industrialization. Canada should signal a willingness to give a fresh and sympathetic consideration to this whole range of international issues.

17. Canada should be ready to negotiate long term commitments to purchase commodity exports from Third World countries that are seeking to plan their economies and need the security of such commitments-to-purchase as Canada could offer.

This would be of particular value to those few Third World countries that are attempting to follow a more self-reliant development strategy.

In concluding these recommendations relating to international trade, we would underline that we value an ordered, non-discriminatory multilateral trading system. We see it as being as important in that arena as is the UN in the area of international political issues.

However, we are not thereby intending to recommend to Third World countries that they should pursue an export-led development strategy, relying on manufactured exports as their "engine of growth". For many of the less-developed countries and for most of the least-developed amongst them such a development strategy is unlikely to be advantageous. The development agencies of the Canadian churches tend instead to suggest an emphasis on food self-sufficiency, on rural development and on community-based and community-strengthening projects.

Nevertheless, all Third World countries desperately need foreign exchange for essential imports and all seek international markets for their produce and goods. These recommendations, if implemented, would help to ensure that they are fairly treated in the international trading arena.

Finally, it is important to note that these recommendations are also in Canada's national interest. They would contribute to a more just and therefore more peaceful international order and they would help to strengthen the international structures and framework of rules whose strength and efficacy is as much in Canada's interest as in the interest of the Third World.

IV. The International Financial Institutions (IFIs)-The World Bank, The International Monetary Fund (IMF), and the Regional Development Banks

The history of the International Monetary Fund, the World Bank and the regional development banks can be seen in one of two rather different ways. They can be seen as institutions created by the major capitalist states to manage the international economic order in capitalism's interest. They can also be seen as rather inadequate and still fragile international institutions which are all the world has to accomplish important international tasks which are as much in the interest of mixed economy states and socialist states as capitalist states. The truth is that both of these perceptions are correct. These institutions do serve the interests of capitalism. They are dominated by the major capitalist states. However their two major functions are certainly important also to the less-developed countries. The provision of short-term credits in hard currencies to countries facing unanticipated severe balance of payment problems (the IMF) and the provision of long-term loans for major developmental projects (the World Bank and the regional development banks) are activities needed by any international economic order. Though the less-developed countries have had much to criticize in the operation of these institutions over the decade, it has very much been the case in recent years that they have been their champions while the United States has sought with success to limit severely their funding and to constrain their activities.

Five developments in recent years must be noted as background to the recommendations of this paper. They are the following:

First, the International Monetary Fund has been intimately involved in the negotiating and management of the various agreements relating to the very severe debt crises which have engulfed the economies of a number of newly-industrializing countries. This has had an adverse impact on the resources and the energy that the IMF has devoted to the problems of the many less-developed countries which have been so enormously affected by the global recession.

Second, neither the World Bank nor the IMF has come forward with facilities to provide credits and loans adequate to the needs of the less-developed countries that face major structural adjustments that are not temporary and cannot be completed in a short number of years. This is a major failure of creative leadership by these institutions, a failure partly due to the preoccupation, just mentioned above, with the debt crisis of a few major NICs.

Third, there has been a vast and depressing assymetry in

the reaction of the IMF to the continuing international debt crisis and the global recession. The Fund, and the international community more generally, has no capacity to influence the policies of the United States whose enormous defence expenditures and massive budget deficits are the main cause of the abnormally high interest rates which, in turn, greatly intensify the debt burden of Third World countries and retard a global economic recovery. In contrast to this inability to influence policies in the United States, the Fund bears down heavily upon the poorest countries, insisting upon policy changes that have the most adverse impact upon the welfare of their poor.

Fourth, since 1980 the United States policy towards these institutions has been particularly unhelpful and unconstructive. The United States has sought to influence the decision of these institutions about loans and credits to governments that are out of favour in Washington. Even more important, the United States, as part of its general irritated reaction to the U.N. family of institutions, has been a major opponent to an adequate augmentation of the IMF quotas and the resources for the International Development Association, the concessional finance arm of the World Bank. American policy continues to be unhelpful but in recent months it appears as if the U.S. now sees the possibility of bending IMF and Bank policies to serve goals that they, the Americans, have defined. Recommendation 20 speaks to this latest development.

Fifth, there is a marked tendency on the part of each institution to use the very powerful leverage which they have over Third World governments-in-need to secure the adoption by Third World governments of internal trade, monetary, public finance and public sector policies which reflect a strong pro-capitalist, pro-market ideological bias and a marked disregard for the welfare of the poor.

The Canadian government has continued to be a strong supporter of the international financial institutions. Canada has opposed the efforts of the United States to limit their effectiveness. Canada has also on several important occasions, in one or another of these institutions, voted in favour of credits or loans which the United States was opposing. However, CIDA, External Affairs, and Finance have tended very much to accept unquestioningly the IMF/World Bank view of the causes of Third World development problems and have supported efforts to mobilize multilateral pressure on governments that try to stand against the policy pressures placed upon them by the IMF and the Bank. Canada has thus contributed to, rather than moderated, the western ideological common front which faces any Third World country seeking to pursue a development strategy that challenges that ideology.

The recommendations below follow the same pattern as the

recommendations in the previous sections. We begin with recommendations designed to check the erosion to these institutions which has in recent years limited still further their effectiveness and lowered their value to the Third World. Then we continue with recommendations which speak to the important reforms which Canada, as a member of these institutions, should press upon them.

18. Canada should join like-minded middle powers of the west and influential developing countries in a concerted effort to ensure that the World Bank and the IMF become much more responsive to the needs of the poorest countries.

Whatever their faults, and they are many, there can be no doubt that further erosion in these institutions would be damaging to Third World countries. This fact is very widely recognized in the Third World. Less-developed countries of every political persuasion have been united in advocating more substantial funding for the International Development Agency (IDA) and larger country quotas in the IMF; an expanded IMF low conditionality funding for low-income countries; a restoration of the funding of the IDA to levels at least the equivalent in real terms to that of recent years; and an expanded and reformed program of structural adjustment loans at the World Bank so that these loans can in actual fact be available to the poorest countries.

19. Canada, nevertheless, should view with great caution the recent American effort to integrate more closely still the lending policies of the international institutions and the major international banks.

Institutions can not only erode, they can also be subverted. Recommendation 18 was directed against an erosion of these institutions. This recommendation seeks to enlist Canadian concern about their subversion. In recent years American policy has been to minimize the role of these two institutions, certainly in terms of the activities that are most valued by the less-developed countries. However, in recent months there has been a change in American policy and instead a major U.S. effort is underway to mobilize the full involvement of both the IMF and the World Bank in a concerted effort to protect the major international banks that have loaned so heavily to a few of the newly-industrializing countries. This would make these institutions even more the active allies of the banks as these banks seek to protect themselves despite the highly-exposed position in which their profligate lending has landed them. It would even more involve an imposition upon the debtor nations of a set of policy prescriptions that closely reflect the dominant economic ideology in Washington. It would cut still further the time and resources that they could and would devote to the needs of those less-developed countries, other than the

newly-industrialized countries that are now so heavily in debt.

20. Canada should work to ensure that the conditions attached to the credits extended by the IMF are carefully revised so that their burden does not fall primarily upon the urban poor and the rural landless.

The gravest of the criticisms of the IMF is that the conditions which it attaches to its credits to the Third World countries that face severe foreign exchange crises, involve impositions which fall primarily upon the poor countries and indeed are so onerous that they may become impossible for most governments and certainly any democratic government to enforce. This constitutes a major failing of these institutions and is in large part due to the deep ideological thrust of these institutions combined with their unwillingness to press either the banks or western governments to accept a major share of the costs which are the consequences of the extravagant lending policies of a few years ago.

21. Canada should seek to ensure that the arrangements for "rescue operations" suggested as ways of dealing with the debt crises of such countries as Argentina, Chile, Mexico, and Brazil do not leave the poor of these countries to carry the main burden, and to that end should support international negotiations to set the terms of a complete recasting of the debt relationships so that there will be a genuine sharing of the burden which avoids the imposition upon the debtors of socially, economically, and politically destructive burdens.

We should not be so mesmerized by the probable consequence of a major default that we do not consider the distribution of the costs of any proposed rescue. Justice requires that these costs be shared by the borrowing countries, the shareholders of their creditors and, possibly as well, the governments of the creditor banks. Only such an arrangement would ensure equity and would avoid saddling the borrowing countries with burdens that will perpetually bedevil the efforts of their people to achieve democratic rule and social equity. Latin American demands along these lines, in particular from Argentina, from Peru and from Mexico, have great force. Not to meet them surely makes the internal situation in these countries increasingly unmanageable with long-term consequences for them and for the developed countries that would be far more costly and damaging than would be major concessions now.

22. Canada should support the calling of a "new Bretton Woods" Conference so that the structures and responsibilities of the major international financial institutions can be freshly renegotiated.

The details of this proposal quickly become technical. However, its purpose is clear. There needs to be a new distribution of voting power in the international financial institutions to give an increased voice to the Third World and to bring the voting structure into line with the contemporary distribution of influence and power. Its task would be to devise the major policy instruments required if the IFIs are to serve the interests of all of their members in the 1980s.

23. Canada should urge the World Bank to make major and serious efforts to ensure that their support is available to governments seriously striving to promote development and the welfare of their people along lines that seem to contradict the present ideology that is dominant within the World Bank.

We would like the World Bank to show less enthusiasm for large-scale, technologically-advanced infrastructural projects, to be very guarded about recommending export-oriented development, and to rid itself of its ideological hostility to socialist regimes. As we have indicated, the experience of the development agencies of the churches suggests the emphases on large-scale projects and on export-oriented development are badly misconceived in the case especially of the poorest countries. At the very least Canada should seek to ensure that governments that are following a strategy of development which differs from that advocated by the World Bank do not thereby suffer in their relations with the Bank.

24. Canada should urge the IMF and the World Bank to use their undoubted leverage to ensure that no government receives assistance from them if that government seriously abuses the basic human rights of its citizens.

The details of what this might entail have been the subject of detailed submissions already by church groups to the Canadian government. They are also developed in Chapter 3 of this submission. Here we need only affirm the central principle that the major international institutions should do what they can to ensure the further consolidation and entrenchment of that recognition of the centrality of basic human rights which is now widely, if sometimes only formally, acknowledged. As a concrete step in that direction,

25. Canada should instruct its Executive Directors of the international financial institutions to incorporate immediately human rights criteria as a co-determinant of how they vote on proposed credits and loans from these institutions.

CHAPTER THREE

CANADA'S FOREIGN POLICY AND HUMAN RIGHTS

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I. HUMAN RIGHTS: INTERNATIONAL STANDARDS AND DEFINITIONS

Since World War II the international community has developed a set of standards which has become essentially international common law. They represent the concerted efforts of the member states of the United Nations to develop a system of universal values to which all states, regardless of ideological bent or political doctrine, should be expected to adhere in their treatment of their citizens.

In effect, these collected human rights instruments represent an obligation on the part of all states participating in the international system to promote not only the interests of their own citizens, but the interests of the citizens of every state. In our view, signing the universal human rights declarations and codes obliges each state to restrain other states and their agents from violating the rights of their citizens.

Over the past twenty years, the inter-governmental human rights movement has been joined by the non-governmental human rights movement, which has sprung up all over the world to ensure that states comply with the standards to which they have agreed. However, in the last decade, both these movements have been seriously threatened by the growing number of states that have flouted world opinion. They are also endangered by the stalemate between East, West, and Third World over which rights ought to have priority. Furthermore, a certain fatigue has set in since the 1970s, and consequently some countries now argue that human rights are not really of such great consequence.

As churches engaged in mission and development in many parts of the world, we have observed firsthand the most shameless violations of peoples' fundamental rights. In the worst situations, members of our partner churches overseas have themselves become part of the flood of refugees from their homelands, seeking asylum in Canada.

Stemming the flow of political and economic refugees is an increasingly urgent issue. The churches believe that the only real solution lies in tackling the root causes - the factors that deny so many of the world's citizens their basic human rights and needs.

The churches assume that all people everywhere, regardless of their ideological, cultural, or political system, wish to be free from disappearance, from arbitrary arrest, detention, torture, and extra-judicial execution and from systematic state-sponsored racial discrimination. We consider these basic rights. We also consider basic needs - for food, water, shelter - to be inviolable rights, without which it is impossible for human beings to sustain life. The churches regard these basic rights and basic needs as an

immovable floor, below which no citizen or state can be allowed to fall without threatening the basic ground rules of the international order on which all states rely for their own security and for the security of their citizens.

The churches ask for a commitment by the Canadian Government that it will place priority on the pursuit of a basic rights and basic needs floor, both in its multilateral relations and in its bilateral relations with other governments. In addition, we would urge the government to pursue the implementation of human rights coming above the basic rights and basic needs floor. Those rights constitute "a movable ceiling", a goal towards which states should progress steadily on schedules that reflect their cultural, historical, and economic differences.

The seriousness with which the Canadian Government has taken its own obligations under the international agreements, its practise of reporting on its implementation in UN arenas, and its development of open and frequent consultation with the nongovernmental human rights movement within Canada and abroad are much admired by our colleagues in countries whose governments have not been open to the role of citizens in the pursuit of human rights.

In unequivocally guaranteeing the human rights of Canadians by the "Charter of Rights and Freedoms", the Canadian government has made a public declaration that such rights are part of Canada's value system. By ratifying the "International Covenant on Civil and Political Rights", Canada has extended that value system to its position in the international arena.

Canadian churches support the government in these declarations and put forward recommendations which in our judgement would most effectively apply them to all areas of our country's foreign policy. We would urge the government to build on the impetus created by its own efforts in the past and pursue with greater vigour its obligations to those peoples in other countries who are subject to disappearance, arbitrary arrest and torture, detention, and execution.

II. DEVELOPING A HUMAN RIGHTS POLICY: MONITORING ITS APPLICATION

The Canadian government claims that the promotion and protection of international standards of basic human rights are an integral part of its foreign policy objectives. Nevertheless, it appears that at present it does not yet have a coherent human rights policy to shape its external affairs decisions.

The churches therefore recommend that:

1. Canada should begin at once to develop a human rights policy which will detail the criteria by which the human rights situation in a country can be assessed.

These criteria should provide a yardstick by which Canada can judge if conditions in a country being assessed are such as to endanger human existence or to make such existence intolerable.

2. An annual public review of the observance of human rights in countries of particular interest to Canada should be conducted by a mandated parliamentary committee.

The human rights performance of a particular government (which will include human rights violations perpetrated by the government, or tolerated by it) may change over a period of time. It is important that the Canadian Government and Parliament be apprised of these changes in order to adjust their responses accordingly. Such annual hearings should bring together relevant information gathered by the Department of External Affairs and should include testimony from national and international organizations concerned with human rights. The hearings should be of sufficient length to ensure effective review of all evidence presented.

3. The Canadian government should place before the public the sources and data it uses when judgements are made concerning infractions of internationally-accepted human rights.

From time to time, information becomes public about transactions that have been made in the areas of aid, trade or financial support for countries that are designated gross and systematic violators of human rights. When the churches have raised questions, we have been told that the departments responsible for these transactions have carefully considered their impact on human rights observances of a particular country. Yet, at times these departments have previously been provided with the findings of human rights organizations which showed that these transactions could, in fact, involve Canada in assisting autocratic regimes who deny basic rights to their citizens. We do not know whether these government departments undertake their own compilations of human rights violations. If they do not, it is hard to understand how they reach the conclusions they do in the face of the findings of human rights organizations. Alternatively, if they do have other sources and data on which they base their decisions, these should be made public.

4. Although the churches would prefer a policy of full disclosure on commercial transactions, at the very least Canada should require disclosure of the nature of transactions between Canadian companies and governments which are known to be guilty of gross and systematic violations of basic human rights.

The nature of transactions carried on with governments with poor records in the human rights area is a measure of Canada's commitment to promote and protect international human rights. It is therefore essential that both the nature of such transactions, and the criteria used to justify them, be made public.

III. THE SPECIFIC IMPLICATIONS OF APPLYING HUMAN RIGHTS STANDARDS TO CANADA'S FOREIGN POLICY

A. Human Rights, Refugees, and Canada's Immigration Policies

The drafters of the 1948 Universal Declaration of Human Rights provided for the right of individuals to flee immediate danger and to find refuge. Article 13(2) declares that "everyone has the right to leave any country, including his own, and to return to his country". Article 14(1) states that "everyone has the right to see and to enjoy in other countries asylum from persecution."

To its credit, Canada has taken a strong stand on the relationship between the violation of human rights and the flow of refugees. Indeed, the role which Canada has played in international protection is highly significant. Canada has offered a permanent solution for many of those in need of protection who requested asylum in Canada. The demand for Canada to continue this role will not diminish. There will always be some whose best option is to flee and to ask for refugee status in Canada.

Yet, over the past decade many countries have closed their doors to potential refugees. As the Director of International Protection of the United Nations High Commissioner for Refugees stated in October 1983:

In certain regions of the world....we find various states turning upon themselves, setting up obstacles to the entry of persons seeking asylum...".

Canada, which has heretofore been a model in upholding and strengthening the international protection systems, must not allow itself to be drawn into the general preoccupation of Western states with border protection and national

security. Canada's imposition of a visa requirement for visitors from Guatemala to "manage refugee flows" represents an unfortunate step in this direction.

The churches have taken careful note of the right assumed by states receiving migrants to take into account their own country's economic and social needs. States claim the right to protect their sovereignty. However, migrants, too, have rights. When the rights of individuals are in conflict with those of the state, serious international discussions and more precise guidelines become increasingly important. When an individual is fleeing intense persecution, the bias must be with the individual at risk. When individuals must legitimately flee to escape persecution, and when a particular state is a logical and accessible destination, that state should, as a matter of justice and not preference, remove obstacles such as the need for a tourist visa before entry. Therefore, the churches recommend that:

5. Canada should promote the international elimination of refugee reception and determination policies and practices which deny persons the right to flee and have access to refuge, such as indiscriminate tourist visa requirements and such as detention and other deterrence measures.

Specifically, we recommend that:

6. Canada should remove the tourist visa requirement for countries where the human rights situation is severe, and where Canada is a logical and accessible place of refuge, for example - Guatemala.

B. Human Rights and the Policies of Government Agencies Promoting Exports

1. The Export Development Corporation (EDC)

The activities of this crown corporation are of pivotal importance for Canadian international trade and investment, a major aspect of Canadian foreign policy. If Canada's foreign policy is also to accommodate an active concern for international human rights, the EDC should be required to review and report upon the condition of human rights in those countries to which it extends credit.

It seems inconsistent that Canada, together with other member states of the United Nations, has frequently condemned the Chilean military dictatorship for its repression and major human rights violations, and yet between 1974 and 1982, the EDC has extended credits for Chilean trade amounting to \$54,847,000, while EDC insurance for Canadian exports to Chile amounted to \$55,835,000 between 1974 and 1983.

The churches recommend that:

7. The Export Development Act should be amended to require the Export Development Corporation to assess all available information about a country's observance of and respect for basic human rights, before it agrees to extending financial support facilities for exports there. The EDC should also report on facilities granted and its rationale for these decisions.

In addition, the EDC should assess the effect of the proposed financial facility upon the human rights situation in the country concerned. The churches recommend that:

8. The EDC should withhold financial support facilities for trade to countries that engage in a consistent pattern of gross violations of human rights until such time as internationally recognized human rights organizations such as Amnesty International, the International Commission of Jurists and the UN Human Rights Commission have reported the cessation of gross and systematic violations of human rights.

and

9. One director of the EDC should be appointed with a specific responsibility to present such human rights concerns.

2. Program for Export Marketing Development (PEMD)

This service of External Affairs offers financial assistance to Canadian enterprises seeking markets abroad. It offers assistance with travel and other costs such as those related to forming an exporters' consortium. Through the PEMD the government has continued to encourage Canadian market development in South Africa despite its decision in 1977 "to phase out all government-sponsored, commercial support activities in South Africa" in recognition of South Africa's continued violations of human rights. Between 1978 and 1983, the Department of External Affairs spent \$226,800 of its PEMD funds for South African market development.

The continuation of PEMD grants with regard to South Africa is particularly objectionable because in this instance External Affairs is contravening its own articulated policy. However, the availability of this service for other countries with a record of gross and systematic violations of human rights makes it clear that claims that human rights considerations are integral to Canada's foreign policy are not borne out by the activities of the government's Program

for Export Marketing.

10. In deciding when to extend PEMD grants to specific countries, therefore, the government should consider the recipient country's record on human rights.

C. Human Rights and Private Sector Exports and Investments

1. Military and Strategic Exports.

The churches have a concern that in its effort to boost Canadian exports, the Government is tempted to overlook the implications of supplying military and strategic equipment to regimes which violate human rights.

Existing general Canadian policy in regard to the export of military and strategic goods and technology provides that

"...such goods should not be supplied to (a) countries considered to represent a military threat to Canada; (b) countries involved in, or under imminent threat of hostilities; (c) countries to which UN resolutions forbid the export of arms; and (d) regimes considered to be wholly repugnant to Canadian values."

Strategic goods are defined by the government to include "...equipment and technologies of a commercial civilian nature and design that could have military application". Examples of such goods include "computers, telecommunication systems, certain civilian aircraft and avionics equipment, sophisticated industrial machinery, etc." Such goods are listed on the Export Control List, available to the public and require an Export Permit from the Canadian government.

Decisions about issuing export permits for military and strategic goods are secret. Nevertheless, there have been a number of publicized examples which indicate that such permits have in fact been granted to countries that have a record of gross and systematic violations of human rights.

i) South Africa

In 1979, export permits were granted for three amphibian water bombers for the South African government, and in 1984 export permits were issued for eleven large-scale computer systems purchased by an agency of the South African government.

ii) Chile

In 1981 export permits were issued for the sale of several DHC-5D Buffalo aircraft and spare parts to the Chilean Air Force. By 1983 the Department of External Affairs disclosed that on several occasions export permits for the sale of (non-specific) military-related equipment to the Chilean dictatorship were granted.

iii) Guatemala

In 1983 export permits were granted for the (subsequently unsuccessful) sale of four Twin Otters to an agency of the Guatemalan government. Although the DHC-6 Twin Otters are civilian models, this type of aircraft is used by the Guatemalan military, according to Guatemalan human rights organizations, for small troop transport in the "counter-insurgency" campaigns against the rural Indian population.

iv) Honduras

Also in 1983, export permits were granted for the sale (also ultimately unsuccessful) of three DHC-5D short take-off and landing military transport aircraft for the Honduran government with an advance export credit loan of \$30 million from the Export Development Corporation. Although Honduras is only gradually drifting towards increasing human rights violations, these export permits should have been withheld because of Canadian policy not to supply military equipment to "countries involved in or under imminent threat of hostilities", as Honduras most certainly is.

The churches have asked External Affairs for explanations for the decision to issue export permits in these cases. The explanation offered by External Affairs referred to either the intended non-military end-use of export, or the non-military nature of the consignee, or, in the case of Chile, to a recognition on the part of the Canadian government of the "legitimate national defence" needs of the Chilean junta.

It is the churches' position that the human rights records of each of these countries should have been sufficient reason for refusing export permits for goods which have potential military uses, given the strong probability that these governments will use the equipment in "security" operations against their own populations.

These examples suggest that the Canadian government

allows itself wide discretion in permitting export of military and strategic goods to highly repressive countries, provided they are in the "Western" sphere of influence. Far greater restrictions are imposed on exports for goods to Warsaw Pact members. Exports to the latter are under tight control of the Coordinating Committee (COCOM) established in 1950 with participation of the NATO countries and Japan. COCOM member states maintain three International Control Lists (not available to the citizens of COCOM member states) governing industrial, munitions, and atomic energy export restrictions.

COCOM proscribes all military exports; industrial and atomic energy exports are assessed in terms of their strategic risks. Judgements as to whether products have strategic potential are made by virtue of their "performance characteristics". In other words, products having characteristics that could be useful for military purposes cannot be given permits for export to socialist bloc states regardless of statements about the intended end-use, or the civilian nature of the consigne.

The churches agree that military, strategic and technology exports to Socialist-bloc states merit careful scrutiny. However, in addition, the churches recommend that

11. Export permits should not be issued for military and strategic goods and technology destined to countries with a record of gross and systematic violations of human rights; and that COCOM's performance characteristics be the common criteria for all such Canadian exports.

Further, the churches recommend that

12. Parliament, through the Standing Committee on External Affairs and National Defence, or a sub-committee thereof, should annually review Canadian exports of military and strategic goods and technology in the context of Canada's protection of internationally-accepted human rights standards.

This would include a review of Candu reactor sales since goods related to the uranium fuel cycle fall into the category of dual purpose or strategic equipment and are listed on Canada's Export Control List.

13. Parliament should act to prohibit exports of military and strategic goods and technology to regimes engaging in a consistent pattern of gross violations of internationally-recognized human rights.

2. Private Sector International Loans

The extraordinary growth of private sector loans to third world countries during the last decade has resulted in an international debt crisis of major proportions. Canada's large banks are thus heavily involved in the financial well-being of a number of countries, among which are several major human rights violators.

Often these repressive governments have incurred public censure from the Canadian government and/or from international bodies. However, "deeds speak louder than words", and these regimes regard loans from Canadian banks as a more significant indication of Canada's attitude than any rhetorical diplomatic condemnation. For this reason, the churches believe that, at least in some instances, the extent of Canadian private loans to foreign governments is as significant as the policy positions enunciated by the Canadian government.

As the international exposure of Canada's banks has increased through their participation in international bank consortia, it becomes more difficult to establish the precise extent of their involvement and the locus of decision-making.

The churches believe that it is in the interest of Canadian citizens and their legislators to be fully aware of the extent and the foreign policy implications of these often massive entanglements. There is thus a need for greater disclosure requirements to enable the public and Parliament to grasp the significance of decisions made by these large institutions and to allow for a modicum of informed judgement about them.

14. Provisions should be made to require public disclosure of outstanding loans to foreign governments or their agencies of amounts totalling more than \$1 million incurred by Canadian private banks or other Canadian financial institutions directly or through consortia with other international lenders;

15. In the interest of public accountability, Canadian banks and other financial institutions should be required to disclose the amount and the dates of such loans and publish them as a matter of record;

16. In order to preserve the principle of client/banker confidentiality and in order to safeguard the principle of competition, financial institutions should not be required to make such disclosures prior to 30 days following the signing of such agreements.

D. Human Rights and Canada's Role in Multilateral Financial Institutions

The Canadian government is a member of a variety of international financial institutions such as the International Monetary Fund (IMF), the World Bank (IBRD), the Inter-American Development Bank (IDB), the Asian Development Bank (AsDB), the African Development Bank (AfDB), and the Caribbean Development Bank (CDC). Participation in the decision-making of these institutions provides Canada with an opportunity to give voice to its concern for promoting and protecting international standards of basic human rights.

Regretfully the Canadian government has shied away from making human rights criteria a co-determinant in its decisions about the credit eligibility of applicant governments in these important arenas.

1. The International Monetary Fund (IMF)

In 1983 a proposal was advanced by the member churches of the Taskforce on Churches and Corporate Responsibility "to Establish Basic Human Rights Criteria as a Co-Determinant of Canada's Voting Decisions in the IMF". The churches proposed,

that Canada oppose an application for the International Monetary Fund from any government that is engaged in or that condones consistent and gross violations of basic human rights, for drawing standby credits in excess of its gold tranche.

This proposal was firmly rejected by the Government on the grounds that this would introduce "political" considerations into an institution dedicated to an "apolitical stance". The churches had submitted evidence, which was rejected by the Canadian government, that in 1981 IMF credits to El Salvador and in 1982 IMF credits to South Africa had been granted with Canada's support under conditions that had severely compromised the IMF's "apolitical stance".

The churches also maintained that political criteria which are inescapably part of international decision-making, should be quite separate from human rights criteria. Human rights criteria, they said, should not be affected by ideological preferences but should be designed solely to promote those basic human rights standards that have already been accepted internationally. Human rights violations are to be deplored whether the violators are on Canada's side of the world's ideological divide or not.

Again the churches recommend that

17. The Canadian government should establish basic human rights criteria as a co-determinant of Canada's voting decisions in the International Monetary Fund (IMF).

2. Regional Development Banks

These banks differ from the IMF, in that financial assistance from these institutions is designed to promote development particularly of the poorest sectors of society. Here, there is not only the question of whether government recipients of credit observe internationally-accepted standards of basic human rights, but also whether repressive regimes are likely to engage in development projects that serve the basic needs of the most disadvantaged.

The experience of the churches in observing these two related issues in a number of countries leads to the conclusion that regimes which have a record of gross and systematic violations of human rights do not provide for development of the poorest sectors of their society.

Such regimes are more likely to channel credits from the regional development banks into projects that strengthen the power of the ruling elite. It is this elite which is also responsible for the gross and systematic violations of human rights visited most frequently on the very people development is supposed to aid. Obvious examples of such situations are found in Chile, El Salvador and Guatemala. The last two are countries where official CIDA development projects were suspended because CIDA itself found it impossible to fulfill its mandate there.

A recent decision at the International Development Bank will serve to illustrate the point. In November 1984 the Chilean government responded to major popular opposition to its 11 year military dictatorship with the re-imposition of a state of siege. Incidences of human rights violations multiplied during 1984 culminating in several military raids on poor neighbourhoods. In scenes reminiscent of the early days of the 1973 coup d'etat, thousands of young boys and men were once again rounded up at gunpoint in the Santiago football stadium.

At about the same time and immediately following these events, four major credit disbursements were made by the International Development Bank for projects in Chile. Canada supported each one of these. In contrast, the US administration opposed one loan for \$48 million (US) for oil and gas exploration on the grounds that private sector initiative should be sought for this project. More importantly, the US administration also refrained from

supporting a 1985 credit for an Industrial Recovery Program. The decision for this loan followed by less than a week the renewal for another 90 days of the state of seige. The US Executive Director cited US legislation that disallowed support for this loan for reasons of human rights concerns. This law could have been circumvented if it could have been proven that the credit would nevertheless serve the basic needs of the people. The US administration could find no such evidence. Similar reasons were cited by Scandanavian countries which did not support the Chilean credits.

Canada, by contrast, has no such legislative provision which would prevent support for such loans on human rights grounds. It supported the Chilean credits without protest, citing its adherence to purely technical and economic criteria. Canada disregarded any considerations about whether a major human rights violator government should be (a) at all eligible for these international credits, and (b) whether these particular credits would benefit the poor.

The churches recommend that:

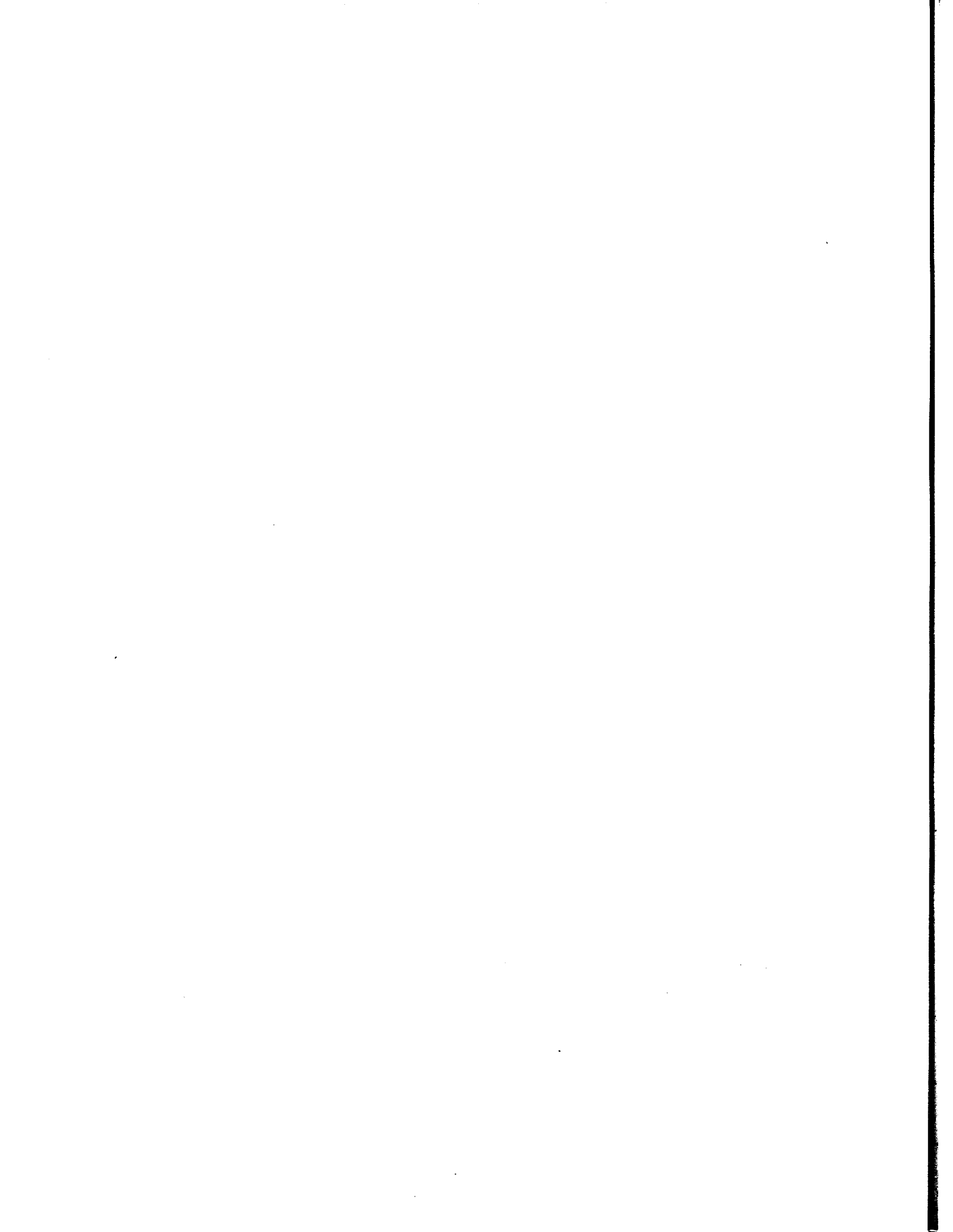
18. The Canadian government and parliament should enact legislation that would require:

a) a careful scrutiny of a country's human rights record before credit decisions are made at international financial institutions in which Canada has membership;

b) opposition to applications for credits from any government that is engaged in or that condones consistent and gross violations of internationally accepted basic human rights;

and that

19. Funding to assist the basic needs of the poor in countries with repressive regimes should be channelled through nongovernmental organizations with the competence necessary to deliver the aid to those for whom it was intended.



CHAPTER FOUR

CANADA AND THE PURSUIT OF COLLECTIVE SECURITY

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INTRODUCTION

An enduring principle of Canadian foreign policy is that Canada's national security cannot be assured in isolation, but that it must be part of a collective, international enterprise. Inasmuch as this is a recognition that the security of nations, no less than of persons, is indivisible and is most readily assured when the security of one's neighbours is also a central objective, it is a welcome principle. Within the evolution of Canadian foreign policy, however, the principle of "collective security" has taken on other, less desirable, elements.

For a middle power that shares a continent with a superpower, collective (for continental) undertakings frequently become, not so much joint enterprises as occasions for the former to demonstrate support for the initiatives of the latter. Here, again, inasmuch as Canadians honour the traditions of liberty and political participation that are entrenched in the United States, and inasmuch as Canadians wish to participate in preserving and extending those traditions, expressions of solidarity with US initiatives true to those traditions are a welcome element of Canadian foreign policy. But within the evolution of "collective security" practices, Canada has frequently failed to make critical distinctions between those initiatives which honour supportable traditions, and those which derive from the less honourable dimensions of a superpower's pursuit of global influence.

In Canada, the principle of "collective security" has become infused with the assumption that the fate of Canada as a prosperous, secure nation is directly tied to the fate of the United States. This, in turn, has come to be understood as a requirement that, at the core of Canadian security policy, solidarity with the United States is fundamental, and that it must even take precedence over independent Canadian assessments of the requirements for international peace and security.

The current debate over Canadian participation in the US Strategic Defence Initiative (SDI) is in many instances a debate over whether Canada can afford to jeopardize its relationship with the United States by not participating in SDI, whatever the intrinsic merits, or lack of them, of SDI itself. Similarly, the debate over the testing of cruise missiles in Canadian territory was frequented by interventions from government representatives claiming that Canada had what amounted to a moral obligation to support its allies, without second-guessing alliance decisions.

This particular interpretation of "collective security" -- i.e. the close identification of Canada's fate with the

fate of the United States as a superpower -- is central to Canada's official assessments of the chief threats to Canadian security. These threats are taken to be two-fold:

1. The most immediate threat, with the most devastating potential consequences, is the threat that conflict between the United States and the Soviet Union will escalate and lead to nuclear war;

2. The second threat, a prominent focus of the foreign policy Green Paper, is that the North American economy will become increasingly vulnerable to external developments that will gradually erode our competitiveness and will therefore lead to a deteriorating economic standing for Canada and the United States within the international economic order (a secondary element of this economic threat is that Canada, if it does not remain supportive and co-operative, will lose standing within the US sphere).

Certain military requirements are seen to flow from these two threats.

In the first instance, the threat of nuclear war must be reduced through deterrence, preferably at lower levels of armaments. Canada has assumed deterrence is enhanced in two ways -- first, by supporting the United States in the deployment of its nuclear forces; second, by encouraging more effective arms control.

In the second instance, the military response to the threat of declining competitiveness is through support of the global military strength of the United States (with a sustained alliance under US leadership in Western Europe being a central element of reliable US military strength globally). US military strength is, in fact, seen to be the final guarantor of the global strategic interests of the West.

The Green Paper does not pay extensive attention to the military dimensions of Canada's response to what are identified as the two fundamental threats to Canadian security. This is so in part, of course, because it is a foreign policy, rather than a defence policy document. But it is also so partly because Canada has not been given prominent roles within the collective security institutions of which we are a part, in the military tasks related to nuclear deterrence or the protection of the West's economic prominence in the world economic order. These tasks are largely handled by Canada's allies, notably the United States, on our behalf.

Even though security for even the wealthier countries, as reflected in the Green Paper, has become an economic preoccupation, military force is still central to its

pursuit. The protection of world markets, of access to raw materials and fuels, and of access to cheap labour and secure investments for surplus capital, are prominent responsibilities assigned to modern military forces. To meet these responsibilities, world military forces, led by but not confined to the superpowers, have perfected means of direct intervention, of the provision of arms to proxy or surrogate forces, and of intimidation by means of brandishing conventional and nuclear forces. US Defence Secretary Caspar Weinberger has put it this way on behalf of the United States, but the same must also be said of the Soviet Union: the US requires "a flexible, mobile, modern military which can adapt quickly and decisively to meet challenges to our interest wherever they may appear".

Canada is not a primary actor in this activity. Under the policy of "collective security", the primary military role is performed by the leadership of this collectivity, the United States, while Canada plays a supporting role. Canada's primary function within the collectivity is not military, instead it is to confer legitimacy on the alliance leadership and on the methods it employs. Hence, Canada has the important job of providing political support to the United States in its appointed task by declaring solidarity with, and support for, the military policies of the United States (e.g. by declaring its support for US "star wars" research). In certain circumstances, Canada expands this function to include symbolic military support to the US and the alliance (e.g. by stationing Canadian forces in Europe or by permitting cruise missile testing in Canada). And, in some circumstances, support is extended to the supply of essential military support (e.g. by making available Canada's northern territory for air surveillance and, if the advocates of strategic defence prevail, for air combat in the event of a Soviet/American war).

To its credit, Canada has also regularly taken advantage of its position as a supporting player to press the leadership to modify its policies (e.g. in pursuing certain arms control policies and in occasionally urging the US to adopt more moderate policies).

We fear that the foreign policy Green Paper, Competitiveness and Security: Directions for Canada's International Relations, is designed to generate public discussion about how Canada can perform its assigned roles more effectively, and that it is explicitly not intended to foster discussion of the appropriateness of the roles themselves. The Government has already indicated, for example, that the principle of "collective security" is not negotiable. It is our intention, however, to challenge the principle of "collective security", as it has evolved in practice, and to put forth an alternative principle of "common security".

The following discussion of peace and security policies appropriate to Canada, therefore, begins with a brief discussion of the nature of security itself, and is followed by a series of policy recommendations that grow out of a principle of common security.

I. FROM COLLECTIVE SECURITY TO COMMON SECURITY

A. Security as Idolatry

The legitimate human longing for security can be approached in two basic, but opposite, ways. The first is to identify security as the primary objective and then to set about advancing and protecting that security with whatever means are available and within whatever conditions prevail. The second is to assume security to be a consequence or product of a social/political/spiritual environment and thus to set as the objective the promotion of social conditions, based on norms related to love and justice, which serve the welfare and security of persons.

The tradition out of which we speak counsels the latter approach. Jesus told his followers that if they were to seek first the righteousness of God (justice), those other things for which they longed -- peace, contentment, security -- would come to them. We believe this to be so also for nations. The true security of individuals and nations must ultimately be seen as the consequence or product of global justice.

Indeed, the acute insecurity which Canadians and people the world over now experience is in no small measure the consequence of the unrestrained pursuit of security. The pursuit of absolute security, as a primary objective and calling forth primary human loyalties, is, in the language of our faith, idolatrous. National military policies too often are a reflection of a national obeisance to the idol of security, with devastating consequences for national security. Weapons research is driven by the pursuit of a final, technological solution to the security problem. When Alfred Nobel invented dynamite and gun-powder, calling it "security powder", he declared that it was his objective "to discover a weapon so terrible that it would make war eternally impossible". While his inventions permitted the development of genuinely terrible weapons, they turned out not to be so terrible as to make war impossible. Untold -- millions have been killed in wars by the weapon that was to make war impossible, and now, of course, we have another version of such a weapon. Nuclear weapons were to make war, by virtue of their terror, obsolete; but once again the pursuit of technologically-induced national security has driven military planners to re-design and re-deploy nuclear weapons in ways which will make them suitable for war-fighting.

National policy must be redirected -- away from the pursuit of a technologically-imposed security and toward the fostering of social conditions conducive to the security of all.

B. Security as the National Interest

Nationally, security is now taken, within northern industrialized societies in particular, to be synonymous with the national interest. The contemporary use of military force by the major powers, therefore, has come to focus, not so much on the defence of national territory and those national institutions that facilitate political participation and the mediation of justice, as on the protection of what is defined as the national interest -- i.e. national economic and political status within a hierarchical international economic order. For the states near the top of the hierarchy, the primary objective of what they call "security" policy is to maintain their predominance, if not domination, in the world order and to preserve the prerogatives of power.

Northern industrialized countries (East and West) have come to depend for their "way of life" (their place in the global hierarchy), on the consumption of an inordinate share of the earth's resources and upon systems of mass production that require markets around the globe for that production to be sustained. With this competition for resources and markets prominently cast into East/West ideological terms, the major powers seek to share global events in line with their particular interests -- their interests being defined primarily as assured access to the raw materials, fuels, and markets upon which economic prosperity and political predominance are built.

C. The Militarization of the Pursuit of the National Interest

Military forces are thus deployed as the final guarantor of the national interest thus defined. Military forces of major powers function on a global scale as means of intimidation and direct intervention, while the military forces of smaller powers in the Third World use military hardware provided by their Northern backers to exercise local control over social and political developments.

Power projection (or intervention) forces, weapons supplied to local "client" military forces (the arms trade), and nuclear weapons for purposes of intimidation, represent the three major thrusts of the military pursuit of the national interest. (Later, when we come to policy recommendations to reverse trends in militarization of international life, we will address these three categories of military policy.)

The major powers have come to pay increasing attention to the development of the capacity to intervene militarily in the states and regions in which their interests are directly threatened. The United States and the Soviet Union are both

in the process of expanding their capacity to project military power, by the development of long-range military transport capabilities, by the pre-positioning of military equipment at key locations, by the development of naval operations in seas adjacent to regions of interest, and by the arming of interventionist forces. The United States is building up a rapid deployment force for this purpose and it is worth noting that the largest single military export in Canadian history was to supply armoured vehicles (built under licence by General Motors of Canada) to the US rapid deployment force.

The Soviet Union's most prominent interventionist force is located on its Western border, available to intervene in the affairs of its Eastern Europe allies if it deems its interests to be directly threatened there. Other such forces are currently engaged in Afghanistan and the Soviet Union is also increasing its sea and air transport facilities as a means of extending its global reach.

Another means of influencing the course of events in states and regions where interests are threatened is through the supply of military equipment to sympathetic regimes. This supply of arms is now part of an international arms trade of \$30 - \$40 billion annually. The arms trade not only distorts the economies (national economic priorities) of the importing states, but its more immediate effects are to exacerbate local political conflicts, by making military solutions more readily available, by prolonging war when it does break out, and by making war more lethal through the introduction of more sophisticated weapons systems.

Nuclear weapons too are mobilized in the pursuit of strategic interests. Former President Richard Nixon, in an interview with Time, has indicated four occasions on which he contemplated the use of nuclear weapons. Prominent in each of the circumstances was the intent of the President to influence the behaviour of the Soviet Union in areas of the Third World in which US strategic interests were deemed to be threatened. In other words, nuclear weapons are not deployed for the sole purpose of deterring nuclear attack on the territory of the state deploying them -- they are deployed because they are believed to have utility in the pursuit of global influence. While many strategic analysts doubt the ultimate political or military utility of nuclear weapons, others note that the capacity of an American president to use nuclear weapons in a kind of nuclear gunboat diplomacy depends upon a clear strategic superiority, and the US superiority has been allowed to erode. A major element of the current nuclear build-up, therefore, including the contemplation of strategic defence, becomes an attempt by the United States to re-establish nuclear superiority (and by the Soviet to prevent US superiority) in order that the political utility (intimidation) of nuclear weapons can be restored.

These three military activities -- intervention, arms transfers, and nuclear intimidation -- are responses to what, in the 1980's, are considered the chief threats to political and economic security. The current acceleration of military research, deployments and intervention are central to efforts of the economically powerful to reduce their economic vulnerability.

The result, of course, is that military forces are made central to national security policies. Parallel to this militarization of national territory and policies, we now witness also the militarization of extra-national territory, or the earth's commons -- the ocean depths, the atmosphere and orbital space. Whatever security once was available to states behind the natural common barriers of distance and the oceans, is now lost through the militarization of the entire planet.

II. BUILDING A SECURE INTERNATIONAL ORDER

A. Common Security

These developments -- the idolization of security, the confusion of security with a national interest expressed prominently in economic terms, and the militarization of the pursuit of national interests -- call for responses that do not necessarily conform to the politics of "realism" or self-interest. They call for a rejection of fortress security in favour of the security that flows out of conditions of global justice.

We suggest that a shift in emphasis in Canada's security policies from the former to the latter can be facilitated by two levels of response.

In the first instance, the character of contemporary insecurity requires a new understanding of the fundamental sources of security and a clarification of social and political objectives that can help to create the conditions of enhanced security. The policies most relevant to the creation of a more secure international order are not related to military preparations. The policies advocated elsewhere in this brief, relating to trade, development assistance, human rights, etc., speak directly to the question of security inasmuch as they foster the welfare of persons and the conditions that contribute to social and political peace.

In the second instance, the magnitude of the threat posed by the militarization of the planet calls for urgent measures to reduce the likelihood of war and the unleashing of those weapons of mass, global destruction which represent the most immediate and total threat to global security.

There are, therefore, changes in long-term military objectives, and in measures related to arms control policies, that can also contribute to an international order that is based more on justice and equity than on the pursuit of self-interest bolstered by the threat of unrestrained violence.

The following sections thus suggest avenues for a "permanent Canadian peace initiative", focussed on efforts to reduce the threats of foreign military intervention, to control the international arms trade, and to control and eventually eliminate nuclear weapons.

B. Non-intervention

1. Towards a non-intervention convention

Since direct confrontation between the United States and the Soviet Union has been rendered impractical by the extraordinary destructiveness of their respective nuclear arsenals, the pursuit of their competition for global influence -- the establishment, maintenance and expansion of their respective spheres of influence -- has had to become less direct. Anxious to avoid direct confrontation with each other, direct intervention in the affairs of relevant Third World states takes on greater importance in the protection of spheres of influence (always requiring care not to directly challenge the military forces or what are considered the essential interests of the adversary).

Besides conventional forces, nuclear weapons are also considered to have direct utility in this. Conventional forces, in some circumstances, serve as trip-wires in areas where critical, vital interests are deemed threatened; that is, conventional forces are there to signal intent and are backed up by the threat of escalation to nuclear weapons if they should be engaged directly by the adversary. In its initial five-year defence plan, the Reagan administration signalled its intent to pay new attention to the protection of what it deemed to be the global strategic interests of the US, and also signalled that the full range of American military capacity would be engaged in this endeavour: "All of our nuclear forces are governed by a single coherent policy that governs the linkage among our conventional, non-strategic nuclear, and strategic nuclear forces. There is no separate US policy for non-strategic nuclear weapons."

The maintenance by the United States of substantial interventionist forces (with the political support of Canada as reflected in a major Canadian military sale to the US rapid deployment force) is premised on a need for the West to halt the "geopolitical momentum" of the Soviet Union. Without a US counterforce, the Soviet Union would, it is assumed, simply expand into the vacuum. We believe that a

non-intervention treaty could be an effective instrument to reduce the domination of smaller states by the powerful -- East or West.

1. The churches recommend that Canada bring before the United Nations a proposal for a non-intervention convention or treaty.

The assumption of Soviet expansionism, restrained only by the threat of Western force, must itself be more closely examined. Third World nationalism and self-determination are positive elements that undermine the influence of both superpowers and, in the end are likely to be more effective means of containing expansionist states than is military competition between expansionist states. As part of its support for a non-intervention treaty, Canada should undertake to study the implications of such a treaty on political independence and human rights in the Third World, the region most directly affected by interventionist strategies.

2. International Peacekeeping

Canada has played an important role in developing and carrying out forms of third-party intervention into local disputes to create opportunities for the peaceful settlement of these disputes. In the decade ahead there are two kinds of disputes in particular that will involve the major powers and which in turn lend themselves most clearly to neutral third-party intervention. In both cases, Canada is in a position to make constructive contributions.

In the first instance, increased competition for resources and energy supplies and markets promises that northern powers will increasingly see direct threats to their interests in regional conflicts in the Third World, and the temptation to intervene directly will increase. There must be effective third-party intervention to monitor cease-fires and arms flows and to permit local interests the breathing space to deal with their conflicts without the threat of intervention from the outside. Canada has already made significant contributions to international peacekeeping operations in a number of situations.

2. The churches recommend that peacekeeping become a priority for the Canadian armed forces and that Canadian defence procurement and training reflect that priority.

The second type of international conflict in need of third party intervention is, of course, the nuclear arms race. Nuclear stability and hopes for halting and then reversing the nuclear arms race depend upon, among other things, a secure system of satellite surveillance and other

means of verifying disarmament agreements. Canada has already distinguished itself in contributing to the technical means of verification.

3. The churches recommend that Canada should continue to support the development of an independent means of monitoring arms control agreements and related activities on which all nuclear weapons states can rely -- specifically the proposed international satellite monitoring agency.

3. The Demilitarization of the Earth's Commons

The common areas of the globe, having become heavily militarized, now function as corridors of military attack, rather than as barriers behind which there can be a measure of security. The common security of the globe requires that the common areas of the globe be freed of threatening, offensive military power. A major arena of current superpower competition is the areas of the globe that are beyond the borders of the nation-states -- in the vast, fluid and otherwise uninhabited realms of water, air, ice and space. The demilitarization of these regions could yield significant security benefits to the major powers, as well as to smaller powers. Common areas could be transformed once more into security barriers by means of the political prohibition of those technologies which have transformed these regions into corridors of attack.

4. The churches recommend that Canada should take initiatives in support of the development of demilitarized zones in the common regions of the globe, including the oceans, Antarctica and outer space. This includes support for the movement for a nuclear-free Pacific and the establishment of the Indian Ocean as a zone of peace.

5. Canada should also consider proposals for limited submarine sanctuaries in the context of submarine-free zones in the Oceans, as a means of controlling nuclear weapons submarines.

C. Controlling the Arms Trade

1. International Measures

International efforts to limit the global arms trade have come to a virtual halt. None of the various suggestions and initiatives of the past decade, including the proposals for an international arms trade register, has led to any action. The Stockholm International Peace Research Institute suggests, however, that more open reporting of arms transfers could still be an important confidence-building measure for

efforts to control the arms trade. Inasmuch as secrecy promotes suspicion, more openness in arms transfers could help to alleviate the concerns of neighbouring states (free them from worst-case assumptions and from pressures to match the apparent acquisitions of their neighbours), and full reporting of arms transfers could also serve to establish a common set of data on arms transfers, on which movements toward controls and limitations could be based. Full disclosure would also stimulate public debate of arms transfers, both in supplier and recipient states. To that end, an international "arms trade register" has in the past been a prominent proposal for providing the necessary infrastructure to more effectively monitor the arms trade.

Canada should exercise leadership in the search for measures to limit the arms trade by taking action to place the matter of the arms trade on the international arms control agenda.

6. The churches recommend that Canada sponsor a United Nations General Assembly action directing the Secretary-General to study the feasibility of establishing an international arms trade register or some other means of effectively monitoring international arms transfers as a basis on which to introduce actual control measures.

2. Full Disclosure of Canadian Arms Transfers

7. The churches recommend that Canada provide full disclosure of its own arms sales so that they can be subjected to public scrutiny to ensure that the government's own guidelines are being honoured and to identify ways in which those guidelines may need to be strengthened.

3. Strengthening Canadian Guidelines for Arms Sales

While Canada's arms export guidelines are formally restrictive, some important categories of weapons are not provided for, and in some cases in which there are restrictions they are not adequately adhered to due to inadequate disclosure and review procedures.

8. The churches recommend that Canada prohibit the export from Canada of weapons systems designed and/or destined for interventionary armed forces, as part of our support for a non-intervention convention.

9. The churches also recommend that Canada prohibit the export from Canada of components for nuclear weapons or their delivery systems, or for weapons and communications systems which are designed to facilitate the use of nuclear weapons.

In the absence of full public disclosure of Canadian military exports, and in the absence of a public review process, Canadian military commodities sometimes find their way to states that are gross and systematic violators of human rights. In order to eliminate such occurrences, the churches recommend that:

10. Canada should require a regular Parliamentary review, perhaps by the Standing Committee of External Affairs and National Defence, of military exports;

and that,

11. Canada should prohibit the sale of military equipment, or other forms of "security" assistance, to regimes with a pattern of gross violations of internationally-recognized human rights.

D. Controlling Nuclear Weapons

1. Deterrence and the Stewardship of Creation

We express our regard for the security of the earth from the perspective of stewards, rather than rulers, of God's creation. And because we have regard for the security of the earth for not only this, but also succeeding generations, we cannot accept as "defence" any measures which threaten the planet itself.

This has particular implications for our attitude towards nuclear weapons, and we must say without reservation that nuclear weapons are ultimately unacceptable as agents of national security. We can conceive of no circumstances under which the use of nuclear weapons could be justified and consistent with the will of God, and we must therefore conclude that nuclear weapons must also be rejected as means of threat or deterrence.

We acknowledge, however, that nuclear weapons have nevertheless become central to the national security systems of the major powers, including those states which Canada describes as allies. The common and uncompromised objective of all states must be the elimination of nuclear weapons from national security systems, but we also acknowledge that the process of disarming can itself be destabilizing and fraught with danger. We therefore also reiterate our support for a

carefully-planned, multilateral process for the reduction (and eventual elimination) of nuclear weapons.

Sadly, current trends are in the opposite direction. Rather than curtailing the role of nuclear weapons in national security systems, the nuclear powers now pursue the deployment of nuclear weapons for every conceivable circumstance in the belief that, if cleverly deployed, nuclear weapons can create political and military advantages for those who possess them. Both the United States and the Soviet Union continue to develop and deploy nuclear weapons systems whose main function is not confined to threatening retaliation to nuclear attack, but is to demonstrate to the other that it has the technical capacity and the political will to actually engage in nuclear barter. In the United States, for example, nuclear war-fighting strategies have been made explicit in public documents which record American defence planning (similar Soviet documents carry the same message). and in both countries these strategies are reflected in the deployments of tactical and intermediate-range nuclear missiles in Europe, and in new strategic systems. And most recently, plans to pursue the development of strategic defence systems are, like all other weapons systems developed before them, justified as being the ultimate technological solution to the problem of war. Finally, we are told, the earth will be rid of the scourge of war by virtue, not of the elimination of weapons of destruction, but by virtue of the development of new, technologically more sophisticated, weapons systems that will, like Alfred Nobel's gun powder, make war obsolete.

We are not fooled by these claims because we understand that weapons systems are developed, not explicitly for the prevention of war, but for the pursuit of the national interest (security defined as political and economic predominance).

The arms race, the competition for weapons systems that will produce advantages for their deployers, is out of control. We urge Canadian policy to recognize the urgent need to establish control over nuclear weapons, and the following recommendations suggest some policy options for Canada.

2. Limits on Innovations in Weapons Technology

Innovations in weapons technology provide one of the most persistent and difficult to control motivations to the nuclear arms race. Weapons research in the United States, for example, will consume \$39 billion in 1986 and, of course, the Strategic Defence Initiative will alone consume about \$30 billion in the next five years. With resources of that magnitude devoted to the development of new weapons technology, innovation is inevitable -- and destabilizing.

Occurring in secret, weapons research invites adversaries to assume the worst -- that an unexpected innovation will provide a quantum leap in military technology and deliver a decisively superior military capability. Unless, each side reasons, it maintains a persistent search for a technological breakthrough, the other side will increase its chances of managing such a breakthrough. As a result each side tries to match and exceed the developments of the other, and the race is on.

Agreements to limit research are not easily verified. So while we in general urge the major powers to devote scientific research to the meeting of human needs, limitations on weapons innovations are more likely to be controlled at the testing stage than the research stage. We therefore recommend that:

12. Canada should re-affirm its proposals to suffocate the arms race by seeking limits on the testing of new weapons systems. This should include measures to prohibit the testing of nuclear warheads, including an immediate moratorium pending agreement on a long-term comprehensive test-ban, measures to prohibit the testing of nuclear weapons delivery vehicles, including the cruise missile, and measures to prohibit the testing of elements of strategic defence systems, as called for in the ABM Treaty.

3. Resisting Destabilizing Weapons Systems and Policies

Nuclear strategies, led by changing weapons technology and by superpower political/economic interests, are undergoing changes that will have seriously destabilizing effects on the nuclear confrontation between the United States and the Soviet Union. Both the Soviet Union and the United States are developing and deploying weapons that are to be capable of threatening the other side's land-based weapons. These, along with improvements in command and control facilities, as well as anti-submarine warfare activities (ultimately to be joined by strategic defence forces) represent a determined effort to acquire nuclear first-strike and war-fighting weapons systems. Such weapons are premised on the belief that in certain circumstances it would be advantageous to initiate the use of nuclear weapons, and that in those circumstances we, the people whose security is ostensibly being provided for by these weapons, would be better off if these weapons were detonated than if they were not. Again, we rely on the Reagan administration to make it explicit. Secretary Weinberger has said that he has assigned the "highest priority to increasing the ability of our strategic (nuclear) force management systems not only to survive but to remain capable of performing their basic functions throughout a sustained sequence of Soviet attacks."

Mr. Weinberger seeks these capabilities in order to "deny enemy war aims" and for "restoring peace on favourable terms" -- those phrases being about as masterful a euphemism for fighting and winning a nuclear war as one could produce.

The meaning of deterrence has undergone a major change in order to accommodate nuclear war-fighting doctrines. In addition to being the promise of assured, debilitating response, deterrence is taken by the administration now to mean that an adversary is deterred from taking actions contrary to one's own interests if one can demonstrate to that adversary one's own capacity to fight and win a nuclear war -- not simply to punish the adversary.

We therefore recommend that:

13. Canada should clarify its operational definition of deterrence and identify the types of weapons systems appropriate to that understanding of deterrence and that Canada vigorously oppose the deployment of weapons systems designed for first-strike and war-fighting purposes.

We further recommend that:

14. Canada should support measures to prevent the further deployment of destabilizing weapons systems, namely by supporting the nuclear freeze, and that Canada call for a change in NATO's nuclear doctrine to provide for a declaration of no-first-use of nuclear weapons.

The development of strategic defence has promised a further destabilization of the strategic environment and has important implications for Canada.

E. Canada and Strategic Defence

Within the churches consensus has formed around three basic points concerning strategic defence. First, Canada should reject strategic defence in principle, including research (in the US the Strategic Defence Initiative); second, Canada should declare that Canadian territory will not be available for the deployment of elements of strategic defence forces; and third, Canada should, consistent with the rejection of strategic defence, take appropriate measures to ensure that there is no Canadian participation, through public or private institutions, in the US Strategic Defence Initiative.

1. The Rejection of Strategic Defence

Strategic defence research is frequently advocated with the question, "how will we ever know whether it will work if

we don't give it a try?" But we do not oppose strategic defence because we think it won't work, rather we oppose it because we believe the world would be a more dangerous place if it did work.

The dangers of strategic defence have been elaborated by many commentators and analysts and we wish to draw your attention to two fundamental points:

1. Strategic defence would undermine arms control efforts in that it would create incentives to expand nuclear arsenals to compensate for the other side's assumed defensive capabilities;

2. Strategic defence is intended to provide nuclear flexibility rather than nuclear defence -- and that flexibility includes the support of nuclear first-strike and war-fighting options.

"Star wars" has been billed as a "shield" against incoming missiles and by virtue of that is taken to be fundamentally defensive. But, in fact, strategic defence is defensive only in the way that the hand-held shield of an earlier age was defensive. The hand-held shield was designed, in contemporary military parlance, "to enhance the survivability" of the warrior, the better to thrust his sword in battle -- making it a decidedly offensive weapon. In the same way, the strategic hi-tech shield promised by President Reagan's strategic defence initiative is designed to enhance the survivability of strategic nuclear warriors, the better to do nuclear battle.

The US nuclear modernization programme emphasizes highly accurate weapons systems (eg. the MX and Trident D-5 missiles), which are to be capable of pre-emptive strikes against Soviet land-based missiles, and it is these in combination with strategic defence systems that create incentives to use nuclear weapons.

Consider briefly two scenarios:

1. In a future deep crisis the US comes to the conclusion, from evidence available to it, that the Soviet Union is preparing for a nuclear attack on North America. In confronting this possibility, US officials may take some comfort from the fact that strategic defence systems are in place, but these systems have obviously never been tried in battle and no one can be sure they will perform exactly as intended. It is clear to those considering an appropriate American response to the new Soviet threat that the strategic defence forces would have a much better chance of performing effectively if the size of the Soviet attack were reduced.

Immediately they are reminded that that is the job assigned to MX and Trident missiles -- a pre-emptive strike by them might destroy enough Soviet missiles to make the remaining ones a manageable problem for the strategic defence systems.

As the crisis deepens, it is argued that if the United States will indeed have to defend itself against an all-out Soviet nuclear attack, it would only be prudent to take action to reduce the force of that attack by launching a "pre-emptive, pre-boost, defensive attack" -- hence the combination of strategic defence and first-strike weapons means that caution and responsibility are seen to require a decision to launch a pre-emptive attack on Soviet nuclear missiles. Strategic defence, in other words, is most credible if accompanied by a first-strike.

2. An alternate scenario could postulate a US move to launch an attack on the Soviet Union (the point is not to argue that the US has such intentions, but to ask whether a strategic defence system would create the option). In such a case it would soon become clear that, even with a large arsenal of first-strike weapons, the US would have to expect that enough Soviet weapons would survive a first-strike to enable the Soviets to mount a devastating retaliatory attack on the United States. But, with strategic defence systems in place, the US could calculate that the remnants of Soviet retaliatory force could be intercepted. In such a situation, a strategic defence force would have contributed to the development of a first-strike option. A first-strike capability, in other words, becomes credible only within the context of a strategic defence capability.

Strategic defence creates nuclear first-strike and nuclear war-fighting options and undermines deterrence. For this reason Canada should reject the pursuit of strategic defence capabilities and concentrate its efforts on measures that will strengthen deterrence and undermine first-strike and war-fighting options.

2. Canadian Territory and Strategic Defence

Canada is in a unique position relative to the SDI in that it is the only country, other than the United States, whose territory is essential to the full deployment of US strategic defence forces. This means that there will be immense pressures on Canada to make its territory available, and it means also that Canada will be in a position to take

effective action against the deployment of strategic defence forces.

There are already two elements of the US strategic defence undertaking which assume US access to Canadian territory.

a) The so-called "Braduskill" research project is in the preliminary stages of investigating ground-based anti-ballistic missile weapons which, to be effective, would have to be based in the Canadian north.

b) The head of the US Department of Defence Advanced Research Projects Agency, Robert Cooper, has said that an anti-ballistic missile capacity "makes no sense" without an anti-bomber and anti-cruise missile capacity. The latter two would have to be elements of what is referred to as "a robust air defence system" based in the Canadian north. The 1985 Report to the Congress on the Strategic Defense Initiative says that strategic air defence is under review and that the SDI studies "will not ignore the relationship between the research of the SDI and strategic air defence."

3. Canada and SDI Research

There is no need for Canada to participate in SDI research in order to gain a place of influence or to ensure that Canada is consulted. Canada will have to be consulted because strategic defence involves Canadian territory.

14. The churches recommend that the Canadian government should not fund research into strategic defence and should prohibit Canadian research institutions and commercial firms from participating in SDI research.

There are clear precedents for such action within existing Canadian policy. Canadian firms cannot provide military commodities and services to countries other than the United States without getting a special export permit from the Canadian government. The government has established certain criteria for the granting of such permits, among which is the provision that military commodities cannot be exported if they are likely to be used against civilians. Nuclear weapons, by definition, cannot be used at all without also being used against civilians. For Canadian policy, therefore, to be consistent, it should prohibit Canadian commercial participation in the production of components for nuclear weapons systems and of those elements of weapons systems, such as strategic defence, which would facilitate the use of nuclear weapons.

Finally, we are not at all persuaded by the argument that Canada or Canadian industry should participate in SDI

research in order to reap economic and technological benefits.

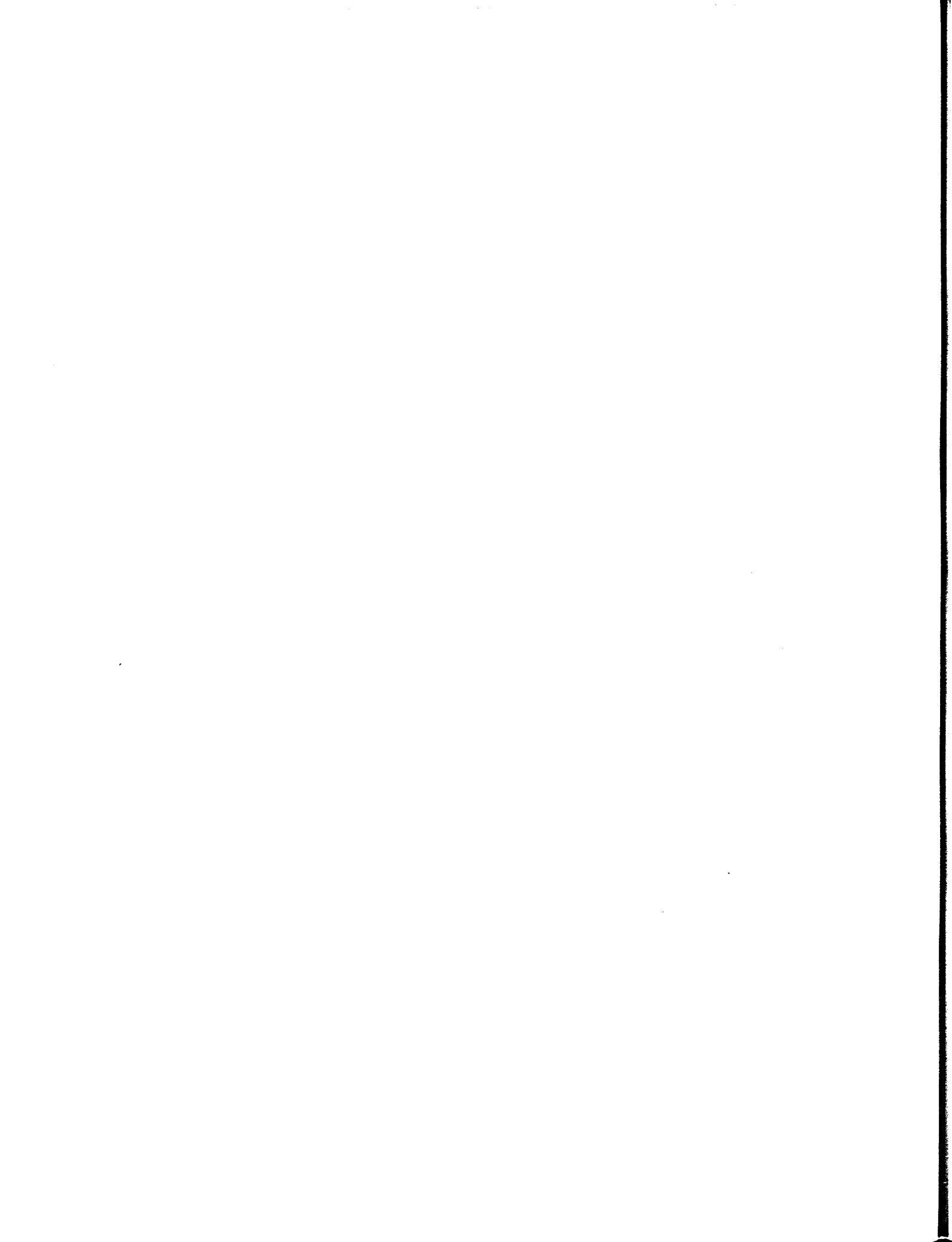
In the first instance, military programmes, on their own merits, either contribute to or undermine peace and stability. If they are detrimental to our security they should obviously not be undertaken, regardless of claimed economic benefits.

In the second instance, Canadian participation in SDI would, if past experience is any guide and if past testimony from the Canadian military industry is to be accepted, create little long-term technological benefit to Canada. A year ago, Mr. John Simmons, Vice-President of Canadian Marconi Co., told the Standing Committee on External Affairs and National Defence that the benefits are illusory: "If you are trying to provide work in Canada for a system like an aircraft that has already been developed elsewhere, all that the Canadian companies can get is the scraps, the very low technology work that can be quickly put in here to create the political illusion of jobs."

While we are extremely reluctant to advocate government restraints on research of any kind, the horrifying potential of the Strategic Defence Initiative is such that we feel an exception must be made. In our view the benefits to Canadian industry would be illusory; we believe that an unequivocal stand on this issue by the Canadian government would send a significant signal to the world that Canada is not contributing to the nuclear build-up.

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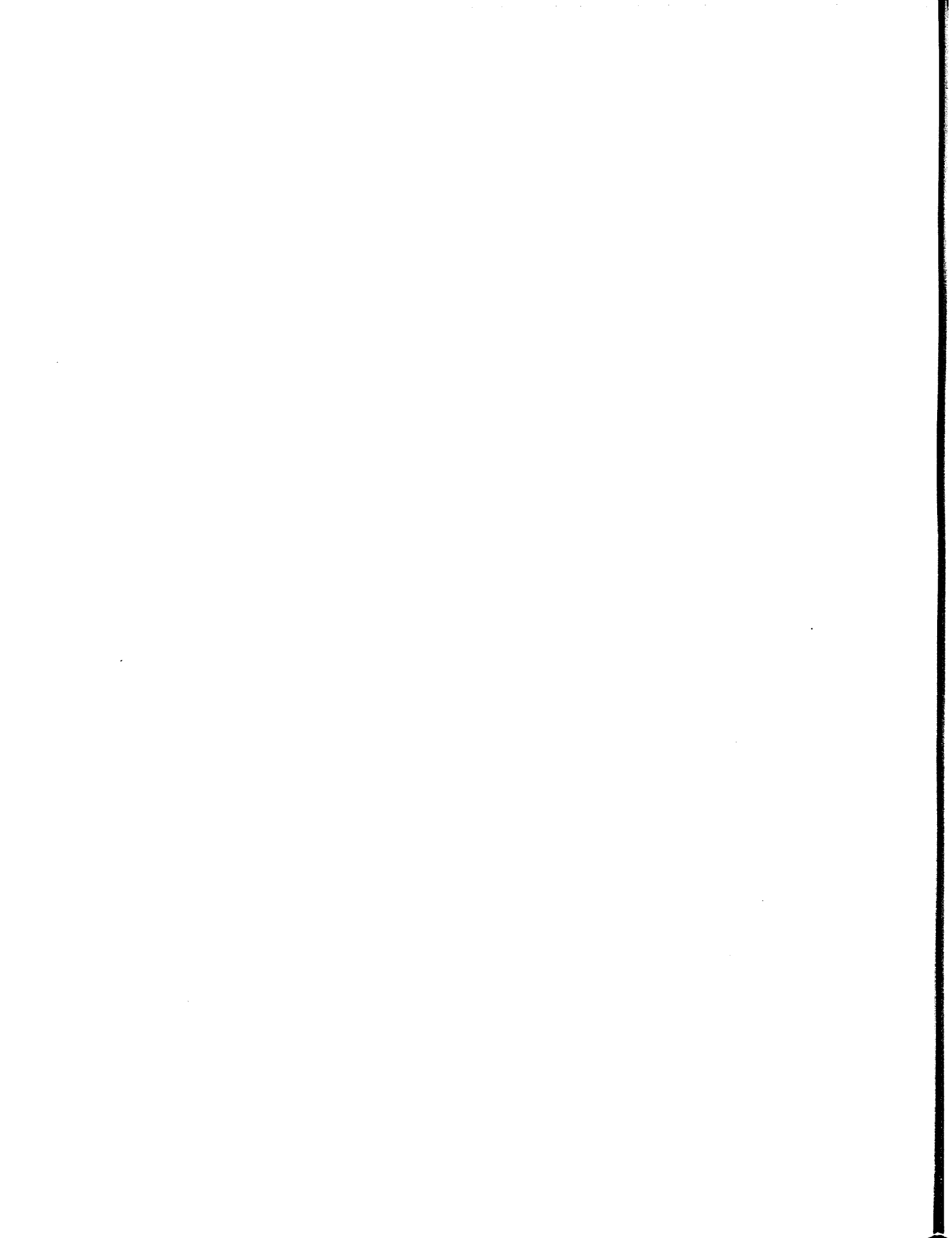
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CHAPTER FIVE

REGIONAL CONCERNS

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I. INTRODUCTION

Over the years the Canadian churches have developed significant interests in many parts of the world. In some of these areas we have a long-term partnership with national churches. Other areas have demanded our attention because of their vital importance to world peace. In all cases we work with the local Christian bodies, many of whom are facing great difficulties as they try to play a reconciling and healing role.

The churches in Canada have created inter-church coalitions or, in some cases, working groups, as a focus for research, advocacy and education for each of these areas. Although a few of these groups will be making their own submissions to the Foreign Policy Review, we have included a summary of their concerns in this last section of the churches' brief.

II. ASIA

(Note: Several Canadian churches work together in the Canada-Asia Working Group (CAWG) whose special focus is human rights abuses in Asian countries with whom we have close ties.)

In the last five years Canadian government officials have spoken on various occasions of the growing importance of the Asian region to Canada. At the May 1985 meeting of the Asian Development Bank's Board of Governors, Revenue Minister Perrin Beatty affirmed that "Canada foresees its overall political, commercial and aid relations with the region intensifying over the years ahead." Out of our long history of Canadian church relationships with partners in the Asian region and our concern that Canada's influence, trade, and aid policies contribute to justice and peace in Asia, we offer suggestions for the orientation of Canadian government policy in that region.

Greater Canadian business involvement in the region is inevitable. We do not believe, however, that the trade factor should completely dominate Canada-Asia relationships. Canada must demonstrate a concern for and involvement in the region that goes beyond a quest for sales of Canadian products.

A. Peace-keeping and Reconciliation

Canada as a credible middle power without imperialist ambitions could have a constructive contribution to make to peace keeping and reconciliation initiatives in several Asian situations.

1. Sri Lanka

Sri Lanka, through increasing militarization, continuing armed conflict with civilian populations and extra-judicial killings, has reached a state of social and economic crisis. The will of the Sri Lanka government to seek political solutions is gravely suspect. Failure to negotiate viable solutions to the Tamil community grievances has escalated the level of communal distrust and violence to unprecedented levels. Hundreds of thousands of Tamils are homeless, either internally displaced or forced to flee the island. Until basic human rights are restored, peaceful solutions and economic development will be impossible to achieve.

A Canadian mediation role could be useful in pushing for a political solution to the increasingly bloody conflict. Given its Commonwealth connections and the Canadian International Development Agency's long and important

presence as a major partner in the accelerated Mahaweli Development Scheme and other development projects, Canada should assume a vigorous diplomatic role in pressing for the peaceful solutions necessary to ensure true development.

In particular, we recommend that:

1. Canada should take initiatives in promoting concerned international action to restore full judicial procedures; press for viable political solutions to the conflict; and promote international aid provision to the displaced, the detained and the refugee population.

2. The Republic of Korea (South Korea)

The Canadian churches have previously protested the proposed sale to the Republic of Korea of a second Candu reactor under concessional financing terms, because we oppose the export of Canadian nuclear technology and uranium fuel to a country fraught with flagrant abuse of human rights and military tension.

The February 1985 elections gave democratic supporters some hope, when despite severe media control the first real opposition in years was elected. Since then, however, the government has used already existent laws for a brutal crackdown on student, labour, farmer and cultural dissent. Hundreds have been arrested and are awaiting trial, scores face charges of violating the National Security Law which carries a maximum death penalty. In addition, more than 1000 have been convicted in summary courts since May. Of particular concern is that torture is once more used regularly to extract "confessions". Interference in labour and church organizations by violent thugs apparently operating with police and government protection is increasing.

We recommend that:

2. Canada should assume a more active diplomatic presence in the Republic of Korea and support the cause of Koreans, whose human rights have been abused, at the United Nations Commission on Human Rights.

We further recommend that:

3. Canada should play a role in easing tensions in the Korean Peninsula by encouraging the very tentative openings between North and South, and that Canada build bridges with North Korea by facilitating academic, business and cultural exchanges.

3. Philippines

Several Canadian churches have strong ties with partners in the Philippines, where we see a rapid escalation of extra-judicial executions and other atrocities. The majority of the victims are poor peasants and urban slum dwellers. Trade union leaders, church workers, human rights workers and lawyers face the violence of enforced disappearances or become targets of assassination. Violence in the Philippines is now so widespread as to make a full gathering of the statistics of victims extremely difficult. Indiscriminate strafing by the government military has cost the lives of many non-combatant civilians in rural areas. Violent dispersal of peaceful protest rallies is common. In one case, on September 20, 1985, in Escalante, Negros, 27 peasants were killed and many more wounded when troops opened fire.

Our church colleagues and our own frequent visits lead us to believe that the challenge to the Marcos government and to American domination of the country stems from a genuine desire for economic and social justice on the part of the exploited majority of the people of the Philippines. We believe their desire to control their own destiny and development is entirely legitimate, but we fear that the U.S. may be tempted to further direct intervention in support of the "status quo".

We recommend that:

4. Canada should firmly oppose further U.S. intervention and adopt a policy stance which allows Filipinos to create a more just society without threat of outside intervention.

B. Development

We are concerned that development aid to the region be channeled to the poorest of the poor, rather than primarily to potential trading partners. Our experience in working with Asian church partners leads us to affirm the value of small-scale development projects, and we recommend that:

5. Canada should use its influence to urge the Asian Development Bank and the Asian Development Fund to be more responsive to the needs of the poorest of the poor.

C. Trade and Human Rights

Pacific Rim countries are outpacing the rest of the world in economic growth. Japan has re-emerged as the dominant economic power in the region and the newly industrializing nations attract increased attention of trade-oriented countries like Canada. But within many of these countries a national security doctrine is used to justify harsh measures to maintain law and order. This is accompanied by high levels of militarization in such areas as the Korean Peninsula, the Philippines, Sri Lanka, Pakistan, and Indochina which drain precious resources away from development of peoples and brutally affect their lives.

Human rights factors must be given due consideration in Canada's trade, aid, and finance policies. We recommend that:

6. Canada's financial, commercial and aid relationships with the Republic of Korea, the Philippines, Sri Lanka, Pakistan, and Indonesia, should be reviewed in the light of the gross and systematic violation of human rights which we know exists in those countries. In particular, exports of Canadian military and nuclear materials to these countries should be banned.

Finally, we urge the Department of External Affairs to seek increased budgets that would enable them to place more well-qualified staff in our embassies and high commissions in Asia. In the churches' view, it is vital that Canada's representatives there listen carefully to the peoples' search for just and democratic institutions. Canadian embassy staff should take a more active role in investigating massacres and other violations of human rights. A peaceful and secure Asia requires societies within which basic needs and rights are assured.

III. THE HELSINKI REGION

A. Opportunities for Constructive Contributions by Canada

(Note: The churches of Eastern and Western Europe, Canada, and the United States have formed a Helsinki Working Group which monitors the degree of implementation of the Human Rights Accord by their governments. The Canadian Council of Churches has a representative in the Helsinki Working Group and receives regular reports.)

In the Council's view, a major task for Canada's foreign policy in the years ahead is establishing a climate in which security, human rights, and just economic development can be pursued in a manner that respects both international agreements and the sovereignty of each nation state. Canada has a role to play in helping rebuild the kind of climate that would allow new methods for managing East-West relations to become firmly established.

These new methods, sometimes called an alternative framework to the cold war for managing East-West relations, were enshrined most clearly in the Helsinki Accords signed in 1975. Throughout the 1970s, considerable effort in both East and West was devoted to discovering new and more constructive ways of co-existing. Unfortunately, since then we have seen movement in the opposite direction. We have seen heightened competition between the two great powers and their military alliances, and in particular, in the strengthening and modernisation of weapons systems. By the mid-1980s, it seems efforts to halt the forward momentum of the arms race have foundered.

In our judgement, the effort to establish an alternative framework for managing East-West relations has up to now enjoyed only limited public discussion and visible government support. As a result, the cold war framework for managing East-West relations has, in fact, dominated. The results are clear when one looks at the region as a whole. Tensions have increased because the national interests of the major powers and the security interests of their respective alliances have overshadowed the pursuit of overall security for the Helsinki region, and the real best interests of each state.

It is true that human rights agreements have been established, but implementation and mechanisms for regular reviewing of implementation have not yet been developed. Meanwhile, the citizens of states in every part of the region express an acute anxiety about their insecure future because of the military path to "security" chosen by the great powers. Yet, those who speak out in both east and west come under suspicion and find themselves attacked.

The climate for working out and implementing agreements on security, human rights, and economic relations has been badly eroded. The responsibility for this must be largely borne by the great powers, whose "sins of commission" in aggressive actions and recriminations are well known. Yet there are "sins of omission" as well and the neglect of the smaller states in the region to work harder at new ways of managing East-West relations has also had a negative effect.

Steady and persistent work is required in rebuilding the climate for progress in the tasks undertaken under the Conference on Security and Co-operation in Europe. We are asking the Canadian government to help build a just and orderly international arena in which states with differing perspectives can relate to each other. We believe such a course would be in Canada's best interest.

The churches recommend that:

1. Canada should demonstrate its serious commitment to the pursuit of security, human rights, and economic development within existing processes in the Helsinki region by resisting efforts to politicise work in these areas and by offering proposals for joint work that break down "bloc mentalities".

For example, there is at least one issue of increasing concern on both sides of the East-West divide that might form the basis of joint work: the impact of acid rain, a problem that knows no boundaries.

Further, the churches recommend that:

2. Canada should take initiatives with other middle-sized powers from Europe to create a diplomatic counter-force to the competition between the great powers, which dominates relations in the Helsinki region.

And that,

3. Canada should declare that it will strengthen its public commitment to the pursuit of concrete and precise agreements on human rights, including continuing the development of mechanisms for reviewing compliance and requesting accountability from states which are parties to the Helsinki Accords.

And that,

4. Canada should press for inclusion of non-governmental organizations in the sessions of the Conference on Security and Co-operation in Europe. Further, it should take every possible opportunity to engage the non-governmental community in its own deliberations on the full range of CSCE issues.

IV. CANADIAN POLICIES AND THE ISRAELI-PALESTINIAN CONFLICT

(Note: Interest and involvement in Middle East issues have increased significantly in Canadian churches in the past few years. A Middle East Working Group made up of representatives of the member churches of the Canadian Council of Churches, including the Greek Orthodox Church, Diocese of Toronto (Canada), is in process of formation. With the assistance of CIDA, the CCC supports the Middle East Council of Churches' Palestine Refugee Programme and rehabilitation and reconstruction programs in Lebanon.)

A. Introduction

Canadian foreign policy has many interests in the Middle East. The oil states of the Gulf Region continue to be the most substantial source of oil, and any instability in the area is therefore particularly threatening. Arab oil wealth has turned the Middle East into major markets that Canada has but slightly penetrated. In the last decade Arab interests have invested very substantial sums in Western countries, but little in Canada. The terrible strains within the Islamic world have erupted into a savage war in Iran and Iraq and a sustained civil war in the Lebanon. Israel, in an effort to resolve on its own terms its deep antagonisms with the Palestinians, sought to smash the Palestinian Liberation Organization by its invasion of 1983 of Southern Lebanon. The whole area is always a potential arena of intensified East-West confrontation and struggle through the proxies and allies of the United States and the Soviet Union.

All of these Middle Eastern issues are appropriate and important preoccupations of Canadian foreign policy. However, for the Canadian churches and surely for a great many Canadians as well, the Middle Eastern issue which is the source of the greatest anxiety and concern is the unrelenting contest between Israel and the Palestinians over their competing claims to the historical land of Palestine.

B. Canadian Government Attitudes

The Canadian government has taken a long time to come to an equitable and balanced view of this controversy, for the terrible history of the past half-century has pre-disposed Canada to an uncritically pro-Israel position. Very belatedly, and only after the murder of six million Jews, did Canadians respond to the desperate tragedy of the Jewish people. Before the war, and even after it, our record in regard to the reception of Jewish refugees was shameful. Canada did, however, support the new State of Israel which Jewish courage and determination had secured in 1947 in the face of the united military efforts of the Arab states to destroy it.

It is quite possible that older anti-semitic sentiments in Ottawa played a role in determining the initial support for the creation of Israel. These argued that without such a state, Jewish immigration to Canada as to other countries would have had to be much increased. Primarily, however, Canadian opinion, moved by guilt and by admiration, had swung into a decisively pro-Israel position. Many other factors then acted to re-enforce this orientation in Canadian policies. First, the Canadian Jewish community was larger and more politically effective than the small Canadian Arab community and this helped to keep Canadian policies sympathetic to Israel. Then, the politics and culture of Israel seemed to most Canadians more congenial and more accessible than those of the Arab states. Finally, the persistent use of acts of terrorism by factions within the PLO was a further barrier to any deepening Canadian awareness of the complexity and moral ambiguities of the Israeli-Palestinian struggle.

For all these reasons it is fair to say that Canadian policy over the decades tended in a pro-Israel direction. We failed to acknowledge adequately the depth and dimensions of the tragedy suffered by the hundreds of thousands of Palestinians who fled their homes in 1947-48. To this day, most of them and their descendants are homeless refugees denied their right to return.

For too long, we did not authoritatively support the creation of a Palestinian homeland. For too long, our criticisms of Israeli outrages were far more muted than our reaction to Arab outrages. For too long, we were prone to pro-Israeli gestures, the most dramatic of which was, of course, the ill-conceived proposal in 1979 to move the Canadian Embassy from Tel Aviv to Jerusalem. (Israel has made Jerusalem its capital, but its status has yet to be finally resolved in international law and its eastern portion and much of its immediately adjacent lands have been unilaterally and illegally annexed.)

In recent years, Canada has inched towards a more even-handed position. This is in part as a result of a particularly wise report by Mr. Robert Stanfield. It is also in response to an increasing international recognition that Israel has been employing its preponderant power in the area to preclude any negotiated settlement that would give Palestinians a politically independent state within historical Palestine. We welcome the categorical re-affirmation in the 1985 Green Paper of Canadian support for a Palestinian homeland in the West Bank and Gaza and the government's decision not to revive again any talk of moving the Canadian Embassy to Jerusalem.

C. Canadian Church Recommendations

The Canadian churches have also taken a long time to come to a more even-handed position. They were influenced by the same factors which affected Canadian opinion generally. In addition they experienced shame and guilt at the role of the churches in sustaining anti-semitism and a deepened sense of a shared biblical tradition with the Jewish Faith. These factors kept the churches from recognizing and responding to the fact that now the community that is primarily suffering and is under oppression is the Palestinian. However, in more recent years the Canadian churches, like the Canadian government, have come to a more balanced view.

The churches now tend to agree that the primary obligation of concerned outsiders is not to choose which side to support, but is rather to recognize that the Israeli-Palestinian situation is one of conflicting rights; each side, within its own terms, having a powerful and persuasive case.

We would therefore recommend to the Government of Canada that:

1. Canada's role in the Israeli-Palestinian conflict should be to promote a co-existence based upon mutual acceptance, in which each side would achieve something of its deepest aspirations, but would give up permanently those aspirations that would entail total denial of the national aspirations of the other.

And that:

2. Canada should press Palestinian leaders to accept without equivocation the permanence and legitimacy of the State of Israel within its pre-1967 borders (which could, however, be subject to adjustments through negotiations).

And that:

3. Canada should press Israel on the following points: a) that it should recognize the legitimacy of the goal of a Palestinian state on the West Bank and Gaza; b) that it should desist from its many efforts to foreclose any possibility of such a state coming into being; c) that it should recognize that its long-term security, its internal security and its democratic character each requires a just settlement of Palestinian grievances.

It is the judgement of the churches that the Israeli-Palestinian conflict cannot be justly resolved by the

interaction of the powers and forces in the Middle East as they now are constituted. If outside powers, whether they are the superpowers or the concerned "middle powers" like Canada, were to adopt a "hands off policy", it would mean a de facto perpetuation of the existing situation. The present distribution of power is totally in Israel's favour, yet justice and the generations-old determination of the Palestinians to regain a homeland ensure that the issue will not, nor should not, diminish with the passage of time.

The Western states were largely responsible for the decision of the United Nations that the State of Israel be created. They must play a creative and forceful role once more if there is to be any chance of a resolution of this controversy.

We are aware that the point of view we are advancing is not markedly different from that which informs Canadian policy. However, we would recommend that:

4. The Government of Canada should: (a) display a greater sense of urgency concerning the creation of a Palestinian state; (b) participate in a strong sustained international effort to secure genuine Israeli-Palestinian negotiations; (c) be part of the international input into these negotiations, and part of the implementation and enforcement of their results.

V. THE CARIBBEAN

(NOTE: During the past year, three Protestant denominations and several Roman Catholic missionary orders have formed the Canada-Caribbean Working Group under the sponsorship of the Canadian Council of Churches. This group serves as a point of contact with our ecumenical counterpart in the Caribbean, the Caribbean Conference of Churches.)

A. Too Close For Its Own Good?

An underlying reality of the Caribbean is the ease with which it slips to the bottom of everyone's agenda. We in the churches realize that we have often been guilty of overlooking the concerns of the Caribbean islands. Alternatively, we can be faulted for taking our relationship with them for granted. The problem seems to be that they are so close to us in many ways: geographically, historically, through our long trade connections and the Commonwealth ties, and culturally through our common languages. We forget that they are as much a part of the Third World as Africa or the South Pacific. Or perhaps our attention is diverted by the agony of Central America, and the critical economic problems of many other parts of this hemisphere.

Nevertheless, although we are conscious of the ease with which we can relegate the Caribbean to a lesser place in our priorities, we ask that Canadian foreign policy give to this part of the world its rightful significance despite the issues which demand attention elsewhere.

B. Zone of Peace

At the March 1982 meeting of foreign ministers of the CARICOM countries, a proposal was put forward that the Caribbean should be declared a "Zone of Peace". The proponents of this concept were Grenada, at that time a socialist state with good reasons to have fears for its security, and Guyana, a land-based state living with the possibility of serious military threats on its borders. Our partner council of churches in the Caribbean, the Caribbean Conference of Churches, reacted to this proposal by calling on the governments of the Caribbean to convene a meeting of heads of government to consider the declaration of a zone of peace. We quote from their statement:

Whereas (we) share the concerns of Caribbean people for unity and the freedom to determine our own destiny, And, whereas we are at a moment in Caribbean history when, in the aftermath of independence, we need to assert both our unity and our right to self-determination, And whereas we are deeply concerned about the growing militarization in the region, BE IT RESOLVED THAT THE CCC URGE UPON GOVERNMENTS THE NEED FOR THE CONVENING OF A CARICOM HEADS OF GOVERNMENT CONFERENCE...TO CONSIDER...THE ESTABLISHMENT OF A ZONE OF PEACE IN THE CARIBBEAN.

The Caribbean Conference of Churches recognizes that attempts to create zones of peace have not been particularly successful. However, they point to one legal success of a limited nature in the western hemisphere. This is the Signing of the Treaty of Tlatelolco in 1967, which declares Latin America to be a nuclear-free zone. The five nuclear powers, the United States, the USSR, France, the United Kingdom, and China, are signatories of that Treaty.

The main elements of a zone of peace in the Caribbean would be the following;

- (1) The elimination of all foreign military bases;
- (2) The ending of all foreign military manoeuvres;
- (3) The adoption of a policy of military non-intervention amongst Caribbean territories and from states outside of the region;
- (4) The establishment of a compulsory regime of regional pacific settlement of disputes;
- (5) The acceptance of mechanisms for the prompt settlement of outstanding border disputes;
- (6) The adhering to the Treaty of Tlatelolco;
- (7) The establishment of a regional collective security arrangement;
- (8) The maintenance of a policy of "non-alignment" in global international politics.

A zone of peace is only meaningful if outside military powers with bases in the Caribbean are part of an agreement. The three countries which have military personnel in the region are France and Holland, both for ex-colonial reasons, and the United States. The big stumbling block in the way of the creation of such a zone of peace is the fact that the Caribbean has long been seen by Washington strategists as "an American lake" controlling vital sea lanes for economic and security purposes. The subsequent invasion of Grenada by the United States confirmed the fears of those who recognize the Caribbean's vulnerability to superpower intervention. While we recognize that the arrival of the Americans was welcomed by the people of Grenada as a rescue from an overwhelmingly traumatic situation, we would support our colleagues in the Caribbean Conference of Churches in deploring the outside intervention of a superpower in the affairs of a tiny country.

We agree that the tensions and rivalries of the Cold War should be excluded from the Caribbean. We see no need for a region which has been endowed with so much natural beauty to be

overshadowed by the ugly military manoeuvrings of the superpowers. Moreover, sovereign states within the area should not be required to divert their limited resources to acquiring military strength beyond that which is need for the maintenance of public order. We also note that the Caribbean Conference of Churches expresses concern about the size of the military establishment of Venezuela and, particularly, Cuba. They suggest that regional diplomacy should focus on insisting that these states maintain the defensive character of their forces, and that they do not use their forces to unnecessarily "show the flag" in the region, or to coerce the citizens or governments of the Caribbean.

It goes without saying that each of the Caribbean countries faces massive problems of under-development. Each is seeking to provide a better life for its citizens. We in the Canadian churches believe that they should be allowed to choose the economic model which seems to them to be most appropriate for their needs. The fact that this model may not be that which served Canada and the U.S. well in their early stages of development should not of itself be interpreted in Cold War terms.

We are convinced that viewing the Caribbean from the East-West perspective gives rise to enormous distortions of the realities of the area. We ask the Canadian government not to succumb to the temptation to see the area in this light, despite the example shown by the present American government. In particular, we ask that:

1. The Canadian government should refrain from supporting or endorsing any action of the American (or any other) government in the area which runs contrary to the concept of the Caribbean as a "Zone of Peace".

The Green Paper asks if a "more active Canadian security presence in the region would have a stabilizing influence and diminish superpower rivalry?" We are not sure what is meant by "security presence", but we believe that a stepped-up Canadian interest and increased economic aid would be helpful.

C. Development Assistance

We would commend the development aid policies of the Canadian International Development Agency in the Caribbean. Over the years they have been helpful in encouraging communications between the islands and in developing local administration. We are concerned about the present difficult economic situation in countries such as Jamaica and Guyana, whose dependence on one or two basic commodities makes them very vulnerable to world price fluctuations. We also have a concern for the social impact of massive North American tourism on small islands such as St. Lucia and St. Kitts.

2. We would ask that a major goal of Canadian development aid to the Caribbean should be the promotion of a diversified economy under local control.

Our colleagues in the churches of the Caribbean express to us their alarm at the "electronic invasion" of previously-isolated islands via radio and television from American broadcasts. We in Canada have struggled with this problem for many years; perhaps this is another area in which Canada can offer advice and assistance.

D. Immigration to Canada

Since the end of World War II, the ability to migrate has been a safety valve for the peoples of the over-crowded Caribbean islands. Many members of our churches here in Canada were born in the Caribbean. A number of these are probably in this country illegally. We share with the government a concern that the issue of illegal immigration be handled responsibly. We ask also that it be handled compassionately, for we know in personal terms the tremendous human suffering which is involved.

In the long term, we recognize that the only real decline in migration from the Caribbean will come with a significant expansion of employment opportunities in the islands. This gives an additional incentive for assistance for economic development in the Caribbean which has as its major goal the creation of meaningful employment.

E. Guyana

We are aware that the Canadian government is monitoring carefully the current situation in Guyana. Several Canadian churches have close ties with that country, and all were very concerned at the recent attack on the Guyana Council of Churches. It is hard to predict the direction the government there will take in the "post-Burnham" era; our Guyanese friends have adopted a "wait and see" attitude. We have appreciated the support and interest shown by External Affairs in events in Guyana and hope we can continue to co-operate closely with Canadian officials there.

In conclusion, we cite the words of one of our church partners in the Caribbean. When he was asked what he would like us to say to our government with regard to its policies toward the Caribbean, he said, "Be aware of the consequences of your actions for us as much as you are aware of the consequences for yourselves. Remember, you are the elephant, we are the mouse."

Canadians often consider themselves to be very small players on the world stage. The Commonwealth Caribbean may be one of the few areas of the world where what we do is very significant. Let us make the most of this opportunity.

VI. CANADIAN POLICY TOWARDS SOUTH AFRICA

A. The Origins of our Concern

(Canadian churches have long been particularly concerned that the Canadian government should play an active and vigorous role in the international mobilization of support for the struggle in South Africa against racial oppression. The churches, in their individual capacity and through the Taskforce on the Churches and Corporate Responsibility have kept under constant review corporate and governmental policies towards South Africa and Namibia. They are judged by many observers to have been amongst the most active and effective of the many institutions and organizations that have been urging the Canadian government towards a more just policy towards South Africa.)

This particular church interest in South Africa has many roots. Apartheid is unacceptable, of course, to the Christian faith. It is in defiance of a central Christian conviction that all persons are created equal before God. The churches have recognized as heresy the claim that apartheid is itself based on the Bible. The Canadian churches have had a long and close partnership with all the churches in South Africa (save the Dutch Reformed Church) and as these churches have increasingly rejected apartheid, the Canadian churches in turn have learned from them and have sought to support their struggle. Finally, Canada itself had long been in close association with South Africa during the decades in which both were prominent "white dominions" in the British Commonwealth. In that context, our government was drawn into an assertion of Canadian hostility to apartheid at an earlier stage than perhaps would otherwise have been the case. Canada has continued to be involved in this issue both in the Commonwealth and in the United Nations.

B. Church Opposition to Canadian Policies in Recent Years

For several decades the Canadian churches have been critical of Canadian policies towards South Africa and Namibia. The essence of this criticism has been that Canadian policy has been profoundly ambivalent and indeed perhaps hypocritical. Our government has recurrently condemned apartheid but it has been very hesitant to lessen the advantages to Canada of our economic relations with it. The 1970 government paper Foreign Policy for Canadians gave open expression to this ambivalence when it referred both to Canadian hostility to apartheid and to "the better than average profits" that were to be gained from trade and investment in South Africa.

Canadian policy, nevertheless, has over the years been nudged along towards a stronger South African policy. This has been a response to the increasing Canadian abhorrence of apartheid and to recognition that, far from an easing of the rigours of apartheid, the trend has been towards increasing repression of the black majority and a further consolidation of white dominance. The

Canadian government has also responded to the fact that other western governments were beginning to assume stronger positions on this issue. The Canadian government was anxious to avoid appearing to be more pro-South Africa than other western powers. The new policy measures which were announced in 1977 were in significant part to be explained by the government's realization that American policy under President Carter was at that time likely to be much more unequivocal than Canada's. Similarly, the June 1985 announcement of a series of stronger Canadian measures was partly occasioned by the realization that the US Congress, the European Economic Community, and a number of important European middle powers, already had or were likely soon to announce stronger measures.

One peculiar feature of the Canadian policy-making on South Africa is the strong opposition long manifested by the Department of External Affairs to any significant Canadian initiatives in regard to South Africa. The Department, for example, gave such minimal interpretation to, and lackluster implementation of, the 1977 policy decisions that they were virtually worthless. Indeed, many of the policies announced by the Secretary of State for External Affairs in June 1985 constituted a belated effort to give actual effect to policies that had been announced in 1977. It is also clearly the case that the Prime Minister and the Secretary of State for External Affairs have encountered much reluctance and cautionary advice from the Department as they sought a more active Canadian policy. This is illustrated, for example, by the fact that the Prime Minister chose Bernard Wood, Director of the independent North-South Institute, and not an official of the Department, to consult with the governments of the front line states immediately before the Commonwealth conference in October 1985. The Prime Minister did this despite the fact that conducting such consultations was surely exactly the sort of task usually undertaken by diplomats.

This aspect of the making of Canadian policy is especially relevant to the role of both the churches and of the Special Joint Committee. Canadian policy in recent months has been much stronger than previously but it is still also marked by the same contrast between strong rhetoric and inadequate policy measures that has so long been its primary characteristic. However, Canadian policy is building up to its moment of truth. The Prime Minister and the Secretary of State for External Affairs have each stressed that if there are not within six months significant changes that promise an early end to apartheid, Canada will undertake a major programme of sanctions. We expect that the government will be under strong bureaucratic pressure to renege on this promise of strong measures. The churches will do their best to help to sustain the resolve of our political leadership to press forward with this intention. It would be of major assistance if the Special Joint Committee were also to express categorically its judgement that there should be no weakening of this resolve.

We are ourselves much influenced in these matters by these central considerations:-

First, there was over the last year widespread and very substantial African unrest and, as a consequence thereof, a dawning realization amongst influential whites that major changes are essential. They are needed, not only for imperative moral reasons but also because without radical changes South African society could soon be, if not ungovernable, then certainly so disrupted as to destroy its attractiveness to foreign capital. In this situation, by far the most constructive international action is quickly to exert the maximum pressure upon the South African government. Such pressure must convince the government of the need to initiate constitutional discussions with Mr. Nelson Mandela and other leading blacks, to the end of an early elimination of apartheid, and to achieve the full integration of blacks into the political and economic life of the country.

Second, a policy of maximum pressure offers the most hope that the transition to a non-racial society will be accomplished with minimal violence. If, on the other hand, the African majority is left without significant external support in the struggle for its rights, the prospects are more bloody, more protracted and more damaging in every way to South African society.

Third, the primary violence in South Africa is the violence inflicted upon the black majority by the white regime. It is because we deplore violence that we urge the Canadian government to aid the blacks by a rapidly-mounting level of pressures upon the South African regime.

C. The Next Steps

The suggestions which follow should not be unfamiliar to the Canadian government. They are in fact clearly implied in the position which the Prime Minister and the Secretary of State have already taken. However, it is important, in our view, that the Special Joint committee itself give them its strong support as well.

(1) A clear identification of the basic changes that must come in South Africa. This has to some degree already been done by the Secretary of State for External Affairs. Nevertheless, it bears re-affirming. These changes are:-

(a) A lifting of the state of emergency; the unconditional release of Nelson Mandela and all other political prisoners and the return to South Africa of its exiled leaders.

(b) Early constitutional discussions with the authentic

leaders of the black community, with the announced intention that the purpose of these talks is to arrange a transition to majority rule in South Africa.

(c) The early dismantling of the laws and policies which are the cornerstone of the apartheid system. This will require a repeal of the Race Classification Act and the Group Areas Act; the abolition of influx controls and any other mechanisms used to restrict the freedom of blacks to live and work where they choose in full equality; the consequent abolition of any compulsory restriction of blacks to the so-called homelands; and the establishment of an open and integrated compulsory system of public education.

(2) A detailed indication of the policy changes that will be pending if there are no initiatives that promise an early abandonment of apartheid. These policies would include:-

(a) A halt to further Canadian investment in South Africa and a call to Canadian companies to lessen their involvement;

(b) A selective and progressive ban on South African imports;

(c) A full prohibition of the export to South Africa of any goods or services which would be useful to the South African military or police;

(d) A withdrawal from the five-power contact group on Namibia, and a return of the issue to the Security Council, with the advice that mandatory selective sanctions against South Africa be introduced by the Security Council.

(3) Initiatives to mobilize international actions along similar lines. South Africa can with comparative calm ignore whatever Canada does. Our initiatives will be effective only when they are joined to a wider set of international actions. Canadian initiatives such as proposed above would themselves be an important contribution to the development of similar initiatives by other states. However, this need not be left to a process of diplomatic osmosis. Canadian efforts should be made at the United Nations, in the Commonwealth, in NATO, and bilaterally, to mobilize international pressures that would be as wide and as effective as possible.

VII. LATIN AMERICA

An Example of the Churches' Lived Experience in the Canadian Foreign Policy Field

(The quest for human emancipation does not lie in abstract formulations but in particular human situations. The Canadian churches, through the internationally-respected work of the Inter-Church Committee on Human Rights in Latin America, has developed an extensive and detailed body of information and analysis on human rights situations in the Western hemisphere.)

A. Central America

1. The Deterioration Continues

Fundamental to understanding the current crisis in Central America is the rapid deterioration of economic life. Following a thirty-year period of dynamic growth (which held within it the seeds of crisis), the region has been swept back during the past five years to per capita income levels of two decades ago.

The growth which had occurred since World War II was characterized by two important limitations: it was "superimposed development", that is, the fundamental institutional and social structures did not change adequately; and it was "marginalizing development", that is, while certain groups advanced rapidly, the majority population groups continued to be kept out of economic advancement and political power. "In short", as the U.N. Economic Commission for Latin America stated recently, "the region's characteristic development style has been concentrative, or at any rate of an exclusive nature in the sense that it has favoured the different strata of the population in a flagrantly inequitable manner, accentuating the degree of income concentration in some countries."

Human rights violations derive extensively from the inequitable characteristics of such "development", from the tendency of elites to protect privilege by exclusion and violence and from the encouragement of militarization by their external allies. In the long term, only an attack on the indigenous economic and social roots of the crisis can offer substantive hope for the development of a climate of respect for human rights.

The ICCHRLA has documented human rights situations of international concern in each of the Central American republics.(1) At this time we continue to watch the threat to democracy and the full expression of human rights in

Honduras. Similarly, we recognize the ever-stronger probability that Costa Rican democracy, neutrality and freedom from militarization, will be undermined. The gross and systematic violation of human rights in Nicaragua by the mercenary forces of the "contra", together with the threat to international law represented by the U.S.-directed war against Nicaragua, merits the most serious concern by the Canadian government and people.

Two national situations remain of particular priority: Guatemala and El Salvador.

2. Guatemala

In our 1984 annual brief on Guatemala, we documented large numbers of kidnappings and killings in rural areas, arbitrary executions in the cities, and involuntary disappearances in the capital and other urban areas. We stressed the fact that the counter-insurgency strategy undertaken by the military was resulting in chronic death by hunger, generalized malnutrition, sickness and infant mortality. The systematic use of torture, the existence of clandestine prisons, the persecution of Christian leadership personnel and institutions, forced recruitment and participation in civil patrols, and continued violation of workers' rights and attacks on refugees and human rights organizations characterized the scene in Guatemala. Since that time, the government's threats to the only visible human rights defence organization, the Grupo de Apoyo Mutupo (GAM), followed by murderous attacks on its members have led to further protests against repression of human rights.

These attacks led the ICCHRLA to express grave concern to the Canadian government in its most recent communications concerning Guatemala. On August 19, 1985, we wrote to the Secretary of State for External Affairs:

"As the attacks on the GAM and the situation of fundamental human rights in Guatemala continue to exercise our deepest concern, we are preoccupied with ways in which the international community, at the 1985 General Assembly, might in some way bring to account the actions of the Guatemalan Government since the March resolution - their attacks on the GAM, their refusal to take significant steps to defend and require respect for human rights, the failure to bring any of the violators of massive violations of human rights and perpetrators of genocide, to justice. We are concerned that once more an electoral process planned for this fall in Guatemala will be used to cover up the systematic brutality of the military authorities."

3. El Salvador

The ICCHRLA in its 1984 review concluded "El Salvador ended 1984 as one of the hemisphere's worst violators of human rights. The documentation reveals a high level of massive and systematic human rights abuses despite the 1984 election of a civilian president and President Duarte's many promises to improve the general human rights situation and seek non-military solutions to El Salvador's profound political, economic and social crisis." Included as matters of concern were the escalation of the air war and other military attacks against a civilian non-combatant population. Further, the ICCHRLA pointed out, "the social and economic conditions that led to the armed conflict not only persist, they have worsened. Reforms are stalemated. The government has not implemented Phase 2 of the Agrarian Reform Programme nor proceeded with Phase 3. High unemployment and abject misery are a daily reality for the vast majority of the Salvadorean people." The ICCHRLA noted as well that the Duarte government under pressure from the military and right-wing political forces had interrupted even the first tentative steps toward a national dialogue with the armed opposition.

In March 1985, an ICCHRLA delegation of inquiry in El Salvador found "cruel tactics employed by the military including the bombing of civilian populations by the military of towns and villages and constant harrassment and intimidation by the military and police forces." While noting that security force and death squad killings in urban areas were on the decline, the delegation noted that "the more selective abductions, disappearances and killings now being carried out are still significant in numbers."

B. The Southern Cone and Andean Region

The political map of South America has undergone considerable transformation in the past two years, with positive developments in Argentina, Uruguay and Brazil. Yet while hope has been renewed in some areas, prospects for continued respect of fundamental human rights and the survival of newly-restored democracies remain under the shadow of a bleak economic situation. Inhumane conditions forced upon Latin American nations by International Financial Institutions raise profound doubt about the prospects for increased internal social justice and the extension of human rights.

1. Chile

Canadian churches have followed the situation in Chile closely ever since the 1973 coup. According to Chilean human rights organizations, the current situation is one of the

most difficult they have faced since that time. For the first six months of 1985, the Chilean people were living under four simultaneous "States of Exception" -- the State of Siege, the State of Emergency, the State of Danger of Disturbance to Internal Peace and, (as a result of the earthquake) the State of Catastrophe. All of these "states of exception" can be used as authorization for repressive acts against the population.

Widespread censorship of the media came into effect with the declaration of the State of Siege. Over 20,000 people were arrested in pre-dawn raids on shantytowns. More than 500 have been sent to internment camps. Hundreds more have been forced into internal exile. The practice of torture by the security forces remains commonplace and has resulted in several deaths in 1985.

A series of gruesome kidnappings and assassinations which took place in the spring of 1985 seem to indicate the existence of a coordinated campaign of state terror launched by the Pinochet regime against political opposition and human rights activists. An investigation into the March 30 assassination of Jose Manuel Parada, Santiago Nattino, and Manuel Guerrero has revealed the direct involvement of the Chilean police force (Carabineros). All three men were brutally tortured, their throats were slashed and they were left in a ditch by the well-travelled road to the international airport.

In spite of increasingly vocal opposition and cries for a return to democracy, General Pinochet has merely shown a stronger determination to hold on to power and, in so doing, has encouraged a dangerous polarization in Chile. According to many analysts, the country is being led into an explosive confrontation. While the State of Siege was lifted in June 1985, the government maintains basically the same powers through the other states of exception and repressive laws (See ICCHRLA Newsletter 1985, No.3).

The Canadian government on several occasions has expressed its concern about the situation in Chile.(2) But even while voicing its disapproval, the Canadian government has continued to support the provision of economic assistance to the Pinochet regime.(3) If Canada is to remain consistent with concerns expressed through fora such as the U.N. General Assembly and the U.N. Commission on Human Rights, it should support deferring all bilateral or multilateral financial assistance to the Chilean government or its agencies unless it can be shown to be a response to the basic needs of the Chilean people.

2. Peru

The human rights situation in Peru has concerned the Canadian churches since the 1970s. In 1982 three departments

were placed under a State of Emergency as part of the government's campaign against the insurgent Sendero Luminoso. Soon after, Canadian churches began to receive reports of serious human rights violations being carried out by military authorities against civilians in the emergency zone. These included extra-judicial executions, torture and enforced disappearances. So far, violence has claimed approximately 5,000 lives and Peruvian human rights organizations estimate that 2,000 enforced disappearances have occurred.

Although the situation in zones under military control has not changed essentially, early signs indicate that the new administration of President Alan Garcia is making some efforts to ensure that human rights violations are brought to an end. Steps taken by the Garcia administration after the August 14 massacre of an unconfirmed number of peasants in Accomarca, and the discovery of a mass grave in Pucayacu are positive signs.

We welcome the Canadian government's manifestation of growing concern over human rights violations in Peru in a speech delivered at the 41st session of the United Nations Commission on Human Rights (UNCHR) and look forward to a strengthening of this position at the UNCHR in 1986. As a major trading partner of Peru, Canada should energetically urge the new Peruvian administration to bring a complete end to gross and systematic human rights violations by government authorities.

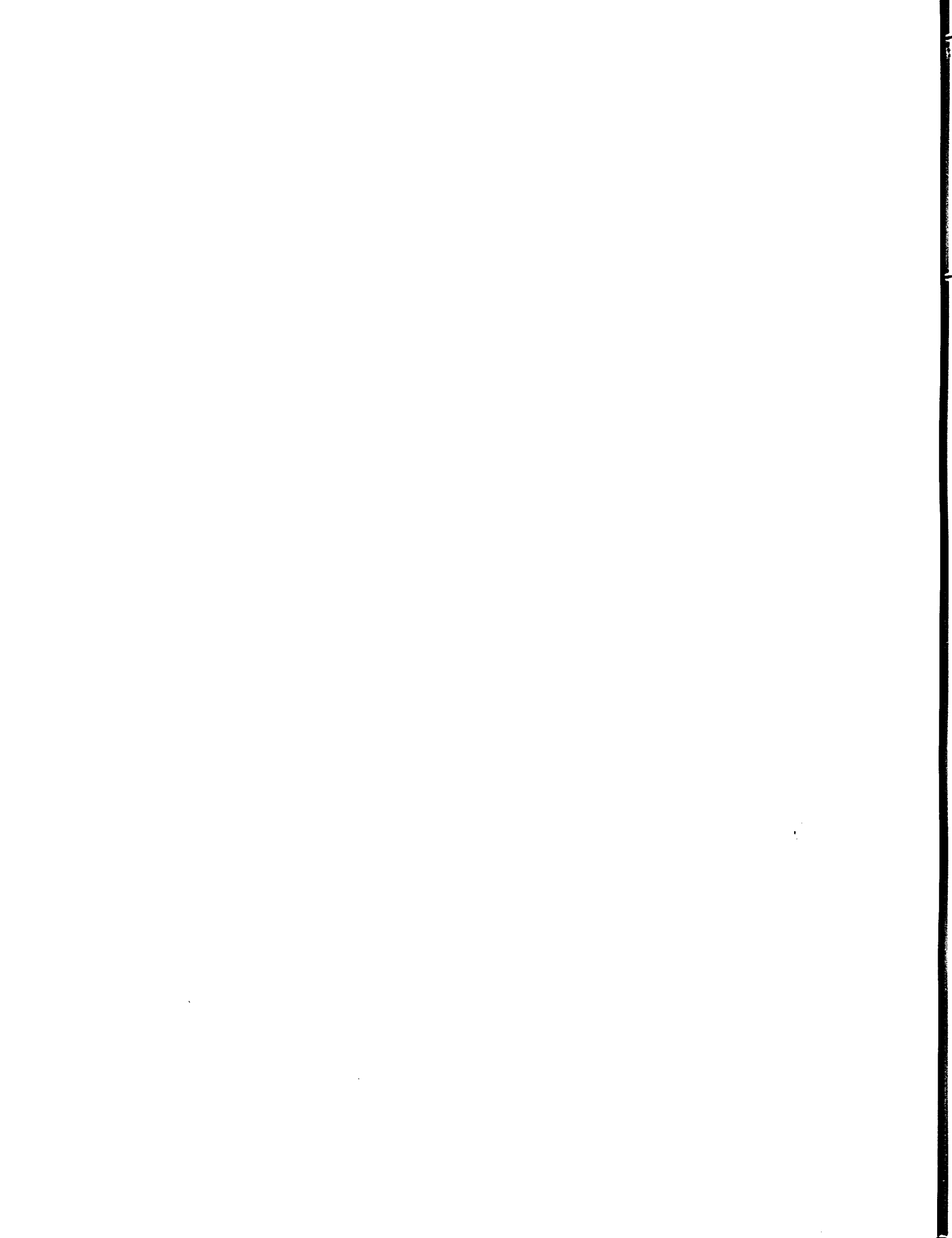
Footnotes

(1) See, for example: ICCHRLA Newsletter (Numbers 1 & 2, 1985) ICCHRLA Reports on Chile, El Salvador, Guatemala, Honduras, Nicaragua and Peru, and ICCHRLA Submission to the Canadian Ambassador to the 40th Session of the United Nations Commission on Human Rights, January 24-5, 1984.

(2) In December 1984 at the 39th Session of the United Nations General Assembly, Canada once again voted in favour of a resolution condemning the human rights violations of the Pinochet regime and urging Chilean authorities to "take all the steps possible to rescind the state of siege...and to permit a resumption of the peaceful process to democracy." The Canadian government reiterated this concern in a statement delivered at the 41st Session of the UNHCR in March 1985. Canada has also expressed concern directly to the Chilean authorities on at least two occasions while the State of Siege was in effect.

(3) At the same time that Chileans were living under a State of Siege, their government received four loans from the Inter-American Development bank (IDB) totalling \$340 million dollars. While other nations have voted against or abstained on these votes on the grounds that it is impossible for basic human rights needs to be met under present circumstances,

Canada has supported each of these loans. While we oppose a policy of voting to grant or withhold such loans on purely political grounds, we feel that human rights considerations should apply in the case of countries which are classified as gross and systematic human rights violators.





Canadian Human Rights Foundation

JAN 23 1986

Fondation canadienne des droits de l'homme

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January 16, 1986

Jean Macpherson
Joint Clerk of the Committee
Special Joint Committee on
Canada's International Relations
Houses of Parliament
Box 663 W.B.
Ottawa, K1A 0A6

Dear Ms. Macpherson:

Further to my letter of November 7, 1985, the Foundation welcomes the opportunity of providing a written response to the report entitled "Competitiveness and Security: Directions for Canada's International Relations".

As you may know, the Canadian Human Rights Foundation was founded in 1967 in order to promote awareness of and respect for human rights and fundamental freedoms in Canada through its national programs of research, education, discussion, and publication. As you can see from the names affixed to this letterhead, membership in the Foundation comprises a distinguished group of Canadians who have contributed much to our country's development. Unencumbered by political philosophies or special interest groups, the Foundation does not take positions in matters of public or private controversy. Foundation programs do, however, provide an objective platform where differing views and perspectives can be discussed, thereby fulfilling one of our primary objectives - namely, the education of public opinion on contemporary human rights issues.

The Foundation's interest in the development and implementation of Canadian foreign policy is longstanding. For the past eight years, the Foundation has organized national conferences to review the application of human rights standards in the conduct of foreign policy. This annual review affords

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participants from Canada and abroad an opportunity to examine the role that foreign policy can and must play in the international protection of human rights. These annual exchanges have underscored our belief that Canadian foreign policy must be based fully and firmly on humanitarian and human rights principles.

The Foundation was most encouraged by the public notice of the Special Joint Committee's mandate which solicited briefs from recognized experts on all issues raised in the 'Green Paper'. Expectations were raised by the fact that one of the six themes identified in the mandate focused on human rights - namely, "What opportunities are there for Canadian contributions to international well-being and the promotion of human rights? What are the international instruments available for promoting human rights?"

As a result of the Special Joint Committee's request for public consultation, the Foundation convened an information meeting for its members on November 28, 1985 to discuss the 'Green Paper' in general, and the human rights content in particular. A representative of the Department of External Affairs was present to address all issues raised by the 'Green Paper'.

The overwhelming consensus of those in attendance was one of deep disappointment. Some Foundation members contended that the 'Green Paper' does not appear to be inspired by the democratic and human rights principles upon which this country was founded. Its notable lack of emphasis on human rights issues is surprising and regrettable in view of Canada's long and proud history in promoting adherence to human rights both at home and abroad.

The 'Green Paper' contains three short paragraphs (pp. 15-16) and scant mention of human rights throughout. Its superficial references to human rights problems abroad do not do justice to these fundamental international concerns. It has been evidenced time and again, and most recently in the Geneva meetings between President Reagan and Premier Gorbachev, that respect for human rights is central to harmonious relations between and among nations.

There are those who maintain that the cornerstone of Canadian foreign policy is indeed respect for human rights. If this is the case, it is certainly hard to find evidence of that contention in the 'Green Paper'.

If the purpose of the 'Green Paper' was to stimulate public debate, the enunciation of explicit human rights standards underlying the conduct of Canadian foreign policy would have served an important public education function. Its absence may militate against Canada's raising of human rights concerns in bilateral and multilateral exchanges.

The 'Green Paper' appears to reflect Canada's growing preoccupation with trade and economic development. The present campaign to expand Canadian exports will no doubt be of benefit to all Canadians. However, it would not be to the benefit of Canada's role internationally were economic concerns to replace humanitarian and human rights principles as a primary influence on Canadian foreign policy. Respect for human rights must be continually stressed and promoted. The Foundation believes that the greatest protector of human rights is an educated public opinion.

Perhaps the greatest deficiency of the 'Green Paper' is its lack of attention to the role that human rights play in promoting peace among nations. The Foundation believes that there is an inextricable link between human rights and peace. Such is the conclusion of a national conference on Human Rights and Peace which the Foundation organized in Ottawa last year.

There was a clear consensus among the participants that there are many dimensions to the study of peace, such as its relationship to human rights and conflict resolution, in addition to defence and arms control. While security, defence and disarmament are clearly central to the debate, they doubtless would be strengthened by the addition of a positive perspective such as the promotion of, and adherence to, human rights as an inducement towards a global consciousness on the need for peace. Indeed, Canada's credibility, internationally, is undoubtedly stronger in the realm of human rights and conciliation than it is in terms of defense, security and arms control.

There was a general acceptance among Conference delegates that human rights are more than an issue that relates only to politics and international relations. It was felt that there is, and must continue to be, an objective moral imperative, ie. promotion of human rights, which can contribute in a substantive way to the pursuit of a true and enduring peace.

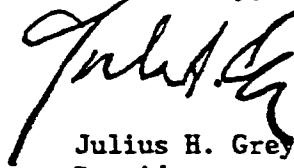
While peace will not come automatically with enhanced respect for human rights, there is a temptation, in the pursuit of peace, to ignore human rights violations. Several speakers at the

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Conference contended that the world could not enjoy a lasting peace without respect for human rights. Peace without human rights would be a hollow peace, as in the long run, one cannot expect those regimes which are repressive and violent at home to be peaceful abroad.

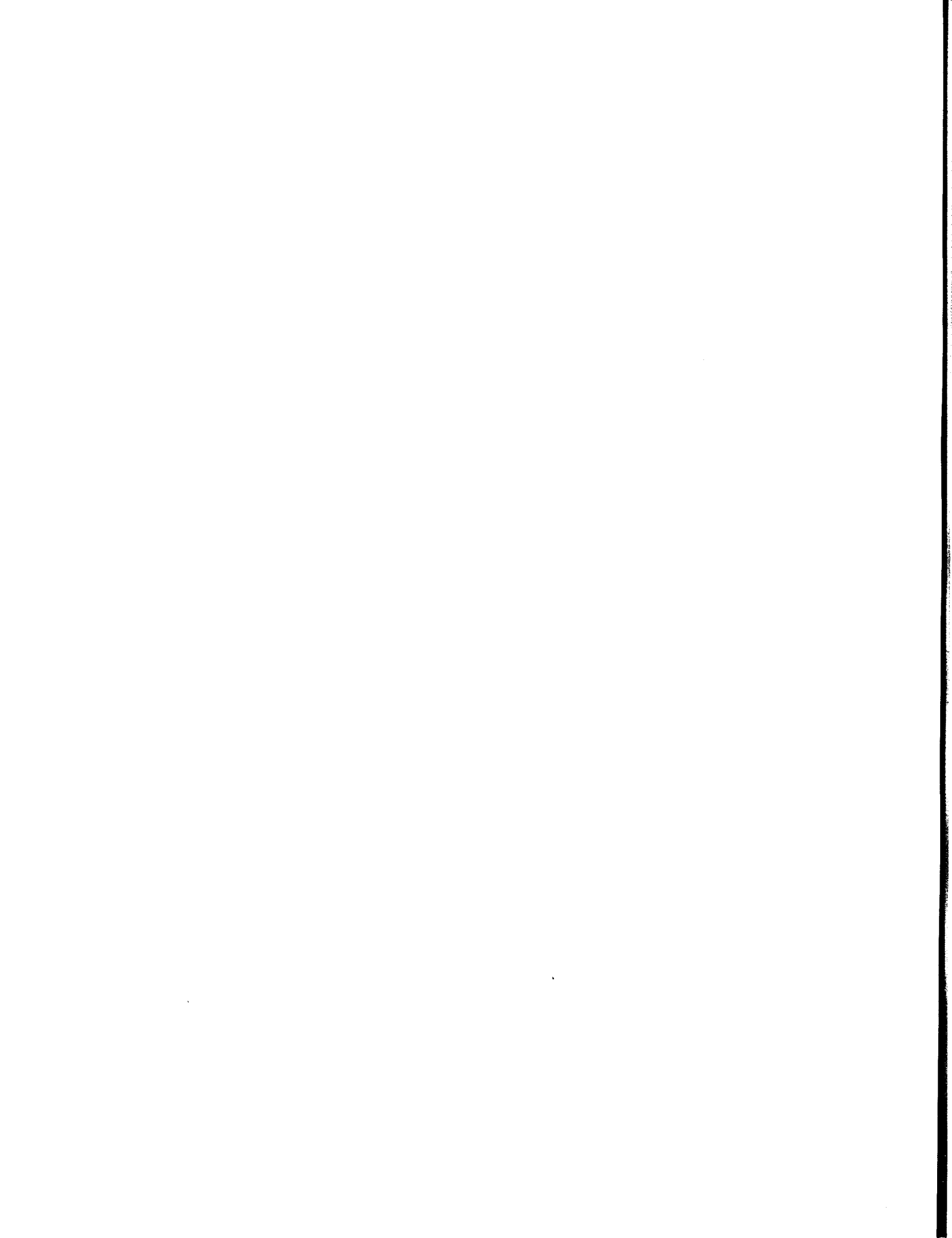
Canada has an international role to play by virtue of its fortunate history and political position in the world. We must not lose sight of this opportunity and responsibility to serve as an honest broker in neutralizing international tensions. Canada can exercise a positive influence in the international arena by adhering to and promoting the principles upon which this country was founded - namely, respect for democratic, humanitarian and human rights concerns. The 'Green Paper' is remiss in not underscoring this important heritage and the Foundation hopes this matter will be addressed by the Special Joint Committee.

Yours truly,

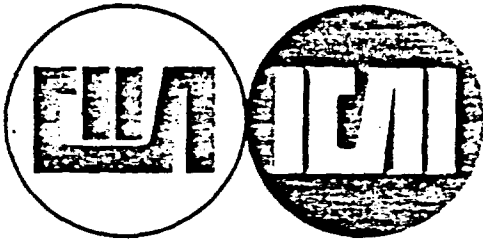
A handwritten signature in dark ink, appearing to read "Julius H. Grey", written in a cursive style.

Julius H. Grey
President

JHG:jlb



JAN 21 1986



CANADIAN INSTITUTE OF INTERNATIONAL AFFAIRS
INSTITUT CANADIEN DES AFFAIRES INTERNATIONALES
NATIONAL CAPITAL BRANCH / SECTION DE LA CAPITALE NATIONALE
Ottawa, January 1986

Commentary on
Canada's International Relations

Prepared by
a Working Group of the National Capital Branch
Canadian Institute of International Affairs
Under the Chairmanship of John Halstead

INTERNATIONAL PEACE AND SECURITY

The international security environment with which Canada has to deal is characterized by three basic features. The first is that nuclear weapons have transformed forever the very nature of war and, in combination with other technological changes, have created formidable problems of command and control. The result is that war can no longer be regarded as a practical or tolerable instrument of policy, if it risks the use of nuclear weapons. The second feature is that the United States and the Soviet Union each possess more than enough weapons to end civilized life on this planet, and therefore hold between them both a terrible power and an awesome responsibility. It follows from this that the overriding purpose of the superpowers and their allies must be not to win a war but to prevent one, if civilization is to survive. The final feature is that, in spite of the compelling urgency in the nuclear age of constraining effectively the use and threat of force in relations between sovereign states, mankind has yet to develop an international order capable of doing so. Until it does states like Canada must make the most of the imperfect system which exists to help maintain international peace and security.

Consequently for Canada, as for other free nations, the security imperatives of the nuclear age are: to prevent war and deter aggression; to maintain the democratic values and institutions it shares with others; and to promote verifiable arms control, the peaceful settlement of disputes and the rule of law. It must also be an objective of Canada's security policy to exercise control over Canadian territory and to defend it if need be. Given its geography and its geopolitical and strategic situation, it is clear that Canada cannot ensure its own defence alone and that it can best contribute to its own security by contributing to international peace and security. This contribution can be made most effectively in cooperation with friends and allies.

Canada should seek opportunities bilaterally in the UN, and in other multilateral associations such as the Commonwealth, to serve Canada's interests in stability and the peaceful settlement of disputes in parts of the world outside the NATO area. In this connection it should be borne in mind that Canada is a Pacific power as well as an Atlantic and an Arctic power. Yet in spite of the greatly increased volume and importance of Canada's trade and economic relations with the Pacific Rim countries, there has been little reflection of that fact in the attention given to security problems and responsibilities there.

Defence and Deterrence

The NATO alliance was created in recognition of three dearly bought lessons of modern history: that it costs infinitely less to prevent a war than to stop or win one; that war prevention means defence preparedness; and that the security of Europe and the security of North America can be decoupled only at the peril of both. NATO's purpose is to preserve peace in freedom by deterring any possible Soviet aggression or expansionism through collective measures of defence equitably shared and based on an agreed strategy, including the capability for nuclear retaliation. Canada shares this purpose and should give it both moral and material support.

Canada also shares a continent with the United States. It is in Canada's own interest to do its part in controlling not only its territory but also the sea and air approaches, particularly in the strategically important Arctic. It is certain that, if Canada does not take such basic security measures itself, the United States will do so in its own way. On the other hand, Canada cannot ensure the defence of its territory without the active cooperation of the United States or out of context of its contribution to the defence of North America. It therefore makes sense for Canada to participate, within the NATO framework, in bilateral defence cooperation with the United States, and in particular in the integrated air defence system established under the NORAD Agreement. At the same time Canada must find a balance, in this joint defence relationship, between cooperation with the United States in meeting the apprehended threat and the effective exercise of sovereignty over Canadian territory.

Contributing to international peace and security entails commitments, and meeting these involves substantial cost, particularly for the maintenance of armed forces. If this effort is to command the respect of Canada's friends and allies, it must be seen as commensurate with Canada's relative economic strength and relevant to the needs of collective defence. If it is to command the support of the Canadian public, it must be seen as appropriate, in terms of Canadian interests and capabilities, and conforming to the rigorous application of priorities. Qualitatively high and with specialized capabilities, Canada's military contribution is not likely to be quantitatively important, but the perception of whether Canada is carrying its fair share of the burden is critical to the weight given Canada's voice.

The fact is that Canada has for years been devoting to its defence effort substantially less, as a percentage of GNP, than other NATO members. The Government is to be commended for the steps it has taken to increase the Canadian forces and correct their worst deficiencies. However, there is still a dangerous gap between existing commitments and in-place capabilities. This gap can be narrowed only if there is a substantial and sustained increase in defence expenditures. The Government should make this a high priority.

The question of resources is inextricably bound up with that of resource allocation. And here there are some difficult judgement calls to make, because there are competing demands on Canada's defence resources. North America is where the strategic nuclear deterrent must be protected and where Canadian security will be at stake if the deterrent fails, yet Europe is still the place where the global East-West balance itself is at stake and the North Atlantic sea lines of communications are vital to Europe's defence. Canada's military presence in Europe and the North Atlantic is evidence of its commitment to the NATO concept of collective defence and is an essential concomitant to an active political role in NATO councils.

There may be some scope for rationalization as between these various roles but what is needed above all is reconciliation between what defence commitments Canada wishes to take on and what it is prepared to pay for defence. At the same time it is important that the Government take steps to bring home to Canada's allies that what Canada does in North America, or for that matter in Cyprus, the Golan Heights and the Sinai, are all contributions to the common cause. In this connection, the Government should give particular attention to strengthening the planning and operational links between NATO and NORAD, as a way of underlining that the defence of the strategic deterrent is a responsibility of the Alliance as a whole.

In North America the fate of Canada and the United States is bound together. Even the limited influence Canada can have on that fate requires involvement in continual defence planning and all the support that can be mustered from like-minded NATO allies. The NORAD Agreement should therefore be renewed for a finite period. At the same time a statement should be made confirming that strategic planning in North America, as in the rest of the NATO area, should continue to be based on a common commitment to deterrence and strategic stability, to the integrity of the ABM Treaty and the pursuit of arms control with a view to achieving equilibrium at lower levels of armaments. Thus it would be made clear that any plans which undermined the ABM Treaty, including the deployment of new space-based weapons, could not be implemented unless or until a policy change was decided by the governments concerned.

Dialogue and Detente

NATO's approach to the maintenance of international peace and security has a political as well as a military track. It is based not only on deterrence and defence but also on dialogue and detente, as articulated in the Harmel Report. This involves efforts to manage East-West relations in such a way as to avoid confrontation, to reduce tensions and to seek areas of mutually

beneficial cooperation, without sacrificing essential Western interests. Soviet behaviour in the late 1970's dealt these efforts a severe blow and brought the word "detente" into disrepute in some quarters. Nevertheless there is wide recognition that, although East-West relations are bound to be competitive, the only alternative to living together in this nuclear age is dying together. While the recent Reagan-Gorbachev summit did nothing to narrow the substantive differences between the two superpowers, it took the essential first step toward meaningful negotiations by establishing a civil and mutually respectful dialogue.

East-West relations are too important to be left to the superpowers, however; their allies also have a significant role to play, both bilaterally and multilaterally. In particular, Canada should leave no stone unturned to convince the Soviet Union and its allies that a more constructive relationship can be mutually beneficial and that our shared interest in survival should be translated into workable agreements which enhance both sides' security. This requires firm but unprovocative policies, a realistic but non-ideological approach. It calls for the application of reciprocity to East-West exchanges, but also for a readiness to move on our side if the other side is prepared to meet us half-way. It implies a willingness to recognize the Soviet right to their system but not the right to impose it on others. Above all, it needs consistency in the application of both incentives to good behaviour and deterrents to bad behaviour, so that the Soviet Union will know what to expect. It is in Canada's interest to play an active role as a loyal and dependable ally in the discussion of such questions in Alliance councils, to urge postures of moderation and conciliation when appropriate and to advocate more regular and intensive East-West contacts at various levels. Alliance solidarity should not be accepted as an excuse for stifling consultations of this kind, for they are of the essence of an alliance of free, democratic states. Moreover, they depend on the acceptance by every member of the alliance of reciprocal obligations: to keep all other members informed and to seek their views on matters affecting their security, on the one hand, and to accept and support alliance decisions, once they are taken, on the other.

One important dimension of the pursuit of Canadian policy objectives on NATO is the maintenance of effective bilateral relations with the other members of the Organization. This entails active programs of trade, technical and cultural cooperation, exchanges of visits and other measures which strengthen the bonds of friendship and common interests. Another dimension is Canada's association with the CSCE process which began in Helsinki and has proceeded through Belgrade, Madrid and now Stockholm. These negotiations, involving as they do not only NATO and Warsaw Pact members, but also the non-aligned nations of Europe, afford Canada an important opportunity to influence developments in such matters as CBM's, scientific and cultural relations, freer movement of people and ideas, and human rights. Their importance is not widely understood by the Canadian public, but they merit continued strong support by the Government.

Arms Control and Disarmament

Coincident with the need to maintain deterrent strength is the obligation to join with other peace-loving nations in an effort to reduce the mounting burden of defence and the risk of miscalculation by seeking effective measures of arms control and disarmament. These cannot be a substitute for deterrence and defence but they can reinforce security and stability if they are balanced and verifiable. Negotiations for this purpose take place bilaterally, between the two superpowers and multilaterally, between NATO and the Warsaw Pact, in the CSCE and in the UN.

The control of the nuclear threat is the main preoccupation of all nations and the most important negotiations have been those carried on between the United States and the Soviet Union for the last 40 years. The main products of these negotiations have been the ABM Treaty, SALT I and the still unratified SALT II Agreement. It is very much in the Canadian interest to encourage the continuation of this negotiating process and to maintain the credibility of the agreements already concluded. The Canadian voice, if concerted with those of the other NATO allies, can have a significant influence on the United States, and perhaps even on the Soviet Union.

At the same time Canadians should recognize the formidable obstacles to successful negotiations. For its part the Soviet Union will not accept anything less than military and political equality with the United States, while the United States has grave doubts about the Soviet Union's ultimate objectives. Even if it is possible to make deep cuts in the number of nuclear weapons, each of the Superpowers will want to retain a clearly evident ability to deliver assured retaliation against the other in case of a preemptive first strike or of attempted coercion by the other, or to guard against nuclear blackmail or terrorism by a third power. In this already complex equation the SDI has now introduced a further serious complication.

Another difficult barrier to reaching agreement is the problem of verification. The differences in processes, norms and values between the open societies of the West and closed societies of the East make it necessary to devise effective means of verifying compliance with arms control agreements if they are to inspire the necessary confidence. This is a field where Canada has an important contribution to make, by concentrating research and follow-up on verification technology, both national and third party.

Multilateral negotiations can bring subsidiary advantages. They can put pressure on the major powers to negotiate actively and in good faith. They can make agreements between the major powers more widely applicable. And they can draw to the attention of world public opinion the vital need for an effective arms control regime, and the obstacles to its attainment. The UN has been the locus for negotiation and implementation of some important arms control agreements, including the Non-proliferation Treaty and the Partial Test Ban Treaty. Notwithstanding the reluctance of the major powers to carry on negotiations under the aegis of the UN, they will likely turn to it again if and when they

succeed in reaching agreements which require wider endorsement. Canada should therefore be alive to opportunities for bringing to bear the weight of views expressed collectively by responsible members of the UN. Frustrating though the UN disarmament process may be, we believe the Government is correct in assigning a high priority to the Canadian contribution in this field.

Regional Conflict

Although its most direct security interests are met through its defence alliances, Canada cannot insulate itself from the impact of conflicts elsewhere in the world. For the last 40 years such conflicts have raged in various regions, disrupting their development, destroying the welfare of their peoples, and in many cases intensifying the superpower rivalry and threatening unwanted confrontation. Not least important has been the damage done to the still fragile fabric of international law and order when coercive power has been substituted for legitimacy. In particular the unresolved Arab-Israeli conflict in the Middle East has long been a source of dangerous instability. In Central America the risk of superpower confrontation is much less but the failure of international diplomacy to find a regional solution to the conflict there feeds the growing mood of cynicism and despair. In Afghanistan, the Soviet Union continues to flout world opinion in refusing to put a political solution ahead of the use of force.

Meanwhile international terrorism has assumed a larger and larger role. There have been successes in deterring some terrorist acts, such as hijacking, by more effective international cooperation in improving airport security and blocking sanctuaries. These procedures need to be strengthened but cannot get at the heart of the problem. International terrorism is largely a weapon of the desperate and disorganized and grows at best out of persistent political grievances and at worst out of a passion for anarchy for its own sake. If international diplomacy fails here and if the use of force is legitimized by governments as a major instrument of their diplomacy, it can be expected that those with grievances will increasingly resort to terrorism to get the world's attention.

In these circumstances it is not enough to argue (as the Green Paper does) that Canada has only limited interests in such issues and limited resources to devote to them. It is in the interest of Canada as much as any other country that hope be nourished in the possibility of building a more stable and just world order based on legitimacy rather than force. Whether its role is central or marginal, Canada should be willing to contribute to the peace process, when opportunities arise. This should include the Middle East in particular, where Canada has in fact made substantial contributions to UN peacekeeping but where Canada's pursuit of a declaratory policy designed essentially to offend as few as possible puts severe limits on its political role.

Canada's contributions to the peace process in the past have been mainly through the UN but also on occasion bilaterally, through the Commonwealth and

through other avenues such, for example, as the Contadora Group. There was a time when the view prevailed that Canada should eschew the "helpful fixer" role, but we believe that, provided the Government plans its actions well and pursues them with discretion and with due consideration of the obligations it is undertaking, it should be prepared to contribute to peace in this way. We think such assistance is in Canada's own long-term interest and will be supported by the Canadian people.

CANADIAN SOVEREIGNTY AND INDEPENDENCE

It may seem paradoxical that, in an age of growing global interdependence, the independent state remains alive and well as the primary unit of the international system and that Canada, no less than other states, is motivated by emotionally charged perceptions of national interest backed by assertions of Canadian "sovereignty." But the impetus behind this phenomenon, in Canada's case, is less a refusal to recognize the requirements of interdependence than it is a response, in late twentieth century terms, to a reappraisal of its relations with the United States. Both multilateralism and bilateralism, therefore, are major forces in the ongoing reformulations of Canadian foreign policy. Indeed, it may be argued that for Canada multilateralism is a refuge against the powerful effects on Canada of sharing a continent with the United States. To this should be added a growing if still vague awareness in Canada of what may be described as its "double neighbourhood" — the geopolitical reality of being "sandwiched" between the two superpowers and the consequent vulnerability of Canadian airspace and landmass.

In these circumstances sovereignty can be a useful concept to bolster Canadian independence in an increasingly interdependent world and on a continent where the effective exercise of that independence is increasingly difficult. The classical Canadian dilemma posed by its relations with the United States has been reintroduced and underscored by a number of recent events. The intense debate precipitated by the proposal to open bilateral trade negotiations with the United States reflects the tensions created by the attraction to Canadians of the affluent U.S. market, and the pervasive influence of U.S. investment and culture on the Canadian economy and national identity. Moreover the Polar Sea incident has given international law a central role in the use of the formalism of sovereignty in support of the substance of bargaining.

The Green Paper points out quite properly that control over Canadian territory, airspace and coastal waters is necessary, both for the preservation of Canada's security and for the assertion of its sovereignty. This will require both legal and practical measures, since "the Arctic has to be won in fact as well as in law," as an official once put it.

Legal Measures

The Government is to be congratulated on having established straight baselines which make it clear to the world that Canada considers the Arctic

archipelago a single unit, comprising land, sea and ice, over which it has complete sovereignty. Nothing short of this can suffice to protect its fundamental interests in the region: the special marine environment, the welfare of the Inuit population and national security. Although Canada would want to permit innocent passage of foreign ships in the Northwest Passage, such passage should take place only with its authorization and under appropriate conditions. Talks should be pursued with the United States with a view to reaching an agreement, whereby Canada's sovereignty over the enclosed waters of the Archipelago is recognized and the passage of American ships permitted under stipulated conditions. If such an agreement is impossible, an effort should be made to persuade the United States to accept adjudication by the International Court of Justice. As a last resort, if there is another challenge to its sovereignty, Canada should be prepared to make a unilateral application to the Court.

With the delimitation of Canada's maritime boundaries with the United States in the Gulf of Maine, only one of six such issues was settled. Still to be delimited are: three boundaries with the United States, two on the West coast (Juan de Fuca and Dixon Entrance) and one in the Beaufort Sea; one with Denmark, in the Lincoln Sea between Greenland and Ellesmere Island; and one with France, around the Islands of St. Pierre and Miquelon. If such problems are allowed to continue unresolved, they are likely to damage relations with the countries concerned. Should negotiated settlements prove impossible, adjudication should be sought.

Practical Measures.

Now that the status of the waters of the Arctic Archipelago has been clarified, the NORPREG vessel clearance and traffic management system should be made compulsory. Otherwise, the Coast Guard will not be able to exercise adequate control over the various entrances and routes of the Northwest Passage. Various land and sea based navigational services, including compulsory pilotage, should also be developed.

The construction of a Class 8 icebreaker, as announced by the Government, will make it possible to provide icebreaking and related services year-round as they become required in all routes of the Northwest Passage except M'Clure Strait. Meanwhile, contingency arrangements might be made for the leasing of an equivalent icebreaker to cover the period of construction of the Class 8.

Adequate surveillance is an essential condition for exercising effective control. This is particularly important in the remoter areas of the Arctic. Means are already available to obtain information regarding air and surface activities. However consideration should also be given to the development of capabilities to carry out under-ice detection and special surveillance of major channels and entrances, as well as the establishment of a year-round base, perhaps at the entrance to Lancaster Sound.

Management of Relations with the United States

The freedom of action of all nations is more or less restricted in today's interdependent world, but Canada's is more restricted than most because of its geographic proximity to the United States and the asymmetrical nature of the relationship in terms of population and power. In the defence field, in trade and investment, in culture and communications, the impact of the United States on Canada is out of all proportion to the impact of Canada on the United States. It should not be surprising then that there is also a great disparity of information and knowledge about each other. It is this asymmetry which can turn interdependence into one-sided dependence and which places severe constraints upon Canada's bargaining power and its freedom of action. The Green Paper notes that this asymmetry is a basic factor in managing the relationship but does not suggest how it could be better managed.

In the defence field Canada is probably more dependent on the United States than any other ally, though all are more or less dependent on the American security guarantee. Canada's dependence arises out of its position between the United States and the Soviet Union and the fact that it cannot defend its territory or its coastlines unaided. At the same time the United States cannot be indifferent to Canada's fate. This reciprocal interest has been recognized ever since 1938, when President Roosevelt stated that the United States would not allow Canada to be dominated by an unfriendly power and Prime Minister King stated that Canada would not allow Canadian territory to be used for an attack on the United States. That basis for bilateral defence cooperation has been supplemented since 1949 by the commitment taken on by both countries when they became founding members of NATO. As suggested earlier, Canada can best preserve a degree of independence and respect within the alliance by making a reasonable contribution to its own defence, by carrying a fair share of the collective defence burden and by maintaining Canadian forces recognized by the allies as adequate.

Canada's commercial dependence on the United States, both in trade and investment, is quantitatively greater than that of any other pair of major countries or trading units. This exchange is important to both countries but much more to Canada in proportion. Now the Government has proposed negotiations for a more far reaching bilateral trade relationship with the United States which would go beyond but be compatible with the multilateral arrangements applying to Canada-U.S. trade since 1948. Whatever agreement may be reached, we see a need to supplement it with an institution which can help to resolve disputes which may arise in its application. Specifically, we propose a strong and expert Joint Commission on Trade and Investment with functions along the following lines: joint or common fact finding on all matters referred to it; power to make recommendations where required by the situation or requested by the parties; and power to alert both parties to trade and investment problems on the horizon which are likely to give rise to disputes.

In the field of culture and communications Canadians are constantly and massively exposed to American radio and TV programs, movies and magazines, tastes and fashions. All this is friendly pressure but that of course is the hardest to withstand. It leads to fears about the resilience of the Canadian identity and to efforts to promote and protect Canadian cultural institutions. These concerns have been increased recently by the prospect that a free trade agreement might remove some of the protective arrangements now supporting various forms of Canadian cultural expression. The free operation of commercial forces is of course likely to favour the culture of the strongest partner. Canadians must expect to pay some economic price if they wish to preserve their culture under such conditions. On the other hand, the answer to the question of how to support Canadian culture most effectively at an acceptable cost — whether by measures of protection or promotion — is by no means clear yet. And it is complicated by advances in technology, which have already reduced the Government's ability to ensure a particular level of Canadian content in broadcasting. The matter deserves further serious consideration before the trade negotiations begin.

There are other aspects of Canada's bilateral relations with the United States which also deserve attention. Like other countries, Canada is affected by and has an important interest in U.S. foreign policies in general, and in U.S. policies toward the Soviet Union in particular, since they condition the international environment in which Canada has to operate. As a responsible member of the international community, Canada has both rights and duties in managing this dimension of its relations with its neighbour. It has the right to express its views, to make its concerns known and to criticize American policies where necessary. At the same time it has the duty to choose forms and channels of communication which will be consistent with its position as a close friend and loyal ally. Policy positions should not be decided in Ottawa on the basis of whether they are for or against U.S. policies, but rather on the basis of Canada's best, independent judgement of the issues; they should be expressed, however, in the way best designed to bring effective influence to bear.

More generally, it would help the management of Canada's complex relationship with the United States if Canadians would make a conscious effort to put that relationship in its broader international context — if they would make a point of being well informed of what is happening outside North America, so as to relate it to developments closer to home; if they would bear in mind that what they do with the United States has an impact on Canada's involvement in the rest of the world, just as what they do elsewhere has an impact on their relations with the United States; and if they would seek ideas and support from like-minded countries elsewhere to help redress the asymmetry of their bilateral relationship with their southern neighbour.

CANADIAN PROSPERITY

An efficient and prosperous Canadian economy in the years ahead will require adjustment to a rapidly changing and increasingly interdependent world economy. Canada will need to pursue domestic policies which will facilitate this process of adjustment at home and trade policies which will further reduce barriers to its exports in markets abroad, especially but not only in the United States. Canada's stake in a stable, liberal trade system, based on predictable and transparent rules, is very large. Exports of goods and services as a proportion of GNP have increased progressively over recent decades to over 30 per cent in 1984. Canada has gained substantial economic benefits from the multilateral trade system, centred on GATT. The tariffs of Canada and its main trading partners have been progressively reduced; the GATT rules have constrained the use of restrictive trade practices by member countries; and the GATT procedures have facilitated the resolution of bilateral trade disputes. Canadian exports have benefitted from reductions of tariffs and other barriers in foreign markets, while consumers, domestic industries, agriculture and other sectors have in many cases had to adjust to increased international competition and changes in the external economic environment.

In recent years, however, this system has come under severe strain with the impact of the world-wide recession, the emergence of a range of new and difficult global trade issues, and the complications of misaligned exchange rates and serious debt problems. These developments have in turn generated new pressures, especially in the United States, for protection against import competition, while obliging many developing countries to restrict their imports. As well, technological changes and changing patterns of world production and trade are forcing significant structural shifts in the developed economies, creating additional protectionist pressures. Canada has been badly hit by these developments. The Canadian economy has faltered; it is suffering declining competitiveness and high unemployment. And Canadian exports to its most important market have been threatened by a host of proposals in the U.S. Congress for protectionist measures of various kinds.

Access to Foreign Markets

It is not surprising then that over the past year trade policy has gained a leading place on Canada's public policy agenda. Attention has been focussed primarily on the Government's proposal to negotiate a new bilateral trade agreement with the United States, and to a lesser extent on plans for launching a further round of multilateral trade negotiations under GATT. Both the bilateral and the multilateral negotiations offer valuable opportunities for Canada to pursue a range of important trade policy objectives. With the United States, Canada will no doubt aim to achieve more secure access to that affluent market, the further removal of U.S. tariffs and other barriers to Canadian exports of goods and certain services, the adoption of more effective rules to

constrain the use by the United States of countervailing duties and other "contingent" protection measures against Canadian exports, greater access to federal and state government procurement, and improved arrangements to resolve bilateral trade disputes. In the GATT negotiations, Canada and other member countries will seek to reduce trade barriers, turn back protectionism and improve the rules governing international trade on a broader multilateral basis.

Realistic account must also be taken, however, of the price Canada must expect to pay for these advantages and of the problems raised for Canada by the bilateral negotiations with the United States in particular. Canada will doubtless be expected to reduce or remove the tariffs and other barriers to imports from the United States, to accept parallel constraints on actions such as subsidies which affect cross-border trade, and to cooperate in creating joint institutional arrangements to assist in the implementation of the proposed new agreement. In this connection there will be problems of industry coverage and product exclusions (agricultural products, for example, and services), problems of the transitional period and safeguards, problems of the selection and definition of non-tariff barriers, and problems arising out of investment policies. The importance attached to such problems points up the need to bring the provinces into the negotiating process in some way and suggests that the process itself must be seriously taken into account. More basically, these negotiations will raise a number of key issues, such as: how much market forces should be permitted to determine patterns of trade, ownership and specialization between the two countries; how and when federal and provincial governments should intervene in market processes; and how the benefits of measures to reinforce separate and distinctive Canadian economic and cultural institutions compare with the costs.

In the last analysis the question Canadians must answer is whether they are ready to accept a structure of industrial rationalization and development consistent with the comparative advantages of North American regions largely free of artificial barriers. In doing so they must calculate whether continental market forces are likely to pull their economy toward more sophisticated manufacturing and service activities, and in the process to improve its ability to compete not only in the United States but also in offshore markets. The political division of the continent has never made economic sense and will always carry an economic price. Canadians must decide what price they are still willing to pay.

The prospective negotiations under GATT, which are still in the preliminary stage, face formidable problems of reconciling divergent views and interests and may well take longer to produce results than the bilateral negotiations with the United States. They could, however, bring substantial benefits to Canada in the longer run in terms of achieving a more open and stable world trading order. Canada should therefore continue to give strong support to the early opening of these negotiations and play an active, positive

role in ensuring their success. Moreover, Canada should pursue in parallel the bilateral negotiations with the United States and the multilateral negotiations under GATT, and should ensure that any bilateral agreement with the United States is consistent with the obligations of the two countries under GATT. These two approaches should not be regarded as mutually exclusive, but rather as complementary. And they should be directed toward advancing a single Canadian trade policy which recognizes the preponderant importance of the U.S. market but which also protects, and if possible enlarges, Canada's stake in other markets around the world.

Trade Diversification

Canada suffers today from a notable lack of diversification in both trade and trading partners. While end products represent a growing proportion of Canadian exports, raw materials and semi-processed goods still account for the bulk of total exports. In terms of trading partners there have been significant changes in recent years. Japan and other Pacific Rim countries have gained steadily as export markets and sources of imports for Canada, while Europe and Latin America have lost ground. But the most striking change has been the growing predominance of the United States; the proportion of Canada's total trade which is done with that country has risen from two-thirds to over three-quarters in the last 15 years. More important still, the share of total Canadian output which is dependent on the U.S. market has doubled, from 10 to 20 per cent.

Taken together, these two features have important implications for Canada's efforts to improve its economic performance. Continued reliance on the export of raw materials and semi-processed goods means exposing Canada to the worsening terms of trade in those products and the growing competition from low-cost producers. Putting so many eggs in the U.S. basket means increasing the vulnerability of the Canadian economy. In these circumstances it is doubtful whether Canada's trade problem can be resolved simply by increasing trade with the United States, or whether securing still greater access to the U.S. market itself make Canada more capable of competing in the rest of the world.

Yet the Government has still to find effective measures to deal with these problems. In the past trade promotion efforts have tended to go into areas where Canadian businessmen were already successful, rather than to explore new avenues in less familiar markets. And declaratory policies, such as the "third option", have been ineffective because they have been given no machinery to implement them, have not been accompanied by an appropriate industrial strategy, and have not been supported by the Canadian business community and the public at large. In the last analysis Canadians will have to decide whether it is compatible with their view of Canada's role in the world to do no more than one-quarter of their total business abroad outside North America.

Innovation and Productivity

The Green Paper rightly emphasizes the importance of the domestic economic determinants of Canada's international competitiveness. It also acknowledges that there are some serious causes for concern about Canada's lagging economic performance, in comparison with other leading industrialized countries, in terms of productivity and innovation. Relative to other industrialized countries, Canada has fewer research-intensive industries and spends less on R&D. Moreover, Canada relies heavily on other countries (mainly the United States) to meet its high-technology needs, which are channelled almost exclusively through intra-company transfers and go largely to activities related to the exploitation of natural resources. At the same time, many of the basic industries in Canada are having a very hard time to compete with the less developed countries and other producers for world markets. Private sector capital formation is far below the high propensity to save of Canadians and it is only by huge and continuing government deficits that the still inadequate level of employment is sustained. Declining industrial branches are too often protected against international competition and weak regions are propped up with measures which do not necessarily promote an efficient division of labour.

These are not problems which can be properly blamed on trade, and trade cannot bring solutions to them. Rather it is for domestic economic and social policies, at the federal and the provincial level, to create conditions in which industry will be encouraged to adapt to the new information economy, in which Canada's human resources will be better trained and utilized, and in which the research and specialization are promoted which are essential to keeping on the leading edge of technology. Public policies do not yet reflect the fact that Canada's most valuable resources are to be found not in the ground but in its people. It would be a mistake to concentrate on the liberalization of Canada's trade abroad and neglect economic and social reform at home. Canada needs both.

INTERNATIONAL ECONOMIC STABILITY

International Monetary Cooperation

The Government of Canada has been promoting international economic stability as a treaty obligation since the Bretton Woods Conference of 1944. The Articles of Agreement of the International Monetary Fund, which form the basis of this obligation, were revised in the early 1970's to deal with a much less stable international monetary system, in which par values of the major currencies could not be maintained and volatile capital flows had to be met with floating exchange rates and sophisticated and often austere internal monetary policies. In recent years Canada has participated not only in the obligatory discussions in the IMF but also in reviews undertaken in smaller groups, including working parties of the Organization for Economic Cooperation and Development, the Group of Ten associated with the IMF, the Economic Summit and also

the informal monthly meetings of central bankers at the Bank for International Settlements in Basel. Such consultations have aided international monetary cooperation but have not been able to come to grips with the basic problems created by public and private sector decisions beyond their control.

International Debt Adjustment

The mounting accumulation of international debt owed by many developing countries, notably in Latin America, has become a very serious threat to economic stability. Originally incurred to pay for the major oil price increases of late 1973, this indebtedness was further increased by the widespread inflation in the developed countries during the 1970s. More recently the burden has been substantially increased by the fall in the U.S. inflation rate, the rise in the exchange rate of the U.S. dollar and the exceptionally high level of real interest rates. These severe debt problems have thus far been dealt with on a case by case basis. Usually the debtor country has been required to accept a program of austerity measures worked out with the International Monetary Fund, in order to roll over early debt maturities to later years. In some cases the creditors have put up additional credit to assist the debtor country to so manage its economy as to make longer term repayment possible. In most cases the economic austerity programs have forced serious reductions in imports, in living standards and in social measures, all too often accompanied by political crises.

There have been various suggestions in the last several years that some more general approach should be devised and adopted, including some sharing of the burden. As yet no broadly acceptable formula or process has been found. Recently, at the annual conference of the World Bank and Fund in Seoul, the United States Government put forward some new proposals to assist in the further rolling-over of these major debts. These proposals recommended cooperative action by the commercial banks in putting up some new capital for developing countries in urgent need of it, a substantial increase in the amounts loaned by the World Bank and the regional development banks and increased efforts by the former to organize co-financing deals with private sector lenders. For the very poorest debtors with severe balance of payment problems, mainly in Africa, the U.S. proposed the trust fund moneys of the IMF should be recycled. This change in attitude of the U.S. Government is encouraging.

Canada has an interest in contributing according to its means to an alleviation of this problem. One of the great difficulties in applying a general approach at this stage is to find measures which will deal equitably with the wide variety of debtors, many of which have endured serious austerity in order to meet their obligations, while others have not. In the final analysis what is needed is an environment of world growth, especially in the industrialized countries. Consequently, while the Canadian Government should study the feasibility of more general solutions, it should meanwhile continue to support and participate, in cooperation with the major banks, in case by case rescheduling of developing countries' debts. It should also join with others in strengthening the resources of the World Bank, including the IDA, and regional development banks.

INTERNATIONAL DEVELOPMENT COOPERATION

As the Green Paper rightly emphasizes in its title, competitiveness and security are two essential elements of Canada's foreign policy. But they are not enough. To them should be added a third element — that of international cooperation for development — the significance of which was recognized in this Government's first Speech from the Throne, which stressed that,

"Canada's opportunity to influence the course of world events lies primarily in sound multilateral institutions. This is as true of economics as it is of defence, of development and of disarmament."

Recognizing not only the limits of Canadian influence and resources, but also the potential for multilateral cooperation, we believe there is both room and need for Canadian initiatives in important international development issues and processes. In a world which is becoming increasingly interdependent, but lacking adequate global management mechanisms, new responsibilities and opportunities can and should accrue to a widening group of middle power countries. If they could act together in specific problem-solving conditions, they could become an important source of leadership. Canada is in a position to provide such leadership itself, and in the process to work toward the goal of making the contributions of all, — developed and developing alike — more effective.

The central North-South challenge facing the present Government is how to balance realistically domestic Canadian interests with a world view: i.e. how to contribute to Third World development in a way consistent with Canadian interests and resources, while simultaneously helping to evolve a more efficient, dynamic and equitable world economic system which would benefit developing and developed countries alike. In working toward the design of a relevant and effective policy framework to meet that challenge, Canada should seek new political contacts and coalitions with other "middle powers" of the North and South, while continuing its long-standing traditional alliances.

The North-South Dialogue

North-south issues are involved in Canada's relations with three-quarters of the world's population, including important markets and strong competitors. North-South relations merit special attention as a major axis of Canadian foreign policy, and as an important dimension of our search for competitiveness and security. For this purpose, and without downplaying the importance of Canada's other regional or bilateral relationships, there should be greater coherence and coordination of government policy in this field.

There is also a need for a sharper foreign policy focus on international cooperation which will be both stable and adaptable. The North-South dialogue must not be viewed as a confrontation between absolute defenders and absolute opponents of the status quo. Nor must it be allowed to remain dead in the water. Canada is well-qualified — within a coalition of pragmatic middle

powers from both North and South — to bridge this important gap. Where old techniques have proved inadequate to such a task, new approaches must be sought. Within the limits of Canada's financial and economic capabilities there is still scope for imaginative statesmanship, and this is the exhilarating though sobering challenge of Canada's North-South relations.

Multilateral Cooperation

In order to demonstrate its support for international development cooperation Canada should concentrate on a few high-priority North-South issues. High on such a list should figure four separate though interrelated priorities:

First, Canada should give renewed support for multilateralism by encouraging new initiatives through its representatives in key international institutions — especially the World Bank and the IMF, GATT, the UN, the Commonwealth and la Francophonie — by launching exploratory bridge-building approaches to selected international development issues, for example market stabilization for tropical products, the transfer of technology, and the effectiveness of the general system of preferences. Such initiatives, if carefully conceived and implemented, should be well received by both the North and the South.

Second, priority should be assigned to the goal of making the multilateral trading system under the aegis of GATT more responsive to the particular problems and needs of the developing nations. It is now widely recognized that trade can be more important to developing countries than aid in helping to alleviate their serious foreign exchange constraints to growth. Hence there is a compelling need for new multilateral approaches, including strong support during the next GATT round of negotiations for further global trade liberalization. Access to the Canadian market for LDCs is generally adequate, but there are some protectionist barriers, especially in textiles, which are inconsistent with Canada's obligations to the LDCs, and indeed with its longstanding support for an open international trading environment.

Third, it is clear that a viable and flexible international monetary and financial system is important to global stability in general, and to Canada's well-being in particular. In the longer term, consideration should be given to suitable modifications to the World Bank and the International Monetary Fund. Meanwhile, as an urgent priority, the Third World debt problem calls for effective and collective action. The case-by-case approach has succeeded so far, but needs to be complemented by parallel and more generalized solutions. In exploring such solutions Canada could play a useful bridging role.

Finally, a strong case can be made for expanded and improved Canadian development assistance programs, including the attainment of the original ODA target, by 1990, of 0.7 per cent of GNP, with special emphasis on the poorest countries and peoples of the Third World. Indeed, considering the importance of such assistance programs in our foreign policy spending, in our relations with large parts of the world, and our parliamentary and public concerns

generally, Canada's ODA policies and programs merit far more attention than was accorded them in the Green Paper.

It would be highly desirable to clarify the basic objectives and strategies of Canadian aid and end the mixing of objectives which has eroded both the volume and quality of Canadian aid. In particular, the Government's decisions to make major cuts in projected aid volume, and to direct aid to short-term export subsidization, are regrettable.

Future Canadian aid policy should include a commitment to maintaining and reinforcing effective multilateral delivery mechanisms for Canadian aid. In striking a balance between different aid delivery channels, Canada should be guided by a rigorous assessment of the relative degrees of their effectiveness. At the same time the Government should recognize that it is a substantial shareholder in the multilateral development organizations, and should use that leverage more effectively.

PRINCIPLES OF INTERNATIONAL LAW AND HUMAN RIGHTS

International law

For a country like Canada the prudent use of international law — legal norms and ideas, treaties, customs and institutions — can provide a particularly effective instrument for helping to achieve specific goals of foreign policy and to protect important interests. The political/ legal norm of "sovereignty", for example, which is fundamental to the very idea of statehood itself, is essential for middle and smaller powers which do not have the option of force in their international dealings. It is indispensable for dealing with a number of the problems, including the problem of Canadian cultural institutions, which will arise not only in the proposed Canada-U.S. trade negotiations but across the whole spectrum of Canada's relations with the United States, where a primary political objective must be to establish a strong one-to-one position.

The devotion of both countries, in theory at least, to the rule of law in international affairs should start at home with continental matters. Suggestions for a tribunal ad hoc, or the World Court, as an appropriate place to settle disputes over the interpretation of treaties to which both countries have adhered, was made by a joint committee of the Canadian-American Bar Associations some six years ago. Little attention has been paid so far to this constructive approach to the future complexities of the Canada-U.S. relationship.

International law may also offer a formidable arsenal of ideas and experience when viewed from the vantage point of Canada's multilateral objectives and policies. Certainly in the international trade and security areas there is a natural involvement with legal frameworks, where the very idea of international law is co-terminus with its constitutional complement, namely international

institutions. For it is by the use of defined legal concepts and traditions in conventional form that these institutions become the selected agencies for specific subjects of continuing international cooperation. Given the great range of international organizations within as well as outside the UN system, it would be advisable for the Government to follow practices which can ensure the optimum use of international law, general and institutional, and the trained personnel required for its most effective application.

In particular we recommend that:

- (a) Canada should try to obtain membership in the major international law-making institutions such as the International Law Commission; the International Court of Justice; and the United Nations Commission on International Trade Law;
- (b) Canada should encourage states to accept the jurisdiction of the International Court of Justice, with minimum to zero reservations in adopting the optional clause, in the spirit of Canada's own withdrawal recently of its 1970 reservations on the Arctic and Coastal fisheries zone;
- (c) Canada should encourage, by its own statements and policies, the general concept of the pacific settlement of disputes not only through the use of the World Court, or ad hoc arbitration, but through joint fact-finding procedures and mediation services such as those provided by the UN Secretary General and his nominees;
- (d) Canadian support of UN and, if necessary, even non-UN sponsored peacekeeping operations, should be based upon a legal framework which assures their neutrality, safety, funding and general effectiveness; and
- (e) Canada should, above all, approach the extraordinary range of international dangers and interdependencies now facing all of mankind with a recognition that the structure of long-term peace and development involves norms and institutions for which international law is an essential requirement.

Human Rights

In the interest of a more humane and orderly world, the international community has a legitimate concern for the observance of human rights everywhere. As a responsible member of the international community, Canada has a

right and an obligation to take well reasoned positions of principle on such matters, and to express them in measured terms and through appropriate channels. In a complex and harassed generation no one should expect that many human rights goals can be met without some faltering along the way. But it will be a mark of Canadian earnestness, and enhance its standing abroad, if Canada has an exemplary record at home on which to base its international posture.

Although the condition of human rights in Canada compares favourably with others in Western society, judged by classical standards and tests, it is a regrettable fact that, of the 58 international instruments for the protection of human rights, 31 of which are treaties of various kind, Canada has ratified only 20 and by no means have all of these yet been implemented by the Parliament of Canada or the legislatures of the Provinces. Given the fact that this is the 10th anniversary (1976-86) of the entry into force in Canada of the two UN covenants of 1966 -- civil and political rights, economic, social and cultural rights -- it may now be opportune for the Government of Canada, in cooperation with the Provinces, to approach resolutely a large number of the 38 instruments which Canada has not yet dealt with either by ratification, or adoption or implementation.

Indeed, it may be a valuable exercise in Canadian self-appraisal for the Government of Canada to issue an anniversary paper on the human rights situation in relation to these treaties and instruments, setting out in some detail the Canadian involvement to date. While it is true that Canada issued a major report some years ago on Canadian performance, a somewhat different perspective is required if a self-appraisal in 1986 is to be a sounding of the tocsin for the further enlargement of human rights in Canada.

Finally, the nexus between International Law and Human Rights perhaps is as close as any relationship between law and policy in the international order. Human rights are legal norms expressing the minimum decencies for dignity and welfare, a global consensus expressed through rules, treaties, conventions, declarations and so on. Here the international legal order expresses, in bills of rights, the most compelling of statements where law, morals and politics unite in the common cause of universal fairness and decency. It is impossible to conceive of a human rights order that is not also a legal order and, similarly, no world legal order can be meaningful for all humanity without being an order seeking to achieve a universal system of human rights.

A CANADIAN LABOUR RESPONSE TO THE GREEN PAPER:

COMPETITIVENESS AND SECURITY

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1. THE CLC AND ITS INTERNATIONAL CONNECTIONS

The Canadian Labour Congress devotes a major part of its efforts to matters of national importance. In each of the ten provinces and two territories there is a Federation of Labour chartered by the CLC. These are composed of locals of CLC affiliated unions and they devote their attention to matters that normally fall within provincial or territorial jurisdiction.

In the same way there are, in about 120 communities across Canada, Labour Councils created by unions in the community and devoting their primary attention to matters of concern to their own area.

The Canadian Labour Congress came into being in 1956 as a result of a merger between two previously established national groups - the Trades and Labor Congress of Canada and the Canadian Congress of Labour.

The CLC is, in a sense, a "union of unions". It is primarily a service organization and is composed of approximately 90 national and international unions. Organized as a voluntary federation, it is supported by these organizations as a means of working together on matters of common interest. The various affiliated unions finance the CLC through dues based on the size of their membership.

Every second year the CLC holds a national convention and these gatherings have frequently been referred to as "The Parliament of Canadian Labour". Some 2,500 delegates attend and they devote most of their time to discussing resolutions which determine the policy to be followed by the CLC in the next two years. Every local union is entitled to submit resolutions for consideration by the convention and to send at least one delegate.

The matters discussed at these conventions cover a wide variety of subjects.

The subjects covered illustrate the scope of interest of the Canadian labour movement under today's conditions. They include: the economic situation, regional economic development, housing, various forms of social legislation, labour legislation, adjustment to automation, air and water pollution, immigration, broadcasting, consumer affairs, the plight of Indians, Inuit and Metis, and international affairs.

The labour movement has always been international in inspiration. This arises not only from the feelings of solidarity and fraternity among the wage and salary earners of all nations and races, but also as a result of practical necessity. Unless all workers everywhere have job security, decent working conditions and just wages, the status of each individual worker is not secure.

Canadian workers, have been extremely active on the international scene. One reason for this interest stems from the existence of international unions in Canada - trade union organizations with membership both in Canada and the United States. The success of this form of trade unionism in dealing with international employers has convinced Canadian workers that international co-operation is important. This tradition has been endorsed and enhanced by our national unions, which are now vigorous on the world scene. Then there is the great variety of nationalities that make up the Canadian mosaic, reducing the danger of racial or national prejudices. A further reason lies in the close ties between the Canadian labour movement and those of other Commonwealth countries.

For all these reasons the Canadian Labour Congress, as well as its predecessor bodies, has a rich background of active participation in international affairs. It has become a tradition with the CLC to involve its members in programs on world issues. This concern is also apparent in its constitution which commits the CLC to promote the cause of peace and freedom in the world, assist and co-operate with free and democratic labour movements everywhere, combat corruption and totalitarian ideologies "wherever they may be found" and work toward the elimination of tyranny, oppression, exploitation, hunger and fear.

In proportion to its membership, the CLC has made very substantial contributions to international co-operation. Because of its position as a medium "power" in the world labour movement and

because it has not been content simply to echo the foreign policies of its government, its views are listened to with respect and interest. Canadian labour has no special axe to grind; Canada is not one of the super powers and the CLC's position toward the developing countries is based on a genuine desire to help. The CLC, because it is composed of English and French-speaking members, can communicate quite freely with the millions of workers in the developing countries who speak either of these languages.

The CLC's motives for wanting to help workers of other countries are varied: First and foremost is the tradition of solidarity among workers which knows no national boundaries. Secondly there is the enlightened self-interest which says that a democratic labour movement, free from interference by governments or other outside interests, is the best guarantee for a better world to live in and the best protection against the dangers of totalitarianism and dictatorship, be it of the fascist, military, racist or communist type. And, finally, the CLC is convinced that economic disparities in the world must be evened out if civilization is to survive.

There are numerous ways in which the CLC puts its convictions into practice.

The international activities of the Congress are coordinated through the CLC International Affairs Department whose duties include promoting a greater understanding of world affairs through information and education programs, and ensuring maximum

participation of CLC affiliates in the activities of the free trade union movement throughout the world.

Canadian labour's main link with the outside world is the International Confederation of Free Trade Unions. The ICFTU, with its almost 90 million members and 141 affiliates in close to 100 countries, is the only free international trade union organization representing workers on all continents in all industries and crafts. The CLC, and its predecessors, has been among its most active affiliates ever since its inception in 1949.

At its foundation, the ICFTU issued what has come to be known as the Bread, Peace and Freedom Manifesto.

BREAD

The task before us is to mobilize the tools of abundance possessed by the industrially advanced nations of the world to assure full employment, security against want, old age and sickness and to provide ever-rising standards of living and a richer and fuller life for peoples everywhere.

PEACE

A movement of free and democratic peoples - united in a common effort to achieve economic security, social justice and political freedom - is the only basis on which lasting peace can be established.

FREEDOM

Unite with us to achieve a world in which people are free from the tyranny of totalitarianism, as well as from the domination and exploitation of concentrated economic power in the hands of cartels and monopolies.

The Manifesto defined the essential freedoms of thought, speech and assembly, together with the right of workers to organize in trade unions, to bargain collectively and to strike. The right to determine, or change by democratic means, political, social and economic institutions is also an essential freedom and must be granted to those peoples who do not yet possess it.

The ICFTU, together with its affiliated organizations across the world, has been fighting an ongoing battle to achieve these objectives.

Closely associated with the ICFTU are the International Trade Secretariats. These are autonomous federations of country based unions operating in specific or related trades or industries and joined together on a world-wide scale. One of their main tasks is to represent collectively the interests of the workers in the industries under their jurisdiction. Many affiliates of the CLC are also members of their respective ITS.

The CLC is also promoting trade unionism within the Commonwealth countries, through the Commonwealth Trade Union Council, which aims to enhance co-operation between its member organizations representing 30 million workers.

In addition, the CLC is a member of the Trade Union Advisory Committee of the Organization of Economic Co-operation and Development (TUAC-OECD). TUAC puts forward the views of the trade unions on the many different topics which are discussed by the OECD.

Another body in which the CLC plays an extremely active role is the International Labour Organization. The ILO, an agency of the United Nations, was founded in 1919. It has survived for these many years because of its unique form of organization - it is tripartite, with representation from national governments, employers and workers - and because of the steady drive it has made toward a solution of the economic and social problems that confront working people throughout the world.

As time goes on and distances seem to shorten, the workers of the world will become increasingly conscious of their common interests and of the importance of working together for a better world, and this is of significance to all Canadians.

2. THE CLC AND PARLIAMENTARY HEARINGS

The Canadian Labour Congress thanks the Parliament of Canada for the opportunity to put its views on issues of great moment directly before the members of the Special Committee.

This is not the first time we have appeared before such a body to discuss aspects of the conduct of Canada's international relations.

In February 1976, the CLC presented a brief to the Sub-Committee on International Development of the Standing Committee on External Affairs and National Defence. We emphasized that any development assistance or trade reform which seeks to avoid the opposition of the CLC had to be "people oriented". It had to increase the well-being of the population as a whole, and it had to protect newly industrialized workers, not exploit them.

On this understanding, the CLC expressed its conviction that "preparations should now be made to facilitate a necessary adjustment of our economy". We proposed to the Sub-Committee that a committee representing the major government departments, industry and organized labour be set up to consider domestic adjustments, commissioning a program of studies of the prior implementation of adjustment assistance in Canada, especially the General Adjustment Assistance Program, the main General Incentive Programs and the Textile Policy.

The Sub-Committee, in its first report, referred to this CLC proposal as logical and attractive, but nothing was heard from the Government of Canada on the matter.

In October 1980, a statement by the Canadian Labour Congress was delivered to the Parliament of Canada on the Implementation of the Provisions of the Helsinki Final Act. A special parliamentary committee was conducting public hearings in preparation for Canada's official policy in the Madrid meeting to review progress since Helsinki in 1975.

The Canadian Labour Congress stressed the importance which it attached, and continues to attach, to trade union rights as a basic element and cornerstone of human rights. At the Conference in Madrid to review the implementation of the Final Act of the Conference on Security and Co-operation in Europe, we said then, the participating states must examine the way in which signatory states have treated those workers who have attempted to set up free and independent trade unions.

We emphasized to the participating parliamentarians that under Basket III of the Helsinki Final Act, the signatories had pledged to ensure that certain basic human rights are accepted in their countries. As one part of this, the signatories have reaffirmed that they will act in accordance with the Universal Declaration of Human Rights of the United Nations. This Declaration in articles 23 and 24 guarantees the rights of labour. The right of

free choice of employment, the right of fair remuneration and the right to form trade unions are guaranteed.

The rights guaranteed in the Universal Declaration of Human Rights together with the rights guaranteed under the Conventions of the International Labour Organization signed by the parties to the C.S.C.E. form a statement of the basic human rights which must be provided to all workers. The rights of labour and trade unionists are an integral part of the rights provided by the Helsinki Final Act and, we insisted, must be considered by the Madrid Conference in its examination of the compliance of the signatories with the articles of the Final Act.

The concluding documents from Madrid set out unequivocally the importance of trade union rights as part of the C.S.C.E. commitment to human rights, an achievement due in large measure to the lobbying efforts of Poland's "Solidarity" trade union movement.

The situation of the workers in Poland dominated Canadian and other newspapers during July and August of the year of our pre-Madrid brief. The Polish government had, on July 1, 1980, increased the price of meat and this triggered off strikes by the workers for higher wages. Very quickly the demands of the strikers for increased wages became demands for more freedom, especially the demand for the right to form free trade unions. The official trade unions did not represent the workers but were in fact seen to be organs of the Polish government. The strikes spread in Poland and

the Inter-factory Strike Committee at the Lenin Shipyards in Gdansk negotiated with the government. Under pressure from the workers, the government granted recognition of the right of workers to form their own trade unions. Out of the Inter-factory Strike Committee grew Solidarity, the overseas representative of which was in Ottawa in May of this year to meet Prime Minister Mulroney and discuss trade union rights and the Helsinki process.

As important as the emergence of Solidarity was in the fall of 1980, the report of the Parliamentary Committee, written in the hope of influencing, if not determining government policy, contained no mention of the words "trade union".

Two pitches, two strikes. It is the hope of the Canadian Labour Congress that this current special parliamentary committee will take very seriously, and reflect in advice to the Government of Canada, the considered thoughts of organized labour on Canada's competitiveness security, and other equally important aspects of our international relations.

3. INTERDEPENDENCE AND THE ISSUES

The government's Green Paper, the primary focus for these parliamentary hearings, emphasizes the interdependence which Canada must recognize in pursuing its international relations. We find little fault with the Paper's contention that "Our economic interests require us to be competitive; we must trade if we are to prosper. Our security interests demand that we play our part in Western defence and in arms control and disarmament. Our values dictate that we help the poor, the hungry and the politically abused".

Indeed we must do these things, but out of concern for our prosperity and security every bit as much as out of a sense of global social justice.

As the International Labour Organization enunciated in its 1944 Philadelphia Charter, poverty anywhere constitutes a danger to prosperity everywhere.

It has been our profound understanding and conviction that only when working people everywhere enjoy job security, decent conditions of work, fair wages and basic human rights will we have a world free from poverty, injustice and repression, a world where the siren songs of extremism and totalitarianism will be listened to by no-one.

The Canadian Labour Congress is thus very well aware of the reality of interdependence, of mutuality of interest.

This forces us to see the world differently from those who defend single causes or promote narrow interests, from those who see the world solely on the basis of a conflict between East and West or those who focus attention only on the dialogue, or lack of it, between North and South.

We have appeared before Parliament to discuss this disparity of wealth between rich and poor countries, as well as disparities within those countries. We have talked to Parliament about the human rights, in East and West, of those who advocate and work for change.

With our commitment to interdependence it should come as no surprise, therefore, that in this current brief to a Parliamentary Committee, we will give considerable emphasis to a third major dimension, the need and prospects for peace, particularly among the nuclear nations.

This has certainly been uppermost for many years in the minds of those delegates, men and women from all over Canada, who meet at the biennial CLC Convention to frame the policies of our labour movement.

4. THE CLC CONVENTIONS AND FOREIGN POLICY

Some 1,620 delegates registered at our Founding Convention, which took place at the Coliseum in Toronto's Exhibition Park in 1956.

A reading of the Convention's statement on foreign policy shows that since its founding, the CLC has been serious about directions for Canada's international relations.

FOREIGN POLICY

"The Congress, though regretting that progress in the Disarmament Committee is still so slow, welcomes such progress as there has been, endorses the efforts of the Canadian Government to secure a Disarmament Agreement, and urges the Government to pursue these efforts unrelentingly, in spite of discouragements. It endorses also the efforts of the Western Powers for a re-united Germany, based on genuinely free elections, and free to follow a foreign policy of its own choosing.

It Endorses the call to "the trade union movement in all countries to urge upon their respective Governments the necessity for firm international agreement on the abolition of all stocks of atomic and hydrogen weapons, and on the prohibition of the manufacture and use of such weapons."

With the ICFTU, this Congress "gives its whole support to the establishment of international control to implement this policy," and "calls upon the Government to take the initiative in obtaining agreement to put an end to further tests of atomic weapons."

Pending effective agreement on disarmament in general, and on nuclear weapons in particular, the Congress urges the Canadian Government not to falter or fail in its support of NATO, Western European Union, and other measures of self-protection against aggression. Defence and negotiation must go hand in hand. Neither can safely be jettisoned in favour of the other.

But defence is not simply a matter of guns and planes and bombs, of armies, navies and air forces. It is also a matter of rooting out poverty and exploitation, especially in under-developed countries, where these are most acute.

THE CONGRESS WELCOMES the advent of the first democratically elected Government in Indonesia, the notable progress towards self-government in West Africa, Malaya, Singapore, Tunisia and Morocco, the signs of progress in Kenya, the strengthening of the Colombo Plan, and the promising development of the work of the International Confederation of Free Trade Unions.

It Deplores, however, the timidity and short-sightedness of French policy in Algeria, the white supremacy in South Africa,

the racial discrimination in Canada's own immigration policy, the gradual acceptance of the Franco dictatorship by the Western Powers, and the continued opposition to the admission of Communist China to the United Nations. The Congress also regrets the lack of progress in setting up a United Nations Special Fund for World Economic Development, and the persistent inadequacy of the Canadian contribution to the Colombo Plan, despite the recent small increase.

THE CONGRESS SUPPORTS a policy of maximum trade with the Soviet bloc, within the limits imposed by the necessity of denying weapons and strategic materials to aggressors and potential aggressors. Until the Communist bloc countries provide concrete proof that they are not aggressors, the essential strategic controls must be maintained. No such proof has yet been forthcoming.

ON THE CONTRARY, the recent sales of Soviet bloc arms to the Arabs, and Soviet encouragement of Arab threats against Israel, have greatly increased international tensions generally and constitute a grave threat to peace in a critical area of the world. The Congress warmly commends the work of General Burns and the U.N. Truce Commission, and the mission of the U.N. Secretary-General, and urges the Canadian Government to give its fullest support to every effort to maintain the Arab-Israeli Armistice and to establish a just and lasting peace between Israel and the Arab States. The Congress also urges the Government to press for a just solution to the problem of the Arab refugees, and to be ready to pay a substantial contribution to the cost of any satisfactory international plan

for this purpose. The Congress recognizes the very severe economic and social problems, and the legitimate national aspirations, of the Arab peoples. It supports the efforts of Arab workers to free themselves from poverty and exploitation, political or economical, domestic or foreign. It urges much larger measures of international economic aid for the Arab countries. But it is convinced that the disappearance of Israel would be a disaster not only for the Israelis and for the Jewish people throughout the world, but also for the free nations and the peace of the world.

THIS CONVENTION THEREFORE CALLS on our Government to lend sympathetic support to Israel's request for defensive armaments, in order that Israel may match, in quality if not in quantity, the constant flow of Soviet Bloc armaments to the Arab countries, and further appeals to our Government to use its good offices in urging other free Western countries to do likewise.

THIS CONVENTION ALSO GREETs the Histadrut, Israel's Federation of Labour, as the dynamic force in the building of democratic Israel, and recognizes that Histadrut, with its 550,000 members, is now the sole democratic trade union organization in the Middle East, and could, under conditions of peace, help in establishing free trade unionism throughout that troubled area.

THE CONGRESS URGES the Government to raise its contribution to the Colombo Plan and the U.N. Technical Assistance to at least \$100,000,000; sends fraternal greetings and assurance of all

possible support in their struggle for freedom to the workers in totalitarian countries; and pledges its full support to the United Nations, the International Labour Organization and the various U.N. technical organizations in their efforts for peace and social progress."

5. MULTILATERALISM AND TODAY'S WORLD

The world of almost thirty years later is still troubled, with some new flashpoints, and some new actors in old ones.

The need for a strong United Nations system is as pronounced as ever, and the CLC remains convinced that Canada's interests are well served by the maintenance of a U.N. system committed to promoting universal respect for the Charter, the Declaration on Human Rights, the Labour Standards of the ILO, and the integrity of this and other agencies of the United Nations.

In 1977, Canada retained its membership in the ILO following the withdrawal of the United States. The approach by Canada was to remain active in the organization and use its influence to secure improvements in the performance of this vital technical agency.

It is the view of the CLC that the Canadian government should do the same with respect to participation in the United Nations Educational Scientific and Cultural Organization. It is clear to all that UNESCO needs to be revitalized and better managed. Otherwise, it cannot hope to stimulate the co-operation of member states necessary for the fulfilment of its important mandate.

The government of Canada should seek the collaboration of non-governmental organisations to bring about a speedy resolution of the difficulties plaguing UNESCO. The CLC is convinced that if all

interested sectors in Canada pull in the same direction, Canada, using the various resources at its disposal, could contribute significantly to the achievement of a solution to UNESCO's problems.

Other agencies of the United Nations system have not achieved the public prominence of UNESCO, and it may be that they are not plagued with the same difficulties. However, it is reasonable to assume that in all of them, there is room for improvement.

Given that the international community needs the most effective performance possible from these agencies, it is timely for the Canadian government to work for agency reform and revitalization now, before the faith of governments in the U.N. system flags even further and a philosophy of rejectionism becomes more widespread.

Only one technical agency, the International Labour Organization, enjoys a structure which, by including labour and business spokesmen, can directly attract public involvement in a manner which can vitiate hostility towards the very idea of multilateralism.

In other parts of the U.N. system, the non-governmental sector enjoys consultative status or provides technical advisors.

The Canadian government should vigorously expand the public's involvement in the U.N. system through the more active inclusion of people from outside government in Canadian delegations.

Canadians do have the expertise to make such a thrust worthwhile beyond the value of strengthening public support for multilateralism. This can be seen from government efforts along these lines in the past.

Multilateralism, exercised along different overlapping planes, is indeed crucial to the promotion of Canada's interests in a secure and prosperous world, and where Canada has taken initiatives, success has usually followed.

This was true of Canada's participation in the Commonwealth, an ideal which the CLC has helped to bring to reality through its creation and utilization of the Commonwealth Trade Union Council. The Commonwealth embodies a spirit of co-operation which is a model for other regional or non-universal associations of States, and Canada should do all in its power to assist regional co-operation, such as exemplified in the intent of the Contadora initiative. Canada cannot bring peace to the conflicts which rage around the world; it can provide assistance to those who try to dampen the fires of conflict in their region.

6. PEACE, SECURITY AND DISARMAMENT

Since the last World War, more than 150 major and armed conflicts have taken place, most of them in developing countries. At the root of these conflicts were evils which Canadian governments long opposed, the legacy of colonialism, racism, naked competition for trade resources, and uncontrolled super power rivalry.

Some regimes have used arms against their own people to stay in power, and the growth of international terrorism increases instability and insecurity, even in our own cities. The disgraceful gap between North and South, industrialized and developing countries, adds its own dimension of danger.

These conflicts have carried the risk of a third, and final, world war through the involvement of the United States and the Soviet Union.

During the First World War, Georges Clemenceau, France's leading statesman and politician, declared that war was too important to be left to generals. Clearly, generals should now feel common cause with citizens in saying that peace is too important to be left to politicians. The pursuit of peace has to involve us all, and it is not redundant to say that all of us, politicians, workers, housewives, generals, have to feel secure.

Furthermore, we have to understand that the pursuit of peace is not inevitably the erosion of security, and security is not just a matter of weaponry and the will to use it.

To get to that point, we need from our politicians those policies which will disarm people in terms of their mental attitudes, and this will require dialogue, not rhetoric, new thinking, not old prejudices.

"Everything has changed but our mode of reasoning and so we drift toward unparalleled disaster." Albert Einstein, after the explosion of the first atomic bomb in 1945.

"In spite of the immeasurable importance of nuclear weapons ... we have thus far failed to fashion, or to discover within ourselves, an emotional or intellectual or political response to them." Jonathan Schell, *The Fate of the Earth*, 1983.

Nuclear weapons confront life on this planet with an unparalleled threat to its very existence in a period when progress to reduce tensions and to promote détente have not overcome serious reversals. The Canadian Labour Congress will not stand by and witness a drift to disaster. We will play our part, and we challenge others to play theirs, especially Canada's parliamentarians.

WHERE WE STAND

Peace is the condition for economic progress and social justice. It must be based on respect for national sovereignty, the elimination of poverty, the exercise of human freedoms, collective security, and disarmament.

Lasting peace is a prerequisite for achieving full employment and income security. Unemployment, hunger and poverty cause tensions and war.

Living in peace means enjoying freedom of thought, freedom of expression, freedom of association and freedom of movement. All nations have the right to full national independence and the oppression of individuals, peoples and nations is a threat to peace.

Peace also means that nations should be able to defend their values, their way of life, their culture, though defence requirements do not under any circumstances justify the arms race and should not be used as a pretext for the forcible occupation of territory.

All nations must rededicate themselves to the principles of the United Nations Charter and promote respect for the U.N. in its efforts to promote these principles. Canada must take the lead in this.

Today peace is in great danger. There are too few signs that either of the super powers are ready to respond to the determined wish of people throughout the world for an easing of tension and a drawing back from the nuclear precipice.

THE ARMS RACE, ARMS INDUSTRY AND TRADE

In 1983, a total of more than 750 billion dollars was spent on military expenditure.

NATO and the Warsaw Pact account for most of it, but other industrialized countries have their share.

A considerable number of developing countries have joined the arms race, and their share is now estimated to be over 15% of global military expenditure as against 8% in 1976.

The development of military technology has an escalating effect on the arms race. The development of new weapons leads to development of similar weapons or systems to counter them in a vicious spiral. Rumours about the development of hideous chemical and biological weapons have reached unprecedented levels. Centres of production have spread over more countries. The continuous expansion of ever more sophisticated conventional weapons itself creates a pressure for their use.

The arms race in recent years has not only been in numbers of weapons but in technological improvements, and more improvements lurk on the horizon.

The full extent of arms sales is unknown. Much of it is cloaked in secrecy but it is absolutely clear that it has increased enormously with the entry of new suppliers and clients on the arms market. In 1983, Canada's exports were worth more than a billion dollars. This does not contribute in any substantial way to competitiveness or security, and the CLC is offended by the practice of the Pentagon coming to Canada to advise our industries on how to participate in the arms trade.

ARMS AND JOBS

Military activities and the manufacture of armaments employ about 60 million people throughout the world. Half of them are in industry, the other half in the armed forces.

A considerable part of military expenditure is devoted to producing arms and equipment requiring major capital investment.

National and international companies have a vested interest in maintaining this production, and often have close access to and great influence over governments and legislatures. The arms lobby must be brought under control. Most military contracts operate on a cost-plus basis so that the contractors are guaranteed a fixed profit on their costs. With little incentive to improve efficiency and cut waste, costs rise. Arms spending is inflationary. The Council on Economic Priorities in the United States has demonstrated a link between high military

spending and low investment in other industrial sectors, which leads to outdated machinery, low productivity, and a decline in international competitiveness. The resources wasted on arms could be devoted to production for peaceful and constructive purposes which would create more jobs than the capital-intensive defence industries.

This requires early planning of measures for conversion and retraining to take full advantage of the potential for creating additional jobs and meeting social needs. In Sweden, the government has tried to prevent arms contracts monopolizing a production facility. A company will normally be prevented from devoting more than 20% of its production to armaments, and grants are given to encourage diversification. Companies have to demonstrate that they have a plan for conversion before any military contract is awarded. Care is also taken to ensure that defence production is spread geographically so that individual communities do not become dependent on military production. Conversion cannot be left to chance; our jobs, and our lives, depend on it. Conversion needs to be integrated in a national, active economic and industrial policy. The commitment to conversion has to be part of future Canadian arms spending and international disarmament agreements.

NUCLEAR ARMS

The delivery systems of nuclear weapons are increasingly accurate and the accelerating sophistication of nuclear arms and equipment brings new uncertainties and instability.

Nuclear arms represent an immediate threat to the existence of human life, giving neither peace nor security. New research findings point to the inescapable conclusion that it is vital to move as rapidly as possible to reduce global nuclear arsenals below levels that might well cause climatic catastrophe and cascading biological devastation, and such a reduction would have to be a small percentage of the present strategic arsenals.

"In almost any realistic case involving nuclear exchanges between the super powers, global environmental changes sufficient to cause an extinction event equal to or more severe than that at the close of the Cretaceous when the dinosaurs and many other species died out, are likely. In that event, the possibility of the extinction of Homo sapiens cannot be excluded". Forty American Biologists, spring 1983.

We need a climate of mutual concern and co-operation, if we are to escape safely from the nuclear trap that the super powers have jointly set for themselves, our civilization, and our species.

THE ILLUSION OF NUCLEAR STRATEGY

The myth that nuclear weapons are for defence must be exposed. By their very nature, they are weapons of mutual destruction.

Their deterrent effect is outweighed by the threat to security associated with the growing number of warheads on both sides, the sophistication of delivery systems and the risk of accidents.

The number of deployed nuclear warheads on systems with ranges greater than 1,000 miles is approximately the same, 11,000, for both super powers. Their nuclear forces are structured in different ways but all of the definitional asymmetries, which hide the basic reality, could be set aside by moving to a simple common ceiling on the total number of warheads, a ceiling now shown by Carl Sagan and others to be crucial at no more than 2,000.

A simple limit on warheads would facilitate the replacement of MIRVs by single-warhead missiles, with a consequential increase in our chances of survival in a nuclear age. As long as the two sides' forces are roughly in balance, no attack against single-warhead missiles is attractive because the attacker cannot improve the balance of forces by striking first.

Reductions in the number of existing weapons address the view that the nuclear arsenals of both sides have grown dangerously and irresponsibly large, but reductions are not as simple as they first look. The wrong kind of reductions could increase instability, not lessen it. This might occur if long-range single-warhead missiles were reduced instead of the MIRVed missiles which carry many warheads, increasing the fears of preemptive strikes. The MIRVed missiles are more destabilizing, and should be controlled, reduced, and dismantled, sooner than any other system apart from the Pershing II missiles.

More than any other weapon in NATO's inventory, the Pershing II threatens crisis stability. Its accuracy, speed, and nearness to Soviet targets give it first-strike capability and there is a real danger that in a mounting crisis, these missiles could attract a pre-emptive Soviet strike.

While their deployment might only marginally affect the probability of the outbreak of war in Europe, it substantially increases the probability that such a war would rapidly go nuclear.

The modern, solid-fueled Soviet SS-20s are highly mobile, and also highly threatening. Furthermore, all the targets now covered by them could be easily covered by Moscow's missiles which are also capable of reaching the United States, without seriously depleting this capability.

"All-out nuclear war would mean the destruction of contemporary civilization."

Andrei Sakharov, summer, 1983.

It is a fatal illusion that a limited nuclear war could be fought. The use of medium-range and tactical weapons such as the SS-20, Cruise and Pershing II missiles, would trigger inexorably global nuclear annihilation.

The destructive power of nuclear weapons and the grave risk of rapid escalation to a general nuclear exchange which most likely would result from the first use of theatre nuclear weapons are persuasive arguments for keeping the nuclear threshold in Europe as high as possible. A low level "trip wire" means a high-level risk. Minimizing this must be a goal of Canadian policy, but the fact remains that the best guarantee against nuclear war is to strengthen the barrier not between conventional and nuclear war, but between peace and war.

OBSTACLES TO DISARMAMENT

Governments are aware of the dangers inherent in the arms race but still they have not put a stop to it, clinging as they do to the illusion they can achieve security through increasing nuclear and conventional forces.

Some critics argue that a ceiling on warheads would be impossible to verify adequately, and verification is the most si-

gnificant political obstacle. The key to verifying warhead limits lies in allowing the super powers to count the system that delivers the warheads and estimate the number of warheads each system carries. Both sides would likely agree to count warheads as if each system carried the maximum number physically possible, even if in practice fewer were deployed. The need for trust is actually limited in such an approach. The struggle for economic and political dominance feeds the lack of trust between states and induces them to arm themselves. Further distrust is fed by the build-up of arms.

As long as this attitude prevails, the machinery aimed at promoting security as in the United Nations, or through the Committee on Disarmament, the Conference on Security and Cooperation in Europe, the Vienna talks (MBFR), the SALT process or bilateral negotiations on arms limitation, will never be used effectively.

WHAT CANADA MUST DO

The Canadian government should recognize that the pursuit of peace should have priority over all international political objectives, as important as these remain; and should engage in promoting realistic détente between East and West and the resolution of conflicts through negotiation and agreement.

Canada should demand effective national and international control of the arms trade, and begin with publicizing Canada's part in it.

Canada should voice its concern for the urgent development by national governments and international institutions, especially the U.N. and the I.L.O., of policies of conversion in close cooperation with representative trade union organizations.

The government should promote serious negotiations leading to general disarmament under international control through the U.N. Disarmament Commission, the Disarmament Committee, the MBFR talks and the Conference on Security and Cooperation in Europe and encourage the conclusion of bilateral agreements between the U.S.A. and the U.S.S.R. on the reduction, limitation and control of strategic and theatre nuclear weapons. In particular the speedy withdrawal and termination of production of SS-20 missiles by the U.S.S.R. and the abandonment by the U.S.A. of production and deployment of Cruise and Pershing II missiles should be the goals of Canadian policy.

A middle power such as Canada can contribute to the genuine application of confidence-building measures, particularly those which would create greater openness and

more predictability in military activities in order to reduce the risk of surprise attack, diminish the threat of armed conflict in Europe resulting from misunderstanding and miscalculation, and inhibit the use of force for the purpose of political intimidation.

It can strive for agreement on the creation and progressive enlargement of nuclear-free zones, and here it could begin with Canada.

The work for universal ratification and implementation of the Treaty of Non-Proliferation of Nuclear Weapons, to combat both horizontal and vertical proliferation, must be continued.

We intend to keep a close watch on the official Canadian contribution to international disarmament negotiations and advance our own proposals, and at the same time we will promote education, discussion and the exchange of information on problems of peace, security and disarmament, not only in the labour movement but in Canadian society at large, acting directly and through initiatives such as Project Ploughshares, Operation Dismantle, and the Peace Petition Caravan Campaign.

"When the first atomic bomb exploded in a New Mexico desert in 1945, life itself changed. Never again would children be free

from fear of the bomb. Never again would we parents be able to reassure them, nor to calm our own anxieties." Prime Minister Trudeau, February 1984.

The Canadian Labour Congress wants to free its members, their families and children, from fear of nuclear devastation, from war itself. We love this planet, and we do not want to witness its destruction.

Now will we acquiesce in its use as home base for any who wish to play Star Wars.

An agreement for both super powers to abandon the development of weapons in space, either for satellite destruction or for ballistic missile defence, would profoundly improve international stability in the coming decades.

"Our loyalties are to the species and the planet. We speak for Earth. Our obligation to survive is owed not just to ourselves but also to that Cosmos, ancient and vast, from which we spring." Carl Sagan, author of Cosmos.

THE STRATEGIC DEFENCE INITIATIVE

President Reagan's space weapons research program is growing as a backcloth to the resumed Geneva negotiations between

the United States and the Soviet Union. There is an emerging consensus that the most critical issue confronting arms control throughout the next decade is the trend, both in technologies and policy, towards strategic defence. Both the Soviet Union and the United States are engaged in substantial research efforts designed to identify, develop and assess various technologies - some "exotic", others more traditional - which would offer the prospect of deploying new ballistic missile defence (BMD) systems. In addition, the U.S. administration has officially expressed its desire to move away from the model of deterrence generally known as Mutual Assured Destruction. To this end, the five year program known as the Strategic Defence Initiative (SDI) has been initiated.

For arms control, the threat and challenge posed by these trends is both grave and complex. SDI represents an explicit and official challenge to the uneasy strategic compromise represented by the ABM Treaty of 1972. By challenging the strategic underpinnings of previous efforts, existing arms control agreements are being rendered vulnerable, and the shape of future accords made unclear.

The history of negotiations between the super powers illustrates a lengthy and difficult process, with previous agreements generally having taken years to achieve. The accomplishments of these agreements have, furthermore, been undermined on occasion by the introduction of new weapons systems developed during the negotiations and characterized as bargaining chips.

Proponents of a nuclear freeze have long argued that today's bargaining chips become tomorrow's deployed forces.

An example is provided by the MIRV, the multiple war-head, independently targetable re-entry vehicle, now recognized as extremely destabilizing and difficult to cope with in arms control negotiations. Henry Kissinger, in his White House memoirs, argued that MIRV testing did not create difficulties for SALT but in fact spurred it on. Later, however, he regretted his part in the MIRV process after seeing how committed to its deployment the military had become.

Will it fall to some figure in the current U.S. administration to see a different light or hear a different drummer in the future and voice regrets at having assisted in the inexorable process whereby today's Star Wars research became tomorrow's Star Wars weapons deployed in space. Can we in Canada afford to wait and see?

In some respects the 1972 ABM Treaty is vague and, unintentionally or otherwise, research programs on both sides will soon confront specific provisions of the Treaty. The unwanted collapse of the ABM regime may arise as much from incremental corrosion as from outright assault.

This and other issues suggests that careful study of SDI is warranted to determine the implications for arms control.

Canada and other members of the Atlantic Alliance have long regarded the ABM Treaty and the consensus it represents as central to the management of East-West strategic relations, both in terms of its concrete provisions and symbolic importance. A comprehensive examination of specific threats to that regime, together with issues to be resolved and options for agreement, would be extremely useful and should certainly precede any Canadian involvement in SDI research, to which we remain opposed.

Many Canadians recognize an imperative to act in opposition to further research that will accelerate the militarization of space. There is strong public support for the accepted proposition that Canada emphasize verification as a major contribution to the willingness of states to enter into arms control agreements, and beyond them towards disarmament.

Members of the Department of External Affairs Consultative Group on Disarmament have urged the Canadian government to promote verification not simply through technological research, but by sponsoring East-West work on the issue, perhaps beginning with the joint simulation of verifying an agreement on the mutual and balanced reduction of military forces in Europe.

However, verification is at this time heavily dependent on satellites in space, which are very much at risk in any scenario which involves the militarization of space.

Is there another focus which the Canadian government should seriously consider in the Star Wars debate?

Our starting point should be to accept that unarmed military satellites, on which the super powers rely for proof of, among other things, the state of development of new space weapons, are beneficial to both sides and to all of us.

The United States is engaging on Star Wars research now, with unusual fanfare. It is widely known, and should be better accepted, that the Soviet Union has been conducting such research for some time; both sides have to understand that a formal treaty protecting each others' satellites offers more in the way of security than the pursuit of a space-based technological arms race.

The goal of this race would appear to be the development of a weapons system, presumably laser-based, which, by its omnipotent destructive powers, could purge nuclear weapons from this threatened world of ours. Systems of this kind, were they to be achievable, would be immensely vulnerable, and counter-force technology is certainly pursued as hard as any other, and likely to be cheaper.

Space weapons will be enormously costly, and thus likely always to be outnumbered by the ground-based weapons. Missiles on land and at sea exist in great numbers and do not

appear to be subject to severe political constraints; it is not easy to believe that technology in space can dismantle them. It is easier to believe that technology in space can destabilize them.

Technology, in which the West has such a commanding edge in most areas of human concern, cannot solve the problem, but its active application in support of international legal and political constraints can help us disarm the weapons of mass destruction. Here then lies the possibility of a thrust by the Canadian government.

Strategic defence research can only be appropriate and stabilizing when the goal of rolling-back the nuclear tide has been more largely achieved than is the case today and other conditions are met. If the super powers had reduced their arsenals to smaller numbers, perhaps as suggested in the studies on the concept of Nuclear Winter popularized by Carl Sagan, then space related forces could be technologically feasible in terms of overcoming the nuclear missiles remaining.

This space force should be nothing more or less than a development of today's reconnaissance satellites, consisting of batteries of sensing vehicles able to collect and relay information. The information could be made available to non-nuclear weapons capable of intercepting their nuclear targets, and given the current promotion by France of an international satellite in-

spection system, and President Reagan's asserted willingness to share space technology with the Soviet Union, clearly this more modest space-related defensive system should be encouraged as a goal for the United Nations itself.

Canada, with its space technology and political commitment to verification and opposition to nuclear proliferation would be well placed to assume major research obligations, but only if the goal is the modest addition of technology to political pressure for a multilateral solution.

Should we focus our energies not on simply opposing Star Wars, but by putting it in the perspective, offering a way forward rather than simply denying one?

Before the installation of the present government, many Canadians held up as vitally important the theory, or threat, of Nuclear Winter, whereby only a fraction of today's nuclear weapons can destroy life on this planet. At that time, the super powers were anxious to cast doubts on the validity of the research. Now, most governments and the United Nations see the inescapable need for us to take Nuclear Winter seriously. We can in this illustration see the need for us to go forward with some grounds for optimism.

7. STRATEGIC DEFENCE, THE UNITED STATES, AND FREE TRADE

It has been suggested that President Reagan's multi-billion dollar Strategic Defence Research Programme will provide substantial economic benefits to Canada if this country participates. The CLC, already opposed to the militarization of space on a variety of grounds, can find no substantiation of the assertion that the SDI is of economic consequence to Canada.

We find ourselves in substantial agreement with the prestigious North-South Institute when it makes the point that "when compared with the magnitude and cost of R and D effort that could have been devoted to improving productivity and quality of life instead of the quality of weapons, whatever spin-offs occur pale in relation to the tremendous opportunities for progress that have been wasted".

Military spending is not the most productive form of public spending, even for an economy as great as the United States.

Our economy is, of course, closely integrated to that of the United States and an upsurge in economic activity has a ready impact in Canada.

It remains a truism, furthermore, that if the United States sneezes, Canada catches a cold.

We have, therefore, to closely monitor economic trends in the United States, and to ascertain carefully the tendencies of political authorities in that country towards decisions likely to effect our economy.

This we have had to do since U.S. President Grant told his Cabinet in 1870 that he was ready to "take Canada and wipe out her commerce".

He had his match in Sir John A. MacDonald's declaration, "I stand alone, fighting the battle of Canada".

In the early years of Confederation, sovereignty and commerce were linked in the battles over free trade.

Many Canadian politicians today have concluded that not only is U.S.-Canada free trade the one way our country can survive the cold winds of protectionism said to be hurriedly blowing through the U.S. Congress and Administration, but that free trade will in no-way impair the sovereignty which Sir John A. was determined to protect and nurture for posterity and our future.

Cognizant of the historical divisions over Canada-U.S. trade relations that can be traced to the early period of our nationhood, the government has been careful, until now, not to unequivocally support outright free trade. Nevertheless, there have been some signals which suggest it is moving cautiously but deliberately in that direction.

At a meeting with top U.S. business leaders in May 1985, the Minister for International Trade, James Kelleher, stated that "there appears to be a favouring by the Canadian people for a comprehensive trade arrangement".

The spectre of a comprehensive free trade arrangement between Canada and the United States immediately surfaces a number of critical questions ranging from our vulnerability to U.S. pressure for policy "harmonization" (especially in the fields of monetary and fiscal policy, economic development, resource extraction, deregulation, cultural development, international relations), control over foreign ownership and our perceived status in the world community as a political appendage of the U.S.

The CLC has published a major position paper on Free Trade which has tried to deal with some of the major repercussions of a comprehensive trade deal with the U.S. rather than a sector-by-sector analysis, for two reasons. First, because the present government appears to have abandoned the former Liberal government's focus on certain sectors. Second, because the factors that come to bear in different sectors are quite distinct. For example, the aerospace and urban transit industries are shaped by government procurement; the cross-border movement in lumber is already tariff-free; and, the terms of trade in the auto industry are dictated by the Auto Pact.

Certain conclusions from that paper are worth repeating here.

The emphasis in a free trade agreement with the U.S. will be less on tariffs than on the rights of governments on both sides of the border to use quotas, subsidies, government procurement policies, and so forth in pursuit of national economic objectives.

Free trade will involve a significant loss of jobs in the short term with no guarantees of either adequate adjustment support or a pay-off in long-term jobs.

Free trade will involve a significant loss of economic sovereignty. Part of the "deal" will be to abandon certain tools of national economic management and, in addition, a further loss of economic sovereignty will result from pressures to ensure that Canadian and U.S. competitors operate in a substantially similar tax and regulatory environment. The loss of economic sovereignty may jeopardize other elements of sovereignty.

There is a degree of opportunism in the drive for free trade and it is a contentious issue within the U.S. Thus, there are grounds for doubting the willingness and ability of the U.S. to live up to its end of a free trade deal over time. In the worst possible scenario, the Canadian economy would be restructured on the basis of a free trade deal that was later abandoned by the U.S.

From a labour viewpoint, trade policy should be a subordinate element in an actively interventionist economic policy. In the Canadian context trade policy should be dealt with on a sector-by-sector basis; it should be designed to reduce our overall dependence on foreign trade, and it should be designed to diversify Canada's trading partners.

Taken together, these conclusions severely undermine the alleged merits of free trade with the U.S. Fair trade based on active government participation and negotiation is a much more preferable option. It deserves a place on Canada's political agenda.

AN ALTERNATIVE TO FREE TRADE

The labour movement and the free traders approach trade issues from a very different vantage point. The free traders treat trade as just another area where the market should dictate the course of economic events. For the free traders, national economic management is a non-issue in principle; markets should be free to operate unfettered by government interference.

In contrast, the labour movement has never been convinced of market dependence to fairly distribute economic rewards nor has it been convinced that Canadian markets operate with textbook efficiency due to the high degrees of monopoly ownership and foreign control that characterize many Canadian markets.

As a result, national economic management has been an important issue for the labour movement: to create jobs; to ensure a fair distribution of income; to guarantee access to essential services; to ensure regionally balanced growth, etc.

As far as trade policy itself is concerned, the labour movement has treated it as a subordinate, albeit important, aspect of overall national economic policy. We have called for the use of mechanisms that govern trade (e.g., tariffs, quotas, procurement, etc.) in order to meet national economic objectives.

The framework for an alternative to free trade is founded on clear priorities, among them reducing our dependence on foreign trade in general, as a way of enhancing Canada's capacity for economic self-management; reducing our dependence on raw material exports in particular as a way of creating jobs; reversing our increasing economic interdependence with the U.S. by diversifying our trading partners; and, approaching trade issues on a sector-by-sector basis in view of the substantially different situations in various sectors of the economy.

A strategy of planned trade (alternatively referred to as fair trade or managed trade) combined with an overall economic policy designed to maximize the processing of our raw materials and to stimulate domestic consumption of Canadian goods and services, offers the best chance for achieving the twin goals of balanced domestic growth and trading relationships.

More specifically, this alternative involves securing the Canadian market for Canadian producers; using access to the Canadian market as a bargaining chip to get the multinationals to produce more in Canada; enhancing domestic content arrangements; in short, to emphasize more self-reliance and less dependence on the United States.

Measures to achieve these goals should be built around a few basic thrusts.

Canadian Content

Any company wishing to sell in the Canadian market goods which could be produced here, must make a commitment of a certain share of the jobs and investment in this country. This is essentially the safeguard built into the Auto Pact and it could be extended to many of the manufactured goods we now import such as high tech equipment, mining machinery, industrial machinery, tools and equipment.

Japan for example, has managed to negotiate co-production deals with its trading partners which require that at least 15 per cent of a product's value-added be Japanese and the result has been job creation.

Import Replacement

Our trade deficit in manufactured products was approximately \$21 billion in 1983, which amounts to the loss of some 200,000 jobs. A program to determine the domestic availability of goods being imported, and encouraging the production of those goods here in Canada should be implemented. It would produce thousands of jobs for Canadian workers.

Domestic Procurement

All levels of government buy large amounts of goods and services, not all of which are Canadian. A 1979 study of federal and provincial purchasing indicated that 49 cents of every dollar spent on manufacturing products went out of the country. With a purchasing capacity of some \$60 billion a year, government switching these purchases to domestic sources would have a substantial impact.

Industrial Offsets

Large scale resource projects provide room for Canada to bolster the domestic manufacturing sector (especially in areas that need diversification for longer term stability) by requiring that purchasing performance standards apply to firms awarded major contracts. New Canadian enterprises providing the equipment for the production of offshore oil for example would allow

Canada to develop technologies and products that will have application elsewhere in the world.

Research and Development

In the past ten years, 94 per cent of all the patents granted in Canada have gone to foreigners. Our level of research and development (R & D) is increasing, but is still well below the standard of the leaders in the industrialized world. This has been partly responsible for the steady decline of our secondary manufacturing industry. A government commitment to more R & D would help to develop our technological competence and upgrade our domestic manufacturing capability.

The approach and specific measures outlined above rest on the belief that a beneficial trade policy for Canada is basically an intelligent and planned industrial policy aimed at realizing a more mature, stable industrial base, providing jobs and decent incomes for Canadians. It derives from a commitment to conscious economic planning rather than the anarchism and dubious benefits of adhering to market signals alone, a policy which has failed for our own economy and for the international economic system. As the Green Paper tells us, the international economy is our economy.

8. THE INTERNATIONAL ECONOMIC SYSTEM

Though the United States will remain Canada's principal trading partner, and we theirs, our economic interests can only be secured through serious attention to the performance of the international economic system.

The CLC is an active participant in the Trade Union Advisory Committee to the Organization for Economic Co-operation and Development, and as such took part in a trade union delegation to meet with Chancellor Helmut Kohl immediately prior to the 1985 Bonn Summit.

The trade union emphasis was on jobs, the avoidance of protectionist trade wars, and the need to recognize the mutuality of interest between the industrialized and developing countries.

Though Canada should certainly continue to participate in the Summits, just as we will continue to do so in the accompanying Labour Summits, they have not achieved what was expected of them.

It remains, however, that the problems of the international economic system can only be overcome through the coordination which can come from the Summits and other dialogues.

This point was emphasized on behalf of the trade union movements of the seven countries by the CLC President when he addressed Prime Minister Trudeau as host for the 1981 Ottawa Summit.

"Since the London Summit, the trade union movements of the seven countries have sought to ensure that the Heads of Government took serious account of the need for internationally co-ordinated policies for employment and growth, to overcome recession, social and political tensions in our societies, and tensions between North and South.

At the London Summit, heads of government stated their resolve to embark on a strategy for full employment. Since then, subsequent affirmations have been less and less convincing, and in recent years monetarist policies have been taken up by the Summits.

For the Bonn Summit, the trade unions emphasized that the principal claim underlying our proposals was that the Summit meeting should finally act on programmes that governments have the last few years proclaimed.

In Tokyo we asked what would come after the all but admitted failures of the "locomotive" and "convoy" theories, and we urged that governments not give up but should analyse the reasons for failure and try again, shifting the focus if necessary. We called for recognition of the fact that the energy question underlies everything and is a source of major uncertainty. We call for labour market policies, public job creation, the creation of demand and capacity in the developing countries. We did not call for monetarism, protectionism, or defeatism.

For Venice, however, we had to emphasize that the downward trend of the world economy can be reversed by determined action in every country and by efficient economic international co-operation, with governments utilizing the whole range of economic tools which are at their disposal.

At Venice, the heads of government did not take heed of what we had to say, and all that was offered to us was a dialogue about cutbacks in living standards and jobs. This is a recipe for confrontation between governments and trade unions all over the world, and between countries of the North and South.

In Ottawa, we are calling on the Summit governments to abandon the restrictive monetarist policies which have been pursued with disastrous results. The alternative has to be policies to promote full employment, price stability, investment and adequate growth simultaneously while coping with the energy crisis and technological change.

These things can only be achieved through co-ordination which can come from Summits, which is why we place so much importance on them.

The many millions of workers we represent are waiting for a sign that the Ottawa Summit will show that our continuing efforts have been worthwhile."

The Summits continue, and so do the major international economic problems.

One underlying reality for all of these is the great disparity of wealth between rich and poor countries, and proponents of a change in this reality have called for a new international economic order.

The basic premise of Canadian trade union policy towards the N.I.E.O. remains that it must not be geared to improving the life styles of corporate or governmental elites, in global corporations or developing countries. Rather it must bring employment, rising real living standards, and a fair distribution of income and wealth both within and between nations. If a brief statement of this goal had to be offered, it would be "economic security and social justice for all".

These words are taken from the first manifesto of the International Confederation of Free Trade Unions, to which the CLC and its forerunners have been affiliated since 1949. Though the aims of the ICFTU are international, they clearly have their origins in the national experiences, the struggles for economic security and social justice, of the affiliated national trade union centres in developed and developing countries.

Furthermore, it is difficult to avoid the conclusion that the amount of wealth, and thus of income, available for distribution

within the developing countries is artificially limited by the operation of international trade, investment, and monetary policies.

The new global distribution of wealth, among and within nations, which is clearly called for, will require many changes of institutions and behaviour. There will have to be reform of the world's trade arrangements, and positive action by Canada will be necessary.

Multilateral trade negotiations should be used to bring an end to the progression of duties by degree of processing, to encourage the growth of manufacturing industry in the Third World. The GATT Treaty should oblige governments to protect workers' interests, in countries such as Canada by anticipatory and positive adjustments, and in developing countries by the rigorous observance of fair labour standards.

Transfers of technology should be facilitated. The aim of technology importation being some form of industrialization, this should provide useful employment and not simply increase urbanization problems. It has to be made relevant to the needs of the rural poor.

A United Nations Code of Conduct has to legally bind the multinational corporations, for which there remain few alternatives as vehicles for technology and resource transfer.

We have, in the CLC, long been on record as fostering fair trade internationally. We are very concerned, now that such a great proportion of international trade consists of intra-company transactions, lest freer trade primarily benefits the multinational corporations. With respect to GATT, we do want "fair" trade, and, at the same time, have proposed that a Social Clause be added to the GATT Treaty.

This is concerned with the prevention of exploitation in the process of trade expansion. Our clause would have contracting parties recognizing that efforts for the promotion of world trade shall serve the purposes of full employment, social security, better levels of consumption, and the highest levels of accident prevention and health protection.

We want Canada to work for such an instrument.

We call for internationally co-ordinated manpower, regional, and industrial policies on the part of the Contracting Parties, who would be required to maintain full income and social benefits for displaced workers and to observe fair labour standards in practice, in declarations, conventions, and agreements.

A major way in which the needs of co-operation and supervision could be met is through the International Labour Organization, the standards of which are, of course, of paramount importance in the field of fair labour practices.

The ILO said, in its third world employment report, that good citizenship is in the interests of multinational companies as also is the creation of a climate of confidence where the rules are known in advance and strictly observed.

We have long been advocates of a Code of Conduct for Multinational Corporations, specific and legally binding to cover the need for disclosure of information, job protection for workers, and end to competition in incentives, a fund for the development of host country infra-structures, bans of price-fixing and deliberate underproduction, and proration of tax obligations.

The multinational corporations now clearly dominate world trade, the bulk of which is now a transaction between two parts of the same corporation, and for us, there can be no new international economic order without effective international control. This is clearly in the interests of Canada and the developing countries.

Aid, of course, is a less sensitive subject in Canada than the role of multinationals in sustaining, through exploitation, the comparative advantage of their off-shore as opposed to domestic operations.

No aid programme can really cope with the real issue in development, enabling peoples, not elites, to become producers, consumers, citizens, what have you, in their own societies built for their needs, unless it utilizes "people to people" instruments.

If we rely on bilateral aid, instead of aid through NGO's, will there be basic needs strategies, moves towards redistribution of land, indigenous industrial growth, and leadership ability at popular levels? If the Green Paper had attempted to ask this question, much less answer it, then some of the fears raised in its lack of critical treatment of foreign investment and comparative advantage would be allayed.

Many people have looked to labour movements for protectionism and have emphasized the possible difficulties in having industrialized country governments adopt a more positive approach towards developing countries.

We fully understand that our interests cannot be met at the expense of those workers in developing countries, and that our interests can be met if those of our fellow workers are also met and if the process involves us both.

In the late 1970's, the International Labour Office has shown, the impact of the oil-related recession would have been much harder were it not for the buying power of the developing countries coming to the rescue of the industrialized ones.

It is also clear to us that the world economy in the 1980's will be increasingly dominated by the fundamental changes which occurred in the 1970's.

Most industrialized countries, having enjoyed many years of rapid growth, low unemployment and modest inflation, found themselves grappling in the 1970's with intolerably high rates of both inflation and unemployment. Also, the more advanced of the developing countries began to emerge as a significant force in the world economy.

There is an underlying view, particularly among governments, that North-South economic relations are a "zero-sum game" in which gain by one side necessarily results in a loss by the other. A different view is that there is no conflict but rather an underlying harmony of interests between North and South which arises from the inter-dependence of their economies, and implies that cooperation between North and South can bring benefits to both. Recognition of this mutuality is a pre-requisite for resolving the North-South deadlock, and for not only economic progress in the South but for progress in the North, and Canada needs to share in that progress.

A focus on the employment implications of trade, and trade policies in manufactured goods shows that mutuality rather than conflict in North-South interests exists. However, achievement of this mutuality is not without cost and depends heavily on the pursuit of appropriate policies in both North and South.

Some two-thirds of all world trade takes place between the industrialized countries, reflecting the high degree of economic

integration which exists. North-South trade is considerably smaller, but is of great importance to both North and South.

A second link between the economics of North and South is provided by international financing. This is complex because capital funds flow from one country to another in many different forms and for many different purposes. There is official lending made by governments either directly, such as through CIDA, or through international organizations, such as the World Bank. There is private lending for profit carried out by financial institutions such as Banks. Canadian banks are active in this field. There is also private investment in which companies acquire the ownership or part-ownership of assets located in a foreign country. Lending gives rise to a debt to foreigners in the receiving country, while investment by foreigners in the country concerned does not.

Private and official lending in the past has led to a massive foreign debt in the South, equivalent to about one year's exports and essentially threatening to international security.

While increased borrowing obviously increases the South's dependence on the North, it has also increased the North's dependence on the South. The North has an increasing interest in the South's prosperity since the major deterioration threatens the security of the loans.

The South clearly regards the access to Northern markets of their exports of semi-processed and manufactured goods to be

unfairly restricted by the North's trade policies and the North, including Canada, does protect domestic industries. The South's demands are for a collective decision by the North to renounce this protection and to pursue more energetic adjustment assistance policies in their domestic economies in order to "make room" for the South's exports.

Whatever the reasons for the lack of progress, we believe that there is a pressing need for an improvement in North-South economic and political relations, and the initiative lies mainly, though by no means wholly, with the North. Along with the North's failure to respond adequately to its internal problems of inflation and unemployment, which is inevitable without co-operation with the South, increasing political polarization is a serious threat to world stability and it requires urgent action.

Imports from the South can explain only a tiny proportion of current levels of unemployment in the North. As the CLC has shown on other occasions in the case of Canada, the problem is much wider.

For the North as a whole, the fear of structural imbalance resulting from trade with the South would appear to be misplaced although the consequences for any individual country obviously depend very heavily on its particular circumstances. We in Canada must attend to these vigorously. This is true for both industrial policy planning, and for adjustment.

The expansion of Canadian trade with the South would necessitate a redeployment of workers both within sectors and between sectors, which strengthens the case for giving more attention to policies to facilitate this mobility and prevent the costs falling on individual workers.

There are real problems here which must not be minimized and this Brief can not deal with indirect employment effects in related industries and estimates both of jobs created by exports and jobs destroyed by imports.

We do know that the growth of manufactured exports strongly influences the growth of income in the South, and this in turn strongly influences the South's purchases from the North. What we do need is to see more of this feedback coming to Canada.

A complex and dynamic relationship exists between trade and growth policies in the North and South. As noted earlier, the South really helped the North during the recession of 1974-75; the buoyancy of their demand for the exports of the North was an important element pulling the North out of its recession. This was made possible by the willingness and ability of the South to greatly increase their indebtedness. This increase mainly took the form the private lending to middle income countries; the low income countries have suffered very badly because they are forced to depend on official sources of international lending which have increased relatively slowly.

Most of the private debt is owed by a small number of countries in the South who enjoy credit worthiness, based on sound growth prospects. For obvious reasons these countries are major purchasers of the North's exports.

As a consequence of heavy borrowing in the 1970's, these countries face liquidity problems, arising from debt maturities in the 1980's. If a combination of the North's slow growth and increased protection reduces their export prospects, their growth prospects may be seriously damaged, which would result in a drop in their purchases of capital equipment from the North. Short-sighted trade policies in the North could have a much greater destabilizing effect on the world economy than is commonly realized. Equally, the importance of maintaining and even improving the South's access to international capital and official financing is vital and clear.

The road to trade liberalization is not a one-way street. What reciprocal action can the South contribute? The special position of the South does not make reciprocity in the North-South trade negotiations either politically impossible or economically inappropriate or both.

Reciprocity provides an automatic sanction on a country which fails to implement a programme of tariff reductions as it simply forfeits the reciprocal concessions.

The GATT Articles, however, explicitly exempt the South from the reciprocity principle, and the maintenance by the South of high trade barriers is seen as essential.

It is vital in our view for Canada to expect some degree of reciprocity from some of the more advanced developing countries. Because they have now passed the "take-off" stage, their dependence on trade restrictions has diminished.

Because they are major exporters and importers, they have the most to gain, and also the most to offer. Apart from reducing unnecessarily the high barriers for their imports, these countries could make a useful contribution to trade liberalization by modifying their export promotion policies where legitimate fears of dumping are aroused. In view of the political importance of reciprocity in contributing to a sense of fair play, these questions deserve very serious consideration by all countries, but the most effective and desirable form of reciprocity will be to recognize fully international labour standards.

This is particularly important in those instances where newly industrialized countries in the Asia-Pacific rim are building export processing zones as a tribute to the violation of fair labour standards.

9. THE REGIONS

ASIA AND PACIFIC

The CLC is disappointed at the references contained in the Green Paper which rightly emphasize the "new trade and investment opportunities for Canada" in the region but fail to point out the potentially exploitative nature of such activity. In analysing the rapid growth of export processing zones (EPZ's) world-wide and particularly with respect to their development in many countries of the Asian and Pacific region, the CLC has joined an international campaign to expose the imposition of these zones as an attack on the basic right of workers to organize and as an extreme example of the exploitation of women workers. Prior to 1966 there were only two EPZ's in the developing world engaged in the production of manufactured goods for export, (one in Asia and one in Puerto Rico). By 1980 there were 52 such zones with nearly half of them operating in Asia. Some 70% of the total employment in Zones is in Asia, with the largest proportion found in Malaysia, South Korea and Taiwan. There is also a significant growth of EPZ's in the Philippines and Sri Lanka.

Asian EPZ's now employ in excess of 700,000 workers, the vast majority of whom are women under the age of 24 (some as young as 14), and who work in unorganized sweat shop conditions for wages which are most often below the national average. In the Asian and Pacific region EPZ's represent the very opposite of development. In

fact, they represent cheap labour, inhuman working conditions, gross exploitation of women and cultural traditions, the suppression or total prohibition of unions and a haven for multinational corporations wishing to avoid trade union organization in industrialized countries.

The CLC calls upon the Canadian government to take appropriate steps to "condition" Canadian trade and investment in countries within the region which utilize EPZ's, ensuring that as a minimum workers employed in these Zones are guaranteed the fundamental trade union rights articulated in the standards of the International Labour Organization.

The CLC is also concerned about the growing political conflicts in those countries of the region which have failed to respond to the call for full human and trade union rights and democratic government. The CLC has worked closely with the international labour movement to expose gross violations of human and trade union rights in the Korean Peninsula, Kampuchea, the Philippines and Sri Lanka. In this last named Commonwealth country, intercommunal violence has claimed many lives and impeded socio-economic development. The CLC has, through the Commonwealth Trade Union Council, been able to bring together the communally based unions in Sri Lanka to disavow violence and work for national reconciliation. The Canadian government, as a major provider of development assistance and as a leading member of the Commonwealth, should make every effort to assist the emergence of a peaceful solution to the problems of Sri Lanka.

We have condemned the Soviet invasion and continued occupation of Afghanistan. We call upon the Canadian government to increase its pressure on the Soviet Union to withdraw its occupation forces from Afghanistan so as to permit that country to determine and follow a path of democratic government.

On various occasions the CLC has made a case to the government of Canada for the incorporation of ILO labour standards into GATT agreements and we endorse the "basic needs" strategy as a basis for development assistance activities. Considering the phenomenal growth of foreign investment in the Asian and Pacific region in the past two decades and considering the growing tensions amongst peoples of the region resulting from the failure of this investment to stimulate development which improves the quality of life of working people, the CLC reiterates its position on trade and aid and reaffirms its commitment to assist workers in the region to organize and to become a part of the national development of their society.

THE MIDDLE EAST

The long years of valued association with the trade union movements of Israel, Egypt and Lebanon have given the CLC a strong sense of commitment to the need for an effective peace in the Middle East.

While we recognize that Canada is unlikely to play a decisive role in the Middle East, we urge the government of Canada

to exercise its influence to contribute to peaceful settlements of the conflicts within the region. In our view, peace has to be built on negotiations which reflect two sets of obligations. For their part, Arab countries and peoples must categorically accept Israel's right to exist and live within secure and recognized boundaries. For its part, Israel must honour the Camp David Accord, as it did in withdrawing from the Sinai, by recognizing the legitimate rights of the Palestinian people and their just requirements, which include a national homeland for the Palestinian people.

The CLC is also of the view that the hatred promoted by terrorist organizations, whether they be inspired on nationalist or fundamentalist religious grounds, is a major impediment in the way of the creation of peace in the region and the reation of a Palestinian homeland. It is also the view of the CLC that the establishment of an independent and sovereign government in Lebanon, which is capable of preventing that country from being used to launch terrorist attacks against its neighbours, is a key to peace in the Middle East and though such a development now seems unlikely, we urge the Canadian government to call for all foreign forces not sponsored by the United Nations to refrain from military or political involvement in Lebanon.

AFRICA

The drought stricken regions of Africa, from the Sahel to Mozambique, continue to be a major concern of the CLC as with the

many organizations and ordinary Canadians who have responded to appeals for famine relief. We encourage the Canadian government to continue its efforts with African governments and through Canadian non-governmental organizations to bring relief assistance to the peoples of the region. We also encourage the Canadian government to sponsor long term development projects in the region with a view to preventing the effects of the drought and famine from spreading further.

Despite years of calling for an end to the Apartheid regime in South Africa and demanding a free and independent Namibia, the CLC notes that there has been no significant move by South African authorities in this direction and that the resulting frustrations are now bringing about a virtual bloodbath. The CLC also notes with considerable dismay that while the efforts of the Canadian government to influence Canadian investment in South Africa have been strengthened, they are almost completely ignored by the business community.

In the view of the CLC, efforts at persuasion through dialogue with the Apartheid regime in South Africa can only succeed when backed by economic sanctions, and we urge the Canadian government to take strong and decisive action which would include enacting legislation to end Canadian investments not only in South Africa but also in Namibia which is still illegally occupied by South Africa.

In the aftermath of a major Canadian contribution to Nassau, the CLC also calls upon the Canadian government to intensify its efforts in the United Nations and through the Commonwealth to isolate the Apartheid South African regime and to bring about a free and independent Namibia.

For some time, in its continuing efforts towards these same goals the CLC has worked closely with South African workers who are organized in genuine non-violent and non-racial trade unions inside the country sometimes with financial assistance from CIDA. We have played an active role at the international level through the ILO and other international agencies. In light of events of the past year we have increased our efforts to help defeat apartheid, support the goal of majority rule in South Africa, and support the goal of a free and independent Namibia with a great sense of urgency. We call upon the Canadian government to pursue these goals as a priority in its international relations working with other, front line, Commonwealth states where possible.

Through military intervention and the financing of dissident groups, South Africa has destabilized the countries of southern Africa to such an extent that almost all their development efforts are threatened. The peoples of Zimbabwe, Zambia, Mozambique, Angola and the other five states which make up the Southern Africa Development Co-ordinating Conference have tried to set in motion a series of projects to reorganize the economic infrastructure of the region and thus serve the needs of majority of the people.

The CLC in co-operation with the Commonwealth Trade Union Council has been providing support for the education efforts of the trade union movements in the SADCC countries. CIDA has provided financial aid to some of these projects. More Canadian support for trade union education geared to labour involvement in national development processes will be necessary for the countries of SADCC to build up their own capacity to run their economies. The Canadian government should increase its commitment to supporting these efforts of SADCC countries in order to show them that Canadians are prepared to help in their time of need and beyond, when the South African menace is resolved.

LATIN AMERICA AND THE CARIBBEAN

The CLC shares the view expressed in the Green Paper that in recent years there have been some encouraging developments in the political landscape in Latin America which are evidenced by the restoration of democratic government in Argentina and Brazil. After years of condemning the gross violation of human and trade union rights by the Argentinian military government during its reign of terror, at its 1984 Convention the CLC welcomed the restoration of democracy, congratulated the people of Argentina for their victory and declared our full support for the efforts of the democratically elected authorities to bring human rights violators to justice. Similarly, the CLC consistently condemned the institutionalized repression characteristic of the military regime in Brazil and has been proud to work with the combatative trade union movement in that

country in efforts to restore democracy and respect for human and trade union rights.

Despite these and other signals of a movement towards more democratic forms of government in South America, the CLC continues to be concerned about the lack of democracy in Paraguay, the fragile human rights situation in Peru and the brutal repression of fundamental human and trade union rights under the Pinochet dictatorship in Chile. On several occasions the CLC has restated its position that any financial aid or credit from Canada to Pinochet's Chile is totally contrary to the basic democratic principles of Canada and that trade or corporate investments in Chile can only bolster the oppression of the Chilean people and must be vigorously condemned. As a bare minimum, the Canadian government must ensure that no export permits be issued for Canadian exports to Chile of a military or paramilitary nature. In stating that Latin America is an important and growing market for Canadian exports, (as it did in the Green Paper), the Government of Canada must also recognize that commercial relations and bilateral financial assistance cannot be considered independently of the performance of governments vis-à-vis the internationally recognized norms of human and trade union rights.

With regard to Central America, the CLC has long been aware that economic and political oppression throughout much of Central America makes change essential and inevitable and it is the repression of legitimate aspirations for such change which has made

the situation in Central America so volatile. We support the heroic struggle of Central American workers and their bona fide organizations for bread, peace and freedom. The CLC also favours the right to self-determination of sovereign states in the region while demanding full human and trade union rights for all Central American peoples.

To this end, we can only condemn military intervention in the region by the United States, Cuba, or any country. We urge the Canadian government to actively oppose such interventionist policies and we believe that bilateral aid should be withheld from any country serving as a base for military intervention. In our view, such policies will permit and encourage the Nicaraguan government to pursue its stated goals of establishing a pluralist democracy and permit the peaceful pursuit of economic and social justice within the region.

In supporting the call for negotiated settlements to conflicts in the region we share the view expressed in the Green Paper that the Contadora initiative offers the best prospect for overall peace. In our view, however, for Contadora to be effective it must enjoy the active political support of Canada as well as endorsement and technical cooperation.

Despite a tendency toward more democratic forms of government in Central America the human and trade union rights situation continues to be of serious concern to the CLC especially in El Salvador and Guatemala.

In the Commonwealth Caribbean, the CLC strongly condemned the brutal murder of the Prime Minister of Grenada, senior trade union leaders and others killed in the overthrow of the Bishop government. The CLC also strongly condemned the invasion of Grenada by forces from the United States and some Caribbean states and we demanded a withdrawal of those forces and the return to Grenada of democratic, civilian government. The CLC has dramatically increased its efforts to express its support for workers in the Caribbean region and we would urge the Canadian government to continue to search for ways to strengthen Canada's ties with the region, particularly through mechanisms which will lead to a growth in local employment opportunities.

10. INTERDEPENDENCE AND PUBLIC INVOLVEMENT

Almost ten years ago, eighteen international statesmen and leaders from many spheres and five continents, met in Bonn to begin work on what their Chairman, Willy Brandt referred to as a Plea for change: Peace, Justice, Jobs.

They included the then President of the CLC, and they were formally styled the Independent Commission on International Development issues.

Brandt was determined that his commission would move a step further than the Pearson Commission had found it possible to do a decade before.

When he presented the Report of his Commission, he argued that "The shaping of our common future is much too important to be left to governments and experts alone. Therefore, our appeal goes to youth, to women's and labour movements, to political, intellectual and religious leaders, to scientists and educators, to technicians and managers, to members of the rural and business communities. May they all try to understand and to conduct their affairs in the light of this new challenge".

We think we have understood, and have tried to emphasize the need for global action in an interdependent world, action to move us rapidly towards global social justice in all our interests.

Brandt saw that this would require a special awareness of human and trade union rights when he made the point that "Strong efforts should be made to further a growing recognition of human rights and the rights of labour and international conventions for protecting them".

The most important contribution that the trade union movement can make to the defence and promotion of human rights in general is through its continuous and tenacious efforts for the protection of trade union rights.

The rights of our organizations, be they concerning control over our internal activities, or be they concerning our international affiliations, and even our rights as trade unionists, were not given to us as an act of charity. They were won, and sometimes temporarily lost, in hard, continuous struggle.

They have been written in workers' blood, and they are indeed inalienable rights, and it is clear from the contemporary history of the trade union movement that unions are themselves the only real guarantee that the workers' interests will be defended and promoted.

Without strong unions, where will there be the predictable exercise of the workers' rights? Without strong unions where will there be the exercise of general and fundamental human rights? Where, then, democracy?

With the emergence, thirty six years ago, of the United Nations' Declaration of Human Rights, our basic trade union rights were enshrined as fundamental human rights with the international legal and moral authority of the United Nations.

Since that time, many of our rights have been enshrined in the Conventions of the International Labour Organization. They have become the core of international labour standards.

The free trade union movement has, throughout its history, proclaimed and defended the universality of these international standards, and it has not been put off by the sweet talk or outright bullying of the special pleaders. We have not accepted the arguments that there can be double standards in the area of workers' rights. There can be no excuses given to those who cite differences in political systems, social norms, or economic development.

It is not difficult to show how the rights set out in labour standards are under attack, not only in communist or right-wing dictatorships, but also in the democracies.

Here, too often we encounter governments blaming their unions for economic problems, or using their public sector unions as the scapegoat for the failure of public policy, especially in the economic field.

What a heart-breaking picture the recent report by the ILO Director-General on complaints about government abuse of Freedom of Association represents, with its chronicle of violations perpetrated against workers, their unions, and their rights. But a heartening side to all this is the vigorous expression of a concern to defend rights through the act of pursuing complaints.

The CLC has, as it happens, made a considerable contribution in this respect, and those complaints lodged with the ILO about Canadian laws by the CLC illustrate our point about the attack on public sector trade union rights.

What the cases reflect is an attempt to cripple trade unionism. We are convinced that many politicians, whatever the party label, see growth in trade unionism occurring, if at all, in the public sector. This they would like to stop. Also, they feel they can drive the wedge of division between the public sector and private sector unions.

This cannot be allowed to happen in any democratic country. Only where fundamental human rights are guaranteed and respected can free and independent trade unions exist to the full and carry on their task of representing workers.

To defend our rights, we have to look more and more to making the democratic political process work for us, instead of against us, as it has so often in recent times, and this means internationally as well as domestically.

We have often urged the government to limit, suspend, or terminate development aid to countries which flagrantly violate basic trade union rights.

We should all be aware of the way in which the military government of Surinam violated basic trade union rights in that country. The offices of our counterpart, De Moederbond, were burned down, its President, Cyrill Daal, brutally murdered.

We in the CLC quickly sought, and obtained from the then Secretary of State for External Affairs, an assurance that Canadian aid to Surinam would be stopped until trade union rights were once again respected in that country.

A small step perhaps, but one worth building on.

Many in government, or in its employ, are quick to disavow any linkage between human rights and official development assistance. Such simplicity does no justice to anyone.

The CLC clearly recognizes how complex the provision of aid is in reality, and proposals we have lodged with the government over the years attest to this.

The CLC was in the forefront of efforts leading to the adoption by the International Labour Organization of a Resolution which would see more aid being given to help countries build up

their administrative and supervisory processes to safeguard human rights in the employment field.

We have called for the exclusion of ideological considerations in the operating decisions of the international financial institutions.

We have proposed that people to people aid be emphasized by our government, which has many willing Canadian "partners in development", particularly in those instances where government to government aid can strengthen a repressive regime.

Whatever the mix of approaches, it is clear that the case for stepping up official development assistance is overwhelming. The North, the western industrialized countries as a whole, has met barely half the low target it set at the beginning of the 1970's.

The Canadian experience has been one of revising targets and re-scheduling dates of achievement. However, even at the low rates of economic growth we in the North have become accustomed to, a doubling of development assistance would require only a small part of our collective annual increase in wealth.

For the low-income countries of the South, more and more seen by CIDA as the poorest of the poor, this could literally mean the difference between life and death for many millions of people. Dead people do not buy, but living ones can do so, and increased

prosperity in the South adds to the demand for exports from the North, including Canada.

Death in the sun is not, however, solely a matter of malnutrition or susceptibility to disease. Millions have died in the developing countries as a result of war.

A major focus of Canada's international relations must be the continual provision of assistance and good offices to those who can bring these wars to an end.

The Green Paper, in its call for a system based on international law and support for the United Nations, shares this concern and its reiteration of the promotion of peace in the nuclear age as a constant, consistent and dominant theme of Canadian foreign policy is heartening.

Countless Canadians in the labour movement, and throughout our society, will no doubt impress on this Parliamentary Committee their hopes for the elevation of this theme to continued action for peace.

They will no doubt act themselves as well as urging action on their parliamentarians and government.

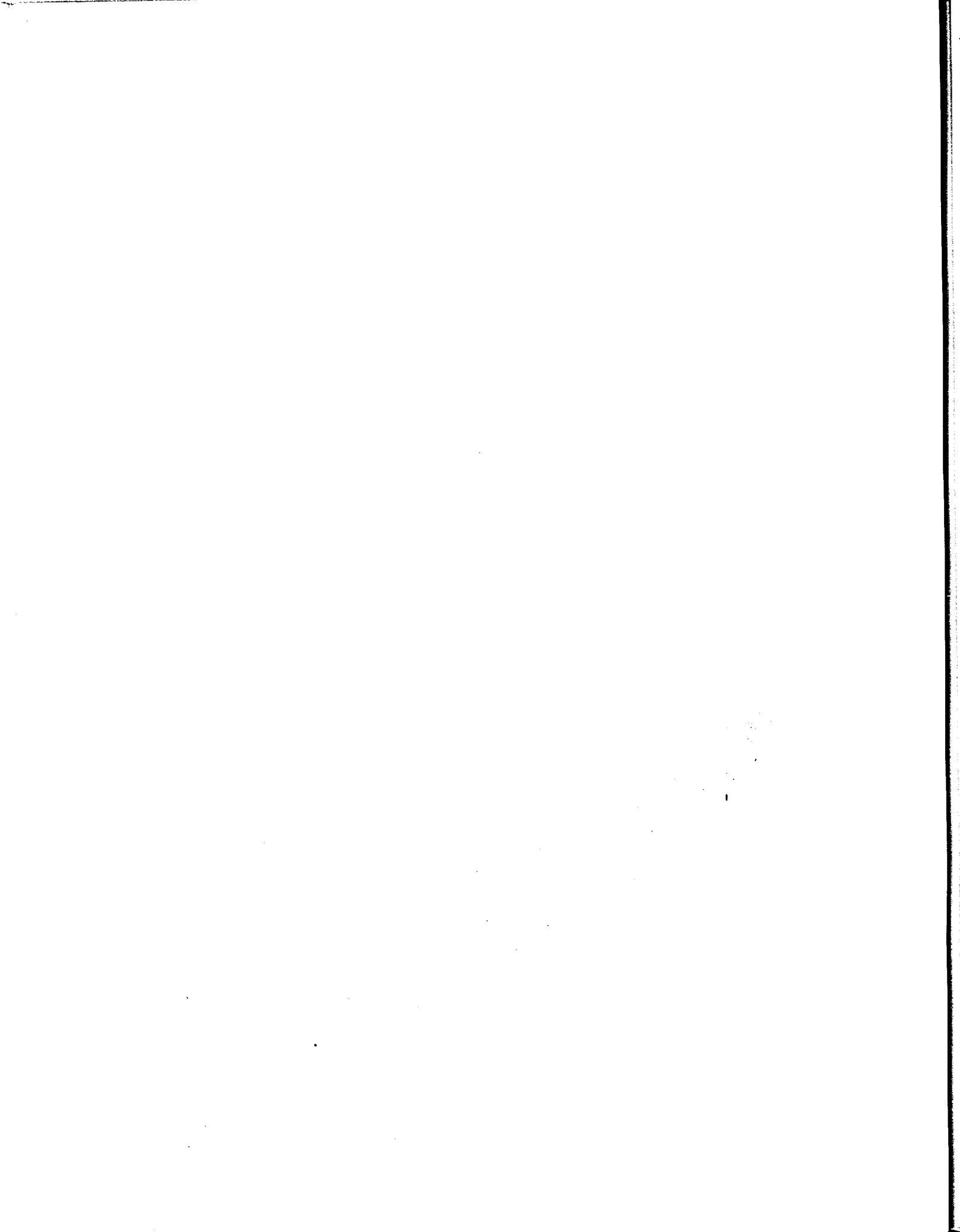
It is this quality which sets Canada and other democracies apart, and in fashioning directions for Canada's international rela-

tions, it has to be understood that as in the other democracies, Canada owes its strength and vitality to the various ways in which our people contribute to public life. The government carries a major responsibility to the people of Canada which can only be met by encouraging greater popular input into the making of foreign policy and the conduct of international relations.

Thus will the democratic ideals and values of Canada be more accurately reflected and enhanced.

A pre-requisite is for the government and its international relations bureaucracy to listen to and work with individuals, groups and associations making up our society.

The Green Paper served a fundamental purpose in offering a focus for the Parliamentary hearings. These hearings should, in our view, play their part by ensuring that this process is a step towards the goal of varied and continuing public input, rather than an end in itself.





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NOV 27 1985

November 20, 1985

The Clerks
Special Joint Committee on Canada's International Relations
Box 663
West Block
Houses of Parliament
Ottawa, Ontario
K1A 0A6

Dear Sirs:

Further to my letter of November 14 advising of this agency's intention to submit a response to the Green Paper, I now have pleasure in enclosing our brief for consideration of the Committee.

As a non-governmental organization, we welcome this opportunity to present our point of view and, as previously stated, it is our hope that we may be selected as one of the witnesses to appear before you.

Yours very truly,

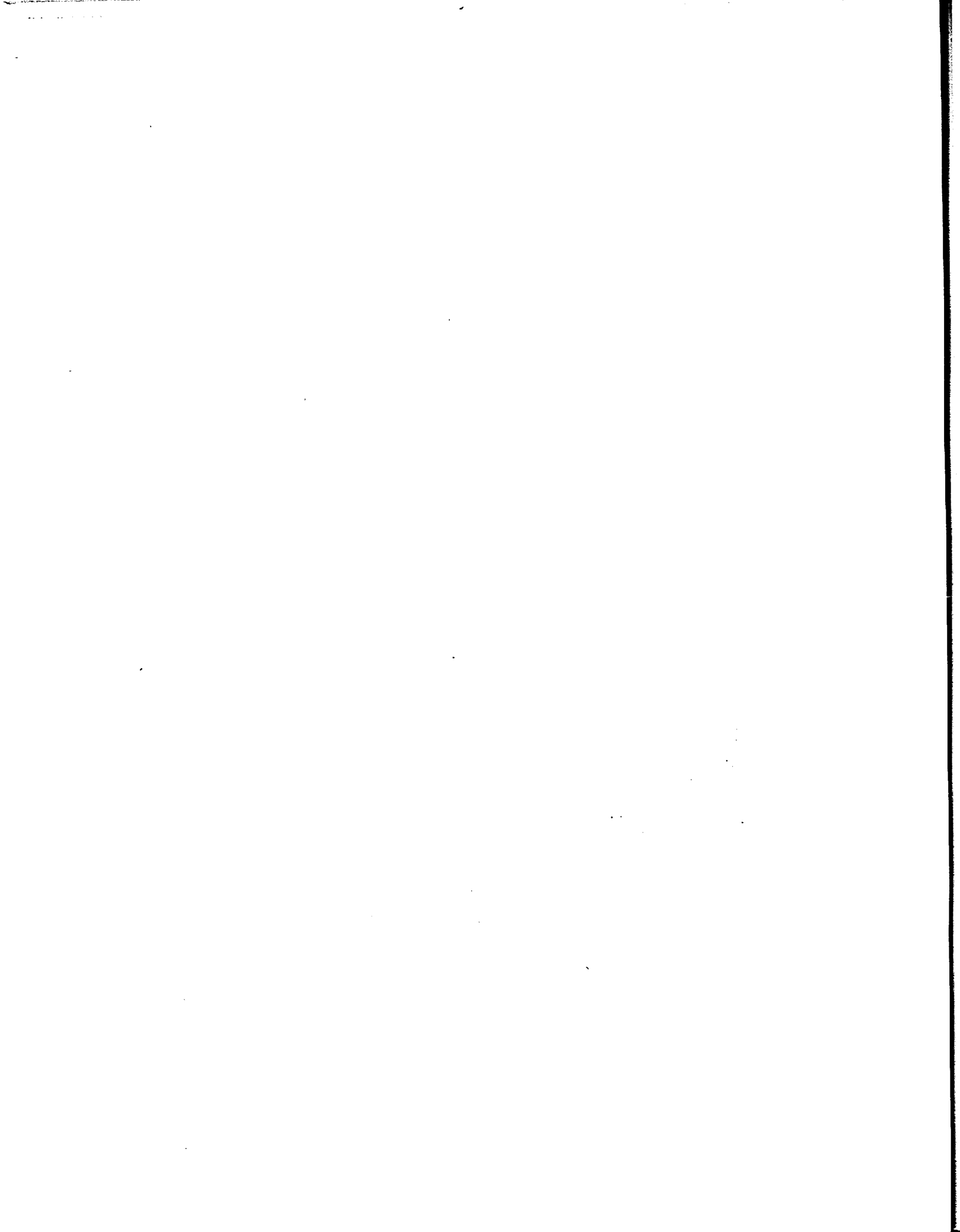
Jim Dahl

Jim Dahl
DIRECTOR OF INTERNATIONAL PROGRAMS

Enc:

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Her Majesty The Queen
Honorary Chairperson
Her Excellency The Right Honourable
Jeanne Sauvé, P.C., C.C., C.M.M., C.D.
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Les dons à L'Association canadienne d'aide à l'enfance
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THE CANADIAN SAVE THE CHILDREN FUND

RESPONSE TO THE GREEN PAPER ON COMPETITIVENESS AND SECURITY
DIRECTIONS FOR CANADA'S INTERNATIONAL RELATIONS

The Canadian Save the Children Fund (CANSAVE) welcomes the opportunity to submit a brief to the Special Joint Committee on Canada's International Relations and hopes that we may have the opportunity of being selected as one of the witnesses to appear before the Committee.

The Green Paper, as stated, has been drafted as an aid to a parliamentary review of Canada's international relations. It is a first step in mounting a comprehensive review which will take into account all major factors affecting Canada's contribution to, and survival in, the world community.

In the paper, the objectives are defined as :

- Unity
- Sovereignty and Independence
- Justice and Democracy
- Peace and Security
- Economic Prosperity
- The Integrity of our Natural Environment

We strongly support, from our own experience, the idea that there are linkages between the above objectives. We recognize that balances must be struck between them, being aware of the inter-dependency of different forces that must be considered, affecting not only the prosperity and well-being of our global community, but also its very survival.

In a recent release the Committee noted that it would be focussing its work on six themes. We are responding to the one which reads as follows :

"What opportunities are there for Canadian contributions to international well-being and the promotion of human rights ?"

"What are the international instruments available for promoting human rights ?"

We are primarily concerned with the Rights of the Child and, consequently, with all human rights and the well-being of the communities in which the children will grow to adults.

From recent statistics we are aware that more than 700 million people are living in conditions of absolute poverty and that more than 450 million of these are seriously under-nourished. We are also aware that three-quarters of the world's people receive only 30% of its food grains and consume only 15% of world energy. It is obvious that the distribution of the world's resources is inequitable and that we are suffering from over-concentrations of wealth and power.

To support the above statement, we direct the Committee's attention to the situation in the Philippine Islands. This is a highly populated country in the Pacific Rim area, which is now being given special attention by Canada for future trade relationships. As a result of the over-concentration of wealth and recent mechanization of the sugar industry, there is great suffering by rural people. A recent survey states that in 1965, 42% of the total farm area was owned by only .4% of families. In recent years, the concentration of landholdings by wealthy land owners has been even higher. We are advised that starvation is now being experienced in the island of Negros, similar to that which is afflicting the Sahel region of Africa.

Historically, humanitarian concerns on the part of the Canadian public have been the traditional basis for public support of Canadian overseas development programs. This support has encouraged the formation of a large number of non governmental organizations (NGOs) which are raising millions of dollars to support grass-roots programs. We are appreciative of the generous matching grant support which has been received from the Canadian International Development Agency (CIDA) for a period of over 15 years.

In our view, the role of NGOs is critically important in contributing to international well-being and the promotion of human rights. They contribute on a partnership basis with the poor communities of the world and encourage self-help projects which are determined and managed by the beneficiaries themselves. More than that, continuing attention is given to creating awareness of their fundamental rights as world citizens.

An equally important contribution of the NGOs is development education in Canada. Arising from the partnerships and participation of Canadians in grass-roots programs, is awareness of the causes of under-development. Canadians returning from service in Third World countries, and others associated with NGOs, continue to manage comprehensive education programs in schools and communities throughout our country. This is important in maintaining and strengthening the essential elements of democracy in Canada, and it is critical to Canadian contributions to international well-being.

A review of NGO programs by members of your Committee will assure you that they are effective. By their very nature, they are able to make direct contact with the people. They are efficient. A few years ago CANSAVE was invited by CIDA to assume responsibility for implementing the construction of a hospital in Burkina Faso. On a bi-lateral basis arrangements had been made government to government, to build a hospital in a remote area of that country at a cost of over \$3 million. After study by our agency, it was determined that it would be more appropriate to support and strengthen existing structures and train health care workers, rather than to create a new facility which had a real possibility of becoming a "white elephant". After negotiations with the governments of Canada and Burkina Faso, the alternative approach was approved, with a considerable saving of money.

We encourage members of the Committee to give careful consideration to the fundamental objectives of official development assistance. It is our belief that it should be directed primarily to serve the needs of those millions of people who are currently suffering from under-development. Care should be taken to ensure that our own objectives of trade and economic development do not impact in a negative manner on the growing forces for change in the Third World.

From our own experience, we would like to cite the example of Nicaragua. Here is a country where the vast majority of the people suffered from the greed of a dictatorship supported by external powers. The continuing suffering finally drove the majority of the population to revolution and to the overthrow of the Somoza regime. The Canadian Save the Children Fund was invited to open an office in Nicaragua shortly after the revolution, to support community development programs. It has been our experience in working with all levels of the Nicaraguan society that, indeed, here is a country where the people have fought for their freedom and are seeking democracy. It is our opinion that ill-considered foreign policy continues to frustrate their development plans and isolates, rather than bringing them in as true partners with other western nations espousing individual freedom. Almost without exception, voluntary agencies in Europe, Canada and the United States are aware of this injustice and are doing everything possible to encourage a change in U.S. foreign policy.

Because of the importance of grass-roots development and the need for development education and creating awareness, we encourage your Committee to recommend continuing and increasing support for the voluntary sector.

We would further encourage your Committee to support the initiatives of the voluntary sector with regard to the following :

To implement the suggestion made by the voluntary sector to the government with respect to 50% tax credit for charitable agencies.

To approve preferential postal rates for charitable organizations.

To support legislation which would permit the voluntary agencies to exercise their freedom in taking stands on issues, both political and otherwise.

As voluntary agencies, we continue to be concerned about the massive application of global resources to armaments, and we would draw the the Committee's attention to the fact that only a minor reduction in this sector would release considerable funds to strengthen those programs which are addressing the underlying issues of poverty and under-development.

We believe that the matching grant principle is a sound one but, for improvement, we would make the following recommendations :

The first is for simplification of administration. In the past CIDA has generously supported agencies on a project by project basis. Support has been generous for overseas programs but limited for development education. We would encourage CIDA, in future, to consider funding the agency and its works, rather than by projects. We regard our development education work in Canada as being equally important with our work overseas and we would welcome the Canadian government matching our efforts in both areas.

The second recommendation is on a note of caution. Offers of 100% funding have been made to NGOs by CIDA, for projects initiated through government contacts and motivated by political or economic considerations. These offers are most attractive, particularly to those NGOs with small budgets and limited fundraising ability. But, there are dangers. Continuing acceptance tends to make an agency a deliverer of services rather than a responder to needs. This can have the effect of weakening the voluntary sector

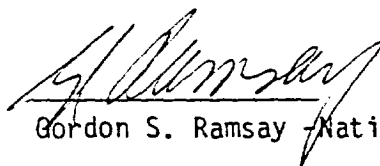
and introducing the possibility of some agencies becoming more quasi-governmental organizations than truly independent bodies. There is an important distinction between supporting and co-opting and this should be respected.

In summary, we believe that the survival of our Canadian way of life is dependent on the well-being, the healthy co-existence and the peaceful improvement of the conditions of the world community. The Non Governmental Organizations of the voluntary sector are admirably suited and appropriately situated to maximize Canada's contribution to such peaceful improvement.

In closing, we commend you for taking this initiative to involve the Canadian public and we would welcome the opportunity of appearing before you as a witness.

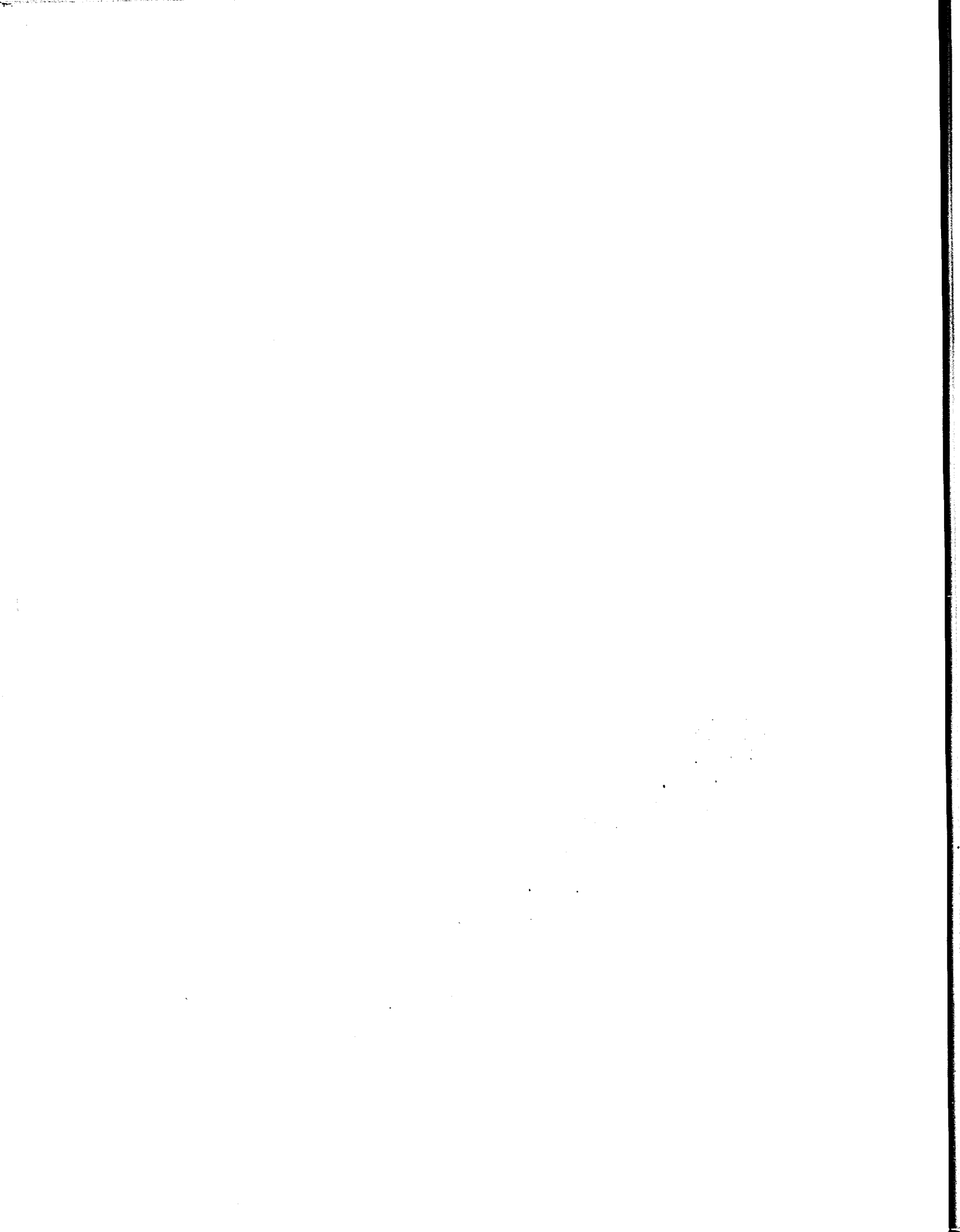


Donald Snyder -President, Canadian Save the Children Fund



Gordon S. Ramsay -National Director, Canadian Save the Children Fund

November 6, 1985



SUBMISSION TO THE SPECIAL JOINT COMMITTEE

ON

CANADA'S INTERNATIONAL RELATIONS

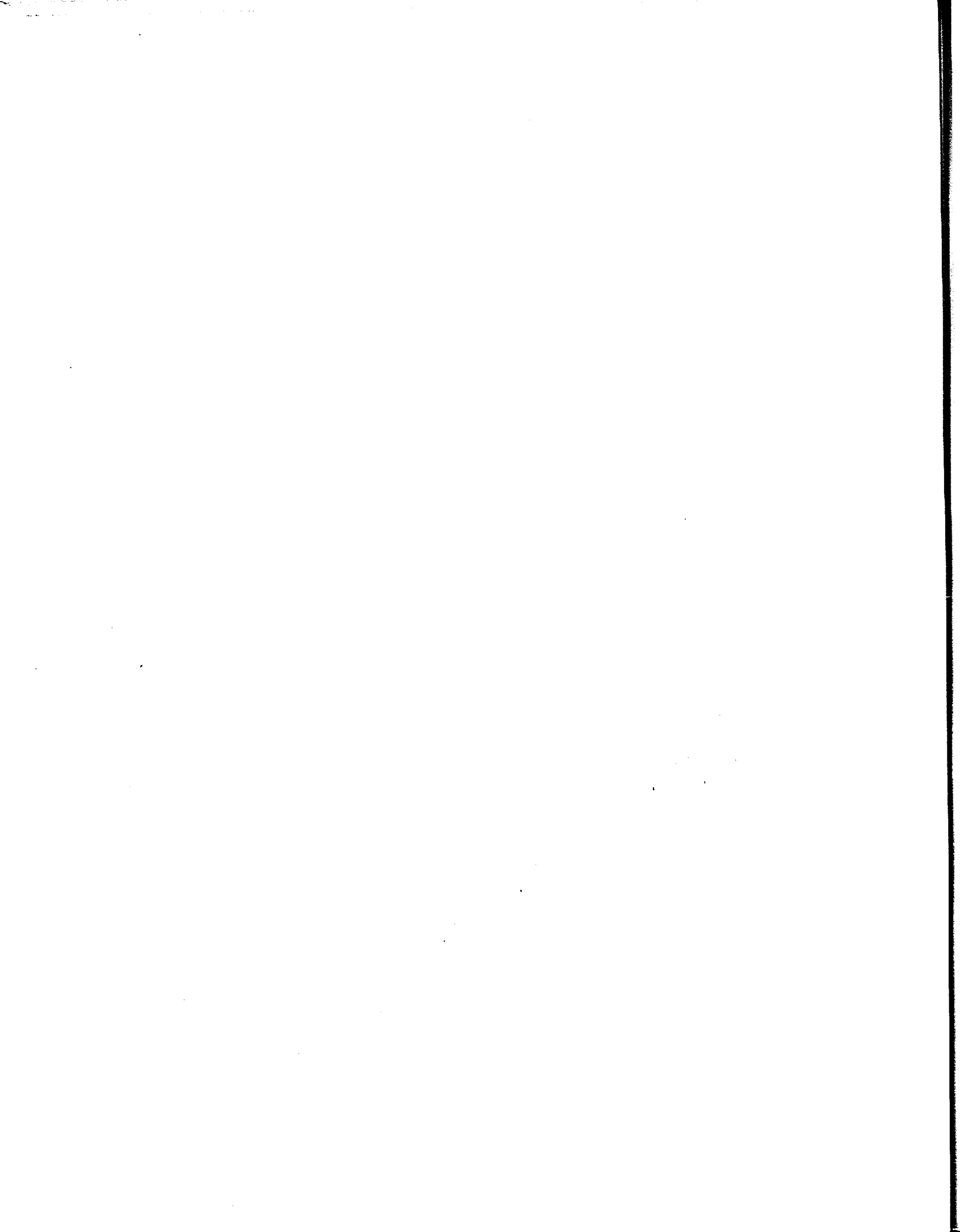
Presented by

CUSO

135 Rideau Street

Ottawa, Ontario

November, 1985



SUMMARY

CUSO is an independent Canadian voluntary organization which works with communities and groups committed to development and social change both in Canada and the Third World. CUSO has two main objectives: the economic and social advancement of the poor and powerless in the Third World and the promotion of public awareness and action in Canada about the causes of underdevelopment.

RECOMMENDATIONS

- 1- Canada move Third World issues to the centre of Canadian foreign policy.
- 2- Canada develop a "Third World policy" which minimizes the contradictions inherent in its current policies towards the Third World.
- 3- Canada design the development cooperation component of its Third World policy to help poor people.
- 4- Canada devote an increasing proportion of its Official Development Assistance to helping poor people.
- 5- Canada re-organize its development assistance program around a set of key issues.
- 6- Canada adopt a results approach to decisions about channelling Official Development Assistance spending.
- 7- Canada spend more money educating Canadians about the Third World.
- 8- Canada increase the amount of Official Development Assistance spent on evaluation and the sharing or implementation of the lessons learned from evaluation.
- 9- Canada devote more resources to increasing Canadian development research capacity.
- 10- Regional Recommendations
 - a) Africa - Canada recognize the key role of the African National Congress (ANC) in any eventual solution of the South Africa situation.
 - b) Africa - Canada recognize the long term nature of the crisis in Africa and make a special commitment to it.
 - c) Central America - Canada focus on the needs of poor people in that region.

Special Joint Committee Brief

INTRODUCTION

Publication of "Competitiveness and Security: Directions for Canada's International Relations" and the establishment of the Special Joint Committee on Canada's International Relations offer an excellent opportunity for widespread discussion of Canadian foreign policy.

The Decima poll showing that 40% of Canadians believe poverty and hunger are the biggest problems facing the world today make it imperative that Third World issues get careful attention during the debate. CUSO welcomes the opportunity to contribute.

CUSO

CUSO is an independent Canadian voluntary organization which works with communities and groups committed to development and social change both in Canada and the Third World. CUSO has two main objectives: the economic and social advancement of the poor and powerless in the Third World and the promotion of public awareness and action in Canada about the causes of underdevelopment.

CUSO works to achieve these objectives by sharing skills, funding development activities, educating Canadians and by forming partnerships between groups in Canada and the Third World. CUSO provides human and financial resources to people who seek to create self-sustaining solutions to their social and economic problems. CUSO uses resources acquired from governments, private individuals, and a broad range of professional and social action networks to carry out its programs.

As one of the largest and oldest Canadian international development organizations, CUSO brings to discussions of foreign policy experience accumulated during 25 years of international development work. Since its founding in 1961, CUSO has sent almost 9000 Canadians to work and learn in the Third World. In addition to our placement activities we have, since 1970, supported over 2000 development projects ranging in size from \$50 to over \$6,000,000. We work in 38 countries and have offices in 25.

CUSO has worked in countries whose political systems range from military dictatorships through almost all points on the political spectrum to western-style democracies. CUSO has programmed in any sectoral areas including agriculture, business development, community development, education, health, natural resources development and technology. Our experience has convinced us that the best development work primarily invests in people. Our strength is people working together.

Preparing this paper, CUSO has drawn widely on the experience within our organization. We solicited input from our membership. We convened a special meeting of selected supporters and staff to discuss some of the issues which arise from Security and Competitiveness.

Special Joint Committee Brief

APPROACH

Since Canada began its international development assistance in Colombo Plan activities, we have all learned much about the theory and practice of development work. Several excellent books have pulled that together and, specifically, the lessons Canadians have learned from it. We will not attempt to duplicate this material here. Neither will we give an indepth description of CUSO's work nor all the policy issues that touch us. We will focus on a few major issues we think need discussion and decisions.

Third World problems require action now, not more talk. With respect to the Third World questions of development, it has all been said already. While we welcome this new opportunity for input to Canadian foreign policy, unless it results in prompt action, it will merely be another frustrating exercise for all concerned.

In this paper we use several terms that rarely get defined. Before moving into the brief itself, let us say a little about them. By the term "Third World", we mean the countries that generally came to independence after World War II, usually have low per capita national incomes, and are neither among the rich Western nations nor in the Eastern Bloc. There have been many sub-groups defined within the Third World. Each of them serves a useful purpose in specific discussions, but we will use the term in its most general sense here. Third World nations know who they are. That may be all that is really required.

"Development" is another term that has acquired a range of meanings over the years. For CUSO, "development", in the international context, is a process of helping poor people get more of what they need and want. More complex definitions for the word exist. We believe that complex definitions are at least a partial cause of the confusion and contradictions that have bedevilled development work over the last three decades. Good development work must focus on the simple objective of getting poor people more of what they need and want.

We have used the phrase "development cooperation" throughout the paper. Other words are commonly used to describe programs designed to help poor people get more of what they need and want. We use development cooperation because it comes closest to the concept of partnership which underlies effective development programs. We cannot do development "to" others. We cannot do development "for" others. We may - if we work extremely carefully - be able to do development work "with" others. True cooperation is the key to successful development work.

In this paper we put forward some recommendations for Canadian foreign policy, based on the development assistance issues we know best.

Special Joint Committee Brief

RECOMMENDATIONS

1- CANADA MOVE THIRD WORLD ISSUES TO THE CENTRE OF CANADIAN FOREIGN POLICY.

Third World issues do not occupy a central place in Canadian thinking. Canadians look to the United States or to Europe, orientations arising naturally from our history and geography.

To orient Canadian foreign policy to the future, Canada must move Third World concerns closer to the centre of our policy thinking, not only for humanitarian reasons, but also for the pragmatic considerations that dominate the thinking that produced Competitiveness and Security.

The Brandt Commission makes an eloquent case for the interdependence of North and South. That case is especially true for Canada. The Third World contains the majority of the world's population. It possesses a wealth of important raw materials. Although some recent Asian developments reveal the Third World's potential for dynamic economic growth, in too many countries serious economic problems exist. If not solved, they will bring down the delicate "house of cards" that constitutes today's world economy. Canada, heavily dependent on trade, could not stand aloof from any such collapse. What happens in the Third World matters to us today. The Third World is no longer a side-show. It will matter more in future. We must adjust our approach to policy formulation to recognize that fact.

What would such an approach mean in practice? It would not mean simply more aid. Third World countries need more partners and fewer patrons. Commodity prices have greater impact on the Third World than aid programs. Relations with the Third World cover the full range of foreign policy questions. The diverse interests of the many countries in the Third World make simple generalizations impossible. Making relations with the Third World majority central to our policy would mean accepting a new view of Canada's place in the world. It would mean organizing our policies around new basic principles with a future orientation, not the ones we have grown comfortable with since the end of World War II.

Any new policy orientation must centre on clear consistent policy guidelines derived from making the long-term objective of better Canadian relations with the Third World a key item on the Canadian agenda. Questions of trade, security, political relations and development cooperation would all be approached somewhat differently if this objective took precedence over other objectives.

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2- CANADA DEVELOP A "THIRD WORLD POLICY" WHICH MINIMIZES THE CONTRADICTIONS INHERENT IN ITS CURRENT POLICIES TOWARD THE THIRD WORLD.

Reading Security and Competitiveness gives a sense of the many issues which make foreign policy formulation so complex.

At different times, different issues take on different importance for Canada. Canada frames policy in response to immediate needs or concerns. We believe that Canada must take a longer-term view of the world situation. Without a long-term view, we too easily find ourselves making abrupt shifts in policy in attempts to respond to current issues, or trying to pursue foreign policy ends which are mutually exclusive or even contradictory.

Take the role of multilateral institutions for example. On the one hand, Canada supports UNICEF which runs programs designed to improve Maternal and Child Health programs in many Third World countries. On the other hand, Canada participates in the IMF. Many IMF policies push for structural adjustments which, when put into force, push the cost of basic food items out of the reach of the same women and children we seek to assist through our support for UNICEF.

Take trade. Canada assists people in Bangladesh to develop. We put money into programs there, both bilateral and non-governmental. Bangladesh builds up a textile industry which offers employment to its people and produces shirts of excellent quality for possible sale in the Canadian market. However, our tariff policies prevent Bangladesh shirts from being sold in Canada. With one hand we give assistance, but with the other we take it away.

We accept that there will always be some contradictions in Canadian policy. We do believe, however, that it should be possible for all aspects of foreign policy which have potential impact on the Third World to be tested for contradictions. A majority of these contradictions could be eliminated. Such a policy would constitute a coherent Third World policy.

3- CANADA DESIGN THE DEVELOPMENT COOPERATION COMPONENT OF ITS THIRD WORLD POLICY TO HELP POOR PEOPLE.

CUSO sees development as a process of helping poor people get more of what they need and want. We see development cooperation as an humanitarian first step in relations with the poor. CUSO does not stand alone in this approach. The paper, "Strategy for International Cooperation 1975-80", builds Canadian development cooperation policy on projects that would help the poor, and on the poorest countries

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as primary recipients of Canadian aid. The Parliamentary Task Force on North-South Relations stated, "the purpose of aid is to aid." Development policies and programs should build on this first principle and adapt, situation by situation, to fulfill it.

We do not rule out the possibility of aid and export development working in a complementary fashion, but we emphasize the importance of putting the needs of poor people first in our development cooperation policy.

We accept that development work does not exist in isolation from the other components of Canada's foreign policy. Even if Canada developed a "Third World policy", this would be the case. We believe, however, that development policy must occupy a special place in the complex inter-relationship involving the other aspects of foreign policy. Present foreign policy tries to accommodate the varied interests of too many different policy-players. The impact of our development assistance suffers as a result. We believe that CIDA must have a much stronger role in the formulation of development cooperation policy. This policy must be part of a clearly coordinated Third World policy.

Over the past 25 years CUSO has learned a number of practical lessons about doing development work. We believe that Canada must ask questions like the following about any development assistance activity it proposes to support

- does the activity help poor people?
- does the activity help women?
- is the activity locally supported and controlled?
- is the activity making maximum use of local resources?
- is the activity sustainable by local people in the long-term?
- is the outside assistance provided appropriate to the locale?
- is the activity coordinated with other local activities?

CIDA has the people to ask these questions and the experience to evaluate the answers. It must have a mandate to do this kind of work unencumbered by the need to boost Canadian exports. That work is properly the province of other sections of the government or business people.

4- CANADA DEVOTE AN INCREASING PROPORTION OF ITS OFFICIAL DEVELOPMENT ASSISTANCE TO HELPING POOR PEOPLE.

Official Development Assistance constitutes one component of Canada's development policy. Canada's ODA record compares well with that of many other countries but we believe it could be improved.

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The effectiveness of Canadian aid, as aid, suffers from a lack of focus due to Canada's attempts to reconcile its humanitarian, commercial and political objectives. Many of these contradictions come to rest in CIDA which tries to satisfy many masters giving inconsistent orders.

Canadian interests include economic interests but these are not the only ones. We believe it wrong, and against the wishes of many interested Canadians, to focus on our economic self-interest when trying to help poor people.

With middle-income developing countries, commercial relations may take precedence; for the least-developed countries, development cooperation must be the priority. Poverty reduction must be its aim.

This means that, over time, we should probably devote a greater percentage of our ODA to programs in the least-developed countries. This is known and accepted in development thinking, but rarely acted on since other policy needs interfere.

It also means that we must reduce the amount of our Official Development Assistance which is tied. Only rarely can tied aid constitute an efficient or effective means of helping poor people get more of what they need and want. We know this but have not yet implemented it.

We accept that change in the Canadian approach cannot come instantly. It is crucial to set clear targets establishing movement in the Canadian development cooperation program towards giving the needs of the poor priority. It is time to move theoretical priorities into action.

5- CANADA RE-ORGANIZE ITS DEVELOPMENT ASSISTANCE PROGRAM AROUND A SET OF KEY ISSUES.

Canadian bilateral development programming focuses on the country program. The list of countries aided by Canada, through bilateral programs, multilateral agencies we support, and the work of Canadian and international NGOs, is a long one. The system of priority-countries that Canada has developed does designate some countries as more important than others. Making significant changes in the list has proven difficult. The list may be too long for a country of Canada's size as well.

A focus on countries has taken Canada about as far as it can. Setting priorities within countries poses practical problems. Setting priorities among countries, many extremely needy, forces

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Canadian policy-makers to use many non-development criteria to make decisions. This helps lead to the confused state of Canadian development programming. It also means that many problems not easily compartmentalized by nation state get less than their proper attention. Problems like the environment, provision of clean water, the eradication of malaria, the role of women or the role of indigenous people are examples of key issues much larger than any nation.

We need a new organizing principle. We think a key issue focus offers this new principle. Looking at Canadian development cooperation in relation to a few key issues could help resolve some of the difficulties and contradictions in current practice.

It offers another advantage. Many of these issues are on the Canadian domestic agenda. Work to solve them internationally would pay dividends for Canadians if international solutions applied to Canada too. Such a tying of aid to real issues would constitute a "tied aid" more acceptable than current subsidies to sometimes inefficient Canadian industries.

How might this work? We could look at the range of issues that need attention, assess them against Canadian needs and capabilities, then make decisions based on the potential for effective Canadian involvement in problem solving. Program approval would become more straightforward since activities could be looked at on their own merits relatively free from country considerations.

6- CANADA ADOPT A RESULTS APPROACH TO DECISIONS ABOUT CHANNELLING OFFICIAL DEVELOPMENT ASSISTANCE SPENDING.

Arguments about how Canadian aid should be spent, what shares should go to bilateral, multilateral, or non-governmental programs, have featured in past reviews of Canada's development cooperation policy. CUSO as an NGO would, naturally, like to see continued increases in money channelled through NGOs. The issue requires a more detailed response than that. We believe that organizing around an approach that identifies key development issues and gears Canada's program to helping solve them could cut through the discussion of channels. Rather than discussing what percentage should go to whom, the question would become "what channel can deliver programs to solve the problems most effectively? The focus would move away from the delivery methods of development cooperation and concentrate on its results.

Through the Special Programs Branch of CIDA, Canada has built up a unique partnership between government and non-governmental organ-

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izations. That partnership has accomplished two things. It has involved large numbers of Canadians in Third World development in a wide variety of ways. It has also, as many observers are increasingly coming to realize, produced some excellent development work, especially in work directly with poor people overseas or with groups working closely with the poor. The NGO channel has potential to provide results.

The bilateral and multilateral approaches also have their strengths. By examining which approach showed the most promise for solving the problem, the best combination of channels could be chosen for a specific development issue.

7- CANADA SPEND MORE MONEY EDUCATING CANADIANS ABOUT THE THIRD WORLD.

The world our children will inhabit will differ markedly from the one we live in now. Futurists have made predictions about what life will be like. It is easy to question some of their ideas but it seems clear to us that the Third World will play a vital role in Canada's future.

This warrants Canada taking a more systematic approach to learning about the Third World at all levels in our schools. It also means making more effective use of informal education methods to help Canadians learn about Third World issues, their derivation, and their impact on Canada.

This recommendation means more than increasing the budget of CIDA's Public Participation Program. It recognizes the need to build on Canadians' charitable impulses expressed so well whenever a disaster strikes.

Many Canadians who gave money and time to assist the starving in Ethiopia asked, and continue to ask, why the situation developed as it did and what will happen in future. Few development agencies have the means to respond to these questions as effectively as they should. All of us working in development must make the Canadian public full partners in our enterprises so that there will be an adequate base of support, from both donors and taxpayers, to meet the costs of making the changes in Canada and abroad that the future will demand of us.

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8- CANADA INCREASE THE AMOUNT OF OFFICIAL DEVELOPMENT ASSISTANCE SPENT ON EVALUATION, AND THE SHARING OR IMPLEMENTATION OF THE LESSONS LEARNED FROM EVALUATION.

Critics say development work has failed. The optimism of the First Development Decade, the hope that some sort of international Marshall Plan could achieve in the Third World what was achieved in post-war Europe, faded away quickly. In many countries "aid fatigue" has replaced the optimism of the early days of development work.

We have all learned important lessons. Recent reports suggest that agencies at all levels are getting better at accomplishing what they set out to do. Just when we all are growing tired of doing development work, we seem to be learning how to do it.

We need to make sure that the lessons, so difficult and expensive to learn, are widely shared and that time is built into programs to allow the kind of participatory evaluation that leaves appropriate learning in place when the programs end.

CUSO sees development as an investment in people. A development activity only fails if nobody learns from any mistakes made in it. We need to learn. Our partners need to learn. We must demonstrate our mutual learning through improved approaches to development problems. Neither of us must be afraid to make mistakes, especially new mistakes. We must reward people who put their new lessons about the development process into practice. More evaluation and an atmosphere of shared learning are crucial to such an approach.

9- CANADA DEVOTE MORE RESOURCES TO INCREASING CANADIAN DEVELOPMENT RESEARCH CAPACITY.

Our activities overseas can teach us valuable lessons but not all learning comes from field work. The need to explore the theoretical aspects of development questions, as well as the links between practical work in different geographic and issue areas, means increased attention must be paid to Canadian research capacity at both specialized institutions like the North South Institute and in more general academic settings. Research in the development field must also continue to explore the links between development work and the broader range of Third World policy issues, and the ties between Third World policies and more general foreign policy questions.

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10- REGIONAL RECOMMENDATIONS

- a) Africa - Canada recognize the key role of the ANC in any eventual solution of the South Africa situation.
- b) Africa - Canada recognize the long-term nature of the crisis in Africa and make a special commitment to it.
- c) Central America - Canada focus on the needs of poor people in that region.

In each country where CUSO works there are issues of importance to Canadian policy. We raise only three under this recommendation partly because they are vitally important and partly because they are useful tests of the other recommendations we have put forward.

Given the large number of poor black South African people whose problems result directly from the current government there, Canada would have to do something about South Africa in any Third World policy. A large number of practical steps, some of which the government has begun to take, have been suggested. We do not repeat them here. It seems to us that a breakthrough step is required to move forward. Such a step could involve Canada's accepting the ANC as a key player in the current situation and working through it to develop programs designed to get poor South Africans more of what they need and want. Attempts to deliver appropriate programs to poor South Africans would be an excellent test of the flexibility of various program-delivery channels.

The long-term African crisis, brought so sharply to Canadian attention in Ethiopia last year, is one which transcends national boundaries. Canada has taken some innovative steps to deal with the complex of issues Africa poses. Not only must we continue to seek innovative ways to deal with the many aspects of the issue but we must also recognize the long-term nature of most of the problems involved and commit ourselves to working on them for the long-haul. To do so will mean implementing almost all of the recommendations we make above.

In Central America there are a range of issues to consider too. Canada has shown its willingness to develop an independent approach to the problems of the region. We believe a focus on the poor people in the region, especially those who are refugees or displaced people, will provide guidance to policy-makers as they negotiate through the tangled situation there. Such a focus would also help select effective channels for improved cooperation with the poor.

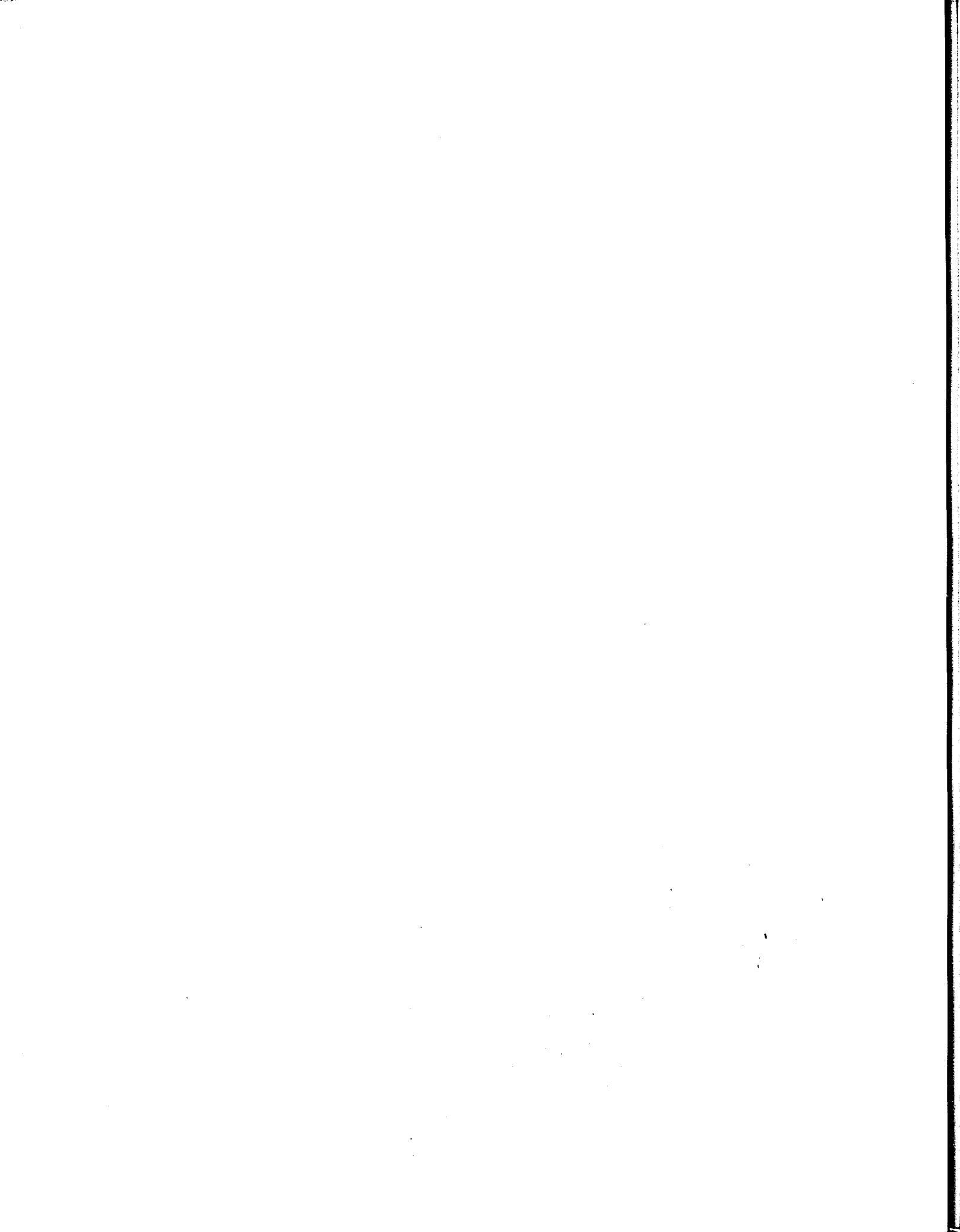
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CONCLUSION

Based on our experience in development work, CUSO has offered some recommendations for consideration by Canadian policy-makers. We believe all of these recommendations are implementable. They do not propose significant departures from Canadian practice. They recognize our status as a middle-sized, wealthy nation with an important stake in an orderly movement to a better more equitable distribution of world resources. They build on Canadians' recognition of their responsibility toward the future of the planet. They derive from a desire to strengthen the many positive features of past Canadian policy and to minimize the contra-dictions which too often have dominated Canadian policy.

We look forward to an opportunity to discuss these recommendations with the committee.





M É M O I R E

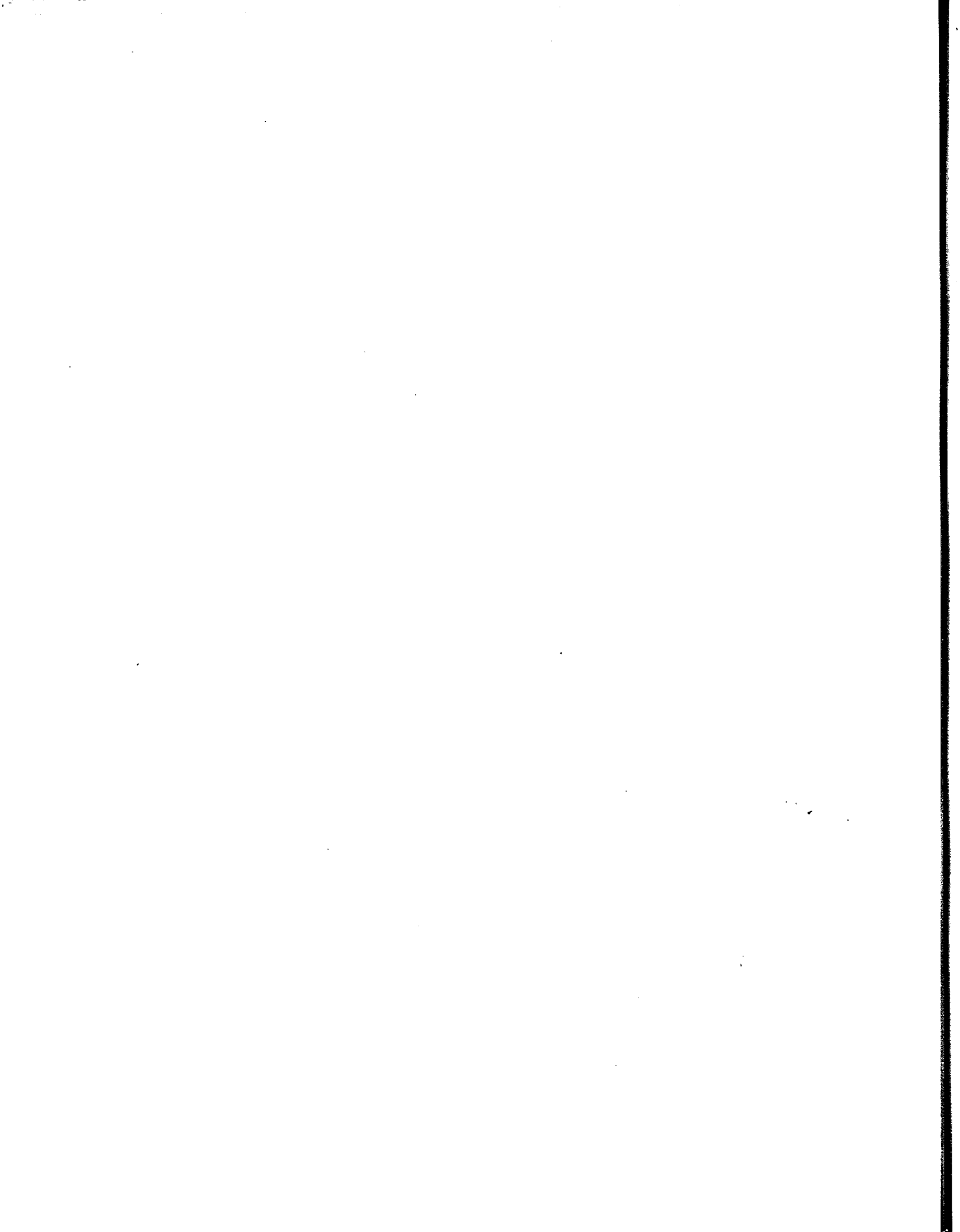
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CONFÉDÉRATION DES SYNDICATS NATIONAUX

au

Comité mixte spécial sur les relations extérieures
au sujet du Livre vert, "Compétitivité et sécurité:
Orientations pour les relations extérieures du Ca-
nada"

Ottawa, décembre 1985



1. Présentation

Le 8 août dernier la CSN a eu l'opportunité de se présenter devant le Comité mixte sur les relations extérieures afin de faire part des positions sur l'initiative de défense stratégique (IDS) et sur le projet de libre-échange avec les États-Unis. Sur la question de l'IDS, la CSN, comme la grande majorité de ceux et celles qui se sont présentés devant le Comité, s'est opposée à une collaboration canadienne au développement de l'IDS, jugeant que cela constituerait un soutien canadien à une escalade inacceptable de la course aux armements. Nous avons accueilli avec satisfaction la décision du Premier ministre de ne pas participer à l'IDS, même si le Comité mixte n'a pu arriver à un consensus sur cette question.

Au sujet du libre-échange, la CSN s'est opposée à la négociation d'une entente de libre-échange global avec les États-Unis, et proposait au gouvernement de limiter les discussions commerciales avec les États-Unis sur des moyens pour éviter des barrières extraordinaires des deux côtés de la frontière ainsi que sur la diminution des barrières dans des secteurs où il y aurait un avantage très net pour le Canada. Une analyse des échanges commerciaux canado-américains et des implications d'une libéralisation complète de ces échanges indiquent que de nombreuses industries pourraient être mises en péril par une entente de libre-échange, particulièrement dans le secteur manufacturier, alors que les avantages d'une telle entente sont, au mieux, hypothétiques. La CSN, dont plusieurs milliers de ses 230,000 membres travaillent dans des industries vulnérables, qui est également soucieuse de l'impact du libre-échange sur nos programmes sociaux, notre spécificité culturelle et notre autonomie politique proposait au Comité de recommander au gouvernement de renoncer à la négociation de libre-échange avec les États-Unis.

Le présent mémoire vise à faire connaître au Comité mixte les opinions de la CSN sur les autres sujets couverts par le Livre vert sur les relations extérieures du Canada. Bien que nous croyons que ce Livre vert apporte certains éléments d'information intéressants, la CSN ne partage pas plusieurs diagnostics de la situation mondiale et canadienne inclus dans ce livre. Dans un premier temps, nous désirons réagir à certaines prémisses contenues dans le Livre vert du ministre Joe Clark. Les autres parties de notre mémoire présentent des propositions de la CSN pour une politique étrangère canadienne originale visant à contribuer à la paix mondiale, à accroître l'autonomie canadienne et à contribuer à la réduction des inégalités entre les peuples du monde.

2. Les prémisses du Livre vert

Tout exercice de revision d'une politique, que ce soit la politique étrangère ou autre, doit partir d'une analyse critique de la politique actuelle afin de relever les erreurs du passé qu'on doit chercher à corriger. Rien de cela ne se trouve dans le Livre vert du secrétaire d'État aux Affaires extérieures. Ce document présente une analyse simpliste voir même caricaturale de la situation mondiale, laissant peu de place à un réel examen en profondeur des faiblesses qui pourraient exister dans les interventions canadiennes dans ce domaine et qui pourraient nécessiter une réorientation. Selon le Livre vert, le Canada et le bloc occidental auquel il est allié ne sont épris que de bonnes intentions à l'effet de faire régner la paix, intentions qui sont cependant frustrées par une URSS agressive et menaçante.

Ainsi, dès le premier paragraphe, on affiche les sentiments vertueux qui sont à la base de toutes les interventions canadiennes sur le plan mondial ainsi que, implicitement, celles de nos alliés: "tolérance, justice, générosité et désir de paix" (page 1). Si, aujourd'hui, ses objectifs vertueux

pouvaient être menacés, le Livre vert n'entretient aucun doute quant à la source de ces menaces: "Le risque le plus immédiat pour la sécurité du Canada provient de la capacité militaire de l'Union Soviétique et de son antipathie à l'égard de nos valeurs" (page 40). Pour faire face à cet adversaire, le Canada n'a eu d'autre choix que de se joindre à des alliances militaires avec d'autres pays qui partagent nos valeurs et notamment avec les États-Unis qui sont "l'ultime garant de la sécurité des démocraties occidentales" (page 6).

Il s'agit d'une analyse de la situation mondiale merveilleuse dans sa simplicité et que le Président Reagan pourrait sans doute endosser: les tensions mondiales ne sont que la faute d'une seule puissance qui ne partage pas nos valeurs de liberté et de démocratie. Une analyse simple mais, malheureusement, fort peu crédible sauf pour ceux qui appuient sans ambiguïté les thèses de M. Reagan à son plus démagogue lorsqu'il parle de "l'empire du mal" en référant à l'Union Soviétique. Nous croyons que le Livre vert se doit, effectivement, de montrer le caractère agressif et impérialiste de l'Union Soviétique mais pourquoi refuse-t-il de faire la même analyse, en fermant les yeux sur des évidences. lorsqu'il parle de l'autre grande puissance, les États-Unis?

Ainsi, le Livre vert reproche à l'URSS de continuer "de dominer les pays de l'Europe de l'Est" et d'avoir "envahi l'Afghanistan et exercé des pressions sur la Pologne". Les constatations du Livre vert sont très justes, mais pourquoi ne pas faire les mêmes reproches aux États-Unis en ce qui concerne la domination exercée sur les pays d'Amérique centrale, le financement de mercenaires anti-gouvernementaux qui envahissent le Nicaragua, l'invasion de la Grenade et les pressions exercées sur de nombreux pays d'Amérique La-

tine qui ont tenté de se distancer des États-Unis. Le Livre vert reproche à l'Union Soviétique et aux autres pays de l'Europe de l'Est de "faire fi des droits fondamentaux de l'homme", mais pourquoi ne parle-t-il pas de la suppression des droits fondamentaux sur une échelle aussi grande, sinon plus grande (puisque'il s'agit souvent de la suppression du droit le plus fondamental qui est le droit de vivre) qui est exercée dans des pays "amis", grands alliés des États-Unis que sont le Guatemala, le Salvador, le Chili, autrefois l'Argentine, l'Indonésie, les Philippines, etc. De l'avis de la CSN, les interventions du gouvernement canadien en matière de droits humains seraient à la fois plus crédibles et plus efficaces si le gouvernement commençait par reconnaître que ces violations ne sont pas le monopole de nos "adversaires" mais ont libre cours également chez quelques-uns des plus fidèles alliés de notre grand voisin du sud.

Le même manque d'objectivité se manifeste lorsque le Livre vert fait le diagnostic que la course actuelle aux armements est principalement le fait de l'URSS. Au cours des quinze dernières années, selon le Livre vert, l'URSS et ses alliés ont nettement dominé cette course" par l'amélioration qualitative et quantitative des forces soviétiques, qui a donné à L'Union Soviétique et à ses alliés un net avantage au plan des forces classiques et des forces nucléaires de portée intermédiaire, et à peu près la parité au plan des forces nucléaires stratégiques" (pages 12-13). Le Livre vert prend bien soin de ne citer que les chiffres de l'OTAN, dont la source est le Pentagone, pour appuyer ses dires. Or, de nombreuses autres sources indépendantes et respectées mondialement, comme le Secrétariat de l'ONU pour le désarmement, le Stockholm International Peace Research Institute (SIPRI), le Center for Defence Information (Washington) présentent un portrait beaucoup plus nuancé en comparant les deux puissances.

Selon les deux derniers instituts, les forces conventionnelles du Pacte de Varsovie et celles de l'OTAN sont numériquement équivalentes, avec une nette supériorité technique à l'OTAN. Quant aux forces nucléaires, le Livre vert passe sous silence le fait que la course aux armements a toujours été et continue d'être largement imposée par les États-Unis qui ont été la source de plus d'une dizaine d'innovations techniques majeures apportées au plan de la stratégie nucléaire, dont les missiles de croisière et le projet de l'IDS sont parmi les dernières. Une seule innovation importante, les missiles anti-missiles, est clairement imputable aux Soviétiques, mais ceux-ci, et c'est cela qui fait que la course aux armes nucléaires est ingagnable, ont montré leur capacité de suivre cette course de façon inlassable bien qu'avec un décalage de quelques années.

Le Livre vert se montre très sélectif dans sa description historique, laissant entendre que l'URSS est le grand responsable des investissements militaires canadiens: "Avec l'introduction de nouvelles générations de bombardiers et de missiles de croisière soviétiques pouvant être lancés depuis des bombardiers ou des sous-marins...., il est devenu nécessaire d'améliorer sensiblement les installations canado-américaines d'alerte et de défense aérienne" (page 42). Le Livre vert oublie de mentionner que les Américains ont été les premiers à mettre au point les missiles de croisière et que déjà plus de la moitié des armes nucléaires stratégiques américaines sont à bord de sous-marins et de navires (ce qui les rend pratiquement invulnérables) et que les Soviétiques ne font donc que commencer à suivre l'exemple américain. De la même manière, le Livre vert tente de justifier le choix des États-Unis en ce qui concerne l'IDS en disant que la principale menace à notre continent vient de "missiles ballistiques armés de têtes nucléaires contre lesquels la seule véritable défense a été la dissuasion stratégique", mais il néglige

de mentionner l'apport inestimable de l'IDS pour compléter la stratégie de première frappe nucléaire américaine connue sous le nom de Airland Battle.

La même analyse biaisée transpire lorsque le Livre vert déplore que "pour le Canada, l'un des principaux instruments de sa politique étrangère, soit les grands organismes multilatéraux, a été gravement remis en cause". Le Livre vert résume ainsi les causes de l'érosion de l'influence de l'ONU: "Avec l'admission de plus d'une centaine de nouveaux membres, il est devenu de plus en plus difficile de s'entendre sur les principes de droit et de justice. Et il est notoire que certains états sont toujours résolus à poursuivre leurs intérêts en contravention du droit international". On laisse entendre que le déclin de l'ONU serait donc la faute du Tiers-Monde, encore largement colonisé et absent de l'ONU en 1945, qui n'a pas voulu respecter les principes fondamentaux de droit et de justice sur lesquels s'entendaient les membres fondateurs. À notre avis, ce serait plutôt inquiétant si l'ONU n'avait pas modifié ses conceptions depuis le début lorsque quelques pays industrialisés dominaient l'organisation. Parmi les libertés fondamentales que certains des nouveaux membres n'ont pas voulu endosser sont la liberté complète d'entreprise et la libre circulation des investissements et des profits. Mais a-t-on vraiment le droit de condamner le non-respect de certains "droits fondamentaux" comme ceux-ci par la Chine, qui a réussi dans l'espace d'une génération à relever l'espérance de vie moyenne de 20 ans. Et que dire du non respect du droit international par certains nouveaux membres de l'ONU lorsqu'un des membres d'origine, les États-Unis, déclare qu'il ne respectera aucune décision du Tribunal international de la justice en ce qui touche la violation du droit international au sujet du Nicaragua?

Plus loin, le Livre vert, reprenant encore une fois le dis-

cours américain, cite l'UNESCO comme l'exemple d'une institution de l'ONU qui est-devenue "trop politisée". Mais quelle est la politisation qu'on reproche à ces institutions sinon leur volonté d'examiner certains cas d'injustice flagrante qu'une majorité de pays membres voudraient corriger? Dans le cas de l'UNESCO, on sait que le fait de revendiquer un nouvel ordre de l'information internationale a beaucoup déplu aux États-Unis et à quelques autres pays. Qu'y a-t-il de surprenant à ce que les pays du Tiers-Monde veuillent avoir un ordre de l'information différent qu'actuellement, alors que les agences de presse de trois pays (États-Unis, Grande-Bretagne, France) dominent l'information internationale?

La "crise de confiance" vécue par les institutions internationales nous apparaît avant tout comme un manque de confiance exprimé par certains pays riches qui ne peuvent plus mener ces institutions comme leur club privé. Car, que s'est-il passé à l'ONU sinon que la majorité de la population mondiale et la majorité des pays ont commencé à s'opposer à la liberté du renard dans le poulailler?

3. Pour une contribution originale par le Canada à la paix mondiale

La CSN croit que le Canada peut et doit faire une contribution originale et constructive dans le domaine international, mais nous croyons qu'il faut d'abord faire une analyse plus objective et plus détachée de la conjoncture internationale. Répéter, comme le fait le Livre vert, les simplicités reaganiennes ne contribuera pas à relever le prestige canadien en matière internationale. Également, la capacité du Canada de jouer un rôle efficace et positif sur le plan international est en bonne partie fonction de sa capacité de solutionner ses problèmes internes. Prétendre, comme le fait le Livre vert, que le Canada est un paradis terrestre où ne règnent que "tolérance, justice, générosité et paix" (page 1), et donc de nier nos propres tensions et difficultés internes, c'est se rendre incapables de contribuer à solutionner les mêmes genres de tensions et diffi-

cultés qui se manifestent sur le plan mondial. Comment le Canada peut-il contribuer à solutionner l'intolérance raciale dans le monde sans d'abord s'attaquer au racisme montant au Canada constaté par le Ministre du multiculturalisme mais que le Livre vert ignore? Comment réduire les inégalités mondiales sans s'attaquer à l'appauvrissement d'importantes couches de la population canadienne en dépit des qualités de "justice et générosité" que le Livre vert voit dans le peuple canadien? Comment travailler pour la paix dans le monde alors que nos médias, et surtout la télévision, inculquent dès le très jeune âge, l'idée que la violence est normale et même bonne lorsqu'elle sert à éliminer les "méchants"?

Le Livre vert se place nettement en faveur de l'accroissement des dépenses militaires canadiennes après avoir déploré le "déclin constant" accusé par le Canada à ce chapitre. (page 27) Le Livre vert se réjouit que le Canada ait maintenant atteint "l'objectif convenu à l'OTAN" en terme de croissance des dépenses militaires alors que par le passé, laisse-t-on entendre, le Canada n'a pas assumé son fardeau. Il est quand même intéressant de constater que le Canada est au septième rang parmi les seize pays membres de l'OTAN quant à l'importance des dépenses militaires par habitant malgré ce que le Livre vert définit comme vingt ans de déclin constant. Considérant l'immensité du territoire canadien et sa position stratégique, il y a sûrement une valeur stratégique à reconnaître le fait que le Canada occupe et administre une superficie de 7% supérieure aux États-Unis, mais avec une population qui est de 89% inférieure à notre voisin. On semble le faire dans le cas de l'Islande qui, tout en étant membre de l'OTAN, n'effectue aucune dépense militaire.

Le Livre vert reconnaît les intérêts particuliers du Canada en tant que membre de l'Alliance atlantique: "Nous ne sommes pas un état continental européen directement menacé par les forces classiques du Pacte de Varsovie ou une super puissance

ayant des responsabilités mondiales". Par contre, le Livre vert explique que la politique gouvernementale sera d'augmenter notre participation par le biais d'une augmentation de nos troupes stationnées en Europe et la réfection du Système d'alerte du Nord (ligne "DEW") afin de prévenir les États-Unis de l'existence de missiles en route vers son territoire.

Nous comprenons mal pourquoi le Livre vert n'examine pas d'autres hypothèses compte tenu de notre position géographique particulière, c'est-à-dire le fait que le Canada constitue une zone tampon ou le champ de bataille en cas de guerre nucléaire entre les deux superpuissances. En particulier, pourquoi, compte tenu de ce contexte, le Livre vert écarte-t-il du revers de la main la possibilité pour le Canada de se déclarer un pays neutre? Contrairement aux affirmations du Livre vert, les États-Unis ne constituent absolument pas, en cas de conflit nucléaire, le protecteur du bien-être canadien. Lors d'un tel conflit, le Canada serait, en effet, la zone la plus dévastée.

Notre intérêt immédiat est donc de diminuer le plus rapidement possible la tension entre les deux grands. Ce n'est pas par notre participation à la politique des blocs que nous y réussirons, bien au contraire. La seule façon d'acquérir une certaine crédibilité dans des négociations pour le désarmement serait peut-être justement de constituer un territoire neutre. En refusant d'envisager cette possibilité, le Livre vert discarte la possibilité pour le Canada de réaliser une des idées originales du Livre vert, c'est-à-dire de jouer un rôle de surveillance de l'armement dans l'espace. Seul un pays neutre pourrait en effet avoir une quelconque crédibilité dans une telle tâche de surveillance et, comme le propose le Livre vert, "en tant que pays acquis à la paix, bon médiateur et négociateur et possédant de solides connaissances techniques, mettre notre influence au service de la sécurité internationale" (page 43).

Le Livre vert mentionne l'intention du gouvernement de stationner 1200 soldats canadiens additionnels en Allemagne de l'Ouest. À quoi serviront 1200 soldats de plus sinon qu'à augmenter la pression sur les Soviétiques? Pourquoi, dans un geste de désescalade de la course aux armements, le Canada ne prendrait-il pas la décision de diminuer nos troupes en Allemagne et de vérifier si les Soviétiques en font autant en diminuant de manière équivalente leurs forces classiques dans leurs pays satellites? Quelle belle occasion pour le Canada de faire un geste concret, original et vérifiable pour débiter une désescalade.

Le Livre vert reprend à son compte l'idée à l'effet que les dépenses militaires seraient bénéfiques pour l'économie et la création d'emplois: «Les programmes de défense fournissent à l'industrie canadienne l'occasion de développer des produits de haute technologie, notamment dans les secteurs de l'électronique et de l'aérospatial, ainsi que de participer à des projets de "fine pointe"». Si le but du gouvernement était de créer des emplois et aider l'industrie à développer une expertise pour la fabrication de produits de haute technologie, le gouvernement ferait mieux de dépenser dans n'importe quel autre secteur que la défense. Selon les données du U.S. Bureau of Labor Statistics, ce sont les dépenses militaires qui, de tous les investissements, sont les moins créatrices d'emplois. Les Japonais ont d'ailleurs fort bien compris qu'ils n'ont pas eu besoin de faire de la recherche militaire pour devenir d'excellents producteurs et exportateurs de produits électroniques.

4. La compétitivité internationale du Canada

Le Livre vert du ministre Joe Clark concentre beaucoup d'attention sur la faible performance du Canada au chapitre de la productivité en comparaison avec ses principaux partenaires commerciaux. Il faut dire que l'utilisation de la croissance de la productivité du travail comme indice de la compétitivité n'est

pas sans défaut. Les chiffres présentés dans le Livre vert s'arrêtent en 1981, mais entre 1981 et 1984 le taux de croissance de la productivité manufacturière au Canada a dépassé ceux des six autres plus importants pays industrialisés. Ceci n'est pas dû à des bonds importants dans le progrès technologique au Canada, mais plutôt au fait que l'emploi a chuté plus au Canada entre 1981 et 1984 que dans les autres pays, alors que le niveau de production stagnait. L'augmentation de la productivité manufacturière au cours des dernières années ne doit sûrement pas être interprétée comme un indice de l'augmentation de l'efficacité de notre secteur manufacturier, puisque ce secteur a subi un déclin important, et affiche en 1984 un déficit commercial important, soit de 7.1 milliards \$.

Le Livre vert, en comparant les secteurs manufacturiers du Japon et du Canada, note que le Canada s'est laissé distancer dans la croissance du secteur manufacturier. Il attribue la faiblesse de notre secteur manufacturier à des facteurs comme "le caractère de l'investissement, l'efficacité de la gestion et l'efficacité de la main-d'oeuvre" (pages 21-22). Plus loin, le Livre vert affirme que "notre compétitivité internationale est déterminée dans une large mesure par la capacité de nos sociétés d'investir et aussi d'innover, en faisant appel à leur propre R & D et en utilisant les meilleures techniques" (page 37). Or, le Livre vert constate que parmi les neuf principales puissances industrielles, le Canada arrive avant dernier quant à la proportion du produit industriel intérieur consacrée à la recherche et au développement industriels.

La CSN partage les inquiétudes exprimées par le Livre vert quant à la faiblesse du secteur manufacturier canadien et les difficultés rencontrées face à la concurrence mondiale. Le secrétaire d'État aux Affaires extérieures n'est sûrement pas sans savoir que ses constats quant à la source de ces problèmes dépassent le champ de juridiction du Ministère des Affaires ex-

térieures, et que certaines décisions récentes du gouvernement fédéral pourraient aggraver, plutôt que corriger, les problèmes qu'il signale. Lorsque le Livre vert identifie des problèmes au niveau du caractère de l'investissement et au niveau des efforts trop faibles en recherche et en développement, il aurait pu parler de la très importante proportion de nos industries appartenant à des intérêts étrangers comme étant une importante source de ce problème. La structure industrielle canadienne est encore largement composée de succursales de sociétés étrangères (principalement américaines), qui importent leurs technologies, une bonne partie de leurs matières et, à part certaines exceptions, sont peu actives sur les marchés d'exportation. Or, la loi C-15, promulguée en juin 1985 par le gouvernement conservateur, a grandement affaibli un des principaux instruments, la loi d'examen de l'investissement étranger, que le gouvernement fédéral possédait pour accroître le contrôle canadien de notre économie, le développement de technologies autochtones et la création d'emplois au Canada.

Dans son mémoire d'août 1985, la CSN a déjà soulevé les problèmes de notre structure industrielle dépendante face à la perspective du libre-échange avec les États-Unis. Quel intérêt aurait une société américaine ayant une succursale au Canada mais possédant également des usines aux États-Unis qui bénéficient d'économies d'échelle plus importantes et possédant souvent des capacités de production excédentaires, de maintenir sa succursale canadienne suite à la négociation d'une entente de libre-échange. Le Livre vert pose, à notre avis, la bonne question quand il demande: "Si les obstacles au commerce étaient sensiblement réduits, les investisseurs potentiels - canadiens ou étrangers - établiraient-ils leurs installations de production au Canada ou aux États-Unis?" (page 35) Aucune étude sérieuse de cette question, y compris celles accomplies sous la responsabilité de la Commission Macdonald, n'a pu infirmer que les investissements dans le secteur manufacturier iraient massivement aux États-Unis

dans un contexte de libre-échange. C'est une des raisons pour laquelle la CSN s'oppose à la négociation d'une telle entente.

La CSN croit qu'il est impératif de bâtir un secteur manufacturier fort et compétitif au Canada; c'est seulement ainsi que le Canada pourra s'assurer la création de suffisamment d'emplois pour tous ceux et celles qui veulent travailler. L'accroissement du contrôle canadien et l'adoption d'une stratégie industrielle font partie des éléments d'un renforcement de notre secteur manufacturier. Plusieurs porte-parole du patronat canadien chantent les gloires du "modèle japonais" en ce qui a trait aux cercles de qualité et à la loyauté des salarié-e-s envers leur entreprise mais ils se font moins entendre au sujet du fort degré d'intervention de l'État japonais et de la banque centrale dans la planification à long terme de l'économie et l'encouragement de l'investissement dans les secteurs exportateurs et de haute technologie. Nous croyons que le gouvernement canadien aurait intérêt à reconnaître l'importance pour le Canada d'adopter une stratégie industrielle et de se donner les instruments nécessaires à sa réalisation comme éléments essentiels au développement d'un secteur manufacturier dynamique et compétitif.

Compte tenu de l'importance du déficit commercial canadien en biens manufacturés, la CSN croit que la politique industrielle doit viser non seulement les marchés d'exportation, mais, en premier lieu, à remplacer les importations dans les domaines où le Canada est très dépendant de sources d'approvisionnement extérieures. L'expérience japonaise, ici aussi, démontre que la conquête des marchés étrangers passe d'abord par la conquête du marché interne. La CSN croit également, compte tenu de la très forte dépendance de l'économie canadienne envers un seul pays, les États-Unis, dans nos échanges commerciaux (76% de nos exportations sont envoyées aux États-Unis), le Canada aurait intérêt à favoriser une plus grande diversification géo-

graphique de nos échanges commerciaux. Une des mesures pour encourager un tel développement serait pour le Canada, plutôt que de négocier une entente de libre-échange avec les États-Unis, de favoriser à l'intérieur des structures du GATT une plus grande libéralisation multilatérale dans les échanges commerciaux entre les pays.

5. Le Canada et le Tiers-Monde

La CSN a déjà eu l'occasion de présenter des positions détaillées sur le rôle que le Canada devrait jouer pour contribuer à la réduction des inégalités sur le plan mondial, et ce, en octobre 1980 devant le Comité spécial de la Chambre des communes sur les relations nord-sud. À cette occasion la CSN s'est prononcée en faveur d'un relèvement de l'aide officielle au développement à 0.7% du PNB canadien dans un délai de deux ans, et à 1.0% du PNB dans un délai de cinq ans. Également, nous nous prononçons en faveur d'une aide qui serait, au maximum, dé-
liée, et qui privilégierait une multiplication de projets de moins grande envergure, administrés de préférence par des organismes non-gouvernementaux.

La CSN croit que, face à l'accroissement constant des inégalités dont les très récentes famines en Afrique sont la manifestation la plus dramatique, le Canada, comme l'ensemble des sociétés industrialisées, a un devoir d'accroître de façon substantielle son aide aux peuples qui vivent dans les pays du Tiers-Monde. Comme organisation syndicale regroupant 230,000 travailleuses et travailleurs canadiens, la CSN a elle-même voulu assumer sa part de la responsabilité et contribuer aux besoins de ces peuples en lançant le projet "Alliance: Syndicats-Tiers-Monde" qui vise à accumuler des fonds pour subvenir aux besoins des victimes de la famine et de la sous-alimentation, à même des contributions négociées dans des conventions collectives à raison de 1¢ l'heure venant du salarié et 1¢ l'heure de l'employeur.

Nous savons que le Canada a rencontré certaines difficultés économiques et budgétaires au cours des dernières années, mais nous constatons que des pays industrialisés qui ont connu des difficultés encore plus importantes que le Canada, comme les Pays-Bas et la Belgique, ont néanmoins maintenu, respectivement, à .91% et .59% du PNB leur aide officielle au développement, alors que le niveau canadien est de .45% du PNB. Il est également à noter que cette proportion représente une baisse importante par rapport à il y a dix ans, puisque l'aide officielle au développement atteignait .55% du PNB en 1975. Nous trouvons particulièrement inacceptable la décision prise par le gouvernement fédéral en novembre 1984 de remettre jusqu'en 1995 l'objectif d'atteindre le niveau de 0.7% en aide publique au développement, alors que le gouvernement précédent avait fixé la cible à atteindre ce niveau 1990.

Dans son mémoire de 1980, la CSN a soutenu que le sous-développement et l'appauvrissement du Tiers-Monde ne peuvent pas être considérés comme des accidents de parcours, mais sont plutôt les conséquences d'un système mondial d'exploitation. La dévastation de ressources naturelles dans plusieurs régions, la perte d'auto-suffisance alimentaire (lorsqu'on convertit une agriculture de subsistance vers une agriculture pour exportation), la dégradation des termes d'échange pour les produits agricoles tropicaux et les minerais sont parmi les phénomènes qui ont mené à la dépendance et l'appauvrissement de plusieurs pays du Tiers-Monde. Pour pouvoir s'attaquer à ces problèmes nous croyons que le Canada devrait respecter la volonté des peuples du Tiers-Monde de diminuer leur dépendance sur le monde industrialisé et d'accorder son aide aux projets qui aideront les pays à réaliser un développement autonome. Concrètement, cela veut dire d'appuyer de préférence les projets de petite taille qui augmenteront l'auto-suffisance alimentaire des communautés locales plutôt que des "projets de prestige" de production pour l'exportation. Cela veut dire également

d'appuyer des projets de coopération entre pays du Tiers-Monde (favorisant des échanges "Sud-Sud"), plutôt que de construire des installations qui dépendront pour fonctionner des technologies, des équipements et des matières importées des pays industrialisés.

La CSN croit que l'aide devrait être accordée de façon décentralisée, afin de s'assurer qu'elle serve directement à relever le niveau de vie de ceux et celles qui en ont le plus besoin, et afin d'éviter que l'aide canadienne ne serve qu'à renforcer et à enrichir des élites coupées de la population ou même exerçant de la répression contre la population. Nous croyons que de nombreux organismes non-gouvernementaux canadiens sont les véhicules les plus efficaces pour transmettre l'aide canadienne vers des projets qui permettront aux populations de relever leur niveau de vie de façon permanente. La CSN croit également qu'il faut accroître la proportion d'aide déliée, c'est-à-dire, non conditionnelle à l'achat de biens ou équipements canadiens. Les pays scandinaves ont largement appliqué le principe de l'aide déliée sans, bien au contraire, que cela mène à une réduction d'achats à des sociétés scandinaves de la part des bénéficiaires de l'aide. Le principe d'accorder de l'aide déliée a amené, dans le cas de ces pays, au développement d'un climat de confiance mutuelle en plus de davantage inciter les sociétés autochtones à produire des biens et services réellement adaptés aux besoins des pays du Tiers-Monde.

L'action du Canada en faveur du développement du Tiers-Monde ne se limite pas, bien sûr, à l'aide officielle accordée à ces pays. Le Canada pourrait jouer un rôle plus dynamique et original sur le plan des relations Nord-Sud dans les différents forums multilatéraux, à l'effet d'accueillir favorablement les propositions des pays du Tiers-Monde visant à corriger certains mécanismes menant à l'appauvrissement du

Tiers-Monde. Ainsi, le Canada devrait appuyer les propositions visant à régulariser par la négociation les prix des matières premières exportées par le Tiers-Monde, afin d'arrêter la dégradation des termes d'échange au dépens des pays exportateurs de matières premières. Le Canada devrait également appuyer des propositions visant à libéraliser les conditions de crédit pour les pays du Tiers-Monde, à réduire et à stabiliser les frais d'intérêt, et à accroître la représentation du Tiers-Monde au sein d'institutions comme le Fonds monétaire international et la Banque mondiale.

La dette extérieure, contractée au cours des périodes de crédit facile et de croissance économique plus stable des années 1970, constitue aujourd'hui un fardeau insurmontable à la croissance économique de plusieurs pays du Tiers-Monde. Dans certains cas, la valeur de l'ensemble des exportations de biens et services n'est pas suffisante pour rencontrer le service de la dette extérieure (sans parler du remboursement du capital). En d'autres mots, même si le pays était capable de cesser toutes les importations, il ne pourrait payer même les intérêts sur la dette extérieure. Des tentatives, par des mesures d'austérité, par la réduction des importations, par la dévaluation de la monnaie nationale de forcer le pays à accroître ses versements aux détenteurs de la dette, ne finissent souvent que par hypothéquer encore davantage la croissance économique du pays et donc, sa capacité de rembourser sa dette extérieure. Le Canada devrait appuyer la tenue de négociations internationales pour appliquer un moratoire, voire d'annuler la dette extérieure des pays du Tiers-Monde, compte tenu, non seulement des conséquences graves qu'aurait pour les pays concernés l'obligation de rembourser la dette mais également à cause de l'incapacité pour plusieurs pays d'éventuellement pouvoir rembourser leur dette.

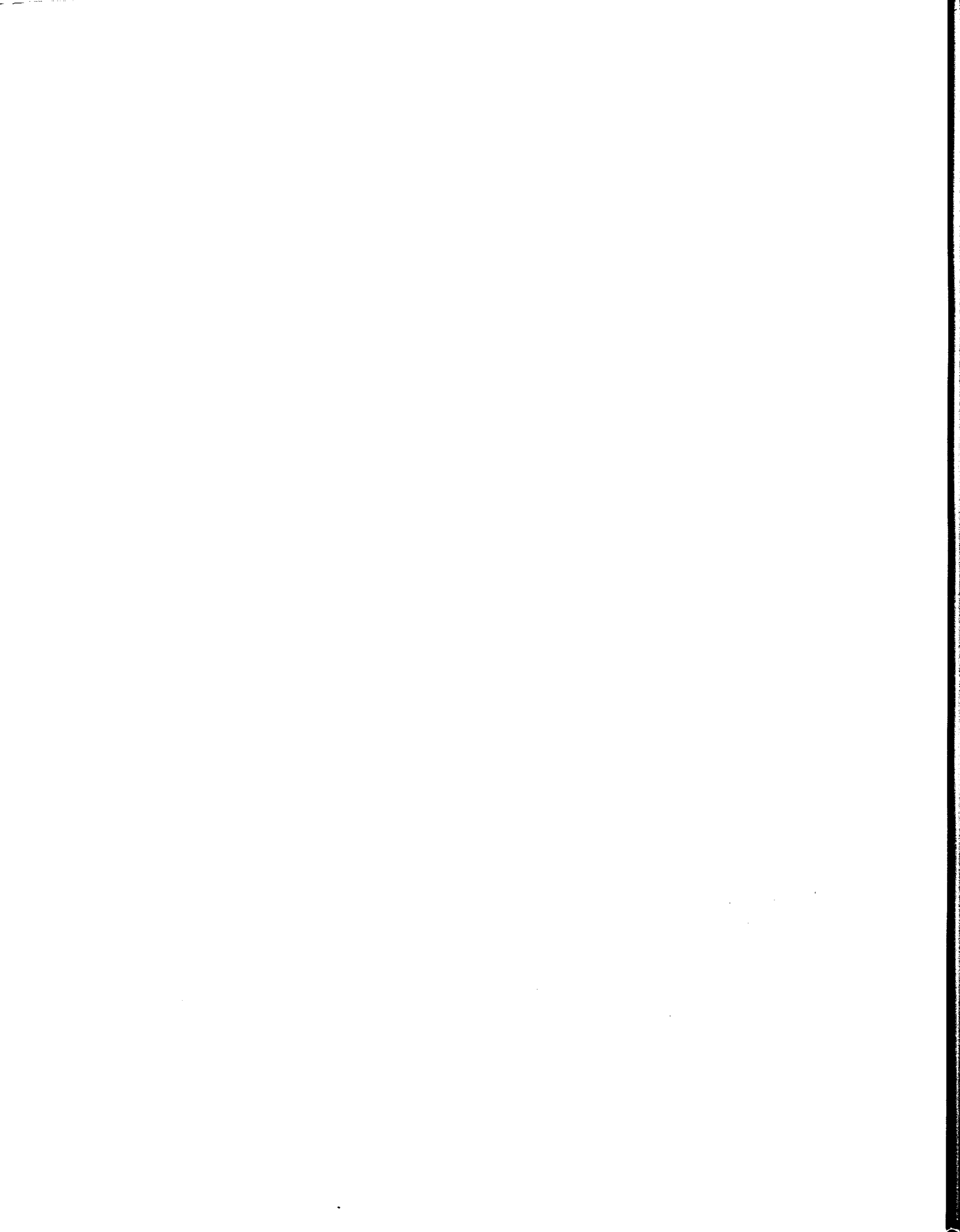
On sait que sur l'ensemble de ces questions - négociations des prix des matières premières, libéralisation des conditions de crédit, application d'un moratoire pour le remboursement de la dette extérieure - les États-Unis ont une attitude souvent intraitable et ont bloqué plusieurs ouvertures possibles. Nous croyons que le Canada ne devrait pas hésiter à se démarquer de la position américaine sur ces questions et jouer ainsi un rôle pour promouvoir la compréhension des revendications des pays du Tiers-Monde parmi les pays industrialisés. Étant lui-même, à la fois un important exportateur de matières premières et un détenteur d'une partie de la dette du Tiers-Monde, le Canada est bien placé pour comprendre ces revendications et exercer son influence dans les forums appropriés.

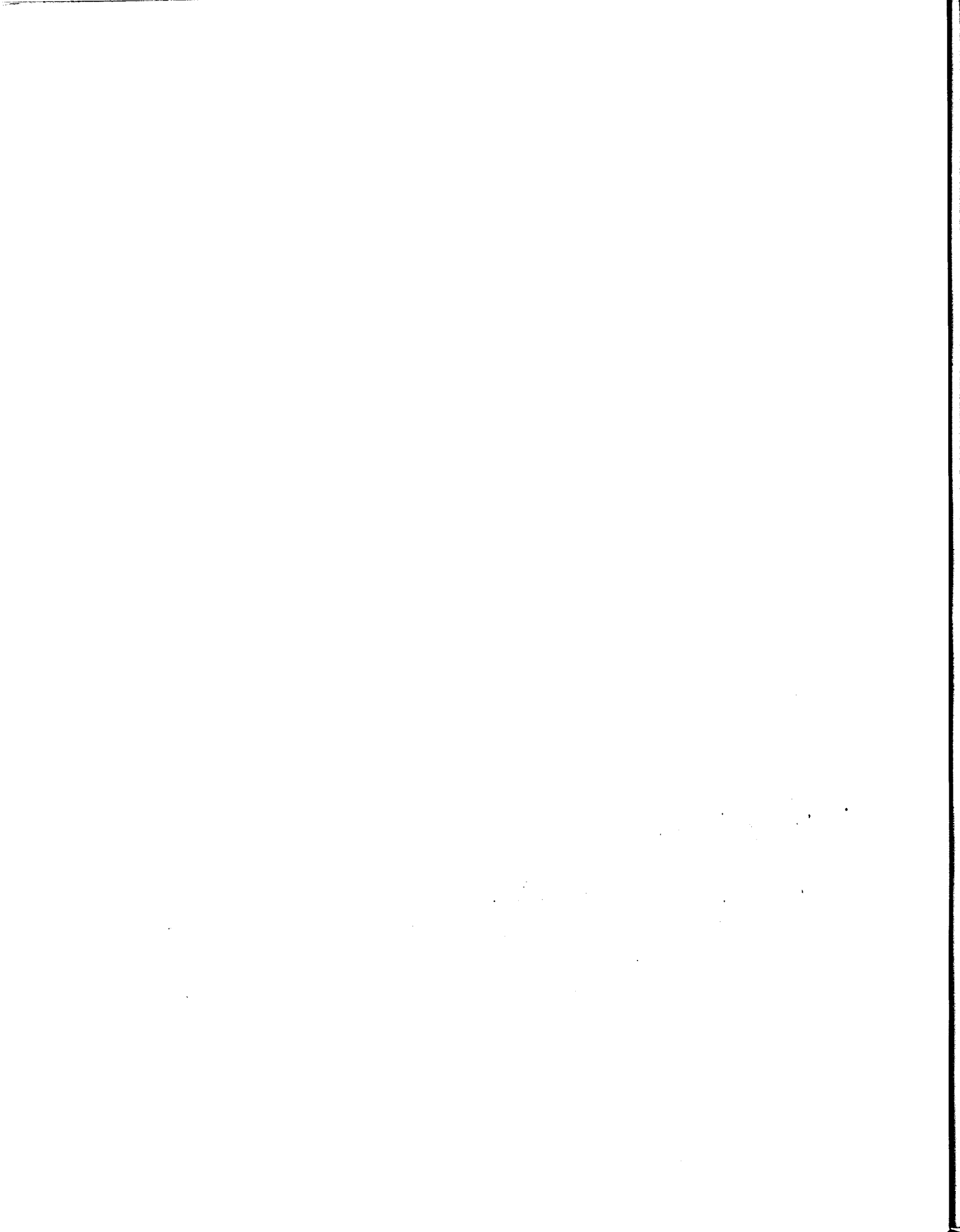
La CSN croit également que le Canada devrait exercer toute son influence pour que l'ensemble des pays du monde respecte les droits humains et les libertés fondamentales, y compris le droit à la syndicalisation. Nous sommes d'avis que la faiblesse du mouvement syndical et des organisations de masse dans plusieurs pays du Tiers-Monde, souvent due à la répression, frustre la possibilité, pour ces pays, de rechercher un mode de développement alternatif. Le Canada ne devrait pas accorder de l'aide à des régimes qui ne respectent pas les droits fondamentaux de leurs citoyens. A l'intérieur de chaque pays bénéficiaire de l'aide, on devrait mettre une priorité importante sur les projets qui favorisent justement une croissance des mouvements de masse et la participation de ceux-ci au développement de leur pays.

Face au système d'exploitation particulièrement vicieux qui s'appelle l'apartheid en Afrique du Sud, la CSN appuie depuis de nombreuses années des mesures visant l'isolement du régime raciste de ce pays sur les plans économique, diplomatique et culturel. La CSN se réjouit que le gouvernement canadien ait

décidé, depuis juillet 1985, de s'inscrire dans le mouvement mondial de sanctions économiques à l'égard de l'Afrique du Sud. Nous avons déjà communiqué au ministre Joe Clark notre appui aux sanctions économiques et avons suggéré le renforcement des mesures appliquées par le ministre jusqu'ici. Depuis octobre 1985, en conformité avec une résolution de la Confédération mondiale du travail à laquelle est affiliée la CSN, prônant le "désinvestissement total de l'Afrique du Sud", la CSN travaille auprès de ses syndicats affiliés pour que les épargnes collectives de nos membres, et particulièrement les fonds de pension, soient retirés des compagnies qui refusent de mettre fin à leurs investissements en Afrique du Sud.

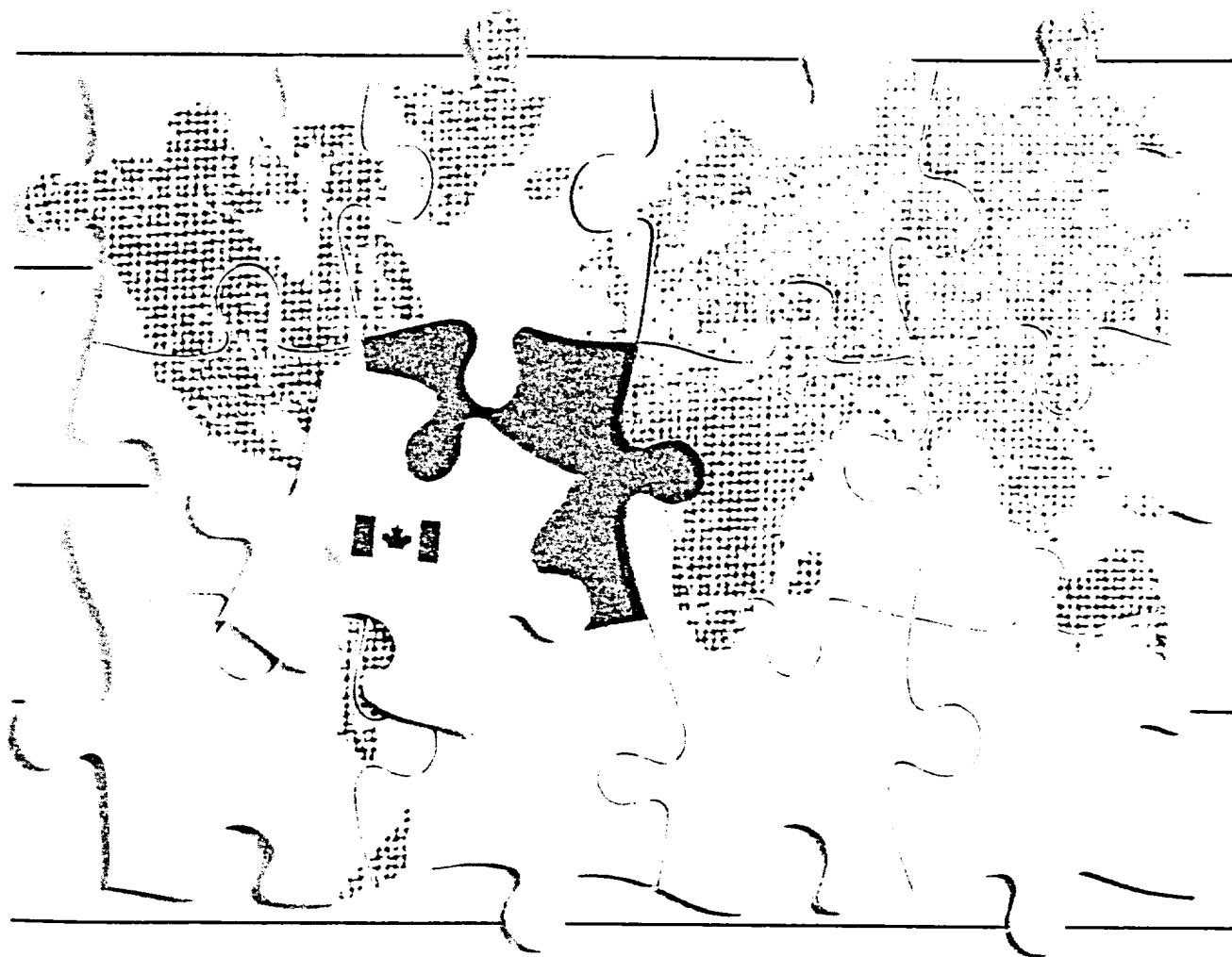
Nous suggérons au gouvernement canadien de rendre obligatoire plutôt que facultative la cessation de tout emprunt et tout investissement de la part d'une société ou institution financière canadienne en Afrique du Sud ou en Namibie. Nous suggérons également au gouvernement canadien d'interdire l'importation de produits en provenance de l'Afrique du Sud ou de la Namibie.





CANADA & THE WORLD

National Interest and Global Responsibility



*A response to the Green Paper on foreign policy
by members of The Group of 78.*

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The Group of 78 welcomes comments or inquiries from interested groups or individuals.

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Foreword:

What The Group of 78 is all about

The Group of 78 came into being in 1981. The name came from the number of people involved in the preparation of a statement that set forth three interrelated objectives for Canadian foreign policy in the 1980s. These objectives were the following:

1) the removal of the threat of nuclear war—the greatest threat facing humankind today;

2) the strengthening of the United Nations and regional institutions designed to bring about peacemaking and peacekeeping, foster international cooperation, promote the growth of world law and the protection of basic human rights;

3) the mobilization of world resources to achieve a more equitable international order, and bring an end to the crushing poverty which is the common lot of the majority in the Third World.

This statement was brought to the urgent attention of the government of that time. In September 1984, with a new government in office, an expanded Group met for a three-day conference at Stoney Lake, Ontario, an area close to the heart of the late Andrew Brewin, MP, whose original initiative was largely responsible for bringing the Group into being. The conference explored the practical steps that Canada can undertake to help produce a more peaceful, just and prosperous world society, and produced a consensus statement entitled *A Foreign Policy for the 80s*, which was widely distributed and served as the basis for a discussion with the Secretary of State for External Affairs, the Right Honourable Joe Clark, early in 1985. Drawing on the expertise of members of the Group, that statement urged policy measures to promote disarmament, collective security, productive interdependence between North and South, and the protection of human rights and of the environment. In closing, it emphasized that these recommendations “are not to be considered as aimed at isolated objectives. They should be seen as part of an integrated response to the imperatives of a global community, linking peace and security with the building of an equitable world order and a strong and revitalized United Nations system.”

Consistent with the above, the Group welcomed the opportunity provided by the publication of the recent Green Paper, *Competitiveness and Security: Directions for Canada's International Relations*, to encourage wide public discussion of the aims and priorities for Canadian foreign policy. To promote this we have drawn on the expertise of Group members to assemble a set of articles dealing with major areas to be discussed in the foreign policy review. It is our hope that these will assist organizations, community groups or individuals planning to prepare submissions for the Parliamentary Committee carrying out the review. These articles, although consistent with the overall aims of The Group of 78, of course express the views of the authors alone.

We would like to express our thanks to the contributors, and to Peter Laurie for his tireless work in arranging publication.

The editorial committee,

Ruth Gordon
Clyde Sanger
Tim Brodhead

Canada's Role as a Middle Power: *a historical view*

BY J. KING GORDON

The state of sanity that pervades the thought and action of the masters of our planet is no better illustrated than by the juxtaposition of two spectacular achievements. This year we spend \$800 billion on arms which, if used, will destroy all life on this planet. At the same time we watch with a mixture of despair and concern the march of famine across a continent which, in the normal completion of its course, will claim millions of human lives.

As is to be expected, the most powerful states are demonstrating the deepest commitment and the highest degree of scientific and technological mastery in the production of arms. And it is ordinary people, lacking in any of the accepted attributes of political or economic power, who are daring to assert the revolutionary belief that those who are starving in Africa are members of the world community and perhaps deserve to be fed.

There is little indication that the masters of our world's destiny are even toying with the dangerous thought that the diversion of, say, five percent of the funds behind the arms buildup to an international program for Africa would be more than enough to meet the immediate needs of starving people and, more importantly, to provide the means to build stable societies that would ensure a decent life for all. The effect of such a diversion on the prevailing philosophy of security might be very serious. A dangerous trend in thinking might develop, God forbid, that security is promoted by the *reduction* of arms and the expansion of compassion and justice—and even democracy—in the world community.

A backward glance at Dumbarton Oaks. Even the opening words of the Charter that emerged from the San Francisco Conference just 40 years ago have a revolutionary ring to them: "We the peoples of the United Nations, determined..." in place of the traditional language of diplomacy: "The High Contracting Parties..." But that was not the way the draft text came out of the Dumbarton Oaks Conference at which the three leaders of the Allied powers—the United States, Britain and the Soviet Union—had designed an international organization that would guarantee against the recurrence of a global war, even more terrible than the one that was coming to an end.

The Dumbarton Oaks text was primarily a big-power document. True, it incorporated ideas from a dozen plans prepared by international experts and enlightened non-governmental organizations. But these ideas were subordinated to the central fact of collective power, vested in a

Security Council of 11 members, five of whom would have permanent seats with the right to veto any majority council decision. A General Assembly of all member states, each with a single vote, would have mainly advisory powers. And there would be an Economic and Social Council concerned with post-war rehabilitation and generally humanitarian objectives.

The Canadian government was not happy with the Dumbarton Oaks text, and at San Francisco pressed for certain basic changes. Admitting the self-assigned pre-eminence of the five permanent members of the Security Council—China and France were added to the original trio—Canada insisted that in naming the six non-permanent members the first qualification should be a state's ability to contribute to peace and security and other purposes of the organization. The General Assembly's status should be raised, the line of criticism continued, and it should be assigned a wider range of responsibility. Lastly, it was felt that more importance should be attached to the Economic and Social Council and the U.N. specialized agencies in such fields as food and agriculture, health, and international economic cooperation to promote a more just international community.

Canada found many allies among other delegations at San Francisco—some like Australia's foreign minister, Herbert Vere Evatt, outspokenly critical of big-power dominance. But it is well to remember that present at San Francisco were articulate representatives of many non-governmental organizations with the vision to recognize that a secure post-war world must rest on an equitable global community guaranteeing the rights of its people.

A middle power with a growing role. Canada's role at San Francisco undoubtedly enhanced our international reputation. Moreover, it indicated the set of Canadian post-war foreign policy. At the first meeting of the United Nations General Assembly in January 1946, Canada, (one of the originators of the Bomb) was made the twelfth member of the Atomic Energy Commission, the mandate of which was to bring the production and use of atomic energy under full international control and to ban its military application. The objective was tragically frustrated by United States-Soviet Union confrontation in repudiation of the central purpose of the U.N. Charter.

The intervention of Chinese forces on the side of North Korea, in response to the deep thrust beyond the 38th parallel of U.N. forces under American command, caused consternation in the United Nations General Assembly. A three-man committee composed of the Assembly President, Nasrollah Entezam of Iran, Lester Pearson of Canada and Sir Benegal Rau of India, was named to work out terms of a ceasefire acceptable to all parties. Its first effort was unsuccessful. However, continued negotiations, involving the intermediary help of Nehru in consultation with Peking, were

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Canada's role at San Francisco not only enhanced our international reputation; it also indicated the set of Canadian post-war foreign policy.

in sight of achieving agreement when the United States pressed through a resolution condemning China as an aggressor, an action of far-reaching consequences.

Canada's role in another ceasefire effort, this time successful, has received more widespread recognition. On October 29 1956, Israeli forces invaded Egypt, rapidly bringing the whole of the Sinai under control as they moved toward the Suez Canal. A Security Council demand that a ceasefire take effect was vetoed by the negative votes of the United Kingdom and France. The question was then passed to a special session of the General Assembly, which adopted a similar demand for a ceasefire and withdrawal of invading forces, the British and French meanwhile having launched a sea-based attack on Port Said. It was at this point that Lester Pearson, Canada's representative, proposed that the Secretary-General be asked to explore the possibility of establishing a peacekeeping force under his authority to interpose itself between the belligerents and to supervise the withdrawal of the invading troops from Egyptian territory. The ceasefire, linked with the Canadian proposal, received almost unanimous support and the United Nations Emergency Force, under the command of the Canadian Lt. Gen. E.L.M. Burns, came into being.

The action was highly significant. The continuation of the Cold War between the world's two strongest powers had rendered inoperative the collective security articles in Chapter 7 of the U.N. Charter. The creation of a peacekeeping force on the proposal of a middle power introduced an important new procedure in the United Nations approach to the containment or resolution of conflict. It also broadened the responsibility among the U.N. membership for the maintenance of peace.

UNEF was highly successful in the discharge of its mission. No major power contributed units to the Force. Avoiding any state that was involved in the Middle East crisis, the Secretary-General accepted units from Denmark, Norway, Sweden, Finland, Yugoslavia, Canada, Colombia, Brazil, India and Indonesia. UNEF became a model for all subsequent United Nations peacekeeping operations—the Congo (1960), Cyprus (1964), and the Middle East again (1967 to the present.) Canada has given practical expression to its belief in the efficacy of peacekeeping by contributing military units to every one of the missions.

Building blocks in a new order. Nothing illustrates more clearly Canada's effective contribution to the work of the United Nations than its leadership in the United Nations Conference on the Law of the Sea. The significance of that conference and the new convention that emerged from it is described in greater detail and with more authority by Elisabeth Mann Borgese in another brief. Here it is enough to note that the country with the second largest land area, with a coastline washed by three oceans, provided leader-

ship in a remarkable decade-long effort to ensure—among other things—that the sea and seabed beyond national jurisdiction be regarded as “the common heritage of mankind.” In this, Canada broke with the United States and other developed countries that insisted on opening the riches of the seabed to free-enterprising exploitation. The new Law of the Sea Convention with its Seabed Authority and Enterprise may be regarded as building blocks in a new international order.

Canada in the Commonwealth. The ending of the colonial empires and their replacement by independent states was one of the most important global changes to which the United Nations contributed. And the admission to United Nations membership of dozens of newly independent states from Asia, Africa and the Caribbean changed the character of the world organization. A most interesting phenomenon related to the decolonization process has been the emergence of the Commonwealth composed of independent states previously associated with the British Empire and Commonwealth. From the beginning Canada has been an active member and has made significant contributions to its role and influence in international affairs.

A problem at the very beginning in 1949 arose from India's decision to achieve independence as a republic, therefore unable to pledge allegiance to a monarch. Pearson of Canada proposed that Commonwealth members would merely regard the Crown as “Head of the Commonwealth.” That was sufficient and the Commonwealth was under way with eight members. In 1961, with a number of new African, Asian and Caribbean members, South Africa's apartheid policy appeared incompatible with the Commonwealth's basis of association. Canada's Prime Minister Diefenbaker suggested that perhaps everybody would be happier if South Africa withdrew. In a number of cases of difficult transition from colony to independence—particularly from Rhodesia to Zimbabwe—Canada's role was helpful.

But it was as an agent in bridging the gap between the rich North and the impoverished South that the Commonwealth was able to play an exemplary role that carried over into the United Nations. In 1971, four years before the United Nations came out in favour of a New International Economic Order, a Commonwealth Heads of Government Conference declared that “The wide disparities of wealth now existing between different sections of mankind” are intolerable and must be progressively removed to achieve “a more equitable international society.” In Kingston, Jamaica in 1975, a Heads of Government Conference achieved a similar consensus which was carried into the Special Session of the United Nations that focussed on the necessity of achieving a just international order. The Kingston conference named a 10-man expert group, chaired by Alister

Over the Law of the Sea, Canada broke with the developed countries that insisted on opening the seabed to free-enterprising exploitation.

McIntyre, Secretary-General of the Caribbean Community and representative of all Commonwealth regions, to formulate more detailed recommendations.

There may be some connection between the fact that at Kingston, Shridath Ramphal of Guyana was named Commonwealth Secretary-General and four years later was chosen as a member of the Brandt Commission. Also the fact that Prime Minister Trudeau, who shared with Michael Manley the leadership of the Kingston conference, should share the initiative with Australia's Bruno Kreisky and Mexico's Portillo in a brave attempt to achieve agreement, particularly among governments of developed countries, to implement the recommendations of the Brandt Report at the Cancun summit.

It is just possible that the failure of the rich countries of the North to combine their efforts and resources in carrying out the United Nations program for a New International Economic Order and the Brandt Report is being tragically dramatized in Africa today.

This analysis has hardly done justice to Canada's contribution to a more just and stable international order during the 40 years in which the United Nations has provided an instrument to promote the common cause of world community. Nor has it touched on examples of failures by Canadian governments to break out of tradition and continental behaviour patterns in total disregard of global realities. Nevertheless, several facts emerge:

□ Canada has demonstrated, particularly in its relationship with the United Nations but also with the Commonwealth, an ability to provide leadership in constructive efforts to promote peace and justice.

□ Ongoing changes in the post-war order call for, and provide the basis for, new practices and new institutions to support security and promote equality.

□ In Canada, as in other states, people tend to be in advance of their governments in a realistic approach to critical international problems. Eventually, the people's will finds expression in government policy.

Canada and the North Atlantic Treaty: *more than just a military obligation*

BY ESCOTT REID

The first step in considering what Canadian policy should be toward the North Atlantic Alliance is to clear up misconceptions about the alliance. The most serious misconception is that the alliance established in the North Atlantic Treaty of 1949 is little more than a military alliance. It is much more. The treaty imposes eight obligations on the members of the alliance. Only two are military. The other six are non-military. All eight obligations are equally binding. The architects of the treaty believed—and rightly believed—that the best way to reduce the chances of another world war was by strict adherence to both sets of obligations.

Adherence to the military set (articles 3 and 5) would deter the Soviet Union from running the risks of precipitating a war. Adherence to the non-military set would reduce the risk that an ally's policy might increase the chances of a world war. To achieve this objective, each ally undertook to base its international relations on a renunciation of the threat or use of force anywhere in the world, unless it or an ally were subjected to armed attack by another country, and to settle any international dispute in which it might be involved by peaceful means (article 1); to promote conditions of stability and well-being in the world (article 2); and to consult whenever any one of the allies believed that its security was threatened (article 4).

The Atlantic allies have failed to take their non-military obligations as seriously as their military obligations. Examples are the use of force by Britain and France against Egypt in 1956, by the United States against Grenada in 1983, and by the intervention of the United States in Chile and Nicaragua.

As well, it is generally agreed that there cannot be stability and well-being in the world as long as about one-fifth of mankind lives in the most squalid and degrading poverty; recent reductions by the United States in its economic aid to poor countries are scarcely consistent with the obligation to promote conditions of stability and well-being.

Again, there has been little effective consultation on threats to the security of members of the alliance.

The bad effects of these failures have been compounded by the insistence of some spokesmen for allied governments that the allies are bound by obligations which are not in the treaty, and which are indeed inconsistent with obligations under the treaty.

One such erroneous belief is that, once the North Atlantic Council has made a decision, an ally is under an

obligation not to question that decision. The North Atlantic Alliance is not infallible. If an ally on reflection concludes that a decision in which it has concurred does not serve the interests of the alliance, it is under an obligation, as a real ally concerned with the strength of the alliance, to use its best efforts to have the decision changed.

A variant of this error is the belief that decisions of the council are binding on the member countries. A decision of the council binds only those members who agree to be bound by it.

Another erroneous belief is that loyalty to the alliance means an ally should support the foreign policies of its allies. Loyalty to the alliance may mean the opposite. If an ally believes that a policy of one of its allies weakens the alliance or increases the risk of war, it is bound to oppose that policy. There is one thing worse in an alliance than disunity. It is unity on an unwise policy. The most impressive demonstration in history of unity of purpose and collective action is that of the Gadarene swine "who, with one accord, rushed down a steep place into the sea and were drowned."

To restrain the United States. It is not generally realized that Britain, the Western European countries, and Canada wanted the alliance—not only because it would restrain the Soviet Union, but also because they hoped it would restrain the United States from pursuing impatient and provocative policies toward the Soviet Union.

In April 1948, the British foreign minister, Ernest Bevin, made a guarded reference to British apprehensions about American attitudes to the Soviet Union in a message to General George Marshall, the Secretary of State. The United States and Britain, he said, must be careful—while remaining firm—not to provoke the Russians into ill-considered actions from which it would be difficult for them to retreat. The motto of the United States and Britain must be moderation, patience and prudence, combined with firmness and toughness.

The French then were not only apprehensive about American foreign policy; they were hesitant about the very idea of a North Atlantic Treaty. This led the Canadian government in August of 1948 to tell the French government that one reason they should support the creation of a North Atlantic Alliance was their fear—which Canada shared—that the United States might press the Soviet Union too hard and too fast, and not leave the Soviet Union a way out which would save its face.

"To lessen this danger, the western European powers will have to exert a steady and constructive influence on Washington. The establishment of a North Atlantic union will give them additional channels through which to exert this moderating influence. Under a North Atlantic pact (consultative councils) would presumably be esta-

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blished . . . The pact will also contain undertakings among the members to consult. There will thus be established, at least in the outline, a semi-constitutional structure of the North Atlantic powers."

The North Atlantic Treaty gives the allies of the United States the right to have the North Atlantic Council discuss any American policy which they consider a threat to their security. It gives the United States the same right over the policy of any ally.

In the 36 years since the formation of the alliance, various members have embarked on unwise foreign policies from which they have been slow to withdraw. The alliance, and indeed the world, would be in better shape if France had withdrawn sooner from Indochina and North Africa, if Britain and France had not invaded Egypt in 1956, if the United States had recognised the Communist regime in China sooner, and had got out of Vietnam sooner.

On issues like these, a government which is committing an error cannot rely on a friendly government giving it a friendly warning in a talk between the two governments . . . The allies of the United States would have found it easier to talk frankly to it about its Vietnam policy if they had sought safety in numbers—if they had agreed among themselves, well in advance of a meeting of the heads of government of the alliance, that they would act together at that meeting in an effort to persuade the United States to reconsider its Vietnam policy.

But the members of the alliance have, according to Pierre Trudeau, failed to make use of their obligation, under article 4 of the treaty, to "consult together whenever, in the opinion of any of them, the . . . security of any of the Parties is threatened." Mr. Trudeau stated in November 1984 that he had attended four of the six summit meetings the alliance had held since its foundation, and that at none of them was there any real consultation.

"NATO heads of state and of government meet only to go through the tedious motions of reading speeches drafted by others with the principal objective of not rocking the boat. Indeed, any attempt to start a discussion . . . was met with stony embarrassment, or strong objection. Is it any wonder that the value of NATO as a political alliance is increasingly being questioned? . . . NATO must be transformed into a vital political alliance, as had been intended at the the beginning . . . NATO summits must be frequently held, and sufficient time must be allowed for fruitful and creative exchanges."

Four items for heads of government. An Atlantic alliance in which all its members lived up to all their obligations, military and non-military, would be an alliance well worth Canada belonging to. Such an alliance would reduce the risks that the world might be destroyed in a third world war. Membership in such an alliance would give Canada opportunities to arrange with like-minded allies for effective consultation at meetings of the heads of government of the alliance on threats to the peace arising in any part of the world from the policies and actions of any country.

The first step in strengthening the alliance should be a meeting of the heads of government this year to discuss the two issues which, in the opinion of many people, constitute the greatest immediate threat to peace: 1) the reliance of NATO on the first-use of nuclear weapons in a war against the Soviet Union in Europe; and 2) President Reagan's Star Wars program. At a subsequent meeting the heads of government should discuss 3) the problems of Central

America and 4) the Middle East.

The arguments for NATO renouncing the first-use of nuclear weapons and for the United States abandoning the Star Wars program have been put in many articles and speeches in North Atlantic countries. Two of the most impressive articles are by four leading American authorities on international affairs writing in *Foreign Affairs*: Robert McNamara, McGeorge Bundy, Gerard Smith, and George Kennan. They set forth their views on no first-use in *Foreign Affairs* for Spring 1982 and their views on Star Wars in the issue for Winter 1984-85.

If discussion of these two issues at a meeting of the heads of government of the North Atlantic countries should result in a renunciation by NATO and the Warsaw Pact of the first-use of nuclear weapons and of Star Wars programs, the future of the world would be less bleak.

APPENDIX

The obligations of members of the North Atlantic Alliance under the treaty of 1949:

First. To "settle any international disputes in which they may be involved in peaceful means in such a manner that international peace and security, and justice, are not endangered." (Article 1.)

Second. To "refrain in their international relations from the threat or use of force in any manner inconsistent with the purposes of the United Nations." (Article 1.)

Third. To "contribute toward the further development of peaceful and friendly international relations by strengthening their free institutions (and) by bringing about a better understanding of the principles upon which these institutions are founded" (Article 2), principles defined in the preamble as "democracy, individual liberty and the rule of law."

Fourth. To "contribute toward the further development of peaceful and friendly international relations . . . by promoting conditions of stability and well-being." (Article 2.)

Fifth. To "seek to eliminate conflict in their international economic policies and (to) encourage economic collaboration between any or all of them." (Article 2.)

Sixth. To "consult together whenever, in the opinion of any of them, the territorial integrity, political independence or security of any of the Parties is threatened." (Article 4.) According to the interpretation of the treaty agreed to on March 15 1949, this provision "is applicable in the event of a threat in any part of the world, to the security of any of the Parties."

Seventh. To "maintain and develop their collective capacity to resist armed attack . . . by means of continuous and effective self-help and mutual aid . . . in order more effectively to achieve the objectives of this Treaty." (Article 3.)

Eighth. To consider an "armed attack against one or more of them in Europe or North America . . . (as) an attack against them all; and . . . if such an attack occurs . . . (to) assist the Party or Parties so attacked by taking forthwith, individually and in concert with the other Parties, such action as it deems necessary, including the use of armed force, to restore and maintain the security of the North Atlantic area." (Article 5.) This and the other provisions of the treaty are to be "carried out by the Parties in accordance with their respective constitutional procedures." (Article 11.)

Canadian Defense Policy: *a prisoner of mythology*

BY MAJOR-GENERAL (ret.) LEONARD JOHNSON

Whatever might be said in favor of military preparedness and whether or not it has prevented war in Europe for 40 years, it has not achieved the political reconciliation that alone can bring about a durable peace. We blame the politicians for this, as we should. But they're only human too. Maybe military preparedness is making political reconciliation impossible. Perhaps the accumulations of durable myths, false ideologies, worst-case assumptions, exaggerated threats, institutional self-interest, and individual drives for power are the insurmountable obstacles to peace. Perhaps this would be tolerable were it benign, but it is not. The militarization of politics leads to disastrous attempts to solve political problems with military science and technology, setting up sufficient conditions for war.

So it is in the Western alliance, where faith in military strength and nuclear deterrence has prevented development of the political will and energy needed to achieve reconciliation and disarmament. In Canada, the faith is expressed in unswerving dedication to the U.S.-led military alliance as guarantor of Canada's national security. Far from admirable, such unquestioning loyalty is harmful to Canada when it is based on myth, and to Canada and her allies when the leader is pursuing national policies endangering peace. Canadians deserve policies based on objective considerations, not on myths or sentiment.

Except for her location between nuclear-armed superpowers threatening to destroy each other, Canada enjoys an enviable geostrategic position. No potentially hostile powers, including the U.S.S.R., have the military capability to invade and occupy Canada with land or naval forces, nor would the United States, in any case, tolerate the domination of Canada by another power. As long as the United States remains friendly, Canada will be free from the threat of invasion.

Canada's commitments to NATO. Although the North Atlantic Treaty commits signatories to come to the aid of each other if attacked, there are no contingency plans to deploy European forces in Canada, nor is the need for them foreseen. While Canada's naval forces would likely operate under NATO command in wartime, co-operation could easily be achieved bilaterally. Thus, NATO is not essential to the defense of North America. Moreover, except for deterrence of nuclear attack, Canada could defend herself without U.S. assistance.

Canada is under no obligation to maintain forces in Europe. Our 5,400-person contingent, the remnants of

forces deployed before Europe rearmed, is a voluntary contribution to the defense of western Europe. Too small by far to be militarily significant, its cost nevertheless exceeds \$1 billion per year. This is more than the votes of most government departments and agencies. Canada spends more on its unneeded contribution to European defense than it does on the CBC or the marine transportation program, for example.

In addition to forces in Europe, Canada maintains a 5000-man brigade and two fighter squadrons for deployment to Norway if needed. Nevertheless, the resources to deploy and support the brigade in combat are inadequate or non-existent. The navy has a fleet of rusting, steam-driven ships and a costly frigate program to replace only a few of them. These deficiencies are partly attributable to past austerity in defense spending; the real culprit, however, is the continual misallocation of resources to a symbolic military presence in the Central Region of NATO.

It is often asserted that the stationing of forces in Europe is the price of admittance to membership in NATO councils and various arms control and disarmament forums. This argument is specious: Canada is within the NATO region, and the defense of Canada is also the defense of NATO. Collective defense would be better served if Canada looked first to her own needs and then improved her ability to go to the assistance of Norway, where her help would be needed.

It is most unlikely that the Warsaw Treaty Organization will attack NATO and even less likely that Norway will be invaded; however, the risks of conflict between the superpowers are too high for either of them to accept. Accordingly, in the absence of a political settlement in Europe leading to disarmament, it is likely that a military stalemate will prevail there for as long as the forces remain in place. Deterrence is sufficient, and increases to conventional and nuclear forces would not provide more security. Canada's forces in Europe, even if quadrupled, would not increase her security or that of her allies, nor would Canada's security be diminished if she withdrew from the alliance altogether.

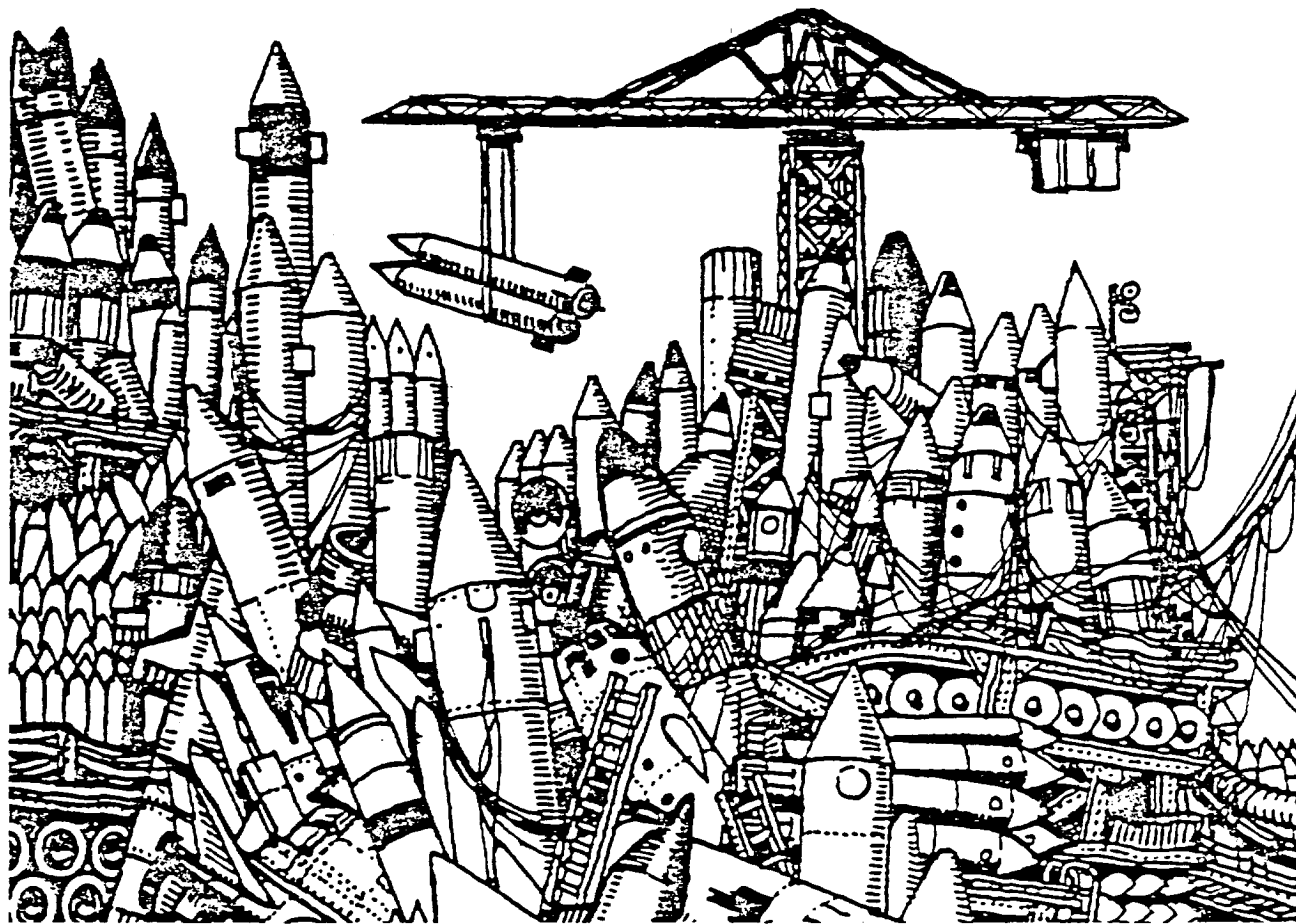
Facing the risk of war. In or out of NATO, Canada's political aims should be to prevent nuclear war and to promote reconciliation in Europe, leading in time to the withdrawal of all foreign forces, to substantial disarmament, and to the dissolution of NATO and the Warsaw Treaty Organization. These objectives can be achieved only by persuading the United States to stop preparing for nuclear war and to abandon aggressive and threatening policies in favor of mutual accommodation.

The likelihood of nuclear war is being increased by nuclear warfare strategies and weapons capable of attacks against nuclear retaliatory capabilities. Stable mutual deterrence is giving way to preparations to fight a nuclear war,

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Canadians deserve policies based on objective considerations—not on myths or sentiment.

BOB GALE/THE DISARMAMENT CATALOGUE



weapons technology is deepening global insecurity, and the nuclear arms race—not the underlying political causes that purportedly justify it—is the paramount threat. Preparations for nuclear war, condemned by the churches as immoral and by international lawyers as illegal, are making it more likely.

Since 1980, the risk of war has been increased by the ideological rigidity and militant anti-communism of the interventionist Reagan administration. The Soviet Union is far from blameless, but the authors of the militarist policies propelling the world toward such danger are a small elite of American citizens who gained control over U.S. foreign policy in 1950, at a critical time in history. This group, known as the Committee on the Present Danger, re-formed in 1976 with some of its original members and is now firmly entrenched in the U.S. government.¹

If the next U.S. administration is conciliatory, the hard-liners will no doubt do all they can to prevent improved relations with the Soviet Union, just as they did during the Carter administration. But even without their influence, the

momentum of current strategies and programs will keep the risks high over the next decade or two unless vigorously opposed.

The opposition must come from within the U.S. itself, through the Congress: thus our security depends on the energy and political skills of the American peace movement. But this doesn't excuse the governments of Western nations, including Canada, from the duty of loyal opposition, nor does loyalty to the leadership justify complicity in immoral and illegal preparations to wage nuclear war.

The vital tasks for the Western alliance are to curb the containment militarism that has been U.S. policy since 1950, to stop the nuclear arms race, and then to seek a just and durable peace based on mutual accommodation. It's time to give diplomacy a chance.

NOTES

¹Jerry W. Sanders, *Pedlars of Crisis: The Committee on the Present Danger and the Politics of Containment*, South End Press, Boston, MA 1983.

Canada-U.S. Defense Agreements: *the need for an update*

BY GEORGE IGNATIEFF

At the core of Canada-U.S. defense arrangements are political problems, but we have nearly always viewed them in military, technological, and economic terms. Attention has been focussed on such issues as the stationing or testing of nuclear weapons and the defense production sharing agreement, but we have overlooked the fact that alliances have been reversed since these arrangements were first made.

President Roosevelt and Prime Minister Mackenzie King built the U.S.-Canada defense arrangements at Ogdensburg and in the Hyde Park agreement on the assumption that the threat to North America stemmed from Nazi expansionism. By 1950, following the invasion of South Korea and the Communist take-over in Czechoslovakia, the concept had drastically changed. Alliances were reversed, with the United States coming to regard Soviet expansionism as representing a military threat to North American survival.

Succeeding Canadian governments have found difficulty in accepting the view that the Soviet threat was primarily a military one, or that Canada should accept a military solution in the nuclear age. Lester B. Pearson wrote in his *Memoirs, Vol. 2*:

"We did not think that the Canadian people, especially in Quebec, would wholeheartedly take on far-reaching external commitments if they were exclusively military in character; nor should they be asked to do so. These domestic considerations were reinforced by our dedication to the grand design of a developing Atlantic community, something which could never be realised through military commitments alone."

That was why Canada insisted on including in the North Atlantic Treaty the call in Article 2 for "strengthening their free institutions and promoting conditions of stability and well-being." That was why Pearson tried to put Canada-U.S. defense arrangements within a NATO framework, rather than on a bilateral basis.

Leaders like Pearson and Louis St. Laurent recognized the consequences for Canada of the advent of nuclear weapons and intercontinental missiles. And General E.L.M. Burns has written that, in the nuclear age, the real enemy is no longer any ideology or nation:

"The military should realise that the greatest threat to the survival of democracy is no longer the Russians... or any other country professing anti-democratic ideologies, but rather war itself."¹

This difference in perception of the nature of the Soviet threat, and how to cope with it, has constantly surfaced in

the history of Canada-U.S. defense arrangements since the 1940s. Canadian public opinion has tended to polarize over such things as Bomarc's, the testing of Cruise missiles, Star Wars research, or the U.S. use of force in Vietnam or Nicaragua. It might instead have focussed on East-West relations and how to promote "conditions of stability and well-being" which, rather than military force, are widely recognized to be the main safeguards against the spread of communism.

NATO and North American defense. The predicament that has to be addressed in Canada-U.S. defense arrangements is how to make collective security arrangements, to which Canada is committed under the North Atlantic Treaty, compatible with the bilateral commitments under the North American Aerospace Defence Command (NORAD).

It has been said that Canada has an obligation under NATO to take part in U.S. plans for testing and developing nuclear weapons delivery systems. This is not borne out by the history of NATO. Canada's participation in NATO, as a purely defensive alliance against possible Soviet aggression, was in no way tied in with a nuclear threat. The NATO agreement calls for "individual and collective self-defence." At the time the treaty was signed, the nuclear threat was non-existent, and Mr. St. Laurent made clear that the form and extent of the Canadian contribution would be decided by the Canadian Parliament.

As the Soviet nuclear threat began to develop, Canada became involved in bilateral arrangements with the United States. Mr. Pearson, then the External Affairs Minister, expressed grave misgivings about any bilateral defense arrangements outside the NATO framework. His view was that NATO had been created for the collective defense of all its members, and that it was therefore up to NATO to counter any threat to Canada or the United States.

Pearson tried to argue this point with Secretary of State Foster Dulles, who told him in essence what the U.S. Chiefs of Staff had already told their Secretary of Defense: namely, that any European involvement in the defense of North America was "militarily unacceptable."²

Joint crisis management. This U.S. refusal to share responsibility for decision-making in nuclear matters with its allies was understandable when the United States had overwhelming superiority in strategic nuclear weapons. Now a state of parity prevails with the Soviet Union. The European allies are intent on ensuring that the United States and Canada should become engaged from the start of any hostilities in Europe, and thus be equally exposed to the full force of Soviet nuclear retaliation.

In these changed circumstances a new look is overdue to ensure joint responsibility, embracing all NATO allies, for

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We should be developing a collective NATO strategy, rather than extending bilateral arrangements such as we committed ourselves to in allowing the testing of the Cruise delivery system.

crisis management and decision-making relating to the nuclear deterrent.

The North Atlantic Treaty specifies that an armed attack on one or more of the members shall be considered an attack against all of them. Member states agree to take whatever action is necessary, including the use of armed force, to restore and maintain security. Although there are mutual defense plans for the European regions of NATO, no such plans exist for mutual assistance in the event of an attack on North America. North America is within the NATO region, but continental defense is left to the United States and Canada.

Canada is directly involved in the prevention of nuclear war in three ways. First, through partnership in NORAD, Canada sets out to detect possible attacks by manned bombers and defend against such a threat. Second, our contribution to conventional defense in Europe would help to delay a resort to nuclear weapons to avert defeat. Third, Canada's participation in NATO is an opportunity to influence war planning and U.S. policy.

In particular, the recent emphasis on an increasing vulnerability of the United States to a Soviet missile attack, reflected in the Strategic Defense Initiative (SDI), should warn Canadians that they will be under steadily mounting pressure to take part in an anti-missile defense system. This would not necessarily involve the storing of nuclear warheads in Canada, but it would involve Canada in the interception of incoming Soviet missiles launched from bombers or submarines.

It must be recognised that SDI, involving an initial outlay of \$26 billion, is not just a research program intended to keep abreast of Soviet research. It is a crash program intended to immobilize the Soviet nuclear threat, with destabilizing consequences for those allies who are not fully covered by this proposed new form of "nuclear umbrella."

If Canada is not to drift, even involuntarily, into the role of accomplice in SDI, urgent consideration needs to be given to consultation with our European allies, as well as with the United States. We should be developing a collective NATO strategy, rather than extending bilateral arrangements such as we committed ourselves to in allowing the testing of the Cruise delivery system.

What is required is, first, a Declaration of Interdependence by all members of NATO, in order to underline the fact that solidarity, rather than any particular weapon, constitutes the deterrent.

This should lead to new arrangements for joint crisis management by the North Atlantic Council, both in regard to new weapons technology and arms control. Serious thought should be given, as proposed by Robert S. McNamara and other experts, to making a pledge of no

first-use of nuclear weapons, matching the Soviet undertaking.

In this connection, we should recall the report of the Committee of Three Foreign Ministers in NATO (adopted by the North Atlantic Council on December 13, 1956), which stated: "This deterrent role of NATO, based on solidarity and strength, can be discharged only if the political and economic relations between its members are co-operative and close." A new Committee of Three should review what constitutes the most effective deterrence, taking into account the need for strategic unity for NATO under the new circumstances.

Access to defense information. Another area which requires review is a freer flow of information on defense issues relating to Canada-U.S. defense arrangements.

The United States adopted the Atomic Energy Act in 1946 (the McMahon Act), which prohibited the dissemination of any fissionable material and the transmission of any information about nuclear matters, except as judged to be in the U.S. interest. The act was intended to prevent the spread of nuclear weapons before the safeguards of the International Energy Agency had been established, and before the Nuclear Non-Proliferation Treaty. However, as was stated in *Secrecy and Foreign Policy*: "Mutual defence arrangements. . . had to be taken under trust by the public. Even government officials have had access to this kind of information only on a 'need to know' basis."

In the same book Gordon Fairweather argued on the matter of government secrecy;

"We should be told much more about the background against which decisions are taken. . . There is a vast, shaded area about which most of us know nothing and generally suspect the worst. . . When the government consults with private interests (the military-industrial complex) before finally taking decisions, could we not be told something of the bargain struck, the compromises reached and the promises given? The Cabinet, its individual members and its supporting bureaucracy could afford to be much more open about policy objectives and national goals." (page 158)

It is especially important to review this whole question of access to information in the light of the fact that, if there ever were a nuclear war, the chief potential victim of mutual defense pacts such as the U.S.-Canada arrangements is the general public.

NOTES

¹*Megamurder*, page 9.

²Memorandum of Joint Chiefs of Staff, 11 June 1954, quoted in the *American Review of Canadian Studies*, Fall 1982.

³Edited by Thomas Frank and Edward Weisband, Oxford University Press, 1974.

The United Nations and International Security: *High time for a Canadian initiative*

BY WILLIAM EPSTEIN

Before the end of 1985 the United Nations General Assembly will have to decide when a third Special Session on Disarmament (or UNSSOD-3) is to take place. The first Special Session on Disarmament in 1978 was an outstanding success. But UNSSOD-2 in 1982 saw no real progress made. Only vigorous last-minute efforts by some middle powers prevented that Special Session from retreating from positions taken four years before.

The contention of this brief is that, before UNSSOD-3 takes place, the General Assembly should decide to hold a Special Session on International Security. Canada, with its long and distinguished record in peacekeeping, should take a leading part in winning support for such a session. Let me provide some background to these proposals.

An indissoluble triad. Development, disarmament and international security together form an indissoluble triad. By that I mean that there can be no hope of more stable and equitable economic relationships between North and South, nor hope of any steady advance in the standard of living for people in the South, while military spending increases. Nor will there be any real reduction in military expenditures until nations feel a greater sense of security.

In her introduction to a 1981 U.N. expert study on "The Relationship between Disarmament and Development," the chairwoman Inga Thorsson of Sweden stated:

"A basic finding of our Group, unanimously expressed, is that the world can either continue to pursue the arms race with characteristic vigour, or it can move consciously and with deliberate speed towards a more sustainable international and political order. It cannot do both."

Another group of experts said in their report the same year on "The Relationship between Disarmament and International Security.":

"There can be no full and effectively operating United Nations Charter system for maintaining international peace and security if the arms race continues unabated and the danger of war continues to rise. Nor can there be far-reaching disarmament without the implementation of parallel measures to promote international security."

Falling short of the goals. The United Nations Charter was intended to create a complete system to maintain international peace and security. For that purpose it provides a set of principles for the conduct of states, such as the non-use of force in international affairs and non-interference in

domestic affairs. It also provides for the setting-up of institutions and procedures for the peaceful settlement of international disputes, and for the taking of enforcement action in the case of threats to—and breaches of—the peace. These include the creation of an international police force. And it sets out clearly the objectives of bringing about disarmament, and of promoting economic and social development and human rights.

Strenuous efforts have been made to achieve these objectives, but in almost all cases the results have fallen far short of the goals. One such effort came at UNSSOD-1 in 1978, when nations reached agreement by consensus on a Final Document, containing a set of principles for disarmament, a program of action, and negotiating machinery for its implementation. The Final Document constituted a "Charter for Disarmament." Unfortunately, however, because of increasing tensions between the U.S. and U.S.S.R. and the deterioration of the world situation, no progress has been made in implementing the program of action set out in the Final Document.

On the opening day of UNSSOD-2 in 1982, the Iraqi President of the General Assembly Ismat Kittani spoke with candor:

"What have the governments of the world done to respond to the fervent demand of the people of the world that this insane arms race be stopped? . . . Not a single weapon has been destroyed over the past four years as a result of a disarmament agreement. Nothing of significance has been done to reduce the imminent threat of self-extinction that makes the present so dangerous, and the future so uncertain."

Those same words are even more sadly true in 1985. This is why the idea of a Special Session on International Security, strongly supported at many meetings—from the 31st Pugwash Conference on Science and World Affairs held in Banff, Alberta in 1981, to the October 1984 "Thinkers' Conference" sponsored by the United Nations Association of Canada (UNAC)—has increasing force. More people are becoming convinced that a main reason for the failure of arms limitation and disarmament efforts is that nations simply will not agree to meaningful measures while they perceive threats to their national security.

Elaborating ways and means. There have, of course, been many attempts to strengthen international security over the past 40 years. But they have been inadequate and piecemeal. For example, in 1975 the General Assembly set up a Special Committee on the Charter of the United Nations and on Strengthening the Role of the United Nations. This committee focussed on problems of international security, but achieved little. Another Special Committee (the Committee of 33) was set up in 1964 to consider ways of improving U.N. peacekeeping operations, but again has

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achieved very little. The same is true of the Committee on the Non-Use of Force.

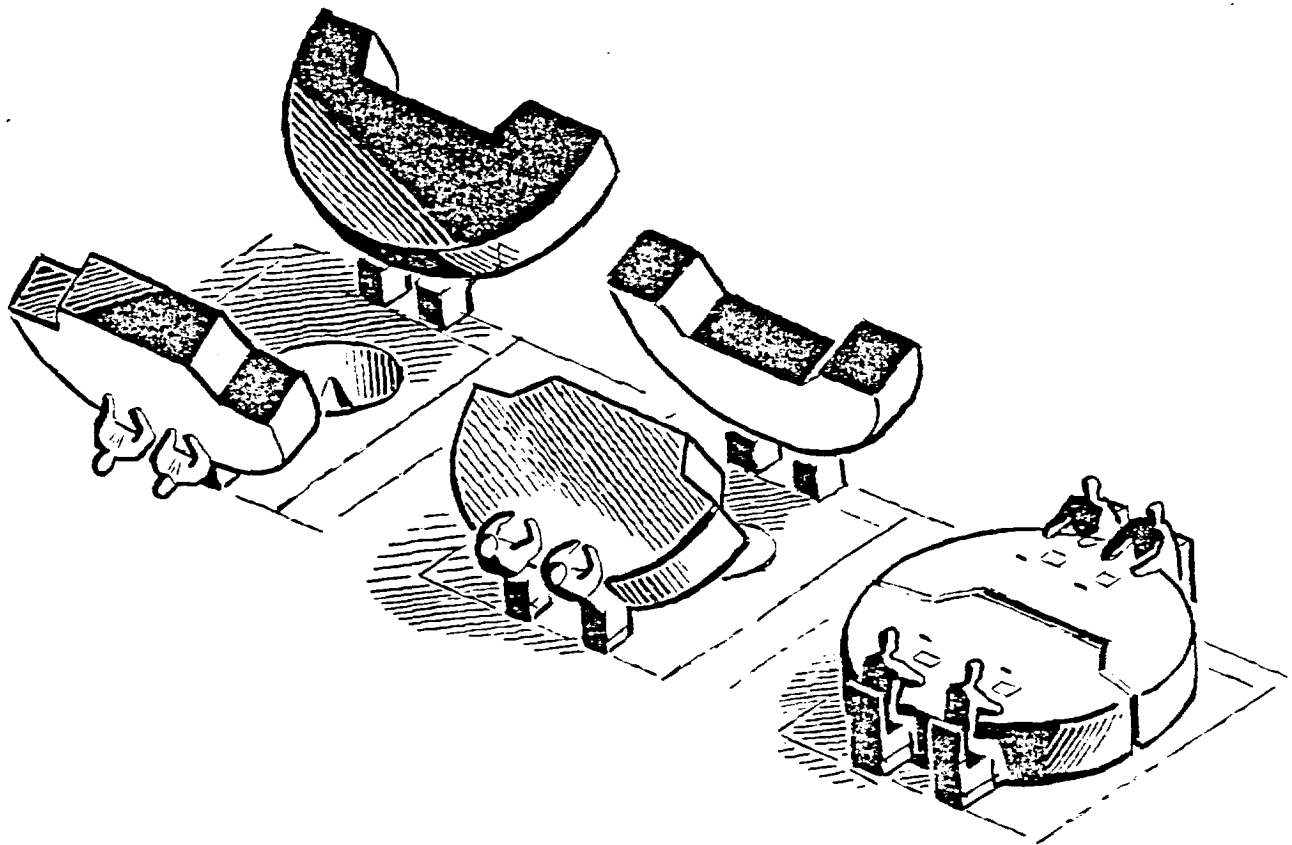
Peacekeeping is a good example of the way the United Nations has been forced to deal with matters of international security in a piecemeal fashion. The United Nations Charter sets out, clearly enough in Chapter VII, ways to deal with threats to the peace and acts of aggression. In particular, Article 43 provides for all member states to make armed forces available to the Security Council for "the maintenance of international peace and security;" Article 47 states how the Military Staff Committee representing the five permanent members of the Security Council should "advise and assist" the Security Council.

But from the beginning of the U.N., the conflicting views of the Soviet Union and the United States made it im-

possible to implement Article 43 and the enforcement provisions of the Charter. The Military Staff Committee still holds regular but purely formal meetings at which no substantive questions are considered.

During the Suez crisis in 1956, the United Nations under Lester Pearson's initiative conceived the idea of *ad hoc* peacekeeping forces, which would act as an interposing or buffer force in order to supervise a cease-fire and help to preserve the peace. However, their scope is limited as they can only act with the consent of the parties to a conflict. They are in no sense an enforcement or police force; nor do they attempt to resolve the underlying dispute between the parties.

In 20 years no real progress has been made by the Committee of 33 in elaborating ways and means of improving peacekeeping operations. Instead, guidelines have been pro-



DAVID SUTER/ BY PERMISSION OF THE ARTIST

More people are becoming convinced that a main reason for the failure of arms limitation and disarmament efforts is that nations simply will not agree to meaningful measures while they perceive threats to their national security.

posed on an *ad hoc* basis by the Secretary-General, and approved by the Security Council, whenever a new peacekeeping operation was set up. But these arrangements are uncertain and have not been accepted in a number of conflicts because not only do they require the consent of the parties, they can also be blocked by any one of the five permanent members of the Security Council.

Efforts to promote international peace and security have proceeded for years in a fragmented and isolated fashion, at different times and in different committees. They have not dealt with the interrelationship of international security, disarmament and development; nor have they directed much attention specifically at the problems of international security. And while there have been two Special Sessions of the General Assembly on Disarmament and at least three on Development and the New International Economic Order, there has never been a Special Session on International Security, nor an expert study on the subject.

The time and place for a review. A full review of these problems is not possible in a committee with a limited mandate, however expert. And while under the Charter the Security Council is charged with maintaining international peace and security, experience has demonstrated that a thorough discussion of the subject at a high-level meeting of the Council is simply not practicable. Such a meeting was actually held in 1970 to review questions of international security and the role of the Security Council. Only one session was held, attended by 11 foreign ministers. Nothing resulted. The Security Council has also considered the Secretary-General's suggestions in his last three annual reports to the General Assembly calling for new efforts to reconstruct the Charter concept of international collective action for peace and security, but also without result.

A full review can best take place in the General Assembly, at which all 159 member states are represented and which is usually attended by a number of presidents, prime ministers and some 50 foreign ministers. A Special Session of several weeks' duration devoted to the subject of international security could focus attention on, and give full consideration to, all aspects of the subject.

A proposal for holding such a Special Session could be launched at any time, but the 40th anniversary session of the U.N. General Assembly in 1985, which many heads of state will attend, would provide an appropriate occasion to call for a Special Session of the General Assembly in 1987.

In accordance with normal practice, the groundwork for a Special Session on International Security would be undertaken by a Preparatory Commission. In addition, the

1985 regular session could request the Secretary-General either to commission an expert study of the subject in time for consideration by the 1986 session, or—in consultation with the Preparatory Commission—call for the preparation of a number of studies on the question by individual scholars in time for consideration by the 1987 Special Session.

The Special Session could also explore in depth several of the Secretary-General's suggestions, such as his call for more systematic and early use of the Security Council by member states; initiation by the Council of discussions between parties to a dispute before the crisis point; more systematic action by the Security Council in sending good offices missions, observers, or a U.N. representative to areas of potential conflict; more responsible action by the permanent members of the Security Council to live up to their obligations; more systematic action by the Secretary-General under Article 99 of the Charter in bringing matters to the attention of the Security Council; more and better fact-finding by the U.N.—to name just a few.

In addition, the Special Session might consider more far-reaching and controversial subjects, such as the establishment of a permanent volunteer U.N. peacekeeping force for *ad hoc* assignments; the provision of armed forces to the Security Council under Article 43 of the Charter; establishing rules of conduct for the exercise of the inherent right of individual or collective self-defense under Article 51 of the Charter; the creation of a special U.N. organ to discuss not just the question of disarmament, but also armament programs and the build-up of weapons; more systematic ways of dealing with international terrorism; and the establishment of an international satellite monitoring agency under the U.N. to assist in crisis management, in monitoring U.N. peacekeeping missions and in verifying arms control agreements.

A role for Canada. Canada would seem to be the natural and ideal country to launch the idea of holding a Special Session on International Security. Canada has been a leader or an active participant in all three fields—disarmament, development and international security—throughout the 40 years of the U.N.'s existence. And yet Canada has not taken any major political initiative in the U.N. for many years—not since Lester Pearson's 1956 peacekeeping initiative, and Paul Martin's on the admission of new members in 1955.

A Canadian initiative for the holding of a Special Session on International Security could lead to major constructive results for 1) Canada and the Canadian public, 2) the U.N. and all its member states, 3) the promotion of world peace and security, and 4) the facilitation of concrete progress in the fields of disarmament and development.

It seems to me that the potential gains from taking such an initiative far outweigh any potential risks.

On Human Rights: a role for women

BY MURIEL DUCKWORTH

It is impossible to think about human rights without putting these thoughts in the context of war and preparation for war, violence and the threat of violence, militarism and the increasing militarization of the world. It is useless to deal with human rights without recognizing that the violence which permeates society is the greatest threat, and that the behavior of powerful nation-states, in turning other people into 'the enemy' on whom it is quite legitimate to use violence—real or threatened—to get one's way, legitimizes all violence. The militarization of the world inevitably robs people of their basic human rights.

Dr. Rosalie Bertell, in her book *No Immediate Danger? Prognosis for a Radioactive Earth*, calls militarism an addiction:

"To use an analogy: in a home where the breadwinner is addicted to drugs or alcohol, the family's financial priority will undoubtedly be the addictive needs. Health care, education, shelter and even food will be secondary. . . The addiction becomes a problem for the whole family, not just for the alcoholic or drug addict."¹

So what are we to do in order to rid ourselves of militarism, this addictive habit that "threatens global health, education, shelter and food security."? First we have to try to live as if we are one family. This attempt will be based necessarily on our caring as much for the life and well-being of other members of the family as we do for ourselves.

Women working together for peace. In December of 1983, a small group of women meeting informally in Halifax took their first steps in this direction. Dismayed at the blindness, lack of imagination and greed threatening the world and its people, they decided to call for a world conference of women. The theme of the conference was chosen a few months later at a meeting of representatives from 22 national women's organizations: "The Urgency for True Security: Women's Alternatives for Negotiating Peace."

In the months preceding the conference, almost 5,000 Canadian women took part in nine preparatory conferences held across Canada. In groups and in letters to the organizers of the conference, women throughout the world were answering the question "What does security mean to women?" for themselves.

The Women's International Peace Conference was held in Halifax from June 5-9 1985, and drew 350 women from 35 countries together to discuss peace and security. One of the speakers at the conference, Margarita Inglestam of

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FROM DISARMAMENT CAMPAIGNS

Sweden, works with other women in her country and throughout the world to create an earth-home fit for children. If this were a priority, she says, it would be impossible to have the suffering that today comes from militarism and the rape of the earth—the millions of starving and homeless children, deaths from disease for which cures are known, "jellyfish babies" and the increased incidence of leukemia from nuclear pollution.

The statement adopted unanimously at the closing session of the conference called for the rejection of "a world order based on domination, exploitation, patriarchy, racism and sexism," demanding in its place "a new order based on justice and the equitable distribution of the world resources."

The statement called for a comprehensive test ban treaty on all weapons of mass destruction and for the development of a worldwide women's peace network. It concluded by saying: "We affirm the right of every human being to live with dignity, equality, justice and joy." Present to receive the statement on behalf of the Secretary of State Hon. Walter McLean was Monique Landry, MP; she in turn carried its message to the U.N. End-of-the-Decade Conference on Women held in Nairobi in July.

It is a right of women to have a part in creating a new world, in turning it away from the destruction that now threatens, in "re-weaving the web of life." This is not, however, seen as a right by all. The women protesting at Greenham Common have been subjected to violent treatment, ridicule and imprisonment. The women from the Nordic countries who in 1983 walked from New York to

What are we to do to rid ourselves of this addictive habit that threatens global health, education, shelter and food security?

Washington as peacemakers were not received enthusiastically. The Canadian women attending the U.N. Conferences on Women (1975, 1980, 1985) have been told by our government representatives to 'go easy' on the theme of peace—even though "Equality, Development and Peace" was the theme of the U.N. Decade of Women and of all the conferences. Talk of peace seems to be viewed as subversive in some way, yet as Margaret Laurence put it in the film "Speaking Our Peace": "If peace is subversive, in God's name what is war?"

I could give well-documented examples of violations of human rights in the Philippines, the Marshall Islands, South Africa, the U.S.S.R., the Middle East, Central and South America. There are many Canadians who are fully aware of these situations and who are among those working towards change. As a way of illustrating the link between militarization and the violation of human rights, I choose instead to discuss a domestic issue—namely the low-level military flights in Nitassinan (Labrador-Quebec).

The case of Nitassinan. All the elements are there: a decision made at the top without consultation with those whose lives will be affected (in this case largely the Innu people); the absence of advance studies on the impact of low-level flights on the people, the wildlife and the land; flights by the German Luftwaffe at altitudes as low as 30 metres being justified on the grounds that the Soviet Union is the supposed enemy; plans for additional flights this year by the R.A.F., the U.S.A.F. and possibly the Royal Netherlands Air Force; the selling of the program to the Canadian public partly on the grounds of our commitments to NATO and partly on the grounds of job creation. (This case is documented in Peter Armitage's article "Military Flights in Nitassinan [Labrador-Quebec]" in *Native Issues*.)²

Many of us have signed a petition that the Innu of Nitassinan began circulating internationally in 1984 after four years of repeated requests to the Canadian government to stop the low-level flights. Their impact on the Innu people's health and way of life is serious. Furthermore, we must also question the very purpose of such a testing program.

There is a certain bureaucratic momentum to militarization, evident even in Canada. This momentum tends to override rational considerations such as the right of people to be informed, to take part in determining their own future, and to test ways of living together with "dignity, equality, justice and joy."

NOTES

¹Dr. Rosalie Bertell. *No Immediate Danger? Prognosis for a Radioactive Earth*. (Toronto: Women's Press, 1985)

²Peter Armitage, "Military Flights in Nitassinan (Labrador-Quebec)" in *Native Issues*, IV:2, updated May 1985.

Economic Conversion: *jobs with peace*

BY JOHN FRYER

One of the most significant developments within the Canadian labor movement in recent years has been the strengthening of its links with organizations concerned with peace and disarmament. While peace is not new on labor's agenda, its importance has increased with the mounting threat of nuclear war.

To some, labor's involvement in the peace movement may seem surprising. The issues of defense policy, arms production, and the nuclear threat seem somewhat removed from the day-to-day union concerns of collective bargaining, organizing, job security and wages.

Moreover, supporters of continued and expanded Canadian involvement in the arms race are quick to maintain that a strong defense industry creates jobs. A review of the federal government's recent statements on Canadian involvement in the U.S. Strategic Defence Initiative shows that the alleged benefits to industry and employment are the government's prime justification for participation in Star Wars. Similar arguments were used by previous governments to justify the Defence Production Sharing Arrangements, which give Canadian industry virtually unrestricted access to the U.S. weapons market, and the Defence Industry Productivity Program, which provides subsidies for Canadian companies engaged in military production.

Over the past 10 years, however, a growing number of economists and defense researchers have determined that, rather than strengthening the economy, military spending weakens it. A 1981 United Nations study indicated that military expenditures contribute to inflation, prevent investment in socially useful products, and produce substantially less employment than investment in the civilian sector.¹ Similar studies by U.S. researchers, based on Bureau of Labour Statistics data, show that military contracting creates fewer jobs per \$1 billion invested than virtually any other sector of the economy.² This position has also been put forward by the prominent Canadian-born economist John Kenneth Galbraith, who told a recent news conference in Ottawa that the job creation impact of Canadian military production, particularly in such high technology developments as Star Wars, is extremely low.³

While there are a number of explanations for this, the simplest is that military production is highly capital-intensive, with a higher proportion of dollars going for materials and equipment. Military production also creates a very different mix of jobs than other expenditures, employing a larger portion of technically skilled workers than does civilian manufacturing.⁴ Thus, the jobs which are created

are not in the occupations with the highest unemployment, and do little to alleviate the overall unemployment situation.

Moreover, excessive military spending by governments—such as the subsidies provided to industry under the DIP program—are a drain on resources which could be more advantageously used elsewhere. This is of particular concern to public sector workers, who see governments tightening their belts in such areas as education, health care and social services, while increasing military spending.

As a result, Canadian workers and their unions have a double interest in promoting peace and disarmament—not only because of the threat the arms race poses to human survival, but also because of the negative impact it has on jobs and the economy. While few people would argue in favor of abandoning military production altogether—Canada should be able to produce the necessary products for its own defense needs—there is a strong case for disengaging ourselves from the production of weapons systems and components for export. Where nuclear weapons are concerned, the case is even stronger.

Economic conversion: the alternative. At the same time, unions have a responsibility to protect existing employment—and that includes the jobs of those workers currently employed in defense-related industries. The labor movement cannot ignore the threat that disengagement from the arms race could lead to layoffs and plant shut-downs.

As a result, unions in Western Europe and the United States have been exploring the possibilities for economic conversion. Essentially, the term implies studying the mix of facilities and skills dedicated to the manufacture of a given armament, weapons system or component, and determining what civilian products might be produced using these same resources.

While conversion is not a new idea—the shift from wartime to peacetime jobs was done on a massive scale following the Second World War—the increased sophistication of technology makes modern conversion efforts more complex. As Lloyd J. Dumas, a professor of political economy and economics at the University of Texas, put it:

"Today's arms industry includes generations of managers, engineers, scientists, production and maintenance workers who have never done anything but military-oriented work. . . Furthermore, during the World War II period both the means of production and the technologies applied in producing military goods were fairly similar to those of civilian production. Over the nearly four decades since, these facilities, equipments and technologies rapidly diverged."⁵

Thus, any successful conversion program must involve long-term planning, intensive research, technical expertise

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Military contracting creates fewer jobs per \$1 billion invested than virtually any other sector of the economy.

and, needless to say, the co-operation of both workers and management. It also involves government incentives—financial and otherwise—to encourage companies to convert. A company which derives all or part of its profits from defense contracts will not convert out of a belief in peace and disarmament—it will only do what it sees as being in its own self-interest.

This is why one of the most interesting and feasible union-sponsored conversion plans, at Lucas Aerospace in Great Britain, was not ultimately implemented. The plan originated in the wake of the 1975 national election, when the new Labour government proposed the nationalization of the aerospace industry and cutbacks in military contracts.

Concerned about the possible loss of jobs, the union representing Lucas workers took on the massive task of determining what types of alternative products could be developed and produced by Lucas. The union first did an inventory of the company's resources, both human and material, and continued with an analysis of the problems and needs facing workers as a result of changes in the aerospace industry and the world economy. It then assessed the various social needs that could be met with alternative products and, finally, drew up detailed proposals about the products, the production process and the employment development program that could contribute toward meeting those needs.

But despite numerous meetings with the union between 1976 and 1979, management refused to put any portion of the plan into effect.

Despite its "failure," the Lucas Plan is important in that it created a working model of conversion activity. This model has not only helped other trade unions initiate conversion campaigns in Britain and elsewhere, but it also provided an important point of departure for discussions of the potential of economic conversion.

In the years since the Lucas Plan, a number of other conversion efforts have been under way in Great Britain, Germany, Italy, Sweden and the United States. In London, the Greater London Council established an Enterprise Board to assist the establishment of new enterprises that manufacture socially useful products, keep existing enterprises and their jobs intact, or help them convert to new product lines. Since February 1983, the Greater London Enterprise Board has helped set up or maintain 130 factories providing over 2,000 jobs.

In Germany, there are about 15 conversion groups currently active in arms factories and other manufacturing plants. They are supported by some of Germany's largest unions, as well as peace researchers, industrial sociologists, economists, and political organizations like the Social Democratic Party.

At Oto Melare, one of Italy's largest arms manufacturers, unions have successfully negotiated with the com-

pany to divide production at its new Brindisi plant equally between military and agricultural vehicles. Unions at factories in Selenia, Rome and Naples have also convinced their employers to equalize the ratio between military and civilian production; and plants are now producing radio equipment for use in civilian airport facilities in Third World countries.

Sweden has also begun a serious conversion process as a result of the participation of the Swedish Metalworkers Union and the Social Democratic Party. In June 1981, the Swedish government proposed to shut down a state-operated shipyard which was suffering because of the decline in the shipbuilding industry. Residents of the community joined forces with the unions and, as a result, the government and the company initiated a major conversion effort. Of the 2,322 employees who were laid off, 1,650 got new jobs without having to relocate.

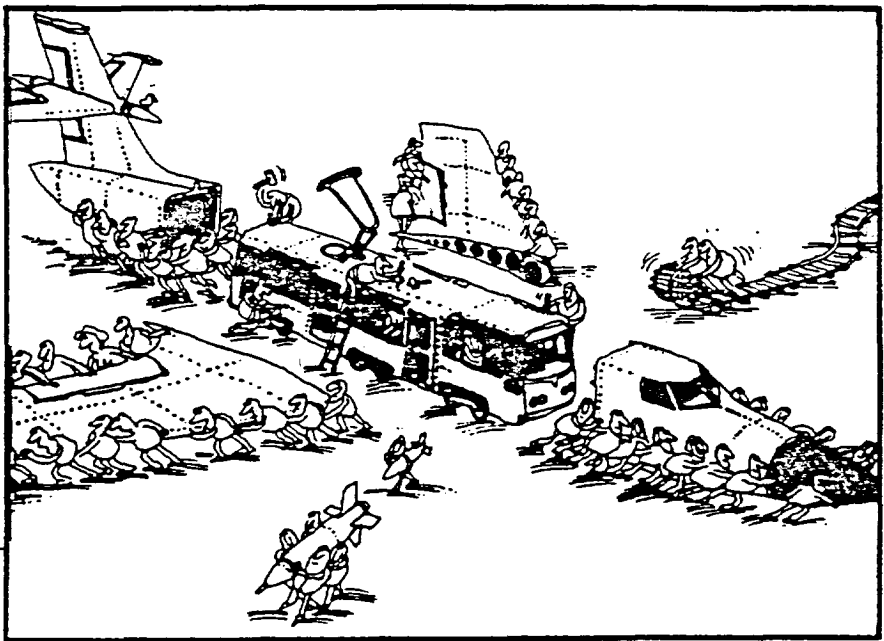
While the conversion movement is not as highly developed in the United States as in Europe, a number of organizations have been set up to study conversion possibilities, including the Bay State Centre for Economic Conversion in Massachusetts, and the Centre for Economic Conversion in Mountain View, California. Conversion is also being studied and promoted by the International Association of Machinists and Aerospace Workers, a union which represents thousands of workers in defense-related industries. Another union, the United Auto Workers, is currently involved in a conversion project at the McDonnell Douglas factory in Long Beach, California. While the project does not involve conversion from military to civilian production—it stemmed from a decline in the local demand for civilian aircraft—it follows the same principles.

In addition, two bills have been introduced in the U.S. Congress designed to help overcome some of the barriers to economic conversion. These bills include such provisions as prenotification, which would require the government to give affected communities one year's notice of any plans to cut back or terminate a defense contract, a requirement that defense contractors set up labor-management Alternative Production Committees, and programs to assist workers who are displaced while a conversion project is under way.

One thing to be remembered is that although conversion is useful in the context of disarmament, it can also be applied to shift from one form of civilian production to another. Its significance for the high technology industries, which are vulnerable to economic conditions and produce products which can rapidly become obsolete, is obvious. Hence conversion plans can be developed not only for turning swords into ploughshares; they can also be used to protect workers from the vagaries of changing economic conditions and consumer demands.

The Canadian context. Until quite recently, little con-

Conversion plans can be developed to turn 'swords into ploughshares' but they can also be used to protect workers from the vagaries of changing economic conditions and consumer demands.



FROM THE "NUCLEAR FREE PRESS"

version research had been done in Canada by either the peace movement or the labor movement. The scope of Canadian involvement in arms production has been well-documented by a number of researchers⁶, but no conversion plans are yet under way.

While the involvement of Litton Industries in producing components for the Cruise missile spurred some interest in conversion in Canada, it wasn't until the International Economic Conversion Conference, held in Boston in June 1984, that the labor movement began to take a major interest in the subject. That conference attracted some 750 trade unionists, peace researchers, church activists, and other concerned individuals from around the world, including more than 50 Canadians. Canadian unions and labor centrals represented at the conference included the Canadian Labour Congress, the National Union of Provincial Government Employees, the United Auto Workers, the Canadian Union of Public Employees, and the Canadian Union of Postal Workers.

Since the conference, an *ad hoc* committee of Ottawa-based labor representatives has been set up to look at the conversion issue and how it applies in Canada. Research is also being conducted by Project Ploughshares, and a proposal for a major conversion study has been submitted to the Canadian Institute for International Peace and Security by an Ottawa-based consulting firm.

While it is important for trade unions to promote the concept of conversion among their members, substantial research is necessary before any actual conversion plans can be developed. It must be determined which companies or individual factories should be the primary conversion targets, based on the nature of the products they produce, what markets they serve, and the level of interest of the unions involved.

It is also important to look at conversion in the context of Canadian defense policy as a whole, and in terms of an overall industrial strategy for Canada. Research is needed into what types of alternative products would be best suited

for the Canadian domestic and export markets, and the impact the production of these alternative products would have on employment.

Perhaps what is most important at this time is that the government take both the potential of economic conversion and the impact of military spending on the economy into account in the development of both defense and industrial policy. Such groups as the Canadian Institute for International Peace and Security, and the Consultative Group on Disarmament and Arms Control Affairs could make a major contribution by promoting both the discussion of conversion and specific research initiatives. Since both of these groups include participants from a wide variety of sectors, including labor, they would be ideal as forums for advancing the conversion issue in Canada.

Whatever the outcome of conversion initiatives in Canada, they will serve an important purpose regardless of whether they are implemented at the individual plant level. The more evidence that is developed of the applicability of conversion to Canada, the more likely Canadian policy-makers are to accept the fact that increased military spending is not the answer to Canada's economic woes and that "jobs with peace" can indeed be achieved.

NOTES

¹United Nations: "Study of the Relationship between Disarmament and Development." Report of the Secretary-General (A/36/356) 1981.

²See, for example, Marion Anderson, *The Empty Pork Barrel: "Unemployment and the Pentagon Budget"*; Employment Research Associates, 1980.

³The Ottawa Citizen, May 28, 1985.

⁴Robert W. DeGrasse, *The Military Economy: in Economic Conversion, Revitalizing America's Economy*. Suzanne Gordon and Dave McFadden, eds. Ballinger, 1984.

⁵Lloyd J. Dumas, "Making Peace Possible: The Legislative Approach to Economic Conversion"; in Gordon and McFadden.

⁶See, for example, Ernie Regehr, "Canada and the U.S. Nuclear Arsenal"; in *Canada and the Nuclear Arms Race*, E. Regehr and S. Rosenblum, eds., Lorimer, 1983.

Off the Top: how Canada can help in Arctic disarmament

BY HANNA NEWCOMBE

The Antarctic has been demilitarized by international treaty since 1959. However, no corresponding development has taken place in the Arctic, despite early suggestions by an American and a Soviet scientist to do so. (Rich and Vinogradov, 1964, 1965.) The main reason for the difference is the greater strategic importance of the Arctic. In a general nuclear war, superpower ICBMs would fly over the Arctic, submarines of both U.S. and U.S.S.R. would operate under the ice in the Arctic Ocean. In general, the superpowers' geopolitical outlook is to stare at each other's eyeballs over the Arctic, as much as along the East-West latitudes across the Atlantic, and to a much smaller extent over the Pacific. There is not comparable tension-field across the Antarctic, and so the great powers were able to renounce arming it, in one of their series of "non-armament" treaties.

However, precisely because the Arctic is such a sensitive area, it is important that something should be done there. Any disarmament or arms control measure in the Arctic would have much more impact on the overall strategic situation than it has ever had at the opposite end of the Earth. Our world's main conflict is, after all, in the Northern Hemisphere; action in this hemisphere would come much closer to treating the central cause of the disease than any tinkering around the periphery.

There is a clear role for Canada in Arctic disarmament, since Canada is an Arctic power. In this, we have common interests with other Arctic nations (Greenland/Denmark, Norway, Sweden, Finland) that are not superpowers. If Canadians and Scandinavians could co-operate on an Arctic disarmament scheme, perhaps they could act as a lever to effect some measure of Arctic disengagement (a safety corridor of some sort) from the superpowers. Along with similar safety corridors in Europe (the zone proposed in the Palme Report, along with the proposed Nordic nuclear-weapons-free zone (NWFZ) and the proposed NWFZ in the Balkans, would effectively isolate East and West in Europe), we could get some distance between the main competing power centers. While this would not change the basic situation of danger in an age of ICBMs, it might make some psychological difference, as well as help prevent accidents resulting from close contact.

Which disarmament measure would be suitable for the Arctic? Below is a partial list of options:

(1) A completely demilitarized zone, as in the Antarctic. Such a zone has been proposed and described in some detail by Owen Wilkes (1984). It does not include the whole area north of the Arctic Circle, but certain important parts

of it.

(2) A nuclear-weapons-free zone (NWFZ) in the whole area north of 60 degrees North, which would include Iceland as well as the northern parts of Canada, Greenland, Norway, Sweden, Finland, U.S.S.R. and U.S. This has been proposed by Hanna Newcombe (1980, 1981), and Theresa Pedersen and the Inuit Circumpolar Conference (1977).

(3) An NWFZ in the Arctic Ocean only—not the adjacent land masses. This was proposed by Rod Byers (1980) in an informal paper.

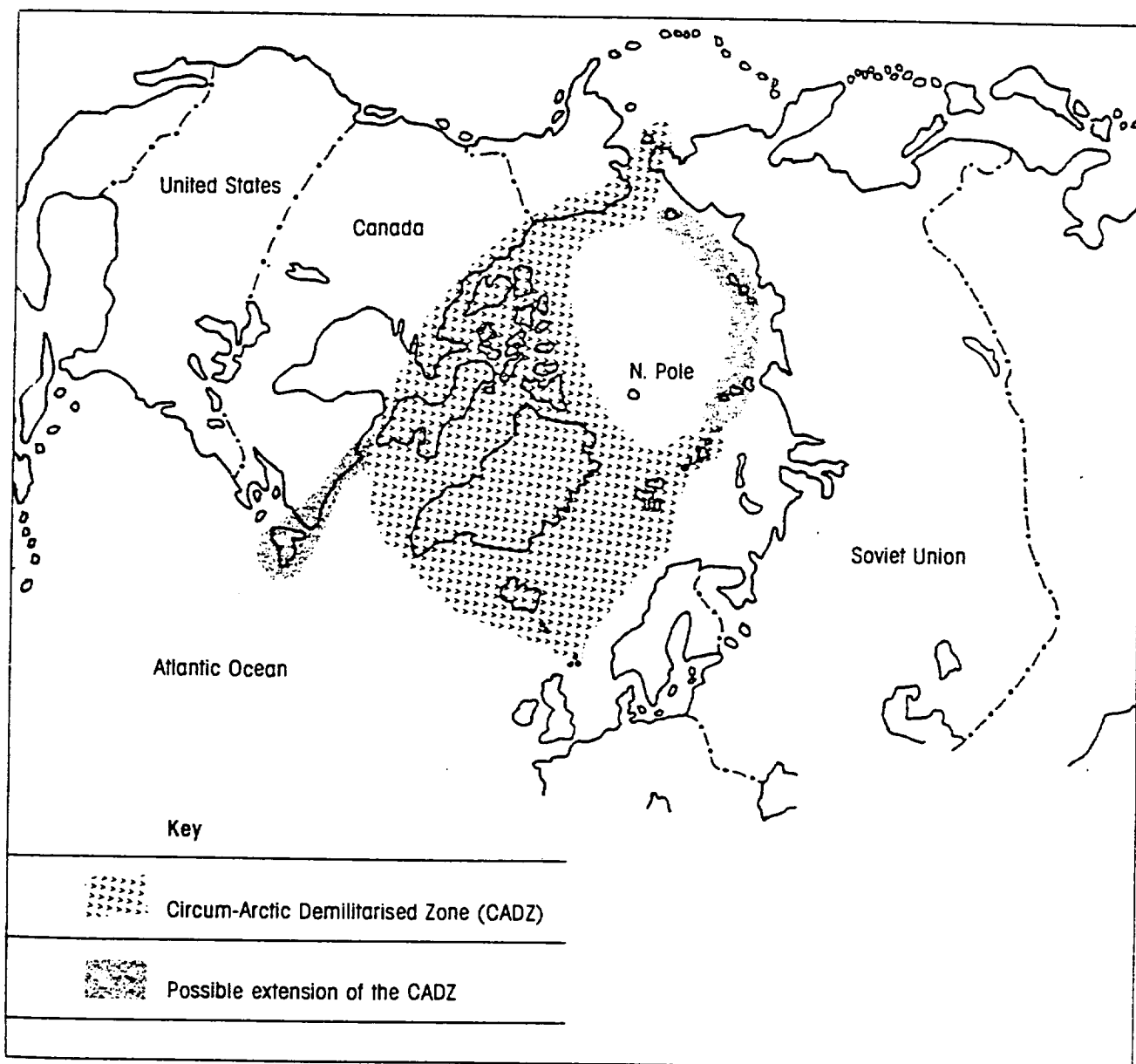
These proposals will now be described in more detail.

A Demilitarized Zone in the Arctic. Owen Wilkes, a New Zealand peace researcher who has worked for a time at the Stockholm International Peace Research Institute (SIPRI), first summarizes information about surveillance systems located in the Arctic and the Greenland-Iceland-United Kingdom corridor, which provide warning of strategic attack to the superpowers. (This corridor, labelled GIUK, is the only large opening from the Arctic Ocean to the world's other oceans, ignoring the Bering Strait, which is narrow.) Geographically, Wilkes has compared the Arctic Ocean to the Mediterranean Sea, which also has only one outlet. Wilkes then suggests a Circum-Arctic Demilitarized Zone (CADZ), including the Bering Strait islands, Greenland, Iceland, Faroes, Svalbard (Spitzbergen), Franz Josef Land, as well as parts of Canada and Alaska. He feels that CADZ would improve the security of the peoples and territories within the zone, as well as reduce tensions and the likelihood of war between the superpowers. Strategic warning systems within the zone would mostly be retained, but operated in such a way that they would only warn of warlike intentions and activities rather than facilitate them by gathering targeting information. In particular, this would be achieved by having local populations operate the facilities, with the information derived from monitoring available to all.

On page 21 is a map, copied from Wilkes, of the proposed CADZ.

Within the CADZ, there would be a total ban on the presence or transit of nuclear weapons. Banning their presence would not be difficult, since there are few if any there. However, banning transit would present difficulties, since the superpowers are opposed in principle to any limitations on their use of international waters or air space. But at least transit could be banned within the territories of the other zone states, including Canada. In other words, warships and airplanes of the nuclear powers would be banned from using zone ports or airfields, unless assurances were given that no nuclear weapons were on board. (This recalls the recent banning of U.S. ships from New Zealand ports.)

The emphasis which Wilkes puts on the use of surveil-



lance systems might make possible a linkage of the CADZ information system with any International Satellite Monitoring System (ISMA) that might come into operation. The relative advantages of having the systems operated by international personnel or by native peoples might be further considered.

Wilkes' proposal leaves untouched the subject of the extensive Soviet nuclear facilities in Murmansk and the Kola Peninsula. He considers this an advantage of his plan,

because it makes it more likely to be accepted. However, one wonders if we need yet another non-armament treaty. The non-nuclear weapon states in the Arctic should instead use the opportunity offered by their geographic location to exact some real concessions from the superpowers.

A Nuclear-Weapons-Free Zone in the Arctic. Newcombe's proposal begins by reviewing existing NWFZs and also some proposed ones. More information is provided

There is a clear role for Canada in Arctic disarmament, since we have common interests with other Arctic nations that are not superpowers.

about the Nordic NWFZ in Scandinavia, since it provides a precedent for an Arctic NWFZ. The weapons systems that could be removed or never have been emplaced in an Arctic NWFZ would include nuclear weapons and their carriers. It would also include installations which could be used as auxiliary equipment in the storing or launching of nuclear weapons, (e.g. port facilities for repairing submarines). Warning systems, on the other hand, would not be removed, since they are stabilizing; but their operation would be transferred to a new United Nations agency, which could be the precursor of a U.N. Disarmament Agency.

Territories to be covered by the plan, as already mentioned, would be essentially both ocean and land areas north of 60 degrees North. In Canada, this would include all the Northwest Territories and Yukon, but none of the provinces in the West; the tip of the Ungava Peninsula of Quebec; all of Alaska; all of Greenland and Iceland; nearly all of Norway and Sweden; all of Finland; parts of European U.S.S.R. just north of Leningrad, and substantial parts of Siberia. The U.S.S.R.'s Kola Peninsula, Archangelsk, and Murmansk would be included.

It might be desirable to make the geographic boundaries somewhat flexible, so as to balance the concessions by the superpowers, taking into account their sensitivities from the point of view of global strategy. We might also include all of Norway and Sweden, and exclude the tip of Ungava if we wish. Exact boundaries would be subject to negotiation.

By including the superpowers the plan is less likely to be accepted, but would also be more effective if accepted. Such a trade-off is usual in arms control proposals. An advantage of the plan is that only Northern industrialized nations are involved; this could provide some counter-balance to the Non-Proliferation Treaty, which many developing nations consider unfair.

A related initiative toward denuclearizing the Arctic was made by the Inuit Circumpolar Conference held in Barrow, Alaska, in June 1977. A resolution in favor of such a zone was adopted there, and the concern was carried to the United Nations by Theresa Pedersen, a delegate to the conference. She spent the summer of 1978 as an intern at UNITAR in New York and did research on the proposal. The proposal obtained the backing of the Cousteau Society and the Vatican.

The concern of the Inuit Circumpolar Conference with Arctic denuclearization is mainly environmental, and linked to the native people's concern for preserving their rights to a clean environment, to health, and to their cultural inheritance. Pedersen cited evidence from SIPRI (1978) that "radioactive contamination of the Arctic regions is almost entirely of military origin and needs to be singled out because of special problems associated with this habitat." Native Arctic peoples have suffered greater radioactive contamination than almost anyone else in the world, except

survivors of Hiroshima and Nagasaki. The reason is the short food chain in their fragile environment.

A Nuclear-Weapons-Free Zone in the Arctic Ocean. Byers believes that there are no strategic bases permanently established yet on the ice-pack. The future strategic value of the Arctic Ocean might increase, particularly with respect to submarines, if there is a breakthrough in strategic anti-submarine warfare. Yet at this time (written in 1980), the strategic considerations are not very significant, so this may be an opportune time to proceed. The technological developments which have occurred over the past two decades indicate that, in terms of its ocean space, the Arctic Ocean can be bypassed. Thus the security interests of the superpowers need not be adversely affected if the Arctic Ocean is denuclearized. Such a step would act as a confidence-building measure, and there is certainly a need for that.

The aims of this plan are more modest than those of the Newcombe plan, but if it can be more speedily implemented, then this would be a point in its favor.

Conclusion. These three plans for arms control in the Arctic are presented as samples of the thinking about this area and this problem. Other plans and other combinations are possible. The plans range from modest to daring, from narrow-area to wide-area. Each has its advantages and its problems.

Our main aim in presenting them is to stimulate thinking in the Canadian arms control and disarmament community, both governmental and non-governmental, on some of these possibilities. The Arctic presents a great opportunity for Canada to exercise its considerable influence on the shape of events to come in this region. We should turn our eyes northward for a change, and make the best of our opportunities.

NOTES

Alexander Rich, and Aleksandr Vinogradov, "Arctic Disarmament," *Bulletin of Atomic Scientists*, November 1964, pp. 22-23; *Scientific American*, January 1965, pp. 48-59.

Owen Wilkes, "A Proposal for a Demilitarized Zone in the Arctic," *Project Ploughshares Working Paper*, 1984 - 4, Conrad Grebel College, Waterloo, Ont., 10 pp.

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Theresa Pedersen, "An Arctic Nuclear-Free Zone: A Proposal in Peace Studies," a grant application with enclosures of clippings, supplied by Milton Leitenberg.

Rod Byers, (York University, Toronto), paper to Toronto Arms Control Group, meeting at Canadian Institute of International Affairs, University of Toronto, February 5, 1980.

SIPRI (Stockholm International Peace Research Institute), *Yearbook 1976*, "Nuclear Weapons Free Zones," pp. 279-305.

Peace Education in Canada

BY MURRAY THOMSON

Shridath Ramphal, in an address to The Group of 78's Stoney Lake Conference in September 1984, identified two elements for believing that we can move away from the "common crisis" facing humanity. The first is the fact of interdependence, our mutual needs and shared interests. Though the world still has the strong and the weak, "the strong are no longer exclusively powerful, and the weak no longer ineffably weak." The second element is the spirit and practice of democracy. "People are asserting their right to survive and demanding that they and their countries survive in honour and dignity. . . It is with people that the grail of world order is most secure, and through them that the vision of the world will be one day attained. . . In their millions. . . ordinary decent human beings are our reservoir of hope."

In arguing for the creation of a worldwide popular movement for disarmament and peace, Ramphal is echoed by Olof Palme, Sweden's Prime Minister and head of the Independent Commission on Disarmament and Security: "There is perhaps only one hope for the future. That is, that the people will learn the facts in time, and that an aroused public opinion will force the politicians to gain control, to stop the nuclear arms race and to reduce armaments. To inform public opinion, to organize protests against the arms race—that is the great challenge to all popular movements. . ."

What needs to be done to create a constituency durable enough to legitimize policies for meaningful disarmament? What force will be strong enough to compel policy makers to negotiate seriously and to actually reduce their military budgets? Many of the ingredients are now available for creating a powerful global constituency for disarmament and peace. Required now is an acceleration of present initiatives, and the establishment of a context in which action can be coordinated towards common goals.

There are at least four major kinds of public initiative now underway seeking to enlarge the constituency for disarmament and peace.

1. Renewal of Peace Organizations: The "traditional peace movement" of the 1960s and before has been renewed and strengthened. Housmans Publishers in London list almost 2,000 organizations and periodicals in over 100 countries now working for a more peaceful world. Many are poorly financed and have fluctuating memberships. Yet there is a discernible and growing groundswell of hope and

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resolve, fresh growth budding on the branches of these organizations worldwide.

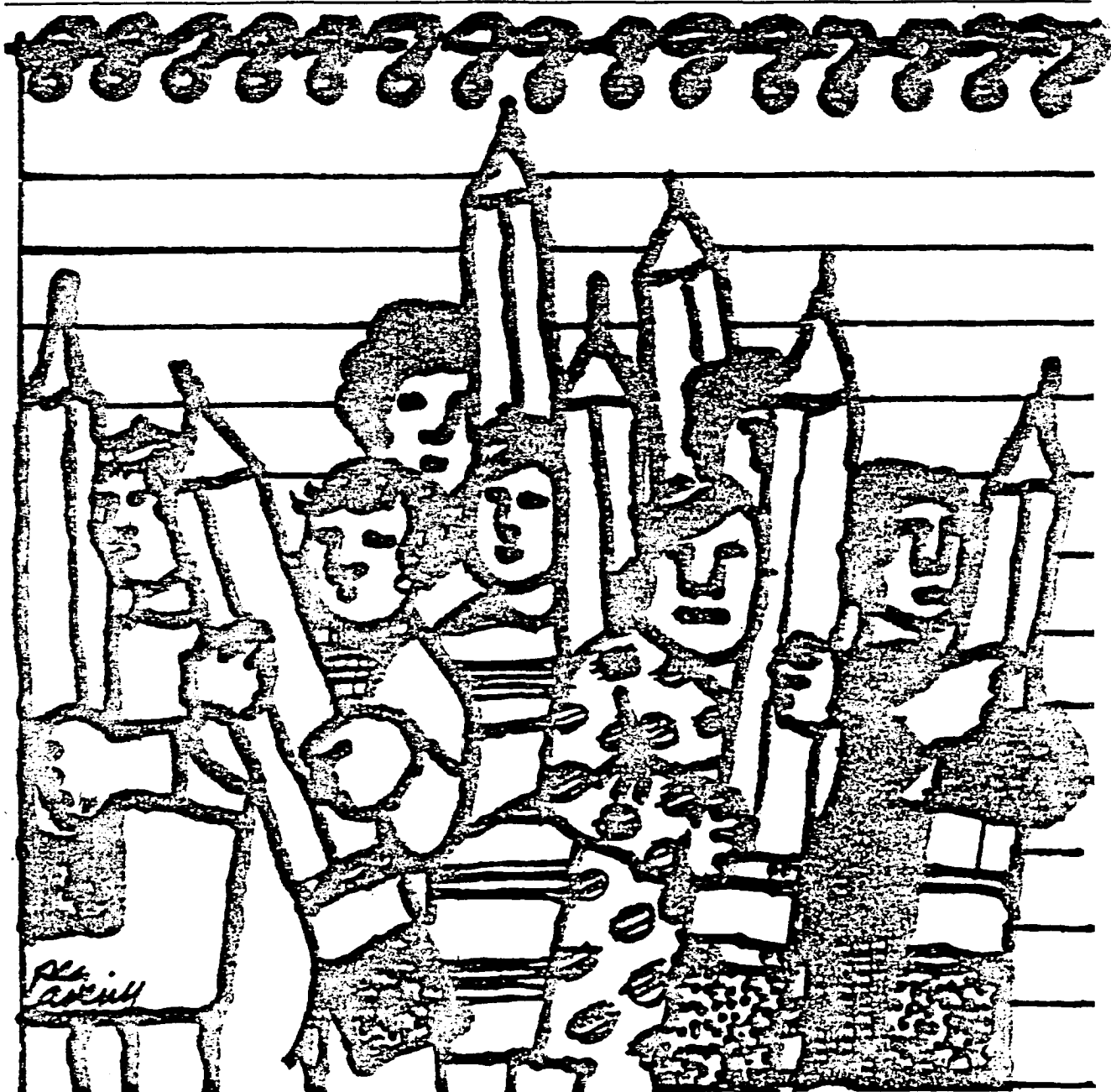
Campaigns for nuclear-weapons-free zones have been mounted in various parts of the world. Support is growing for specific efforts to stop the nuclear arms race: a freeze, no first-use, opposition to Cruise and other weapons testing.

Alternative security systems, based on Gandhian concepts and practices of nonviolent resistance are now being examined and discussed by academics, activists and some defense personnel. Alternative defense strategies, including civilian defense, have been included in hearings by the Defense Committee of the West German Bundestag, and commissioned by the French Ministry of Defence. A Commission on Alternative Security of prominent peace advocates in the United Kingdom has circulated its findings widely. The feminist movement in the Netherlands and other groups in that country, as well as groups in Scandinavia, are showing increasing interest in that concept—a concept which recognizes the need for defense without killing, for creating conditions in which threats and acts of aggression are discouraged and, if possible, reduced to a minimum.

Related to this is the emergence of peace brigades, small groups of persons trained in the methods of conciliation and conflict reduction. One such organization, Peace Brigades International, now has volunteers in Central America and requests have come for involvement in Sri Lanka and other countries.

2. Vocational Groups: The second kind of initiative is that taken increasingly by vocational groups and professional associations, most notably the scientists, physicians and educators. They have added an exhilarating impetus to the mobilization of public opinion. The impact of the Pugwash Movement, International Physicians for the Prevention of Nuclear War, Science for Peace, Lawyers for Social Responsibility and other groups such as business people, mechanical engineers, psychologists and group psychotherapists, represent a dimension not present before. Trade unions are increasingly interested in promoting disarmament. The International Council for Adult Education has established a network of adult educators to promote peace and disarmament in more than sixty countries.

The issues addressed by vocational and professional groups, naturally enough, pertain to their own particular expertise and experience. Scientists can speak about a "nuclear winter" resulting from nuclear war, and be heeded. Physicians are listened to when they speak about the medical effects of such a catastrophe. Lawyers now debate the legality of the possession and threatened use of nuclear and other weapons of mass destruction. Educators and guidance counsellors experience and confront student anxiety and parental concern, and join the search for long-term



answers. Retired military officers, through such groups as Generals for Peace and Veterans for Multilateral Disarmament, now challenge with the authority of their own experience the military assumptions upon which our defense policies and programs still rest.

3. Linking the Issues: A third hopeful development is the slow emergence of common perceptions of global problems and their interrelatedness, particularly those of disarmament, development, human rights, and the environment. It is obvious that we are part of just one global population, situated within one atmosphere and ionosphere, that we share and are sustained by one land mass and its arable land, with one body of water circulating between the oceans, lakes, rivers and atmosphere, and that finally, we consume one aggregate of renewable and non-renewable resources.

But translating these relationships into common programs remains slow and difficult. The Brandt Commis-

sion's recommendations clearly recognized that meaningful and equitable development is impossible unless and until the arms race is curbed. The Palme Commission, similarly, shows how international security can be enhanced through sustained and accelerated disarmament measures. Yet major development agencies, and most, if not all, organizations concerned with military security have yet to implement these findings in concrete programs and budgets. We need to emphasize to those engaged in international development, for instance, that the process of equitable development runs counter to that of militarization. Development for the many fosters self-reliance, decisions by as many as possible, the shared distribution of power and the satisfaction of basic needs, and a technology which is appropriate to the workplace with jobs for all. Militarization, in contrast, involves decisions taken by small, centralized elites; power is concentrated and basic needs subordinated to military security. It tends to be capital-intensive high technology. Above all, it represents an irreplaceable waste

Many of the ingredients are now available for creating a powerful global constituency for disarmament and peace.

of human and material resources.

4. U.N. Initiatives: The fourth promising development for the creation of a global movement for peace is in the initiatives associated with the United Nations and its two special sessions on disarmament. The 1982 session launched a U.N.-sponsored World Disarmament Campaign, "to inform, to educate, and to generate public understanding and support for the objectives of the United Nations in the field of disarmament." Though support for the Campaign from national governments to date has been modest at best, a considerable number of activities have been carried out in several regions of the world. Non-governmental organizations with international networks are developing parallel programs to that of the Campaign, and United Nations specialized agencies, information centers and regional offices are being utilized by the Campaign and are supporting its objectives.

Recent U.N. studies, especially those on the relationship between disarmament and development and chaired by Sweden's Inga Thorsson, have contributed to the linkage-building referred to above. The Swedish government has been the first to carry out a study on ways to convert the Swedish defense industry to civilian purposes. And the U.N.'s Institute for Disarmament Research (UNIDIR) has just published an insightful study on the assumptions and perceptions on disarmament on the part of the U.S. and U.S.S.R.

Expanding the Base. These four kinds of initiatives taken together provide a foundation upon which a strong movement for peace and disarmament can be built. Their combined assets include the community skills, moral and spiritual strength and commitment, and the growing expertise of the traditional peace constituency; the expertise and status enjoyed by the professionals; the global understanding, the managerial know-how and access to the funding of those involved in international development and related fields; and finally the authority and prestige of the United Nations itself.

Despite these considerable strengths, however, the creation of a global movement for peace has only just begun. Paradoxically, one of the hopeful aspects of the present situation is that relatively few persons are working full time and with adequate resources for the objectives enunciated above. There are more than 75 million people in the world's armed forces, military research and defense industries. Millions more, their families, are equally dependent upon the world's defense budgets for their incomes. In sharp contrast, the present disarmament constituency has limited financial resources, and in most countries, inadequate access to the media.

What more is required? Homer Jack has defined a

movement as "a sustained effort of a variety of organizations and individuals, combining several strategies and tactics, toward a major objective over a relatively long period of time." Among the elements in such a process are long term goals; positions of non-alignment on the major issues; sufficient funding to put people to work full time and over long periods of time; and effective leadership, not for charisma but to prevent the fragmentation of determined organizations and their equally determined officers, to concretize ideals and to keep programs on track.

Long-Term Goals. Long-term goals for peace should include not only disarmament but also related issues, such as equitable development and a clean environment. The 1980 Brandt Commission Report, in calling for a summit conference to deal with North-South issues, states such a long-term goal: "Political leaders should take the first step toward a global agreement for the benefit of the whole world. This should include joint responsibility in the fields of energy and commodities, of finance and jobs, but also a global enterprise to overcome the worst aspects of world hunger and malnutrition by the year 2000."

In 1982, the Governing Council of the United Nations Environment Program issued the Nairobi Declaration, which read, in part: "During the last decade new perceptions have emerged. . . A comprehensive and regionally interrelated approach can lead to environmentally sound and sustainable socio-economic development. The Council urges all governments and peoples of the world to discharge their historical responsibility to ensure that our small planet is passed over to future generations in a condition which guarantees a life in human dignity for all."

Efforts to integrate and define a set of workable long-term goals, to inform and give direction, have been made by a few non-governmental groups. In Canada, the Group of 78 set forth three interrelated objectives for Canadian foreign policy in the 1980's: the removal of the threat of nuclear war; the strengthening of the U.N. and regional institutions; and the mobilization of world resources to end world poverty.

A global movement for peace will require directions such as those suggested above, and ways to integrate them into the shorter-term objectives of regional and national efforts.

Canadians have contributed significantly to these efforts in the past. Much more, however, is required of us. Accelerated programs of peace education in Canada can be the means by which those contributions can be brought about.

This article is a shortened version of one entitled "Options for Renewal: Towards a Global Movement for Peace," appearing in the *Ploughshares Monitor*, December, 1984.

Bringing Peace into the Classroom

BY PENNY SANGER



FROM ISIS INTERNATIONAL BULLETIN

A resurgence of grassroots interest in peace education started in the early 1980s as Canadians in communities across the country faced questioning by their children about the future of the planet. From city school boards to small-town volunteer groups, people struggled to respond fairly to a subject dominated by the media and the superpowers, but affecting everyone. Workshops and conferences were organized and curricula drafted. Even the for-

Penny Sanger is a member of Educating for Peace and the author of Blind Faith: the nuclear industry in one small town.

mal education system is being challenged: a Canadian Teachers' Federation (CTF) Committee has asked its members to endorse a far-reaching set of proposals relating to peace education in the schools and the community.

But the school system, with reason, reacts slowly and suspiciously to change. Curricula must be approved and teachers themselves convinced of the need for new approaches. It will be many years before the CTF proposals, if they are passed, are translated into effective peace education in every school board in each province.

The immediate claim of peace education, however, is urgent. The young must be given the facts, the perspective and the analytical tools to deal positively with the daily accounts of threat and doom that can dominate their lives. For this reason teachers and community groups who are now working in the field must be supported so they can produce effective materials for the classroom and also lobby for change within the system.

At the heart of the peace education movement is a recognition by parents and teachers of the potential for despair among the young. Faced with a future filled with conflict or sabre-rattling, they can "turn off," suffer, or they can learn to interpret and act on the information they receive. Most concerned adults in the movement are educating themselves about the arms race so their responses to the young will offer balance and reliability and hope. By acting on such information, young people can assume confidence and responsibility over their lives—instead of despair.

Peace education is not confined to the arms race. It encompasses values education for the very young, and sophisticated studies of the future for senior high school students. It must include the means to build a peaceful world as well as the means to prevent war. The pursuit of global economic justice, the state of human rights in the world, respect and care for the environment, and co-operative decision-making are all aspects of peace education.

Many skilled and committed people, working within the school system and outside it, are developing classroom materials in these aspects of peace education. Much more needs to be done before we can be sure that young Canadians are being adequately prepared for the menace and potential of today's world. One modest example shows the extent of the need. In 1982 a small Ottawa group called Educating for Peace published, with the help of Project Ploughshares and the Ottawa YM/YWCA, a small resource guide to printed and audio visual materials suitable for the classroom. The guide is now in its third printing and about 800 copies have been distributed across Canada and the USA. It has been listed in teachers' and library journals. While many more extensive bibliographies and guides are available now, this small initiative filled a need and has helped Educating for Peace build a network and strengthen its local impact.

Debunking Star Wars*

BY JOHN POLANYI

The 'Star Wars' initiative—more formally, the U.S. Strategic Defense Initiative' (SDI)—is in the process of throwing strategic thinking into a state of confusion unmatched since the dawn of the atomic age. This is not surprising since in his speech of March 23 1983, President Ronald Reagan called for a technological crusade which, if it were to succeed, would nullify the nuclear threat and thereby effectively repeal the nuclear age.

In a written statement ("The President's Strategic Defense Initiative") circulated to the press on January 3 1985, the White House once again sets out "the facts" about the SDI. This policy statement includes a substantial Foreword by the President.

The prime justification given for the SDI in this recent document is the unexpected one that is peculiarly suited to the enhancement of deterrence:

"Deterrence of aggression is the most certain path to ensure that we and our allies survive as free and independent nations. Providing a better and more stable basis for enhanced deterrence is the central purpose of the SDI program."

At the same time the statement reiterates the ultimate aim of "rendering ballistic missiles impotent and obsolete." In a similar vein, President Reagan's 1983 speech stressed that it is better "to save lives, than to avenge them."

What is the meaning of "enhanced deterrence" in this novel context?

At present such stability as exists come from the knowledge that nuclear weapons are so powerful that once used in war they would wreak intolerable destruction on both sides. In the new world of SDI we are presumed to have turned the strategic situation on its head to the extent that nuclear weapons become so powerless that nations possessing them are "deterred" from using them by the recognition of their ineffectuality. In the face of the many layers of defense on the opposing side, they are supposed to say to themselves, "why bother to fire our missiles?" and subsequently, "why bother to have them?"

This appears to be the rationale for the further important claim that, as the President expresses it, "... research under the SDI complements our arms reduction efforts..." The official statement of January 3 proceeds to elaborate on this notion:

"To the extent that the SDI research proves successful and leads to the capability to defend against ballistic missiles, then those missiles could lose much of their offensive value. That, in turn, would increase the incentives for both sides to reduce the numbers of ballistic missiles

greatly."

The history of past efforts at defense makes this scenario highly improbable. For example, the U.S.S.R. has been improving its defenses against aircraft for the past four decades. The United States, far from giving up on bombers, is in the process of modernizing its bomber fleet, in terms of both aircraft and armaments, for missions that are projected to the year 2000 and beyond. The intention, as one might expect, is to nullify the defense by an increase in the number and the sophistication of the offensive weaponry.

Striving for unachievable goals. The SDI view is characteristically Utopian. If we reach a state of near-perfect defense, it asserts, then the offense—like the State in a Marxist society—will simply wither away.

The White House statement gives an ambivalent view of the prospects of achieving this goal. The Presidential Foreword explains that "... new technologies are now at hand which may make possible a truly effective non-nuclear defense." The body of the January 3 text, however, strikes a different note:

"As a broad research program, the SDI is not based on any single or preconceived notion of what an effective defense system would look like... No single concept or technology has been identified."

A prior report by the Congressional Office of Technology Assessment reflected the consensus in the technical community more accurately when it characterized the prospect of an effective missile defense as being "so remote that it should not serve as the basis for public expectations or national policy."

Even if the desired goal is in fact unachievable, this does not—regrettably—preclude a vigorous program designed to achieve it. Such a program is now in existence and, in the President's words, represents a move "toward greater reliance on defensive systems which threaten no one." Whether these systems indeed "threaten no one" we can best judge from the account of Soviet defensive technology given in the same 1985 document:

"The Soviets are... engaged in research and development on a rapidly deployable ABM system that raises concern about their potential ability to break out of the ABM Treaty and deploy a nationwide ABM defense system within the next 10 years should they choose to do so. Were they to do so, as they could, deterrence would collapse, and we would have no choices between surrender and suicide."

Despite the fact that the United States regards an effective defense system as being so far in the future that it has no clear picture of what such a system would entail, it nonetheless fears that the Soviet Union might without warning implement a nationwide system in the coming decade,

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*Excerpted in the *Globe and Mail*, January 25 1985, p. 7

As close allies of the United States, we have an obligation to help bring about a change in direction before the SDI poisons the international atmosphere.

proof against all U.S. offensive weapons and against the attempts that would be made by the U.S. to confuse, undermine or, *in extremis*, destroy it.

Such fevered imaginings are illustrative of the fact that a defensive system is perceived by the opposing side as constituting a mortal threat. This is understandable. To whatever extent one side has defenses, to that same extent the opposing side can be considered to have been disarmed.

President Reagan took cognizance of this in his 1983 address, in which he stated that ballistic missile defense must be balanced between the contending parties. He opened the door at that date to the possibility (to which he has alluded since) that the United States might share its defensive technology with the U.S.S.R.

This sharing, in order to be effective, would have to occur not after the system was in place, but at each stage of implementation. The sharing of technology would, moreover, have to be done with complete knowledge of the current status of the opposing side's research, development and deployment in order to guard against the possibility of creating an imbalance in the reverse direction. It would also be vital to ensure to the satisfaction of the U.S. administration and public—assuming that the U.S. was the donor of technology—that the cutting edge of U.S. technology was in no danger of being applied to the improvement of Soviet offensive systems, nor (equally threatening) to counter measures against the U.S. defenses.

Straining our credulity. If all of these fantastic requirements were met, then the two superpowers could proceed to 'disarm' one another by progressively nullifying each other's nuclear arsenals. For this to be a balanced process, it is further necessary that there be agreement as to the effectiveness of the defenses being deployed. Yet how does one assess the effectiveness of a complex defensive system—short of testing it in nuclear war? It seems most probable that a process of disarmament undertaken by these means would engender such fears that it would halt before it began.

Nonetheless, if in the spirit of the SDI we strain credulity to the utmost and suppose that each side has concurred in the implementation of a 50 percent effective defense by the other, the two parties would have achieved a wonderful thing: a 50 percent cutback in the level of the offensive threat. They would have achieved this at the cost of some \$100 billion, and also an exacerbation of international tension. They could have achieved this same reduction in the level of offensive weaponry at no cost, and with an increase in mutual trust, had they made the decision to embark on a verified cutback in the levels of their offensive weaponry.

The SDI proposal as recently reaffirmed by the White House is so full of contradictions and so fraught with dangers that it will produce strains in the Western Alliance

beside which earlier decisions having to do with the deployment of neutron bombs, cruise missiles or Pershing II's will pale into insignificance. This is to be regretted deeply. "Our vital interests and those of our allies are inextricably linked," the President wrote in his January 3 statement. It is precisely because this is so true that we cannot acquiesce in the SDI.

Nor should we acquiesce in the rewritten SDI favored by prominent officials in the Pentagon and State Department, who are aware of the hazards and impracticalities of the initiative as the President proposes it. The SDI, they assert, will indeed strengthen the deterrent, but it will do so by providing protection for missile sites rather than for populations. They have, however, neither established the need for this, nor the suitability of the SDI as a means to accomplish it.

According to a commission established by President Reagan under the chairmanship of General Brent Scowcroft, the U.S. deterrent is not now threatened, and anti-missile defenses are not required in order to guarantee it. The defenses being investigated under the SDI are, moreover, largely unsuited technically to the purpose now being proposed, since they are directed at the enormously difficult problem of 'area defense' rather than the much simpler one of 'point defense.'

A danger to arms control. Most important of all, the whole movement toward defensive systems places the United States—and also the Soviet Union to the extent that they share these ambitions—on a collision course with the most important achievement in the history of arms control, the 1972 ABM Treaty banning the development, testing and deployment of anti-missile systems.

If the United States is genuinely fearful of the destabilizing effects of an increasing Soviet dependence on defensive weapons systems, then they should exploit the present willingness on the Soviet side to broaden the 1972 Treaty into a total ban on the testing and deployment of all types of space weaponry. The new agreement, now badly needed, would include anti-satellite (ASAT) weapons, which are not presently banned, and also directed-energy weapons (lasers and particle beams) which were not envisaged when the 1972 Treaty was being negotiated.

Reviewing the present status of the SDI recently (New York Times, January 13, 1985), William Safire expressed a view that is gaining currency. "In a sense the idea of missile defense has worked already. More than anything else, the possibility that we may be serious about building a global shield has drawn the Soviet Union back to the negotiating table." However, it is not enough merely to sit at the negotiating table. Missile defense will have "worked already" only if there is a willingness to negotiate—to forego the SDI in exchange for cuts in the level of offensive weapons.

Regrettably, the current statement from the White House gives no hint of such an eventuality. Given the U.S. administration's commitment to the SDI, it will take an unprecedentedly strong hand at the helm in order to exploit the opportunity for negotiation that the SDI has created.

As close allies of the United States, we have a particular obligation to exert all the pressure that we can in the hope of bringing about this change in direction in the brief time remaining before the SDI—conceived in all honesty as a magic cure for the world's nuclear ills—irrevocably poisons the international atmosphere.

Star Wars Research and Canadian Jobs

BY ERNIE REGEHR

Prime Minister Brian Mulroney and External Affairs Minister Joe Clark have rightly expressed reservations about Canadian participation in research in support of the U.S. 'Strategic Defense Initiative' (SDI or Star Wars). But they have also suggested that job creation might be the redeeming virtue of such research. Both have said they would have to look closely at Star Wars research if it meant jobs for Canadians; Mr. Mulroney even produced an off-the-cuff suggestion of 10,000 jobs¹.

The expenditure of any research funds would create jobs. The real question is not whether Star Wars research in Canada would create jobs, but whether it would create more jobs than if the same funds were applied to other job creation programs or even to tax cuts or deficit reduction. It is the contention of this brief that it would certainly not do so.

Military spending and job creation. Every job created by military research conducted in Canada, whether for the Canadian or U.S. defense department, is ultimately paid for out of Canadian public funds. The Americans plan to spend a great deal (more than \$26 billion) on SDI research in the next five years, but this is no windfall for Canada. The United States is not in the habit of contracting military production or research outside its borders without getting something in return. The Americans will happily accept part of the payoff in the form of political support, but given the soaring U.S. trade deficit, economic reciprocity will be central to any offshore Star Wars contracts.

Canada-U.S. military industrial reciprocity has been institutionalized in the Canada/U.S. Defence Department and Production Sharing Arrangements. Under these arrangements, military trade (including research and development) between the two countries is to be kept in rough balance. While the balance may temporarily shift, Canadian military exports to the U.S. over the long term must be matched by our military imports from the U.S. Star Wars research would be no exception.

In some instances Canadian industrial participation in international military projects is determined by the amount of direct Canadian funding. In the case of European AWACS, for example, Canadian industrial participation in the program is essentially equivalent to direct Canadian payments in support of the program.

In other words, Canadian industrial and scientific participation in U.S. military programs is limited by the level of Canadian funding of such programs (either through reciprocal imports or through direct funding). And in a recent

interview, Lieutenant-General (Ret'd) Kenneth E. Lewis, president of the Aerospace Industries Association of Canada, commented that it was likely that any Star Wars research in Canada would require some direct funding by the Canadian government.

So, every \$1 of Star Wars research carried out in Canada must ultimately be supported by \$1 of Canadian defense expenditure. If we were to generously estimate that \$50 million in Star Wars research were to be carried out in Canada annually over the next several years, we would then have to compare the job creation potential of that to the job potential in other options.

The job creation potential of these funds in Star Wars research is uncertain, but a reasonable guide might be some recent research and development contracts: an \$85 million contract awarded to Spar Aerospace by the U.S. military is said to promise 500 man-years of work², while \$2 billion of Canadian work on the U.S. space station is expected to generate 9,000 jobs³. In both cases each job created requires about \$200,000 of activity. By comparison, \$50 million in SDI research could be expected to create about 250 jobs.

Spending the money elsewhere. But what if that \$50 million were spent elsewhere? U.S. studies suggest that even the encouragement of consumer demand through tax reduction would generate twice as many jobs as military spending. In Canada, \$50 million in government job creation programs could generate in excess of 1,000 jobs per year.

The net result is that every \$50 million of Star Wars research in Canada could produce a *loss* of several hundred jobs.

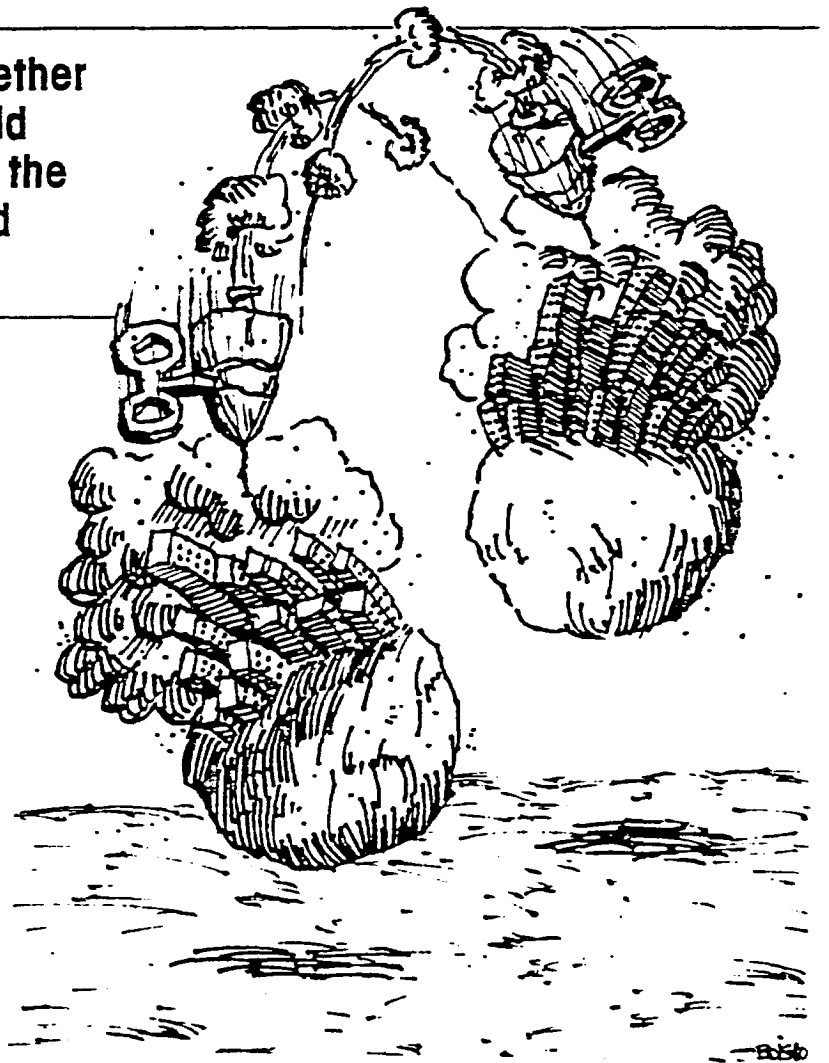
The overall point was made last year by Thomas Maxwell, chief economist of the Conference Board of Canada, to military and industry personnel at a meeting of the Canadian Institute of Strategic Studies: "If you are looking for an increase in defense expenditure for its macro-economic impact on the economy, then everybody else can play the same game, and some can play it better than you can—they have a better claim in terms of getting the unemployment rate down. So you will have to look for different reasons."⁴

While sheer numbers of jobs created will not provide the redeeming virtue for Star Wars research, some will argue that Star Wars jobs would be longer-term and better quality jobs, bringing long-term technological sophistication to the economy.

That too is doubtful. In fact, Canadian military industry officials have been arguing the opposite. The Defence Production Sharing Arrangements, they have complained, reinforce Canada's technical underdevelopment by ensuring that Canadian involvement is at the low end of the military technology scale. Canada's pursuit of 'offset' sales (i.e. direct guarantees of reciprocal sales related to specific

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The real question is whether Star Wars research would create more jobs than if the same funds were applied elsewhere.



FROM ILLUSTRATIONS BY PETERSON

Canadian equipment purchases in the U.S.), have exacerbated this problem.

General Lewis has recently written that "offsets have tended to be soft, with little technology transfer and, as a result, of very modest enduring value to Canada."⁵ Contracts under these arrangements tend to be short-term contracts to build to U.S. specifications, without long-term spin-offs. The same point was made to the House of Commons Standing Committee on External Affairs and National Defence last year by the president of a major military supplier, Canadian Marconi: "The trouble with off-set is that, if you are trying to provide work in Canada for a system like an aircraft that has already been developed elsewhere, all that the Canadian companies can get is the scraps, the very low technology work that can be quickly put in here to create the political illusion of jobs."⁶

Star Wars and the civilian economy. Even if you do get more than the "scraps," not all agree that hi-tech military research and development produce many spin-offs for the civilian economy. In fact the chief scientist for IBM, Lewis M. Branscomb, has suggested that the more appropriate term might be "drip-off." He argues that industrial firms outside the defense sector see very little spin-off from military and space research and warns that the U.S. military's excessive demand for scientists and engineers "may become an obstacle to economic progress."⁷

This warning is particularly appropriate in light of

President Reagan's 1986 budget, which calls for a three percent reduction in non-defense R&D funding, and a 22 percent increase in military (including Star Wars) R&D.⁸ This contributes to the relative retardation of the civilian sector of the economy—undermining its productivity and competitiveness in the international economy.

There is no economic, short-term or long-term, justification for Star Wars research in Canada. Mr. Mulroney and Mr. Clark are understandably hesitant to rely on military/strategic reasons for supporting Star Wars Research, but their appeals to economic benefits are ill-founded.

NOTES

¹*Globe and Mail*, March 25, 1985.

²*Globe and Mail*, August 8, 1984.

³*Montreal Gazette*, April 17, 1985.

⁴Tom Maxwell, "The Economic Impact of Defence Spending," *Guns and Butter: Defence and the Canadian Economy*, Canadian Institute for Strategic Studies, 1984, p.111.

⁵Ken Lewis, "Regaining Lost Ground," *Aerospace Canada*, December, 1984.

⁶Proceedings, Standing Committee on External Affairs and National Defence, March 14, 1984.

⁷Daniel S. Greenberg, "The Military's Gluttony for Research," *Journal of Commerce*, April 16, 1984, p. 4.

⁸John R. Long and David J. Hanson, "Funds for R&D are up 13% in Administration's Budget Proposal," *C&EN*, February 18, 1985.

Canadian Aid: *the need to return to first principles*

BY CRANFORD PRATT

There has been in the last decade and more a marked erosion in Canadian responsiveness to Third World aspirations and needs. This revealed itself in a wide range of policies. In the years of intense North-South negotiations over the set of reforms to the international economic system collectively called the New International Economic Order, Canadian negotiators engaged in a damage-limiting exercise. They showed no responsiveness to the fact that the international system works to the persistent and significant disadvantage of the less developed countries. Canadian policy towards South Africa has been reluctant and minimal; even the policy initiatives of December 1977 have not been implemented with any conviction and vigor. Canada's first official reaction when the United States sought with increasing energy to destabilize the government of Nicaragua was to minimize Canadian interest in Central America.

This same erosion of whatever measure of progressive and internationalist concerns had marked Canadian policies on Third World issues is also visible in Canadian policies and practices in regard to international development assistance. The very purposes and objectives of Canadian activities in this area have been eroded. The government of Canada in 1980 defined the purposes of CIDA in these high-minded terms:

"To support the efforts of developing countries in fostering their economic growth and the evolution of their social systems in a way that will produce a wide distribution of the benefits of development among the populations of these countries, enhance the quality of life and improve the capacity of their population to participate in national development efforts."

The fullest and most insightful and committed official elaboration of how CIDA hoped to accomplish these objectives is provided by the policy paper, *Strategy for International Development Cooperation 1975-80*.² That strategy paper had at its core a double emphasis: on projects that would in particular help the poor, and on the poorest countries as the primary recipients of Canadian aid.

Despite the public pronouncement of these high and demanding objectives, CIDA has been under increasing and finally, it appears, irresistible pressure to use its aid to promote Canadian commercial interests and Canadian political interests. The Green Paper, for example, takes for granted that CIDA must serve these interests. The issue which it raises is how to strike an appropriate balance in our official development assistance between humanitarian interests, Canadian economic interests, and foreign policy interests.

Here, then, is the primary source of the depressing erosion that has occurred. Canada has, of course, important political and economic objectives to promote in its relations with the less developed countries and employs its many instruments to do so. But, as the Parliamentary Task Force on North-South Relations said in 1980, "the purpose of aid is to aid." That aid program is but a tiny proportion of our national budget. It should not be bent and adapted to serve political and economic goals. The net result is a much less useful aid program with only marginal advantages accruing to Canadian industry. Let us look at the process in more detail.

Aid for trade? The main change which has occurred is an increasing tendency, first by the Liberal government and then the new Conservative government, to use development assistance to support Canadian industries and to promote Canadian trade relations. For a long time Canadian bilateral aid had been in large part tied to the purchase of Canadian goods and services. The average additional cost of these bilateral provisions has been estimated, by past presidents of CIDA among others, as being between 20 and 25 percent.

Even more important, these requirements rule out Canadian assistance to many of the activities that would be most likely to help the poorest people meet their basic needs. The selection of the projects that Canada supports is skewed towards the limited range of infra-structural capital that can be provided from Canada. It is almost impossible for Canada to significantly help rural and urban low-cost housing, basic medical services, rural water supplies, and effective extension services—to name but the most obvious of basic needs projects—as long as our aid is tied.

To this self-serving practice was then added the promotion of Canadian trade. This additional responsibility for the Canadian aid program was urged upon the government by the Hatch Report, *Promoting Canadian Exports* presented to the Minister of Industry, Trade and Commerce in 1979; it has been a recurring theme ever since.

This new emphasis had two main implications. The first was that more aid should be given to the newly industrializing Third World countries, for their markets were potentially far more important to Canadian exports than were those of the least-developed. The second implication was that Canadian aid should be used in a variety of ways to help secure substantial orders for Canadian firms, particularly orders for capital goods. The techniques used are several and they are complicated. But their central characteristic is that CIDA assistance is made available on the condition that a commercial project associated with the aid project is awarded to a Canadian firm. The results are obvious. Aid is drawn towards projects that are large and capital-intensive. Aid is also by this device more likely to be awarded to higher-income countries, for they are most likely to have the large capital projects capable of being financed in

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Despite the public pronouncement of high and demanding objectives, CIDA has been under increasing pressure to use its aid to promote Canadian commercial and political interests.

these complex ways. The previous government announced its intention of devoting one-half of all increases in aid spending to an aid-trade fund which was to be another device to achieve this same end. It is clear from the recent government discussion papers "How to Enhance our Access to Foreign Markets" and "Export Financing" that the new government is seeking ways to ensure that CIDA spending aids Canadian exports. Finance Minister Michael Wilson was more explicit, in saying that one-half the aid increases would go to a "trade and development facility," presumably similar to the Liberals' aid-trade fund. Less and less can CIDA claim that its highest priority is assistance to the poorest to help them meet their basic needs.

Checking the erosion in aid policy. It is urgently necessary to reverse the trend of Canadian aid policies over the last ten years. We therefore recommend that:

1) The government should restore 1990 as the target date to reach 0.7 percent of the Gross National Product for its development assistance expenditures. By itself and without other reforms this might be of limited value. However it is a desirable first step and we have been promising the Third World for nearly two decades to achieve this level of development assistance.

2) CIDA should immediately permit tenders from other Third World countries for projects financed by its bilateral programs. The 1975 CIDA strategy paper promised that Canada would do this.

3) Canada should rapidly and progressively permit the countries being assisted to use competitive international tenders for projects financed by Canadian aid.

4) CIDA funds should not be used, directly or indirectly, in association with export credits to secure capital contracts for Canadian firms. The purpose of such arrangements is to assist a Canadian corporation to secure a contract by associating with its tender, if it is successful, an accompanying major Canadian aid project. We do not deny the legitimacy and importance of trade promotion. However, we agree with the recent brief of the Canadian Council of Churches on Export Financing that it is shabby to present as aid funds spent in the promotion of Canadian exports.

5) CIDA should not be asked to pursue Canadian political and economic objectives but should instead be the expression of Canada's humanitarian commitment to assist the poorest countries and the poorest in other less developed countries to achieve development that will be rapid, equitable and sustainable.

These recommendations, if implemented, should serve to check the erosion to the integrity of CIDA's development assistance has occurred in recent years.

NOTES

¹Canada. *Estimates for the Fiscal Year Ending March 31, 1980*, (Ottawa: Supply and Services, 1980), pp. 9-30.

²Canadian International Development Agency. *Strategy for International Development Cooperation, 1975-80*, (Ottawa, Supply and Services, 1975).



The Ties that Bind: *Canadian aid and the developing world*

BY TIM BRODHEAD

It used to be that a country's well-being could be defined (and therefore circumscribed) by the term "national interest." But the advent of instant communications, cross-border pollution, the growing force of economic interdependence, among other factors, have combined to render a narrow conception of national sovereignty increasingly irrelevant. Canadians are adjusting to the reality that our well-being also depends upon co-operation in managing the global environment, the peaceful resolution of disputes (even those far from our shores), and decisive action to assure for everyone on earth the basic requirements for a decent life.

Growing awareness of a global community. Technology, travel and trade have shrunk the globe faster than we have been able to expand our concept of community. Interdependence means recognizing the interrelationships that bind us to each other, and to the ecosystem which sustains all of us. It is perhaps understandable that individuals have grasped this more quickly than governments; environmental organizations, the women's movement, the campaign against arms and militarism all work across borders, uniting local actions with a global perspective. The most recent and dramatic example was the Live Aid for Africa concert; for the first time an international fundraising campaign was conducted by satellite. Ordinary people, in this instance pop stars, literally went over the heads of government to focus the attention of half of humanity on the urgent needs of Africa.

This divergence between citizens and government is exemplified as well by the Canadian response to Africa. The government, after its initial positive step in appointing a Coordinator for Emergency Aid, reverted to its relentless pruning of official development assistance (ODA). The North-South Institute has calculated that nearly \$2.5 billion in Canadian aid funds have been cut or diverted from programs designed to benefit the poorest, both by the former Liberal government and by the present Conservative one. This includes direct cuts of approximately \$1.6 billion between 1984-90, and \$840 million diverted to subsidize the exports of Canadian firms through the "Aid-Trade" Fund. Individual Canadians meanwhile continue to raise millions voluntarily, affirming that permitting mass starvation to continue is a denial of the humanity of each one of us. And yet the government's cutting of the ODA budget limits our ability to undertake long-term development projects, the very sort of preventive action so urgently needed if the starving peasants of Africa are to avoid becoming permanent

wards of international charity—a new refugee class.

Steering away from ineffective aid. Conditions in Africa may be the most compelling present argument for massive, effective aid. But they also illustrate much that is wrong in what we have been doing to date.

Superficial understanding of development processes, collusion between donors and recipients in showpiece projects, a bias against the small-scale, often rural-based projects to promote self-reliance that are now recognized as essential to improve agricultural production—all have contributed to the spiral of poverty, malnutrition, and environmental deterioration experienced in many parts of Africa. We see military conflict and authoritarian regimes strangle development through their lack of political accountability and consequent indifference to peoples' needs and concerns. We have begun to understand too that inappropriate development, as well as persistent poverty, can lead to what Earthscan has termed "environmental bankruptcy," characterized by degraded soils, loss of tree cover, the spread of drought. We have learned that while drought is a natural phenomenon, famine is caused by people, and is avoidable. And, as a recent U.N. report has stated: "it is now becoming clear that a factor contributing to Africa's acute shortage is the way women have been systematically excluded from access to land and from control of modern agriculture." The trend is all the more regrettable, the report points out, since traditional rights in Africa guaranteed women's access to land until colonial policies—and later, development projects—allocated ownership to men.

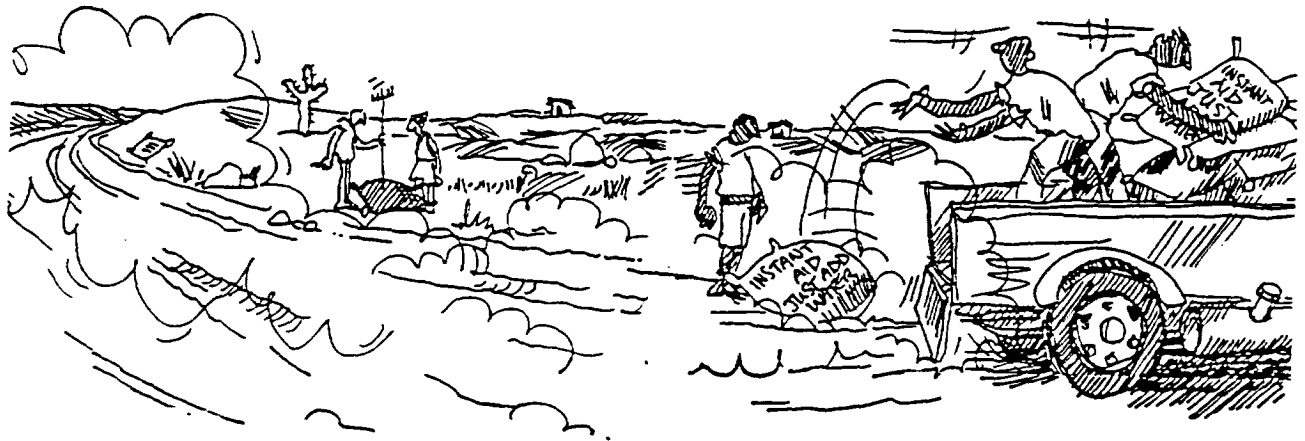
What should Canada's policy be now?

First, the trend to less, and to less *effective*, aid must be reversed. This means re-establishing the target by 1990 for reaching our ODA commitment of .7 percent of GNP. It can also mean disentangling trade from aid objectives. We cannot help the neediest if a secondary motive is to subsidize our exports, to penetrate new markets or to prop up weak domestic industries through our foreign aid program. These are valid objectives they merit their own instruments. An effective aid program would itself be the best advertisement in the Third World for Canadian expertise and products. To achieve this, CIDA should be turned into a Crown corporation, free—within the mandate and resources voted by Parliament—to respond to the needs of poor countries with flexibility and an enhanced capacity for long-term planning and follow-through.

Taking our commitments seriously. It must be recognized, however, that in many countries real change is not going to come through government action. Small-scale incremental change, the slow growth of peoples' capacity to organize and to improve their own conditions—these are notoriously difficult to administer. Organizing co-opera-

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Canada's commitment to a more just world must be serious. Sending aid to Bangladesh and then shutting out its shirts fools nobody.



tives, fighting for land reforms, strengthening labor, small farmers' and women's groups can best be done by the non-governmental sector. But while NGOs have the major role to play in providing direct support to people, governments must face up to their responsibilities: no number of excellent grassroots projects can offset the impact of deteriorating terms of trade, or the crushing austerities imposed by indebtedness, or the closing of foreign markets due to protectionist measures in the rich countries. An effective aid program must be seen in the context of our international trade and financial policies, if Canada's commitment to a more just, and therefore more secure, world is serious. Sending aid to Bangladesh and then shutting out its shirts—one of the few products it can export to Canada—states a clear preference on our part for maintaining a dependent donor-recipient relationship rather than a mature trading partnership. This fools nobody.

Finally, there is a compelling need to deepen the awareness among ordinary Canadians of the causes and risks of the present division of the world into a pocket of affluence surrounded by widespread poverty. The recent response to the African famine shows that public awareness translates

rapidly into committed action. But for that action to be sustainable it will require more than intermittent media interest or a purely emotional response. The Parliamentary Task Force on North-South Relations recommended in 1983 that one percent of ODA be spent on public education; it is even more urgent now that this be implemented. Canadians are having to adapt to change, both domestically and internationally; as the Brandt Report argued, such change, properly managed, can be beneficial for both North and South. But this requires that we welcome the opportunities change provides, not seek to maintain unjust structures which benefit a few at the expense of the many. A sustained campaign of public awareness and participation will help us escape the trap described by William Sloan Coffin: "we are conservatives for a very simple reason: we have much to conserve. But most of the world is revolutionary for an equally simple reason: who wants to conserve poverty, illiteracy or disease? The main problem of every conservative society is that it shows greater concern for disorder than it does for injustice, and as a result inevitably produces more of both." Fighting injustice—not just disorder—is a worthy objective for Canada's foreign policy.

Aid Works: Counterpart funds and co-operation in India

BY BRUCE THORDARSON

Much maligned by the national press, the Citizens' Coalition, and the Auditor General, the Canadian International Development Agency has nevertheless been carrying out during the last four years an imaginative and innovative project in India that could set the pattern for future forms of international collaboration.

In brief, CIDA is providing \$75 million of Canadian canola (rapeseed) oil through a combination of its food-aid and bilateral programs. These shipments, phased over a five-year period, are consigned initially to the Co-operative Union of Canada, the national association of co-operative sector organizations, which is CIDA's executing agent for the project. CUC in turn transfers title to the implementing agency in India, the National Dairy Development Board, a quasi-governmental organization which has been developing dairy co-operatives for the last 20 years. The donated oil from Canada is marketed commercially in India by the NDDB, and the proceeds used to capitalize the project.

Through the contribution of assistance from Canada, the project is designed to organize some 100,000 small-scale oilseed farmers in about 5,000 villages into 1,000 village-level co-operative societies in three project districts of India's principal oilseed producing states. The oilseed sector is of extreme importance to India since, after food grains, edible oils constitute the most important source of protein in the Indian diet. Increase in oilseed production in India has not kept pace with rising demand, and India now imports over one million metric tonnes per year, a considerable drain on its foreign reserves. Exaggerated by the hoarding of stocks by middlemen, retail prices are extremely high relative to world levels. However, because producer prices have remained low, with the difference appropriated by middlemen and speculators, insufficient incentive has been provided to farmers for them to increase significantly their production of oilseeds. As a result, oilseed processing in India is highly inefficient, with per unit production costs of at least double the world average.

An integrated approach. Unlike many development assistance projects, which are based on attempts to deal more with the results of poverty than with its causes, the Canadian project is attempting to bring about a major restructuring of the entire oilseed and vegetable oil industry in India. It is based on an integrated concept that addresses the production, processing, and marketing needs of the industry. As all three stages are essential components in the industry, an attempt to address only one of them would have but a marginal impact on the problem.

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The main beneficiaries of the project are the oilseed farmers in the various co-operatives. Experience has shown that significant increases in income will be generated through higher farm-gate prices, fair weighing of commodities, increased yields through improved production techniques, and sharing in the profits from processing and marketing operations.

Indian consumers are also expected to benefit through increased production of this vital crop. As well, the project is designed to develop a buffer stock through the accumulation of unsold oil supplemented by direct commercial procurement, thereby allowing the NDDB to intervene in the market to bring down prices and counteract artificial shortages.

The project, which began on a trial basis in 1981 and is scheduled to terminate in 1987, is unique from a number of perspectives. In the first place, it involves Canada's first multi-year commitment of food aid, other than to the World Food Program, and one of the first large-scale attempts to use food aid directly for development, rather than relief, through the generation of counterpart funds. The project involves the collaboration of two major international agencies—CIDA and the U.S. Agency for International Development—which are both providing support to the project, although in different geographical areas. The U.S. commitment to the project, made in five-year commitments of soybean oil, is slightly more than twice that of Canada. Together, the two food-aid programs will generate the equivalent of some one-quarter of a billion dollars that can be expected to have a major impact on the oilseed industry in India.

The project is unique, as well, in its direct involvement of the co-operative movements in both Canada and India. Because the National Dairy Development Board prides itself on its independence from the government of India (and, indeed, that independence is one of the secrets of its success), the project is premised upon a direct working relationship between the NDDB and the Co-operative Union of Canada. Although the project operates under a Memorandum of Understanding signed by the two governments, both have been prepared to allow implementation to be carried out by the NDDB, and monitoring and technical assistance to be provided by the CUC. As CIDA looks to ways of involving the Canadian private sector to a greater extent in its activities, there can be little better example of a constructive use of private sector energies and resources.

The benefits to the Canadian economy. The project is also one of the best possible examples of the potential for aid/trade linkages to be developed in a positive manner. While the project is based purely upon aid objectives, and will be measured in those terms, the capital to fund its main budget items is generated through the sale of Canadian

Unlike many aid projects, which are based on attempts to deal more with the results of poverty than its causes, this one is attempting to restructure an entire industry to benefit farmers and consumers alike.



FROM MATCH INTERNATIONAL/BY PERMISSION

canola oil. A \$75 million sales guarantee over a five-year period is of significant benefit to this sector of the Canadian agricultural industry, which relies heavily on export sales for its growth. As well, this sales guarantee can be used by the industry in its forward planning to encourage more Canadian farmers to grow canola, a crop for which international demand often exceeds Canadian supply.

Much of the success of this project, already apparent as it nears its mid-term evaluation, is attributable to the strength of the Indian implementing agency, the National Dairy Development Board. Under the guidance of its world-renowned chairman, Dr. V. Kurien, the NDDB has successfully implemented a similar co-operative restructuring program in the dairy field during the last 20 years. Under that project, known internationally as Operation Flood, dairy commodities provided by the European Community, the World Food Program, and the World Bank were provided to the NDDB to generate counterpart funds

used to develop dairy co-operatives across the country. The success of this first major experiment in integrated agricultural production, processing, and marketing augurs well for the success of the Canadian/Indian Oilseed Project, which is based on this same model.

The success of the oilseed restructuring program in India demonstrates clearly that, critics notwithstanding, development assistance programs can succeed magnificently under the right conditions. In this case, the project has had many of the major prerequisites for success—a strong and sophisticated local implementing agency, support—but not interference—from the local government, and access to technical assistance through linkages with a strong commercial sector in Canada. Its progress will be worthy of attention by supporters and critics of CIDA alike.

Women's Place: focussing development policy where it counts

BY NORMA WALMSLEY

The Canadian press, TV and other media have recently made much of Canada's role in the alleviation of starvation and hunger for the Ethiopian portion of the world's suffering millions. CIDA's Annual Report for last year—1983/84—reinforces this image, claiming that Canada's food aid program places Canadians as the largest per capita donors in the world.

But we all know food aid is a stop-gap measure only; what is really required is long-term development towards self-sufficiency and some measure of social justice.

Are Canadians really such great humanitarians? Is Canada's foreign policy concerned with international justice? The recent Green Paper, *Directions for Canada's International Relations*, states "Canada... continues to hold to the vision of an international economy where all might share in the benefits of stable growth and prosperity". What a hollow ring such rhetoric has in the face of the facts! As the government's own report states, "More than 700 million people are living in conditions of inhuman poverty; of these, 450 million are seriously undernourished and some 15 million children die each year for want of food or basic care".

Recognizing the role of women. United Nations agencies such as UNICEF stress the need for a "revolution in child-survival to improve the state of the world's children". But the all-too-often forgotten fact is that it is the *mothers* of these children who are the *key* to any change. Malnutrition and hunger are preventable, but only if government policies recognize the essential role of women as it relates to hunger in the developing world. Rural women in the developing countries are responsible for at least 50 percent of food production. For example, in Africa 60 to 80 percent of all agricultural work is done by women. They are the child bearers, child rearers, food producers, food preparers and family house keepers, plus fuel and water gatherers, live-stock tenders and so on.

Canadian government foreign policy must be geared to the recognition of these facts and towards sensitization of planners and politicians everywhere to the place of women in the economy and in society, and to their absolutely vital role in the production, preparation, processing and consumption of food.

When we realize that in many developing countries women head at least 30 percent of all households and that these are mostly rural families or the 'poorest of the poor', we can see why children are starving. After all, they are



FROM MATCH INTERNATIONAL/ BY PERMISSION

dependent upon the women, who are the sole family providers. Development planners need to recognize this and the fact that, in addition, women are both subsistence cultivators, economic beings and wage earners. They are desperately in need of income, and income-generating opportunities.

The reason the policies of governments need to be more directed towards women should be obvious, yet women seem to be the very last to be considered. They are rarely included in the training programs or involved in the new productivity-raising policies, as development planners inform only men of their new policies, such as improved food crops. A restructuring of agrarian society is required—one that will use the resources of both women and men in a complementary fashion, thereby improving food production for all. The aim of Canada's foreign policy should be to take steps in the direction of future self-sufficiency—and greater food security for developing countries in particular—instead of merely applying short-term band-aid solutions, important though they are.

The present crisis in Africa is complex in origin, but a large component of it is the long-standing practice of ignoring fundamental facts, namely that in most countries it is women who have the chief concern for procuring and preparing food. Consequently, any domestic or international policies that directly affect women's ability to produce, procure and prepare food have a corresponding effect on the nutritional health of not only women and children, but the entire population.

A recent United Nations report, based on a World Survey on the Role of Women in Development, says that in sub-Saharan Africa, modernization has generally meant the promotion of productivity for cash crops, which are usually

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In Africa, 60 to 80 percent of all agricultural work is done by women...it should be obvious why aid policies need to be directed towards them.

'male' crops, at the expense of food crops, which are usually 'female' crops.

Surely enough has been written in recent years (during the designated Decade for Women, 1975-85) about the role of rural women with respect to the production of food for domestic consumption. The plea has been made again and again to the development policy-makers that women must share in the benefits of new food production and processing technology, and that they must be involved in the decisions made in the development of that technology.

CIDA's policies—as indicated in the December 1984 publication, "Women in Development: Policy Framework"—have begun to reflect some recognition of the im-

plications for women where development policies are concerned. But this recognition or statement of intent has yet to be translated into action, nationally and internationally.

Thus, it is imperative that Canada make a concerted international effort to stress the importance of the role of women—particularly in agriculture and in all food-related issues but, above all, the need to have governments recognize and support women's participation in policy-making. Third World countries look to Canada to play a lead role in international fora and we Canadians have a right to expect our government to show informed international leadership—especially where such vital issues as global long-term food policies are concerned.

International Financial Institutions: *catching up with a changing world*

BY G.K. HELLEINER

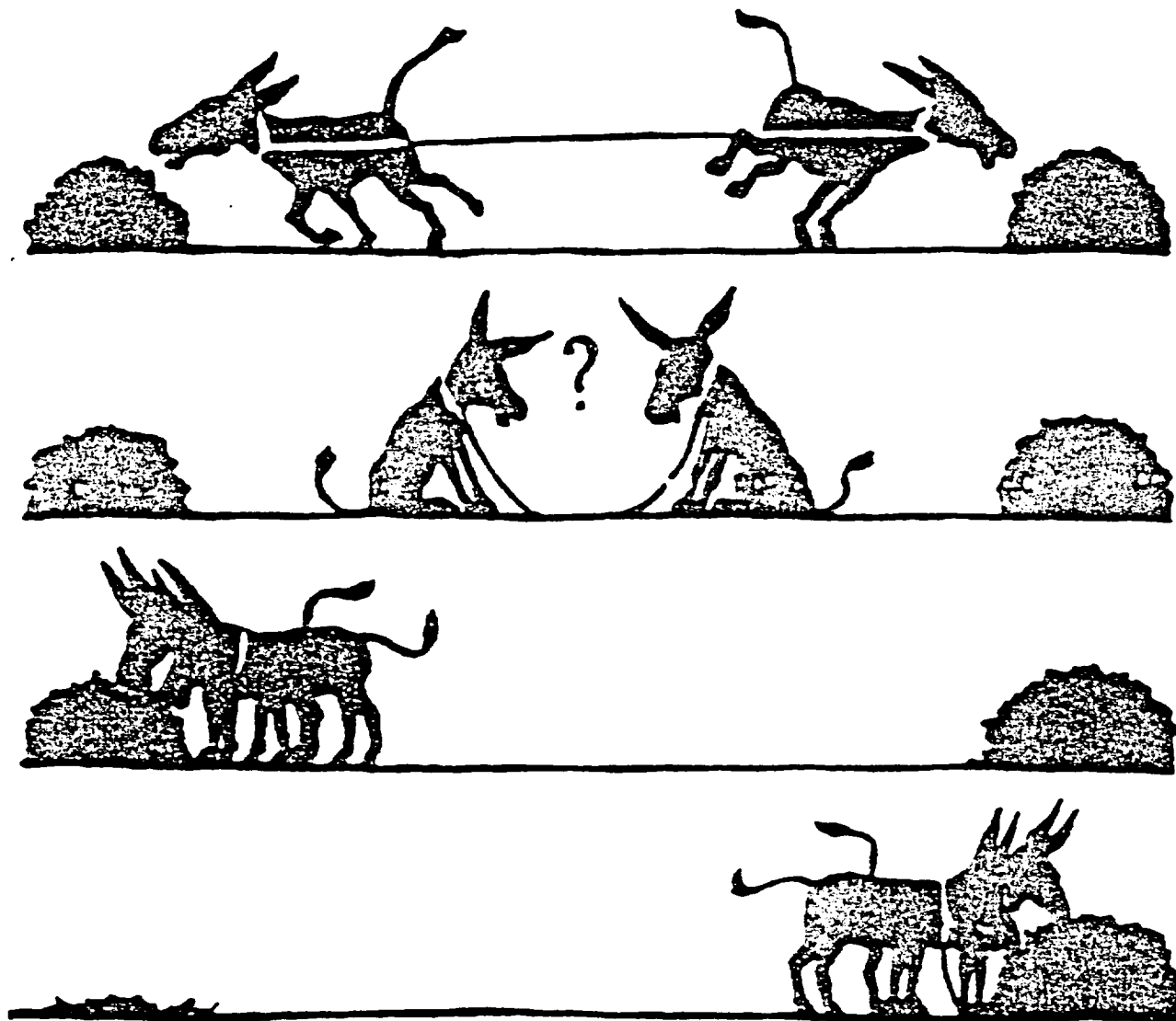
Existing mechanisms for the provision of international liquidity and development finance are proving woefully inadequate. The International Monetary Fund and the World Bank are unable at present to perform the

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roles for which they were created. Support for these (and other) multilateral institutions is lukewarm at best in the United States, and some of the other larger shareholders, notably the U.K. and the Federal Republic of Germany.

The why and how of a Canadian initiative. It seems that leadership in the rebuilding and reform of the international financial institutions will have to come from elsewhere. Canadian traditions and current self-interest should

FROM THE NEWSLETTER BY PERMISSION/CIC



The needs of the low-income and least developed countries are particularly severe: massive debt stands in the way of their short- to medium-term recovery.

call for vigorous efforts, allied with other middle-sized and developing countries, towards restoring the strength and credibility of the IMF and World Bank.

Such efforts should run parallel with those, for which the U.S. shows greater support, in the trade arena. Monetary and financial issues are now so integrally related to trade matters that it would be illogical and foolhardy to proceed with trade negotiations in the absence of negotiations on monetary and financial ones.

For the present, it would suffice to launch a 'round' of discussion and negotiation among a representative group of countries on the problems of the international monetary and financial system, perhaps on the model of the IMF's Committee of Twenty in the early 1970s. Canada could well lead in the development of a consensus leading to such a round.

Building on the IMF. In the sphere of international liquidity, the role of the IMF diminished in the 1970s as a consequence of the rise of international commercial banking. But private banks have proven highly unreliable sources of credit for balance of payments management. They offer credit only selectively and sporadically. A more stable and more equitable system, in which liquidity is made available on the basis of social considerations rather than rapidly changing calculations of private profit, is required.

The most obvious institution upon which to build for this purpose is the IMF. A regularized system for the provision of adequate IMF quota increases and issues of SDRs is an obvious early objective. Rather than battling endlessly over the recent record of IMF and commercial bank performance, it would be more constructive for those who are concerned to seek agreement on means of avoiding the debt crises and liquidity crunches of the future.

Apart from ensuring the continuing adequacy of overall IMF resources, efforts will also have to be made to ensure adequate liquidity for its poorest members. The compensatory financing facility should be liberalized, expanded, and, as soon as possible, freed from its newly acquired link to upper credit tranche IMF lending. Interest subsidies on IMF credit should also be restored to low-income members.

A strengthened IMF could and should play a more effective role in the surveillance of the economic policies of the major powers and the encouragement of greater consistency and co-operation among their macro-economic managers.

The continuing search for greater symmetry in balance of payments adjustment processes has its current counterpart in the need for a balanced and symmetrical resolution of the developing countries' debt problems. Balanced leadership from the international financial institutions on this issue, calling for equitable division of the burdens and responsibilities, rather than disproportionate effort from the weak, is now appropriate.

An urgent need for more development financing. The World Bank's mandate is for the provision of longer-term development finance to overcome the shortfalls left by inadequate commercial flows. Projections of total financial flows to the developing countries for the next decade now indicate that there will be sharp overall cuts, as bank lending falls and foreign aid stagnates. Neither direct foreign investment nor increased domestic savings can realistically be expected to take up the projected slack.

The longer-term future role of the World Bank and the regional development banks requires careful thought in terms both of assuring adequate finance in the future and of developing an appropriate balance between policy-based lending and more traditional project support. In the latter instance, agreed modalities for interacting and co-operating with the IMF will be an important item for any reform agenda. Improved means of mobilizing both private and official finance in support of both adjustment and development are evidently required.

Adjusting to the needs of an interrelated world. The needs of the low-income and least developed countries are particularly severe. Cutbacks in support for the International Development Association (IDA), the soft-loan arm of the World Bank, have left the prospects for international finance for these countries intolerably bleak. Even with the launching of a new World Bank facility for Africa, net external flows to sub-Saharan Africa are projected to fall roughly by half during the next three years.

These countries' share of IMF lending have also been falling in recent years. Massive debt, most of it official or officially guaranteed, stands in the way of their short- to medium-term recovery. Official debt write-offs or rescheduling in the Paris Club, as part of co-ordinated plans for the provision of required external finance for these countries' future development, should now be under active consideration.

Many of these issues may be addressed via the traditional process of 'muddling through' in the existing institutions. But the Bretton Woods financial institutions, now over 40 years old, have traditionally been slow to adjust to the changing needs of a more complex, more multi-polar, more unstable, and more interrelated world.

Surely it is past time for a thorough review of the world's needs in the sphere of monetary, financial, and trade institutional machinery. The risks of major systemic malfunction are now too high for such a process of review to be postponed much longer.

As an open economy with a middle-power image, Canada is well placed to play a bridging role—helping to develop an agenda, a timetable and a *modus operandi* for a new Bretton Woods process of discussion and, ultimately, reform of the international financial institutions.

Trade and investment: *meeting the challenges honestly*

BY BERNARD WOOD

The fact that Canada lives by trade is a well-worn cliché, and the demands of making our living in the world rightly represent some of the principal concerns of our foreign policy. None of these realities is new, and both the present government and its critics would be mistaken in assuming that our trading interests have ever been far from the center of our foreign and economic policies. The Mulroney government cannot properly claim that its predecessors have been consistently neglectful of our bread-and-butter trading interests and preoccupied instead with foreign policy abstractions or international do-goodism; neither should critics argue that a central stress on competitiveness and trade expansion (if responsibly defined and pursued) is an illegitimate one for a heavily trade-dependent nation in a trade-dependent and increasingly competitive world.

Defining the trade issue. What, then, are the foreign policy challenges in the trading arena as we move through the second half of the nineteen-eighties? The *relative importance* of trade in the Canadian economy may not change dramatically, either upwards or downwards, but its *composition* and *directions* will continue to be buffeted by many pressures, and the ways in which Canadians respond will have a profound effect on our prosperity and on our place in the world.

The expansion of world trade in the past 40 years has made Canada rich and generated unprecedented economic growth in the international system. Trade expansion has been one of the forces shrinking and changing the world, but there is now serious questioning in some quarters as to whether it has brought us too close together for our comfort. The pace and sweep of change has begun to strain the capacities of peoples to adjust and of governments and international organizations to manage, especially in times of slower growth or recession. The basic liberalizing assumptions of the post-war period have begun to be questioned in practice and in principle, with protectionism rising, the integration of new trading partners being resisted, and retreat underway toward measures of isolation or autarky on a local, national or regional level.

Canada, like many other medium-sized and smaller trading nations, would ideally wish to see the most open trading system possible on the widest geographical basis, but in the light of rising protectionism everywhere, (especially in our vital U.S. market) as well as insecurity and resistance to change in many parts of our own economy and society, there is also a strong inclination to try to hedge our bets, to attempt to secure special access to the American

market through bilateral free trade arrangements as at least a minimum assured base for Canadian exports.

The costs and benefits of such special bilateral trade links with the U.S. make up one of the constant and most passionate debates of Canadian history, with differing views on their economic, political and cultural implications, but there can be little doubt of the negative consequences, for Canadians and others, if such a North American trading bloc were to be pursued as an inward-looking, defensive measure. The alternative is to see and pursue liberalization in the world's most important bilateral trading relationship as a step towards a new round of healthy multilateral liberalization. Such a process would aim to harness the dynamism of countries like those of the Pacific Rim in a new round of global economic growth, and also to provide decent new trading opportunities for the poorer developing countries.

The challenge of multilateralism. The multilateral trading order option now presents major challenges for Canada and other industrialized countries in terms of our national competitiveness and productivity levels. The new Progressive Conservative government has at some points in the Green Paper and in the earlier companion paper on securing access to export markets stated that it recognizes and intends to meet these challenges as its first priority. The government, however, is palpably unsure of all the implications, ambivalent about whether the Canada-U.S. free trade deal it is pursuing (on an express track beside the Green Paper milk-run) is actually moving forward—into a new arena of global trading liberalization and growth—or backward into a rickety stockade of 'Fortress North America.' Among the four options outlined for securing and enhancing trade access to the U.S., the paper leans heavily toward the most integrative, that of a comprehensive trade agreement, but the much less sweeping step of bilateral framework agreement seems a more realistic and likely outcome.

Thinking out free trade. In any event, it is quite clear that, for all the Green Paper's emphasis on trade and competitiveness, the crucial issues of Canada-U.S. free trade and Canadian policy in the international trade regime will not be worked out solely through the Green Paper discussion process. Concerned Canadians and their organizations will also have to be heard through other channels and fora, but if trade questions are a legitimate part of the foreign policy debate, the widest possible foreign policy input is also powerfully relevant to the trade policy framework the government will build. This wider perspective will be essential to maintaining a clear sense of the international interest and of the long term as we become immersed in the detailed horse-trading of bilateral arrangements with our

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The multilateral trading order option now presents major challenges for Canada and other industrialized countries in terms of our national competitiveness and productivity levels.

neighbors. As at other times in Canadian history when free trade with the U.S. was debated, the possible implications for Canada's distinctive economic, social, and political character will be raised. But 1985 is not 1911. Canada now has a fully developed international personality and role: interests, instincts, and contributions to pursue that are often more readily perceived as distinctive from those of the United States by foreigners than by Canadians themselves. The Green Paper poses the open-ended question: "Do Canadians believe that an agreement on closer trade relations with the United States entails important economic, cultural and foreign policy advantages or disadvantages?" (p. 33) but in the very same passage provides its own fixed conclusions.

In a debating point that will seem merely silly to most readers, the argument begins with the reminder that "The negotiation of an international agreement is in itself an exercise in sovereignty, even though the outcome may constrain a state's ability to act in certain ways." The argument goes on to say with apparently sublime confidence that all concerns about possible negative consequences can easily be met; it then reverts to scare tactics and *saute qui peut* strategies to conclude its clearly preferred answer to the questions it is about to pose about the advantages and disadvantages of Canada-U.S. free trade.

Looking before leaping. The real issues, foreign policy and other, that should be honestly addressed range from the very general to the very specific. On a more general level, we must consider the possible impact of generalized continental free trade on Canada's real and perceived freedom to act on trade, investment, technology, finance and monetary policies, and on wider international questions of East-West or North-South relations, support for multilateral institutions, and even military links and involvements. More specifically and directly, such arrangements have obvious implications for policies on trade embargoes, boycotts and sanctions, as well as the treatment of third-country suppliers—all issues on which Canada and the U.S. have sometimes differed profoundly, especially in the face of the threat, or the fact, of the extra-territorial application of U.S. laws. How would such an issue be handled? It is possible, as the Green Paper suggests, that a comprehensive arrangement could be negotiated which would cover such points adequately and actually help handle differences better than in the past, but it is certainly not as simple or guaranteed as the paper would imply.

Those urging either a quick "leap of faith" or "leap of fear" (because of U.S. protectionism) into comprehensive Canada-U.S. free trade are clearly in a mood to dismiss any such wider foreign policy concerns as secondary or even spurious. It will fall to the foreign policy community to set them in a proper perspective, and promote an informed and constructive discussion of their real dimensions and possible resolution.

Two other trade-related features of the Green Paper deserve some mention—one in a positive vein and one in a negative. Usually missing from most government and other analyses of expanding trade opportunities is discussion of import problems or policies, as though the system were a one-way chute into which all countries try to cram the maximum of exports, while importing as little as possible. The Green Paper does note the existence and importance of import barriers as a distorting factor in our own national search for competitiveness, and ultimately as a factor inhibiting our own export growth prospects. It is still a long way from setting out a coherent approach to trade liberalization and industrial adjustment—and once again, the Green Paper discussion will be only one avenue—but the base is there.

A much weaker area is in the treatment of export financing, particularly to developing countries. Here the paper seems to lean toward the assumption that soft-financing availability is a critical constraint on expanding exports to new markets and thus that more emphasis on 'commercialized' aid or 'credit mixte' would be justified. A hinted bias toward bilateral (tied) aid over multilateral aid is probably grounded in the same rationale. Getting the financing issue back into proportion and re-establishing the line between aid and export promotion are still urgent requirements.

In its treatment of investment, the Green Paper stresses the positive linkages between investment—domestic and foreign—in Canada, and the goals of improved productivity and competitiveness. It also underlines the projected need for Canada to seek out foreign capital against stiffening competition from other bidding countries. Relatively little is said about the flows of investment resources, debt and equity, from Canada to other countries, although the linkage of investment flows to debt and repayment prospects is noted. Investment flows, both into and out of Canada, deserve more discussion, as do the conditions on which they are mobilized, the kinds of linkage they may have with research and development, export performance, and government policies.

Canadian Policies and the Middle East: *no time to waste*

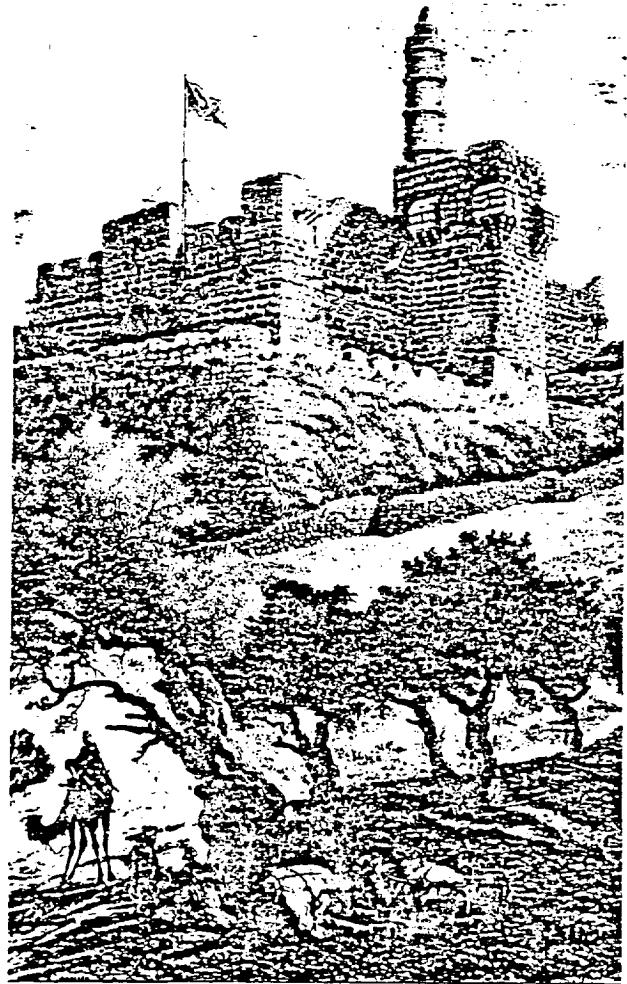
BY CRANFORD PRATT

There is much to concern Canadian foreign policy in the Middle East. The oil states of the Gulf region continue to be the most substantial source of oil; any instability in the area is therefore particularly threatening. Arab oil wealth has turned the Middle East into major markets that Canada has but slightly penetrated. In the last decade Arab interests have invested very substantial sums in western countries, but little in Canada. The terrible strains within the Islamic world have erupted into a savage war in Iran and Iraq, and a sustained civil war in the Lebanon. Israel, in an effort to resolve on its own terms its deep antagonisms with the Palestinians, sought to smash the Palestinian Liberation Organization (PLO) by its 1983 invasion of southern Lebanon. The whole area is always a potential arena of intensified East-West confrontation and struggle through the proxies and allies of the United States and the Soviet Union.

All of these Middle Eastern issues are legitimate and important preoccupations of Canadian foreign policy. However for a great many Canadians the Middle Eastern issue that is the source of the greatest anxiety and concern is the unrelenting contestation between Israel and the Palestinians over their competing claims to the historical land of Palestine.

A shift in perspective. The Canadian government has taken a long time to come to an equitable and balanced view of this controversy. So much has predisposed Canada to an uncritically pro-Israeli position. Very belatedly, and only after the murder of 6 million Jews, did Canadians respond to the desperate tragedy of the Jewish people. Even after the war, our record in regard to the reception of Jewish refugees was shameful. Canada did, however, support the new state of Israel, which Jewish courage and determination had secured in 1947 in the face of the united military efforts of the Arab states to destroy it. The Canadian Jewish community was larger and more politically effective than its Arab counterpart; this helped to keep Canadian policies sympathetic to Israel. The politics and culture of Israel seemed to most Canadians more congenial and more accessible than those of the Arab states. The persistent use of terrorism by factions within the PLO was a further barrier to any deepening Canadian awareness of the complexity and moral ambiguities of the Israeli-Palestinian struggle.

Shame and guilt at the role of the churches in sustain-



ing anti-Semitism as well as a deepened sense of a shared biblical tradition has generally kept both Canadians and the churches from a further recognition of—and more generous response to—the fact that the community primarily suffering and under oppression is now the Palestinian community.

Because of these factors, it is fair to say that Canadian policy has tended, over the decades, towards a pro-Israeli orientation. For too long we did not authoritatively support the creation of a Palestinian homeland. For too long we were prone to pro-Israeli gestures, the most dramatic of which was, of course, the ill-conceived 1979 proposal to move the Canadian embassy from Tel Aviv to Jerusalem, a city which Israel has made its capital, but whose status has yet to be resolved by international law, and whose eastern portion and much of whose immediately adjacent lands have been unilaterally and illegally annexed by Israel.

Cranford Pratt is professor of political science at the University of Toronto. In writing this brief, the author has drawn heavily from a draft which he prepared for the committee of the Canadian Council of Churches responsible for preparing a response to the Green Paper. Cranford Pratt has been a member of that committee.

Canada should urge Israel to recognize that its long-term security, its internal security and its democratic nature all require a just settlement of Palestinian grievances.

Canada has inched towards a more even-handed position in recent years, in part due to a particularly wise report by Mr. Robert Stanfield, but also in response to an increasing international recognition that Israel has been employing its preponderant power in the area to preclude any negotiated settlement that would give the Palestinians a politically independent state within historical Palestine. I welcome the Green Paper's categorical reaffirmation of support for a Palestinian homeland in the West Bank and Gaza, as well as the government's decision not to revive again any talk of moving the Canadian embassy to Jerusalem.

The further development of Canadian policy, I suggest, should be heavily influenced by these four perceptions:

1) A recognition that the primary obligation of concerned outsiders is to recognize that the Israeli-Palestinian dispute is above all a tale of conflicting rights in which each side, within its own terms, has a powerful and persuasive case. Canada's role should therefore be to promote a coexistence based upon mutual acceptance, with each side enjoying something of its deepest aspirations, but giving up those aspirations that would entail denial of the other's national aspirations.

2) Palestinian leaders must be pressed as a morally compelling need and a politically essential move to accept categorically the permanence and legitimacy of the state of Israel within its pre-1967 borders (which could, however, be subject to adjustments through negotiations).

3) Israel must be pressed to desist from its many efforts in a wide range of different unilateral initiatives to effectively foreclose upon any option of a Palestinian state on the West Bank and Gaza; instead Canada should urge Israel to recognize that its long-term security, its internal security and its democratic character all require a just settlement of Palestinian grievances along the lines just mentioned.

4) A just resolution of these matters will not be produced by the interaction of the powers and forces in the Middle East as they are now constituted. The western states were largely responsible for the decision of the United Nations that the state of Israel be created. They must play an equally creative and forceful role today if there is to be a resolution of this controversy other than in terms of a *force majeure* that it will be the continuing ambition of the Palestinians and the Arab states to reverse.

These perceptions are not markedly different from those which inform Canadian policy. However they do imply a greater sense of urgency about a Palestinian state, because Israel is rapidly attempting to render such a thing impossible. They also imply a much greater sense of the need for a strong, sustained international effort to secure genuine Israeli-Palestinian negotiations, with PLO participation and major international input, as well as international involvement in the implementation and enforcement of the results of these negotiations.

Expanding Canada's Role in the Pacific Region

BY JOHN BREWIN

If Canada is interested, the Pacific region* offers a serious opportunity for a significant shift from an exclusively U.S.-centered foreign policy to a more progressive, balanced approach for Canada.

All projections suggest that the economies of Asia will grow more than any others in the next 20 years. The ASEAN countries (Indonesia, Malaysia, the Philippines, Singapore, Thailand and Brunei) now have a total GNP one-half that of the powerful Japanese economy—and most expectations are for even higher growth rates.

Good reasons for looking to the Pacific. For Canada, the Pacific is already more important than Europe as an alternative to the United States. More Canadian exports and imports now flow across the Pacific than across the Atlantic and the long-term prospects for Canadian penetration of the slower-growth European economies are poor.

Canada will also have increasing difficulty in gaining access to an import-saturated U.S. economy. Despite the talk of "free trade", there are serious economic and political limitations to complete integration with the U.S. economy. Even if progress is made in reducing Canada-U.S. trade barriers, Canada will need a counterbalance to a complete reliance on the United States. A serious effort to increase Canada's involvement in the Pacific Region is arguably critical to any hope of Canadian independence from Washington. If a measure of diversity and self-reliance is an essential element to a measure of political independence, Canada must move dramatically to build relations with the nations and peoples of the Pacific Region.

The Pacific also offers the potential for cultural and social enrichment for Canadians. Most Canadians or their families originally came from Europe. However, nearly one million Canadians have their backgrounds in Asia and the Pacific (not including the U.S., U.S.S.R., and Latin America). The revolution in communications and transportation affords the possibility of exchange, travel, study and awareness of a rich, diverse world that most Canadians are only beginning to understand. Recognition of the virtues, and the difficulties, of multiculturalism is already part of Canadian national policy: it must now form a central element of our international policy. Finally, the Pacific region affords a diverse and important opportunity to further the social, economic and political objectives which should be at the heart of Canada's international policy: a lessening of Cold War tensions, economic and social justice, democracy and human rights, improvement of the environment and general progress towards peace and disarmament.

All three themes—trade, social and cultural relations,

and a furtherance of Canada's humanitarian goals—are linked. Progress on each depends on progress in the others.

On the political front, the region is continually caught up in the Cold War between the nuclear superpowers. Pressures grow for the militarization of the Pacific. Regional conflicts are invariably and dangerously drawn in to a Cold War context. The most dramatic examples, Korea and Vietnam, cost millions of lives and irrevocably altered the shape of local society. Even accidents in the region—if the Korean jet liner incident was an accident—bring the world close to the brink of disaster. Together with other countries, most of which are 'middle powers,' Canada can become a more active participant in efforts to reduce tensions in the region, to head off problems, to build confidence and open communications. As a neighbour of the United States, Canada can be a counterbalance to the worst aspects of American foreign policy. For example, Canada should persistently and patiently explore ways to establish links with North Korea and Vietnam and eschew American ideological and historic barriers to relations with those countries. Imaginative efforts to build coalitions, to offset the intrusions of the military superpowers in the region—a Pacific version of détente and disengagement—should be a major political objective of Canadian foreign policy. The governments of Australia and New Zealand have taken a number of steps along these lines; Canada should join those efforts.

Efforts at regional political activity may be tied to the last 25 years of efforts to establish regional economic cooperation. There have been efforts, led primarily by Japan, to look towards the European Economic Community as a model for the Pacific. The efforts have so far not been successful, for many reasons, perhaps including a concern that the economic superpowers in the region will dominate. ASEAN co-operation has been more successful. Canada should maintain an active and involved watching brief on developments towards greater co-operation. In the meantime Canada should continue to support sectoral initiatives and non-governmental/private sector efforts.

China, Japan, international development assistance, human rights—each subject invites detailed discussion. Yet the themes are the same: Canadian involvement has been slow and inadequate. Canada has learned not to have too many romantic illusions about its capacity to influence events or change local conditions. In the Pacific, however, the illusions have not been seriously tested. Canada is woefully under-represented at the official government level. The private business sector is fragmented and tardy in its

*For purposes of this paper, the Pacific region includes all countries on the Pacific Ocean: the countries of North America, Central America and South America, Australia, New Zealand, the islands of the Pacific, the U.S.S.R., China, Japan, North and South Korea, Southeast Asia, India and Sri Lanka.

For Canada, the Pacific is already more important than Europe as a trade alternative to the United States.

response. The level of international development assistance is shockingly low in relation to the scope of the problems and opportunities. In China, Canada has persistently failed to take advantage of the few links it has had. Japan is Canada's second largest trading partner and a powerful, active force in the world. Yet we have at least ten times as many diplomats in Europe as in Japan.

Canada has success stories in the Pacific, on which the country should build. Trade with Thailand, for example, increased in 10 years from \$60 million to over \$200 million. Some private initiatives in the region have resulted in joint ventures and other business investments. Young people in such programs as Canada World Youth, or on their own account, have lived, worked, studied and travelled in the area. CIDA projects, especially in forestry and fisheries, are taking hold in many countries. The potential for technology transfer is slowly being recognized.

An integrated approach. In pursuing an expanded economic role in the Pacific, the Canadian government must insure the full protection of Canadian workers and communities. In the long run there will have to be readjustments, but the cost of those readjustments should not be borne by those who now work in sectors of the Canadian economy that will be adversely affected by imports from the Pacific Region. Similarly the Canadian government must make every effort to encourage economic development models in the Pacific that provide for reasonable minimum wages, trade union rights and social programs. The model of South Korea should not be encouraged. The abysmal record of the Philippine government on human and political rights suggests a special response.

How should the Canadian government proceed? Exhortations towards improved involvement are not likely to be sufficient. Canada must consider the approach of a number of Asian countries to national planning: this country should resolve to make a major opening to the Pacific by way of a significant long-term project, planned over the next ten to twenty years. Canada should be prepared to take time to shift and expand this country's role towards the Pacific and to devote a specific percentage of our resources to the project.

The first steps are to build on the programs and links Canada now has. Just as the Canadian government supports

public education on peace and disarmament and, through CIDA, supports international development education, the government should support a substantially increased Canadian awareness and understanding of the area: exchanges, university and other educational programs, the Asia Pacific Foundation, briefing facilities for Canadians going to the area. Perhaps one of the next few years should be a Canada-Pacific year in which an equivalent of the effort spent in 1967 to celebrate Canada's centennial is expended.

Canada should also seek a higher profile in the region through public information programs, sponsored university and college courses in Pacific universities, seminars, workshops and exchanges. Diplomatic representation should be strengthened. Programs to encourage Canadians to study, travel and work in the Pacific should be undertaken.

The federal government must persuade and require provincial governments to recognize the value to this country of having Pacific and Asian students in attendance at Canadian universities and colleges. Canada and the provinces should be encouraging students to come here; instead, the provinces have been pushing up fees for foreign students. Fee differentials must end and scholarships, bursaries, and other forms of financial assistance should be made available. Heightened sensitivity to the problems of foreign students, including those from the Pacific area, and continuing efforts to improve Canada's welcome are humane and necessary in this country's interests.

The NGOs and the private sector can be given more effective encouragement to become involved in the region on an informed and well-prepared basis. Canadian business needs to be organized to move into the opportunity. The trade union movement should be stimulated to become more actively involved, to encourage the development of trade union rights in Pacific countries, and to build support in this country for a Pacific orientation in Canadian policy.

This paper will not be alone in arguing for a new emphasis on the Pacific. We urge, however, that the objectives be clear. The purpose is to provide a counterbalance to a U.S.-centered policy so that Canada can play a more progressive role in the world. We see the Pacific as an important arena for such a role and we suggest that the foundation for a real shift in policy is a far greater awareness and sensitivity by ordinary Canadians to the region and its peoples.

The Pacific: *cleaning up our policies before we clean up on trade*

BY DR. ROSALIE BERTELL

In March 1985 External Affairs Minister Joe Clark announced that he was appointing a national committee for Pacific economic co-operation. Mr. Clark said: "Now we are a Pacific nation in mentality, looking to partnership across this ocean as the major source of new economic opportunity for Canada in the decades to come." He was applauded by businessmen when he promised "to apply Canada's political and diplomatic skills to selling our products as vigorously as other countries sell theirs".

It is the purpose of this brief to broaden Canadian vision of the Pacific nations beyond that of a potential market for Canadian goods and services, and to focus on the establishment of friendship and the creation of a climate for mutual security in the Pacific. It will also point out aspects of Canadian behavior which serve as a stumbling block to good relations with Pacific nations and which reduce the credibility of Canada as a responsible global citizen.

1) The Pacific Ocean. the source of much of our food, is a likely battleground for World War III. It has already been the arena for American, British and French nuclear testing since 1946, as well as being used as a testing place for U.S., Soviet and Chinese intercontinental ballistic missiles. Far from opposing this militarization of the Pacific, Canada has quietly co-operated with it. Yet, if war occurs, Canada being down-wind will receive much of the fallout.

2) Nuclear Testing. In the Vina del Mar Declaration of February 1984, four Andean nations—Chile, Peru, Ecuador and Colombia—reaffirmed their opposition to French nuclear testing in the Moruroa Atoll in French Polynesia. In spite of the fact that Canada has never protested the endangering of the Canadian people from U.S. testing in the Pacific or in Nevada, it should try to use its influence with France to stop this reckless threat to the marine environment, weather and food chain of the Pacific region. The alternative nuclear testing site, the Kerguelen Islands in the South Indian Ocean, would pose a threat to Australia and New Zealand; Canada should include these islands in its area of concern. A comprehensive nuclear test ban is the only reasonable and consistent policy for Canada to press for through the United Nations.

3) New Zealand. It will be difficult for Canada to maintain a good relationship with New Zealand, for trade or other matters, if it fails to support the stand that Prime Minister David Lange has taken against port calls by U.S.

nuclear-capable warships. The credibility of Canada's support for Mr. Lange will, of course, be hurt if it continues to allow such port calls in West Coast ports. According to the U.S. Navy, Canadian ports on the Pacific coast welcomed 47 such warships in 1983, including 13 nuclear-power attack submarines, nine guided missile destroyers that called at Esquimalt, and five guided missile frigates that called at both Vancouver and Esquimalt.

The Canadian government has also provided grants to Litton Industries in Toronto, which makes the guidance system for the Tomahawk sea-launched cruise missile. In June 1984 the U.S. Navy began outfitting attack submarines, guided missile cruisers and destroyers with Tomahawk cruise missiles. These missiles have a range of 2,500 km (1,550 miles) and carry a warhead 16 times more powerful than the Hiroshima bomb. Their deployment increases the insecurity of Pacific peoples, and Canada's involvement reduces its credibility as a peace maker.

4) Australia. Prime Minister Bob Hawke has been faced with the unacceptable political choice of allowing the testing of the MX missile in the Tasman Sea and thereby risking his reputation in the Labour Party and with the Australian public, or opposing the tests and jeopardizing friendship with the United States. If Mr. Hawke refuses the testing, Canada can hardly support him while accepting the testing of missiles over its own territory. Canada should revise its own policy on missile testing, and support Australia in similar action.

5) Hawaii. The Hawaiian island of Kaho'olawe is the resting place of Kanaloa, one of the four major gods of Polynesia, and it contains temples and relics dating back more than 1,000 years. Although the entire island is on the U.S. National Register of Historic Sites, Kaho'olawe is under the control of the U.S. Navy and Marine Corps—and it is used as a bombing range and target practice area. During the 1984 RIMPAC military exercises, U.S. and Canadian forces bombarded the island, although New Zealand, Australia and Japan, which also took part in RIMPAC, refused to do so. Such gross insensitivity to the Hawaiian and Polynesian people is an indictment of Canada as a good neighbor throughout the Pacific region.

6) The Philippines. Prime Minister Trudeau promised to supply Canadian uranium to fuel the Bataan nuclear reactor, located about 110 km west of Manila. This reactor was ordered through a Swiss contract with a Westinghouse subsidiary, but soon after the deal was closed all rights were reassigned to Westinghouse in the United States, thus avoiding full disclosure of the deal under the U.S. Freedom of Information Act or anti-bribery laws. The reactor has cost the Philippine people some U.S. \$2 billion, plus \$700

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Canada's vision of the Pacific nations should be broadened beyond that of a potential market for Canadian goods and services.

million in interest payments to the Export-Import Bank, Citicorp and American Express Banking. It is also apparently serving to power U.S. military centers, the Clark Air Force Base and the Subic Naval Base.

The Bataan reactor, located on an earthquake fault and near active volcanoes, has never undergone an environmental impact assessment. Westinghouse has declared it has no liability for an accident at the plant, and has failed to implement about half of the safety measures that were mandated in the United States after the Three Mile Island accident.

Canada, through its uranium sales, is involved directly in this exploitative deal with the Marcos administration, which was carried out in secrecy by the United States during a period of martial law in the Philippines. To redeem this situation, Canada should at least urge implementation of safety measures in the reactor, without any further cost to the people of the Philippines. Without such assurance of safety, Canada should call for the closing down of this nuclear project altogether. And, if the safety issues are resolved, Canada should use its influence in the project to press the U.S. military to pay a share in the construction costs proportional to its future use of the plant's power.

7) Japan. Australia is the number one trading partner of Japan. The two governments signed an agreement in 1972, under which Australia was to provide uranium for Japanese nuclear power plants. The uranium is mined in northern Australia, in an area where the aboriginal people are struggling to regain land rights. One wonders whether Canada, in its vigorous efforts to find new markets around the Pacific, will try to replace Australia as the supplier of uranium to Japan. If it does, Canada's native people in the Northwest Territories may also be affected: high incidences of cancer have been found in one Indian band near Great Slave Lake, where uranium mining has taken place.

Japan is also starting to market its own nuclear power plants in Asia and elsewhere, and is offering to "dispose of"

the waste from these reactors. It has already accumulated, from its domestic plants, some 230,000 drums of low-level radioactive waste material which, because of the London Dumping Convention of 1972 and the concern of Pacific nations, it is not being allowed to dispose of in the Pacific Ocean.

In addition, France and Britain have given notice that they will return Japanese reprocessing waste after 1990. Japan has no plan for disposing of this high-level radioactive waste. Moreover, the underground tanks at the Tokai reprocessing plant will be filled to capacity with high-level radioactive waste by 1990. If this "death ash," as the Japanese call it, is allowed to pollute the ocean, it could do great damage to Pacific fisheries and threaten many lives, including those of Canadians. Canada would do well to suggest co-operation with Japan in research on methods of retrievable storage of nuclear waste, in order to preserve the ecology of the Pacific basin.

In conclusion, I hope that Canada's newfound identity as a Pacific nation will raise awareness of the serious entanglement it already has with the militarization of the Pacific Ocean. If Canada wishes to build lasting friendships and security in the region, its foreign policy changes should include:

1. Withdrawal of subsidies from Litton Industries;
2. Vigorous championing of a Comprehensive Test Ban Treaty;
3. Solidarity with Pacific nations in refusing missile testing and port calls by nuclear-capable warships;
4. Withdrawal from RIMPAC military exercises or, at the very least, refraining from bombing or bombarding the Hawaiian sacred island;
5. Co-operative agreements with the emerging Pacific island nations;
6. Assistance to Japan in handling its present backlog of nuclear waste in an above-ground, secure and retrievable storage facility.

Canada and Central America: *working to stop an unfolding tragedy*

BY FATHER BOB OGLE

Central America is a small region of the world caught up in powerful international forces. Its five republics with a total population of 24 million people—Costa Rica, Nicaragua, Honduras, El Salvador and Guatemala—face a variety of severe economic, social and political problems, including extreme poverty and maldistribution of wealth, polarized and often repressive political systems and acute international indebtedness. As if these problems were not serious enough, outside powers have injected their own strategic and political interests into Central America. The effect has been to reinforce many of the problems and obstruct the search for solutions; in short, to make a bad situation worse.

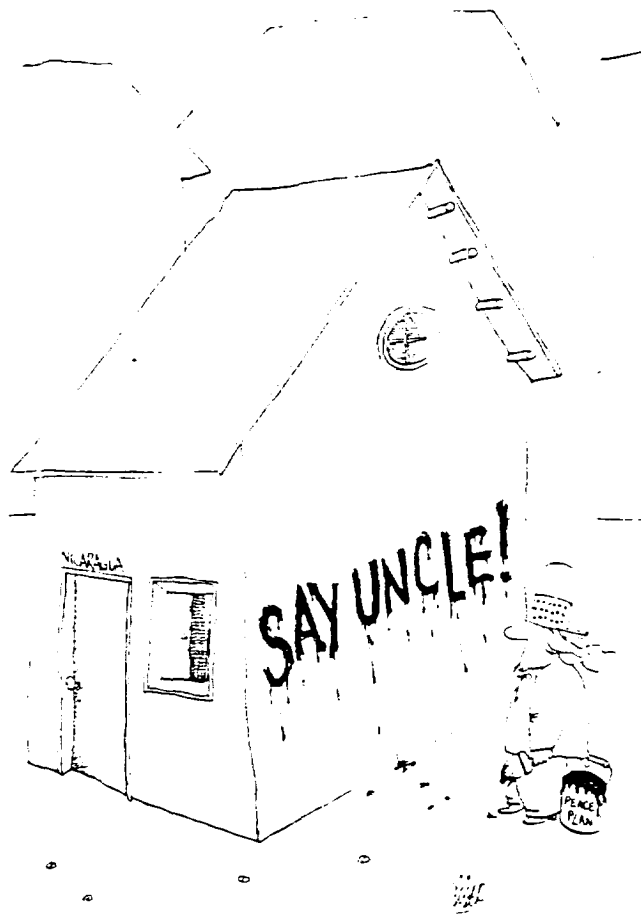
Central America is at a very dangerous moment in its history. It is quite possible, even probable, that the situation will continue to deteriorate. There have been warnings for years that the various localized conflicts could come together in a region-wide war. Central America now seems to be moving rapidly in that direction. The Reagan Administration is showing more and more signs of a 'fight to the finish' mentality in its dealings with Nicaragua. Even if militarily successful in the short run, such a policy will only set the stage for yet another generation of suffering, turmoil and violence.

The chances of reversing or arresting this unfolding tragedy may be slight, but they do exist. Voices of moderation can still be heard. There are peacemakers still at work. It is essential that Canada lend every bit of its support to their efforts. The Government should resist the temptation to give any party to the conflict an automatic and uncritical benefit of the doubt. Instead Canada should strengthen its own resources for obtaining information, clearly express its own understanding of the roots of the crisis and vigorously pursue its own policies for promoting peace and development.

We would commend the Government for continuing to uphold the basic policy principles of non-intervention, negotiation and pluralism. We particularly welcomed Mr. Clark's words in his September 1984 speech to the General Assembly of the United Nations. He observed that since World War II the world has come to depend on Canada as a "moderating influence in a world beset by extremes." On the subject of Central America he stated:

"Canada regrets the extension to Central America of East/West confrontation and the related militarization of the area. We applaud the initiative, skill and tenacity of the Contadora countries in their efforts to build a framework of reconciliation in the spirit of the U.N. charter."

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In the spirit of those words we offer the following recommendations:

Support Contadora. The Contadora process is in grave danger of being marginalized politically and undermined technically. For that reason it is critically important that Canada continue to lend strong political support and expert advice as required. In order to reverse the declining status of Contadora, Canada should take the initiative in organizing among like-minded countries a public statement of support from "The Friends of Contadora."

Oppose Aid to Rebels. Canada has long and properly ex-

Central America is at a very dangerous moment in its history. It is quite possible that this situation will get worse.

pressed its opposition to outside assistance to the rebels in El Salvador. Consistent with that position, the Government should also make very clear its opposition to outside assistance to the "contras" seeking to overthrow the government of Nicaragua.

Encourage Dialogue. Canadian policy has encouraged political dialogue in El Salvador and Nicaragua. It should continue to do so. Elections held in both countries are only the first steps in the process: they must now be followed by continuous discussions to define and resolve differences. Canada should seek every opportunity to offer its good offices.

Development Assistance. A cardinal feature of Canadian aid to Central America has been the support of economic development, not this or that political tendency. Canada has now resumed aid to El Salvador: it is essential that the aid be targeted to the poorest people and projects designed to encourage equitable development. The government is to be commended for the continuation of its aid program in Nicaragua. Extreme violations of human rights in the countryside of Guatemala continue to disqualify that country for Canadian assistance.

A Generous Refugee Policy. The massive displacement and resettlement of people has been one of the tragic by-products of conflict in Central America. Many of those who have applied for refugee status in the United States have found it denied because of political considerations. Canada has a respectable, humanitarian record in this regard. In reviewing its refugee policies and regulations, the government should be especially sensitive to the dangers facing the people of Central America.

Human Rights. In no other area of policy is it more important to beware of false information and ideologically driven conclusions. An effective Canadian human rights policy in Central America has two basic requirements: *first*, the careful preparation of independent human rights evaluations; *second*, the willingness to forcefully condemn gross and systematic violations of human rights. We would recommend, as well, that Canada develop long-term programs to assist in the building of political and other institutions designed to protect human rights.

An Embassy in Nicaragua. Nicaragua is now the hinge on which so much of the future of Central America turns. It is vital that Canada have adequate diplomatic representation to provide the information and analysis necessary to an independent and effective policy. Accordingly we recommend that as a high priority and as soon as possible Canada establish an embassy in Managua.

Canada and Southern Africa: *seeing black and white*

BY STEVE GODFREY

Since May 1984 the South African state has been beset by massive and persistent protests against apartheid that have resulted in the deaths and imprisonment of hundreds of black South Africans.

This opposition is different from the youth protests centered on Soweto in 1976. It is more broadly based, and while the protests are rooted in frustration, the target is clearly apartheid itself: the state apparatus (schools and government offices) and those blacks (police and community councillors) viewed as collaborators with it.

Internationally as well, the South African regime is in considerable difficulty. Since 1980 South Africa has carried out a program of destabilization of black neighboring states that has included economic blackmail, invasion, military raids and support to armed subversion—more akin to the warlike behaviour of a powerful medieval city state than a modern nation.

During this period South Africa has been cushioned from punitive international action by the protective umbrella of the U.S. policy of 'constructive engagement.' Far from bringing peace to the region or change to South Africa, it has encouraged the cynical use of power to strengthen repression at home and domination in the region.

But by mid-1985 it is a policy in name alone, undermined by legislative action by the U.S. Congress. The degree of bipartisan support for the *Anti-Apartheid Bill of 1985* which would end new investment in—and loans to—South Africa, gives it a good chance of avoiding Presidential veto. South Africa now faces a stiffening of international opposition.

New directions for Canada: the Tories' first nine months. On July 6, Secretary of State Joe Clark announced the results of an internal review of Canada-South African relations conducted by the new Conservative government.

That the review took place at all was the result of an increasing awareness that Canadian policy had been badly outpaced by events—particularly the radical policy initiatives contemplated in the U.S. With Canada still advocating the merit of foreign investment as a motor for change, the revelations that the Canadian company Bata was paying wages in South Africa well below even the official poverty line was a major embarrassment to a central plank of Canadian policy. The visit to Ottawa by Bishop Desmond Tutu in late 1984 prompted Prime Minister Brian Mulroney to take a more direct personal interest in the issues and this, together with the renewed vigor of

Canada on southern Africa at the U.N., established a heightened interest in government within which the External Affairs review took place.

While the measures announced by the Secretary of State fall well short of the full economic sanctions called for by many South African blacks, or even the ban on new investment and bank loans envisaged in the legislation before the U.S. Congress, they do represent an important shift in Canadian policy.

In the vital area of economic relations, the statement implicitly questions the official Canadian policy stating that continued Canadian trade and investment will encourage reform. Grants to Canadian companies to develop new markets in South Africa are withdrawn, as are the more important export credit guarantees for Canadian companies exporting to South Africa. In 1985 the latter covered just over one-quarter of Canadian exports (approximately \$54 million).

The seven-year-old voluntary *Code of Conduct for Canadian Companies*, has been redundant since its inception as a means for assessing corporate performance. The Code of Conduct deals with employment practices in their widest sense (recognition of trade unions, wage levels, education and training). But having established the Code, the government took no steps to establish any mechanism for reporting, with the result that of 35 Canadian companies operating in South Africa, only one—Alcan—has bothered to issue a report since 1981.

The new policy envisages a format for company reports and a government-appointed administrator to receive them and to monitor compliance with the Code.

This move is to be welcomed. Nevertheless, there is much justifiable scepticism directed to the value of such codes of conduct which focus on the 'reforming' role of foreign capital in South Africa in introducing new labor practices. Foreign corporations and banks may have marginally better employment policies for the fraction of the black population employed, but their provision of new finance and technology is critically important to maintaining a viable economy for the white minority. A Code of Conduct, voluntary or mandatory, is not a substitute or a broader policy dealing with the international capital flows that are the lifeblood of apartheid. The apologist's vision of black advancement based on foreign-led economic growth is a fool's answer to the grinding poverty of the homelands and the political explosion in the townships.

Other measures announced include abrogation of double taxation agreements with South Africa and the cancelling of the processing for third countries of Namibian uranium by the Crown corporation Eldorado (worth \$4-5 million per year); a tightening-up of guidelines for all official and sporting contacts with South Africa; a ban on export of equipment to security and state bodies; and aid to

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Canada should listen more closely to the views of black South Africans—the future of a majority-ruled South Africa.

labour and black organisation through Canadian NGOs.

In the context of the Green Paper, it would be a mistake not to acknowledge that an important—and welcome—shift in policy has taken place even if, ironically, the shift has preceded the actual foreign policy review itself.

Developing a policy: options for the foreign policy review. "...the persistence—the enormity—of institutionalised racism can only cause a widening gulf between our two countries."

—The Rt. Hon. Joe Clark, Baie Comeau, July 6th, 1985.

The review already undertaken in an important first step to restore credibility to Canada's consistently stated abhorrence of apartheid, combined with the policy of aid support (established by the Liberal government in 1984) to the black neighboring states through their regional body, SADCC, it provides a basis for a serious long-term policy for Canada in southern Africa.

In announcing the review, the Secretary of State specifically called on Canadians to respond to its proposals and to suggest further actions during the fall discussions of the Green Paper.

The challenge to Canadian foreign policy in southern Africa must be to sustain and develop historic economic and political ties in the region, and foster the removal of apartheid, which is the single greatest obstacle to economic development and peace for the people of South Africa and the sixty million in surrounding states.

Placing South Africa in this regional context permits a longer-term and more balanced view of Canadian interest and responsibilities: Canadian aid and commercial exports to the SADCC countries is approximately three-quarters the level of exports to South Africa—although the former have suffered seriously due to South Africa's destabilization policies. Diminished economic support to South Africa could be combined with an economic co-operation agreement built on existing CIDA support to SADCC—to link political support to Commonwealth countries in the region with a program of trade, cultural and industrial development. A similar proposal is already being discussed with SADCC by the Nordic States. Such an initiative should not only promote stability in the region, it should also offset the economic costs to Canada of cutting links with South Africa by tying these to alternative market development in the region.

The new policy initiative also enhances Canada's potential as an interlocutor between the region and its main allies. The frontline states have been marginalized by U.S. policy and the vacuum created by the immobility of the U.S. Administration is an opening for the Commonwealth and the United Nations to play a greater role and provide more effective support for the countries that are the victims of South African aggression. Co-ordinated assistance, for example, between Commonwealth countries could be vital in providing alternative facilities for international air services to the region if a boycott of direct air links with South

Africa is to have a chance of succeeding.

Canada should also listen more closely to the views and aspirations of black South Africans—the future of a majority-rule South Africa. The need to respect diplomatic formalities has led External Affairs to take an unnecessarily limited attitude to relations with opposition groups and the liberation movements. The decision to work more closely with the CLC in supporting the labor movement is a good start—the government could also indicate its moral support to the victims of apartheid by increasing assistance to South African refugees through the U.N. and Canadian NGOs.

Finally the question of further economic sanctions must be confronted. The South African economy is in its deepest recession since 50 years and is heavily dependent on foreign capital and technologies. The obsession with which the threat of disinvestment dominates South African propaganda is a testament to the fact that external economic support is vital to the Whites' high standard of living, and commitment to the political systems which maintains it.

A ban on new investment and on private or government support to new loans would cost Canada little economically. It would add to pressure for change from within South Africa and be a sign to the future black leaders of South Africa that Canada was prepared to take the consequences of a commitment to majority rule seriously. The evidence of the sports boycott (white sporting bodies have pressed hard for non-racial sport) and the threatened U.S. economic sanctions (the South African Chamber of Commerce called for the abolition of apartheid earlier this year) indicate that sanctions do have an effect. Much discussion focusses on the effect of sanctions on the white minority, but little attention is paid to the fact that the solid majority of representative black opinion is in favour of such measures.

The argument that international rules of trade and commerce (such as commitments under the GATT) prohibit direct government intervention is not without importance in Canada, where pressure to conform to trade boycotts has threatened national sovereignty on more than one occasion. Two factors make the South African case unique: Firstly, the nature of apartheid is so intimately bound up with the control of labor markets that it is literally a system in which economic development and racism go hand in hand. Secondly, economic sanctions are possibly the only way to make white South Africans think again.

Only the government can be expected to take responsibility for such long-term and political issues. The cost to Canada's friends, to its long-term trade interests, and to the values held by the majority of Canadians suggests that the government of Canada should further economic sanctions. The initial review undertaken by the government suggests that, for the first time, there may be a willingness to consider such steps, which 12 months ago would have seemed unthinkable.

Managing the Oceans: *the next steps for Canada*

BY ELISABETH MANN BORGESE

From 1968 to 1982 Canada was one of the leaders in the Law of the Sea negotiations. The Canadian Delegation, led by Alan Beesley from the beginning to the end, made consistent and weighty contributions to the shape and content of the U.N. Convention on the Law of the Sea. The rewards to Canada were commensurate to the effort spent. Canada obtained everything it had aspired to in these negotiations: one of the largest Exclusive Economic Zones in the world; special measures for the protection of the marine environment in ice-covered areas; special measures for the protection of its salmon fisheries (anadromous species); and special measure to protect the interests of its land-based nickel mining enterprises.

A lot of ground to be lost. But now there seems to be a change in the Canadian posture. The voice of the Canadian delegation, once loud and clear, is perceived in a much lower key. Rumors running the U.N. corridors in Jamaica, Geneva, and New York have it that Canada has already decided not to ratify the Convention. In this, as in some other important aspects of Canadian foreign policy, the Mulroney government might find it convenient simply to follow the U.S. lead. The gains that have been made, after all, remain under customary law, even if the Convention does not come into force; and the whole situation surrounding the mining provision of the Convention is beset with such uncertainties and controversies that it might be just as well if the whole thing were dropped for the time being.

I am deeply convinced that such a move is not in Canada's best interest, and that leadership and initiative in the Preparatory Commission and in other U.N. bodies dealing with ocean development would be as rewarding as the efforts put into the negotiations from 1968 to 1982.

While it is true that the territorial gains accruing to Canada from the Convention would remain practically unaffected by non-ratification, Canada's mining interests might be severely affected by the chaotic situation resulting if the Convention were not to come into force or were to come into force for a limited number of states, excluding some of the ocean mining states. For it would be impossible, in that case, to plan rationally. The strongest, in economic and technological terms, would prevail, without regard for the interests of land-based miners.

Outlining the benefits to Canada. But it is not only to keep what it has gained in the Convention that Canada should pursue an active role in international ocean affairs:

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there are gains that could be made in the new phase, no less important than those made in the Convention; gains for Canadian industry as well as gains in political influence in world affairs as a leader in development co-operation, as a mediator between North and South, as a country that can make significant contributions to the strengthening of the U.N. system and to stability and peace in the world.

I want to draw the government's attention to two specific areas in ocean development and the Law of the Sea where Canada could realistically take such initiatives for its own benefit, the benefit of developing countries, and the benefit of the international community as a whole. Both of these initiatives are in the area of scientific/industrial co-operation between North and South.

The first would be to give life and reality to the Articles of the Convention (particularly Art. 276, 277 and 278) which deal with scientific/technological co-operation and the transfer of technologies.

These articles provide for the establishment, in regions of developing countries, of regional centers, "in order to stimulate and advance the conduct of marine scientific research by developing States and foster the transfer of marine technology". The functions of these centers should include, *inter alia*, training and educational programs on marine scientific and technological research, particularly marine biology, including conservation and management of living resources, oceanography, hydrography, geological exploration of the seabed, mining and desalination technologies; management studies; programs related to the protection and preservation of the marine environment; acquisition and processing of marine scientific and technological data and information; compilation and systematization of information on the marketing of technology and on contracts and other arrangements concerning patents, and technical co-operation with other states of the region.

These are broad guidelines. The Convention does not specify what are the "regions" in which such centers are to be established, nor the modalities of establishment or the sources of financing them.

"Regions", on the other hand, are defined in concrete terms in the Regional Seas Program, launched by the United Nations Environment Program (UNEP) in the seventies and covering the world ocean with networks of regional Conventions, Plans of Action, and Protocols affecting all major uses of the seas and oceans.

The initiative Canada could take in this area is simple, logical, highly cost-effective, and rewarding. It consists of two steps.

To start with, it seems obvious, although nobody has seen it yet, that Articles 276, 277 and 278 of the U.N. Convention on the Law of the Sea could be linked to UNEP's Regional Sea Program. The establishment of Regional Centers in each one of the Regional Seas would strengthen

It is not only to keep what it has gained in the Convention that Canada should pursue an active role in ocean management: there are gains to be made in the next phase as well.

these programs, while the Regional Seas Program would provide a ready-made institutional framework for Articles 276, 277 and 278.

Canada could play a catalytic role in initiating discussions with the "competent international organizations" (UNEP, FAO, UNESCO/IOC, the Prep. Com), and then with the member states of each Regional Seas Program. The mandate is there, all the elements are there. What is needed is initiative: catalytic action. And this is what Canada should organize and finance with approximately \$10 million over a 2-3 year period. Canada is uniquely prepared to take this initiative. Not only is it among the world leaders in marine technology, but it has an institution, the recently established International Centre for Ocean Development (ICOD), with the precise mandate to promote and advance the activities prescribed by the Convention for the Regional Centers.

The Centers, once established, would be financed by the participating states themselves, with the assistance of the usual international funding institutions (especially UNDP and the World Bank).

The benefits for Canada would be considerable.

Once the Regional Centers were in place, Canada could take the second step: proper co-ordination of these Regional Centers and integration of their policies at the global level. This could best be achieved through the establishment of a central body, an International Center for Marine Industrial Technology (ICMIT), which should consist of the chief executives of each Regional Center and which should provide global information services. UNIDO has already proposed the establishment of such a global center, and its co-operation should be solicited.

ICMIT should be hosted and situated in Canada, and should work closely with ICOD, sharing its data bank and information services. The annual or semi-annual meetings of the ICMIT Board would be a showcase for Canadian marine industries and offer a unique opportunity for enhancing their international business.

The second initiative would be complementary to the first. Its purpose would be to give life and reality to the Preparatory Commission for the International Seabed Authority and for the International Tribunal for the Law of the Sea.

The future of the Convention largely depends on the success of this Commission, which is entrusted with the task of managing the interim regime for pioneer investors in seabed mining. The pioneer investors, recognized by the new Law of the Sea, are eight: France, India, Japan, and the U.S.S.R., plus four international consortia. Other developing

countries may still qualify as pioneer investors, if they fulfil certain financial and operational conditions.

The trouble is that this interim regime is stalled: it cannot get off the ground because of issues of overlapping claims between the Soviet Union on the one hand and France and Japan on the other, which make it impossible for these pioneers to register their claims with the Commission.

It is of vital importance that these issues be settled and the interim regime be activated. A prolonged stalemate might be fatal for the Commission. For, it might be argued, the interim regime under the Commission is a trial run for the regime of the Seabed Authority. If the interim regime cannot function, the Authority cannot function either. If the Authority cannot function, let us not establish it. If we do not want to establish the Authority, we cannot ratify the Convention.

Thus, if the coming into force of the Convention is of importance to the world community and to Canada, we should do all we can to make the Preparatory Committee a success—without too many worried glances across our southern border.

One way of making the Commission a success would be to co-operate with the initiative of the Austrian Delegation for the establishment of a Joint Enterprise for Exploration, Research and Development in ocean mining (JEFERAD), for the purpose of internationalizing, as much as possible, the development of ocean mining technology. This, in preparation for the later internationalization of ocean mining as prescribed by the Convention—for the benefit of industrialized as well as developing nations and the international community as a whole.

JEFERAD could in fact be seen as one of the Regional Centers, located most appropriately in Jamaica, that is to constitute ICMIT. This initiative, too, could turn out to be most rewarding to Canadian industry.

Looking ahead to the next phase. To sum up: there is as much room for Canadian initiative and leadership in this new phase of ocean development as there was during UNCLOS III. And, just as in the previous phase, the rewards would be commensurate to the effort. The difference lies in the kind of rewards to be expected. During the previous phase, these rewards were in territorial aggrandizement and the acquisition of natural resources (living and non-living). In the new phase, rewards will come in the area of the marine sciences, marine technologies, marine industries and trade. If Canada wants to utilize its potential and reap its benefits in this area, it must maintain its lead and continue to take initiatives in ocean affairs.

Environment and Development: *two sides of the same coin*

BY RALPH TORRIE

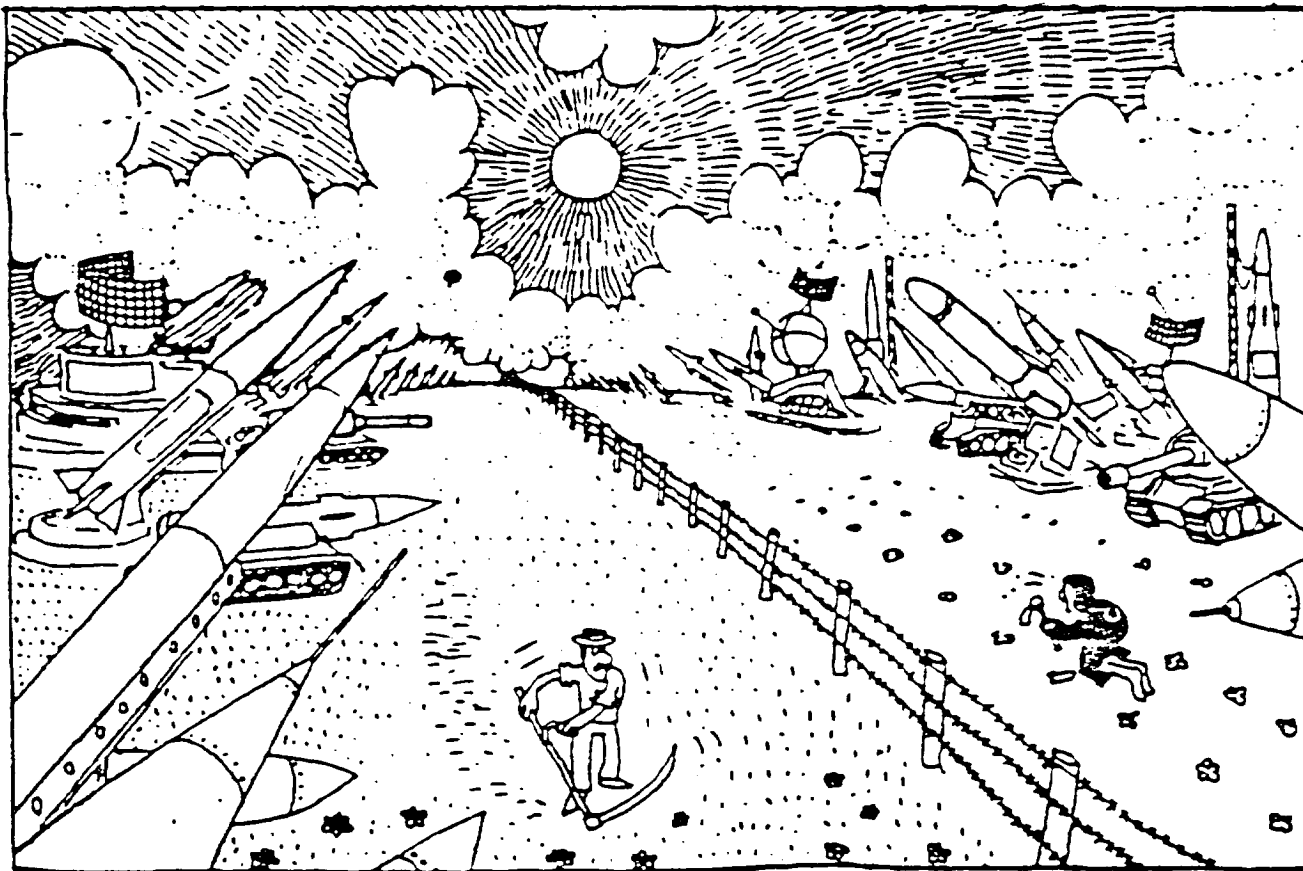
Industrial pollution, the depletion of non-renewable resources and the deterioration of the ecosystems that support human life and well-being were issues of growing concern during the 1960s, leading to the United Nations Conference on the Human Environment in Stockholm in 1972. The declaration of the conference stated that "to defend and improve the human environment for present and future generations has become an important goal for mankind—a goal to be pursued together with, and in harmony with, the established and fundamental goals of peace and worldwide economic and social development." In 1985 attaining the goal of the Stockholm Conference remains a task as complex as the ecosystems at risk, and a priority as

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urgent as the state of environmental bankruptcy that underlies the poverty and starvation in Africa.

On the domestic scene, Canada has had some success in addressing environmental issues. Regulations governing air and water pollution have been put in place; conservation and more efficient resource utilization have been encouraged, and environmental assessments have been incorporated in the design of most major projects. The reduction in automobile emissions provides an example of the improvement in the quality of life that can be achieved by such measures.

Taking environmental policy seriously. And yet, the more difficult—and in the long run more serious—problems have not been adequately addressed by the remedial and sectoral approach that has characterized environmental policy in Canada. Forest and water resources continue to be exploited in an unsustainable fashion. Agricultural lands are diminishing due to soil erosion and encroaching urbanization. Chemical hazards proliferate throughout the environment; toxic and radioactive wastes accumulate in dumps and temporary storage facilities. Energy and



FROM SHAIR

Sustainable development begins at home: this is especially true for the industrial nations like Canada that consume disproportionate shares of the world's resources in ways that undermine global ecosystems.

resource use patterns continue to cause atmospheric pollution that is leading to climatic change; agricultural, silvicultural and other practices are undermining the diversity of the genetic resource base.

Solutions to these problems can only come about when conservation and environmental objectives have equal footing with social and economic objectives in the formulation of policy. Sustainable development begins at home: this is especially true for the industrial nations like Canada that consume disproportionate shares of the world's resources in ways that undermine not only local environmental quality but global ecosystems as well. We must redouble our efforts and rethink our strategies for achieving environmentally sustainable development. Efforts such as Environment Canada's recent State of the Environment report provide the basic information required. The World Conservation Strategy's recommended priorities for national action provide a suitable framework.

An international concern. National actions are not in themselves sufficient to achieve the goal of sustainable development. Transboundary pollution and the sharing of common resources and ecosystems make environmental issues important items on the international agenda. Acid rain and the utilization and pollution of the Great Lakes and other common water resources are examples of environmental issues that have become important matters in Canada's relations with the United States. The "integrity of our natural environment" has been recognized as a basic objective of Canadian foreign policy alongside the traditional objectives of peace and prosperity, freedom and sovereignty, justice and equality.

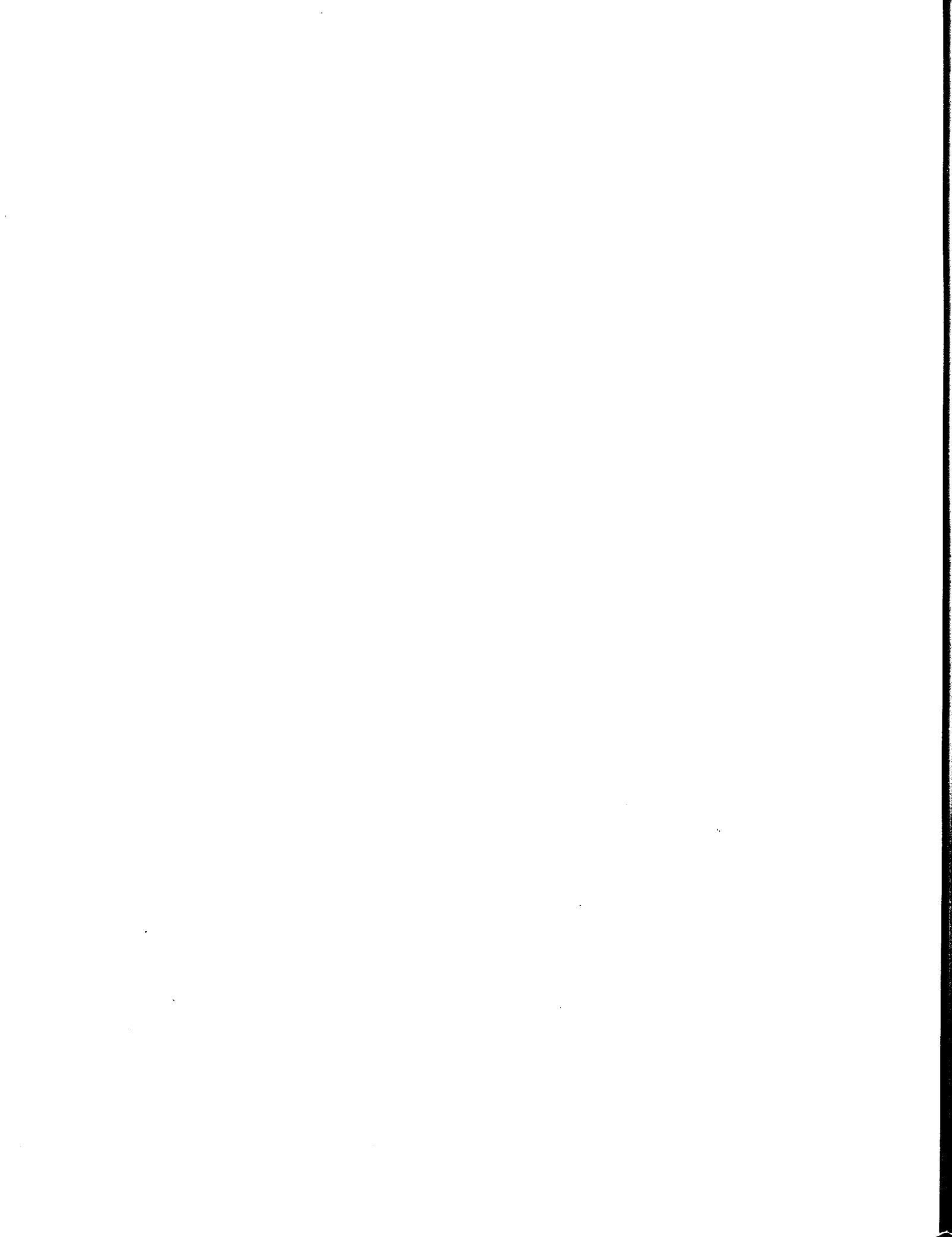
The international nature of environmental concerns extends well beyond the transboundary issues faced by neighboring states. The deterioration of the protective ozone layer in the atmosphere, the buildup of carbon dioxide and other atmospheric pollutants, the pollution of the oceans and breakdown of fisheries support systems, the loss of productive land to desert-like conditions, the extinction of growing numbers of species and varieties, the shrinking genetic resource base, the depletion of oil and gas resources,

the disappearing forests—these are all global issues; the international community must find a collective response. Here progress has been slow. Oil consumption has been checked, but there are too few success stories among the other issues. The desertification that is now ravaging Africa has been known and largely understood for many years; a United Nations Conference on the subject in 1977 seems to have made no difference.

The World Commission on Environment and Development has been given a mandate to find policies and practices that serve to expand and sustain the ecological basis of development. This type of effort must be multiplied and supported if pathways to sustainable development are to be found before it is too late.

Linking environment and development policy. At the Stockholm Conference, the developing nations asserted that "poverty is the worst form of pollution." More than ten years later these words have taken on a deeper and darker meaning as the world witnesses the complete breakdown of life-supporting ecosystems in parts of Africa. According to Anil Agarwal of the Indian Centre for Environment and Development, "the Third World today faces both an environmental crisis and a development crisis, and both these crises seem to be intensifying and interacting to reinforce each other. It is rare to find a case where environmental destruction does not go hand-in-hand with social injustice, almost like two sides of the same coin."

Nowhere is this more apparent than in the Sahel and other regions of Africa, where "ecological refugees" crowd into camps because their traditional life support systems have broken down. It is in Africa where the incompatibility of current development strategies and ecological sustainability is most tragically obvious—a region which has been the focus of intensive development assistance for over twenty years, including over \$2 billion from Canada. Understanding what has gone wrong in Africa, how the international economy has clashed with the traditional economies to bring unbearable pressure on the land and the people, how attempts to provide development assistance have been at best ineffective, how the human ecology has slipped into a crisis of survival—these are the questions that may lead to more effective strategies for achieving sustainable development in Africa, and at home.





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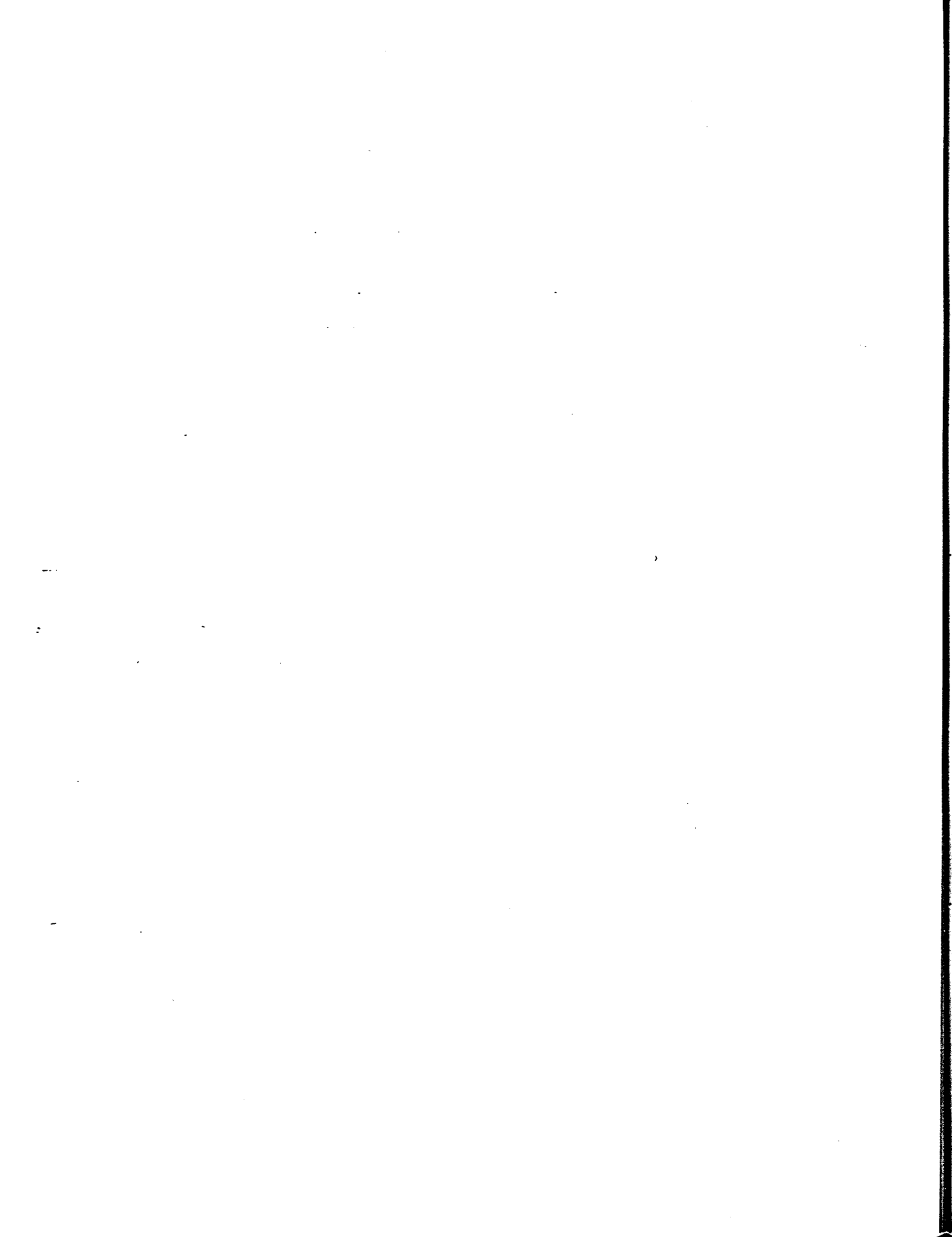
SUBMISSION
BY THE
INTERNATIONAL BUSINESS COUNCIL OF CANADA
TO THE
SPECIAL JOINT COMMITTEE
ON
CANADA'S INTERNATIONAL RELATIONS

November, 1985

THE WORLD ON THE LINE

Twenty years ago telecommunications was one of the world's most boring industries. Economics and technology have turned it into one of the most exciting. It has become the key to the biggest industrial change of the next few decades: the developed world's shift to an information economy. The plunging of an industry long dominated by cautious utilities into innovation-driven chaos has upset and irritated many people. They ought to be exhilarated instead.

The Economist, November 23, 1985



INTERNATIONAL BUSINESS COUNCIL OF CANADA
SUBMISSION TO THE SPECIAL JOINT COMMITTEE
ON CANADA'S INTERNATIONAL RELATIONS

EXECUTIVE SUMMARY

The IBCC welcomes the opportunity to respond to the government's Green Paper: Competitiveness and Security: Directions for Canada's International Relations, as well as the opportunity to assist the Parliamentary Committee in its consideration of the objectives and conduct of Canada's international relations. We look forward to discussing our submission with you.

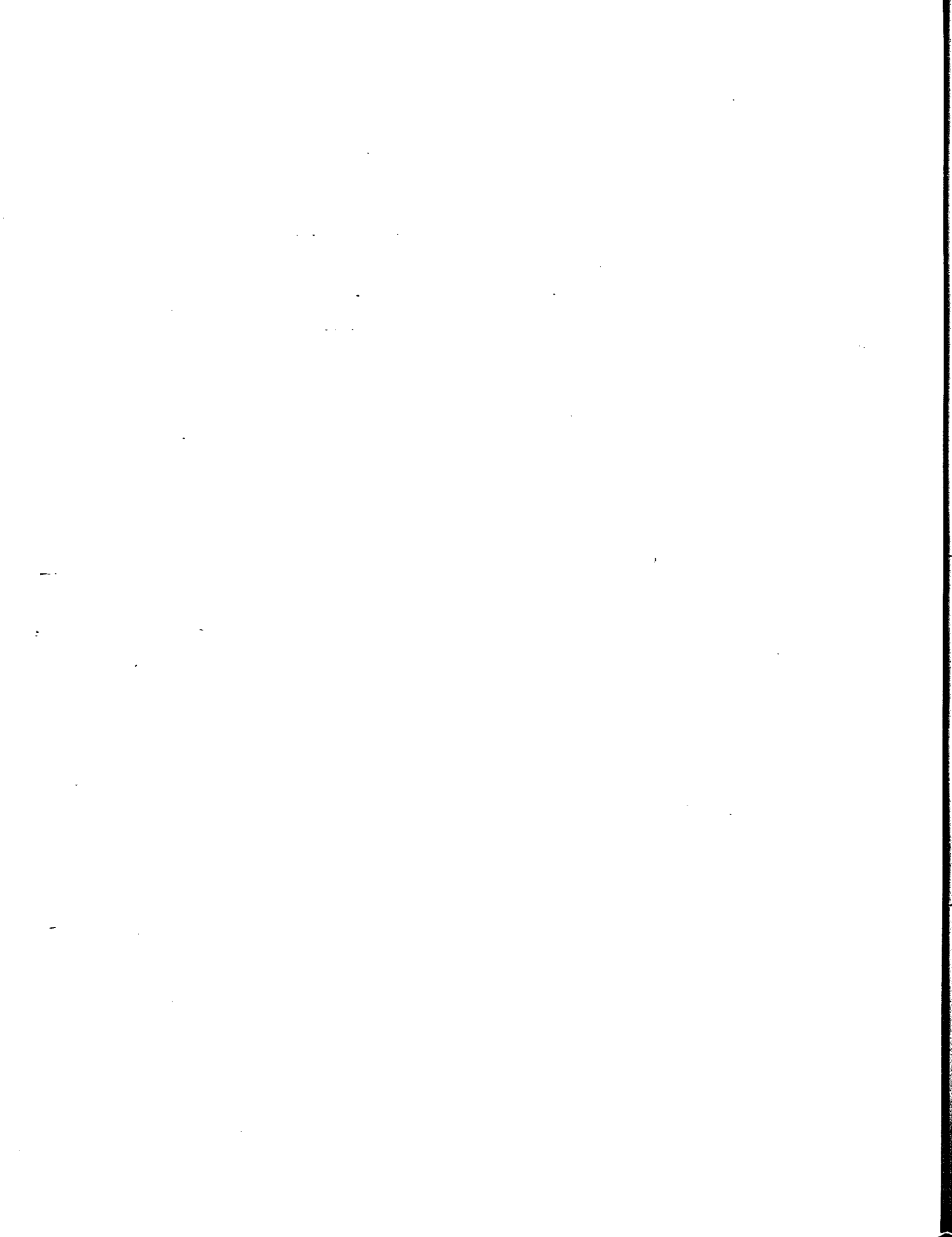
Mandated to represent the interests of Canadian business on issues and initiatives affecting its ability to operate effectively in the international market, the focus of IBCC's submission is on economic issues. Our central concern is the implications for the present and future conduct of Canadian foreign policy of the most important shifts in the international economy in the last 15-20 years.

From this perspective, the relevant issues for consideration are:

1. increasing the competitiveness of Canadian business, and the need for adjustment assistance policies;
2. the direction of Canadian export development and import policies;
3. the direction of Canadian trade and foreign investment policies;
4. the international co-ordination of macro-economic policies, and the management of global debt; and
5. the international business environment as affected by international government organizations.

After outlining some important historic shifts in the international economy, we address the five issues listed above by answering the following question: how can Canadian government policies, particularly foreign policy, assist the business community in meeting the challenge of global competition?

It is the view of IBCC that Canada must meet this challenge if it is a) to maintain and improve its standard-of-living and create much needed jobs, and b) successfully pursue non-economic objectives in the international arena. For this reason, IBCC concludes that economic issues must be at the heart of any Canadian foreign policy review in the mid-1980s.



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Before we consider these issues, we outline some important historic shifts in the international economy.

The International Economy: Current Challenges for Canadian Foreign Policy

Trade and technological developments during the last 15-20 years have created a new international competitive environment, and will continue to reshape the world we live in over the next 15-20 years. These developments are well documented, and we limit ourselves here to making reference to them.

The technological developments we are referring to are the introduction of broad new technologies, such as in the areas of materials science, biotechnology and micro-electronics, and their impact on the way we do business and the productive process.

In particular, the micro-electronics revolution has reached the stage of widespread application to industrial tasks. We have moved beyond the stage at which micro-electronics was limited to a few high-tech industries. The automation of all industries, in the factories and in the offices, is very much upon us. At the same time, we must not forget the increased scope for the use of all applicable technology, whether old or new.

The trade developments alluded to are the growing interdependence of national economies and the shifts in comparative advantage. International trade has grown dramatically in the last twenty years, currently approaching the level of \$2 trillion per year. National economies now depend a great deal more on exports to each other as a source of economic growth. A process of international specialization of production has been under way and continues.

As part of this process there have been substantial shifts in comparative advantage, as the most efficient places for the production of an increasing number of high volume, standardized products are Newly Industrialized Countries (NICs), which benefit from lower labour costs and access to cheap raw materials and the latest production technology.

Taken together, these trade and technological developments illustrate what economists call the product cycle theory of international trade, which

"begins by noting that for each product placed at a purchaser's door there are several different input costs: product development, marketing, materials, and primary factors. Each input has different characteristics, and over time the relative significance of each input will vary. Thus, because the comparative advantage in particular types of inputs differs among countries, comparative advantage on a product will change over the

life of the product as the significance of particular inputs change." (P.T. Ellsworth, J. Clark Leith, The International Economy, New York, 1975.)

In the new stage of a product, product development costs will be the major component of total cost, whereas in its standardized stage production costs will be dominant.

The characteristics of the production system of a product in its new stage are skills, teamwork and flexibility. Employing sophisticated skills, traditionally separate business functions (design, engineering, purchasing, manufacturing, distribution, marketing, sales) are merged into a highly integrated system that can respond quickly to new opportunities, sometimes referred to as a flexible production system.

The characteristics of the production system of a product in its standardized stage are low skills and the principles of scientific management: jobs are broken down into the smallest possible specialties, co-ordinated according to predetermined rules and monitored carefully. Organization is key.

The implication of the above is a process of international specialization of production, with significant impact on trade, investment and technology flows. NICs are producing high-volume, standardized products because their production costs are lower than those of developed countries, whereas the latter will find it necessary to utilize the skills and knowledge of their people to produce goods with sophisticated technology.

In summary, we now compete on a global scale and will increasingly rely on our human resources to retain a competitive edge.

In this context, the challenge for Canada is not only to find ways of riding the current wave of technological innovation but, given that the rate of change is accelerating, we must also find ways of remaining with the wave of technological innovation. To do so, we need an industrial system that is flexible and quickly self-adjusting.

The preceding remarks are particularly relevant to the manufacturing sector. The focus, however, is appropriate. As a percentage of Canada's total exports of goods, the share of manufactured goods has been growing, while the share of raw material exports has been falling. The challenge facing Canadian raw material suppliers is global oversupply, resulting from slower growth in demand (due to slower economic growth and new materials-saving technology) and new sources of supply coming on-stream.

In addition to the challenge of increasing our manufactured exports, Canada will also face the challenge of becoming a leading exporter of services. The service sector of developed economies now accounts for some two-thirds of GNP, yet the overall share of services in international trade falls far below. Even while recognizing the non-traded aspect of many services, there is clearly scope for growth, and Canada must seize the opportunity presented.

Much of the impetus behind the growing interdependence of national economies was the strong growth in the domestic economies of developed countries, particularly in the sixties and early seventies. Underlying this domestic growth was the evolution of a sound and stable international trading and financial system put in place after the second world war.

However, the trend toward greater integration of national economies with the international economy was dealt some severe blows in the late seventies and early eighties. Challenges to the international economy included severe oil price and interest rate shocks, which dramatically cut growth rates and imposed a severe external debt burden on many developing countries. This in turn led to increasing barriers to trade and a desire to manage trade to each country's advantage. It also had the effect of causing imbalances in the international monetary system, which compounded the problems for all concerned. The above challenges are in addition to the challenge, described earlier, of adjusting to the growing international specialization of production.

In short, the past decade has witnessed profound changes in the international economy, changes which have altered Canada's and other countries' share of global trade and wealth. Reacting to these developments and attempting to restore the status quo ante, many countries resorted to policies that, collectively, made the international economic pie shrink, thus taking things from bad to worse.

Where have things gone from there? Albeit slowly, there seems to be emerging a new recognition of the simple fact that interdependent economies must assume their international responsibilities and co-ordinate their policies to optimize growth, and that change must be facilitated rather than avoided. Co-ordinated, concrete steps have been initiated to correct the overvalued U.S. dollar. Initial preparations for a new GATT round are underway, while the functioning of the international monetary system is being examined within the IMF. Progress is thus being made, although much remains to be done.

In view of the above, it is therefore timely that the Parliamentary Committee consider what are the implications for Canada and its foreign policy of the most important shifts in the international economy.

In considering the five issues listed in the introduction, the IBCC focus is: how can Canadian government policies, particularly foreign policy, assist the business community in meeting the challenge of global competition? It is the view of IBCC that Canada must meet this challenge if it is to maintain and improve its standard-of-living and create much needed jobs.

1. Increasing the competitiveness of Canadian business, and the need for adjustment assistance policies

These matters are not direct foreign policy issues. They are, however, key determinants of Canadian foreign policy, to the extent that Canadian foreign policy must continue to reflect domestic realities as well as international concerns.

As noted earlier, a process of international specialization of production is under way. We now compete on a global scale, requiring that our industrial system be flexible and quickly self-adjusting. The bottom line for Canadian business is that there needs to be a fundamental improvement in our international competitiveness. Management, labour and government must work together to create a dynamic, competitive base.

Cost competitiveness and productivity improvement are the objectives. On both counts, we believe that Canadian management and labour can perform better than they have, and have the potential to be second-to-none in making the best use of available resources (see Report on Canadian Competitiveness, CMA, February 1985).

Government policies must be supportive, by promoting greater reliance on market forces, by providing strong infrastructure support services, by strengthening the Canadian economic union and, perhaps most important, by fostering stable non-inflationary economic growth and adaptation to change.

As was noted in "Towards a National Trade Strategy", issued at the First Ministers' Conference on the Economy (Regina, February 14-15, 1985), many government policies influence the Canadian business environment, in particular those that impact directly on the cost structure of firms (labour market policies, transportation and taxation policies, etc.) and the structure of the firm itself, such as competition and regional development policies. The First Ministers' Statement urges that "in establishing objectives and policies, governments must foster an environment which frees private initiative and creativity from unnecessary constraints to allow Canadian business to compete". IBCC agrees with the First Ministers.

On the matter of adjustment assistance, we are particularly concerned that there be a strong link between trade and industrial policies, and that adjustment policies that assist Canadian business and labour in adapting to new international competitive conditions be in place.

Basic principles in considering adjustment assistance should include the following:

1. Instruments of adjustment assistance (financial assistance, border measures) should be chosen for their ability to facilitate rather than impede the adjustment process;
2. different components of the Canadian economy (export/ domestic oriented companies, Canadian/foreign controlled companies, small/large companies) will call for special consideration in devising appropriate support programs;
3. there will be a need to develop a labour adjustment strategy, with the objective of facilitating and encouraging labour mobility;
4. there will be a need for close federal/provincial co-operation in developing a national response to the opportunities in improved access to foreign markets. The national response should include the progressive elimination of barriers to interprovincial trade, as well as regional balance in Canadian industrial development;
5. in terms of the delivery system of adjustment assistance programs, there is a need for
a) simplification, b) a greater measure of transparency, c) greater co-ordination between adjustment assistance financial programs and the use of trade measures in the adjustment process, and d) effective co-ordination of the federal and provincial programs.

2. The direction of Canadian export development and import policies

Building on the competitiveness of Canadian business and industry and appropriate adjustment assistance policies, we must also have in place an effective partnership between government and the private sector in the area of international marketing.

Export Development Policies

- a. A major concern of our members has been the impact of the External Affairs-DRIE re-organization on the effectiveness of the Trade Commissioner Service. While the Trade Commissioner Service that Canada has built up over the years is well-regarded within the business community, there are a number of current concerns among our members:
 - Government must continue to provide essential and comprehensive training of trade officers in the

realities and capabilities of Canadian business. Trade Commissioners need exposure to Canadian business in order to be sensitive to the concerns and problems of the exporting community prior to and during a foreign posting.

- Government must guard against the dilution of person-hours devoted to export promotion by Trade Commissioners. Additional demands, such as other duties at foreign posts, or seeking out new technologies and investors, should be met by other means; or at least not be at the expense of export promotion. The focus of the work of the Trade Commissioner Service should be on the promotion of Canadian exports. Continuity of personnel in foreign posts is also key.
 - In terms of geographical deployment of Trade Commissioners, resources should be allocated in proportion to market opportunity, as well as the degree of need for the services of Trade Commissioners (e.g., U.S. and Western European markets are easier to get to know on your own than markets in Asia or the Middle East).
 - Since the Trade Commissioner Service is a valuable aid to smaller firms, which are less experienced in developing export markets, the government should continue to disseminate information on the Trade Commissioner Service designed to encourage small to medium-sized firms to use this service.
- b. The matter of information on foreign trade opportunities, in terms of analysis of opportunity and timely dissemination, raises the issue of the effectiveness of the present linkages between the sectoral expertise in DRIE and the market opportunity information in External Affairs. We urge that all efforts be made to facilitate the timely transmittal of foreign market opportunity information through government channels. In addition, government should consider looking to private sector business organizations to assist in this area. The same recommendations apply to the matter of information about government assistance to exporters.
- c. Government should continue to support and even strengthen programs that benefit exporters. Canadian exports are increasing and programs such as the Program for Export Market Development (PEMD) and the Promotional Projects Program (PPP) are making positive contributions to that export development.

The success ratios of both the PPP and the PEMD clearly indicate that government should not restrain funding for either of these programs, both of which provide positive benefits to Canadian exporters. According to the Department of External Affairs, for every dollar of PEMD funds disbursed, forty-five dollars is reported in export sales. Likewise, the PPP program has generated fifty dollars in sales for every dollar disbursed over the life of the program. Successful programs such as PEMD and PPP do not need further modifications.

Decentralization has contributed to the effective dissemination of information on government export programs and it has assisted in increasing the access of smaller firms to such information. Further decentralization would not seem to be warranted, although increased autonomy could be given to regional offices to speed up the approval process and delivery programs.

- d. With respect to federal and provincial export promotion efforts, there is no doubt that they overlap and that much greater co-ordination could be developed. The numerous trade missions that are run by both federal governments and provincial governments are but one instance of significant overlap. Duplication of efforts in the same foreign markets could be avoided by greater consultation, communications, and further co-operation between federal and provincial offices abroad. Such co-operation would greatly simplify access for Canadian exporters and encourage a more focussed image with greater impact for Canada in foreign markets.
- e. With respect to issues related to export financing, many of our members (both associations and companies) have recently made their views known in response to the government's Discussion Paper on Export Financing and as part of consultations on the establishment of a Trade and Development Facility. IBCC limits itself to two comments on these matters:
 1. We support the objective stated in the Export Financing Discussion Paper that the primary objective of government export financing and marketing programs should be to put Canadian exporters on an equal footing with foreign competitors.
 2. We urge the Canadian government to renew its efforts within the multilateral framework of the OECD and wherever appropriate to limit, reduce and

eliminate government subsidizing of export financing.

Import Policy

The use of the term import policy refers to matters related to custom duty and custom valuation, anti-dumping and countervailing duties, and safeguard measures. It is the view of IBCC that:

1. While retaining the ability to act quickly against imports to protect the legitimate interests of Canadian producers, Canadian import policy must remain consistent with the GATT.
 2. There is merit in the current examination of the proposal to merge the Canadian Import Tribunal, the Tariff Board and the Textile and Clothing Board.
 3. In the context of considering additional roles that these agencies (or the new body that could result from their merger) could perform, there is merit in examining whether an expanded mandate for a larger body might include:
 - a. the right for all industry sectors to petition for a public inquiry;
 - b. the right to recommend domestic adjustment assistance measures, rather than just border measures; and
 - c. the capacity to carry out public investigations in respect of other trade-related issues, such as, for example, the impact of duty-free Canada-U.S. trade, the objective being to generate, where appropriate, an informed public debate on the trade question at hand.
 4. There is merit in the proposal, contained in the March 1985 GATT-Leutwiler Report, that the costs and benefits of trade policy actions should be analyzed through a "protection balance sheet". A similar proposal was put forward by the OECD Council this year when it issued its indicative checklist for governments to improve the basis for trade policy decisions. Both proposals seek greater transparency in the trade policy decision-making process, which IBCC supports.
3. The direction of Canadian trade and foreign investment policies

The issue of access to export markets is the third panel of the triptych we have been considering, with the issue of

competitiveness as the center panel and the matter of Canadian export development and import policies as the other panel. The matter of foreign investment policy is included here because of the increasing interdependence of trade and investment policies.

Canadian Trade Policy

IBCC gave its views on matters related to access to export markets in its first submission to the Parliamentary Committee. This submission took the form of our response to the government's Discussion Paper on access to export markets.

The key point in IBCC's response to the Discussion Paper is that, on the basis of a careful analysis of costs and benefits, IBCC supports active consideration by Canada and the U.S. of how they could enter into a bilateral agreement, consistent with the GATT, to secure and enhance each other's market access.

IBCC's objective in supporting Canada-U.S. trade talks at this time is the establishment of a climate of greater predictability and confidence in the Canada-U.S. trade regime, so that Canadian business and industry can plan, invest, grow and compete more effectively in the global market. As already noted, the bottom line must be a fundamental improvement in our international competitiveness.

IBCC's major concerns for consideration in these trade talks include:

Trade remedy laws: In matters related to anti-dumping and countervailing duties, is it possible to work out a fairly precise definition of injury in order to give more predictability? Can a more precise definition of prohibited and permitted subsidies be worked out? Is there not some scope, between the two countries, for selectivity in the application of escape clause actions?,

Government procurement: Can we not reduce the level of preferential treatment at national and state/provincial levels of government?, and

Tariffs: Can we not continue the gradual process of reducing tariff barriers to each other's market?

More generally, can we not take steps to reduce the threat of unilateral changes in the rules of the game, as well as improve current mechanisms to resolve disputes?

IBCC's support for Canada-U.S. trade talks does not in any way constitute a repudiation of the GATT approach to trade liberalization. Rather, it reflects a sense that, given

the overwhelming importance to Canadian business of access to the U.S. market, we must not miss an opportunity to secure and enhance that access. Here, three elements are present:

1. The need to address strong protectionist pressure in the U.S. that threatens Canadian access;
2. A recognition that it could take at least several years after negotiations begin before any tangible results emerge for Canadian industry from a new GATT Round; and
3. A hope that any Canada-U.S. trade negotiations might serve as an impetus to, as well as a basis for, eventual trade negotiations within the GATT.

The IBCC supports Canadian participation in a new round of trade negotiations within the GATT. A Canadian list of objectives should include the following items:

1. A safeguards code;
2. A more co-ordinated international framework to take into account the impact on trade of domestic industrial policy measures;
3. Improving, and extending coverage of, the government procurement code, as well as increasing the number of signatories;
4. Reducing barriers to trade in resource-based products;
5. Developing improved rules on subsidies for agricultural products;
6. Developing rules governing international trade in services;
7. Greater participation by developing countries in the GATT; and
8. Improving the dispute settlement mechanisms and strengthening the multilateral trading system.

IBCC is very supportive of current Canadian government efforts in preparation for the next GATT Round. IBCC has developed, or is in the process of developing, views on many of the items identified above, and its Annual Conference in April 1986 will focus on the issues for business in the next GATT Round.

IBCC believes that Canada must pursue trade opportunities in all parts of the world. The matter of regional trade policies, in particular with respect to developed markets,

such as Western Europe and Japan, and strong growth opportunities in the Pacific Basin, Latin America and the Middle East, is not directly addressed in our submission. There are a number of regional business associations and councils that are more appropriate spokespeople on these matters.

Canadian Foreign Investment Policy

A major implication of the growing international specialization of production has been the growth of international investment and technology flows. Global competition has gone hand-in-hand with the globalization of production in various forms, reflecting both economic (efficiency considerations) and political (import restrictions) imperatives.

While foreign direct investment (defined as long-term equity interest by an investor of one country in a subsidiary, affiliate or branch operation in another country) has been the dominant form of international investment, there has been a growing trend towards alternative forms of international investment, such as joint venture, licensing and technology transfer arrangements.

At the 1985 Annual Conference of the IBCC (the proceedings of which have been published), we considered the trends of worldwide and Canadian foreign direct investment. It emerged that, while following the broad trends of international investment, Canadian foreign investment developed in particular ways during the late 1970s and early 1980s:

1. Until 1981, it grew more rapidly than did outward investment from most other OECD countries. Subsequently, it slowed down, in line with the trend elsewhere.
2. During this period, foreign investment outflows in many industrialized countries rose relative to domestic investment. This trend was particularly marked in Canada.
3. Foreign investment became even more concentrated in the industrialized countries, while becoming relatively smaller in the developing countries. The United States became the largest recipient of direct investment. Again, Canada followed this trend, but the shift further in favour of the U.S. as a destination for investment was stronger for Canada than for other countries.

4. Canada became a net exporter of direct investment capital, having traditionally been a net importer. The U.S., while still the leading exporter, has become the leading importer and is now also a net importer.

The key point is that Canada has become a net exporter of direct investment capital. Why? What has been the impact on the Canadian economy? and What are the policy implications?

It appears that the overall picture of Canadian foreign investment can be simplified into two main categories. In the first, Canadian companies invest abroad to extend their sales into markets, which otherwise would be closed to them, or in which they could not otherwise compete effectively. In the second, companies invest abroad, partly to enter foreign markets, but primarily to modify their production capacity, their product lines, and even their business. Naturally, a number of companies could be placed in either group, but in terms of a sample of recent investments, most fit into one or another. Companies in faster-growing industries tend to be in the first, and companies in slower-growing ones tend to be in the second.

These conclusions are similar to those contained in studies of foreign investment by other countries. These comparisons help to place Canadian foreign investment in perspective. As has already been mentioned, international investment during the late 1970s became more integrated within the developed countries, with many countries, including Canada, becoming more important sources of direct investment. While gaining access to markets continued to be a major reason for foreign investment by Canadian and other multinationals, it appears to have declined in importance. Strengthening, restructuring or diversifying the business, in response to changes in each industry, has become much more significant than it was a decade ago.

While recognizing that much research has yet to be done on the question of the impact of Canadian foreign investment on the Canadian economy, it emerges from our first deliberations that the impact is positive. The principal benefit is to exports from Canada, which in several case studies were higher than they otherwise would have been, because the foreign operations of the Canadian parent secured an outlet abroad for them. Although no attempt has been made to measure this in our case studies, the impact in terms of domestic employment is probably significant. The impact on Canada of investment abroad in terms of domestic investment and profitability of the Canadian parent is more difficult to assess, but appears to be either benign or somewhat positive.

To the extent that Canadian investment abroad is due to problems in accessing foreign markets from a Canadian base, either because of uncompetitiveness or trade barriers, IBCC is of the view that we must take steps to encourage investment in Canada by addressing the root causes with appropriate domestic and trade policies. To the extent that Canadian investment abroad is part of a strategy to strengthen, restructure or diversify a Canadian business, IBCC believes that government policy should be supportive.

IBCC is concerned that government has yet to come to grips with the issue of Canadian investment abroad. For example, over the years IBCC has had limited success in convincing government to 1) accede to the International Convention for the Settlement of Investment Disputes (ICSID); 2) to conclude, where possible, bilateral investment protection treaties; and 3) to support the World Bank initiative to establish a Multilateral Investment Guarantee Agency (MIGA).

At a time when, appropriately, we are rethinking our whole attitude about foreign investment in Canada and the need for an investment climate that will attract foreign investors, IBCC believes it is opportune for us to consider as well the need to provide a supportive framework for Canadian investment abroad. This is especially important in the context of the efforts of Canadian business to meet the challenge of global competition, and it is in this light that we need to develop policies towards both inward and outward investment.

4. The international co-ordination of macro-economic policies and the management of global debt

In view of Canada's critical dependence on trade and financial flows, the matters of international co-ordination of macro-economic policies of the major industrialized countries and the management of global debt are important.

Significant growth imbalances, or relatively different fiscal and monetary policies, can, in today's highly interdependent world, have a substantial impact on trade and financial flows, as evidenced in the last few years by the overvalued U.S. dollar. In this environment, an adequate measure of co-ordination becomes essential.

Equally important to the stability of the international trade and financial system is the manner in which the international economy adapts to sudden changes in the terms of trade of goods (oil, commodities) or the price of capital (interest rates). What is needed are domestic and

international policies that facilitate change and allow for a gradual transition from initial debt containment into satisfactory longer-term patterns of trade and capital movements. Absent the preceeding, and localized debt problems can indeed become global debt problems, with substantial impact on trade and financial flows.

The Canadian government can contribute to a favourable environment for Canadian business by promoting and supporting a) the need for greater international co-ordination of macro-economic policies, and b) policies that will allow debt burdened countries to better manage their debts.

The issue of international co-ordination of macro-economic policies raises the question of the Annual OECD Ministerials and Economic Summits, which are the current institutional mechanisms for this purpose. IBCC is quite familiar with this process as it annually submits its views on issues on the agendas of these meetings.

From our experience, the lack of co-ordination of policies does not arise from the lack of opportunity to do so, but rather from the lack of will. Without the will, communiquees from these meetings will continue to verge on the side of meaningless good intentions. Co-ordination will arise when the key players see a strong self-interest or when there is strong international pressure for joint action. The recent G-5 program to orchestrate a decline in the U.S. dollar is a case in point (although much remains to be done in the area of reducing the U.S. and other budgetary deficits to bring about the necessary realignment of currencies).

On the matter of policies to address the debt problem, our observations lead us to the conclusion that the political inclination among the major OECD countries to seek market-related solutions to the problems surrounding debt has not, until recently, been sufficiently matched by parallel political efforts to ensure the effective functioning of international markets. In part, prior to the recent G-5 program and the "Baker initiative", there was little effort to correct major imbalances with respect to economic performance between countries, exchange rates, balance of payments and government fiscal positions.

Under these circumstances, IBCC believes that what is needed is a broad combination of steps, involving creditor and debtor governments, the private sector and multilateral financing agencies. Elements of this broad strategy can be found under the general thrusts of the "Baker initiative", namely:

- a) The adoption by principal debtor countries of comprehensive macroeconomic and structural policies - supported by international financial institutions - to reduce inflation and promote growth and external adjustment;
- b) A continued central role for the IMF and "more effective structural adjustment lending" by multilateral development banks in support of adoption of market-oriented policies by indebted nations; and
- c) Increased lending to the major debtor nations by private banks to foster "comprehensive economic adjustment programs".

It is the view of IBCC that such a broad strategy, combined with the growth of markets in developed countries and access to these markets for the exports of developing countries, stands the best chance of bearing fruit, and to this extent deserves the support of the Canadian government.

5. The international business environment as affected by international government organizations

An important element of the ability of Canadian business to meet the challenge of global competition and the globalization of production is the freedom it has to operate and innovate in the international market. In so doing, it must comply with agreements reached by governments within international bodies, such as the OECD, the UN and the ILO, in which the Canadian government is a strong participant.

Agreements discussed within these bodies generally seek to regulate the conduct of international business on a voluntary basis. They cover all areas of business, ranging from codes of conduct for multinationals, as well as codes on restrictive business practices and transfer of technology, to labour, environment, tax, transportation and communication issues.

The IBCC is a party to discussions within these international governmental bodies through three international business organizations, the Business and Industry Advisory Committee (BIAC) to the OECD, and the International Chamber of Commerce (ICC) and the International Organization of Employers (IOE), which provide input to the UN and ILO. IBCC is the Canadian affiliate of these organizations.

Rather than provide detailed comments on the many issues that arise within these bodies and which are dealt with in continual dialogue between IBCC and the Canadian government, IBCC would like to stress the following points to government:

- The forum of the OECD would seem to be the best starting point for discussions on matters related to the conduct of international business. From that starting point, where there is the potential for a greater commonality of views, we will best be able to influence the outcome of debates within the larger and different forums of the UN.
- Where appropriate, international business organizations should be called upon to develop forms of self-regulation (such as guidelines), which can often be a more effective means of accomplishing the objective than regulations, laws or statutes. The ICC Environmental Guidelines are a case in point.
- Given the proliferation of declarations, non-binding codes, multilaterally-agreed-upon-policy commitments, and the like, the government must draw a clear line between "soft" and "hard" law in this area, so that the private sector is clear about the legal status and domestic effect of such international pronouncements.

Conclusion

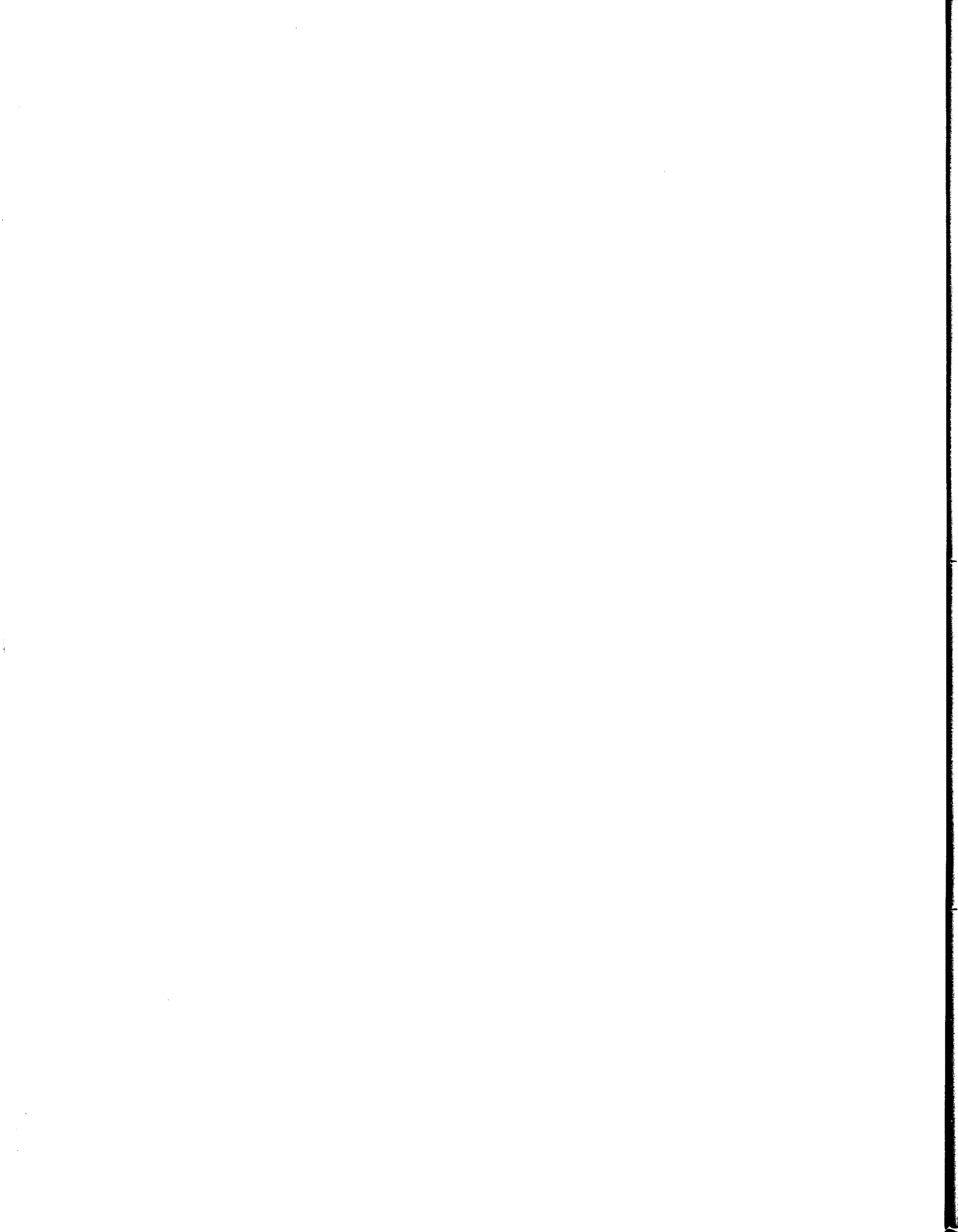
The focus of the IBCC submission has been economic issues. As was noted, this is because these issues are clearly within IBCC's mandate. In addition, however, it is because IBCC believes that economic issues must be at the heart of any Canadian foreign policy review in the mid-1980s.

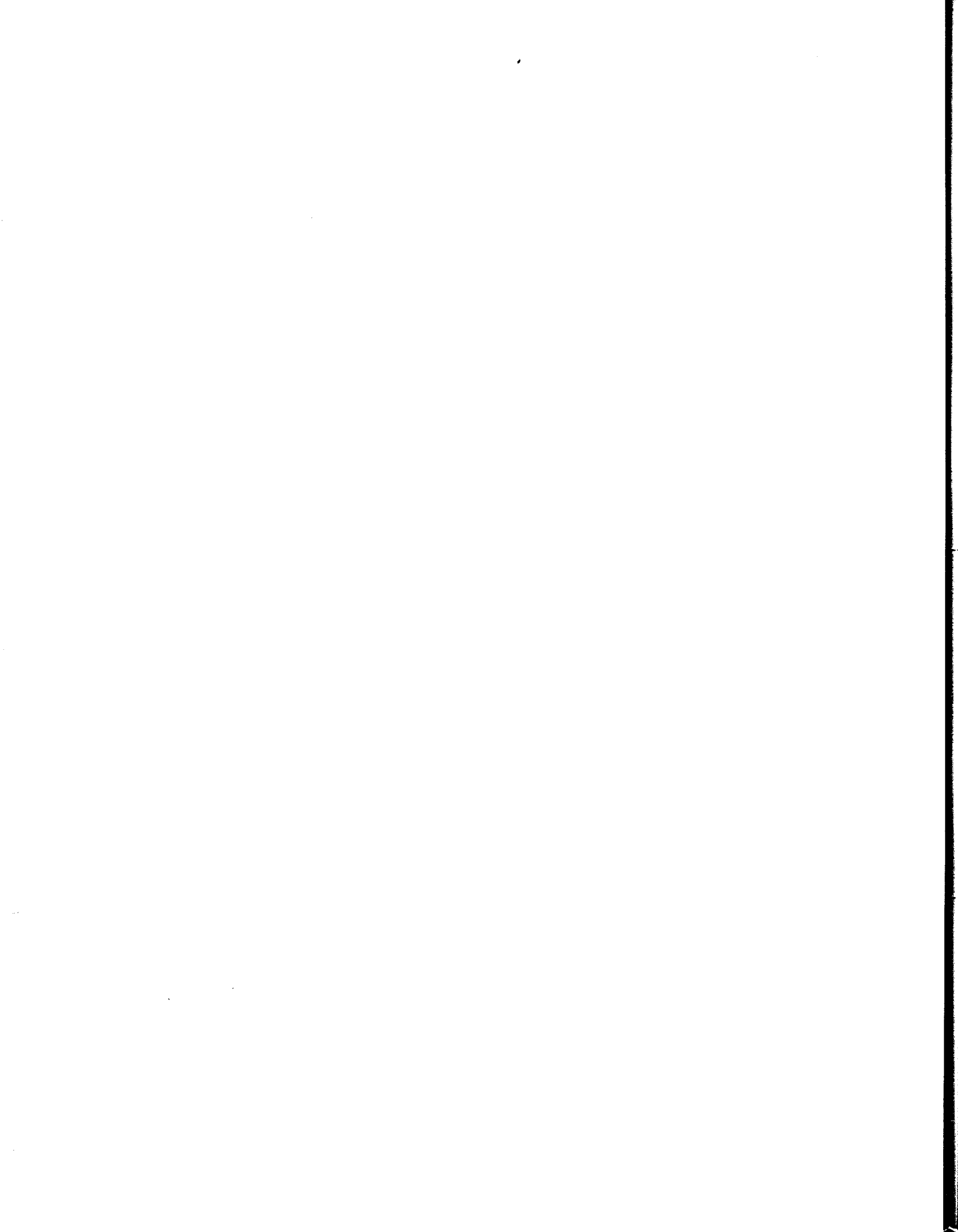
This is not to make the simplistic suggestion that economic issues should be the over-riding concern of Canadian foreign policy-makers. IBCC recognizes that, at any one time, the government must consider a number of factors and competing interests in determining a course of action for Canadian foreign policy.

Rather, it reflects a sense that, more than at any time in our past, Canada must have an in-depth understanding of trends and shifts in the international economy, and make this the fundamental starting point of our domestic and foreign policies.

Not to do so, in our view, might have significant implications for the future growth of our standard-of-living. Further, our ability to pursue non-economic objectives is very much related to our success in meeting the challenges of the international economy. It takes a growing, dynamic economy to provide more aid or better market access to less developed countries. Let us not open ourselves to the charge of ineffectual moralism because we would like to do the right things but can't afford to.

On a final note, the need has never been greater to ensure effective channels for private sector input to the development of Canadian foreign policy. The regular meetings of the IBCC with the Deputy Minister for International Trade, his officials and other departments, as well as the proposed International Trade Advisory Committee System, could be useful mechanisms in this respect. It remains that, in order for consultations to take place in an atmosphere that is professional and trustful, there must be a will to consult. In part, Canada's future success in competing in the global village will depend on it.

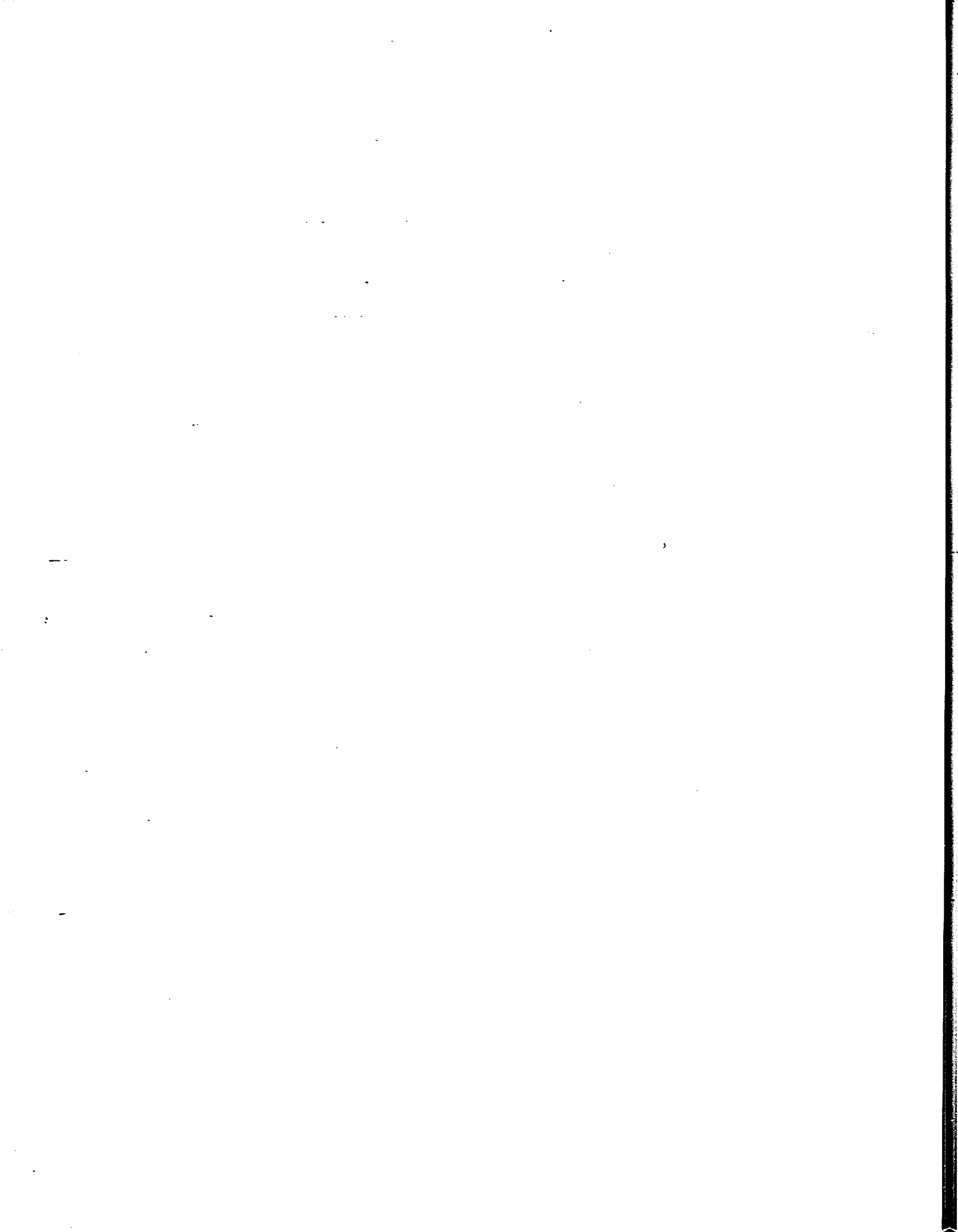




DEVELOPMENT, JUSTICE AND PEACE
The case for Canadian Foreign Policy recognizing
political and economic objectives
as part of international development.

Presentation to the:
Special Joint Committee
on
Canada's
International Relations

by OXFAM-Canada
November 1985



Development and Justice

OXFAM-Canada welcomes the Foreign Policy Review, as a reflection of government willingness to follow the will of Canadians on important national and global concerns.

This presentation will focus on the relationship between international development, justice and peace. We believe the Canadian government should vigorously promote the right of all people to economic and political conditions that allow them to develop themselves, and in this way contribute to world peace.

Canada has the respect of Third World countries, and we believe this relationship should be protected as an instrument to advance international peace and development. We believe this relationship is not enhanced by foreign policy that appears to place immediate domestic economic interests before long term global needs.

Our recommendations will focus on geographic areas where OXFAM-Canada has extensive programmes:

- * In **Central America** we recommend strengthened support for the Contadora peace initiatives, increased bilateral development aid for countries with a record of democratic participation and greater support for grass roots development in the region,

- * In **Southern Africa**, we recommend greater development assistance for the Southern Africa Development Coordinating Conference (SADCC), progressively increased sanctions against the South African government if *apartheid* is not dismantled, and increased support for the reconstruction of a democratic and non-racial South Africa.

OXFAM-Canada

OXFAM-Canada is an international development organization with over two decades' experience in 20 developing countries. Initially a food and emergency relief agency, we now concentrate on development projects that deal with the root causes of underdevelopment. We have six regional offices, over 30 local committees and an extensive educational programme in Canada. We are active in OXFAM-International, a group which includes organizations in Canada, the UK, Belgium, USA and Australia.

OXFAM-Canada relies principally on financial and voluntary contributions of Canadians who are concerned and committed to social development. These Canadians are better informed about and more critical of international issues than ever before. Hundreds are active in support and solidarity work in Canada, thousands have worked or travelled in Third World countries, and even more are willing to stand up for justice and peace. They are demanding a Canadian commitment to global development, peace and security, based on moral concerns and the realization that material existence now depends on a more equitable sharing of global resources and democratic rights.

Development Requirements

Development is generally defined in terms of improving living conditions. More important, we believe development is the process of building the sustained and independent capacity to improve living conditions. Development is a cooperative and creative process of releasing human potential in the service of society.

We have found that a pragmatic requirement for the success of any development programme, is the democratic involvement of the people affected by the programme. Only the people living in underdeveloped conditions can appropriately direct their development process, and provide the necessary ongoing motivation to transform their lives.

Similarly, people must be held accountable and responsible for their own development for it to be meaningful to them. Therefore such factors as national

sovereignty, political and economic independence and confidence in representative decision making are critical to the development process.

For fundamental development to take place, people need a genuine sense of security. They must have the confidence their plans will be implemented. They need to know that their land and homes will not be expropriated, and that they will not be victims of war. Denial of this security denies access to development.

Obstacles to Social Well Being

This is the point we want to make. Global development is treated by the possibility of world nuclear war, the exploitative caprice of dictatorial minorities, the power of self-serving elites and the profit orientation of corporate bodies. Preoccupation with invasion and repression diverts people's energies from developing to defending themselves. Whether the threat is direct or through surrogates such as the 'contras' in Nicaragua or Renamo in Mozambique, the threat to peace and security is the same.

If people are disenfranchised because of sex, colour, race, religion, education or lack of land and property, they will be insecure. Injustice does not encourage planning for the future, taking the risks that social change demands nor confronting underdevelopment with cooperation and creativity.

Without political and economic independence, people neither take the initiative on major issues nor devote their full creativity and energy to tackling these issues. They will not have the confidence that their efforts will be rewarded.

Central America

The majority of the people in Central America are not free to direct the social change and advance they choose. They are subject to repressive systems that continue to exploit and oppress them for the economic benefit of small minorities. Deeply entrenched social divisions linked to economic relations highly dependent on the USA, have created impoverished majorities.

The poor, however, will no longer accept their enforced status. Morally, philosophically and pragmatically we agree that they must strive to improve their situation.

The major obstacle now to their full emancipation is US foreign policy. US antagonism towards Nicaragua is creating a regional conflict that directly thwarts economic and social development. Foreign interference is distorting relations of power within national boundaries, diverting resources from productive enterprise, and destroying the social base for development cooperation and coordination.

Canadian government policy that provides aid to regimes not known for their strong commitment to human rights, such as El Salvador, but only minimally supports countries struggling for national autonomy such as Nicaragua, makes Canada an accomplice to that distortion. It appears Canada supports the negative US foreign policy when we are slow to help countries tackling difficult social problems in new ways (our experience is that the poorest sector of the Nicaraguan society benefit from far-reaching development programmes, unlike anything else in Central America), but quickly endorse minimal efforts in other countries (our project partners maintain that genuine development will only occur in Guatemala and El Salvador when a political settlement guarantees basic human rights).

OXFAM-Canada strongly recommends that the Canadian Government,

- a) strengthen support for the Contadora initiatives for peace in Central America by assisting with the verification mechanisms and endorsing the 'Acts',
- b) increase bilateral development assistance for Nicaragua through a change the country's status from Category Two to One within CIDA,
- c) link bilateral development assistance to a proven commitment to development that benefits the most disadvantaged in society for Central American countries, and

d) provide development assistance exclusively through non-governmental organizations (NGOs) rather than bilateral channels, to Guatemala, El Salvador and Honduras.

Southern Africa

Apartheid, its brutal enforcement and the planned destabilization of neighbouring countries, is now the primary obstacle to genuine development in Southern Africa. It is only a matter of time, however, before the majority in South Africa assumes power and the democratic reconstruction of their nation. Only then will countries in the region regain their initiative in building new productive and social structures.

With history and moral principle on the side of the popular will in South Africa, any international vacillation or hesitation in supporting the dismantling of *apartheid* is seen by the majority as aiding and abetting racism. At the recent Bahamas Commonwealth Conference for example, the British government did not convince anyone of its humanitarian motivation in opposing sanctions - the bottom line was clearly British investment in and income from *apartheid*.

The time for principled rhetoric and symbolic sanctions is past. Every nation must act decisively to end *apartheid* in any way possible. Canada should not appear to support nations like Britain and the US which allow their own immediate economic interests to determine diplomatic posture on peace and justice issues.

OXFAM-Canada therefore supports Canada and the Commonwealth Accord in defining minimal steps for change in South Africa;

- a) lifting the ban on all political parties, including the African National Congress (ANC - banned in South Africa in 1961),
- b) release of Nelson Mandela and all political prisoners (estimated at 7000),
- c) dialogue across colour and political lines to establish a non-racial and representative government.

We recommend a forth step;

d) enfranchise all people in South Africa and set a deadline set for national elections for representative leadership.

If there is no progress on these requirements by the Commonwealth deadline, Canada should be prepared to support the programme of common action of the Commonwealth, and;

i) impose increasingly intensive sanctions against the government and economy of South Africa, leading to full mandatory sanctions if necessary,

ii) withdraw the Canadian diplomatic mission from South Africa.

In the meantime, Canada should increase economic assistance to SADCC and to individual countries on the Front Line (for example, increase the status of Mozambique from a CIDA Catagory Three Country to Catagory Two).

Diplomacy and Development

We agree with the statement in Competitiveness and Security, that "It is important to Canada, on economic and security as well as humanitarian grounds, that the indebted countries of the Third World grow again economically." And we believe Canada can play an important role in this growth of Third World nations, if we maintain our commitment to their development and security.

We are concerned that our healthy relationship with Third World countries is in jeopardy. Our experience indicates that respect for Canada is declining, partially because of a an apparant concentration on economic issues to the exclusion of justice and security issues. Historically, politically and culturally Canada shares a great deal with these countries and therefore we share a common stake in the future. We must deliver on our commitment to the Third World, to maintain mutual respect.

OXFAM-Canada recommends that the Canadian government;

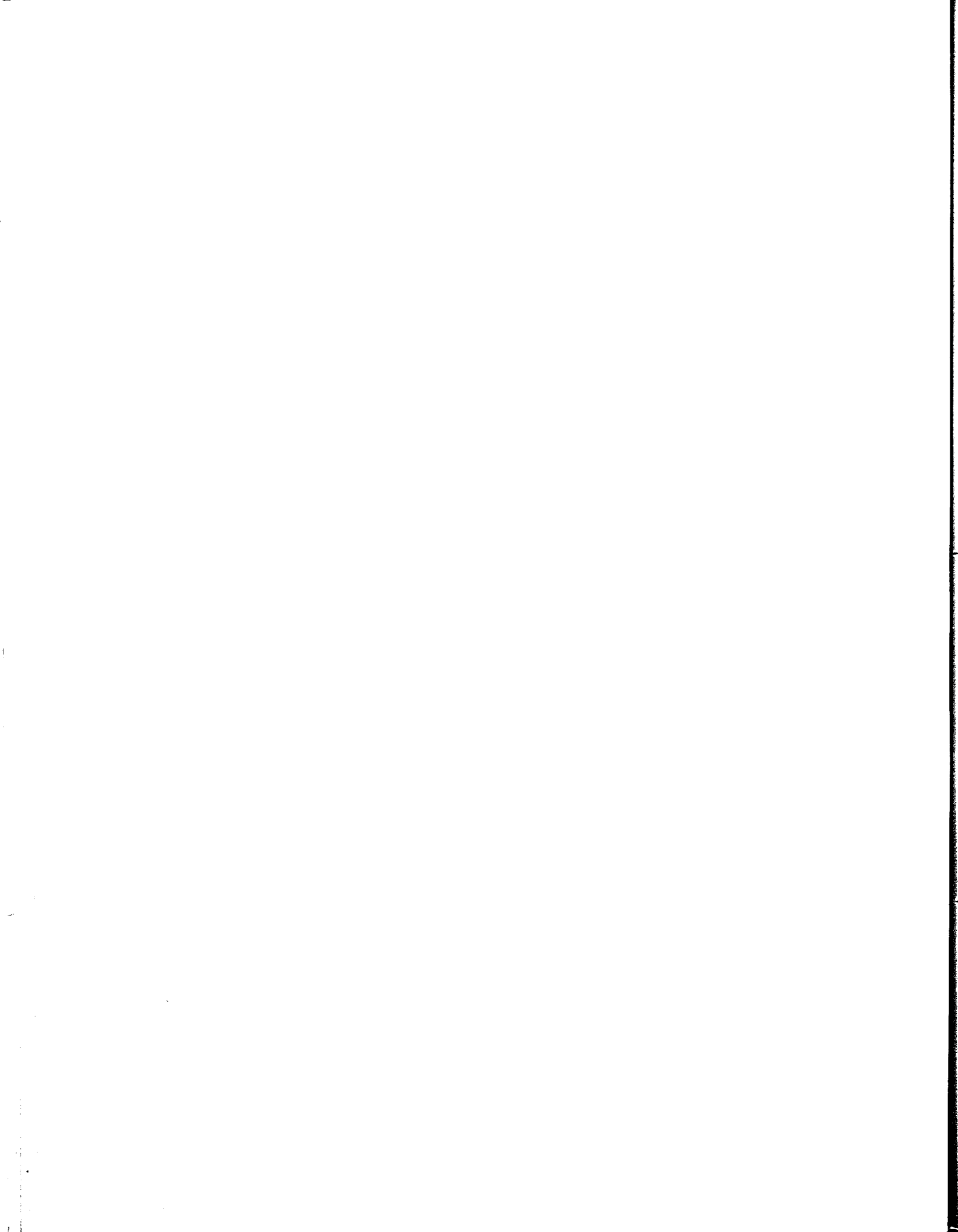
a) increase bilateral and non-governmental assistance to countries with a demonstrated commitment to development that benefits the most disadvantaged in society,

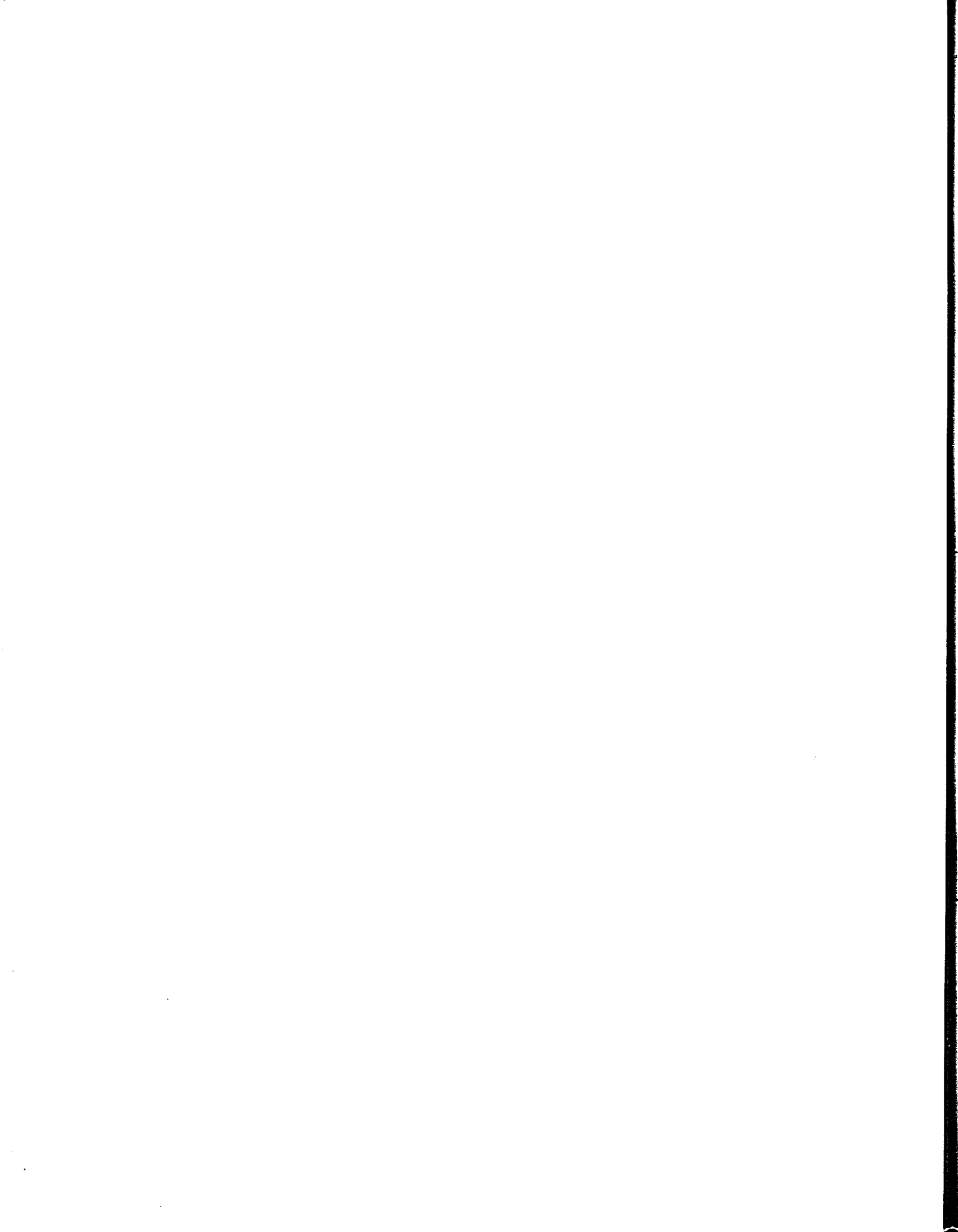
b) at bodies like the United Nations and the Commonwealth, regularly raise the parallel issues of development, justice and peace,

c) increase funding for the CIDA Public Participaiton Program as a means of improving Canadian understanding of international and Canadian development (note the 1% level of Official Development Assistance recommended by the Parliamentary Task Force on North-South Relations, 1980),

e) establish more formal discussions between government and non-governmental agencies, on a situational basis, to improve the delivery of development assistance.

In conclusion, we at OXFAM-Canada believe Canadians are willing and able to play an important role in global development and peace. We trust that Canadian foreign policy will reflect this willingness and facilitate a global development process that recognizes the essential interaction of political as well as economic objectives. OXFAM-Canada is eager to work with the Canadian government in this process of international development.



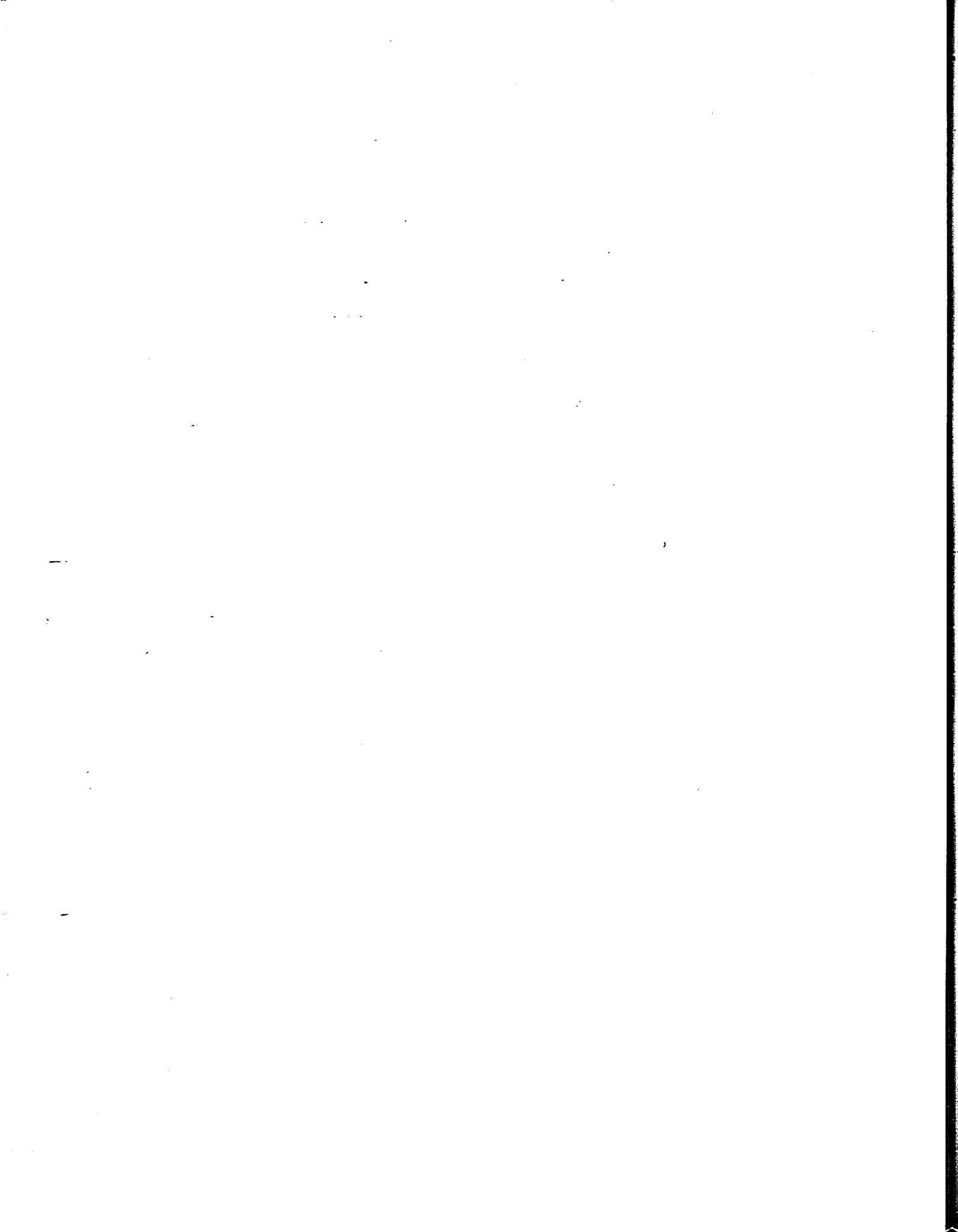


ASIA AND THE PACIFIC:

CHALLENGE AND OPPORTUNITY FOR CANADA

A Submission by the
Canadian Committee, Pacific Basin Economic Council
to the
Special Joint Committee on
Canada's International Relations

December 13, 1985



Executive Summary

In the period since Canada's last major foreign policy review, growth in the countries of Asia and the Pacific has surpassed the performance of the world as a whole. Today, the combined gross national product of these economies accounts for about 16% of the world total. The region is becoming a major centre of world economic activity.

Canada's two-way trade with Asia/Pacific has grown more than ten-fold since 1970. There is room for further growth, but Canadian exporters face stiff competition from existing suppliers from Japan and the United States and from new entrants to the market from within the region.

The Canadian Committee of the Pacific Basin Economic Council supports efforts to develop a comprehensive trade agreement with the United States. However, this initiative should not have the effect of diverting resources away from Asia-Pacific which is, after all, the major region of growth.

In its 1985 National Trade Strategy, of 22 countries targetted for concentration, the Canadian government identified 8 in Asia/Pacific. The markets of the region provide excellent opportunities for Canadian resource products as well as resource development expertise and equipment, agriculture and fisheries products, a broad range of manufactured goods such as communications and transportation equipment, capital equipment and advanced technology products. Services in a number of areas are also becoming important.

There is a great deal to be done to turn the potential of this intensely competitive market into actual success. We are a latecomer to the region and must act now, in a coordinated fashion, to enter these markets before others become solidly entrenched.

The characteristics of the market require approaches which have special application to Asia/Pacific, such as:

- close cooperation between government and business in Canada;
- increased application of market development support to partially offset the high cost of travel and the lengthy period of the development phase;
- strong and expanded support from experienced trade personnel;
- promotion of Canada as an advanced industrial country;
- recognition of and support for industrial cooperation by Canadian companies in the region.

Canada faces a great deal of competition from other countries which provide attractive financing packages offering terms such as 3% interest, 20 year term, 5 years grace. The stakes are high and Canada must, at least in selected areas, meet this foreign competition.

On the issue of trade policy, barriers to imports from the region create difficulties for Canadian companies seeking to export to Asia/Pacific. Canada cannot have both access to Asia/Pacific markets and close its own market to many of the products which can be produced competitively in the region.

Finally, the staging of the fifth Pacific Economic Cooperation Conference in Vancouver in 1986 provides an opportunity for Canada to demonstrate its determination to be an active participant in Asia/Pacific.

Mémoire en bref

Depuis la dernière grande étude de la politique extérieure du Canada, la croissance dans les pays de l'Asie et du Pacifique a surpassé celle de l'ensemble du monde. Aujourd'hui, le produit national brut combiné de ces économies représente environ 16% de celui du monde. Cette région devient un grand centre d'activité économique mondiale.

Le commerce bilatéral entre le Canada et la région de l'Asie et du Pacifique a décuplé depuis 1970. Il y a place pour plus de croissance, mais les exportateurs canadiens font face à une concurrence féroce des fournisseurs japonais et américains et des nouveaux arrivés de l'Asie-Pacifique sur ce marché.

Le Comité canadien auprès du Conseil économique des pays riverains du Pacifique appuie les efforts en vue d'élaborer un accord commercial global avec les États-Unis. Cependant, cette initiative ne devrait pas avoir comme effet de détourner les ressources de l'Asie-Pacifique qui est, après tout, la principale région de croissance.

Dans sa stratégie commerciale nationale de 1985, le gouvernement canadien a identifié, comme cible de concentration, vingt-deux pays dont huit sont de la région Asie-Pacifique. Les marchés de la région offrent d'excellents débouchés pour les produits de ressources canadiens ainsi que pour l'expertise et l'équipement pour l'exploitation des ressources, les produits agricoles et de la pêche, une grande variété d'articles fabriqués tels du matériel de communications et de transport, des biens d'équipement et des produits de technologie de pointe. Les services dans certains domaines deviennent également importants.

Il y a beaucoup à faire pour réaliser le potentiel de ce marché extrêmement concurrentiel. Nous sommes venus tard dans cette région, et il nous faut agir dès maintenant d'une façon coordonnée pour accéder à ces marchés avant que d'autres s'y implantent solidement.

Les caractéristiques du marché exigent des méthodes d'application spéciale pour l'Asie-Pacifique. Il faut entre autres:

- une étroite collaboration entre le gouvernement et les affaires au Canada;
- un soutien plus important pour le développement du marché afin de compenser les frais élevés de déplacement et la longue période de développement;
- un plus grand soutien de la part de délégués et d'agents locaux commerciaux expérimentés;
- la promotion du Canada comme pays industrialisé avancé;

- la reconnaissance de la collaboration industrielle faite par des compagnies canadiennes dans la région et l'appui qu'il faut leur apporter.

Le Canada est aux prises avec une féroce concurrence menée par des pays qui offrent un financement global attrayant comprenant des conditions telles qu'un intérêt à 3%, des échéances de vingt ans et des délais de cinq ans. L'enjeu est considérable, et le Canada doit, au moins dans certaines régions, être à la hauteur de la concurrence étrangère.

En ce qui concerne la politique commerciale, les obstacles aux importations de l'Asie et du Pacifique engendrent des difficultés pour les compagnies canadiennes cherchant à exporter dans cette région. Le Canada ne peut à la fois avoir accès aux marchés de l'Asie-Pacifique et fermer son propre marché à de nombreux produits qui peuvent être fabriqués à des coûts concurrentiels dans la région.

Enfin, la tenue, à Vancouver en 1986, de la Cinquième Conférence sur la coopération dans le Pacifique offre au Canada l'occasion de démontrer sa détermination à être un participant actif en Asie et dans le Pacifique.

Introduction

The current review of Canada's international relations offers an opportunity for Canadians to take stock of our present situation, and examine mechanisms that will enable us to enhance both our economic competitiveness and our long term security. Canada's economic security rests on its ability to remain competitive in an increasingly tight international marketplace. The Canadian Committee of the Pacific Basin Economic Council (PBEC) believes that the Asia/Pacific region presents both challenge and opportunity for Canadians in both the near and long term. This submission examines two themes: 1) the importance of the Asia/Pacific region for Canada and how Canada's foreign policy should be adapted to take account of this situation, and, 2) the implications for Canada's economic competitiveness of the growing shift in world economic activity to this region.

The Canadian Committee of the Pacific Basin Economic Council (PBEC) is an organization of business people in Canada with a keen interest in this country's relations with Asia/Pacific. Its membership is made up of some 350 business and professional leaders representing over 150 companies. It is also actively supported by the Canadian Chamber of Commerce and the Canadian Manufacturer's Association. The Canadian Committee is affiliated with the International Pacific Basin Economic Council and was one of the five original national committees established when PBEC was founded in 1967. Among the numerous activities of the Canadian Committee of PBEC is the Pacific Rim Opportunities Conference series which has become the leading forum in Canada for the development of our economic and investment links with Asia/Pacific.

Patterns of Growth in the Asia/Pacific Region

This paper generally defines the Asia/Pacific region as Japan, Korea, the People's Republic of China, Hong Kong, Taiwan, the ASEAN countries, Australia, New Zealand, the Indian sub-continent, and the South Pacific islands. Given its importance in the region, no assessment of Asia/Pacific, or of Canada's role in it, can ignore the economic and political weight of the United States. The bilateral trade discussions on which Canada and the U.S. are about to engage must also be considered a factor. This submission, however, will focus on relations with our offshore Pacific neighbours.

At the outset, though, we wish to make clear our view that the current efforts to develop a closer trading relationship with the U.S. are not incompatible with efforts to improve Canada's presence in Asia/Pacific markets. To the extent that the negotiation of a liberal trade arrangement between Canada and the U.S. might serve as a catalyst to bring other countries to the negotiating table, and to the extent that a secure market of over 250 million people will foster greater international competitiveness by Canadian producers, greater trade liberalization between the two countries will complement Canadian objectives for the Pacific. We do express one cautionary note, however. The need for human resources for the Canada-U.S. negotiations as well as for the next round of Multilateral Trade Negotiations in the GATT, could tend to attract some of the best and brightest officials currently assigned responsibilities for other parts of the world. Furthermore, the highly visible nature of the trade negotiations may inadvertently result in correspondingly less attention being devoted to Asia-Pacific, at a time when the Canadian Government and Canadians severally are just beginning to turn their attention toward the region. The Canadian Committee of PBEC, while supporting the negotiation of a comprehensive trade agreement with the United States and Canadian participation in the next MTW round in the GATT, would urge that the recent positive thrusts which have been taken in Canada's relations with Asia-Pacific be continued and expanded.

Some statistics illustrate why the region is one that should command our full attention. In the interval since Canada's last major foreign policy review in 1970, economic growth in the Pacific region (excluding Canada and the U.S.) has averaged 4.8% per annum (1970-1983, the last year for which statistics are available for all countries), compared with just over 3% for the world as a whole. In the same period, Canada's annual growth averaged 3.3%, and the U.S., 2.5%. Growth in the European Community was just under 3%. The combined GNP of the Asia/Pacific economies is about 16% of the world total, and that figure is expected to rise to over 25% by the year 2000.

An examination of the shift in the direction of world exports over the past 12 years highlights this surge of activity in the "new West".

In 1972, the U.S. absorbed 14.4% of the world's exports. By 1984, this proportion had risen to approximately 18%. In the same period, the countries of Asia/Pacific increased their consumption by about 5 percentage points, taking

18.5% of exports in 1984, compared with 13.9% in 1972. This is in marked contrast to Canada's neighbours to the east, the industrialized countries of Western Europe, whose imports fell from 51.2% of world exports to 42.4%.

The industrial growth of the region has been equally dramatic. Exports of the developing countries of the region show an increasing percentage of industrial goods. For example, in the early 1960s, the proportion of industrial goods exported by South Korea and Taiwan was less than 20%. Today, industrial goods constitute over 85% of total exports. For Hong Kong, the percentage is more than 90%. The same figure for the ASEAN was less than 5% in the early 1960s, however, by the early 1980s it had increased to 20-30%.

The Asia/Pacific region today accounts for over half the human race. It has been estimated that by the year 2000, 60% of the world's population will live in the region.

Trade has been a major factor of growth in the Asia/Pacific region. Since 1972, Asia/Pacific has increased its contribution to total world exports from just under 16% to over 22%. This is in contrast to the performance of the United States (which has dropped from 13.6% to 12.6%), Canada (from 5.7% to 4.8%) and Western Europe (a decline from 49.4% to 39.3%).

The United States and Japan are the single largest exporters to the region and are Canada's major competitors. Canadian suppliers also face challenges from within the region, notably from Australia, and Canadian manufacturers must contend in some markets with West European interests whose entry preceded Canada's.

Canada's Relations with Asia/Pacific

Canada has only recently begun to think of itself as a Pacific, as well as an Atlantic, country. Our beginnings as a nation have oriented us to Western Europe. Our relationship with the U.S. has formed the basis of much of our economic and trade policy. Perhaps without realizing it, however, Canada has become a major Pacific country, and our society is becoming influenced by our Asia/Pacific linkages. Some ten years ago, for example, immigration from Asia and the Pacific surpassed immigration from Europe. Canada's trade relationship with the region has most dramatically exhibited our Pacific links. In 1982, two-way trade with Asia and the Pacific surpassed our trade with Western Europe. Japan is our second largest trading partner and second largest market, twice the size in both categories as the United Kingdom, our third largest partner.

From 1970 to 1984, the value of our two-way trade with the Asia/Pacific region increased more than ten-fold, while that with the U.S. grew about 7 times, Western Europe 5.1 and South and Central America 6.8. Our global trade for the same period increased 6.9 times.

Our relationship with Asia and the Pacific is not just a regional phenomenon confined to the Western Provinces. The region is important to Eastern and Central Canada as well. In 1983, over \$2.6 billion worth of Canadian exports to Asia/Pacific came from these provinces (measured by province of lading), about 25% of the total.

Beyond the economic links which Canada has already established with the region, there are vast opportunities to expand and deepen our relationship with Asia/Pacific. Canada represents a secure source of raw materials for the rapidly expanding economies of the region, many of which have virtually no natural resources of their own. Our industry and our technology are developed, yet natural resources are still our main export into the region. Canada is not a major world power, thus our motives are less suspect, allowing us a greater measure of trust. Furthermore, many leaders in the region still mention that it was the Canadian initiative to recognize Beijing which indirectly brought about the rapprochement between China and the U.S.A. contributing greatly to the stability of the region in the past decade.

The ASEAN countries provide a natural focus for Canadian activity. The understandable concern in ASEAN of "big power" confrontation causes them to be particularly wary of becoming too close to any major military force. Canada's middle power status and its active aid program in that region create a positive attitude for a greater Canadian economic presence. Indeed, the economic structures and strategies of most ASEAN nations which emphasize resource and infrastructure development mesh closely with Canadian capabilities. Furthermore, Canadian expertise and ASEAN requirements match the programs of CIDA and the Asian Development Bank.

The presence of Canadian companies in the region, while growing, has not been significant. There are some notable exceptions, such as Alcan, Bata, INCO, and the major Canadian banks, but Canadian business is not evident in the region in great numbers. However, that appears to be changing. In a survey on Canadian trade commissioner services conducted by the Canadian Chamber of Commerce and the Canadian Export Association last year, of 201 responses, 150 indicated their company was currently exporting to or actively seeking to export to Asia/Pacific. The comparable response for the U.S.A. was 137, Western Europe 107 and Latin America 118.

Improving the visibility in Asia/Pacific of Canadian expertise is important in order to overcome a serious lack of awareness of Canadian capabilities. While Canada is viewed as a relatively wealthy country, we are generally perceived as resource rich rather than an advanced industrial economy. That image will only be changed when a much broader range of Canadian companies become known in the region for the advanced technology they possess.

Canadians can also learn much from the Asia/Pacific countries. We should not minimize or overlook the sense of community, of dedication and aggressiveness which many of the countries of the region exhibit. The coordinated approach to development by the economic partners in countries such as Japan provide an example which we would do well to study. The approach of management to long range planning and adjustment are lessons which Canadian companies should

seriously consider. Canadians should recognize that successful strategies are not always those developed in Europe or North America, nor are the best comparisons those which are frequently made with Europe and the U.S.A.

Opportunities for Canada in the Asia/Pacific Market

A thorough assessment of the opportunities which exist for Canada in the Asia/Pacific region is beyond the scope and intent of this submission, however, the following brief review of the broad categories of market needs and of Canadian capabilities will provide some indication of the prospects that exist.

In its 1985 National Trade Strategy, of 22 countries targetted for concentration, the Canadian government identified 8 in Asia/Pacific: Australia, the People's Republic of China, Hong Kong, India, Indonesia, Japan, Korea and Thailand. Were it not for the fact that Canada officially does not recognize Taiwan, clearly that market also would have been included. The Department of External Affairs estimates potential for an improvement in Canada's exports to these eight countries in the period 85/86 to 89/90 of \$6,893 million beyond the 1984 level of \$9,320.4 million.

In Asia/Pacific, many of the rapidly developing economies are resource-poor. Their industrial structures require large scale imports of raw materials, much of which can be provided by Canada. Japan, Korea and Taiwan will continue to be important markets for Canadian energy and mineral products. They, along with the P.R.C., Hong Kong, the ASEAN countries and India, will also be purchasing Canadian forest products and agricultural products well into the future. However, Canada cannot afford to ignore the measures being adopted by its competitors in the region in what is, in many cases, a buyers' market. Australia, for example, is taking steps to dismantle regulations affecting exports of liquified petroleum gas and other raw materials; Indonesia is relaxing take-or-pay clauses in its liquified natural gas contracts to secure customers in the region.

There has been much comment in Canada on the need to upgrade Canada's natural resources and export more processed and manufactured products. The Canadian Committee of PBEC agrees with the need for increased exports of manufactured products, but cautions governments to approach the matter of upgrading with a clear recognition of world market conditions. For most natural resource products there is currently a world capacity surplus. Buyers today have the opportunity to buy what they want, in whatever form they want, and that has little to do with what any one country may believe is best for its own economy. If Canada were to adopt too strong an upgrading stance, Canadian companies presently selling concentrates or other semi-finished products off-shore would undoubtedly lose markets to other more accommodating suppliers.

Any attempt to limit the export of raw materials in unprocessed form in an effort to create markets for more processed products will only be successful if: a) the alternative sources of unprocessed raw materials are limited, and b) the resulting Canadian processed goods are competitive in world markets.

One is hard pressed to point to any Canadian resource product which is not also available from several sources. The answer to the upgrading question lies in increased competitiveness of Canadian processing and manufacturing industries.

Because many of the lesser developed countries of the region also possess significant resources, the next two decades will see a great deal of activity in the development of these resources. Canada, with many years of experience in resource development, is well placed to provide both the necessary expertise and services, as well as much of the capital equipment necessary for these projects.

Agriculture and fisheries development is, and will continue to be, a priority of many of the Asia/Pacific economies. Canadian capabilities in both sectors can meet much of that requirement.

The rapid growth experienced by the Asia/Pacific countries has resulted in the development of economic infrastructure at an equally rapid rate. Power requirements are growing each year, particularly for non-oil thermal and hydroelectric generating capacity. This demand has created opportunities for a broad range of Canadian companies providing both capital goods and technical expertise.

Transportation and communications generally form a major part of the development plans of most Asia/Pacific markets. Canada's geography has created a level of expertise and a manufacturing capability in both sectors which can readily meet the requirements of these markets.

In the more broadly-based manufacturing sector, there are numerous opportunities. Examples include agricultural equipment to Australia; auto parts to Taiwan; processed food products to Japan and Hong Kong; defence products to Thailand and Australia.

Deserving special attention is the market for advanced technology products. The four NICs (Hong Kong, South Korea, Singapore and Taiwan) are actively seeking the so-called "high technology" products Canada is capable of producing. Similarly, Japan, with all of its own technological capability, is also a sizeable market for specialized Canadian products. In addition, the lesser developed countries are demanding products with greater technological sophistication in order to achieve industrialization at a more rapid rate.

The requirement for advanced technology has both a hardware and a software component. While Japan is a formidable competitor in the provision of hardware, that competitiveness is less pronounced in the software field and Canadian companies should recognize the opening this provides.

To summarize, the opportunities for Canadian companies in the Asia/Pacific region are sizeable and span the range of Canadian products from unprocessed agriculture and mineral products to highly sophisticated electronic goods and a broad range of services from engineering to banking.

Approaching the Asia/Pacific Market

Nevertheless, there is a great deal to be done to turn the potential of a market into actual successes. Canada is not alone in recognizing the potential of Asia/Pacific. Canadian visitors to the region are continually reminded of this fact, not only by the continuous stream of Japanese businessmen to other Asian markets, but also by the increasing presence of European and American executives. The competition is intense and our competitors bring a formidable arsenal of weapons including traditional linkages and, frequently, very favourable financing.

Furthermore, Canadians venturing into the region face obstacles to which many are not accustomed, including language differences they do not face in North American or European markets. The cultures of Asia/Pacific countries also represent a new dimension for Canadians.

The cost of travel is a factor which should not be discounted. Travel to and within Asia/Pacific is not inexpensive. Add to the cost of a single trip the necessity of making several trips before any business is transacted, a fairly common occurrence experienced when doing business in the region, and market development costs can mount up. While those who are successful in the region have overcome these obstacles and generally claim the results are worth the effort and expense, these factors should not be discounted.

Perhaps the first and foremost characteristic of the Asia/Pacific market is that it is not susceptible to overnight successes nor to one-trip sales results. Asian business people generally want to get to know someone before they do serious business. While this may not be peculiar to Asia alone, it is a much more prominent feature in that region than in other parts of the world and the "getting to know you" phase is perhaps somewhat longer. Combined with the relatively high cost of travel to the region, the investment in time and money of the "getting to know you" feature of doing business in Asia can be significant.

The second characteristic of Asian markets is that business and government are not as clearly separated as they are in Western societies. Even in free market economies such as Japan, Korea and Malaysia, the influence of government is an important factor. As a result, not only must Canadian companies recognize this relationship, but a Canadian strategy to increase our trade with the region must be structured with this in mind.

Another characteristic of many of the economies of Asia/Pacific is that industrial cooperation is viewed as extremely important in the development of a long-term relationship. Industrial cooperation can include direct investment, joint ventures, licensing or other forms of technology transfer. Indeed, industrial cooperation has been viewed by many companies as a useful strategy to establish a strong presence in various markets while still preserving sizeable exports sales from the home country. In addition, joint ventures by foreign resource consumers and Canadian companies in the development of resource projects in Canada is viewed by many as contributing to the securing of stable markets for our resource products.

These characteristics suggest several approaches to government programs which are particularly relevant to the Asia/Pacific markets.

First, the high cost of developing Asia/Pacific markets involving numerous trips indicates that programs providing assistance in the development of new markets should not be limited to one or two trips. Indeed, unless companies are able to properly develop the market through multiple trips, they probably should not be encouraged at the beginning.

Second, because of language and cultural differences, as well as the influence of the role of government in these markets, Canadian companies require a great deal of support from Canadian trade personnel posted to the region and locally-engaged commercial officers. This type of support in Asia/Pacific markets is much more important than it is in Western Europe or the United States. The Canadian Committee of PBEC has urged the Government in an earlier brief responding to a discussion paper on improving Canada's performance in export markets to increase the number of trade commissioners and commercial officers in the region. We welcome the announcement that the Government plans to open new offices in Shanghai and Osaka and increase staffing in Beijing. This is a good first step. We hope that through either the re-assignment of personnel from less promising areas, or through new appointments, the number of trade and commercial people assigned to Asia/Pacific will continue to expand.

Taiwan presents a unique situation, since Canada does not maintain diplomatic relations with it. Thus Canadian exporters are without the Canadian trade commissioner and market information services available for other areas in the region. It is our view that a mechanism should be found whereby services of this nature could be provided. This is not to suggest any change in Canada's official position vis-à-vis the People's Republic of China. We believe methods exist which can facilitate a greater effort to develop the Taiwan market within the context of official Canadian policy.

Third, the influence of government in Asian markets suggests that Canadian companies and the Canadian government must work closely together, particularly when large projects are involved. The participation and involvement of government which is suggested should not be interpreted as involving only easier export credit. In a later section of this submission the subject of financing will be discussed in greater detail. In some circumstances, competitive financing is required but, on a more general level, government involvement can take the form of marketing and encouragement. Efforts by ambassadors and trade commissioners, special visits by a Minister, a word from the Prime Minister, these are some of the more common examples of government support which can be provided for Canadian business.

Fourth, the creation of a correct image of Canadian capabilities and the development of a higher profile for Canadian business is another task requiring a joint effort by business and government. While Canada may possess a generally favourable image in the countries of the region, that image does not appear to extend to a recognition of the industrial and technological achievements of Canadian companies. Frequently, Canada is viewed as a giant quarry and massive

granary. To the extent that we wish to maintain our reputation as a reliable supplier of agricultural and mineral resources, that image does not hurt. But in our effort to export manufactured goods and technical services, such an impression of Canada does not help very much either.

What we require is the increased presence of Canadian business people and government leaders in the region, first to explain the nature and structure of Canadian industry and then to demonstrate our capabilities. These initial efforts are not accomplished in an uncoordinated manner but by carefully prepared programs involving government officials, business leaders and business associations.

Fifth, the emphasis on industrial cooperation in most of the Asia/Pacific markets would suggest that Canadian programs and policies which promote such activity by Canadian companies be expanded. The Industrial Cooperation Program of CIDA is the only existing program of any significance designed to support such initiatives. This program has been well-received by Canadian business. The investment insurance program of the Export Development Corporation is also recognized as playing a useful role, as does the existence of tax treaties between Canada and a growing number of countries.

What is also required, however, is an official recognition and acknowledgement of the importance of industrial cooperation in all its forms, including Canadian investment abroad. Increasingly, the newly industrializing countries of the region are giving preference to foreign suppliers who will engage in joint ventures. Canadian companies must be encouraged to enter into such arrangements where it is desirable to do so.

Sixth, Canada is a latecomer to the Asia/Pacific Region. We have a great deal of lost ground to make up and, in doing so, we must make every effort to increase dialogue and to avoid duplication between governments and the private sector. It is imperative that we begin the task now, for if we delay any longer, others will have established solid positions in those markets and our task will be even more difficult than it is at present. We therefore reiterate our cautionary note regarding the possibility that the Canada-U.S. trade negotiations might draw our attention away from Asia-Pacific, a region which presents strong potential for growth. The result of such a diversion of interest would have a serious impact on Canada's future as a meaningful participant in the economic life of the Asia Pacific region.

Financing

This submission made reference earlier to the fact that competition in the Asia/Pacific markets is fierce. This competition is not only from the Japanese, Americans and Australians, but also from the Europeans.

One of the weapons used quite extensively, particularly by European countries and even some of the more advanced developing countries like South Korea and Brazil, is export financing. Indeed, what amounts to an export credit war is

now being waged. Frequently, winning large capital projects abroad depends on the exporters' ability to offer competitive financing arrangements. That frequently means subsidized financing.

In the past, Canada tried to resist becoming involved in this battle. The argument offered was that it distorted international trade. That was, and is, undoubtedly true. Furthermore, Canada cannot compete against the treasuries of some of the larger countries which use this mechanism as a matter of course.

The preferred solution to this problem would be a multilateral agreement, especially among the industrialized countries, to refrain from the practice and also to make the terms and conditions of their financing arrangements more transparent. Canada has wisely pursued this approach in organizations such as the OECD and the Canadian Committee of PBEC fully supports these efforts.

Such a multilateral arrangement does not appear to be in the cards at this time, however, and Canada must attempt to compete in providing competitive financing. The stakes have become too high for Canada to ignore the problem. Either we match the financing offered by others, or we lose millions of dollars worth of contracts. To give some indication of the competition Canada is facing, examples of financing packages offered to the People's Republic of China by other countries is instructive. The United Kingdom has signed a memorandum of understanding for approximately US\$200 million at a fixed interest rate of 5 percent for 20 years with a 5 year grace period. Japan is offering US\$2 billion at a fixed rate of 3 percent for 30-35 years with 10 years grace. Switzerland provides a combination government/commercial package of US\$40 million (an additional US\$100 million is under negotiation) with an average rate of 3 percent, 4 years grace and a term of 20 years for the government portion and 10 years for the commercial half.

The current practice of blending Export Development Corporation financing with soft concessional financing provided by CIDA or through section 31 funding, appears to have provided a partial answer to this problem. While we cannot attempt to provide subsidized financing for every project, Canada should attempt to match the financing provided by competitors in selected areas so that Canadian companies are not at a disadvantage. As the previous example has shown, even a selective approach will require a greater effort than is currently evident. Some of the criteria to be used in selecting projects for subsidized financing might include the following:

- a) The capability of Canadian companies to be competitive in terms of price and quality, separate from the financing package.
- b) The benefits which will accrue to the Canadian economy of the particular project, with due consideration given to the longer term implications as well as the short-term benefits.
- c) The possibility of long-term recurring business to Canada.

One last point that should be made is that Canada cannot and should not "buy" projects by offering such favorable terms that we become the leader in the export credit bidding war for particular projects.

Trade Policy

Canadian trade policy with the countries of Asia/Pacific is occasionally not conducive to the establishment of a sound trading relationship with the region. Too often, particularly in the case of Asia/Pacific, we seem to forget that trade is essentially a two-way street. We in Canada can't have it both ways. We can't present a posture of being free traders and object to the protectionist moves of others and, at the same time, try to disguise our own protective actions in terms such as "contingency measures".

Indeed, some of Canada's more visible examples of protectionism impact most directly on Asia/Pacific producers, such as automobile quotas and restraints on imports of textiles, garments and footwear. Many of the major exporters of these products are the same markets we strive very hard to penetrate. Furthermore, many of the lesser developed countries of the region are restricted by the nature of the quota system on textiles and garments from achieving any significant market share since existing suppliers have the lion's share of the quotas.

Canada cannot have it both ways: access to Asia/Pacific markets while our own market is closed to many of the products which can be produced competitively in the region.

The argument is frequently made that Canadian companies in the most vulnerable industries require time to adjust to the new realities of international competition. But history does not suggest that companies or industries willingly undertake necessary restructuring when they are protected. Adjustment is best achieved by exposing companies to competition both domestic and external. Political reality, however, makes it difficult for government to totally expose such industries to intense foreign competition without at least some "temporary" protection. The difficulty in the past has been that "temporary" measures have had a tendency to become somewhat permanent. Perhaps the problem is the system of quotas which are used. They tend to limit imports to a flat volume over a period of time at the end of which either the protective measures disappear completely (another political dilemma) or a new quota is established. A more realistic approach might be to establish a system with a built in gradual phase-out formula, perhaps linked to market share.

While these measures may seem somewhat draconian, realistic alternatives do not appear to exist. Canadians cannot compete with low cost labour in developing countries. Nor should we attempt to do so. The fact of the matter is that, for many developing countries, low cost labour is their only comparative advantage. We in Canada must build upon our strengths which include a well-educated labour force, advanced technology and abundant natural resources. A reasonable formula for phasing out major restrictive measures would also provide an appropriate period of adjustment to cushion somewhat the more difficult jolts which some domestic industries might feel.

Industrialized countries such as Canada should also recognize that, when we protect uncompetitive industries, we damage the international trade and payments system on which we all depend. The debt problems of many developing

countries and their inability to achieve access to the markets of the industrialized world are closely linked. If they cannot sell the products which they can produce competitively in the large markets of the developed countries, they will have great difficulty reducing the burden of debt which cripples many of their development efforts.

Pacific Community Concept

In recent years, much has been spoken of and written about the "Pacific Community Concept", using terms such as "Pacific Economic Community", "Pacific Free Trade Association", and "Organization for Pacific Trade". What has emerged is a recognition that, despite the diversity of the countries of the region, there is a commonality of interest in a number of areas. Several Pacific economic cooperation conferences (PECC) have been held, involving business leaders, academics and government officials, all acting in a private capacity, to explore cooperation among Asia/Pacific countries. Canada has been an active participant in these conferences and has taken the lead in exploring the potential for regional cooperation in fisheries development.

In 1985, the Secretary of State for External Affairs formalized Canada's participation in the PECC with the establishment of a tripartite Canadian National Committee on Pacific Economic Cooperation. In 1986, Canada will be host to the fifth Pacific Economic Cooperation Conference. This conference provides an opportunity for Canada to demonstrate its active participation in the Pacific economic process and merits our full attention and support. Canada should be strongly represented at the three forums (on trade, investment, and on minerals and energy) that will lead up to the November 1986 conference in Vancouver.

While the institutionalization of Pacific economic cooperation appears to many a distant vision, the beginnings of an institutionalization of a process of cooperation are evident. Canada should be a part of this process and should therefore continue to play an active role in the discussions.

Canada's interest in regionalism should not be viewed as contradictory to our commitment to multilateralism. A regionalism that excludes globalism cannot develop and prosper. Our involvement in the PECC in fact provides another vehicle through which to encourage countries of the region to come on-side regarding the MTN.

Conclusion

The Canadian Committee of PBEC believes Canada has an important role to play in the Asia/Pacific region, and that Canada stands to benefit greatly from a closer relationship with the region in the development of exports. Developing a stronger presence in Asia and the Pacific will require a concentrated effort by business, governments and other institutions working together, for we are, in many instances, latecomers to the region. We face stiff competition from both long-established interests and from the rapidly developing Asian NICs. We believe Canada can and, indeed, must succeed in these markets and we will continue to promote efforts toward that goal.

DFC. 2 1985

THE PROFESSIONAL ASSOCIATION OF FOREIGN SERVICE OFFICERS
L'ASSOCIATION PROFESSIONNELLE DES AGENTS DU SERVICE EXTÉRIEUR

November 28, 1985

Clerks
Special Joint Committee on
Canada's International Relations
Box 663 West Block
House of Parliament
Ottawa, Ontario
K1A 0A6

Dear Sirs:

We would like to make a presentation to the Committee from the perspective of those who conduct the foreign policy of Canada. Our presentation would mainly discuss the conditions under which the practitioners carry out Canadian foreign policy. We believe this falls under the purview of your mandate and in particular the theme: "Are the mechanisms for forming and delivering Canadian foreign policy effective? How might the system be improved?"

Our Association represents all officers in the Foreign Service Group that have not been converted to the EX category (January 1984). Foreign Service Officers fit into four general occupational categories: political-economic (the old Department of External Affairs), commercial-economic (the Trade Commissioner Service), social affairs (Immigration) and development assistance (CIDA). The Foreign Service Group is the largest of the more than 30 bargaining units employed by the Department of External Affairs and the Group holds the vast majority of positions in the professional ranks at headquarters and in the Department's 121 posts abroad.

Foreign Service Officers are responsible for the delivery of essential programmes to promote Canada's political, commercial, immigration and development assistance interests in other countries. Our specific responsibilities include:

- 1) The coordination and management of Canada's diplomatic and consular missions abroad;
- 2) The conduct of official communications between the Government of Canada and the governments of other countries and international organizations;
- 3) The negotiation of international agreements and conventions as well as treaties with foreign governments or international organizations;
- 4) The development of international law and its application to Canada's external relations;
- 5) The coordination of Canada's international economic relations;
- 6) The expansion of Canada's international trade and commerce through assistance to Canadian business seeking markets abroad;
- 7) The improvement of access for Canadian products by safeguarding and promoting, Canada's trading relationships, and by contributing to the improvement of world trading conditions;
- 8) The assesement of political and economic events in the international environment, developments in international trade and trading arrangements, and their impact on Canadian interests;
- 9) The promotion of the development and use of modern industrial technology by promoting technology transfer;
- 10) The formulation, management and delivery of Canada's \$2 billion international development assistance program;
- 11) The recruitment and selection of immigrants and refugees in keeping with Canada's international and domestically legislated commitments for the re-unification of families and the resettlement of convention refugees;
- 12) The recruitment and selection of entrepreneurs and self-employed persons able to actively contribute to Canada's economic development;

- 13) The dissemination of information about Canada's government and society to selected groups abroad in support of Canadian interests (including key decision makers among business, political, academic, media and other groups);
- 14) The dissemination of information to Canadians about developments in foreign countries and about Canada's relations with those countries;
- 15) The protection and provision of consular assistance to Canadian citizens travelling abroad;

Since the appointment of Canada's first overseas trade commissioners in 1894, the Canadian government has fostered the creation of a career foreign service. Its strength has greatly supported successive governments in their formulation and articulation of Canadian foreign policy. The conditions of foreign service have played an important part in encouraging recruitment and ensuring the maintenance of a career foreign service.

In 1980 the Government appointed a Royal Commission to inquire into and report on conditions of foreign service in the belief that "failure to take adequate account of these changes could be leading to a decline in the incentives for service abroad and could affect the motivation that has underlain the high professional standards of the Foreign Service and given Canada an enviable reputation for the effectiveness with which its interests are served". The Commissioner subsequently made a series of recommendations in the areas of environment and the family, benefits and compensation, management of human resources, managing the foreign service of tomorrow.

By and large, the people who make up the foreign service are typical Canadians. As Pamela McDougall, Commissioner of the Royal Commission described us:

They may have more of a taste for adventure and more of a thirst for change than most, but they are still typical Canadians from all backgrounds and all parts of the country. Where they are not typical is in the way they live. They must have the same kinds of extended family and social supports that most Canadians enjoy. The only immediate family they have, whether they are single or married, is what they carry

with them and often the only sense of immediate community they have is what they can gain from the few other Canadians at post with them. In this sense, the foreign service is families. Some may be families with only one member, but each foreign service household is a family and must be treated as such.

We believe it would be useful for the Committee to confirm the support of Parliament for an effective and career foreign service. To assist them in their examination, the Committee might wish to examine the implementation of the recommendations of the Royal Commission. We attach a brief discussion paper on the general concerns of the foreign service for your perusal.

Yours sincerely,

A handwritten signature in cursive script, reading "Jean-Paul Delisle". The signature is fluid and elegant, with a large initial 'J' and 'D'.

Jean-Paul Delisle
President

Att'd

cc: Tom Hockin, M.P.

Hon. Jacques Flynn, Senator

A DISCUSSION PAPER ON CONDITIONS AND CONCERNS OF THE FOREIGN SERVICE SUBMITTED TO THE SPECIAL JOINT COMMITTEE ON CANADA'S INTERNATIONAL RELATIONS

The Foreign Service is the principal arm of government dedicated to the formulation and conduct of Canadian foreign policy. Its role extends to all aspects of Canadian foreign policy, including trade, immigration, consular support, development assistance, official communication and diplomatic representation as well as the negotiation of international agreements and conventions. Its role is comparable with the armed forces and intelligence services. Indeed, it is the most important of the three because conflict only occurs when diplomacy fails. Diplomats are on the front lines, worldwide, 24 hours a day.

The costs of the foreign service in 1985 are approximately \$290 million or about 52% of the Department of External Affairs total operating budget and about 38% of total program expenditures in the department. This represents less than 1% of the government's total budget.

We believe the need for an effective career foreign service is more important today than ever before. The Government has embarked on a major trade initiative towards the United States that will require careful handling and the accumulated expertise of generations of foreign service officers. Issues of war and peace are at the forefront of the public agenda. Canadian diplomats have traditionally played a vital role in international discussions on arms control and disarmament. Third world debt, regional conflict and superpower tension is putting increased pressure on the international system. The institutions dedicated to the maintenance of global peace and cooperation are coming under increased attack from friend and foe. Diplomacy remains the best avenue for a country the size of Canada to influence the course of international relations.

We who serve enjoy our work and look at it as a life-long career. In this sense the foreign service is similar to the armed forces for entry into the Service still depends on an examination and interview process followed by a minimum period before eligibility for promotion. While a career in the Canadian foreign service continues to have a great deal of attraction the realities of service do not always coincide with the public perception of diplomacy as portrayed in the media or on the silver screen:

1) The hazards of foreign life including physical danger have greatly increased the hardship of life at most posts in comparison to the Canadian situation. For example, many of our staff live behind bars in security-protected compounds and in certain cases now carry firearms for personal protection. Terrorism against diplomats has shown the fragility of the fabric of law and custom on which the international community must rely. Canadians are not immune and there have been recent incidents involving our personnel in locations such as Beirut and Guatemala. We recognize and applaud the steps the Department has taken to ensure sufficient security for our personnel abroad.

2) There remains concerns over the conditions of foreign service, especially for the family members of the foreign service officer. Educational opportunities, accommodation, health and recreation facilities play an especially important role in determining the success of a posting abroad. The Royal Commission pointed out that a preventative health program is essential and that "access to recreation facilities for all staff members and their families is the other side of the physical and mental health coin." We were dismayed by the recent adverse publicity over memberships in the recreational facilities provided to our staff in Hong Kong and the subsequent decision to sell the memberships, as a consequence of the publication of the Auditor General's Report. We are concerned that the commitment to the improvement in recreational health and recreational facilities shows signs of weakening.

3) The increase in Canadian society in the number of two-income families as a consequence of the spouse's desire for personal development and of financial necessity acts as a monetary and personal impediment to service abroad. The Department has sought to address some of these concerns in its implementation of the recommendations of the Royal Commission on Conditions of Foreign Service. We are encouraged by the progress made and we would hope that there would be no lessening of the commitment to change in areas such as citizenship for spouses and opportunities for employment at home and abroad.

4) Promotion opportunities have declined dramatically for the FS group. There has been a pronounced slowdown in the growth of new positions in the group, a reduction in the number of positions at senior levels (which due to the conversion of senior FSs' to the EX group have put them into a separate category). The loss of promotion opportunity has adversely affected morale.

Economic restraint has resulted in a freeze on

recruitment to the foreign service. We are fearful that an uneven and unpredictable recruiting system will have long-term adverse consequences for the service. The importance of our work abroad has not diminished, rather it has achieved a new importance. A reduction in personnel inevitably stretches resources and results in a less effective delivery of programs. Moreover gaps in the recruitment system has resulted in less job satisfaction as middle level officers increasingly find themselves doing the tasks that they did when they first joined the service. In an era of limited advancement, job satisfaction has become even more important.

In recent years the Department has made a commitment to an improved training system. We would commend to the Committee's attention a report on Foreign Service Training prepared by former career Ambassador John Halstead. He recommends that the Department undertake a major effort to create an overall concept of foreign service training and career development and a coherent program to carry it out. He concluded that Canada had fallen behind in its capacity to adapt to the rapidly changing international environment because the study of international relations has been neglected in Canadian universities and the necessary professional training is lacking in the Department of External Affairs to provide foreign service officers with the knowledge, skills and sense of direction they require to operate effectively in international affairs. We would hope that the commitment to training will become more than a mere promise.

5) Pay for the FS group has fallen behind comparable groups, not only in the private sector but in the public service. The Foreign Service is comprised of a highly educated and skilled group of professionals, the majority of whom join with post-graduate education and varied work experience. Despite the range of responsibilities borne by these lawyers, economists, journalists, and others, foreign service salaries lag well behind substantially comparable work in the private sector. For example, the current entry level salary band for an FS (\$15685-\$25186) with a family dips below the poverty line set by the Senate in their 1985 Report (ie. \$18585 for a family of 3 to \$24780 for a family of 5).

With an increase in the number of persons from outside the foreign service to fill, on a temporary basis, foreign service positions, the inequities are apparent. (eg. An individual from NOVA serving in Cairo is receiving a salary over 100% greater than the FS salary that would be paid for the position).

The erosion of FS pay standards has been significant.

This year, for the first time in its history PAFSO was obliged to go to arbitration because it was unable to achieve a settlement with Treasury Board at the negotiating table.

Recently foreign service officers abroad were presented with a 25% increase in their accommodation costs. There has been no commensurate increase in terms of salary or foreign service allowance. The incentive to service abroad is reduced as is the continued ability of the Government to attract and retain the best qualified individuals to serve their country abroad.

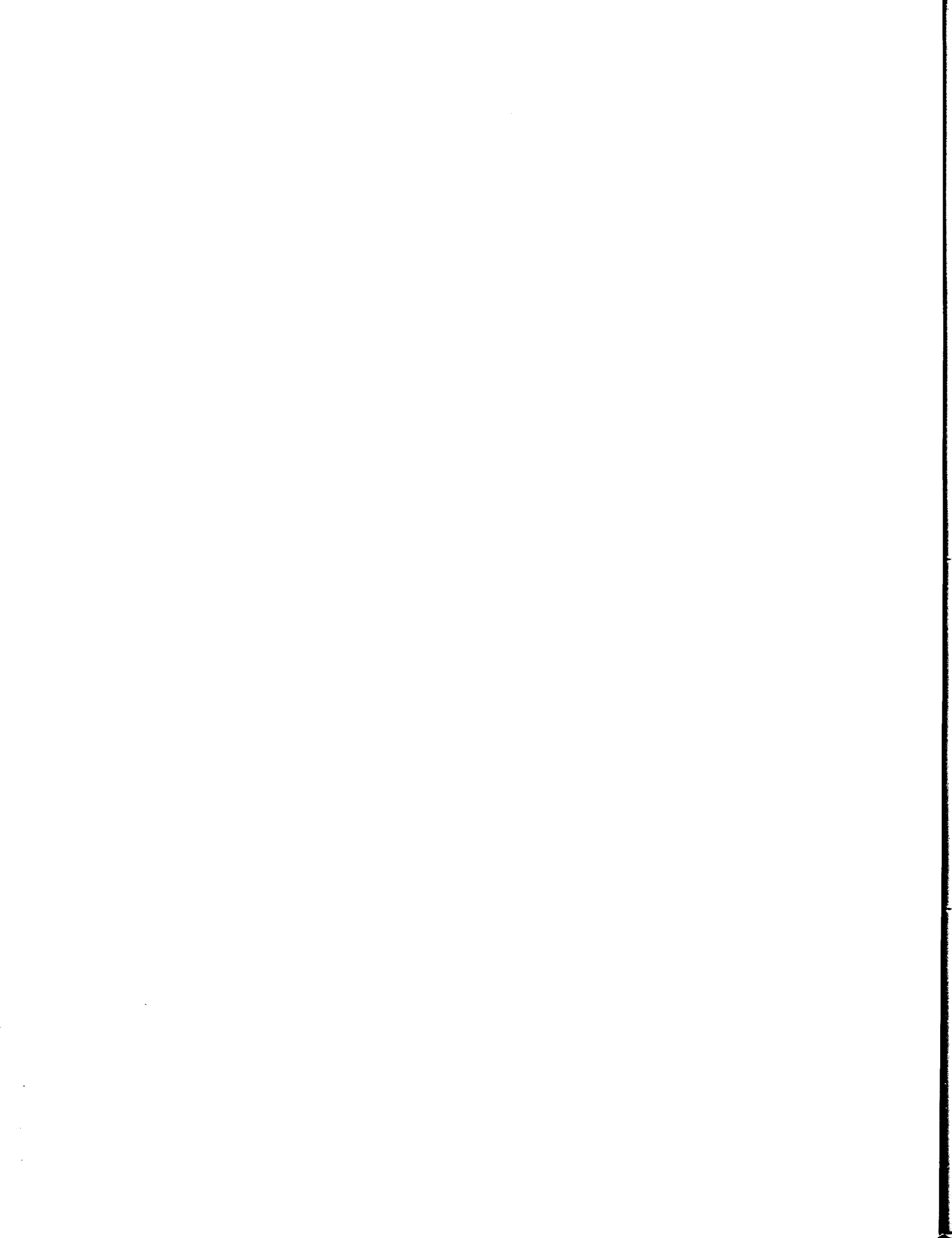
6) There has been a discernable increase in the number of non-career appointments to the head of post level. While we do not dispute the privilege of the Prime Minister to make such appointments, the implication that foreign service officers are no longer suitable for certain choice assignments is disturbing. Diplomatic professionalism can gain from the introduction of highly qualified non-career envoys. Some of our most distinguished representatives have been non-careerists: Vincent Massey, Georges Vanier, Paul Martin, Jean Wadd's and Gerard Pelletier come readily to mind. The selection of outstanding men and women from the political world can enrich the career foreign service. But it should not be a convenient dumping ground or reward for the faithful. In foreign policy as in politics professionalism results in superior performance. Writing in his classic work Diplomacy, Sir Harold Nicholson wrote:

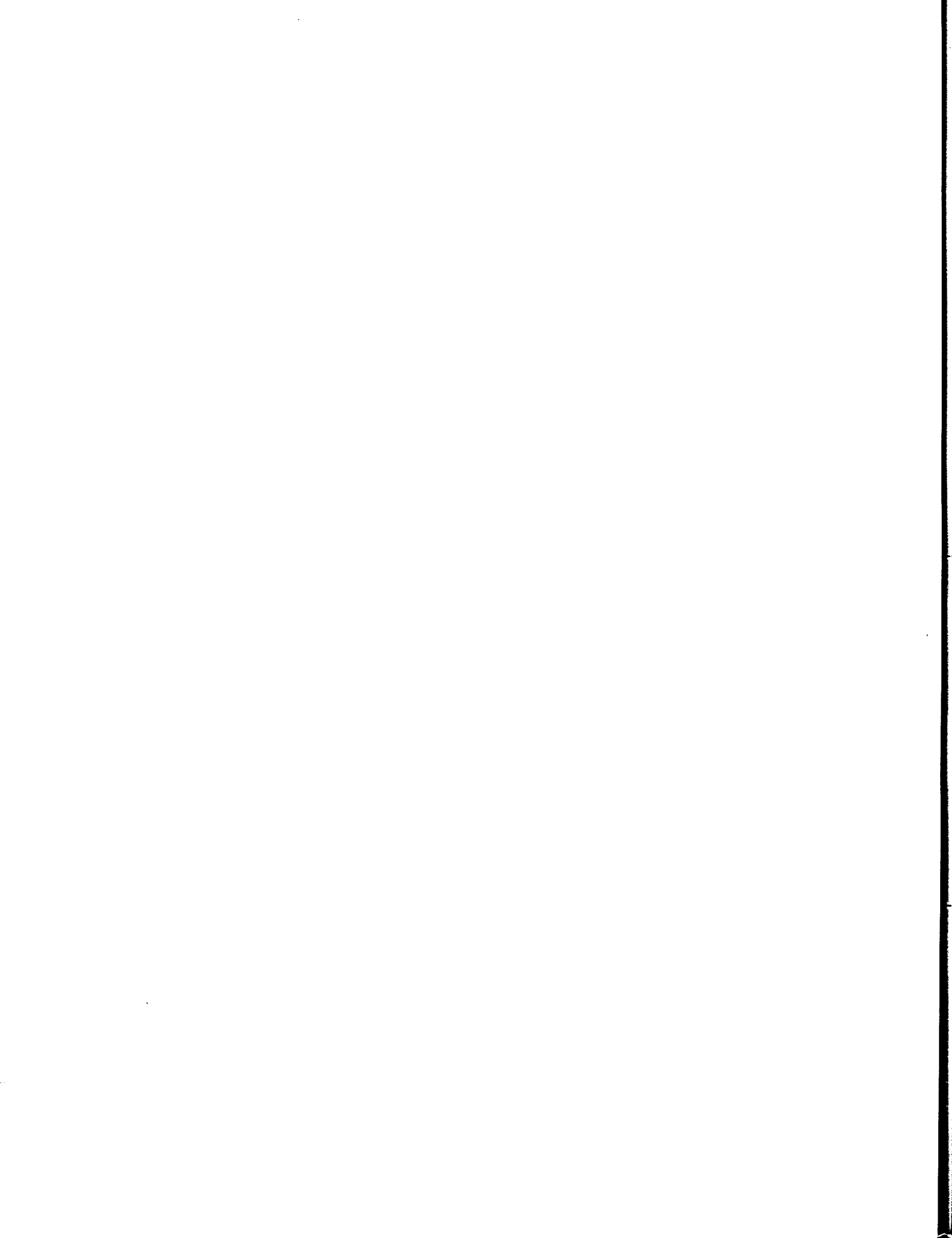
It will always be desirable that the foreign policy of any great country should be carried out by professionals trained in their business. Amateur diplomatists are prone to prove unreliable. It is not merely that their lack of knowledge and experience may be of disadvantage to their governments, it is that the amateur diplomatist is apt out of vanity and owing to the shortness of his tenure to seek for rapid successes; that he tends, owing to diffidence, to be over-suspicious; that he is inclined to be far too zealous and to have bright ideas; that he has not acquired the humane and tolerant disbelief which is the product of a long diplomatic career and is often assailed by convictions, sympathies, impulses; that he may arrive with a righteous contempt for the formalities of diplomacy and with some impatience of its convictions; that he may cause offense when he only wishes to inspire geniality...

It makes no sense to recruit and train a corps of foreign service professionals, give them years of experience at their trade and then shunt them aside to reward the

unqualified. It does a disservice to the nation.

Ours is a service department. The people who make up the Foreign Service are proud of their profession and their dedication to serving Canada and Canadians abroad. The examination of the conduct of Canada's international relations should properly take full account of the circumstances and conditions under which those who conduct foreign policy serve Canada.





PEACE AND SECURITY

AND

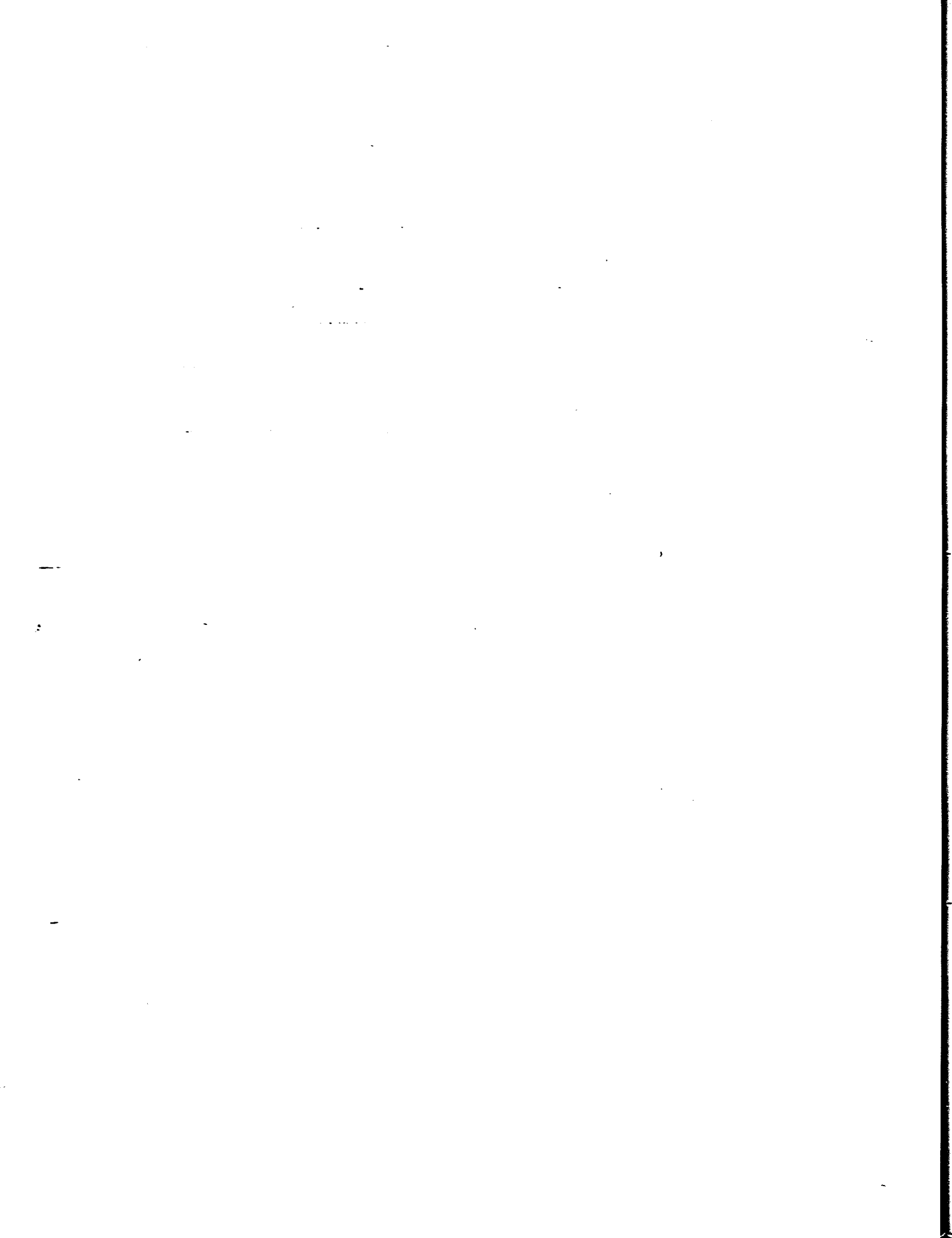
CANADIAN RESPONSIBILITY

A Brief to the
Special Joint Committee on
Canada's International Relations

Nov. 28, 1985

by Project Ploughshares ,

(Project Ploughshares is sponsored by the Canadian Council of Churches and is supported by Canadian churches and civic organizations (see list in Appendix I). The project examines issues and Canadian policies related to the search for an enduring peace with justice, through a programme of research, public education and advocacy.)



CANADA AND THE PURSUIT OF COLLECTIVE SECURITY

An enduring principle of Canadian foreign policy is that Canada's national security cannot be assured in isolation. The official view is that Canadian security must be a part of a collective, international effort. Inasmuch as this is a recognition that the security of nations, no less than of persons, is indivisible and is most readily assured when the security of one's neighbours is also a central objective, it is a welcome principle. But, within the evolution of Canadian foreign policy, however, the principle of "collective security" has taken on other, less desirable, elements.

As a middle power that shares a continent with a superpower, Canada's collective (or continental) undertakings frequently become, not so much joint enterprises as occasions for Canada to make public declarations of support for the unilateral initiatives of the US. While Canada should be expected to support US traditions of liberty and political participation, Canada has frequently failed to make critical distinctions between those US initiatives which honour supportable traditions, and those initiatives which derive from the less honourable dimensions of a superpower's pursuit of global influence.

In Canada, the principle of "collective security" has become infused with the assumption that the fate of Canada as a prosperous, secure nation is directly and inevitably tied to the fate of the United States. This, in turn, has come to be understood as a requirement that, at the core of Canadian security policy, solidarity with the United States is fundamental. In fact, one is justified in saying that Canadian solidarity with the US is even assumed to take precedence over independent Canadian assessments of the requirements for international peace and security.

The current debate over Canadian participation in the US Strategic Defence Initiative (SDI), for example, is in many instances a debate over whether Canada can afford to jeopardize its relationship with the United States by not allowing commercial participation in SDI. The intrinsic merits, or lack of them, of SDI itself, are relegated to a secondary consideration. Similarly, the debate over the testing of cruise missiles in Canadian territory was frequented by interventions from government representatives claiming that Canada had what amounted to a moral obligation to support its allies, without second-guessing alliance decisions.

The Threats to Canadian Security:

This particular interpretation of "collective security" -- that is, the close identification of Canada's fate with the fate of the United States as a superpower -- is central to Canada's official assessments of the chief threats to Canadian security.

These threats are taken to be twofold:

1. The most immediate threat, with the most devastating potential consequences, is the threat that conflict between the United States and the Soviet Union will escalate and lead to nuclear war;

2. The second threat, a prominent focus of the foreign policy green paper, is that, a) the North American economy will become increasingly vulnerable to external developments that will gradually erode North America's global competitiveness, b) that this will therefore lead to a deteriorating economic standing for Canada and the United States within the international economic order, c) that as the US adjusts to this reality, it will try to shift some of this economic burden to Canada, and d) that the best way for Canada to avoid a deterioration of its position within the US sphere of influence is to demonstrate overt support for and cooperation with US policies and interests.

The Military Response:

Certain military requirements are seen to flow from these two threats.

In the first instance, the threat of nuclear war must be reduced through deterrence, preferably at lower levels of armaments. Canada has assumed deterrence is enhanced in two ways -- first, by supporting the United States in the deployment of its nuclear forces; second, by encouraging more effective arms control.

In the second instance, the appropriate military response to the threat of declining competitiveness is assumed to be direct and indirect support of the global military strength of the United States (with a sustained alliance under US leadership in Western Europe considered a central element of reliable US military strength globally). US military strength is, in other words, seen as the final guarantor of the global strategic interests of North America and of the West in general.

The green paper does not pay extensive attention to the military dimensions of Canada's response to what are identified as the two fundamental threats to Canadian security. This is so in part, of course, because it is a foreign policy, rather than defence policy document. (A full debate of Canadian security policy has been short-circuited by the Government's failure to issue a Defence Green Paper). But it is also so partly because Canada has not been given prominent roles, within the collective security institutions of which we are a part, in the military tasks related to either nuclear deterrence or the protection of the West's economic prominence in the world economic order. These tasks are largely handled by Canada's allies, notably the United States, on our behalf.

This does not mean, however, that military force is not considered to be central to the pursuit of economic prosperity. The protection of world markets, the maintenance of access to raw materials and fuels, and the uninterrupted access to cheap labour and secure investments for surplus capital, are prominent

responsibilities assigned to modern military forces. To meet these responsibilities, world military forces, led by but not confined to the superpowers, have perfected three primary means of influencing world events: a) direct intervention, b) the provision of arms to proxy or surrogate forces, and c) intimidation by means of brandishing conventional and nuclear forces. US Defence Secretary Caspar Weinberger has put it this way on behalf of the United States, but the same must also be said of the Soviet Union: the US requires "a flexible, mobile, modern military which can adapt quickly and decisively to meet challenges to our interest wherever they may appear".

Canada's Military Roles:

Canada is not a primary actor in this activity. Under the policy of "collective security", the primary military role is performed by the leadership of this collectivity, the United States, while Canada plays a supporting role. Canada's primary function within the collectivity is not directly a military one, instead it is to confer legitimacy on the alliance leadership and on the methods it employs. Hence, Canada has what is considered the important job of providing political support to the United States in its appointed task as military leader of the "collective security" group. This is done in several ways. The first is by declaring solidarity with, and support for, the military policies of the United States (e.g. by declaring its support for US "star wars" research). A second Canadian role

is, in certain circumstances, to expand the function to include symbolic military support to the US and the alliance (e.g. by stationing Canadian forces in Europe or by permitting cruise missile testing in Canada). And, thirdly, in some circumstances, support is extended to the supply of essential military support (e.g. by making available Canada's northern territory for air surveillance and, if the advocates of strategic defence prevail, for air combat in the event of a Soviet/American war).

To its credit, Canada has also regularly taken advantage of its position as a supporting player to press the leadership to modify its policies (e.g. in pursuing certain arms control policies and in occasionally urging the US to adopt more moderate policies).

Towards an Alternative Security Strategy:

The foreign policy green paper, Competitiveness and Security: Directions for Canada's International Relations, encourages public discussion of ways in which Canada can perform these assigned roles more effectively, but it is not designed to foster discussion of the appropriateness of the roles themselves. The Government has already indicated, for example, that the principle of "collective security" is not negotiable. Yet it is this very principle that must be challenged by the alternative principle of "common security".

The following discussion of peace and security policies appropriate to Canada, therefore, begins with a brief discussion of the foundations of security, followed by a series of policy recommendations that grow out of a principle of common security.

FROM COLLECTIVE SECURITY TO COMMON SECURITY

Security as Idolatry:

The legitimate human longing for security can be met in two basic, but opposite, ways. The first is to make security a primary objective and then to set about advancing and protecting that security with whatever means are available and within whatever conditions prevail. The second is to assume security to be a consequence or product of a social/political/spiritual environment and thus to set as the objective the promotion of social conditions, based on the norms of love and justice, which serve the welfare and security of persons.

The principle of common security counsels the latter approach. Jesus told his followers that if they were to seek first the righteousness of God (justice), those other things for which they longed -- peace, contentment, security -- would come to them. This is so also for nations. The true security of individual nations ultimately relies on the pursuit of global justice.

Indeed, the acute insecurity which Canadians and people the world over now experience is in no small measure the consequence

of the unrestrained pursuit, not of justice, but of security. The pursuit of absolute security, as a primary objective and calling forth primary human loyalties, is, in the language of the Old Testament, idolatrous.

National military policies too often are a reflection of a national obeisance to the idol of security, with devastating consequences for national security. Weapons research is driven by the pursuit of a final, technological solution to the security problem. When Alfred Nobel invented dynamite and gunpowder, calling it "security powder", he declared that it was his objective "to discover a weapon so terrible that it would make war eternally impossible". While his inventions permitted the development of genuinely terrible weapons, they turned out not to be so terrible as to make war impossible. Untold millions have been killed in wars by the weapon that was to make war impossible, and now, of course, we have another version of such a weapon. Nuclear weapons were to make war, by virtue of their terror, obsolete; but once again the pursuit of technologically-induced national security has driven military planners to redesign and redeploy nuclear weapons in ways which will make them suitable for war-fighting. And with nuclear weapons now designed to be used, the search goes on for technological immunity to the nuclear threat -- notably the Strategic Defence Initiative.

Common security requires that national policy be redirected -- away from the futile pursuit of a technologically-imposed security and toward the fostering of social conditions conducive to the security of all.

Security as the National Interest:

While common security is focused on the common welfare, nationally security is usually taken, within northern industrialized societies in particular, to be synonymous with the national interest. The contemporary use of military force by the major powers, therefore, has come to focus, not so much on the defence of national territory and those national institutions that facilitate political participation and the mediation of justice, as on the protection of what is defined as the national interest -- ie. national economic and political status within a hierarchical international economic order. For the states near the top of the hierarchy, the primary objective of what they call "security" policy is to maintain their predominance ("competitiveness"), if not domination, in the world order and to preserve the perogatives of power.

Northern industrialized countries (East and West) have come to depend for their "way of life" (their place in the global hierarchy) on the consumption of an inordinate share of the earth's resources and upon systems of mass production that require markets around the globe for that production to be sustained. With this competition for resources and markets

prominently cast into East-West ideological terms, the major powers seek to shape global events in line with their particular interests -- their interests being defined primarily as assured access to the raw materials, fuels and markets upon which economic prosperity and political predominance are built.

The Militarization of the Pursuit of the National Interest:

Military forces are thus deployed as the final guarantor of the national interest thus defined. Military forces of the major powers function on a global scale as means of intimidation and direct intervention, while the military forces of smaller powers in the third world use military hardware provided by their northern backers to exercise local control over social and political developments.

Power projection (or intervention) forces, weapons supplied to local "client" military forces (the arms trade), and nuclear weapons for purposes of intimidation, represent the three major thrusts of the military pursuit of the national interest (and later, when we come to policy recommendations to reverse trends in the militarization of international life, we will address these three categories of military policy).

Military Intervention

The major powers have come to pay increasing attention to the development of the capacity to intervene militarily in the states and regions in which their interests are directly threatened. The United States and the Soviet Union are both in the process of expanding their capacity to project military power, by acquiring foreign military bases in strategic locations, by the development of long-range military transport capabilities, by the prepositioning of military equipment at key locations, by the development of naval operations in seas adjacent to regions of interest, and by the arming of interventionist forces. The United States is building up a rapid deployment force for this purpose and it is worth noting that the largest single military export in Canadian history was to supply armoured vehicles (built under license by General Motors of Canada) to the US rapid deployment force.

The Soviet Union's most prominent interventionist force is located on its Western border, available to intervene in the affairs of its East European allies if it deems its interests to be directly threatened there. Other such forces are currently engaged in Afghanistan, and the Soviet Union is also increasing its sea and air transport facilities as a means of extending its global reach.

Proxy Military Intervention

Another means of influencing the course of events in states and regions where interests are threatened is through the supply of military equipment to sympathetic regimes. This supply of arms is now part of an international arms trade of \$30 to \$40 billion annually. The arms trade not only distorts the economies (national economic priorities) of the importing states, but its more immediate effects are to exacerbate local political conflicts, by making military solutions more readily available, by prolonging war when it does break out, and by making war more lethal through the introduction of more sophisticated weapons systems.

Nuclear Intimidation

Nuclear weapons too are mobilized in the pursuit of strategic interests. Former President Richard Nixon, in an interview with Time has indicated four occasions on which he contemplated the use of nuclear weapons. Prominent in each of the circumstances was the intent of the President to influence the behaviour of the Soviet Union in areas of the third world in which US strategic interests were deemed to be threatened. In other words, nuclear weapons are not deployed for the sole purpose of deterring nuclear attack on the territory of the state deploying them -- they are deployed because they are believed to have utility in the pursuit of global influence.

While many strategic analysts doubt the ultimate political or military utility of nuclear weapons, others note that the capacity of an American president to use nuclear weapons in a kind of nuclear gunboat diplomacy depends upon a clear strategic superiority and that US superiority has been allowed to erode. A major element of the current nuclear build-up, therefore, including the contemplation of strategic defence, becomes an attempt by the United States to re-establish nuclear superiority (and by the Soviet to prevent US superiority) in order that the political utility (intimidation) of nuclear weapons can be restored.

These three military activities -- intervention, arms transfers, and nuclear intimidation -- are responses to what, in the 1980s, are considered the chief threats to political and economic security. The current acceleration of military research, deployments and intervention are central to efforts of the economically powerful to counter their economic vulnerability.

BUILDING A SECURE INTERNATIONAL ORDER

Common Security:

These developments -- the idolization of security, the confusion of security with a national interest expressed prominently in economic terms, and the militarization of the pursuit of national interests -- call for responses that do not

necessarily conform to the politics of "realism" or self-interest. They call for a rejection of fortress security in favour of the security that flows out of conditions of global justice.

A shift in the emphasis in Canada's security policies away from "competitiveness" and toward justice requires two levels of response.

In the first instance, the character of contemporary insecurity requires a new understanding of the fundamental sources of security and a clarification of social and political objectives that can help to create the conditions of enhanced security. The policies most relevant to the creation of a more secure international order are not related to military preparations. Policies relating to trade, development assistance, and human rights, for example, address the question of security directly inasmuch as they foster the welfare of persons and the conditions that contribute to social and political peace.

In the second instance, the magnitude of the threat posed by the militarization of the planet calls for urgent measures to reduce the threat of regional wars, and of the unleashing of those weapons of mass, global destruction which represent the most immediate and total threat to global security. There are, therefore, changes in military roles, and arms control measures, that can also contribute to an international order that is based more on justice and equity and less on the pursuit of self-interest bolstered by the threat of unrestrained violence.

The following sections suggest a "permanent Canadian peace initiative", focused on efforts to restrain foreign military intervention, to control the international arms trade, and to control and eventually eliminate nuclear weapons.

Non-intervention:

1. Towards a non-intervention convention:

Since direct confrontation between the United States and the Soviet Union has been rendered impractical by the extraordinary destructiveness of their respective nuclear arsenals, the pursuit of their competition for global influence -- the establishment, maintenance and expansion of their respective spheres of influence -- has had to become less direct. Anxious to avoid direct confrontation with each other, direct intervention in the affairs of third world states, where interests are perceived to be threatened, takes on greater importance. In its initial five-year defence plan, the Reagan administration signalled its intent to pay new attention to the protection of what it deemed to be the global strategic interests of the US, and also signalled that the full range of American military capacity (including nuclear) would be engaged in this endeavour: "All of our nuclear forces are governed by a single coherent policy that governs the linkage among our conventional, non-strategic nuclear, and strategic nuclear forces. There is no separate US policy for non-strategic nuclear weapons."

The maintenance by the United States of substantial interventionist forces (with the political support of Canada as reflected in a major Canadian military sale to the US rapid deployment force) is premised on a need for the West to halt the "geopolitical momentum" of the Soviet Union. Without a US counterforce, the Soviet Union would, it is assumed, simply expand into the vacuum. The assumption of Soviet expansionism, restrained only by the threat of Western force, must itself be more closely examined.

Third world nationalism and self-determination are positive elements that undermine the influence of both superpowers and, in the end are likely to provide more effective means of containing expansionist states than is military competition between the major powers. As part of its support for the integrity and independence of smaller states, and its opposition to superpower intervention, Canada should pursue means of bringing before the United Nations a proposal for a non-intervention convention or treaty calling on states to commit themselves to the principle of non-intervention.

2. International Peacekeeping:

Canada has played an important role in developing and carrying out forms of third-party intervention into local disputes to create opportunities for the peaceful settlement of these disputes. In the decade before us there are two kinds of disputes in particular that will involve the major powers and

which in turn lend themselves most clearly to neutral third-party intervention. In both cases, Canada is in a position to make constructive contributions.

a) In the first instance, increased competition for resources and energy supplies and markets promises that in the 1980s, northern powers will increasingly see direct threats to their interests in regional conflicts in the Third World, and the temptation to intervene directly will increase. The need for effective third-party intervention to monitor cease-fires and arms flows and to permit local interests the breathing space to deal with their conflicts without the threat of intervention from the outside will have to be met if these conflicts are to be kept from escalating dangerously.

Canada has already made significant contributions to international peacekeeping operations and should make this a priority for the Canadian armed forces and ensure that this priority is reflected in Canadian military procurement and training.

b) The second type of international conflict in need of third party intervention is, of course, the nuclear arms race. Nuclear stability and hopes for halting and then reversing the nuclear arms race depend upon, among other things, a secure system of satellite surveillance and other means of verifying disarmament agreements.

Canada has already distinguished itself through contribution to the pursuit of technical means of verification and it should continue and extend this activity by supporting the development

of an independent (from the superpowers) multilateral means of monitoring arms control agreements and related activities on which all nuclear weapons states can rely -- specifically the proposed international satellite monitoring agency.

3. The Demilitarization of the Earth's Commons:

The common areas of the globe (the oceans and outer space), having become heavily militarized, now function as corridors of military attack, rather than as barriers behind which there can be a measure of security. The common security of the globe requires that the common areas of the globe be freed of threatening, offensive military power. A major arena of current superpower competition is the areas of the globe that are beyond the borders of the nation-states -- in the vast, fluid and otherwise uninhabited realms of water, air, ice and space. The demilitarizations of these regions could yield significant security benefits to the major powers, as well as to smaller powers. Common areas could be transformed once more into security barriers by means of the political prohibition of those technologies which have transformed these regions into corridors of attack.

Canada should, therefore, take initiatives in support of the development of demilitarized zones in the common regions of the globe, including the oceans, Antarctica, the Arctic circumpolar region and outer space. This should include support for such initiatives as the movement for a nuclear free Pacific and the establishment of the Indian Ocean as a zone of peace. As a means of controlling nuclear weapons submarines, Canada should

also explore proposals for limited submarine sanctuaries in the context of submarine-free zones in the Oceans.

Controlling the Arms Trade:

1. International Measures:

International efforts to limit the global arms trade have come to a virtual halt. None of the various suggestions and initiatives of the past decade, including the proposals for an international arms trade register, has led to any action. The Stockholm International Peace Research Institute suggests, however, that more open reporting of arms transfers could still be an important confidence-building measure for efforts to control the arms trade. Inasmuch as secrecy promotes suspicion, more openness in arms transfers could help to alleviate the concerns of neighbouring states (free them from worst-case assumptions and from pressures to match the apparent acquisitions of their neighbours), and full reporting of arms transfers could also serve to establish a common set of data on arms transfers, on which movements toward controls and limitations could be based. Full disclosure would also stimulate public debate of arms transfers, both in supplier and recipient states. To that end, an international "arms trade register" has in the past been a prominent proposal for providing the necessary infrastructure to more effectively monitor the arms trade.

Canada should, therefore, exercise leadership in placing the arms trade on the international arms control agenda, perhaps by sponsoring a United Nations General Assembly action directing the Secretary-General to study the feasibility of establishing an international arms trade register.

2. Full Disclosure of Canadian Arms Transfers:

Canada should also provide full disclosure of its own arms sales so that they can be subjected to public scrutiny in order to ensure that the government's own guidelines are being honoured and to identify ways in which those guidelines may need to be strengthened.

3. Restricting Canadian weapons transfers:

While Canada's arms export guidelines are formally restrictive, some important categories of weapons are not provided for, and in some cases in which there are restrictions, they are not adequately adhered to due to inadequate disclosure and review procedures.

a) Weapons designed for interventionist forces:

Consistent with support for a non-intervention convention, Canada should prohibit the export from Canada of weapons systems designed and/or destined for interventionary armed forces.

b) Components for Nuclear Weapons:

Canada should prohibit the export from Canada of components for nuclear weapons or their delivery systems, or for weapons and communications systems which are designed to facilitate the use of nuclear weapons.

c) Weapons to Human Rights Violators:

In the absence of full public disclosure of Canadian military exports, and in the absence of a public review process, Canadian military commodities regularly find their way to states that are gross and systematic violators of human rights. In order to eliminate such occurrences, Canada should require a regular Parliamentary review, perhaps the Standing Committee on External Affairs and National Defence, of Canadian military exports; and Canada should prohibit the sale of military equipment, or other forms of "security" assistance, to regimes with a pattern of gross violations of internationally recognized human rights.

Controlling Nuclear Weapons:

1. Deterrence and the Stewardship of the earth:

In the development of policies to enhance the security of this planet, it is the perspective of the steward, rather than of the ruler, that will be most helpful. And if we have regard for the security of the earth for not only this, but also succeeding generations, we will not accept as "defence" any measures which threaten the planet itself.

This has particular implications for our attitude towards nuclear weapons. This means that nuclear weapons are ultimately unacceptable as agents of national security. There are no circumstances under which the use of nuclear weapons could be justified and consistent with the responsibilities of stewards of the earth, and it must therefore be concluded that nuclear weapons must also be rejected as means of threat or deterrence.

It is nevertheless true that nuclear weapons have become central to the national security systems of the major powers, including those states which Canada describes as allies. The common and uncompromised objective of all states must be the elimination of nuclear weapons from national security systems, but it must also be acknowledged that the process of disarming can itself be destabilizing and fraught with danger. Canada is, therefore, right to support a carefully planned, multilateral process for the reduction (and eventual elimination) of nuclear weapons.

Sadly, current trends are in the opposite direction. Rather than curtailing the role of nuclear weapons in national security systems, the nuclear powers now pursue the deployment of nuclear weapons for every conceivable circumstance in the belief that, if cleverly deployed, nuclear weapons can create political and military advantages for those who possess them. Both the United States and the Soviet Union continue to develop and deploy nuclear weapons systems whose main function is not confined to threatening retaliation to nuclear attack, but is to demonstrate to the other that it has the technical capacity and the political will to actually engage in nuclear battle. In the United States, for example, nuclear war-fighting strategies have been made explicit in public documents which record American defence planning (similar Soviet documents are not available, but Soviet deployments carry the same message), and in both countries these strategies are reflected in deployments of tactical weapons, intermediate-range nuclear missiles in Europe and at sea and in new strategic systems. And most recently,

plans to pursue the development of strategic defence systems are, like all other weapons systems developed before them, justified as being the ultimate technological solution to the problem of war -- finally, we are told in the most pious of terms, the earth will be rid of the scourge of war by virtue, not of the elimination of weapons of destruction, but by virtue of the development of new, technologically more sophisticated, weapons systems that will, like Alfred Nobel's gun powder, make war obsolete.

We are not fooled by these claims because we understand that weapons systems are developed, not explicitly for the prevention for war, but for the pursuit of the national interest (security defined as political and economic predominance).

The arms race, the competition for weapons systems that will produce advantages for their deployers, is out of control. Canadian policy should recognize the urgent need to establish control over nuclear weapons, and the following recommendations suggest some policy options for Canada.

2. Limits on Innovations in Weapons Technology:

Innovations in weapons technology provide one of the most persistent and difficult to control motivations to the nuclear arms race. Weapons research in the United States, for example, will consume \$39 billion in 1986 and, of course, the Strategic Defence Initiative will alone consume about \$30 billion in the next five years. With resources of that magnitude devoted to the development of new weapons technology, innovation is inevitable -- and destabilizing. Occurring in secret, weapons

research invites adversaries to assume the worst -- that an unexpected innovation will provide a quantum leap in military technology and deliver a decisively superior military capability. Unless, each side reasons, it maintains a persistent search for a technological breakthrough, the other side will increase its chances of managing such a breakthrough. As a result each side tries to match and exceed the developments of the other, and the race is on.

Agreements to limit research are not easily verified. So while we in general urge the major powers to devote scientific research to the meeting of human needs, limitations on weapons innovations are more likely to be controlled at the testing stage than the research stage.

Canada should therefore reaffirm its proposals to suffocate the arms race by seeking limits on the testing of new weapons systems. This should include measures to prohibit the testing of nuclear warheads, including an immediate moratorium pending agreement on a long-term comprehensive test-ban, measures to prohibit the testing of nuclear weapons delivery vehicles, including the cruise missile, and measures to prohibit the testing of elements of strategic defence systems as called for in the ABM Treaty.

3. Resisting Destabilizing Weapons Systems and Policies:

Nuclear strategies, led by changing weapons technology and by superpower political-economic interests, are undergoing changes that will have seriously destabilizing effects on the

nuclear confrontation between the United States and the Soviet Union. Both the Soviet Union and the United States are developing and deploying weapons that are to be capable of threatening the other side's land-based weapons. These, along with improvements in command and control facilities, as well as anti-submarine warfare activities (ultimately to be joined by strategic defence forces) represent a determined effort to acquire nuclear first-strike and war-fighting weapons systems. Such weapons are premised on the belief that in certain circumstances it would be advantageous to initiate the use of nuclear weapons, and that in some circumstances we, the people whose security is ostensibly being provided for by these weapons, would be better off if these weapons were detonated than if they were not. Again, we rely on the Reagan administration to make it explicit. Secretary Weinberger has said that he has assigned the "highest priority...to increasing the ability of our strategic (nuclear) force management systems not only to survive but to remain capable of performing their basic functions throughout a sustained sequence of Soviet attacks." Mr. Weinberger seeks these capabilities in order to "deny enemy war aims" and for "restoring peace on favourable terms" -- those phrases being about as masterful a euphemism for fighting and winning a nuclear war as one could produce.

The meaning of deterrence has undergone a major change in order to accomodate nuclear war-fighting doctrines. In addition to being the promise of assured, debilitating response, deterrence is taken by the administration now to mean that an

adversary is deterred from taking actions contrary to one's own interests if one can demonstrate to that adversary one's capacity to fight and win a nuclear war -- not simply to punish the adversary.

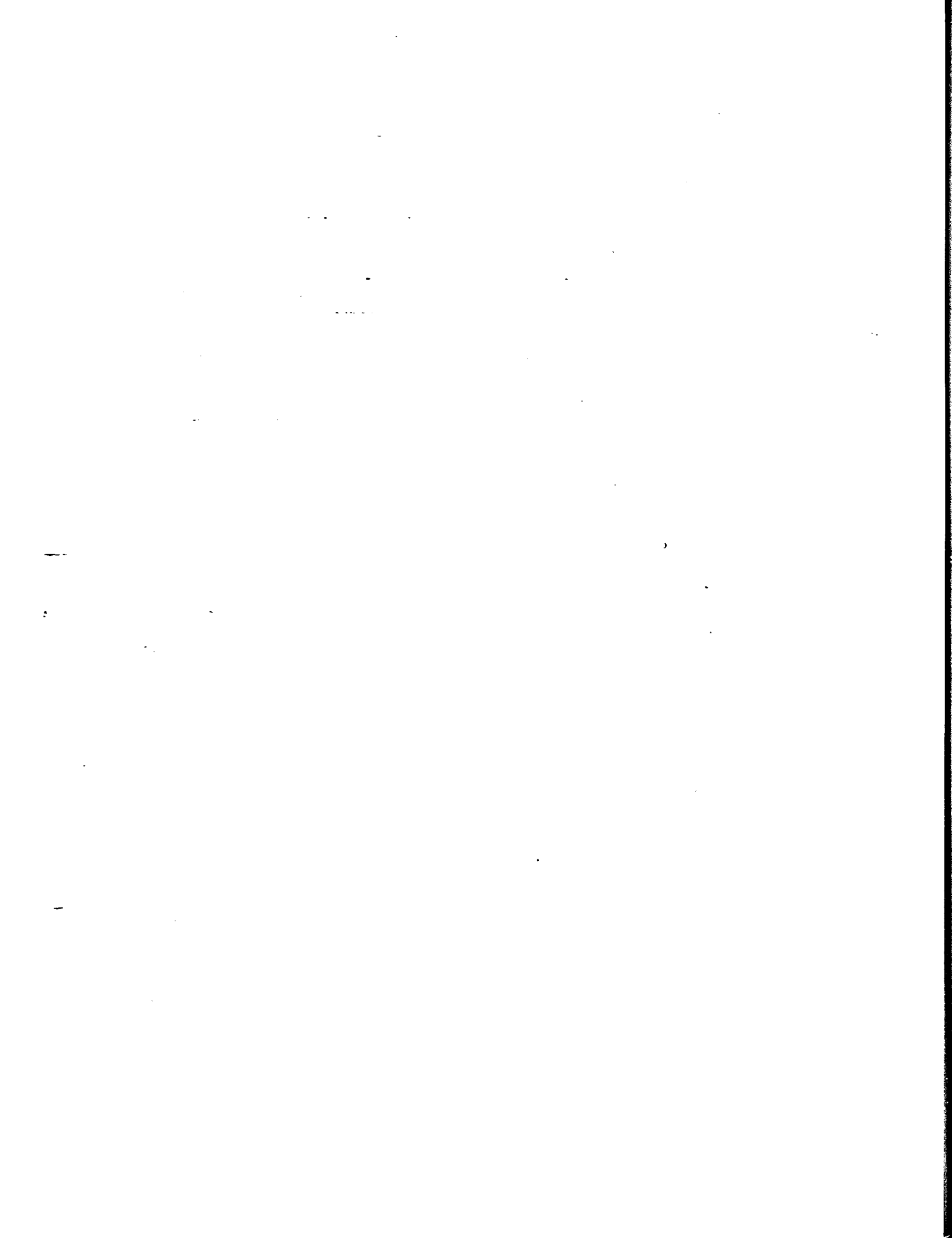
Canada needs to clarify its operational definition of deterrence and identify the types of weapons systems appropriate to that understanding of deterrence. And in that context, Canada should vigorously oppose the deployment of weapons systems designed for first-strike and war-fighting purposes.

Canada should also support measures to prevent the further deployment of destabilizing weapons systems, namely by supporting the nuclear freeze, and calling for a change in NATO's nuclear doctrine to provide for a declaration of no-first-use of nuclear weapons.

Canada should reject strategic defence in principle, including research which focuses on the development of prototype systems (as in the US the Strategic Defence Initiative). In particular, Canada should declare that Canadian territory will not be available for the deployment of elements of strategic defence forces, and, consistent with the rejection of strategic defence, take appropriate measures to ensure that there is no Canadian participation, through public or private institutions, in the US Strategic Defence Initiative.

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Appendix I

Sponsoring Organizations of Project Ploughshares

Anglican Church of Canada

Canadian Friends Service Committee

Canadian Catholic Organization for Development and Peace

Canadian Council of Churches

Canadian Unitarian Council

Christian Church (Disciples)

Christian Movement for Peace

Conrad Grebel College

CUSO

Development Education Centre

Frontiers Foundation

Inter-Pares

Lutheran Church in America (Canada Section)

Mennonite Central Committee

Oxfam-Canada

Presbyterian Church in Canada

Union of Spiritual Communities of Christ (Doukhobors)

United Church of Canada

Voice of Women

**The Common Security Alternative:
Canadian Strategies to Transform the War System**

A Brief for Submission to
**The Special Joint Committee
on Canada's International Relations**

December, 1985

by

World Federalists of Canada

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We are putting a disproportionate amount of resources into military security while other global threats to security are going destructively, dangerously unchecked. Our security crisis and our other worsening global crises have a common requirement for a solution: world political cooperation. But the evolution of such cooperation is hampered by a practicing adherence to the assumptions of the war system. The war system is defined as a system of international order in which the primary mode of security is the military of the nation-state, coupled with the threat of force. Chapter one concludes by describing the irrationality of trying to assure security through such a threat system in the nuclear age.

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Presents an alternative to the war system, and says we can choose as a matter of policy to direct Canadian efforts to achieving this alternative. The alternative to national security is common security. It is based on a commitment among all states to the evolution of reliable world institutions of security, law and due process, culminating ultimately in world federation. Although a fully developed common security world order is seen as a long term goal, it is politically possible and feasible, and the benefits of trying are immediate. Evidence of this is that the world is already in the midst of such a transformational process. The determined efforts of one or a few countries could make the crucial difference to progress toward common security. Can we achieve it in time to avert nuclear war and take action on other global crises requiring complex international cooperation? Chapter two presents common security as a total orientation, the tenets of which would pervade, and provide coherence for, Canadian foreign policy as a whole, much the way the tenets of the war system do today. A common security policy would be positive, activist, and would have strong public support.

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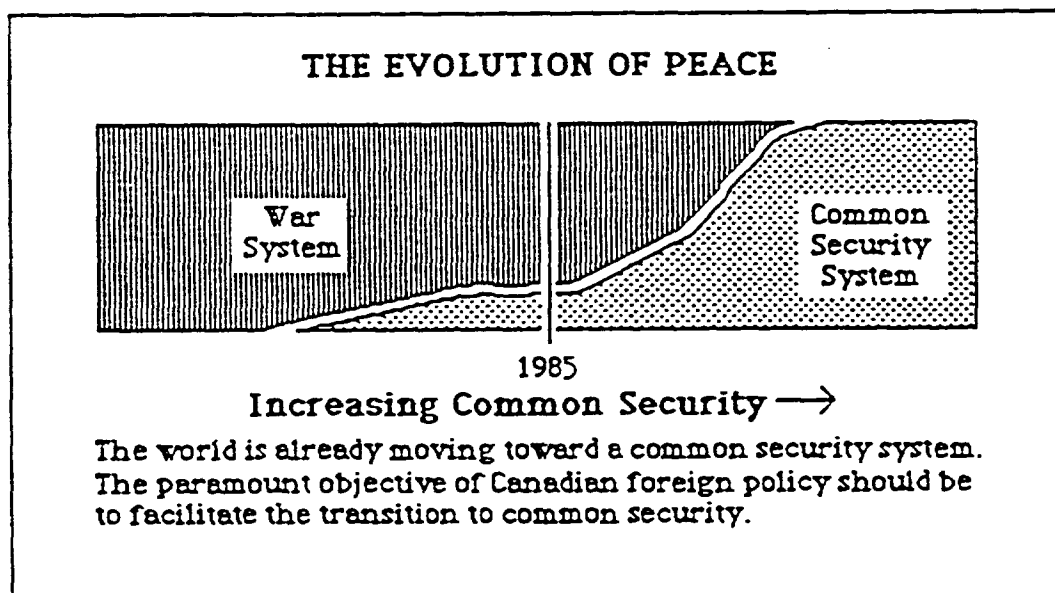
COMPARISON OF TWO PARADIGMS

War System

- security (of a state or alliance) sought unilaterally
- no shared institutions of law recognized in common by all states
- disputes arbitrated by threats, and ultimately, war
- disputes settled in favor of strongest
- highest authority: each state is authority unto itself, determining for itself when force is justified

Common Security System/ World Federation

- security sought through co-operation of all states
- shared institutions, with procedures for dispute settlement established in advance by common agreement
- disputes arbitrated by third party (courts) backed by sanctions supported by the community
- disputes settled according to strength of argument under law
- highest authority: vested by agreement among all states in common institutions of law which have sole jurisdiction for authorizing force



TRANSITION STRATEGIES

TOWARD A COMMON SECURITY WORLD ORDER

- Renewed commitment of all states to use available institutions to avert, repress or contain all use of national force in international relations, as far as the competence of those institutions will allow.
- Pursuit of broad agreements of principle among states to affirm the will to work toward common security and eventual world federation.
- Agreements of substance among parties to make small modifications to the existing institutions of the U.N. system in the direction of common security, such as a concordat restricting use of the Security Council veto, establishment of preventive peace-keeping forces, etc.
- Establishment of continuing forums for negotiating further stages in the development of global common security institutions.
- Progressive widening of areas of jurisdiction in which states make commitments to be bound by international process.
- Establishment of new international institutions of due process among regional and/or other groupings of states.
- Increasing expansion of responsibility, and widening of competence of, common world institutions.

COMPENDIUM OF RECOMMENDATIONS

1-1: That the paramount consideration in the framing of Canadian foreign policy be that it strive to do everything Canada can do as a country to end the Cold War and the war system.

2-1: That Canada affirm the goal of common security and the evolution of a world federation to be the guiding vision and long-term objective of Canadian foreign policy.

2-2: That a five year target be set to bring government expenditures on common security to a level equal to government expenditures on national military defense.

3-1a: That Canada work toward the establishment of a Peacemakers Association of Nations comprised of states ready and willing to manage their own relationships through federation, and pursue security through mutual, staged disarmament and the simultaneous creation of an integrated international security force.

3-1b: That Canada pursue the establishment of a Peacemakers Association of Nations with the small states of the Commonwealth in particular.

3-2: That Canada seek membership on the Special Committee on the Charter of the U.N. and on the Strengthening of the Role of the Organization.

3-3: That Canada sponsor a proposal for a U.N. Continuing Conference on World Security which would continue meeting until a treaty establishing improved legal and institutional mechanisms for the peaceful settlement of international disputes is achieved.

3-4: That Canada support the proposal for an International Satellite Monitoring Agency under the auspices of the U.N., and declare also its willingness to provide funding as well as data from possible future Canadian military surveillance satellites.

3-5: That Canada propose the creation of a U.N. peace-keeping force that would be available at the request of any one state party to a dispute to prevent an outbreak of war; and, further, that such a U.N. force be made up of individuals recruited directly to the U.N., as proposed by the Parliamentarians for World Order, rather than be composed of national contingents on loan to the U.N.

3-6: That Canada should lend all possible support to the creation of a Permanent Commission on Good Offices, Mediation and Conciliation under the Secretary-General.

3-7: That Canada work toward an agreement among the permanent powers to voluntarily refrain from using their veto in the following cases:

- ascertaining facts
- dispatching observers (with host country acceptance)
- functions of the Secretary-General in dispute settlement
- where a permanent power is party to a dispute
- adoption of resolutions calling for ceasefire, separation of armed forces, withdrawal behind borders
- admission of new members
- establishment of subsidiary organs

3-8a: That Canada support in principle the formation of a Second U.N. Assembly made up of non-governmental representatives.

3-8b: That Canada sponsor a General Assembly resolution calling for a U.N. Experts Group to study the proposal for a Second U.N. Assembly in detail.

3-9: That Canada sponsor a U.N. Resolution on a Global Referendum on Mutual and Verifiable Disarmament

3-10: That Canada endorse the proposal of the Soviet Union for a World Space Organization and explore the best means of advancing the proposal.

3-11a: That Canada promote discussion and negotiation on U.N. weighted voting by seeking an on-going deliberative process in an appropriate forum, perhaps one constituted especially for the purpose.

3-11b: That Canada propose more equitable U.N. weighted voting schemes, such as the Binding Triad, as part of a package deal which would include off-setting benefits to the countries of the South.

3-11c: That Canada initiate a study to thoroughly review the U.N. and advise on changes Canada should seek in the context of an eventual charter review conference.

3-12: That Canada advocate the creation of an International Criminal Court with responsibility for adjudicating international crimes of violence.

3-13: That Canada ratify the Law of the Sea Treaty and set an international example of compliance with its provisions.

3-14a: That Canada continue to provide all possible support to the Contadora process, including peace-keeping.

3-14b: That Canada promote within the Contadora process the idea of a regional mediation facility and/or a regional court for the peaceful resolution of conflicts according to law.

3-14c: That Canada support in whatever way possible, including financial, the proposal of Vinicio Cerezo, president of Guatemala, for a Central American parliament to strengthen co-operation within the region.

3-14d: That Canada increase the credibility of its diplomatic presence in Central America by opening an embassy in Nicaragua.

4-1: That Canada pursue a general NATO declaration of no first-use of nuclear weapons, tied to negotiations aimed at mutually defensive deployments consistent with no first-use.

4-2: That Canada support a nuclear weapons freeze at the U.N.

4-3: That Canada urge, using all the diplomatic resources at its disposal, that the U.S. match the Soviet moratorium on nuclear testing and begin serious negotiations for the verification of a permanent and comprehensive test ban. In the event that the Soviet moratorium expires before the the U.S. has reciprocated, Canada should urge that the U.S. subsequently announce its own unilateral moratorium, urging the Soviet Union to reciprocate.

4-4: That Canada suspend further testing of the cruise missile.

4-5a: That Canada undertake a study to determine the environmental consequences that would result from a theoretically 100 per cent successful missile defense of North America using the technologies envisioned by the U.S. Strategic Defense Initiative.

4-5b: That Canada step up its efforts to work for a ban on all weapons for use in space, such effort to include also initiatives aimed at achieving an agreement prohibiting anti-satellite weapons.

4-6: That Canada let it be known that it will never allow its North to be used for the purposes of strategic defense while the ABM treaty remains in force.

4-7: That Canada renegotiate into our NORAD agreement the clause specifically excluding Canadian involvement in ballistic missile defense.

4-8: That Canada consider joining Europe's Eureka program for research into the peaceful uses of outer space.

THE REAL SECURITY CHALLENGES FACING CANADIAN FOREIGN POLICY

A) The Larger Dimensions of our Security Problem

We usually think of security as meaning freedom from the threat of attack by other states. But security in its largest sense means freedom from danger generally, and in today's world we confront an array of dangers such as the human race has never known.

It is a paradox that we will bear almost any cost to counter threats to our security when we perceive them coming from a rival political regime. Yet when it comes to all those other perils--which are plain to see coming over the horizon; about which we can make predictions with greater certainty than we can ever predict anything about the intentions of our political adversaries; which are, in fact, already causing death to millions and wrecking the life support systems of the planet--in the face of those other emergencies we are almost recklessly sanguine. We are resigned. We are passive.

Between our defense expenditures, on the one hand, and our expenditures on behalf of a stable global ecology on the other, the disparity in the level of our concern and effort is so incomprehensibly wide that it must cause us seriously to question the reliability of the whole of our social and biological mechanisms of threat perception, evaluation and response.

The briefest over-view of just some of the other global problems which confront Canadians gives us a sense of the real dimension of the security crisis which confronts the makers of Canada's foreign policy:

Population Growth

By the year 2000, the world's population will be 6 billion. It continues to double every 30 years. If the Zero Population Growth level of reproduction--only enough births to replace people who die--were reached in the developed world by the year 2000 and in the developing countries by 2040, the world's population would eventually level off at 15 billion. At the current rate of progress in population planning this is actually an optimistic estimate, *a best case scenario!*

Increasing population will mean greater competition for scarce world resources. Put bluntly, the more people, the fewer resources there will be for each, including future generations of Canadians. Third World poverty will increase the likelihood of unrest and war, adding to the chances of the superpowers becoming entangled in a war themselves. But the greatest crisis in population growth is the toll on the earth's life support systems of so many people just trying to stay alive. Consider the effect on the planet of only 4 billion people.

Environment

In 4 decades, half the world's forests have been felled. By the year 2000, half of what remains will be gone. We are losing the tropical rainforests, the lungs of the Earth, at an

alarming rate--28 million acres of tropical rainforest are cleared each year, an area the size of England.

The loss of the rainforests, combined with ever increasing burning of fossil-fuels, is leading to a global rise in carbon dioxide levels and the warming of the Earth's atmosphere, which over the next few decades is expected to start a melting of the polar ice caps with devastating consequences to the world's coastlines.

The world has at least 10,000 tons of radioactive waste awaiting disposal. Some countries are dumping nuclear wastes in the world's oceans.

Bio-engineering is creating technologies potentially more dangerous than nuclear energy. Commercially-produced bacterial life forms with no precedents in nature are being tested in the environment with unknown, and perhaps unknowable, consequences.

Economy

The developing countries of the South owe the banks of the North \$800 billion, and increasingly there is talk of a debtor's cartel. Many economists have predicted that a large-scale default would bring down the world's monetary system. We have seen in Canada recently the extent to which financial institutions are buoyed by little more than public confidence, and how the domino effect of a collapse in one part of the system spreads panic and collapse across the whole system. What would be the implications to global security, and in particular Western security, of a sudden rupture in the international banking system. How would our democratic institutions hold up under the ensuing rush of events?

These problems are inter-related. Solutions require an integrated, co-operative, global approach. Developed countries, for example, will find it hard to clamp down on pollution if industries simply pick up and move to the developing world where controls are almost non-existent. Developing countries are hardly likely to make a priority of pollution in the face of their desperate problems of poverty and debt repayment. Developing countries hold many of the cards in our pollution problems, we hold many cards in their poverty problem.

Effective solutions will require complex trade-offs and compromises that can best be achieved through multilateral institutions in which all of humanity may be engaged in the development and implementation of global policy on matters affecting the planet as a whole. Only through such institutions can Canada hope to exercise some influence on others and perhaps hold them to account. *The development of these institutions is therefore an especially important goal in the quest for genuine security so as to enable us to deal effectively with the broad front of dangers we face.*

Unfortunately, the development of these institutions is all but paralyzed by the politics of sovereign nation-state system, particularly the politics of maintaining national security in the nation-state system.

B) Real Cost of the War System

The international system has evolved over the past half a century to the point where there is now a rudimentary international security apparatus in the U.N. And some progress has been made toward codifying international law. There is a world court, and a third of the world's nations accept its authority to some extent. But mostly states still rely for the

protection of national interests on maintaining militaries as large as their budgets will bear. This system of international order, in which the primary mode of security is the military of the nation-state, coupled with the threat of force, we can characterize as the war system.

Canadians are accustomed to thinking of the costs of the war system in terms of military spending alone. That amount is now, annually, almost \$10 billion for Canada, \$300 billion for the United States, \$1 trillion for the world. We are less generally aware of some of the other costs--the paralysis of the international system and all the vast human suffering that flows from that; the environmental damage, the structural damage to the economy--that are a direct consequence of the war system, particularly its major manifestation, the Cold War. Because we are not assigning to the war system even a fraction of its real costs, and because we are generally resigned to paying the costs we know about, the war system continues.

It is the Cold War which is primarily responsible for the bogging down of the U.N. system and, consequently, the further development of the cooperative world institutions needed to reverse the trends which threaten humanity. The Cold War has therefore contributed to humanity's immobilization in the face of global crises which in the long run, perversely, pose a more fundamental threat to both the Soviets and to the West than anyone really believes we pose to each other.

The Cold War has paralyzed the flimsy apparatus of the U.N. Security Council, and so perpetuated the war system for the whole world. Smaller nations cannot rely on the U.N. for their security. Consequently, developing nations, despite their urgent poverty, are led to spend hundreds of billions of dollars in pursuit of national security through military strength. This is money diverted from social and economic development, which Western countries including Canada do not nearly make up with their billions of dollars in development assistance.

Once possessed of a military, many third world governments turn it against their own people to maintain their power. Too often civilian governments are overthrown by their militaries. The result in both cases is the suffocation of democracy in the developing world, and the immense suffering and torment of entire populations. The repressive societies that result give rise to liberation movements, which often turn to Communist states for support, complicating the Cold War further, thus completing the circle.

Military activities are inflicting appalling damage on the environment. Vapour trails of high-flying military jets are eating away at the earth's thin ozone layer. More than 1,200 nuclear bombs have been exploded. The fallout has put millions of tons of radioactive particles into the atmosphere, increasing the likelihood of cancer for every human being on earth. Underground nuclear tests in the South Pacific have spurted radioactive gases at temperatures of between 25,000 and 50,000 degrees Fahrenheit into the ocean, affecting weather patterns and ocean food supplies throughout the whole Pacific ocean.

Just to have an enemy is to be in some sense destroyed.

What is the effect on Western-style democracy of harbouring the immense, secretive and authoritarian institutions of the military in our societies? The CIA uses Canadian citizens in brainwashing experiments. French agents blow up a Greenpeace ship, killing a crew member. Canadian security forces spy on the peace movement. We are becoming what we fear, defending our democracies with the most undemocratic of tactics.

What are the consequences to society of taking large numbers of young men into military camps, teaching them unquestioning obedience to authority, teaching them to kill

communists, to be contemptuous of their own sensitivity, and then releasing them back into society?

What of the psychological costs? The fear, the stress, the sense of hopelessness? What are the consequences to our culture of having whole generations grow up in the nuclear shadow, not entirely sure there will be a future? Is this part of the reason our society is ignoring the ominous trends for the future, because we have a basic loss of faith that there will even be a future?

To all of these costs of the war system to Canadians and to humanity we must add the cost of war itself, because the war system does ultimately produce wars. There have been some 200 wars since the end of the Second World War. They have killed 25 million people. Countless millions more have had their lives destroyed in other ways.

And finally, there is the cost of an ongoing and increasing risk, through accident or mania, of nuclear holocaust and the final destruction of our civilization and perhaps the whole of the evolutionary process.

How can we accommodate ourselves to these costs? How can we begin to justify them as "regrettable, but necessary" to the maintenance of deterrence and security? Do these costs not warrant the fullest possible mobilization of the intellectual and political resources of every person, of Canada, of all countries, to create a world free of war?

World federalists believe there is one paramount question which must be asked again and again and again in the framing of a new Canadian foreign policy: *"Does it strive to do absolutely everything Canada can do as a country to end the Cold War and the war system?"*

Recommendation 1-1: That the paramount consideration in the framing of Canadian foreign policy be that it strive to do everything Canada can do as a country to end the Cold War and the war system.

C) Nuclear Strategic Planning and the Abandonment of Reason

We will not argue with the assertion that nuclear weapons have helped prevent war with the Soviet Union since the Second World War. Probably they have, although the existence of the U.N. has surely been equally a factor, since the U.N. has helped extricate the superpowers from the show-downs they have had despite their nuclear arsenals, or even because of them, as during the Cuban missile crisis.

What must be challenged, however, are the views:

- that deterrence can be a satisfactory basis of security for the indefinite future
- that deterrence is the only option we have
- that Canada's security depends on supporting the U.S. definition of deterrence in its management of its arms race with the Soviet Union.

These points will be addressed here and throughout this paper.

The first problem with deterrence is that the strategic doctrines of the U.S. and the Soviet Union, are based on a series of mutually agreed upon, but ultimately unsupportable

fallacies. These fallacies form the basis of a nuclear scholasticism in which they are taken as true suppositions for the purposes of everything else. Privately, almost no one really believes in them, but both sides carry on with them, perhaps because without them there would be no rationale for nuclear weapons. The chaos arising from having no suppositions would be infinitely more fearful than what emerges from a common consensus around a set of false suppositions. What holds the myth together is the same thing that holds up the price of gold: a determination to go on believing so long as others, particularly the adversaries, do.

The following are a few of the most notorious fallacies:

Fallacy: Deterrence can be stable, hence reliable.

A stable system is one in which any deviation from a steady-state equilibrium sets in motion forces in the opposite direction to return the system to its original condition. This has never happened in the arms race. The arms race is a dynamic, ever moving system in which every deviation from equilibrium has been in the direction of more weapons, resulting in yet further deviations in the same direction from the other side in response. Every such deviation produces uncertainty, every uncertainty is a new danger. In the absence of measures to freeze the arms race, the application of new technology to the arsenals of deterrence guarantees deterrence can never be stable.

Fallacy: The other side may develop a first-strike potential.

The possibility of either side ever achieving a credible first-strike capability is ruled out on two counts. First, since submarines are acknowledged to be undetectable, each side is at all times assured of having a sufficient survivable arsenal of sea-launched nuclear missiles for a devastating reply to a first-strike. Secondly, studies of the nuclear winter phenomenon indicate that a first-strike involving several hundred nuclear explosions would produce global atmospheric changes that would destroy the attacker, even if the country attacked did nothing in reply.

Fallacy: More nuclear warheads mean more deterrence, security, etc.

There is a theoretical upper limit to the number of nuclear weapons useful to deterrence. It is the number necessary to convince a would-be attacker that after an attempted first-strike enough weapons would survive to deliver a devastating retaliation. The Pentagon once estimated 400 warheads would do it, less than the number on a single Trident submarine. As submarines are virtually impossible to locate and hence to destroy during a first-strike, reason suggests that a few Tridents could provide all the useful deterrent capacity required. Reason further suggests that this number would remain unchanged regardless of how many weapons might be possessed by the adversary. But while more warheads do not add anything meaningful to deterrence, they do add to the atmosphere of hostility in superpower relations, and hence to the likelihood of a war actually starting. The logical conclusion is that more warheads than the minimum necessary do not add to, but rather subtract from, security.

Fallacy: A nuclear war can be fought and won.

This is an ominous new supposition recently expounded on the U.S. side, along with claims that the Soviets believe it too. Leaks from a U.S. top-secret 1981 document "National Security Decision Document 13" revealed for the first time a U.S. policy to develop a nuclear war-fighting capability in order to be able to "prevail in a protracted

nuclear war."¹ The premise here is that the escalation of nuclear war can be controlled and limited, perhaps to the European "theatre." The idea that a nuclear war could be controlled ("controlled escalation") with a view to prevailing is perhaps the biggest fallacy of all. The theoretical assumptions and much of the technology of the immensely complex military establishments of both sides have never been proven by performance. No one really knows, for instance, if the nuclear missiles aimed over the North Pole are accurately targetted since all tests on both sides have been done on east-west trajectories. Then there is the electro-magnetic pulse (EMP) phenomenon. Studies indicate that a single nuclear detonation in outer space over continental U.S. could short circuit most of the country's power grid, and damage virtually any sensitive electronic instrument, including those of the command, control and communications system of the U.S. military itself. Can there be any rational possibility of "control," during a protracted war, in the face of such radical uncertainties?

From all of the above, we must draw the obvious conclusion: the arms race on each side has become detached from any functional consideration of the actual usefulness of nuclear weapons in the event of war, *and detached also from true concern for the real requirements of security.* Why is this happening?

1. The deployment of weapons is used as a kind of ritual display of resolve and anger. The arms race becomes a medium for diplomatic signalling. The Soviets invade Afghanistan, so the U.S. retaliates by not ratifying SALT 2 and deploying new missiles in Europe.
2. The superpowers attach psychological significance to the size of their arsenals, ascribing prestige and intimidation value to a straight count of arithmetic quantities--again divorced from any consideration of what the numbers really mean in military terms.
3. There are institutional imperatives on both sides to deploy new technologies once they are developed, perhaps to justify the investment, perhaps to placate the vested interest groups that develop along with any technology.

All of these factors (most of which are common to varying degrees on both sides, as we have noted) not only drive the arms race, they put the brake on the arms control process. One side accuses the other of pursuing a theoretical first-strike capability, as though that were a meaningful possibility. The other side throws up the need for 100 per cent fool-proof verification on the grounds that cheating would lead to a unilateral advantage, as though such a hypothetical advantage, too, was a meaningful possibility.

¹ Theodore Draper, "Dear Mr. Weinberger: An Open Reply to an Open Letter," New York Review of Books, Nov. 4, 1982, p. 26.

FROM NATIONAL SECURITY TO COMMON SECURITY

A) Conceptualizing Common Security

Human experience has shown that when two parties, be they individuals or states, want peace, the way to do it is to build institutions together. In building *common* institutions through which to govern their relationship, the parties develop a framework of rules and procedures to provide them with security through due process of law. The truest test of sincerity of any nation professing to desire peace is, therefore, its willingness to *create and affirm the authority of global institutions of common security*. Global common security is the alternative to national military security.

The term common security can be used in two ways. In the first, common security refers simply to an existing condition between two adversaries who have a preponderance of nuclear force: they share a level of security in common. Ultimately, the one can only be as secure as the other because their security is inseparably linked. A popular illustration of common security as an existing condition is that of two people in a canoe: the person at one end cannot achieve security by trying to destabilize the person at the other.

The second use of common security is as *a policy objective to be achieved*. We may say we must work for common security, which means we want to move from the existing low level of common security (in fact, a common insecurity) to a level of higher common security. In the prologue to *Common Security*, the report of the Independent Commission on Disarmament and Security Issues--known also as the Palme Commission after its chairman, Swedish Prime Minister Olof Palme--Former U.S. Secretary of State Cyrus Vance uses common security in this second sense as something to be achieved:

"No nation can achieve security by itself. Both we and the Soviet Union are, and will remain, vulnerable to nuclear attack. The fact is that there are no real defenses against nuclear armed missiles--neither now nor in the foreseeable future. To guarantee our own security in this nuclear age we must, therefore face these realities and work together with other nations to achieve common security. For security in the nuclear age *means* common security."¹

Implicit in the idea of common security is recognition of the need for cooperation. Attempts to achieve security through unilateral actions aimed at gaining advantage over the adversary, such as by building more arms, are an anathema to common security. Instead the focus must be on actions and developments which *simultaneously enhance the confidence of both sides in their relationship*. This includes arms control, but goes far beyond arms control. The real goal and most basic requirement of common security is confidence that force will never be a factor in the relationship.

Central to common security, therefore, is the need for reliable *common institutions* for the peaceful resolution of international disputes and the prevention of war among states. Cyrus Vance writes:

¹ Common Security, Report of the Independent Commission on Disarmament and Security Issues (Palme Commission), New York, 1982, p. 163.

"To an extent, the problems of nuclear and conventional arms are reflections of weaknesses in the international system. It is weak because it lacks a significant structure of laws and norms of behavior which are accepted and observed by all states. The fact that nations arm and go to war reflects these weaknesses." ¹

In its report, the Palme Commission goes on to consider improvements to the U.N.'s ability to provide security, calling for a new "concordat among the permanent members of the Security Council to support collective security action, at least to the extent possible, of not voting against it." ² It also called for the creation of a new kind of U.N. peace-keeping force.

World federalists regard the Palme Commission report as a highly significant document for its approach to the problem of security and for its many creative recommendations. We commend it to the attention of the Special Joint Committee on Canada's Foreign Relations as a reference document. We shall attach sections of it as appendices to this paper (Appendix 2-1).

The Palme Commission report is an affirmation of the basic approach of world federalism. World federalism is a fuller elaboration of the tenets of common security presented in the report. The most essential addition world federalists would make is that the reliability of common security institutions depends on their procedures being binding on all parties.

The effect of all parties committing themselves to being bound by the legal processes of common international institutions would be to vest these institutions with a degree of political authority, or "sovereignty," in their sphere of competence. The litmus test of the extent to which states really intend these institutions to be binding is the extent to which they empower these institutions with the further authority (independent of the veto of any state) to act to enforce law. In the case of the United Nations, the final authority to enforce international laws against aggression is vested not with the institution, but with five states, namely the permanent members of the Security Council. Any one of these states may unilaterally, and without need to show cause, prevent the U.N. from taking collective security action.

This, indeed, points to a critical difference between collective security and common security. With collective security a group of sovereign states agree, on a case-by-case basis, to "gang up" on any aggressor. The U.N. serves collective security principally by providing a permanent vehicle by which states can coordinate themselves. With fully developed common security, as proposed by the world federalists, the institution *itself* is vested with the means to provide for security *on behalf of* its members.

This is the fuller conception of common security which is at the heart of what is meant by world federalism.

Recommendation 2-1: That Canada affirm the goal of common security and the evolution of a world federation to be the guiding vision and long-term objective of Canadian foreign policy.

² Ibid, p. 163

B) Common Security Is Already Evolving

Is it realistic to expect sovereign nations to be bound by the authority of international institutions? The epic reality of our time is that in fact we are already moving in exactly that direction. Nations *have* been allowing themselves, however parsimoniously, to be bound into an increasingly sophisticated international legal and institutional order.

At the centre of that international order is the U.N., which now includes 159 nations representing virtually every human being on the planet. Around the U.N. is a whole array of other world bodies, such as the World Health Organization, the International Monetary Fund, the International Civil Aviation Organization, the International Maritime Organization, all of which have their councils, their laws and their procedures. There is a whole array of complex institutional structures already in place which work to solve conflict in a peaceful way through the due process of those bodies. Nations have been developing the practice and habit of working this way with other nations for more than half a century. The Law of the Sea Treaty--which lays down a new legal regime for the world's oceans, creates a new kind of judicial body for disputes arising out of the treaty, and, as well, the world's first global public corporation--gives an idea of just how far we've come.

The complex process of institution building at the global level is already going on as a continuous process. There is no question, then, that the requirements of common security are humanly and politically possible and achievable. Security, in fact, is about the only area where very little has been happening. But even there, progress has been made. Progress is possible. At least we have codified on paper a global consensus that wars of aggression are illegal. We have a rudimentary international security apparatus in the U.N. Security Council.

If progress in this area is theoretically possible, then it is also theoretically possible that a highly-conscious, concerted effort by a few countries could advance the process more quickly. There are many lesser obstacles that could be removed. There are many initiatives that could be readily achieved to transform the nature of the process itself.

C) Common Security as a Comprehensive Foreign Policy Framework

A common security policy would build on Canada's unique strengths and foreign policy traditions of support for the U.N. and multilateral institutions. For Canada, common security would not be a radical departure from what Canada has been doing, but a reaffirmation and extension of elements of current policy involving a rebalancing of priorities.

Canada is uniquely qualified to organize internationally for common security for several reasons:

- We have an established tradition of support for the U.N. and for peace-keeping (a Canadian innovation).
- We have an international reputation for our ability to act as mediator.
- We have a geographical justification for taking a more active international leadership role, since we are the battlefield situated between the superpowers.

- We have no history of hegemony in the world, no history of imperialist practices. Consequently we have a more credible voice among Third World countries than most other developed countries.
- We are members of two extensive international networks, the Commonwealth and the Francophonie.
- We have the federal experience in Canada. We have the experience of working within an institutional framework between and among two different cultures. We are philosophically versed in the problems of that, and the principles involved, and so are exceptionally well-suited to provide leadership toward world federation.

The evolution of a common security world order may take several decades, perhaps several generations, but it is no less "realistic" as a foreign policy goal on that account. In the area of social goals, and especially in international affairs, there is an inclination to downgrade epic goals as *ipso facto* not realistic. We tend to dismiss as far-fetched policy objectives that look too far beyond about one term of office. We truncate our ambitions along with our idealism and our imagination, and never develop much of a sense of where we ultimately are heading. (This is a tendency of our Western democracies. Communist societies, for instance, are more practiced at setting millennial goals.)

Curiously, in the area of technology, idealism knows no such bounds. When it comes to epic technologies, we don't ask to have all the engineering problems worked out before we set off. We begin, hoping that science will discover solutions as we go along. Kennedy was hailed as a man of heroic vision when he committed the U.S. to landing a man on the moon within a decade. Many countries are working on fusion energy, a goal that will take half-a-century. Reagan's Strategic Defense Initiative is criticized as being theoretically impossible, but seldom as being too lofty a goal.

In proposing a common security world order as a policy objective, we are asking Canada to propose to the world a strategic defense initiative of social and political engineering. It would be immensely cheaper and less dangerous than a strategic defense initiative of the Star Wars variety. It promises, on reflection, to be much more feasible and achievable, not to mention permanent. And it would have many more spin-offs in terms of the good-will generated and the new institutions and relationships developed at every stage of the process.

Support for the U.N. has long been a leg of Canadian foreign policy, but it's been the weakest one. In ball-park figures, our support for the U.N. with all its agencies is currently about \$500 million per year. By comparison our budget for national defense is about \$10 billion. We are expending about 20 times more on the pursuit of security through institutions which threaten war (i.e., "deterrence") than on the institutions of peaceful international cooperation and international law which might eventually provide us with enduring security and ultimately spare us the annual expenditures on national defense. Even if we add the budget of CIDA to the U.N./common security side, the disparity is between 5 and 10 to 1. (These of course are only the budget figures. They over-look the vast hidden costs of the war system, as mentioned earlier.)

The first requirement of a common security policy must be a commitment to fund it. We believe that in principle Canada should be prepared to budget at least as much for common

security as for national security, the more so since we will be getting immeasurably more security for the dollar through the former as through the latter.

Recommendation 2-2: That a five year target be set to bring government expenditures on common security to a level equal to government expenditures on national military defense.

There is good reason to suppose that much of what we spend on common security may be recovered through increased trade resulting from vastly increased Canadian encounter and interaction with the world beyond the North American mainland. A common security strategy, as we will propose, would involve the mobilization of a great number of Canadian diplomats--a quantum leap in the quantity and quality of Canadian diplomacy. Such a diplomatic mobilization would likely produce secondary effects of increased profile, respect, and good-will in our relations with foreign governments that would benefit Canada's trade and commerce.

International good-will is one of Canada's most important economic assets, and one that we should develop through all possible means in pursuing economic competitiveness. Here are two illustrations of the effect good will toward Canada can have on our export industries:

- The experience of Quebec-based Lavalin Inc. Bernard Lamarre, Lavalin's president, in accounting for his company's competitive edge in winning hundreds of millions of dollars in contracts throughout the developing world, and soon the Soviet Union, said recently, "Along with the professional skills we offer, everybody likes our Canada." ³
- Adnan Khashoggi of Saudi Arabia's billion dollar Triad Group provides a second example from a non-Canadian perspective. In dealing with U.S. companies, he said, "most foreign countries are frightened of the political implications. They are scared." Such countries "will not join hands with European countries because of the ex-colonial situation." But Canada "being a neutral country where there has been no political overtones, has great potential." ⁴

D) Policy Advantages to Common Security

1. A Common Security Strategy is positive and affirmative. Instead of focusing attention on the problem, on the things we don't want in the world, it focuses attention on the overall solution and on a framework for achieving the things we do want. It orients us to the alternatives we want to act on, and that's fundamentally important to achieving change in any situation.

2. It makes sense of disarmament. Disarmament is too often talked about in a vacuum, as though we could achieve disarmament without changing anything else about the international order. The idea of disarmament in a world without common security institutions to protect the legitimate rights of states is as frightening to some people as nuclear weapons are to others. The disarmament debate, as it is presently being waged, is an irreconcilable contest between those who support national security through military strength, and those who see in ever-increasing military strength the greatest source of

³ Maclean's, May 27, 1985, p.39.

⁴ Frank Feather, "Triad Group eyeing Canada for ventures in Third World", Globe and Mail, Oct. 8, 1985, Business Section.

insecurity. This is a policy environment in which the government, to please one side, must inevitably alienate the other.

A Common Security Strategy is a third approach that reconciles the other two. It would win support among the largest parts of both camps because it is compatible with, and accepts the need for, adequate deterrence in the immediate term, while providing a practical, actionable strategy for progress towards a world of genuine peace in which disarmament becomes not only possible, but even inevitable. A policy approach which could appeal to both sides of the highly polarized disarmament issue is politically desirable on that account.

3. With a small population attempting to exercise sovereignty over a vast country, Canada has a special interest in promoting the evolution of a common security world order, since it seems outlandish to suppose we could ever afford our own credible military defense over such an enormous territory. So long as the defense of Canada is conceived of in military terms in the context of a war system, Canada will remain in the disadvantageous position of having to accept the protection of the U.S. We are familiar with the pressures and constraints this places on Canada in its relationship with the U.S. We are led, ironically, to have to live with certain limitations upon our sovereignty as a result of having to rely on the U.S. to defend it. Any move toward a common security system which would diminish as a factor in international relations something Canada is weak in (i.e., military force) would directly enhance our position and the positions of other small- and middle-power countries. This is another reason why it is up to Canada to take the initiative toward common security, and why we should not expect much leadership from the large powers who have a surfeit of force.

4. A common security policy would be big enough and bold enough to capture the imagination and pride of Canadians. All evidence suggests that a common security policy would win wide support among the Canadian public. An opinion poll conducted for the Mulroney government recently showed an overwhelming 94 per cent of Canadians believe it is important that Canada try to make the United Nations an effective body for promoting peace and security.⁵

5. A common security approach is a way of making simultaneous progress on the whole array of other problems confronting the world. In strengthening in the minds of governments the idea of the world as one society, and the concept of using global institutions of due process, we would be building at the same time the psychological and institutional infrastructure needed to deal with other global crises in the area of the environment, global poverty, etc.--crises which in many ways, as has been noted, represent an even greater threat to our security than nuclear weapons.

⁵ "Canadians see world hunger, peace as top foreign issues," Toronto Star, Nov. 12, 1985, p. 1.

IMPLEMENTING A COMMON SECURITY POLICY

A) Organizing for an International Consensus

Organizing for common security would require Canada to take the idea of international activism and global public relations to what would be unprecedented levels for this country, and indeed most countries.

It would primarily require us to develop and expand Canadian diplomacy to an extent that would make us, within the common security sphere, a superpower in our own right. It is worth noting that the budget of the whole U.N. system is only about \$4 billion dollars--half of what Canada spends on defense. Within the U.N. system, Canada could become a major financial player on a budget of the magnitude of which we have advocated for a common security policy.

The main basis of our influence, however, would not be financial power, but rather the power of superb information, superb contacts, superb negotiating skill, and over time, the accumulation of international good-will and respect toward Canada, and what would no doubt come to be regarded as "the Canadian way." Canada has already developed an effective, internationally respected style of diplomacy that emphasizes communication, cooperation, fairness and compromise. What is required now is much, much more of it, along with the concomitant development of a sophisticated international research, networking and lobbying capacity. These are just some examples of the sorts of things Canada could do in implementing a common security policy:

- make maximum use of its ethnic population as a source of future diplomats (eg. look to the Slavic community for diplomats for Eastern Europe, etc.);
- create Canadian institutes and think tanks for the study of the U.N., international organization, and international law;
- expand Canadian embassies to include a "Common Security Section";
- expand its U.N. mission;
- develop detailed common security "profiles" of other countries, identifying non-governmental organizations, academics and members of government with global consciousness and common security convictions;
- promote, by all appropriate means, the formation of international networks and organizations to consolidate the shift toward common security (eg., provide support to the World Federation of U.N. Associations, the Parliamentarians for World Order, the World Association of World Federalists, etc.).

Canada is already adept at promoting its other interests abroad, especially in the area of trade. What is being suggested here on behalf of common security is mostly a difference of subject matter and scale of effort. Other nations may provide examples of how campaigns for international influence can be waged. Israel and the Soviet Union, for instance,

demonstrate how embassies in foreign countries can be used to do research and to influence not only foreign governments, but also their citizens. The exertion of such influence (within the limits of the law and decorum of the host countries, of course) is accepted practice in international affairs.

On the basis of the kind of diplomacy suggested above, Canada might pursue two strategies in particular toward building an international consensus for a common security world order.

1. Negotiation of declarations by other countries for support *in principle* for a common security world order based on enforceable world law.

In diplomacy, when a final agreement on a subject seems too remote, it is common practice to seek agreements on general principles. An excellent example of such an agreement is the McCloy-Zorin Accord, which in 1961 set out the general principles on which an eventual disarmament agreement might be based (Appendix 3-1). This accord was later adopted by the U.N. and subsequently written into the Final Document of the First Special Session on Disarmament. It expressly acknowledges that disarmament will ultimately require an international security regime for inspection and enforcement. The attempt to seek common security accords could proceed logically from such previous agreements.

If at this time actual negotiation of the structures of world federation and enforceable world law is too remote, we suggest Canada and like-minded states pursue agreements with other states, particularly the superpowers, that world federation is *in principle* the direction in which we would like the world to go. And if we cannot achieve agreements in principle for a fully-mature world federation, with a world parliament elected democratically by the citizens of all countries, then we can pursue agreements toward an intermediate model of world federation--a federal assembly of governments of the sort implied by the Binding Triad, which we discuss in section 3-C of the brief.

The pursuit of agreements of principle would be a consensus-building, consciousness-changing process in that it would engage diplomats of other countries in serious discussion based on an alternative set of assumptions. Any agreements achieved would, of course, represent real progress toward the day when a U.N. charter review conference becomes feasible. Indeed, such agreements could eventually *make* such a conference feasible.

Canada can work bilaterally in the pursuit of such agreements as well as through existing multilateral forums. But Canada must also pursue the creation of new forums in which negotiations can take place. This paper makes recommendations about existing forums, specifically the Stockholm Conference, and the Special Committee on the Charter of the U.N. and on the Strengthening of the Role of the Organization; as well as recommendations about new forums, specifically a U.N. Continuing Conference on World Security.

2) Formation of international alliances of states prepared to take all possible immediate action on behalf of common security principles.

A world of common security does not have to wait for every state to be ready to go all the way to world federation. Early progress may be made through regional and other alliances of states agreeing to manage their own relationships within a common security framework. This is the principle behind the Peacemakers Association of Nations concept, which world federalists have promoted. (Appendix 3-2)

It may be that there is a ready constituency for such a Peacemakers Association of Nations. Small states in the Commonwealth have expressed their utter lack of faith in the U.N.'s ability to provide them with security, and have called for the creation of a rapid deployment force within the Commonwealth to protect them from aggression. Here, then, is a group of states calling for an improved international security apparatus.

Because the creation of any security force would require concomitant political and legal structures to supply the necessary governance, with checks and balances, for the use of the force, the request of these countries could only be fulfilled by a major transformation of the Commonwealth. An alternative would be to involve these states in founding a wholly new kind of international alliance on the model of the Peacemakers Association of Nations, which would have the additional advantage of being open to interested non-Commonwealth states. A special effort could be made to involve Eastern European nations, in particular East Germany and Romania.

The essence of the Peacemakers Association of Nations concept is the creation of an integrated international peace-keeping force which would be under the direct authority of a democratic transnational policy-making and legal body. The creation of this force would be accompanied by, and financed by, the partial disarmament of members. This new alliance would amount to a partial world federation, which would function parallel to the U.N. system. Part of its function would be to provide for the security of its members (similar to the way the federal government of Canada provides for the security of the provinces), but part of its function would be to establish a working federation among participating states by which they can govern all aspects of their relations.

Recommendation 3-1a: That Canada work toward the establishment of a Peacemakers Association of Nations comprised of states ready and willing to manage their own relationships through federation, and pursue security through mutual, staged disarmament and the simultaneous creation of an integrated international security force.

Recommendation 3-1b: That Canada pursue the establishment of a Peacemakers Association of Nations with the small states of the Commonwealth in particular.

B) Strengthening the U.N.—Measures Not Requiring Charter Amendment

World federalists have noted with appreciation the government's stated commitment to strengthening the U.N. One of the best and most obvious ways Canada could work toward improving the U.N. would be to join the Special Committee on the Charter of the U.N. and on the Strengthening of the Role of the Organization. This committee remains one of the only places in the U.N. where there is any systematic effort to consider improvements to the organization.

Recommendation 3-2: That Canada seek membership on the Special Committee on the Charter of the U.N. and on the Strengthening of the Role of the Organization.

What follows are some specific proposals leading to a stronger more reliable U.N. which do not require revision of the U.N. Charter and deserve Canada's full and immediate support.

1) U.N. Continuing Conference on World Security

A U.N. Continuing Conference on World Security is a proposal to set in motion an international negotiating process on security on the model of the Law of the Sea Conference. Such a conference could provide the forum for negotiating many of the points raised in this paper. This conference would "multilateralize" security negotiations, a useful initiative since in the nuclear age all nations face a common threat and, as we have noted, have a legitimate interest in common security.

The object of such a conference would be to allow states to define the requirements of their security, and to negotiate a comprehensive multilateral treaty for the peaceful resolution of international conflict. Borrowing from the successful model of the Law of the Sea negotiations, the continuing conference would discuss the subject of security across a broad spectrum of issue areas, thus allowing for a complex give-and-take between all parties in the various areas. This would ensure that most states would see possibilities for a net gain through the process.

Such a conference would aim at strengthening international law and institutions in four areas: border and territorial disputes, external interference in the internal affairs of states, disarmament and enforcement of international law.

Recommendation 3-3: That Canada sponsor a proposal for a U.N. Continuing Conference on World Security which would continue meeting until a treaty establishing improved legal and institutional mechanisms for the peaceful settlement of international disputes is achieved.

2) International Satellite Monitoring Agency

An ability to gather reliable information is the essential first requisite in the evolution of the U.N. into an organization capable of providing for international security and for the verification and "effective international control" of disarmament as envisioned in the Final Document of the First U.N. Special Session on Disarmament. Logically, any state sincere about disarmament, and a signatory in good faith of the Final Document, must be looking for opportunities to build up the competence of the U.N. in preparation for the larger responsibilities envisioned for the U.N. in the Final Document.

There are many proposals in circulation for developing a U.N. monitoring and verification capability. The most prominent and promising one is the proposal for an International Satellite Monitoring Agency. World federalists regard ISMA as one of the single most important initiatives Canada could undertake in support of a strengthened U.N.

ISMA's value should not be judged primarily in terms of its usefulness in monitoring superpower arms agreements. Its value lies in its ability to provide a neutral source of intelligence information:

- to the Secretary-General to enable the U.N. to anticipate conflict and take preventive measures,
- to the U.N.'s own peace-keeping troops to improve their effectiveness,
- through the U.N. to states fearing an attack, thus reducing superpower opportunities in third party conflicts.

- to small and middle-power states, which could not afford their own satellite systems, to provide them with the technical means of verifying their own arms control agreements, and hence an encouragement to pursue such agreements.

Also important is the precedent ISMA would set in legitimizing a role for the U.N. in verification. Once established, such a role could be expanded into the more sensitive area of on-site inspection, thus providing an international solution to one of the most intractable obstacles to arms control.

Recommendation 3-4: That Canada support the proposal for an International Satellite Monitoring Agency under the auspices of the U.N., and declare also its willingness to provide funding as well as data from possible future Canadian military surveillance satellites.

3) Standing U.N. Peace-keeping Force

Secretary-General Javier Perez de Cuellar during his trip to Canada in March, 1985, called for a new kind of U.N. peace-keeping force that could take preventive action by going to trouble spots at the request of *one* of the disputing parties before fighting breaks out. This would be a major improvement over the current practice of limiting the role of U.N. troops to that of interposition forces requiring prior consent of *both* disputing states. Usually such consent is achieved only after the hostilities have broken out and many people have died. Canada has taken great and justifiable pride in the fact that it originated the idea of U.N. peace-keeping. We are ideal sponsors now of proposals to improve U.N. peace-keeping.

Perez-de Cuellar's proposal is similar to one made by the Palme Commission, which advocated a U.N. force available "at the request of one of the disputing states with a view to preventing conflict. This force would be deployed within the likely zone of hostilities, in the territory of the requesting state, thereby providing a visible deterrent to a potential aggressor."¹

World federalists urge Canada to sponsor the creation of such a peace-keeping force. We further suggest that such a U.N. force be made up of individuals recruited directly to the U.N., as proposed by the Parliamentarians for World Order, rather than be composed of national contingents on loan to the U.N. This would ensure the troops received specialized peace-keeping training, and that they would faithfully serve the U.N. and would not be subject to instruction or recall by any government.

Recommendation 3-5: That Canada propose the creation of a U.N. peace-keeping force that would be available at the request of any one state party to a dispute to prevent an outbreak of war; and, further, that such a U.N. force be made up of individuals recruited directly to the U.N., as proposed by the Parliamentarians for World Order, rather than be composed of national contingents on loan to the U.N.

4) Permanent Commission on Good Offices, Mediation and Conciliation

One of the fruits of the Special Committee on the Charter of the U.N. and on the Strengthening of the Role of the Organization is a proposal to establish under the Secretary-

¹ Common Security, Report of the Independent Commission on Disarmament and Security Issues (Palme Commission), New York, 1982, p. 163.

General a Permanent Commission on Good Offices, Mediation and Conciliation, aimed at strengthening the role of the organization in the settlement of disputes and the prevention of international conflicts.

Recommendation 3-6: That Canada should lend all possible support to the creation of a Permanent Commission on Good Offices, Mediation and Conciliation under the Secretary-General.

5) Voluntary Limitations on Security Council Veto

Abuse of the veto in the Security Council is one of the most serious causes of the U.N.'s incapacitation.

Recommendation 3-7: That Canada work toward an agreement among the permanent powers to voluntarily refrain from using their veto in the following cases:

- ascertaining facts
- dispatching observers (with host country acceptance)
- functions of the Secretary-General in dispute settlement
- where a permanent power is party to a dispute
- adoption of resolutions calling for ceasefire, separation of armed forces, withdrawal behind borders
- admission of new members
- establishment of subsidiary organs

6) U.N. Second Assembly

The direct election of globally-minded delegates to a proposed new body in the U.N. which would represent people instead of governments was advocated by the British Medical Association for the Prevention of War at the U.N. Special Session on Disarmament in 1982. Since then the idea has spread and received wide endorsement. The Second Assembly would be a subsidiary organ of the General Assembly under Article 22 of the Charter. Each country would have representation based on the square root of their population. Each country would determine how its members would be chosen. Members would take a pledge to serve the planet, and not take instruction from any state, similar to that taken by the U.N. secretariat. (Appendix 3-3)

A Second U.N. Assembly would give substance to the "we the peoples" clause of the Charter usurped by governments. It would create a consciousness of a single "world public," a world community, the citizenry of the U.N. It would promote democracy—the very thing which we are ostensibly risking nuclear annihilation to defend and enhance—on a global scale.

Recommendation 3-8a: That Canada support in principle the formation of a Second U.N. Assembly made up of non-governmental representatives.

Recommendation 3-8b: That Canada sponsor a General Assembly resolution calling for a U.N. Experts Group to study the proposal for a Second U.N. Assembly in detail.

7) Global Referendum on Disarmament

World federalists endorse the proposal developed by Operation Dismantle for a global referendum on mutual and verifiable disarmament. This "made in Canada" idea is supported according to a Gallup poll, by three-quarters of Canadians. The Soviets have already said they would conduct such a referendum if it was adopted by the U.N.

A poll of this nature would strengthen the disarmament process by making palpable a world public will. It would also enhance the public presence and image of the U.N. Imagine the effect on hundreds of millions of people of being asked by the U.N. what they think.

Recommendation 3-9: That Canada sponsor a U.N. Resolution on a Global Referendum on Mutual and Verifiable Disarmament.

8. Soviet Proposal for U.N. World Space Organization

In August, 1985, the Soviet Union proposed the establishment of a U.N. World Space Organization. The proposal is designed to counter the militarization of space, noting that "such an organization will be possible when agreements which effectively ensure the non-militarization of outer space have been reached."²

Most significantly, the proposal envisages a role for the space organization in the verification of arms control agreements. According to the proposal, the space organization would "facilitate the necessary monitoring of compliance with agreements which have already been concluded or will be concluded with a view to preventing an arms race in outer space."² Canada's Paxsat would find direct application in such an organization.

Canada should explore this idea with the Soviets, with a view to co-sponsoring the initiative, because:

- The proposal is valuable in its own right, since it expands the U.N.'s responsibilities and capabilities in a new environment, and gives credence to the concept of a U.N. verification role in space, so providing an edge of the wedge for ISMA.
- It could lead to technical cooperation and trade in space technology with the Soviet Union, and may open a potentially vast new market to the Canadian aerospace industry.
- Our involvement with the Soviet Union on such a momentous project would increase Canada's importance to the Soviet Union and give us greater diplomatic opportunity and leverage on the rest of our agenda in the area of arms control and international organization. This, in turn, would increase our importance to the U.S. and give us added leverage in all our dealings with the U.S.
- It would underline our determination to resist the militarization of space.

Recommendation 3-10: That Canada endorse the proposal of the Soviet Union for a World Space Organization and explore the best means of advancing the proposal.

² U.N. Document A/40/192

C) U.N. Charter Reform

Ultimately, the creation of a genuine common security system in the world will require a revision of the U.N. charter. A call by the United States for weighted voting in the general Assembly on financial matters, which would require charter amendment, has catapulted the subject of U.N. charter review onto the international agenda. Canada should seize the moment to broaden the discussion around weighted voting by proposing more constructive weighted voting schemes than the self-serving one being advanced by the U.S. Canada should also seek to establish an on-going deliberative process in an appropriate forum in the hope of forging a new consensus which might be the basis of an eventual charter review conference.

Canadian peace researcher Dr. Hanna Newcombe is a world authority on U.N. weighted voting. In a separate brief submitted by Dr. Newcombe to this committee on behalf of the World Federalists of Canada--Hamilton Branch, she considers a number of options for weighted voting schemes, noting that the proposals most likely to be acceptable to Western and Soviet bloc states would reduce the influence of the South, which as a group benefits from the one-nation, one-vote system. Weighted voting would therefore need to be accompanied by off-setting reforms of benefit to the South, such as a U.N. Development Fund financed by a tax on the wealthier states of the North.

One proposal we would particularly commend for consideration is the Binding Triad developed by Richard Hudson. (Appendix 3-4) The Binding Triad proposes that every vote in the U.N. General Assembly be counted three ways, first to determine the number of countries, then to determine if they represent 2/3 of the world's people, and finally to determine if 2/3 of the contributions to the U.N. are represented. A vote which carried a 2/3 majority in all three houses would then become law and be binding on the membership. It is possible that the 2/3 majority, as proposed by Hudson, is unnecessarily high, and that a simple majority would be sufficient. In either case, the principle remains: a majority in all three houses would meaningfully represent the "will of the world" and as such should be accepted as the legitimate basis for U.N. authority.

The U.S. wants its greater financial contribution to receive greater weight in U.N. voting. Other countries like China and India rightly want to be recognized for their large populations. The Binding Triad provides a compromise.

The Binding Triad would require only two minor amendments to the U.N. charter. The result could pave the way for the reformation of the U.N. General Assembly into a *de facto* world federal legislative assembly of states. The Binding Triad might also be tied to increased powers of the General Assembly in security matters, specifically the power to over-rule a veto in the Security Council. This in itself would also constitute an off-set benefitting the South and would improve the possibility of a consensus.

Recommendation 3-11a: That Canada promote discussion and negotiation on U.N. weighted voting by seeking an on-going deliberative process in an appropriate forum, perhaps one constituted especially for the purpose.

Recommendation 3-11b: That Canada propose more equitable U.N. weighted voting schemes, such as the Binding Triad, as part of a package deal which would include off-setting benefits to the countries of the South.

Recommendation 3-11c: That Canada initiate a study to thoroughly review the U.N. and advise on changes Canada should seek in the context of an eventual charter review conference.

Appendix 3-5 provides proposals for U.N. reform advocated by the World Association of World Federalists.

D) Other Possibilities in International Organization with Implications for Common Security

The prospects for common security are enhanced the more states make use of and exercise respect for international organization in general. Canada should look for and support all appropriate opportunities to widen the responsibilities of international organizations and strengthen them in their role. The evolution of international order in general will reinforce a practice among governments to think in terms of international society and world legal order.

In this respect, we commend the Mulroney government for withdrawing its reservations at the World Court regarding Canada's claim to the Arctic. We commend the government also for its decision to remain within UNESCO. Both of these measures assert our commitment to work through, rather than around, international institutions and process.

Terrorism

International terrorism is an international responsibility. It should not be up to individual nations to prosecute international crimes under national law. This will produce an uneven justice and provide additional flashpoints for international conflict. The legal structures of states are in any case not adequate to international crimes. Legal uncertainties surrounding the arrest of the hijackers of the Achille Lauro led recently to the fall of the government of Italy.

Recommendation 3-12: That Canada advocate the creation of an International Criminal Court with responsibility for adjudicating international crimes of violence.

Law of the Sea

The Law of the Sea Treaty represents the greatest single advance toward a world order based reliably on law since the founding of the United Nations itself. The treaty is the product of complex negotiations which spanned three decades in which Canada played an internationally-renowned leadership role.

Canada achieved all of its objectives in the final document. Yet, almost four years after voting for the treaty at the U.N. (where it was adopted with 130 states in favour and only 4 opposed) Canada has inexplicably still not ratified the treaty. Moreover the federal government has concluded an off-shore oil agreement with Newfoundland which appears not to take account of international financial obligations under the treaty.³

In not ratifying the treaty, Canada is helping to unravel an international accomplishment of enormous import for a strengthened U.N. system, international stability and peace, not to

³ "Obligations unfulfilled Ottawa told," Globe and Mail, May 31, 1985. This article quotes Lawrence Herman, former External Affairs officer, lawyer, and delegate to the Law of the Sea Conference.

mention Canadian interests in protecting our coastal resources, boundaries in the Arctic, etc. We are also pointlessly squandering the capital of our hard-won international reputation, which will jeopardize our credibility and our influence in future negotiations of any kind, and in particular the negotiations toward the common security world order proposed in this paper.

The treaty requires that it be ratified by 60 countries before it comes into force. Canada should ratify as early as possible and set an international example.

Recommendation 3-13: That Canada ratify the Law of the Sea Treaty and set an international example of compliance with its provisions.

Central America

The maintenance of peace in Central America is vital not only to local security but global security. A war anywhere in that tense region would lead to a general instability and spur military build-ups throughout the area, putting further strain on shaky civilian governments and on the ability of those countries to ever pay their debts. U.S. involvement in Central American conflict is already becoming an obstacle in the way of improved East-West relations.

On the other hand, the search for security in Central America seems to be leading to the evolution of new international arrangements. If the experiment succeeds it could provide a model for other parts of the world.

Canada has much to lose from a war in Central America, and much to gain from the achievement of a secure peace. We commend this government for the supportive role it has played in the Contadora process to date, and also for the degree of independence it has shown in the face of U.S. policy with regard to Nicaragua.

Recommendation 3-14: That Canada continue to provide all possible support to the Contadora process, including peace-keeping.

Recommendation 3-14b: That Canada promote within the Contadora process the idea of a regional mediation facility and/or a regional court for the peaceful resolution of conflicts according to law.

Recommendation 3-14c: That Canada support in whatever way possible, including financial, the proposal of Vinicio Cerezo, the president of Guatemala, for a Central American parliament to strengthen co-operation within the region.

Recommendation 3-14d: That Canada increase the credibility of its diplomatic presence in Central America by opening an embassy in Nicaragua.

COMMON SECURITY AND ARMS CONTROL IN A PERIOD OF TRANSITION

A) Arms Control and Defense Issues in a Common Security Context

There is a circular relationship between arms control and common security. The pursuit of each helps create the conditions for the successful pursuit of the other. Common security negotiations cannot go very far if either side is simultaneously trying to achieve a military superiority. At the same time, without some progress in the development of the common security institutions which provide alternatives to force in the protection of national interests, we can hardly expect states to give up much in the cause of arms control.

The pursuit of common security is not in the beginning a substitute for military deterrence. It is rather a parallel policy, *something done in addition to deterrence to gradually move the world away from the need for military deterrence altogether*. Throughout the transition to a world of reliable common security, states would continue to maintain sufficient military deterrence with the levels of armaments gradually decreasing as confidence in the central institutions of common security grew.

We believe, however, that the military forces, both conventional and nuclear, at the disposal of NATO are adequate by any rational calculation of the requirements of deterrence and defense. Our conventional forces may seem smaller, but a military fighting defensively on its home territory has advantages on that account which compensate for smaller numbers. Furthermore, in estimating the adequacy of our forces we must consider, too, the established superiority of our weaponry and the higher morale and level of training of our troops, and also that any Soviet attack on Europe would certainly bring French, and quite probably Swedish and other forces into action on NATO's side.

We therefore do not accept that the credible defense of Europe requires us to choose between a great conventional build-up or a continued reliance on the option of first-use of nuclear weapons. NATO first-use of nuclear weapons in Europe would lead to the destruction of the all we hope to defend. There is little confidence even among nuclear strategists that a nuclear exchange, once initiated, could be controlled or remain limited.

If a first-use option is unwarranted in Europe, it is the more unwarranted in other parts of the world where there is much less at stake to justify the first-use of nuclear arms. That any NATO ally, particularly the U.S., would want to reserve an option of initiating a nuclear exchange in some other part of the world is intolerable.

The resistance of the U.S. to forswearing the first-use of nuclear weapons in the event of hostilities is one of the most ominous and frightening indicators that the U.S. does not regard nuclear war as so very unthinkable. While we agree that declarations in themselves do not provide much of a basis of confidence, a lack of willingness to make declarations may well provide additional reasons for lack of confidence.

Recommendation 4-1: That Canada pursue a general NATO declaration of no first-use of nuclear weapons, tied to negotiations aimed at mutually defensive deployments consistent with no first-use.

As for the relative strength of nuclear forces, given the massive redundancies of both NATO and the Warsaw Pact, we simply cannot find validity in the concept of superiority/inferiority. If the object is security, *only* security, and not some primitive impulse to score psychological points against the Soviet Union, then the security of everyone would be better served by an immediate ban on the further development and deployment of nuclear weapons.

We believe Canada should give explicit recognition to the reality that any nuclear warheads beyond the minimum required for a survivable retaliatory capability in the event of an adversarial first-strike, are redundant and do not add to our security but diminish it. On the basis of such a perception, Canada should theoretically be prepared to support not only a nuclear weapons freeze, but if necessary a unilateral NATO moratorium on further testing and deployment.

Such a unilateral initiative would risk nothing in and of itself, and would positively lower the overall danger by signalling a new sincerity of intention to the Soviets. All the indications at this time are that the Soviets are serious about stopping the arms race and would respond constructively to unilateral initiatives.

It so happens, in any case, that a unilateral NATO moratorium is not needed since the Soviets have already declared a one-sided moratorium of their own on testing and on deployment of INF missiles.¹

Recommendation 4-2: That Canada support a nuclear weapons freeze at the U.N.

We commend the government for its initiative and leadership in the area of verification research relevant to a Comprehensive Test Ban.

We regret however, the reluctance Canada is showing in confronting the real obstacle to a Comprehensive Test Ban Treaty: the lack of will on the part of the U.S. While the Soviets have announced a unilateral moratorium on nuclear weapons testing, the U.S. has given notice that it intends to continue testing for many years to come. Canada is busying itself with a few of the clauses and sub-clauses of a possible agreement, and avoiding the most fundamental issue--our own ally is not serious. By refusing to match the Soviet moratorium, the U.S. is sending a clear message to the world: the West is to blame for the arms race. This does not help our case in the struggle for world opinion.

Can we go on much longer as Canadians accusing the Soviets and excusing the U.S.? Does there ever come a point when Canada breaks ranks with the U.S. to demand a halt to the arms race by all sides, including our own?

Recommendation 4-3: That Canada urge, using all the diplomatic resources at its disposal, that the U.S. match the Soviet moratorium on nuclear testing and begin serious negotiations for the verification of a permanent

¹ It is our observation that those who cry "appeasement" at the mention of anything unilateral, and who claim that a unilateral freeze would give a meaningful advantage to the other side, are very often the same people who most strenuously dismiss the unilateral moratorium declared by the Soviets as an empty gesture.

and comprehensive test ban. In the event that the Soviet moratorium expires before the the U.S. has reciprocated, Canada should urge that the U.S. subsequently announce its own unilateral moratorium, urging the Soviet Union to reciprocate.

Freezing the arms race begins at home.

Recommendation 4-4: That Canada suspend further testing of the cruise missile.

B) Star Wars

We continue to regard Star Wars as the most irrational and destabilizing new development in the arms race. We believe Canada should do more than decline to participate. Canada must campaign to stop this bizarre and dangerous program, as much to help the Americans as friends in a time of confusion as to help ourselves and the planet.

Star Wars means, very simply, the end of deterrence for the Soviets. It strips the Soviets of their assured retaliatory strike. The rules of deterrence virtually dictate to the Soviets that they not agree to any limitation on weapons so long as Star Wars remains a possibility. Star Wars is the death of all reasonable hope of progress in arms control. This is reason enough for Canadians to be outraged.

But one of the most destructive aspects of strategic defense has yet to really emerge in public debate, and that is its effects on the environment, even if it works 100 per cent as intended. Hundreds, perhaps thousands of kilograms of plutonium--a substance so toxic that a single ounce could poison many millions of people--would rain down on Canada.

As Canada has already given its blessing to the research phase, opposing Star Wars now would require a politically delicate reversal of position. However, the findings of a study on the consequences of strategic defense to the North American environment would undoubtedly give us the grounds for a change of position. Canada could not be expected to maintain support for a defense system that saves the U.S. by destroying Canada. The study might well also show that even with Star Wars, the U.S. would suffer unacceptable environmental destruction.

Since Star Wars could not be put into operation without free U.S. access to the Canadian Arctic, Canada has an effective veto over Star Wars.

Recommendation 4-5a: That Canada undertake a study to determine the environmental consequences that would result from a theoretically 100 per cent successful missile defense of North America using the technologies envisioned by the U.S. Strategic Defense Initiative.

Recommendation 4-5b: That Canada step up its efforts to work for a ban on all weapons for use in space, such effort to include also initiatives aimed at achieving an agreement prohibiting anti-satellite weapons.

World federalists have noted with appreciation statements by the government that Canada regards the ABM treaty as "sacrosanct." Canada could add weight to its words by letting it be known that there can be no questioning our commitment to the treaty while it is in force by allowing the Canadian North to be used for missile defense.

Recommendation 4-6: That Canada let it be known that it will never allow its North to be used for the purposes of strategic defense while the ABM treaty remains in force.

Further to this, it is imperative that Canada repel the thin entering wedge of Star Wars that we allowed in when we dropped the important clause from our NORAD agreement that expressly ruled out missile defense.

Recommendation 4-7: That Canada renegotiate into our NORAD agreement the clause specifically excluding Canadian involvement in ballistic missile defense.

One line of argument that has been put forward most strenuously to date on behalf of Canadian involvement in Star Wars has centred not on the requirements of security, but on opportunities for stimulating the high-technology sector of our economy. Although it has been shown that the sort of research and development work required by a military program like S.D.I would produce very few jobs, we can expect the prospect of high-technology opportunities to remain alluring as the U.S. program goes along.

It is evident that, in general, research and development geared to finding solutions to real human problems would lead to a greater number of jobs through a greater and more reliable civilian demand for a useful product, and would do more to enhance human well-being, than a program such as S.D.I. which aims to consume billions of dollars to develop the means to burn holes in missiles at astral distances.

But even in the specific area of space technology, there are alternatives to Star Wars that promise to yield much more fruit, socially, politically and economically. One alternative is for Canada to join the European Eureka program which aims to develop technology for the peaceful uses of outer space. University of Toronto Chancellor George Ignatieff, a member of the World Federalists of Canada's Advisory Board, has informed us that he recently spoke with Madame Simone Weil, former President of the European Parliament, and that she saw no reason why Canada should not adhere to this worthwhile European Community project.

Canada's entry into Eureka would be all the more credible, and its stature within it enhanced, if it were preceded by a principled commitment to the International Satellite Monitoring agency proposal, discussed in section 3-B(2). Space surveillance is emerging as an important element of Eureka.

Recommendation 4-8: That Canada consider joining Europe's Eureka program for research into the peaceful uses of outer space.

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