Director's Annual Statement
January 1992

Canadian
Institute for
International
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Security

A Time of Hope and Fear

A New World Order and a New Canada

Peace and Security 1991–1992

BERNARD WOOD

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The Director's Annual Statement is published at the end of one year and the beginning of the next, to highlight issues and events of the past year, and to draw attention to important future issues. Opportunities for Canadian interests and action form the basis of the review and forecast.

The Statement is the work of the Director, and he alone is responsible for its contents. In the preparation of the report, he has relied heavily on the advice and support of the Institute staff to whom he offers his sincere thanks. He wishes to acknowledge in particular the editorial advice and assistance of Nancy Gordon.

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SUMMARY

As Canadians wrestle with constitutional choices over the next few months, their international implications and consequences need serious thought and consideration. What effects have the enormous changes during the past few years had on the need and scope for Canada in the world? What would be the effect of a diminished Canada on the rest of the world? And what do our foreign policy and actions tell us about our common identity and values?

The End of the Cold War

Some cynics and separatists have seized on the end of the Cold War to argue that it has ushered in an era of peace and tranquillity, making past security alliances irrelevant, and a coherent Canadian state unnecessary.

Some peace! Some tranquillity!

The end of the Cold War has opened up *more* instability, *more* challenges to security, and *more* dangers of armed conflict. In fairness, it has also opened up extraordinary opportunities.

There are strong analogies in the present situation to the period after the Second World War; the difference is that rather than *fear and hope*, as Escott Reid described those years, we now have *hope and fear*, with hope being much stronger, but fear by no means entirely dispelled.

A New Economic Order in Europe

The overriding goal in assuring security is to create a climate in which prosperity, human rights and democratic freedoms can flourish in all of Europe. But the transition to democracy and tolerance is exceedingly difficult in conditions of extreme economic adversity, where the pie of prosperity and opportunity is smaller, and less easy to divide.

If the West "won" the Cold War, it was not in order to leave its first victims, the peoples of the Soviet empire, abandoned and hopeless at the very time when they seek to embrace western values and prosperity. The enterprise of helping rebuild the former Communist world is an even

greater common obligation than was the rebuilding of western Europe through the Marshall Plan. It may also be a greater opportunity — not only to avert great dangers, but perhaps also to give a massive "kick-start" to the lagging international economy through meeting the gigantic economic, social and environmental needs of the region.

These countries need and ask for, almost the equivalent of an Occupation regime. This is obviously not possible, but some Canadians have privately suggested setting up a "twin" to the OECD which, in an earlier form, played such a key role in the post-war recovery of western Europe. This could help break through some of the current bureaucratic inertia and unseemly competition between European and American responses.

Even the higher estimates of investment now required from western countries are derisory beside the sums that have been spent on military defence, amounts which should never have to be spent again.

Political and Military Security

It has been clear, as western countries navigated the shoals of the crumbling Soviet Union, and the fragmentation of Yugoslavia, that there are dangers in moving too precipitously to give political acceptance to emerging authorities. The councils of the West have not proved cohesive enough to preserve unity in all cases; unfortunately, Canada and Germany broke ranks in their unilateral pushes for recognition of Ukraine, and Croatia and Slovenia respectively.

In the fields of arms control and arms reduction, 1990 and 1991 were probably the most encouraging years in history and yet, events moved so quickly that these positive trends were overshadowed, and perhaps left behind.

Canadian Defence Policy

Ottawa took a welcome step forward in September 1991 when the Minister of National Defence made a long-delayed defence policy statement. The policy still does not confront as directly as it might the fact that for Canada, UN peacekeeping may represent primary — as opposed to ancillary — defence challenges. It is time to recognize that UN peacekeeping is a global "growth industry" in which Canada is the world leader. It is a source of healthy national pride and extraordinarily strong public support for Canada's armed forces.

The Advisory Committee set up on defence infrastructure is not yet, unlike its American counterpart, mandated to make concrete, "de-politicized" suggestions for rationalization. Such a procedure could reduce the ugly and divisive political battles as well as the serious human and economic dislocations which come with the hard decisions on base closings in Canada.

Whatever Happened to the 'Peace Dividend'?

One explanation for the delayed benefit recognizes that the excessive and deficit-financed military spending of the past was even more damaging than has been realized, and thus that its reduction will first serve to limit the damage being done; only much later will it show up as a positive improvement.The general difficulty of any such fundamental economic adjustment is another explanation. In countries only half-emerged from the bureaucratic depredations of central planning, the natural economic systems for the reallocation of resources are under-developed. Many are tempted to slip back into their old patterns, trying to plan "conversion" from military production at an industry or even an enterprise level, rather than recognizing that the conversion must take place at the level of the economy as a whole. Even in the market economies, the reallocation of capital and technology, and the adjustment of the labour force and defence-dependent communities, is gradual and painful, and doubly so in recessionary times.

"Beating swords into ploughshares" will be a gradual, indirect and pervasive set of processes rather than any simple transfer.

Regional and North-South Confrontations

The most prominent effort at regional peace-making has been in the Middle East, where Washington, honouring its pledges at the time of the second Gulf war, has exerted prodigious energy and skill to get Israelis, Palestinians, and various other Arab representatives to the table, and to keep them there.

In other regions, the UN-sponsored transition schemes in the Western Sahara and Cambodia remained generally on track, but fragile, and some further progress toward peace was also realized in Central America. Discussions between the two Koreas also began to yield some concrete results, raising hopes that the spectre of a nuclear-armed North Korea can be averted.

In various parts of Africa, meanwhile, wars and the legacies of wars continue to afflict huge numbers of people, and too often go unnoticed or unremarked because the agony has endured so long as almost to become expected.

More broadly, the mood of the Third World remains angry at the relative neglect of most of its problems after the crisis in Kuwait had passed; cynical about some of the high ideals and objectives proclaimed by the West at the time; anxious about the loss of the perceived Soviet foil to American power; concerned about the potential for intervention, overriding state sovereignty, in the name of what are often seen as "Western" values and interests.

A New Canada in a New World Order?

Canadians must factor the international stakes into their constitutional calculations. Will conditions change so fundamentally, either globally or in Canada's own constitutional arrangements, that the common foreign policy that is not now broken will have to be fixed?

If the state is dead, what is that very large and bumptious object that keeps on erupting just across from Windsor? What are these new things being born every day with flags in their hands, and what is the prevailing form of political organization throughout the Third World?

Can anyone seriously contemplate a "new world order" consisting of three closed blocs of the rich quarter of humanity, at economic daggers drawn, serenely preaching democracy, market economics and disarmament to an increasingly desperate majority? All this in a world of overloaded natural systems, of explosively divergent value systems, of potential mass migrations unseen in history, and of weapons and techniques of mass destruction proliferated to every corner of the globe?

No country can match Canada's established niche, its extraordinary connections (in North America, the G7, NATO and CSCE, Asia-Pacific, Commonwealth, Francophonie, and OAS), or its capacity for diplomatic leadership. All available testimony from foreigners corroborates the view that the traditional Canadian role in the world — together with its model of pluralism and tolerance at home — remains as constructive and important as ever.

If Canada's new constitutional arrangements were to produce much more decentralized control over economic and foreign policy, the protection of Canadians' interests and the projection of their values in the world would be diminished.

Should the country rupture, no provincial government could justifiably claim the kind of representation which Canada now merits in international councils. Even a re-configured Canada, without Quebec, would be vastly diminished. A separate Quebec, of course, would count for much less again on all international scales. The Canadian foreign policy whole is, and will be, manifestly greater than the sum of its parts.

Canadians must think seriously about trying to deal with the United States or any other powerful country or grouping, if Canada consisted of fragmented, squabbling states with no effective construct at the centre. Fewer people in Canada would be talking much about the abstractions of sovereignty and competing fiefdoms if the United States — sure of little retaliation — decided to scrap the auto-pact, or if the European Community decided to move in, without restraint, on Canada's in-shore fisheries or international grain trade.

In a world of states trying to accommodate ethnic, linguistic and regional diversity with the demands of interdependence and integration, Canada has long been valued as one of the most successful role-models. Any Canadian constitutional outcome which is seen internationally as a failure of the Canadian experiment in tolerance, accommodation and cooperation will seriously damage the confidence, in less favoured parts of the world, that open, democratic societies can manage these challenges.

Paradoxically, it is often only from outside, in our foreign policy accomplishments and reputation in the world, that we see how strong the common interests and values among Canadians truly are, and unfortunately most of us do not get that chance "to see ourselves as others see us" often enough.

Escott Reid once wrote — "Mackenzie King in the twenties and thirties sought for a foreign policy that divided us the least. St. Laurent and Pearson in the late forties and fifties sought for a foreign policy that unites us the most." The latter tradition has been sustained and valued by generations of Canadians and, more than we realize, by the rest of the world.

INTRODUCTION

Belatedly, Canadians have begun to bring into focus the two lenses of their binoculars on the future. One, inward-looking, has borne down mercilessly, and too long, on the divisive ambitions and grievances (mainly those of the political classes) in this country whose citizens rank second on the planet in their quality of life.[1] The other lens — on the outside world — has opened wide in the past few years to the astonishing torrent of global change which will undoubtedly have dramatic impacts on the people of one of the most "international" of nations.[2]

In principle, it is a fine thing for Canadians to try to bring these two sets of prospects together. The pursuit of knowledge and understanding is a good thing in itself; in practice, however, it looks as though the debate on the international dimensions of "the Canadian crisis" may be turned by protagonists and opinion-moulders into merely one more weapon in their parochial domestic struggles.

Analogies between Canada and other integrating or disintegrating political and economic communities (the EC, Soviet Union, Yugoslavia) have been used and abused in the complex and fevered debate at home. Some serious people have suggested the need to "think about the unthinkable" — that reason and non-violence will not necessarily prevail in the resolution of Canada's future — as one means of helping to avoid such an outcome. Others have then tried to turn this thinking into threats or the perception of threats — just more grist for the enemies of the enviable Canadian tradition of peaceable compromise. Happily, the Chief of the Defence Staff, General John de Chastelain, received wide attention with some calming remarks on the scrupulous respect of the Canadian Armed Forces for their constitutional roles and limitations, and the strict confines of their law and order functions.[3]

Informed foreigners have awakened to the fact that Canadians have got themselves into an even more difficult corner than before. They are mostly bewildered and impatient, since they know that Canada is one of the world's best communities for its people, and that in relative terms we have few excuses for getting ourselves into such a mess. Some foreigners are worried, fearing the loss, diminution or paralysis of one of the most

responsible states on the world scene and one of the best models — with all its flaws — for tolerant pluralism in a world which needs such models now much more than even a year ago.

It is noteworthy though, that the principal protagonists in the Canadian debate have not made the international stakes a primary point in their arguments. Certainly, those who are most critical of Canadian structures do not criticize foreign policy very much. They are forced to admit that most Canadians recognize, on balance, that their interests and values have been well served internationally in the half century or so since Canada evolved as an autonomous actor on the world stage.[4] On the other hand, defenders of Canadian federalism (with varying degrees of renewal or renovation) seem to think, in line with most traditional political scientists and opinion researchers, that international issues are not as influential with voters and citizens as are the "bread and butter" concerns of economics at the local and national levels. Thus federalists have not emphasized the honourable and successful Canadian record in the world, apparently in the belief that it will not be especially persuasive in the debate at home.

In one of the most interdependent countries in an increasingly interdependent world, however, "bread and butter" concerns of the economy and social welfare cannot be managed at the local or national level. It is true that most citizens are frustrated by the difficulty they feel in influencing, or even in fully comprehending, the global economic forces which shape their lives, and in Canada as elsewhere, spasms of self-assertion by national, regional, ethnic, and local groups partly reflect an impulse to resist or attempt to counter-balance this integration.

We should not automatically accept the conventional wisdom that "bread and butter" issues of personal prosperity and welfare will overwhelmingly shape one's political decisions. Both in the present and the past record of humanity, there is ample evidence that people can be moved as much by their values as by their material interests, and by emotional drives as much as by rational calculations.

We are entering a year when Canadians in all parts of the country will be called upon to make up their own minds, perhaps finally, on whether a Canadian state in recognizable form should continue to exist, and, if so, how it will be re-shaped and how it will function in the future. To contribute to the stock-taking by individual Canadians it may be useful to try to anticipate the international needs, pressures, and opportunities that

lie ahead, and to look at how, on the basis of experience in Canada and elsewhere, various constitutional outcomes in Canada are likely to affect the peace and security which are still the first needs of all human beings.[5]

CANADIANS' PRIMARY INTEREST AFTER THE COLD WAR

The first goal of any state, and of human society in general, is to provide its members with a base of security against threats to their lives and properties. For forty years, an over-riding threat of ideological and military expansion provided a clear and compelling framework for the international activities of most states, and consumed vast amounts of energy, ingenuity and treasure.

Some cynics and separatists in Canada have seized on the end of the Cold War to argue that it has ushered in an era of peace and tranquillity, making past security alliances largely irrelevant, and a coherent Canadian state even less necessary than they had already assumed it to be.

Some peace! Some tranquillity!

The end of the Cold War, while stopping the global confrontation of the two superpowers, has opened up *more* instability, *more* challenges to security, and *more* dangers of armed conflict. In fairness, it has also opened up extraordinary opportunities to confront and surmount these problems, but no one can view with complacency the turbulent ethnic and political conditions, and the pent-up expectations, which follow the collapse of the Soviet external and internal empires. Because these changes are so rapid and massive, and so fundamental for the entire international order, they rightly capture the first attention of policy-makers and publics in countries like Canada, and this priority of attention will also be reflected in the present analysis. While focussing on what was the Soviet Union and on Europe, however, it is crucial to remember that the changes in that region both permit and require a much wider restructuring of the whole international order.

There are strong analogies in the present situation to the period after the Second World War. Then, a wide-ranging set of security concerns gave birth to a massive effort of solidarity in the political and economic reconstruction of western Europe and Japan, and in the creation of the North Atlantic Treaty as a temporary and partial substitute for the global UN system of collective security, then blocked by the Soviet veto.

Many Canadians have forgotten that in the late 1940s, their country had a substantial influence in shaping the response to these urgent security challenges, and some who do remember may think that such a Canadian role is no longer needed or justified. In fact, the forging of the responses of the Post-Wall security challenges in Europe and elsewhere are, if anything, more important than ever to Canada, and it is possible that Canadian contributions are more necessary than ever as well.

As one of its key designers, a Canadian, has written, the North Atlantic Treaty was conceived and born in a "*time of fear and hope*".[6] We are again living through a time of great change and uncertainty in Europe and the world; the difference is that this is more a *time of hope and fear*, with hope being much stronger, but fear by no means entirely dispelled.

If we assumed that, as in 1947-48, we were facing today's uncertain world without a trans-Atlantic security structure, what, if anything, would we now try to invent?

ASSURING A BASE FOR DEMOCRACY AND PEACE

a. The OECD Core of a New Economic Order

The overriding goal in assuring security is to create a climate in which prosperity, human rights and democratic freedoms can flourish in the new Europe — a goal that is now substantially assured in western Europe, but suddenly must be extended throughout central and eastern Europe, where these questions hang dangerously in the balance. If these objectives are not advanced both for the former Soviet empire, and for the Third World, western Europe and North America will face growing disruption and deterioration from the unmanageable movements of people and the proliferation of conventional and unconventional security threats.

We should assume that the vital long-term means of achieving the basic objectives of improving welfare and stability will be through open economic, functional and human cooperation. The institutions of the world market economy — the GATT, the IMF, and the World Bank — must set the economic rules for the integration of new partners into what should ultimately become a wider "security community".[7] In the expanded European region, the EC should undoubtedly be the principal motor of growth and prosperity, but we should never forget that no foreigner can ever develop another country.

The outside world can and must provide fair, open, market opportunities, technical assistance, and capital for soundly-based investments to the states of central Europe. Some emergency transitional assistance will also be necessary, but long-term development will only come from within, and from the ground up. The rules of the international market economy will do much to dictate the economic parameters within which our former adversary countries will work, but these international rules will not magically generate the internal economic structures, work habits, and expectations of a modern market economy. Nor will the hope of eventual integration into the wider international community of democracies by itself enable all the newly-freed and newly-created states of the former Eurasian empire of the Soviet Union to manage smoothly the intensely difficult transition to democracy and respect for individual and minority rights. The transition to democracy and tolerance is doubly difficult in conditions of extreme economic adversity, where the pie of prosperity and opportunity is smaller and less easy to divide.

When suggestions are made for a "new Marshall Plan" for the Eurasian republics it is worth remembering that post-war western Europe and Japan retained the basic pre-requisites for development. Equally important to the success of that historic venture, however, was an unequivocal acceptance — in the countries formally under Occupation — of the political and economic control by outsiders, mainly American, who exerted authority during the crucial initial period of mobilization and institution-building. A kind of germinal "democracy under trusteeship" was more easily able, during the crucial early years, to contain expectations than internationally unfettered democracies would have been.

There are, of course, great differences between the situation of the occupied countries of the former Axis, and the republics newly-freed from Soviet occupation. Even so, citizens and governors of these republics are sometimes wistfully inclined to invite foreign intervention and direction on a scale reminiscent of the post-war Occupations, and might willingly cede some of their new-found sovereignty to acceptable international bodies which could help them to construct viable societies.

Against this background, the dangerous slide of the former Soviet republics and most other COMECON members continues, with better, but still very difficult, prospects for the central European states. Political struggles and instability are impeding international flows of even the modest technical and other assistance pledged, and make large-scale private investment unlikely for some time to come. New economic structures are slow, difficult and painful to put in place, while the old ones have been rapidly hollowed out to the point of collapse. The most significant form of economic and social input from the outside world seems to be the periodic sermons on fundamentalist economic religion from the bloodless preachers of the International Monetary Fund, combined with tough talk about honouring past debts.

In parallel, the world has witnessed an obscene degree of bureaucratic delay and international and institutional rivalry which is the antithesis of coordination, and undermines the value of the limited assistance which does flow. Perhaps the most serious underlying problem is the debilitating trans-Atlantic tug-of-war, with western Europeans seemingly unwilling to accept a major American role in the post-Cold War Europe, but unable to rise to the challenges without it, and the United States itself torn between impulses of activism and isolationism.

The surreal quality of the outside "response" to countries which essentially have hardly any economy left does not seem to have struck the governments of the West, but it will increasingly frustrate, and anger, the desperate leaders of those states. The West must now calculate its own interests, as well as its moral stakes, in seeing the Cold War "victory" yield real benefits for the "liberated" peoples. Non-cooperation on the control and technologies of nuclear or other weapons could rapidly become one of the few levers available to their beleaguered leaders. It is not fanciful even to recall the classic usefulness of an "external enemy" to political leaders in trouble, or to those who would replace such leaders. Even more real, and immediate, is the prospect of massive human suffering and desperate mass migration across the face of Europe unless short-term necessities are assured and real hope created for the medium to long-term future.

Barring the operational equivalent of an Occupation regime, what *can* be done for reconstruction and for the effective use of outside assistance and eventually investment? More is needed than the broad macro-economic rules of the IMF and the GATT, the resource flows to come through the European Bank for Reconstruction and Development, a confusing web of bilateral discussions, and the broad political and security dialogues to be managed through the new North Atlantic Cooperation Council and the existing Conference on Security and Cooperation in Europe (CSCE).One need is for a realistic approach to regional economic relations in the wake of the collapsed COMECON, and with only a long-term prospect of radical re-routing of trade flows to western Europe and other markets. On this question, and some others, some interesting and iconoclastic ideas have recently been germinating among a few closely-concerned Canadians; their ideas should be more widely considered.

While no-one argues that the COMECON framework ever provided a rational, fair or efficient basis for trade relations among its members, the assumption that these economic relations themselves can or should be totally jettisoned, along with the defunct framework, is wrong and dangerous. This is especially true when it is recognized that even the relatively privileged association agreements recently agreed between the three central European countries (Poland, Czechoslovakia, and Hungary) and the European Community were hedged with enough exceptions to offer only modest hope of a westward reorientation.

A new framework of rules and practices is urgently needed for regional economic relations in the former COMECON area as well as for

cooperation on issues such as transportation and communications, energy, the environment, and migration. Consistent with the norms of the GATT and the European Community and aimed toward full integration with them, any new structure of this kind must ensure that it is seen as the way out of the old isolation of these economies; it must in no way perpetuate their isolation. An idea has been privately proposed in Canada to help meet this need for an acceptable regional economic framework — as well as for a clearing-house on economic policies and technical assistance that would make a Marshall Plan type of programme possible. This proposal calls for the replication (with the help of the Organization for Economic Cooperation and Development) of a twin organization to play the kind of role that OECD's own predecessor organization, the OEEC played in the post-war recovery in western Europe.

The "twinning" of an existing organization, with a relevant mandate, structure and expertise for these tasks, has a natural appeal, increased by the fact that all the established market economies, including Japan, are members. Japan is too rarely a full participant in the dialogues with the new democracies, although Japanese participation is universally recognized as essential to any serious reconstruction effort. The use of a framework like the OECD could also defuse the unhelpful competitive atmosphere between the European Community and the US as well as the possible sensitivities of the "recipient" countries. This is because the OECD model is already established and respected as a "mediator", providing the coordination and sometimes tough advice which governments have difficulty applying.

It is possible that there are compelling arguments against trying to use an OECD-related framework, or that one based on another existing organization (like the Group of 24, the EBRD, or the European Community) might be entrusted with these expanded tasks and coordinating functions. What is unmistakably clear is that the conditions which will make a dramatic reconstruction possible are not yet being fulfilled, and the West is fiddling (and western institutions jockeying and jostling) while eastern Europe has already begun to burn.

If the West "won" the Cold War, it was not in order to leave its first victims, the peoples of the Soviet empire, abandoned and hopeless at the very time when they seek to embrace western values and prosperity. The enterprise of helping re-build the former Communist world is an even greater common obligation and mission for the western world than was the re-building of western Europe through the Marshall Plan. It may also

be a greater opportunity — not only to avert great dangers, but perhaps also to give a massive "kick-start" to the lagging international economy through meeting the gigantic economic, social and environmental needs of the region. Even the higher estimates of investment now required from western countries are derisory beside the sums that have been spent in the past on military defence, amounts which should never have to be spent again.

b. Political and Military Security

The international framework for rational economic relations and the integration of the old eastern bloc into the international economy cannot alone develop and assure democratic political stability in a region which has never before known it. The thawing of the Cold War has released intact many of the virulent strains of national, ethnic, and racial animosity which were frozen into the societies of the Soviet empire, and some new ones besides. As with genuine economic development, the main impetus for democratic political development and the respect for human rights can only come from within societies and, barring the equivalent authority of an Occupation regime, the West is bound to encounter frustrations, setbacks, and disappointments as this process proceeds under difficult conditions.

Fortunately, the principles established in 1975, under the Helsinki Final Act — which subsequently served as the standards for ending the Cold War — can and should provide an agreed framework for political behaviour, especially after their reinforcement in the Charter of Paris in November 1990. Respect for individual and minority rights; the rule of law and democratic processes; the foreswearing of any use or threat of force to change frontiers; and acceptance of existing and continuing arms controls and reductions:all these are *necessary conditions* for the peaceful political evolution of the wider Europe.

Unfortunately, these broad principles do not provide *sufficient conditions*, and the actions and choices of some western countries in the turbulent conditions of political change have not helped. What is needed is a clear set of standards to which all authorities can be held, and the consistent interpretation and concerted application of those standards by all the states in the councils of the West, beginning with the Group of Seven, then NATO, the European Community, and extending out to the established democratic members of the 38-member CSCE group.

It has been clear, as the western countries have navigated the shoals of the crumbling Soviet Union, and the parallel, bloody fragmentation of Yugoslavia, that there are dangers in trying to avoid all risks or defer them indefinitely. On the other hand, there are also dangers in moving too precipitously to give political acceptance and trust to emerging authorities. The councils of the West have not proved strong or cohesive enough to preserve the all-important unity of action in all cases, against differences in national interests or public sentiments.

Unfortunately, Canada and Germany have broken ranks, among the inner circles of the West, in their unilateral pushes for recognition of Ukraine, and Croatia and Slovenia respectively. In their own defence, the Canadian and German governments have stressed that the recognition of states does not imply any necessary approval of their governments' conduct, and indeed that further influence may be exerted through the establishment and conduct of diplomatic relations and concrete cooperation. There is also a legitimate question as to whether the granting of recognition can be effectively used, even by the majority of states acting together, to assure a new state's respect for borders, individual or minority rights, or arms control commitments. Because of the different circumstances, Canada's "jumping the gun" to recognize Ukraine was far less serious than Germany's drive to recognize Croatia and Slovenia against the advice of the UN and the peacemakers, and in the midst of a widespread and confused war situation. The international community had long since understood that Yugoslavia, in its previous form, could not survive, but these moves toward recognition served mainly to complicate the cessation of hostilities, and create false hopes of outside intervention to aid one side.

It can only be hoped that these examples will not become precedents for the success of divisive tactics by governments and secessionist movements, and for the re-emergence of selective and inflammatory intervention by outsiders in the many tinder-box situations which lie ahead in the former Soviet Union, and central and eastern Europe. Even an overconservative and demanding approach to accepting political change will be preferable to re-creating the fatal danger of European politics in the past, when the inevitable local conflicts escalated out of control through the intervention of outsiders.

In the long transitional period until economic and functional integration of the old eastern bloc itself brings prosperity and security, it will be important to guard against excesses of political, nationalistic or ethnic

strife and possible military competition which could de-rail progress, and even create chaos and carnage again in Europe and the world.

What, then, are the *security* threats, and the most appropriate responses? Whether we want to believe it or not, the first threat is still the classic danger of unbalanced military power. As Robert Schuman said during the ratification debate of the North Atlantic Treaty in 1949,

> The feeling of insecurity is not always due to a defined threat, a visibly prepared aggression. The mere imbalance of forces that is maintained by the stronger and not compensated for by serious international guarantees in favour of the weaker, suffices to create insecurity.[8]

Arms Reduction and Arms Control

In the fields of arms control and arms reduction, 1990 and 1991 have probably been the most encouraging years in history and yet, paradoxically, events have moved so far and so fast that these positive trends have been overshadowed, and may in some real senses have been left behind. We have seen the massive conventional forces reductions agreed in November 1990, and confirmed in June 1991 with the resolution of some final disputes; the July 1991 signature of the START (Strategic Arms Reduction Treaty) agreement which for the first time actually cuts strategic nuclear weapons; and some progress on a number of other longstanding negotiations on arms limitations and reductions. By September 1991, however, President Bush unilaterally announced sweeping cuts in American nuclear arsenals and readiness, and one week later President Gorbachev more than reciprocated with similar measures and further offers of his own.

The dramatic break from the tradition of laboriously negotiated arms control agreements reflected the virtual elimination of the political confrontation between East and West, but equally it reflected a sense of urgent concern about some new problems. Suddenly, the key concerns in arms control have shifted from an approach of managing an intricate relationship of deterrence between heavily armed adversaries, to one of literally *controlling* and preferably eliminating weapons which might otherwise fall into unpredicted and unpredictable hands. The shift of approach to rapid arms cuts was too late to avert a set of very serious concerns about the management of nuclear and other forces as the Soviet Union finally crumbled. It is by no means clear how past agreements will be implemented and verified under these radically new conditions.

Moreover, there are well-founded worries about the potential for commercially-motivated "leakages" of all types of weaponry and military expertise from the economically-desperate former Soviet empire to other parts of the world, exacerbating existing concerns about weapons proliferation. In the wake of the two Gulf wars, and the discoveries about Iraq's advanced weapons programmes, some progress was made in attempts to limit arms transfers (particularly to the Middle East in the first instance) with the October agreement of the five Permanent Members of the Security Council (also major arms exporters) on guidelines for these transfers. The agreement by the UN General Assembly in December to an arms registry system was further evidence of a broad sense of concern for the issue, and one in which Canadian representatives had taken an active part, particularly since the Prime Minister began personally pushing the question of arms transfers with his western Summit and other counterparts in February, 1991. At the same time, there were grave difficulties in getting agreement to limitations which would really constrain major arms suppliers, and only a few of the conflict-prone regions which provide major customers have yet seen adequate reduction of tensions. Wider North-South alienation and stress may continue to make further agreements in these areas very difficult, even including the renewal of the Nuclear Non-Proliferation Treaty in 1995.

NATO and Future Security Systems in Europe

If we were trying to invent a major security system now, from scratch, we would try to do four broad things, two of which were not an active part of our agenda in 1949. We would want to:

1. Maintain a preponderance of non-threatening, deterrent military force among the OECD community of countries against any potential aggressor, in a system extending from Vladivostock to Vancouver and beyond.

2. Establish a solid framework for coordinating and burden-sharing in our defence efforts, and coordinating and pursuing arms control and arms reductions for increased military security. This framework would encompass the imposition of serious controls on the proliferation of modern weaponry.

3. Ensure that, even among allies, military responsibilities and capabilities are shared to the point where no partner feels resent-

ful of its burdens and no partner feels marginalized from critical decisions.

4. The current disaster in Yugoslavia underlines the need to strengthen the international machinery for conflict prevention and the peaceful resolution of disputes. These efforts must extend from the global level through the UN to the regional level, where the Helsinki/CSCE processes can and should be developed further to serve as a model for building frameworks for security and cooperation at regional levels around the world. The needed preventive capability would include much more serious strategies for the effective use of non-military sanctions, including their use as deterrents. In such an agenda for international military security, there are both continuing and new roles for a variety of institutions and networks, including the Atlantic Alliance and for some years to come, NATO (the distinction between the underlying political commitment of the Alliance, and its military instrument in the NATO forces and command structures is one that may become increasingly important in the years ahead).

There are enough tools, and enough real jobs for those tools to do, and it would be a mistake to try to turn existing tools to jobs for which they are not suited, in order to justify their existence.

The Atlantic Alliance *cannot* be the primary instrument for carrying forward any grand design for promoting the economic and political solutions for the underlying security problems of central and eastern Europe. Nostalgic reveries cannot now give life to the "Canadian Article" of the North Atlantic Treaty — Article Two on economic and social cooperation — when many other custom-built tools have filled the gap. The primary instruments for this task are the GATT, the IMF, potentially the OECD with a new eastern outreach, the CSCE, and the EC.

In the short and medium term, *only* NATO can provide the underlying foundation of military stability, security, and military dialogue which will permit this process to proceed. There is still a need for a "tough cop", or a solid insurance policy (even if it is one with much-revised coverage). It must be capable, under the direction of political leaders, of managing crises, of deterring any use of the major weapons which are still around in large numbers, of responding to any number of conflicts which could blow up to major proportions and of "balancing" any single major state in greater Europe. If such a treaty organization did not already exist, we

would want to invent it, and we would still want it to be a European-North American partnership, probably with a solid form of Japanese participation as well.

As the former Warsaw Pact countries have all accepted, *only* the Atlantic Alliance, for some time to come, will be able to provide the framework for the essential dialogue and cooperation on military security which can now increasingly replace military confrontation. Without that underlying dialogue on security, the crucial structures of political and economic relationships are also much more likely to be vulnerable to serious damage. This dialogue must first be maintained and improved among the west European and North American allies themselves — paradoxically, it may prove even more necessary to communicate and coordinate in a time of contracting military threat than in times of expanding military threat.

As a less conventional priority, this dialogue must now be expanded, in a dramatic new way, to encompass Japan. The "western" community of values now absolutely includes the West's vital Pacific partner. Genuine dialogue on security matters with Japan has not been strong enough in the past and the consequences have been very damaging. For the future, Japan's contributions — in *all* areas — will be essential to building durable security in the former Soviet empire (which is also Japan's neighbour) and for this and other compelling reasons it is now crucial for the Atlantic Alliance to solidify its *most privileged* consultative relationship with Japan. Even if there is reticence on the part of Japan itself, the Alliance should pursue this goal as a first priority.

Next, the Alliance should proceed, as it now intends to do, to regularize and intensify its dialogue on military security issues with the new democracies and its old adversaries. The agenda for this dialogue includes both the implementation and verification of existing agreements for arms control and reductions, the exploration of new ones, exchanges on military doctrine and civil-military relations, and a range of other topics which the NATO Summit in Rome in November 1991 identified, including the development of the North Atlantic Cooperation Council.

It is absolutely clear that the Alliance can and should now become more of a balanced, equal partnership between Europe and North America. It is also clear that the US has moved to accept, and even welcome, the strengthening of a European defence identity which will serve as a stronger European pillar of the Alliance.

Most Canadians probably find it appropriate that this country continue to deploy a modest direct contribution to European defence. A more unconventional and controversial possibility is that Canada could now make a special contribution to a more balanced partnership by inviting assistance from its European allies in meeting some continuing defence needs in Canada, assuming that these are not quickly eased by arms control agreements. Examples include Canadian concerns in relation to aerospace surveillance and the maintenance of sovereign control in Canada's Arctic territories and waters.

There is a limit to which the Alliance can and should try to play the role of the "good cop". In fact there is much room now for a "good cop" and we have invented one, in the form of the CSCE. It should be developed as far and as fast as possible in the fields of the peaceful settlement of disputes, conflict prevention, the vigorous promotion of human rights, democratic practice, and minority protection.

If CSCE member-states, or some other group of states in Europe, want to get into the peacekeeping business, they have a great deal to learn about the realities of the field. The peacekeeper's role is a neutral, narrow and limited role, taken on with the consent of the parties after hostilities have ceased. The possibility of humanitarian and other forms of intervention, without the consent of the parties, is a totally different and much more dangerous challenge — dangerous in many senses. If the legitimacy of this kind of intervention is to be pioneered in Europe, it will have to be done with clear and unmistakable support from the whole community of states. Otherwise, what is seen as a noble innovation could turn into a repetition of the escalations of history.

Canadian Defence Policy

Ottawa took a welcome step forward in September 1991 when the Minister of National Defence made a long awaited defence policy statement to provide a response to the transformed world of 1991, so radically changed from the time of the Government's appraisal in its last Defence White Paper in 1987. The 1991 paper may signal the intention to use more regular and frequent statements as the primary vehicle for articulating and up-dating defence policy, in place of the ten or fifteen year White Paper reviews which in the past have been so difficult to complete, and to adjust to rapidly changing realities.

The government paper was necessarily still at a fairly general level, and will call for specific and more detailed follow-up in a number of areas, but it did clarify the Government's intentions to maintain flexible and competent armed forces, and to ensure that Canada plays an active role in the historical evolution of Europe.

One major debate that may still be unresolved is whether, with reduced security threats and force-strengths, Canada should or must move further away from the aspiration to field comprehensive military capabilities, on the land, sea, and in the air. Might Canada, on the other hand, have to accept the possibility of strengthening "niches" of special Canadian defence expertise to contribute to international peace and security requirements.

The government statement still does not confront as directly as it might the fact that for Canada, UN peacekeeping(and perhaps peace-enforcement as well) may represent primary — as opposed to ancillary — defence challenges. It now seems safe to assume that the coming demand for UN peacekeeping and observer forces is likely to be closer to that of the last three years (in which 5 operations have been launched) than to the average level of the previous forty-three years, which saw only 14 operations in total. Given Canada's unparalleled leadership in this area, the new demands, and the growing possibilities for involving more nations in this work, it is probably going to be necessary for the Canadian Government to define a special strategy for UN peacekeeping and stability operations. Ottawa will have to be prepared to make clear, to Canadians and others, the kinds of capabilities that we can, and cannot, muster; how we can use our experience and reputation to involve others more effectively; and how we respond to some of the new types of "peacekeeping" ideas and issues that are now proliferating.[9]

It is time to recognize that UN peacekeeping is a global "growth industry" in which Canada is the world leader. It is a source of healthy national pride and extraordinarily strong public support for Canada's armed forces, when those of many countries are hard-pressed to justify their existence to voters and taxpayers. The proper management of this unique Canadian asset in the next few years does deserve some particularly focussed attention, by both foreign policy and defence planners.

Given the changed, but still unpredictable, situation in Europe, the government's planned reductions — with a continuing commitment to a 1,100 person residual force with air-reinforcement and naval contributions

— were accepted by most Canadians, analysts, and allies, as striking an acceptable balance. There is a need in coming months to define where and how the remaining forces will fit, as well as coping with the major challenge of relocating, refocussing, and reducing existing forces.

Some other areas to be defined following the Government's September statement include: possible naval involvements in United Nations' activities; future military roles in asserting and protecting Canada's sovereignty in the Arctic; and exploration and definition of other possible "non-traditional" roles for Canada's armed forces.

Even more vital, from the perspective of effectiveness for Canada's reduced armed forces, is the Government's undertaking to increase the percentage of the budget allocated to procurement of equipment. To be realistic, however, this goal will depend on a determined reduction of defence infrastructure. And here the Government made only preliminary and tentative steps, probably because of the social and political sensitivities involved in closing more of Canada's surplus bases. The Advisory Committee set up on this subject was not yet, unlike its American counterpart, mandated to make concrete, "de-politicized" suggestions for rationalization in their reports to the Minister. Such a procedure would make real breakthroughs in rationalization, and together with serious adjustment strategies could reduce the ugly and divisive political battles as well as the serious human and economic dislocations which come with these hard decisions in Canada.

c. Beyond the Porous Boundaries of "Europe"

Canadians have always assumed that the security functions of the Atlantic Alliance, of NATO, and of the CSCE and other groups in Europe are undertaken in pursuit of the purposes of the United Nations Charter, and under the provisions of its Chapter 8 which encourage regional security organizations to uphold these purposes. There has long been a widespread assumption that the UN itself would never be called upon to take a direct security role in Europe, but such action should not be excluded. Although the neighbours may have ample capacity to help settle disputes, mediate an end to conflict, or keep the peace, they may sometimes be *too close* to bring the required objectivity and neutrality between disputants. In these circumstances, as in past UN operations, the peacemaker from further away may have a special role to play — as Cyrus Vance has demonstrated in Yugoslavia — and there may also be advantages to peacekeepers from a distance.

Outside the area covered by the North Atlantic Alliance, the first responsibility, and opportunity, of all states today is to support and encourage the UN to discharge its security functions. With the end of the Cold War, it is almost as though we *have* reinvented the United Nations. Today's world community might want to build it in slightly different form, and we may have to undertake the difficult business of renovations in order to up-date the institution and its global legitimacy.

Western countries should never forget that the North Atlantic Alliance was only viewed as a necessary stop-gap because of the Cold War's paralysis of the global security system and the rule of law. The paralysis has lifted. For the first time since 1945, there is a serious prospect that the UN system could come to play its intended roles, and Canada and other western countries can and should be its first supporters in doing so. While the selection process for a new Secretary-General fell short of some of the more ambitious hopes for the dawn of a new and streamlined era in the UN, there is now a substantial momentum behind the organizational reform proposals of the "Wilensky Group" of Ambassadors. Secretary-General Boutros-Ghali has indicated his own awareness that his early decisions and actions will heavily influence the UN's prospects for effectiveness in coming years, and the extraordinary rallying of Security Council members, at the summit level, serves to underline the new potential.

We will in any event have to prepare ourselves militarily to contribute in more effective and balanced ways to UN operations, and the Western countries' practice of working together in NATO will continue to be a major operational asset to the UN. We must also still continue to be prepared to act under the Charter's provisions for self-defence and collective defence when the UN itself cannot get the necessary agreement to act.

To date, the preoccupation of Western countries in coping with the peaceable integration of their former adversaries has not led, as many in the developing world had feared, to the diversion of massive aid resources away from their continuing critical needs. It is undeniable, however, that public and policy attention in the West have been drawn away to these new challenges and that financial flows from governments must ultimately follow such policy priorities. At the same time, it is clear that government-to-government foreign aid, in its traditional forms, is increasingly difficult for hard-pressed finance ministries to justify, whether it be for North-South or East-West transfers. Thus trade opportunities, and the capacity to attract foreign capital and technology, will more than ever be

the keys to economic betterment both in the East and in the South. In both cases internal and intra-regional economic rationalization is likely to yield more rapid and tangible benefits than any hoped-for *largesse* from the West.

Whatever Happened to the 'Peace Dividend'?

There is one further major question that relates to both the radically changed military security situation and the all-important priority of strengthening security through economic improvements. The question is, "whatever happened to the expected 'peace dividend'?" Many people had anticipated that the lessening of military confrontation between East and West would result in quick and massive benefits both to the national economies concerned and to the health of the global economy. Although the cuts by major military spenders have already been substantial — ten percent in the USSR in 1990, six percent in the US, and five percent for the globe[10]— major positive benefits have not yet been felt.

There are several major explanations for the seemingly weak 'peace dividend' to date. The first, thoroughly consistent with the view that reduced military spending is economically beneficial, recognizes that the excessive, and deficit-financed military spending of the past was even more damaging than has been realized, and thus that its reduction will first serve to limit the damage being done; only much later will it show up as a positive improvement.

Thus a substantial share of the debt-overload in the American economy (still the main locomotive for the international economy as a whole) was built up as a result of the massive military spending drive of the early and mid-1980s. This military spending spree, though providing a strong dose of artificial macro-economic stimulus while it lasted, also entrenched some serious economic and social distortions within the United States' economy, and helped exacerbate global problems with interest and exchange rate imbalances, as well as damaging protectionist pressures. The accumulated weight of past deficits, in turn, tightly constrains the extent to which Washington or other capitals can call upon Keynesian stimuli during the current cyclical downturn, exacerbated as it is by sweeping structural adjustments in the international division of labour.The internal economic strains of the arms race within the Soviet and east European economies were far worse, and helped to deepen, as well as to reveal, the fatal rot in the entire system which Mikhail Gorbachev would courageously unveil and then dismantle. Just as the old east bloc economies

were more heavily dependent on their military spending, and more distorted by it, their adjustment to its reduction has been even more difficult than in the West.

However, the general difficulty of any such fundamental economic change is another of the main explanations of why so little benefit has yet been felt from reduced defence spending in any country. The resistance to spending reductions is naturally fierce, in some countries quite literally so, among military establishments themselves, and among the regions, localities, and industries likely to be most directly affected. In countries still only half-emerged from the bureaucratic depredations of central planning, the natural economic systems for the re-allocation of resources are under-developed, and many are tempted to slip back into their old patterns, trying to plan "conversion" from military production at an industry or even an enterprise level, rather than recognizing that the conversion must take place at the level of the economy as a whole. Even in the market economies, the reallocation of capital and technology, and the adjustment of the labour force and defence-dependent communities, is gradual and painful, and doubly so in recessionary times.

None of this is to suggest that the reduction of defence expenditure and the recouping of economic and social benefits will not occur, at both the national and international levels, as long as the gains and pace of arms reduction can be maintained, and constructive pressure for other economic and social priorities sustained. It does underline that the "beating of swords into ploughshares" will be a gradual, indirect and pervasive set of processes rather than any simple transfer.

In the Third World, aggregate military spending edged upward in 1990, but this increase was accounted for by a few states, since the more general trend of decreased spending continued for most countries. Reliable figures for 1991 are not yet available, so it is not possible to say whether the trend of declining military expenditure as a result of economic strain has continued. Nor is it yet clear whether the "lessons" of the second Gulf War have spurred more governments to try to upgrade their military capabilities, or to abandon this course as futile and turn their resources to other ends.

Some governments, of course, see no choice but to continue investing heavily in the military, because of perceived threats from within or outside their territories. Movements toward more democratic practices should ultimately reduce the role of armies in the control of civilian populations,

but this reduction is likely to be slow, uneven, and to suffer periodic setbacks. Events in 1991 in places as widely scattered as Tibet, Haiti, East Timor, Myanmar, and in the Horn of Africa served as reminders of the continuing uses of soldiers by oppressive rulers.

Toward Regional and North-South Confrontations?

Meanwhile, there are all-too-few examples of regions elsewhere in the world taking inspiration from the regional cooperation and security-building processes which helped bring an end to the East-West confrontation. The most prominent effort at regional peace-making has been in the Middle East, where Washington, honouring its pledges at the time of the second Gulf war, exerted prodigious energy and skill to get Israelis, Palestinians, and various other Arab representatives to the table, and to keep them there. What became clear, to all those who had not already expected it, was that the processes of pre-negotiation and negotiation will be laborious, bitter, and vulnerable to being undermined by any number of actors and factors. The investment by Secretary Baker and his colleagues will be difficult to sustain over the long haul, and through a presidential election period.

However, it is now clear to most observers that the will of the American government and people for a durable, just resolution is firm and is unlikely to be diverted by obstructionism from any quarter, now that the negative influence of the Cold War has finally been dispelled from the region. The successful effort to repeal the 1975 Zionism-is-racism resolution of the UN General Assembly was another important step in establishing the seriousness, breadth , and legitimacy of the demand for peace in the region by the whole international community.

Elsewhere in the Middle East, the mixed legacies of the second Gulf war overhang the region itself, and the various visions of a new world order. The human toll of the war itself, and of the continuing sanctions against Iraq, sits uneasily with the ugly fact that the architect of the aggression and the oppressor of the Iraqi people is still in place, and has been revealed to have made much more extensive and advanced preparations for mass-destruction warfare than had been feared. The legal and political judgement of the US-led coalition not to proceed to Baghdad and depose Saddam Hussein, sits badly as well with the subsequent and continuing need to intervene, in the name of humanity, against his slaughters and persecution of innocent Iraqi Kurds and Shia Muslims. At the same time, some preliminary moves to stem the flow of weaponry into the

area give some reason for hope. The release of most foreign hostages in the region, and the associated indications of a more pragmatic approach to international relations by the prevailing authorities in Iran, is another positive change.

In other regions, the UN-sponsored transition schemes in the Western Sahara and Cambodia, having finally achieved the support of the key parties concerned, remained generally on track, but fragile, and some further progress toward general peace has also been realized in Central America. In spite of huge continuing obstacles, discussions between the two Koreas also began to yield some concrete results, raising hopes that the spectre of a nuclear-armed North Korea can be averted, together with the possible need for some new NATO-like structure to contain such a threat.

In South Asia, little or no progress was made in attempts to bring to bear any process of regional cooperation and security to cope with the numerous inter-state tensions which interact with secessionist, communal, and partisan animosities to create highly volatile dangers. The assassination of Rajiv Gandhi, apparently by Tamil militants, and the continuing violence in Kashmir, underlined the urgency of defusing conflicts in the South Asian region.

In various parts of Africa, meanwhile, wars and the legacies of wars continue to afflict huge numbers of people within and across borders, too often unnoticed or unremarked because the agony has endured so long as almost to become expected. The liberation of South Africa from apartheid, and its hoped-for integration as a dynamic force for regeneration of the continent, must first survive the difficult negotiations and the chronic internal violence which plague that country itself.

More broadly, the mood of the Third World remains angry at the relative neglect of most of its problems after the crisis in Kuwait had passed; cynical about some of the high ideals and objectives proclaimed by the West at the time; anxious about the loss of the perceived Soviet foil to American power; concerned about the potential for intervention, overriding state sovereignty, in the name of what are often seen as "Western" values and interests. It is clear that the response to the Iraqi aggression against Kuwait, while a necessary condition for any new world order to replace that of the Cold War, was far from a sufficient condition in the eyes of the majority of the world's people, living in the Third World. Most of the smouldering issues of North-South relations in the world, as

outlined in these statements one and two years ago, remain unchanged and untreated, and it is only a matter of time until the wrong kind of wind whips more of them into flames.

If people in the West are tempted to complacency and/or to distraction about the continuing and deepening potential for ugly North-South conflict, it is likely that the global conference on the environment and development in Brazil in June 1992 — the "Earth Summit" — will shake their lethargy somewhat. This conference, many years in the preparation and chaired by an eminent Canadian, Maurice Strong, is intended to rally all nations to confront the growing security threat posed to the entire planet by environmental degradation. These preoccupations, among the most deeply-felt concerns of publics in the industrialized world, now seem certain to run headlong into the anger of Third World governments and peoples at their deprivation from the benefits of global development, and their inability, and refusal, to undertake further disproportionate sacrifices for the benefit of the world's privileged minority. Will this confrontation, unlike the energy crisis of the 1970s, stir the leaders of the industrialized world to give real attention to Third World problems, and support peaceable and sustainable measures for improvement? Or will inertia once again prevail, and the "rich" wait for the alienation of the Third World to reach inescapable crisis proportions? The swelling tides of desperate migrants are only the first signs of how Third World suffering can now reach First World shores, and in an interdependent world no-one will be safe from critical environmental damage, from economic stagnation, or from hostile ideological tides that could well generate pervasive new threats of mass and selective violence.

A NEW CANADA IN A NEW WORLD ORDER?

a. The Foreign Policy Record and Prospect

Integrated as they will be with the turbulent and challenging world of the 1990s and the twenty-first century, Canadians must somehow factor the international stakes into their constitutional calculations. For several reasons, this is a difficult task.

It is in foreign affairs, over the past fifty years, that Canada has most unequivocally acted as one unit, and has done so effectively and honourably. In relations with the outside world, the country's diversity and its divided constitutional jurisdictions have generally been reflected and well-respected — as they needed to be in a world which has continued to operate on the formal basis of relations between sovereign states. The question now is whether conditions will change so fundamentally, either at the global level or in Canada's own constitutional arrangements, that the common foreign policy that is not now broken will have to be fixed.

Some may suggest that the traditional Canadian foreign policy vision of Pearsonian middle-power multilateralism has already been overwhelmed by the reality of regional blocs. One of Mackenzie King's strong reasons for embracing the aspiration for a North Atlantic Community in 1948 had been to head off a proposed free trade area with the US. Forty years later, the worst fears of some Canadian nationalists have been brought much closer by the formalization of the US-Canada FTA.

The Western Europeans, meanwhile, centimetre by painful centimetre, are building their own functional community, although they now confront agonizing choices between its widening and deepening. Some take the European process as the demise of the state — a kind of death by a thousand communiqués. If this is to be believed, it is another reason to argue that the notion of Canada's middle power roles is but a quaint historical footnote.

Does this regionalization mean that multilateralism too is dead? From the point of view both of what is likely, and what will be tolerable, let alone desirable, in the emerging world order, Canadians should cancel any proposed funeral for middle power multilateralism, and perhaps plan a wedding instead. Especially after the Cold War, power is being diffused;

conflict is being diffused; certain kinds of interdependence are deepening; and globalization is not "globaloney". Rather than discarding multilateralism, or relegating it to the secondary tasks of the international system, we should recognize that there has never been a more important time to widen and deepen the concept; in collective security, in economic management, in new security challenges, and in the field of international social justice.

If the state is dead, what is that very large and bumptious object that keeps on erupting just across from Windsor? What are these new things being born every day with flags in their hands, and what is the prevailing form of political organization throughout the Third World, where the majority of humanity have no fond hope of being gently folded into the bosom of any prosperous supra-national community?

It is still an open question whether hard, exclusionary regional blocs will form in the Northern Hemisphere, or whether they will be open and internationally responsible, leading toward — rather than away from — global order. Japan is still resisting the pressure to respond to the threat of closed regional blocs with its own counter-threat, but the pressure increases daily. Just like Canadians, the Japanese know that they had better have a fall-back regional guarantee if the open multilateral order — particularly assured by the General Agreement on Tariffs and Trade — should break down. Just like Canadians, they also know that a world of closed regional blocs would be a bad second-best.

Can anyone seriously contemplate a "new world order" consisting of three closed blocs of the rich quarter of humanity, at economic daggers drawn among themselves, serenely preaching democracy, market economics and disarmament to an increasingly desperate majority? All this in a world of overloaded natural systems, of explosively divergent value systems, of potential mass migrations unseen in history, and of weapons and techniques of mass destruction proliferated to every corner of the globe?

The shape of the new world order after the Cold War is not yet set. Setting it is every bit as crucial as it was at the end of the Second World War, when an extraordinary generation of Canadians produced an approach for which the world may finally be ready. *Multilateralism* in fact makes more sense than it ever did — when even the Americans have come to see that they need it — although Canadians must remember that serious multilateralism is not indiscriminate multilateralism, which would merely

debase the coinage. *Collective security* actually has a fighting chance of being implemented through the UN and a variety of other mechanisms. *Functionalism* makes more sense than it ever did, as an approach to managing global problems in pragmatic ways and in the process building the fibres of community. *The Canadian functional principle of representation* makes more sense than it ever did, as a formula for sensible burden-sharing, for reconciling the realities of disparate power and the need for universal participation.

And maybe even a sense of efficacy and vision by middle powers makes more sense than it ever did — with many new candidates and potential allies newly released from the bonds of divisive blocs — East and West, North and South. Most of these states share an interest in rule-based rather than power-based international relations, allowing for sensible integration to proceed but not by the fiat of the strongest. These countries tend as well to share a special capacity for peacekeeping and peace-making, which are obviously global growth industries.

No country can match Canada's established niche, its extraordinary connections (in North America, the G7, NATO and CSCE, Asia-Pacific, Commonwealth, Francophonie, and OAS), or its capacity for diplomatic leadership among a wider group of nations with a stake in working for a better kind of world order. It is also clear that most Canadians, in all parts of the country, at least tacitly accept that such a foreign policy protects their interests and projects their values. All available testimony from foreigners tends to corroborate the view that the traditional Canadian role in the world — together with its model of pluralism and tolerance at home — remains as constructive and important as ever, and if anything should be strengthened.

b. Foreign Policy Imperatives for a New Canada

Even though there is nothing on the international scene and little popular sentiment which argues for a basic change in Canada's international character and role, this satisfactory aspect of the *status quo* seems unlikely to prevail. It remains to ask how the range of constitutional changes now being hammered out among Canada's power-brokers and special interest groups would affect the global interests and values of the twenty-six million internationally-linked people of this country.

Whatever else happens in Canada's constitutional decisions, Canadians continue to depend vitally on an international climate of peace and

security. They will also continue to make their living by buying and selling internationally — whether or not they continue to be part of the seventh largest national economy in the world, with the seventh largest share of trade. All Canadians will continue to depend for their livelihood on orderly international economic rules, exports, imports, investment and technology flows, effective bargaining power, and competitive skills. More than this, Canadians will continue to value and promote their family and cultural links which now extend to every corner of the planet.

One common interest and value that remains remarkably strong among Canadians, as they consider various constitutional options, is their continuing acceptance of (and, according to a December 1991 Gallup poll, strong pride in)[12] an umbrella of common Canadian identity. While there are many who insist on strong and concrete recognition of their distinct identities (whether franco-Québécois, indigenous Canadian, or other groups) *within* a Canadian constitutional order, only the most extreme and symbol-struck of separatists now place much store in superseding the Canadian identity as such internationally. Many arrangements in Canadian foreign policy already allow for the vigorous pursuit of provincial jurisdictions and interests and these precedents could also allow for extension to other areas.

The international benefits of Canadian citizenship, identity, and reputation — not to speak of the world's most welcome passport — seem to be appreciated by individual citizens. The benefits of pan-Canadian common action (and bargaining power) are equally appreciated by political leaders at all levels, even though the political game will sometimes require them to protest loudly when their sectional priorities must be compromised.

In federal systems,[13] the range of experience shows a range of possible models for the management of foreign policy, though in all cases it is considered that the central government of a federation should have supremacy or pre-eminence in foreign policy (if that state is to be viable). Where the member states of a federation are involved in foreign policy to any degree, their activities should be part of a coherent, comprehensive whole.

Canada today has a quite decentralized presence on the international scene, with Quebec and other provinces behaving as important international actors, in some areas, alongside the federal government. But this does not now detract from Canada's presence or performance at the international level, because the activities of all Canadian governments

form part of a cohesive whole that serves to represent well, generally speaking, Canada's many and varied interests abroad. Recent policy statements by the Quebec government, for example, indicate that — despite a mass of foreign dealings and a deep interest in direct participation in international affairs — Quebec sees its transactions as paralleling Ottawa's and not as a challenge to them.

The representation of Canada in the United Nations, NATO, other multilateral organizations, and bilaterally, is that of a well-structured and effective state, even if rather a complex one. Canada appears on the world scene as a single polity, mainly represented by its national ambassadors and the teams who work under them. Representatives of provincial governments, industry or special interest groups may work within Canadian delegations, but always under the leadership and direction of persons appointed and working for the central authorities. Provincial governments conduct their own international relations in some areas, but all parties now seem to have found it to be in their interest for these dealings to be carried out in parallel, coherent and cooperative relationships with activities of the federal government.

As in all other countries, there are powerful political interests at play in economic policy decisions in Canada, and they are especially thorny and vulnerable to abuse when they parallel the political fault lines of constitutional tension. A general example is found in the anti-subsidy stance of Prairie grain producers, and the protectionist position of supply-managed agriculture which dominates in Quebec and other parts of central Canada. These kinds of difficulties are neither new nor unique to Canada, and traditionally the pressures of international codes and reciprocal bargaining have helped governments to adopt more efficient and rational practices, with Canada's innovation of regional equalization, and strong, standardized social safety nets helping to ease and buffer the differential impacts.

Canadians differ as to how much these mechanisms can continue to function in more competitive North American and global environments and with the possibility of devolution of further economic and social jurisdictions to the provinces. Canada's capacity to adjust to current international economic conditions and to adapt itself for the future is already severely constrained by the huge, accumulated debts overhanging governments and by their continuing budget deficits. This problem persists in spite of substantial efforts at economic policy rationalization, in coordination with agreed G7 goals.

In the current climate of constitutional crisis, it will be a politically nettlesome challenge to reallocate the taxing and spending powers of federal and provincial levels of government to enhance accountability and responsibility. While current trends to globalization may have the impact of further diminishing the manufacturing sector in Canada, a continued incapacity to pursue concerted national strategies in education, training, research and development would be likely to lead to steady decline in the country's economic weight internationally, as well as the welfare of its citizens.

There are also very serious questions, for the current constitutional agenda, as to how the international bargaining power and adjustment potential of Canada's regional and provincial economies would be affected by the different options which now appear possible: a new commitment to a federal model with strong coordinative capabilities; much more decentralized political, social, monetary and fiscal arrangements; or an outright rupture of Canada as it has been known. If the new constitutional arrangements which will now come in Canada were to produce much more decentralized control over economic and foreign policy, the overall strength and efficacy of Canadians' international action would unquestionably be diminished. An Ottawa that was being drained of its powers to "deliver" internationally could bring little of use to discussions of economic policy coordination among the major market economies.

Moreover, should efforts to overcome the current very serious constitutional crisis fail, and the country rupture, no provincial government, even those of Ontario or Quebec, could conceivably claim the international strength and influence to justify the kind of representation which Canada now merits in international councils of all kinds. Even a re-configured Canada, without Quebec, would be vastly diminished in economic, political/military, and moral terms. A separate Quebec, of course, would count for much less again on all these international scales. The Canadian foreign policy whole is, and will be, manifestly greater than the sum of its parts.

In his 1990 analysis of the international position and prospects of the Unites States, *Bound to Lead*, Joseph Nye paid tribute to the Canadian government's effectiveness in the free trade negotiations, whereas some Canadians argue that even the concerted bargaining position of the Canadian government and/or its subsequent policies have not been strong enough to protect the interests of Canadians.[14] Both judgements should lead Canadians to think seriously about what it would be like to deal with the United States or any other powerful and well-organized country or group-

ing, if Canada consisted of fragmented, squabbling states with no effective construct at the centre to muster their total bargaining power. Fewer people in Canada would be talking much about the abstractions of sovereignty and competing fiefdoms if the United States — sure of little retaliation — decided to scrap the auto-pact, or if the European Community decided to move in, without restraint, on Canada's in-shore fisheries or international grain trade.

CONCLUSION

It should be stressed that by prevailing world standards of political, economic, and social stability, even the "worst-case" outcomes of the Canadian constitutional crisis (however those might be defined) are extremely unlikely to produce dangerous international destabilization, although continued political instability and paralytic introspection in the northern half of North America would carry its own very real costs.

There is no valid comparison between a law-based and democratic Canada and the dissolving "federations" of the Soviet Union or Yugoslavia. After two hundred years of practice, all parts of Canada have deep-rooted democratic standards and constraints, and some of the world's highest standards of respect for human rights. Any narrower political units than that of present-day Canada would likely be constrained and dominated to a much greater extent than now by the overwhelming economic, strategic, and cultural realities of sharing a continent with the world's most powerful state.

Canada's neighbours in the United States would have little tangible reason to fear even a breakup of Canada — it would be Canadians in all regions who would stand to lose more of their independence of action, and more of the distinctiveness of their national and constituent societies. Many outward-looking Americans, it should be added, like many elsewhere in the world, would greatly regret the failure and dissolution of an alternative model of plural democratic society on this continent, and the disappearance of another, often distinctive, North American contribution to world affairs.

One final link between the changing international environment and the resolution of Canada's constitutional directions is one that is frequently under-estimated by Canadians but one to which all of Canada's international partners are sensitive. In a world where a pressing challenge is the accommodation of ethnic, linguistic and regional diversity with the demands of interdependence and integration, Canada has long been valued as one of the most successful role-models, and rightly so by any objective yardstick. The European community itself is gradually moving, following acceptance of economic integration and common standards in vital areas

such as human rights, to develop something like the kind of political community that Canada has already evolved.[15]

Any Canadian constitutional outcome which is seen internationally as a failure of the Canadian experiment in tolerance, accommodation and cooperation will seriously damage the confidence, in less favoured parts of the world, that open, democratic societies can manage these challenges. Together with the direct value placed on Canada's international representation and participation in confronting global challenges, this is an important interest in the evolution of the Canadian state shared by Canada's closest international partners and others around the world.[16]

It is obviously not through a common ethnic or tribal identity that Canada has stayed together or will stay together. Canada is something much more daring and fragile among the nations — it is in fact a diverse community of common interests and common values. Paradoxically, it is often only from outside, in our foreign policy and in our accomplishments and reputation in the world, that we see how strong the common interests and values among Canadians truly are, and unfortunately most of us do not get that chance "to see ourselves as others see us" often enough.

One other benefit that Canadians could now gain by looking around the world is to strip away the weary, seductive illusion that a national divorce would suddenly make coexistence and cooperation either unnecessary or easy. Following any such divorce, with all the pain, hard feeling, and economic setback it would inevitably bring, today's Canadians would be faced again with all the same challenges of living and working together. The only difference is that this would then be through the primitive mechanisms of international relations rather than the much superior, if still imperfect, institutions of the Canadian federation.

Our national crisis is not new, nor are its links to our foreign policy. A prescription of national introversion and timidity for Canada would help to kill the patient, and so would a foreign policy that accepted show over substance, sizzle over steak. Canadians know their own interests and their own values, and they know that their foreign policy, with mercifully few stumbles, has served them well and proudly, regardless of their political party allegiance, their mother-tongue, home region, or culture.

The world will change more and so will Canada, and it is worth recalling how our foreign policy evolved to the legacy we carry today. Escott Reid once wrote — "Mackenzie King in the twenties and thirties

sought for a foreign policy that divided us the least. St. Laurent and Pearson in the late forties and fifties sought for a foreign policy that unites us the most."[17] The latter tradition has been sustained and valued by generations of Canadians and, more than we realize, by the rest of the world.

Notes

1. *Human Development Report*, UNDP, New York, Oxford University Press, 1991, p.15.

2. Barbara Ward, in 1967, called Canada "The First International Nation". See William Kilbourn (ed) *A Guide to the Peaceable Kingdom*, Toronto, Macmillan of Canada, 1970.

3. See *The Ottawa Citizen*, December 30, 1991, p.A9.

4. For example, such a concession was wrung, by successive foreign testimonials, from Francine Pelletier, one of the most obdurately cynical internal critics of Canada at a Conference on Canadian Foreign Policy in Toronto on 10 and 11 December 1991.

5. It is useful that the Secretary of State for External Affairs released in December 1991, an updated "framework paper" on Canadian foreign policy, which emphasized the concepts of cooperative security, sustainable prosperity, democratic development and human rights.

6. Escott Reid, *Time of Fear and Hope: The Making of the North Atlantic Treaty*, Toronto, McClelland and Stewart, 1977.

7. Karl Deutsch's concept of the relationship among independent states "which do not expect or fear the use of force in relations between them" is an appropriate framing of what we now seek to achieve.

8. Quoted in Alfred Grosser, *The Western Alliance*, New York, Vintage Books, 1982, p.154.

9. See *Survival*, Vol. XXXII of May/June 1990 as well as Robin Hay, *Civilian Aspects of Peacekeeping*, CIIPS Working Paper 36, October 1991.

10. Saadet Deger, "World Military Expenditure", *SIPRI Yearbook 1991*, New York, Oxford University Press, p.115.

11. For an interesting analysis of the "conversion" effort in the Soviet Union, see Karen Ballentine, *Soviet Defence Industry Reform: The Problems of Conversion in an Unconverted Economy*, CIIPS Background Paper 36, July, 1991. For an American analysis, see also Betty G. Lall and John Tepper Marlin (eds) *Building a Peace Economy*, Boulder, Westview Press, 1992.

12. *The Toronto Star*, December 30, 1991 p.1.

13. Some of the following material draws heavily on preparatory research and writing carried out by Roger Hill, former Research Director and Senior Research Fellow at the Institute, and his contribution is gratefully acknowledged.

14. *Bound to Lead*, New York, Basic Books Inc., 1990, p. 198. A recent critique of the results of Canada's relatively vulnerable bargaining position (as well as some of Ottawa's policy choices) are comments by Gordon Ritchie, former deputy chief negotiator, see *The Globe and Mail*, 17 December 1991, p.B1.

15. Too many distorted and tendentious comparisons between Canada and the European Community have been trotted out by both sides in the Canadian constitutional debates. One of the most serious and dispassionate analyses is that of Professor Peter Leslie in *The European Community: A Political Model for Canada?*, Ottawa: Federal-Provincial Relations Office, 1991. The flaws in the analogies include the fact that the European Community has removed more internal barriers to trade and mobility than the Canadian provinces, but not yet achieved common monetary policies. The direct democratic political institutions at the European level are still vastly less developed than those at the federal level in Canada, as are community-level foreign and defence policies.

16. Some of the preceding material was published earlier in 1991 for international audiences in the author's contribution on Canada to Joseph Nye *et al*, *Global Cooperation after the Cold War*, New York, Paris and Tokyo: The Trilateral Commission, July 1991.

17. Escott Reid, *Radical Mandarin*, Toronto, University of Toronto Press, 1989, p.267.

A TIME OF HOPE AND FEAR

A NEW WORLD ORDER AND A NEW CANADA

PEACE AND SECURITY 1991-92

As Canadians wrestle with constitutional choices over the coming months, their international implications and consequences need serious thought. What effects have the enormous changes during the past few years had on the need and scope for Canada in the world? What would be the effect of a diminished Canada on the rest of the world? And what do our foreign policy and actions tell us about our common identity and values?

There are strong analogies today to the period after World War II; the difference is that rather than *fear and hope* as Escott Reid described those years, we now have *hope and fear*, with hope being much stronger, but fear by no means entirely dispelled.

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