

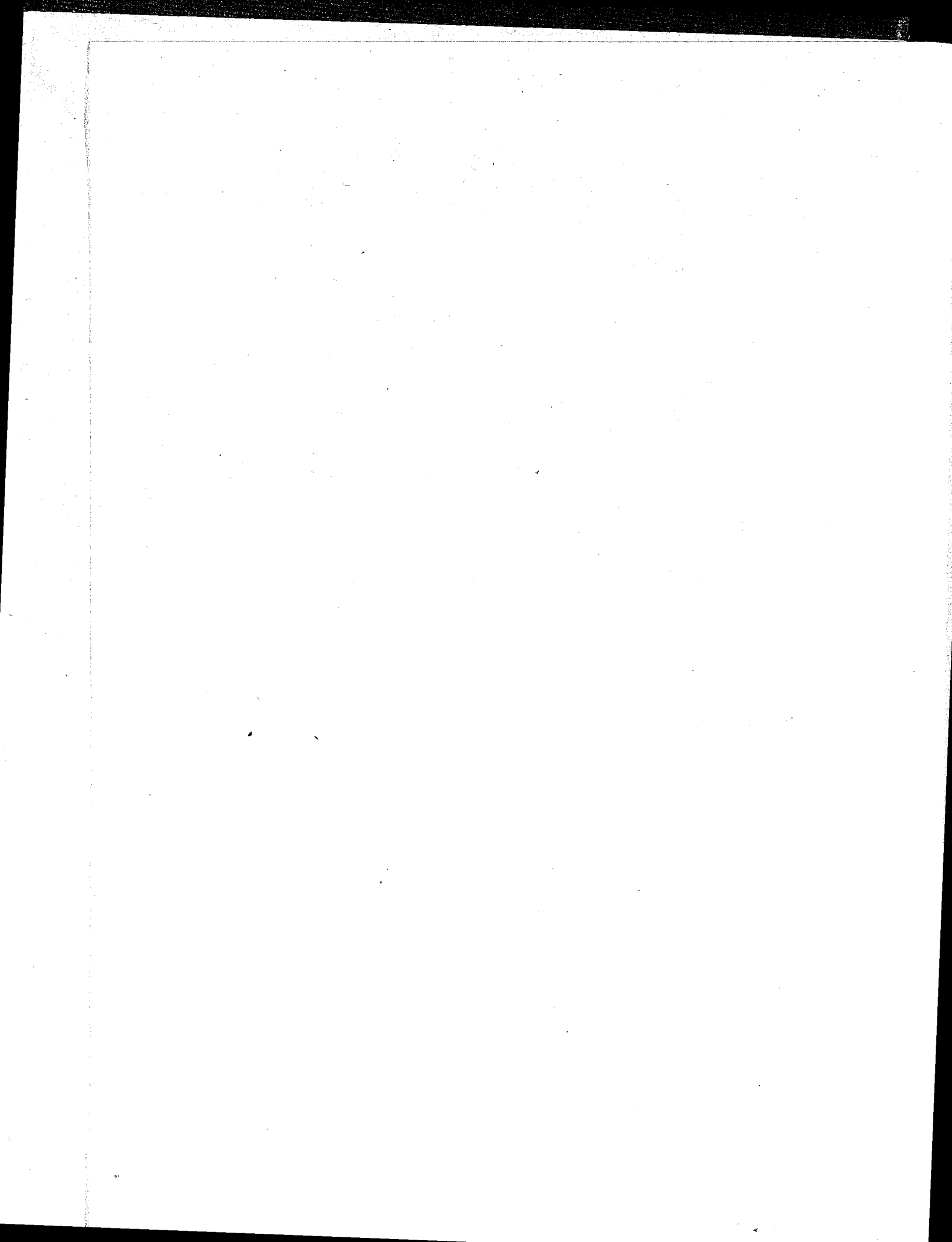


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# International Perspectives

*The Canadian journal on world affairs*

**How the UN turned forty**

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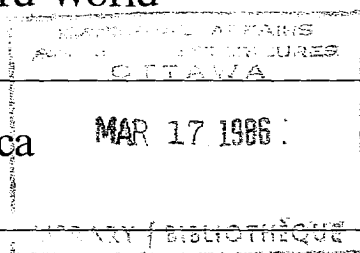
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## Editor's Note:

All over the place things are going wrong or badly. It keeps the world's press — including this part of it — busy just telling about our shortcomings. Mostly (as usual) that is what we have in this issue.

In Budapest last fall the freelance monitors of the human rights performance of governments was told "Sorry, you can't meet here." They did anyway, and how that all happened is related by David Matas of Winnipeg, who was there. The Third World lives — and not very well — on the garbage of the first two worlds. Part of that detritus is bad drugs. But there are those who would do something about that, as David McKie reveals. The Third World is the unwitting victim too of the complicated relations between Japan and the United States, a situation explored here by Toru Kotani of the University of Toronto. And in Latin America there is more and more to catch the Canadian eye, perhaps even to do something about, according to David Kilgour, a concerned Parliamentary Secretary in the Mulroney government.

Then there are a couple of pieces with more to celebrate. Last year the United Nations turned forty, a birthday marked by a quite remarkable gathering at the UN in New York, where among scores of world leaders was our contributor, Firdaus James Kharas of the UN Association, who heard everything they said. In Canada our foreign policy makers were busy trying to find out what we thought so they could do it better. P.H. Chapin, the External officer in charge of that probe, tells us what he learned.

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# Helsinki Watch in Budapest

by David Matas

The Final Act of the Conference on Security and Cooperation in Europe signed in Helsinki in 1975, and called the Helsinki Accord, represented an innovation in East/West relations. It linked peace to human contacts and respect for human rights.

The Helsinki Accord has thirty-five signatories, thirty-three of them from Eastern and Western Europe, the US and Canada. The Accord contains three baskets of provisions. Basket 1 deals with confidence-building measures, security and disarmament. Basket 2 deals with cooperation in economics, science, technology and the environment. Basket 3 deals with human contacts, the free flow of information, cultural exchanges and education exchanges.

The Soviets entered into the Helsinki Accord because they sought recognition of the postwar boundaries of Europe. There was never a postwar treaty recognizing current boundaries. The Final Act of Helsinki committed the signatories to respect the territorial integrity of each of the participating states. The West saw the Accord as a vehicle for promoting human rights in Europe. The Act is viewed by the signatories as a political commitment, rather than a legally-binding instrument. It states that it is not eligible for registration as a treaty under the Charter of the United Nations.

## Following up Helsinki

The Accord, in a section called "Follow up to the Conference," provides for review meetings on the implementation of the provisions of the Final Act, as well as for specialized meetings of experts. To date there have been two General Review Conferences — the Belgrade Conference of 1977-78 and the Madrid Conference of 1980-83.

Madrid was a disaster. It was not scheduled to last three years. It went on that long because the Soviet invasion of Afghanistan and martial law in Poland made unanimity impossible. The rules of the Conference required that all participants agreed before the final document was adopted. The Madrid Concluding Document did propose a number of specialized follow-up meetings. It proposed a human rights experts' meeting in Ottawa beginning on May 7, 1985. It proposed a meeting on the peaceful settlement of disputes, commencing on March 21, 1984, in Athens. It provided for a conference on confidence and security building measures for Europe in Stockholm commencing

January 17, 1984. The participating states agreed to a seminar on security and cooperation in the Mediterranean, commencing October 16, 1984, in Venice. The Madrid Concluding Document also provided for a cultural forum in Budapest for October 15, 1986. Finally the next General Review Conference was scheduled for Vienna commencing on September 23, 1986.

## "Helsinki Watch" groups

With the advent of the Helsinki Accord there sprang up in Eastern Europe "Helsinki Watch" groups. The Final Act, as an introduction to the three baskets of provisions, set out a declaration on principles guiding relations among participating states. One of those points — Principle VII — is respect for human rights and fundamental freedoms. Principle VII says, among other things, that the participating states "confirm the right of the individual to know and act upon his rights and duties in this field." The Helsinki Watch groups of Eastern Europe attempted to assert this right to know and act upon their rights. For this effort, they were boycotted, blacklisted and imprisoned by their own governments. The most notable Eastern European dissidents of today, like Sakharov and Shcharansky, were founders of the Helsinki Watch groups in their countries.

For Western Europe and North America, a parallel movement was founded at a conference in Bellagio, Italy, in 1982 — the International Helsinki Human Rights Federation. The IHF is a federation of Helsinki Watch groups in democratic countries established to monitor the signatories' compliance with the human rights commitments under the Helsinki Accord. The Helsinki Watch groups of the IHF do openly and above ground what the Eastern European Helsinki Watch groups have been forced to do underground. The IHF has ten member Helsinki Watch groups from ten countries including Canada. The Federation and its member Watch groups are nongovernmental organizations.

The IHF engages in conferences and meetings. It sends out fact-finding missions. It publishes reports. The

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*David Matas is a Winnipeg lawyer and co-chairperson of the Canadian Helsinki Watch Committee, along with Irwin Cotler of Montreal.*

## The Parallel Forum

Federation holds parallel nongovernmental meetings coinciding with the governmental meetings under the Helsinki Accord. The Federation was present at Madrid for the Review Conference. It was present at Ottawa for the Human Rights Experts' Meetings. At Ottawa the Canadian Helsinki Watch Group was founded and a report on Canadian compliance with the Helsinki Accord was presented.

### Budapest cultural forum

As well, the Federation was present at Budapest last fall. The Budapest Cultural Forum was one of the meetings on specialized topics within the Conference on Security and Cooperation in Europe (CSCE) process provided for in the Madrid Concluding Document. It lasted for six weeks from October 15, 1985. It was attended by official government representatives from all thirty-five signatory states, as well as personalities in the field of culture. The first week consisted of opening statements. There followed a series of overlapping meetings in plastic and applied arts, performing arts, literature and mutual cultural knowledge. The final week was devoted to an attempt to draw up conclusions.

Each state chose its own participants to the forum. The Canadian official delegation included Robert Fulford, the Editor of *Saturday Night*, Antonine Maillet, the author, and six other cultural figures. Notably absent from the Canadian delegation were cultural figures who have been leaders in the human rights field, such as Margaret Atwood or Margie Gillis.

The International Helsinki Federation organized its own nongovernmental forum. The official forum was scheduled to last six weeks. The IHF forum was to last only three days, coinciding with the first three days of the official forum. The official forum was to cover all the arts. The IHF forum covered one art only — writing. The official forum had no topical focus. The IHF forum was to focus on one theme only — writers and their integrity.

### Parallel forum

The IHF invited twelve authors from Western and Eastern Europe to discuss such topics as writing in exile, the freedom to be different, writing under censorship, self-censorship, the right to history. The speakers included Susan Sontag from the US, who had been invited to be part of the official US delegation to the governmental forum, but declined the invitation in order to take part in the Helsinki Watch parallel forum. There was Amos Oz from Israel, Per Wastberg from Sweden, Danilo Kis from Yugoslavia, George Konrad from Hungary and seven others. The Eastern European authors who spoke, apart from the Hungarians, were, like Danilo Kis, all now living in Western Europe. No Eastern European government allowed its residents to travel to Budapest to participate in the Helsinki Watch parallel nongovernmental forum.

The Hungarians who participated in the Helsinki Watch Forum in Budapest were local Hungarians. Several of those who took part, as speakers or simply as guests, were people who had been victimized by the Hungarian government for their past writing. They had been imprisoned, systematically denied employment, censored. Although the IHF met in Budapest, the Hungarians were

not meant to act as hosts. They were intended simply to be invited guests. The Federation did not wish to place an undue onus on the resident Hungarians, and, by so doing, jeopardize their situation in their home country.

### Prohibition by Hungary

A few hours before it was to begin on October 11, 1985, the Hungarian government forbade the holding of the Federation symposium in Budapest. Despite the prohibition, the nongovernmental symposium took place with apparent Hungarian government tolerance. The meeting rooms that the Helsinki Federation had ordered were cancelled, on government direction. Instead, the symposium was held in Budapest in private apartments of Hungarian friends of the Federation. No one, including the invited Hungarian writers, was prohibited from attending. No one was evicted from the country.

Why did Hungary go through this charade of prohibiting a meeting in public premises and then allowing it to continue in private premises? Why did it wait till the last minute to do anything at all? What was the value of incurring worldwide negative publicity or the appearance of repression, and yet not imposing repression? And what should be the appropriate Canadian response to these events?

### Hungarian justification

One thing is certain: the stated Hungarian reasons for its actions were not its real reasons. Hungary issued a declaration, justifying its actions, that cannot bear close scrutiny. The Hungarians said those who came to the symposium came as tourists, and must respect the rules concerning tourists. In fact, as the Helsinki Federation pointed out in a release in response to the Hungarian statement, the proposal to hold a symposium did not violate any laws or regulations that the government ordinarily applies either to Hungarians or to visitors to Hungary. Moreover, Hungary is obliged to apply its own laws in such a way as to comply with its undertakings under the Helsinki Final Act.

The Hungarian government statement went on to state that the planners of the alternative forum did not indicate in advance that they wanted to organize the meeting. They had presented the Hungarian authorities with a fait accompli. In fact, the Hungarian authorities knew about the meeting well in advance. I was part of the Federation delegation that met with Andor Egyed, Chief of the Canadian Section of the Ministry of Foreign Affairs of Hungary. He was the official who ordered the hotel service cancelled.

The Federation had not asked for permission from Hungary before planning its meeting. That was consistent with what it had done for other Helsinki meetings. The Federation held parallel sessions at the time of the Madrid Review Conference in 1980-83, and at the Ottawa Human Rights Experts' Meeting in the spring of last year. The permission of the Spanish and Canadian governments was neither sought nor considered necessary.

The Hungarian government stated that while it had undertaken to host the intergovernmental cultural forum, it had not undertaken to allow meetings initiated by private organizations. However, the US government noted that the question of private meetings was raised with Hungary

Madrid before the hosting of the Budapest meeting was settled, and, at the time, Hungary undertook to allow the same full range of activities for nongovernmental organizations in Budapest as had taken place in Madrid. The authorities in Hungary warned that the parallel forum could "disturb the atmosphere and the work of the official forum." This statement was incomprehensible. The purpose of the parallel forum was not to disturb or provoke or hinder, but rather to enhance. An essential part of the Helsinki process is contact among citizens of participating states.

Finally, the Hungarians said that the government representatives at the official forum could express their opinions freely. There was, therefore, no need for the private forum. However all government representatives are government-designated. In Eastern Europe that means that those ideologically hostile to the governments are excluded from official delegations. A private forum would involve exchanges that could not take place in the official forum.

**The real reasons**

If the stated reasons for prohibition were not the real reasons, what were the real reasons? Western delegates to the official forum reported that the Hungarians were under heavy pressure from the Czechs and the Soviets to cancel the alternative forum. Tolerance in any Eastern European country is a threat to the regimes in all of those countries, because of the risk of demands for imitation. The Soviets have a special interest, because Communist dominance means Russian dominance, something the Soviets want to maintain. The Hungarians yielded to that pressure, but only in a perfunctory way. They acted as surrogate repressors for the Soviets, but did the minimum possible. By prohibiting the meeting publicly, they gave the appearance of succumbing to the Soviets. By waiting until the last moment, after everyone had arrived, and then allowing the meeting to take place in private residences, they, in effect, circumvented the Soviet demands.

What happened, nonetheless, did have a repressing effect. By declaring the parallel forum prohibited, the Hungarians delegitimized it in the eyes of their own citizens. For those cultural figures in Hungary already black-listed and denied all work because of their cultural activities, or for those under arrest who were released at the beginning of the official forum, that sort of delegitimization did not really matter. However, for the Hungarian cultural figures not totally alienated from the regime, the prohibition had to have an intimidating effect. The absence of permission was an implicit threat against those Hungarians who participated. Still, the whole incident was very Hungarian. Gyorgy Bence in a report to the Helsinki Federation titled: "Censorship and Alternative Modes of Cultural Expression in Hungary," delivered at the Federation meetings held in conjunction with the parallel forum, wrote that censorship in Hungary was "bashful."

Hungary prides itself on being the most liberal of the Eastern European countries. It does not wish to appear overtly oppressive. Instead, it operates wherever possible, by pressure and suggestion, behind closed doors. Its main weapon is discrimination against those who do not go along, a substantial weapon, indeed, in a country where the state controls everything. Although Westerners found

the Hungarian government's behavior puzzling, Hungarians considered it predictable.

**Canadian response**

What should the Canadian response have been to this incident? Once the Soviets and Czechs started pressuring for cancellation, and before the Hungarian government



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CENZÚRA NÉLKÜLI MŰVÉSZETET!**

decided what to do, Canada joined with other Western nations in asking the Hungarians to allow the parallel forum to take place. In a sense what happened was a compromise, allowing the Hungarians to accede, in some way, to the pressures from both sides. After the Hungarian government decision had been reached, a number of Western governments commented on it. The US made a strong statement, deploring the decision of the government of Hungary, calling it a violation of Hungarian commitments, and delivered an official protest to the Hungarian authorities. The Common Market made a statement on the matter. So did a number of individual European countries. Canada, however, said nothing. The time for Canada's



## The Parallel Forum

opening statement at the official cultural forum was scheduled for before the Hungarian decision was reached. The forum continued for six weeks from its opening on October 15. Canada made a public concluding statement. As well, it could have made any public statements it wished at any time outside of the forum.

### NGOs and Helsinki

It was a mistake for Canada to have remained silent. It is important to appreciate the value of nongovernmental organizations in the Helsinki process. The Helsinki process is one of peace through confidence-building measures, human contacts and human rights. Only nongovernmental organizations can generate the human contacts to make the process work. Governmental delegations from the East are people under pressure from their governments, rather than people who put pressure on their governments. They are chosen for their ideological conformity to the regimes in place. Contacts through official meetings are, for East Europeans, intergovernmental contacts and nothing more. The Helsinki Final Act and the Madrid Review Conference Concluding Document specifically acknowledged the importance of NGOs to the Helsinki process. The Final Act committed governments to implement its provisions so that "organizations and their representatives can, in the field of their activity, develop contacts and meetings amongst themselves and exchange information." The Madrid Concluding Document committed governments to take steps "to ensure satisfactory conditions for activities within the framework of mutual cooperation on their territory in which citizens can take part."

It would be wrong for Canada to show undue sympathy for the Hungarian plight. Reality dictates that Hungary must succumb to Soviet pressure. However, as Istvan Gaurka, a Hungarian writer who participated in the parallel forum, said, "to live with reality means to accept the unacceptable." Canada, obviously, does not have the means to persuade the Hungarians that the Soviets do. Yet, in consort with the other Western nations, it can have and has had an influence. Eastern European respect for cultural freedom will not happen by itself. Western pressure is needed as a countervailing force against Soviet threats.

Even though the alternative forum sponsored by the Helsinki Federation is now over, a Canadian statement would still serve a purpose. It would be a support to those Hungarians who participated in the private forum. It would be an assertion of the importance to Canada of private groups in the Helsinki process. It would be a commitment not to allow similar events to occur in future Eastern Euro-

pean Helsinki meetings. If we lose this opportunity, we have lost sight of our commitment to the Helsinki process itself.

### Official contacts not enough

For the International Helsinki Federation, the Hungarian government cancellation of the meeting rooms was a mixed curse. If forced the Federation into quarters that were inadequate. Even a large apartment cannot accommodate comfortably a meeting of over 100 people. It generated an atmosphere of intimidation that could not help but have an effect, particularly on the Hungarian guests who attended the meeting. It was a continuing signal from Eastern Europe that respect for human rights has still a long way to go.

On the other hand, the Federation itself received a good deal of publicity from the prohibition. The previous Federation meeting in Ottawa that coincided with the CSCE Human Rights Experts Meeting, passed almost unnoticed. The prohibition in Budapest meant the Federation had an opportunity to make more widely known its own goals, and the purpose of its own meeting. While a violation of human rights may be news, and respect for human rights may not be news, the Federation prefers the anonymity that came from the tolerance in Ottawa to the publicity that arose from the intolerance in Budapest. The Federation exists to generate respect for human rights, not to generate publicity for itself. Its goal is a situation where respect for human rights is complete and its own existence superfluous.

The official intergovernmental forum ended in a way that emphasized the importance of the nongovernmental Helsinki Watch forum. The official forum ended without a concluding agreement. The US complained that the Soviets had blocked the open discussion among artists at the forum. Most of the meetings were bound by rules of procedure that limited the discussion to a statement by each participant. Delegates could not be interrupted or questioned about their remarks. There was no time limit for statements.

Given those restrictive conditions, it meant that the true cultural forum was the Helsinki Watch forum. It was that forum where there was a true exchange between East and West unhampered by governmental restriction about what could be said. The Helsinki Watch groups have become more than just compliance assessment or "watch" groups. They have given the intended Helsinki process of human contacts a reality that governments cannot or will not give it.

# Japan, USA and the Third World

by Toru Kotani

The current US attitude of "what is best for the US is best for the world" is present in every sphere of international relations. This single-mindedness is creating strains in US relations with Western allies as well as with Third World countries. One country whose relationship with the US has been seriously strained is Japan. The US is dissatisfied with Japan's enormous trade surplus and limited military spending (about 1 percent of GNP). The security and trade wrangles between the two countries have some serious spillover effects which are detrimental to Third World interests. This article examines some of the ways in which innocent third parties are affected.

## Security motives

Japan increasingly emphasizes the role of aid in its strategic policy. It promised to pay more attention in the 1980s to the Caribbean and Central American regions. Japan also agreed to launch joint aid programs with the US in some "security sensitive" areas. Recent Japanese aid to African countries was again flavored with the security consideration, although international goodwill was also vocally expressed.

A case worthy of mention is Japan's promise of official loans worth \$4 billion to South Korea between 1982 and 1988. South Korea originally demanded \$6 billion over the five years, insisting that the aid was to ease Korea's security burden against the communist threat, thanks to which Japan would be able to enjoy peace and prosperity. During the difficult negotiations some Japanese officials implied that the shadow of the US was felt behind the uncompromising Korean stance.

## North-South considerations

Japan has used foreign aid for two particular purposes: to promote Japanese trade and to show the US that Japan supports countries "friendly" to the "free world." Apart from aid, Japan has been an "also there" party in the North/South debate.

The US now expects Japan to play a much more active role in support of US policy in the global domain. Such Japan-US cooperation is not a smooth process, however, as the bilateral economic relationship has become strained by the mounting US trade deficit with Japan, which is expected to rise to \$50 billion in 1985.

Surprisingly, bilateral trade "friction" is generating a spillover effect onto the multilateral North/South issue in a bizarre fashion. The US Under-Secretary of State, who visited Japan in March 1985, suggested that Japan should

reduce its trade surplus by increasing aid to developing countries, for without a reduction in its surplus, Japan might face greater US tariff protection. This was the first time that the US had made a direct link between aid and Japan-US trade. Up to that point, although Japan had used aid as a sacrificial lamb to ease US frustration over trade, it was still treated as a strategic, rather than trade-motivated cooperation. Japan had initiated such aid, hoping that US satisfaction at the security level would counteract its frustration generated by the trade loss. The suggested fusion of trade and aid issues surprised the Japanese government.

Although this aid request might be insignificant in itself, another incident suggests that the linkage between Japan's Third World policy and the Japan-US trade dispute is becoming a tendency rather than an isolated event. In January 1984 Japan, seeking an international status "appropriate" to its economic power, asked for greater voting power at the World Bank (from fourth rank to second) in exchange for an increased contribution in the seventh replenishment to the International Development Association (IDA), the Bank's concessional loan window. A Bank member's voting power depends on the size of its capital subscription quota in the World Bank, but not on its contribution to the IDA. Japan linked the two to use the IDA contribution as a bargaining chip.

## Muscling the World Bank

The "threat" of reducing Japan's contribution to the IDA from the originally proposed 18 percent to some 6 percent of the total replenishment seemed to be working until the US unexpectedly attached the condition that, if Japan wanted US support, Japan should open up its capital market, and accelerate the internationalization of the yen. The logic of this demand was that yen internationalization would reduce the demand for US dollars as an international currency, and thus bring down the high dollar value, which was hurting US exports. This astonishing US demand threatened not only the whole IDA replenishment, but also the World Bank capital subscription, as Japan refused to separate the two issues. Although the dispute eventually faded away, and the replenishment went through, this event signified how the economic friction between the largest and the second largest economies in

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*Toru Kotani is a graduate student in the Department of Political Science at the University of Toronto.*

## Third World in Japan-US relations

the North could disrupt efforts to alleviate the Third World plight.

As the pervasiveness of the trade dispute with the US is the biggest concern in Japan's foreign policy, some elements within the Ministry of Foreign Affairs have been quoted as suggesting that, by helping such internationally unpopular US policies as its pro-Israel and anti-Nicaragua ones, Japan would be able to smooth its relationship with the US dramatically. Such a view must have been expressed out of exasperation that no miracle cure was available for the trade issue. As for support for Israel, Japan's dependence on Middle East oil makes such a suggestion a farce, while the government does not want to be unpopular with Central and Latin American countries by supporting a high-handed US policy in the region, which constitutes a significant voting power at the UN.

### Japan's dependence on good will

This reveals one particular difference between Japan and the US: the US can afford to be unpopular in international relations, while Japan cannot. Thus Japan is caught in a dilemma whenever the US pressures Japan to support its unpopular policies. For example, in January 1984 President Reagan raised the issue of a Third World dominated and "politicized" UNESCO to Mr. Nakasone. Since then the US and Britain have been urging Japan to give notice of withdrawal from the UN agency. As the manifested "three pillars" of Japanese foreign policy are the US, the UN and Asia, being asked to choose between the US and the UN would be a source of distress for the Japanese government. This choice is made all the more difficult by Japan's increasing interest in becoming a permanent Member of the UN Security Council. For this goal Japan needs strong support from UN members, a majority of which are developing countries.

Japan has been seen by the Third World as the weakest champion of the North because of its heavy dependence on the Third World as market, source of raw materials and of foreign policy support. But the same vulnerability can equally be present in Japan's relationship with the US. The increasing tension between the US and the Third World places Japan in a "no win" situation. If Japan chooses one side it has to incur wrath or at least resentment from the discarded "camp." If it tries to please both of them, it would frustrate both.

### Trade as trade

The US is not the only party with which Japan has economic disputes. Trade imbalances in Japan's favor are plaguing developing countries as much as developed countries. The developing countries, however, suffer from US activities in this respect. Third World products are often in direct competition with US products for the Japanese market. So far Japanese trade liberalization has been largely beneficial to the US. For example, the tariff for US plywood has been reduced to 15 percent, while the Indonesian product must face a 20 percent tariff. In addition, Thailand considers it unfair that the tariff for its boneless chicken is higher than the rate for the American deboned kind.

There are some reasons for this differential treatment which is alienating many developing countries. The Japanese trade liberalization process is fragmented at levels of both policy formulation and implementation. That some Japanese bureaucracy practises a meticulous item-by-item and case-by-case approach to policy implementation is general. Thus developing countries' grievances about Japanese protectionism lose collective weight, and negotiations bog down into narrow technical haggling.

In order to break this barrier of technicality, exporting countries must resort to political pressure. The Japanese government, however, has well-known contacts with business interest groups. Such symbiotic relationships allow the government to "guide" the economy effectively. They make the government susceptible to pressure from interest groups. Therefore, when it comes to such controversial policies as trade liberalization, which would produce unequivocal losers, the political will to carry out the policy becomes fragmented. In some cases ministries, or branches, identify themselves with the business interests under their jurisdictions, and resist any policy harmful to their business constituents. Since trade liberalization has the potential to split the government badly, the advantage must be great in order for government to go ahead.

### Keeping the US happy

In this respect the US has an unparalleled advantage which is derived from the fact that the US is Japan's single largest export market. No other country can use the threat of protectionism more effectively than the US. Ironically the more the US trade deficit grows, the stronger the US bargaining position becomes. Naturally the US employs political leverage to press Japan to purchase goods from the US which may not be internationally competitive. A recent case includes coal, natural gas and oil, actions which created concern among Asian producers of such resources (and Canada as well as Australia, for that matter).

In addition, compared with the US, developing countries suffer from an information gap in dealing with Japan. It has been reported that, for example, ASEAN countries are in disarray in presenting their cases during trade negotiations with Japan, while the US is well prepared with many studies in order to nail down Japan in a trade dispute. A recent dispute over US lumber products resulted in the establishment of a joint committee with high level officials from the two countries to discuss a liberalization measure that would be acceptable for both the parties. No developing countries enjoy this kind of special communication channel.

If Japan yields to US pressure, and opens up certain markets for US products, a spinoff strikes developing country products competing in the same markets. In 1983, when the Japanese government revealed its "intention" to introduce liberalization for agricultural products from some developing countries, opposition was raised even within the government, which argued that it was unfair to sacrifice the Japanese agricultural sector once again, right after having done it for the US. In the face of this domestic opposition, the plan was "deboned" to the point of having little significance.

Nevertheless, the Japanese government is aware of the discontent among many developing countries about their trade relationships with Japan. There has been a report that some Japanese foreign affairs officials are concerned by that disenchantment with Japan might push ASEAN countries towards greater economic cooperation with the US at the cost of Japan's economic interest. Unfortunately, Japan's famous consensus decision-making system malfunctions over the trade dispute, because internationally competitive sectors in Japan refuse to agree to liberalization.

Many politicians support these sectors' opposition. As a recent survey of members of the Japanese Diet reveals, 55 percent of them think that, despite the importance of the US for Japan, they cannot agree to "sacrificing" domestic industries in order to improve the relationship. If the US is less important than domestic industries, the Third World is even less so for the Dietmen. Thus sandwiched between US pressure and domestic resistance, developing countries are easy victims.

### Investment considerations

Apart from trade, another economic role that developing countries expect Japan to play is that of "capital exporter." Here again, Japanese investors are shifting their interest in favor of the US. For example, the Japanese electronics industry's investment in the US rose to \$1,509 million (or 53.4 percent of the industry's total overseas investment) in the fiscal year 1983 from \$495 million (39 percent) in 1979. In comparison, Asia attracted \$688 million (24.4 percent) in 1983, a decline from \$473 million (37.2 percent) in 1979. Between March 1977 and March 1984 investment by Japanese manufacturers in North America (including Canada) grew by 5 percent, while the growth in Asia was 3 percent.

There are many reasons that Japanese investors are turning increasingly away from developing countries. One obvious one is political instability in those countries. In addition, some investors do not like indigenization pressure from many Third World governments, although the attitude varies considerably from company to company. Furthermore, technologically sophisticated industries require engineers rather than just cheap labor, and thus favor the US and other developed countries as targets of expansion.

One particular factor which affects Japanese investment decisions is restrictive trade barriers. Those Japanese

companies with a high proportion of US sales in their overseas business will certainly consider setting up production lines in the US, once a protectionist shadow looms on the US horizon. Alternatively, Japanese investment in export-oriented Asian countries has often been an attempt to bypass US restrictions against Japanese exports. There have been cases in which Third World investment motivated by such a goal was withdrawn as soon as the US ax fell on the host country.

### Mixed blessings of cooperation

In addition to aid coordination, greater financial cooperation is underway between Japan and the US concerning the international financial system as a whole, as well as relating to third countries with serious debt problems. In October 1984 the Bank of Japan announced a \$30 million loan to the Philippines, jointly with the US and South Korea, which offered \$45 million and \$5 million respectively. This is the first instance of the Bank of Japan making a direct loan to a foreign entity. On another occasion, in July 1985, the US Export-Import Bank guaranteed a Japanese syndicate loan worth \$115 million for Colombia's pipeline construction, a contract awarded to Bechtel of Texas. At a recent IMF-World Bank meeting in Seoul, Japan showed its quick support for the US plan of debt reform.

Such financial cooperation is a corollary of weakened US economic supremacy and rising Japanese economic power. The question, however, is whether the cooperation will change the current economic order, under which the weakest lose the most. There are few indications which would support optimism here. The danger of the current cooperation is that Japan would add further weight to the US conservative influence over the Third World, rather than counteract it. The collusion of the largest and second largest market economies would certainly appear a stifling prospect in the eyes of the Third World.

For the moment, tight Japan-US cooperation over the North-South issue is still at a formative stage. The tendency for greater cooperation, however, will certainly continue. If Japan and the US succeeded in establishing an extensive and active alliance of a conservative nature in the North-South domain, the Third World cry for a fairer international economic order would be an even more distant dream. □

# Watching the UN turn forty

by Firdaus James Kharas

A King, a prince, twenty-five Presidents and Heads of State, twenty-six Prime Ministers and Heads of Government, twenty-four foreign ministers and seventeen others converged on the United Nations for a two-week period between October 14 and 24, 1985, to mark the fortieth anniversary of the founding of the United Nations. It was, as *The New York Times* said, "the largest gathering of world leaders in history."

By any measure, it was a remarkable event. The world's leaders came to make statements on their foreign policies and to revitalize the United Nations system. Their presence alone signified the importance the international community attaches to the world organization. The fortieth anniversary celebrations were a success from the moment the leaders indicated their desire to attend.

The debate itself achieved the desired results, although it nearly foundered. A group of developing countries, led by India, tabled a resolution inviting the head of the Palestine Liberation Organization, Yassir Arafat, and the head of the South-West African People's Organization, Sam Nujoma, to make statements. The resolution directly contradicted a decision of the Preparatory Committee that only states would be allowed to participate in the debate. The United States indicated President Reagan would not attend if the PLO and SWAPO were invited. After some frantic negotiations involving, among others, Canada's highly-respected Ambassador, Stephen Lewis, a face-saving statement was made by the President of the General Assembly and the resolution was never put to a vote. Nothing would have been worse for the image of the UN than to have its own fortieth anniversary celebrations become a shambles.

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## Speeches, speeches, speeches

I listened to many hundred of thousands of words. It would be easy to dismiss each speech as useless pap. So often it was and this lent credence to the critics who say there is too much rhetoric at the United Nations. There were bold new initiatives, there was little progress toward immediate resolution of problems. But it would be a mistake to merely evaluate each speech independently in terms of political significance. Rather, it is necessary to feel the cumulative effect of all the statements. More than at any other time, they showed the collective will of the world. The leaders, each speaking from a unique perspective, accounted together for a reaffirmation of the intense desire for international understanding and cooperation.

When one looked out over the vistas of the General Assembly, one saw the leaders attempting, as human beings, to communicate with each other. A forum was provided for them to shake hands, speak, and perhaps to know each other a little better. It was, for two weeks, a meeting place for the world. The value of such a *tour-de-force* cannot be measured easily. As the Belgian Minister of State said, "We will never be able to gauge the incomparable value of rapprochement between statesmen, who, because of meeting here, came to know each other, often appreciate each other, and established at the United Nations a relationship of trust." One could look around the room and see dozens of leaders engaged in animated discussion throughout the area. In one corner, the Prime Ministers of the United Kingdom and Ireland were talking. In another the Vice-President of the United States could be seen talking to a minister from Algeria. And in our case the Prime Minister of India strolled over for a conversation with Brian Mulroney. Where else could it have happened? When else has it happened?

Concurrently, there were dozens of bilateral meetings away from the General Assembly. The importance of these discussions may never be fully known but already signs are appearing that the private discussions between leaders here at the UN inched the world forward.

## Some highlights

Speaker after speaker expressed confidence in the United Nations and support for what it symbolizes. The Swedish Prime Minister of Sweden, Olaf Palme, in perhaps the best speech of all, began with these words: "Let me at the outset from this rostrum convey this message . . . we believe in this Organization and we are committed to it." His them

of multilateralism was echoed by many. Canada, of course, was among them.

The many speeches could be broken down into three groups: those that spoke on the need for the United Nations and international cooperation; those that ran the gamut of political and economic problems, much like spokesmen do in the General Debate held at the start of the General Assembly each year; and those like Canada, that contained a mixture of both.

There were those like the President of the United States and the Foreign Minister of the USSR who used the platform to reach the world's public. There were those like the President of Cyprus and the Prime Minister of Ireland who concentrated on conflicts at home. There were those who justified their political decisions, like the Prime Minister of Jamaica who explained at length his efforts to revive his country's economy. There were those who could have, perhaps even should have, commented on domestic situations of concern to all, but ignored them, like the speakers from the Sudan and Ethiopia. There were those who spoke primarily, if not wholly, to domestic audiences, like the Vice-President of North Korea, and there were those who spoke to those listening in the General Assembly hall itself, like the Prime Minister of Dominica.

There were many styles and logics. Some displaying fiery oratory like the President of Nicaragua, Daniel Ortega; some, quietly and simply registering their position for the record, like the President of the Maldives. Some were as eloquent as one can be in such circumstances, like the Secretary of State of the Holy See.

Styles and personalities were displayed in other ways as well. The down-to-earth approach of Prime Ministers Olaf Palme of Sweden and David Lange of New Zealand was apparent. The aloofness of First Lady Imelda Marcos of the Philippines with her enormous entourage was equally noticeable. There was the almost comic but understandable ploy for recognition by Norodom Sihanouk, the exiled leader of the Democratic Kampuchea, who sat through every speech and raced to the speaker upon conclusion to be the first in line to offer congratulations and have a few words.

### Tackling real issues

There were, of course, some speeches that did contain substantial proposals. The most important of these in the entire two-week period was arguably the offer to Jordan by the Prime Minister of Israel, Shimon Peres. He called for immediate talks with a Jordanian or Jordanian-Palestinian delegation to be begun in Amman and proclaimed an end to the state of war between Israel and Jordan. But there was also the importance of President Reagan's speech on the all-important bilateral relationship between the United States and the Soviet Union which set the stage for the summit in Geneva that followed.

The most unacceptable speech came from the Minister for Foreign Affairs of Afghanistan. He said "The new revolutionary order has ensured under the law, the democratic rights and freedoms of the individuals and the full equality of all the nationalities, tribes and ethnic groups of the country." While almost providing comic relief by calling Afghanistan a "free, independent and non-aligned

country," not once did he mention the presence of thousands of Soviet troops in his country.

Some topics were common to nearly all speeches that addressed political matters. Some were political in nature, like the question of apartheid in South Africa and independence for Namibia. These were, without doubt, the most talked about issues and concerted international action was repeatedly called for. The President of Botswana said the mood in South Africa is of a people on the brink of war.

WITH PERMISSION FROM THE GLOBE AND MAIL



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Several speakers called for immediate mandatory economic sanctions against South Africa. The evolving Canadian policy, in Mr. Mulroney's statement, to invoke "total sanctions" if there are not fundamental changes in South Africa drew immediate and very favorable response, especially from the Africans.

### More issues

The second most talked about subject was the external debt of the developing countries. Many touched on the crippling burden of the results of high interest rates, falling export earnings and huge accumulated debts. Most called for international action or conferences to deal with the subject as soon as possible. The problem is obviously of great concern to the developing countries and will be a focal point for some time. The Holy See singled out this issue above all others.

Most of the speakers, but not all, touched on the situation in the Middle East. All called for a just solution,



## Impressions of an observer

most for a Palestinian homeland or State. Many speakers heaped scorn on Israel for its policies but were not more vicious than usual.

The situations in Afghanistan and Kampuchea were also addressed. Many called for the withdrawal of foreign troops from both countries. The myth of the monolith of an automatic alliance between the Soviet group and the developing countries can be shattered with an analysis of the condemnation of the invasion of Afghanistan heard in this debate.

Some speakers touched on the situation in Central America and the conflict between Iran and Iraq. Most called for peaceful resolutions in these two areas of the world, although no new solutions were proposed.

### Some progress

Many spoke of the new problem of terrorism and called for international action to deal with it. Sri Lanka proposed an immediate international conference to establish "an international agency committed to the total eradication of terrorism." It was obvious that this issue was going to become an important item for the remainder of the General Assembly and that for the first time a consensus against terrorism was building.

The question of the membership of Korea in the United Nations came up often. Both North and South Korea are observers but not full members of the UN, although they do belong to some of the specialized agencies. The South Koreans called for the membership of

both. The North rejected such a possibility, saying it would make permanent the division of the country. Nevertheless, it has become an issue in the forefront.

Most of the speakers from the West and the developing world spoke at great length about economic problems. Aside from the debt issue mentioned earlier, countries spoke of the worsening situation in most of the world, of the growing gap between rich and poor, of the increasing problems of population and poverty. Many called for a new international economic relationship and most expounded on the urgent necessity for development.

Everyone stressed repeatedly how much still needs to be done to achieve peace and the betterment of the human condition. Illustrative of the complex problems that were discussed was inability of the members to agree on a consensus statement marking the fortieth anniversary. After many hours of drafting the negotiations broke down on the words to use to refer to the Palestinian question.

### Past record not bad

These were some of the problems. But many spoke not just of what needs to be done, but what has been achieved. All of the world's leaders recalled the founding of the United Nations and the accomplishments since 1945. Over one hundred countries owed their independence to the process of decolonization which was nurtured by the UN and this was mentioned by many. The importance of

UN PHOTO 165997 / YUTAKA NAGATA



Secretary of State Joe Clark and Canadian Permanent Representative to the UN Stephen Lewis in the General Assembly.

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N to newly-independent states and to smaller states was frequently stressed. This debate may have contributed to the eventual addition of new members. Even the two areas, the Holy See, Switzerland, Liechtenstein and San Marino, although presently not members of the UN, sent high-level representatives to speak.

The dynamic and real achievements of the specialized agencies, particularly the WHO, UNICEF and UNHCR, were often used as illustrations. Many speakers gave strong support to UNICEF's new program to immunize all children by the 1990s. A few, like Canada, spoke on the subject some length, stressing the usefulness of the UN system for such activities. Other achievements were mentioned, particularly in the areas of peacekeeping and human rights and the codification of international law. Many attributed to the UN a role in the fact that the world has not seen a global conflagration or a nuclear conflict in forty years. Most stressed the need to bring the arms race to a halt and to achieve disarmament, but surprisingly perhaps, this was not one of the main themes of the debate.

In this debate, peace and security were broadly defined. They included many economic, social and security factors, not just the absence of war. Specific issues in this area were not examined, with speakers for the most part choosing the Prime Minister of Ireland who said, "There is no world order to which all feel obliged to pay at least a lip-service and which in greater or lesser degree constrains the action of States."

#### **Ways to improve**

There were several evaluations of the UN itself. Many recounted the large amount of positive work done by the

United Nations system but some went on to consider the shortcomings. They called for more support to the UN, for more authority to the Secretary-General, for more consensus in the Security Council. They paid particular attention to the financial arrangements of the UN and lamented the loss of revenue caused by States not paying their share or by paying late. They collectively stressed the need to make the organization more efficient and effective. But many did not blame the United Nations itself for its shortcomings. On this Fortieth Anniversary there were calls from many sides for countries to exert the "political will" to allow the UN to function better, recognizing that the ultimate blame for failure lay not with the organization but with the Member States.

The biggest beneficiary of the fortieth anniversary debate was the United Nations itself. Scores of media personnel from every corner of the globe descended on the General Assembly, creating an unprecedented profile for the organization although many devoted their attention to superficial problems like the traffic-jams created by too many limousines. The gratuitously maligned image of the UN may have reached its nadir and began in October 1985 a long and much needed recovery.

At the commemoration of the UN's founding I doubt that any new solutions were discovered for the most pressing problems of today. But the leaders of the world, forced by their mere presence, *were* listening to each other. At least for two weeks. Perhaps they also renewed their faith to serve what the Secretary-General called, "the single, collective constituency of the human race." □

YPRU





# The Canadian public and foreign policy

by P.H. Chapin

There are many in this country who believe they are knowledgeable about what Canadians know or want in foreign policy. Unfortunately, the portrait they paint is not often flattering. They tend to describe their fellow citizens as parochial in their interests, ill-versed in international affairs, stimulated only by the most gruesome instances of man's inhumanity to man.

Recently, empirical data has become available against which to test such assumptions, and it suggests the assumptions are wrong. While Canadians may claim only modest knowledge of international affairs, the data makes clear they possess an impressive grasp of the world and its complexities and have sophisticated views on a broad range of international issues.

In the spring of 1984 and again in the summer of 1985, the Department of External Affairs — for the first times in its history — commissioned comprehensive public opinion polls on foreign policy issues. Before then polls had been accorded rather limited value in the Department. But the establishment of a full-fledged policy development bureau in the fall of 1983 provided the necessary stimulus for adding public opinion polling to the Department's inventory of policy-making tools.

The polls were conducted on the Department's behalf by Goldfarb Consultants and Decima Research respectively. In both cases departmental officers worked closely with the pollster to devise questionnaires ranging across a wide spectrum of issues. In writing the questions care was taken to build links with more limited departmental polls in 1979 and 1982, and with polls taken in the United States and Europe.

The picture that emerged was one of a society in which the vast majority express an interest in international events, believe that Canada can and should exert its influence internationally, and expect their government to be actively engaged in finding solutions to international problems. The two issues Canadians care most about are international peace and security, and relieving the hunger and poverty of the Third World. The relationship which is most important to them is that with the United States.

*P. H. Chapin is Director of the Political and Strategic Analysis Division of the Policy Development Bureau in the Department of External Affairs in Ottawa.*

## International peace and security

If the media sometimes implies that Canadians worry a lot about nuclear war and that they tend to blame the Americans for most of the difficulties which have beset détente, the polls tell another tale. In both 1984 and 1985 two-out-of-three respondents doubted they would encounter nuclear war in their lifetimes. By the same margin, they thought both the United States and the Soviet Union bore some responsibility for the deterioration in East/West relations, with a minority blaming the Americans less than the Russians.

Nor are Canadians as allergic on defence questions: the press often portrays them to be. Significant majorities believe that the Soviet Union poses a military threat and that deterring a possible Soviet attack requires maintaining a balance of forces between East and West. In the 1984 poll four-out-of-five favored Canada's remaining in NATO — an approval rating significantly higher than that recently recorded in major allied countries (see Chart 1).

In 1984 four-out-of-five also approved increased spending on conventional forces "if it would reduce reliance on nuclear weapons to defend the West." But national preference for reducing reliance on nuclear weapons would not seem to amount to a national aversion against resorting to nuclear weapons *in extremis*. Opinion was evenly divided on the question of whether NATO forces should be prepared to resort to nuclear weapons, avoid being overwhelmed by Warsaw Pact conventional forces. Polls indicate the average European, in contrast, would prefer to risk defeat.

## Cruise and SDI

The 1984 poll posed a series of questions on cruise missile testing, and found a similar division of opinion on the issue, 47 percent for and 47 percent against. In contrast, a 1982 poll indicated 24 percent for and 67 percent against. One can only assume that, in the intervening period, the national debate on the issue led a significant minority of the population to the conclusion that the merits of cruise missile testing were greater than they had originally believed.

The 1985 poll, for its part, posed a series of questions on the US Strategic Defence Initiative. By design the questionnaire avoided using the pejorative "Star Wars" designation at the outset of the questioning. What it found was that

SDI too was very much an open issue. There was widespread concern over its potential to speed up the arms race, but also significant division of opinion on the actual merits of the program. A small majority (56 percent opposed to 42 percent) in fact held a favorable opinion on the program, and a rather larger majority (66 percent opposed to 34 percent) favored some form of Canadian participation in SDI research. They did so because of the potential attractiveness of a defence system able to protect Western countries from missiles launched against them, and not because of the potential economic or technological benefits which might flow from Canadian participation.

Chart 1

Support for NATO Membership	
	Percentages
Canadians	85 (1984)
West Germans	67 (1981)
British	67 (1981)
Dutch	62 (1981)
Italians	60 (1981)
Americans	58 (1982)
French	45 (1981)

**Third World needs**

If Canadians are as capable as other national groups of forming reasoned judgments on their security interests, they are probably more altruistic than most in their concern for the Third World — and proud of their country's record in helping to reduce hunger and poverty.

Last year, more than 80 percent of respondents said they thought aid was a moral responsibility, and only slightly lesser numbers indicated a determination to ensure development assistance funds were put to best use. Most believed that effectiveness required a long-term commitment of funds and would prefer those funds to be devoted to stimulating long-term economic development.

In 1985 73 percent thought that Canada had the right to give recipient countries direction on how aid funds could be used more effectively. But they drew the line at tying aid to the purchase of Canadian products and services, or at denying aid because of a recipient government's failure to respect human rights. However, when human rights violations did occur, two-out-of-three expected Canada to object publicly even if it were to cost us politically or economically. (About the same number thought that if any Canadians were in danger in a foreign country, the government should be prepared to use the Armed Forces to rescue them if necessary.)

In 1985 a majority (59 percent) believed that Canada was spending about the right amount of money on development assistance (in 1984 53 percent thought so), and of those who disagreed more believed more should be spent rather than less spent. If more were to be spent, 67 percent thought the burden should be shared equally between the government and the private sector.

A large majority also thought that Canadian aid had been effective over the years, but two-out-of-three were prepared to believe that "a fair bit of the aid money Canada provides goes to rich people in poor countries." A rather smaller majority expressed some impatience with the performance of developing countries themselves, agreeing that "we shouldn't keep on helping them forever."

**Canada/US relations and free trade**

Canadians showed a marked preference in the 1985 poll for a relationship with the United States which was neither too close nor too cool. Almost half thought the ideal would be a relationship that was "businesslike but neighborly," and a marginally smaller number preferred "strong allies and trade partners." As in previous years a majority believed Canada should be prepared to pursue its own independent policies even if this involved some cost to the relationship. The poll also confirmed a lingering concern that Canadian governments have not, over the years, been forceful enough in their dealings with the United States (see Chart 2). Opinion was rather evenly divided over whether a close relationship with the United States increased or undermined Canada's influence with other countries.

Chart 2

Canadian Forcefulness Towards USA			
	1982	1984	1985
	Percentages		
Government does not push enough	58	53	55
Government pushes about right	31	38	36
Government pushes too strongly	9	9	8

The 1985 poll talked respondents through an extensive set of questions on the subject of a possible trade agreement with the United States. The results suggest that the population is far less distraught on the subject than the media had suggested. In fact, Canadians seem to be largely supportive of the project, at least in concept. Three-out-of-

## What Canadians care about

five thought that a closer trade relationship with the United States was economically important to Canada.

Opinion was fairly evenly divided on the urgency of negotiating a trade agreement with the United States. Three-out-of-four did think American protectionism posed a real threat to Canadian industry and jobs, if Canada were not accorded preferential treatment; but by a small majority they thought Canada would receive such treatment.

### Small majority

Whatever the urgency, however, fully 85 percent of respondents thought that some type of more open trade arrangement with the United States ("freer trade") would be a good idea. A rather smaller majority (52 percent) thought that the elimination of all barriers to trade and the free movement of goods and services across the border ("free trade") would be beneficial. One-third thought that Canada would lose from such an arrangement, and 13 percent that Canada would neither benefit nor lose.

When asked how jobs would be affected by a more open trade arrangement, more respondents believed more jobs would be created (35 percent) than believed jobs would be lost (27 percent), while 37 percent thought there would be the same number. Overall, therefore, 72 percent were fairly relaxed about the impact a new trade agreement might have on employment in Canada. (In a parody of the poll's findings, the *Toronto Star*, on November 11 drew the conclusion that "two-out-of-three Canadians do not be-

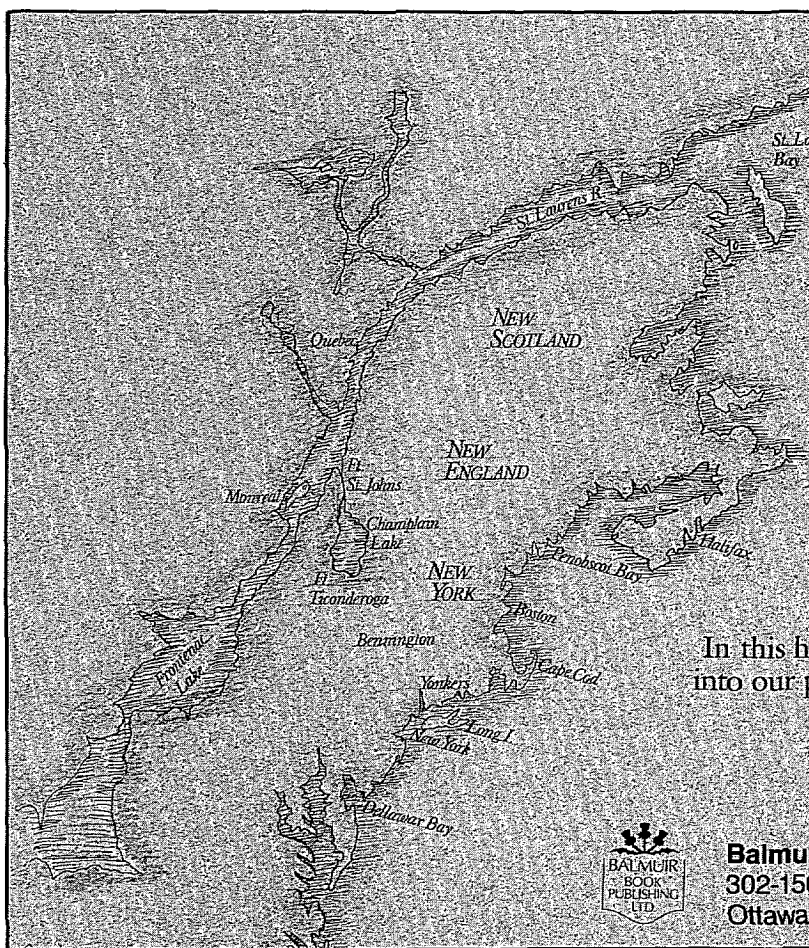
lieve Prime Minister Brian Mulroney when he says trade with the United States will result in more jobs here.

It was recognized that some provinces would benefit more than others, but 63 percent said they would continue to support a trade arrangement even if other provinces benefited more than their own. Residents of Atlantic Canada, the Prairies, Ontario (outside Toronto) and Quebec tended to believe the country as a whole would benefit more than lose from a trade arrangement, while residents of Toronto and British Columbia were much less convinced.

In contrast to the widespread impression conveyed by the media that most Canadians worry about the effects of a trade arrangement might have on Canada's national identity and character, 60 percent of respondents said they did not believe the risks to political and economic independence would be too great.

Twenty years ago John Holmes wrote that Canada had no reason to be complacent about the state of public opinion on international questions. He decried the public's shallow approach to the deeply-rooted problems of the age, and he argued that a well-informed public was essential for a wise foreign policy.

From the evidence available today there would seem to be no question that the Canadian public is an informed public, with strong views — including divided views — on the most important issues confronting Canada.



# The Cornish Hug


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"International Canada" is a paid supplement to *International Perspectives* sponsored by External Affairs Canada. Each supplement covers two months and provides a comprehensive summary of Canadian government statements and of political discussion on Canada's position in international affairs. It also records Canadian adherence to international agreements and participation in international programs. The text is prepared by *International Perspectives*.

# Bilateral Relations

## USA

### Lumber Exports

Canadian lumber exports to the US continued to be threatened by proposed protectionist bills before the US Congress (see "International Canada" for June and July 1985). International Trade Minister James Kelleher announced in early October that he had personally urged Congressman Sam Gibbons — who had introduced legislation which would provide for the imposition of stiff countervailing tariffs on Canadian lumber — to withdraw his bill as a radical departure from existing Canada-US trade relations. While Mr. Gibbons had called for Canada to submit suggestions for possible amendment, Mr. Kelleher responded that Canada did not regard the bill as capable of amendment since it would "fundamentally alter" current practice. The Minister's appeal for the bill's abandonment followed a joint lobbying effort on the part of both the federal government and the private sector to achieve Canadian exemption from any impending lumber restrictions (*The Citizen*, October 2).

US ambassador to Canada, Thomas Niles, was criticized in the Commons October 2 by Ernie Epp (NDP, Thunder Bay-Nipigon) and on October 7 by Dave Dingwall (Lib., Cape Breton-East Richmond) for earlier having made a suggestion that the Canadian lumber industry exercise "voluntary restraint" in exports to the US prior to the commencement of Canada-US trade talks. Ambassador Niles had said that "enlightened self-interest" on the part of the Canadian lumber industry would dictate a voluntary slowing down of exports. Responding to the criticism, External Affairs Minister Joe Clark stated that he had made known to Ambassador Niles his disagreement with the suggestion, adding that the government had embarked on a lobbying effort directed toward not only the US Congress but toward the US private sector which relied on Canadian lumber imports (*Globe and Mail*, October 3).

While the US Senate finance committee called upon US Trade Representative Clayton Yeutter in October for an "early resolution" to the lumber trade issue with Canada, no direct appeal was made to postpone the commencement of enhanced trade talks prior to such a resolution. As

well, a US official stated that, despite Congressional demands, the administration would not demand curbs on lumber as a precondition for trade talks. However, should a recent International Trade Commission review find unfair competition from Canadian lumber, "appropriate" action would be taken (*Globe and Mail*, October 5, *Montreal Gazette*, October 8).

Speaking in the Commons October 8, Gerry Weiner, Parliamentary Secretary to the External Affairs Minister, outlined the government's "comprehensive and coordinated" campaign to meet the threat of protectionist measures against Canadian lumber. While representations would continue to be made to both Congress and the administration, additional efforts would be made to "alert and mobilize" those US interests which would be adversely affected by import restrictions. As well, contact had been established with the US news media in order to present the "facts" of the case. Canada, he added, had not been approached to "negotiate a restraint arrangement, and would not be prepared "to entertain the possibility."

By late November, with US Trade Representative Clayton Yeutter calling for a speedy resolution of this major bilateral trade irritant, and the US administration suggesting more formal consultations on the issue, External Affairs Minister Joe Clark remained firm in his contention that there existed "no linkage" between the lumber dispute and broader trade negotiations (*Globe and Mail*, November 26). Speaking in the Commons November 27, International Trade Minister James Kelleher indicated that while the US was pressing for further talks, Canada had been assured that any discussions would not be held as a "precondition" and no time limit existed for their completion. The Minister later told reporters that, in all likelihood, Canada would agree to the renewed talks, with Mr. Yeutter outlining the "scope" of US proposals (*The Citizen*, November 28).

### CIA Experiments

Canada continued to support claims for compensation of a group of Canadians who unknowingly underwent



experimental psychiatric treatment at the Allan Memorial Institute in Montreal during the late 1950s and early 1960s (see "International Canada" for December 1983 and January 1984). The so-called MK-ULTRA mind-altering experiments, involving the administration of hallucinogens, psychic driving and brainwashing, were secretly funded by the US Central Intelligence Agency (CIA). The ongoing legal wrangle over suitable compensation had stalled with a US offer of an out-of-court settlement of \$20,000 for each victim. In a November 1 letter to NDP Leader Ed Broadbent, External Affairs Minister Joe Clark stated that while the facts of the case remained "unclear," the government would exert to the fullest extent possible its influence to settle the matter to the satisfaction of the claimants. However, following a review, the US Secretary of State Legal Advisor concluded that the US was not liable and that US courts should decide the case. Meeting with Secretary of State George Shultz, Mr. Clark emphasized that Canada attached the "highest priority" to an early resolution and called for the US administration to ensure that the case was handled "expeditiously." As well, Canada had accepted a US offer to brief the Canadian Justice Department on the "facts" as seen by the US. In view of the advanced age of the victims, Mr. Clark said that an appeal to the International Court at the Hague would be inappropriate, given the lengthiness of Court proceedings. Canada, he added, would continue to press for "just compensation" (External Affairs communiqué, November 1).

Despite such assurance, the US lawyer for the nine Canadians, Joe Rauh, appealed directly to the Administrative Office of the US Courts to seek an end to "inordinate delays" in the case. Mr. Rauh stated that the Canadian government had "impeded" his efforts to achieve a resolution through "obvious blunders and ineffectual posturing" (*Globe and Mail*, November 20). Abandoning diplomatic channels, Mr. Rauh had appealed to the Administrator "as the last and only means of obtaining rulings and preventing a major miscarriage of justice through deaths of plaintiffs before final judicial action."

#### **NORAD Renewal and SDI**

With the renewal date for the North American Aerospace Defence (NORAD) agreement between Canada and the US approaching, questions were raised that NORAD might be used to draw Canada into an unwilling participation in the US Strategic Defence Initiative (SDI). While the federal government had rejected any formal involvement for Canada in SDI research, it had indicated that the private sector would be permitted to do so (see "International Canada" for August and September 1985). Meetings were held in early October between US Secretary of Defence Caspar Weinberger and Canadian Defence Minister Erik Nielsen, covering both the upcoming five-year NORAD renewal and Canadian private sector contributions toward SDI research. Mr. Weinberger stressed that NORAD remained a "vital" agreement, from which stemmed "important bilateral relationships" (*Globe and Mail*, October 11). However, opposition critics suggested that NORAD might develop into an integral part of SDI, should the initiative ever reach the deployment stage. The agreement no longer retains a clause (deleted in 1981) whereby Canadian participation in NORAD did not guaran-

tee Canadian involvement in active strategic defence against ballistic missiles.

Days later, reports emerged that NORAD officials were in the process of developing plans in which Canada would be linked directly to future space and ballistic missile defences (including SDI). NORAD's proposed Strategic Defence Architecture Plan 2000 (SDA 2000), while not formally a part of SDI, would outline any integration of SDI deployment with NORAD (*The Citizen*, October 17). The plans were called "speculative" contingency planning. While the second phase of SDA 2000 involving defence against incoming missiles would require Canadian approval, NORAD remained firmly based on the concept of North America as an integral unit. Thus any US deployment of SDI would almost certainly call for Canadian participation if the fabric of NORAD were to be maintained. Receiving a qualified Canadian "No" on SDI, the US was seeking Canadian cooperation through NORAD on the development and "integrated analogous planning" for space defence (*Globe and Mail*, November 7).

#### **Chemical Waste Dumps**

Speaking in the Commons October 17, Environment Minister Tom McMillan stated that US Environmental Protection Agency head Lee Thomas had tabled that day an "extensive proposed action plan" covering "every facet" for the cleanup of pollutants in the Niagara River stemming from leakage in US chemical waste dumps. This included the possibility of "extraction and elimination" as well as containment. The Minister added that there were provisions for enforcement, compliance, tightening the standards for toxics, and monitoring and surveillance. While Canada remained committed to extraction and elimination rather than containment, the government would pass "final judgment" on the US proposal with "equal measures of fairness and criticism." Among the major points were:

- the extraction of chemicals from the ground water and areas surrounding dump sites;
- the pre-treatment of toxic chemicals from industries surrounding the area;
- tighter restrictions on companies discharging industrial waste into the Niagara River;
- bilateral research into the burning of toxic wastes at dumps;
- joint monitoring of toxics in fish from the Great Lakes;
- a review of storm water runoff problems from waste sites; and
- an examination of the advisability of implementing cleanup plans at other US sites (*The Citizen*, October 17).

Responding to questions from Charles Caccia (Lib., Davenport), a former Environment Minister, on funding for the cleanup proposals, Mr. McMillan stated that he and his department would be reflecting on the issue "methodically," and provided no details. Later speaking to reporters, the Minister added that while the US had not provided indications as to what monies would be allocated for the plan, cost was of secondary importance provided the proposals were satisfactory. He said that the US would be announcing a decision on the final form of its cleanup program following consultations with other governments

for recommendations (*Globe and Mail*, October 22). The Parliamentary Secretary to the Environment Minister, G.M. Gurbin, stated in the Commons October 24 that in early November the principal parties involved — the governments of Canada, the US, New York and Ontario — would be meeting to develop the "working document" in order to initiate changes deemed "appropriate." An opportunity would be provided to make the document as "complete and precise" as was deemed necessary to meet bilateral considerations. Mr. Gurbin further told the Commons on November 4 that both nations agreed on the necessity for the destruction of chemicals, chief among them dioxin. The technological problems associated with such a massive cleanup would be examined by the US and Canada, with costs estimated in the hundreds of millions of dollars. Budgets and specific timetables would be developed in future consultations, he added.

### Freer Trade First Steps

With the government's late September formal request for a commencement on freer trade negotiations with the US, the debate shifted from the abstract to the mechanics of enhanced trade (see "International Canada" for August and September 1985). Several key points of contention arose during this two-month period, particularly with regard to the role of the provinces and the protection of Canadian cultural industries (see below). However, US Secretary of State George Shultz, conferring with External Affairs Minister Joe Clark, stated that the US would be prepared to commence formal talks on a new trade agreement in early 1986. Consultations had already begun between the administration and both Congress and the private sector in preparation. It was hoped, said Mr. Shultz, that such preparatory consultations, required by US law, might be completed by the end of 1985. While admitting that talks would require "tough give-and-take," the Secretary of State added that the US saw an "open window" to a new trade pact with Canada (*The Citizen*, October 29). Despite Mr. Shultz's optimism, it became apparent that actual negotiations would not commence until later in 1986. US Trade Representative Clayton Yeutter stated November 19 that in all likelihood the administration would approach Congress cautiously in order not to alienate further an already hostile body. (Many protectionist measures had been introduced in Congress during 1985, particularly with regard to imports of Canadian lumber and steel.) Mr. Yeutter stated that despite present trade irritants, it was hoped that the talks might begin without "congressional restraints on the negotiating process" (*Globe and Mail*, November 20).

On November 8 the government appointed former Deputy Finance Minister Simon Reisman as special trade negotiator. While divesting himself of directorships in several companies, Mr. Reisman retained, with the approval of Prime Minister Brian Mulroney, his involvement with two companies which might be directly affected by the results of freer trade negotiations. Mr. Reisman indicated that should the preparatory work lead to formal negotiations, he would consider severing his ties to the firms, Bombardier Inc. and George Weston Ltd. As well, he would withdraw

from freer trade discussions at board meetings of the two companies (*Globe and Mail*, November 16, 19). However, questions were raised in the Commons November 18 with regard to possible conflict of interest, with the Prime Minister stating that Mr. Reisman had been retained on a "temporary, part-time basis" for the present. Complaints were also made by opposition critics over both an earlier proposal from Mr. Reisman to negotiate exports of Canadian fresh water for a Canada-US freer trade agreement and a suggestion that the Auto Pact was a protective measure no longer necessary (*The Citizen*, November 20, 28). The Prime Minister reassured the Commons that Mr. Reisman would act "appropriately" under any change in negotiating circumstances.

### The Provinces

As preparations were made to launch the trade talks, the question of the role of the provinces in the proposed negotiations assumed greater importance. Donald Macdonald, head of the Macdonald commission into the economy, stated in early October that agreement between the federal and provincial governments was essential for a comprehensive deal with the US. Mr. Macdonald added that the specifics of the Canadian bargaining position would have to be settled prior to approaching the US. Without provincial agreement, especially that of Ontario, the government would be unable to secure anything more than a limited pact on particular industrial sectors (*Globe and Mail*, October 1).

Prime Minister Brian Mulroney made it clear his intention to have provincial representatives present at any freer trade talks in order to "make sure that their input and cooperation were there" (*The Citizen*, October 12). However, the Prime Minister did not indicate whether the provinces would be involved to the extent of having a veto over any decisions. As well, International Trade Minister James Kelleher indicated that a method would have to be worked out whereby the provinces would "turn over their negotiating mandate to the chief negotiator" (CBC Radio [External Affairs transcript], October 17). However, Mr. Kelleher told the Commons that the chief negotiator would act on behalf of the provinces "only with their consent," and there would be no suggestion of "coercion" in matters under exclusive provincial jurisdiction.

External Affairs Minister Joe Clark reassured the Commons November 8 that the Canadian negotiating team under Simon Reisman would "indeed reflect the interests of the Canadian community" because of the direct consultations among the team, the provinces and the private sector. And following the First Ministers' conference in Halifax later in November, the Prime Minister announced that the provincial premiers would be participating in the negotiation process. (The communiqué released at the conference used the term "full provincial participation" without defining limits.) While the strongest opposition to the talks had come from the Ontario government, Ontario Premier David Peterson stated that agreement had been reached on having the provinces "intimately involved in the policy formulation" (CBC Radio [External Affairs transcript], November 29). Mr. Peterson added that it was the First Ministers' understanding that they would be speaking

through the voice of Mr. Reisman. "He will get the instructions from us," he said. A ninety-day deadline was called for in which to develop common goals between the two levels of government and to formulate a workable mechanism to ensure provincial participation. As November ended, it remained unclear as to whether the lone negotiator, Simon Reisman, would or would not receive his instructions from the first ministers as equal partners in policy formulation (*Globe and Mail*, November 30).

### Cultural Industries

As the comprehensiveness of any future talks between Canada and the US became more apparent, the sensitive issue of whether to place Canada's cultural industries on the negotiating table gained prominence both in the Commons and the media. While US ambassador Thomas Niles had called for a "dispassionate discussion" of broadcasting, publishing, television and film, External Affairs Minister Joe Clark reiterated in the Commons October 2 earlier comments made by the Prime Minister that "Canada's cultural identity and integrity were not negotiable" (*Globe and Mail*, October 1). Although the Prime Minister later told the Commons that he would defend the integrity of Canada's cultural institutions "at all times and in all circumstances," mention was not made in correspondence with President Ronald Reagan of removing cultural industries from the talks (*Toronto Star*, October 4). By October 9 the External Affairs Minister indicated to the Commons that the government would continue to meet with representatives of Canada's cultural industries, to "ensure precisely that Canadian interests are served in any negotiations that occur."

In a heated exchange in the Commons November 5, on the issue of protecting cultural industries, both the Prime Minister and Mr. Clark repeated assurances that Canada's cultural "identity" was not at stake and would not be on the negotiating table. Asked whether "identity" meant "industry," the Prime Minister responded that while Canada's "cultural dimension" was not threatened, "any government initiative would be aimed at further strengthening [Canada's] cultural position." (Mention was made of securing improved access to US markets for Canadian cultural products.) Mr. Clark later stated that the government intended to "maintain absolutely unhampered the exercise of Canadian cultural sovereignty . . . If Canada's interests are not well served, then there will be no arrangement."

The External Affairs Minister, addressing the US Foreign Policy Association in mid-November, stated that while Canada was willing to discuss cultural questions in trade negotiations, the government would not accede to any measures which might weaken Canadian culture (*Globe and Mail*, *The Citizen*, November 19). However, Mr. Clark having stated that Canada was prepared to discuss "whatever concerns" the US might have, added that "direct financial support" for the arts in Canada would not be included in the talks. Discussion should concentrate on broadening existing "trade rules" to facilitate greater distribution of Canadian cultural products, the Minister said.

Mr. Clark met with representatives of the cultural industries in late November to ascertain their views on freer

trade negotiations. Following the discussions, the Minister stated that "misunderstandings had been cleared away and concerns about the motives of the government had been diminished" (*Globe and Mail*, November 27). While the group had warned Mr. Clark of the dangers of bargaining with Canadian culture, no assurances were made that the cultural industries would be protected during the negotiations. Mr. Clark stated that excluding specific sectors from the talks would "unravel the process." However, he indicated that cultural representatives would remain a part of the process, with the government prepared to work in unison with the cultural leaders.

## Colombia

### Disaster Relief

Following a devastating volcanic eruption in Colombia in mid-November, the Canadian government announced plans to contribute funds for disaster relief efforts. External Relations Minister Monique Vézina, following consultations with the Colombian government, international relief organizations and the Canadian embassy in Bogota, stated November 15 that Canada would provide a \$60,000 grant to the UN Disaster Relief Coordinator's Office, and a contribution of \$100,000 (in the form of goods and emergency medical supplies) to health service operations. As well, Canada responded to a Colombian request for seismological and scientific equipment and support technicians in order to monitor volcanic activity. When the full extent of the devastation was known, the federal government increased its contribution with an additional \$250,000 to be made through the Canadian International Development Agency (CIDA). The funds were to be utilized for the purchase of food, clothing and shelter, as well as for rehabilitation projects (*The Citizen*, November 19, Canadian UN delegation communiqué, November 20).

## Guatemala

### Election Observers

An invitation from the Guatemalan Foreign Ministry to send an observer team to the November 3 combined presidential, congressional and municipal elections was accepted by Canada. The Canadian team was led by Gordon Fairweather, Chief Commissioner of the Canadian Human Rights Commission. Despite the "difficult" situation in Guatemala, stated External Affairs Minister Joe Clark, the decision to send observers was consistent with Canada's desire to support the Contadora peace initiative and any steps, such as elections, which might contribute to "stability and representative government" in the region. The Minister expressed his hope that the elections would lead to a "genuine transition" to democratic government. The Canadian observer team had been assured opportunity for "full verification" of the electoral process in any location of its choice. Mr. Clark stressed the need for the observers to have full freedom to both determine and make known their



independent judgments (External Affairs communiqué, October 30).

The observers released their report on November 14. While a full count of ballots had not been made at the time of the report's release, the delegation stated that they had observed the electoral process in various parts of Guatemala. Despite the fact that the final outcome had not been revealed, the Canadian team expressed no doubts as to the "fairness and openness of the actual process." They also felt that preparations for the vote had been "efficient" and "well understood" by Guatemalans. The Guatemalan Supreme Election Tribunal received the delegation's praise for the "trust and confidence" it had inspired in both voters and political parties. While the proportion of women voters was severely limited (primarily because of high illiteracy and "cultural tradition"), the team concluded that the elections had offered Guatemalans a "fair, honest and open opportunity to express their political preference" (External Affairs communiqué, November 14).

Unofficially, the delegation leader, Mr. Fairweather, had earlier expressed doubts as to the wisdom of sending delegation teams (*Globe and Mail*, November 5). Mr. Fairweather decried the "voyeurism" of election observers and spoke of the unfavorable context within which the Guatemalan elections were held. He questioned the likelihood of the results having reflected the true popular will, or even whether the elections had offered voters a "realistic choice." Principal among the problems had been transportation difficulties, the high illiteracy and cultural traditions which had made it difficult for a major portion of Guatemalans (primarily native Indians) to "express their wishes" with regard to the future of the country. Mr. Fairweather also questioned whether the candidates had "represented the aspirations" of the indigenous peoples.

## Mexico

### Reconstruction Assistance

While Canada had contributed emergency relief funds immediately following news of the September 19 earthquake in Mexico, External Relations Minister Monique Vézina announced further federal plans to contribute toward stated Mexican priorities of long-term reconstruction. Speaking in the Commons November 7, the Minister stated that, acting in close cooperation with the Mexican government, Canada had sent a planning mission to Mexico in order to assess requirements. The Canadian delegation, having met with Mexican officials and NGO representatives, and having consulted with other donor countries, multilateral institutions and private interests, focused on the areas of education, housing and health. Nearly four million dollars in additional assistance was to be allocated from the budget of the Canadian International Development Agency (CIDA). Ms. Vézina added that the funds were to be divided among projects for urban low-cost housing reconstruction, a rural health and pure water project in a severely stricken area, a smaller allocation for the Canadian embassy's own projects program, and another portion

for the rebuilding and equipping of the National College for Technical and Professional Training.

## South Africa

### Apartheid

With regard to the possible imposition of full Canadian sanctions against South Africa, External Affairs Minister Joe Clark told the Commons October 1 that Canada would continue to measure the degree to which South Africa moved to dismantle the racist policy of apartheid (see "International Canada" for August and September 1985). The Minister praised efforts by the Canadian private sector (acknowledging recent moves by the South African business community as well) in seeking ways to bring Canada's "repugnance and revulsion" to bear upon the South African regime. Interviewed October 13, Mr. Clark stated that Canada would pursue "steady progress" at the mid-October Commonwealth conference held in Nassau. However, he added that "pressure" could most effectively be maintained through the willing participation of all Commonwealth members in any joint action. (Great Britain, as in fact proved the case, had been regarded by many advocates of stronger action as the major stumbling block to unity.) It remained the Canadian position that the "threat" of sanctions was of more use than the "fact" of sanctions (CBC Radio [External Affairs transcript], October 13).

Commonwealth Secretary General Shridath Ramphal urged tougher economic sanctions in order to "compel" South Africa to end apartheid and was joined in his call by Commonwealth labor leaders (*The Citizen*, October 15, 16). However, despite much behind-the-scenes activity by several Commonwealth leaders, including Canadian Prime Minister Brian Mulroney, Britain's intransigence forced the acceptance of a "compromise" measure. Meeting with unanimity, the final product included the establishment of a joint committee to review the situation in six months' time, a ban on government-to-government loans, the discontinuance of government financing of trade missions, curbs on the importation of krugerrands, a call for South Africa to renounce apartheid and release its political prisoners, and a demand for the lifting of both the state of emergency and the ban on the outlawed African National Congress. While many of the measures were similar to those already instituted by several Commonwealth nations (such as Canada), the "compromise" agreement did avert a possible split between conservatives and those advocating more extreme measures. As well, it was announced that the Commonwealth would establish a group of "eminent persons" to encourage the evolution of a "process of dialogue across color lines" (*The Citizen*, October 21, *Globe and Mail*, October 22).

Speaking in the Commons October 25, External Affairs Minister Joe Clark stated that Canada had played a "pivotal" role in securing unanimity on the Commonwealth communiqué. He added that the "consensus achieved" was "remarkable" given the division of opinion among members prior to the conference. Making a statement to

the Commons October 28, the Prime Minister characterized the Commonwealth Accord as the articulation of a unanimous Commonwealth will to see apartheid dismantled — coupled with a collective demand for “specific and meaningful action” on the part of South Africa. Having achieved the objective of an “organized common action” in the agreement, Canada would await South Africa’s reaction and, should this prove negative, would be prepared to inaugurate “increasing sanctions” either within or without the Commonwealth.

This same warning was repeated before the UN by Canadian ambassador Stephen Lewis October 31, when he stated that opponents of apartheid were in a “race with

time,” if violent conflict was to be averted in South Africa. The “immorality” of South African racism invited the “opprobrium” of all nations, and Canada would move toward total sanctions and the severance of diplomatic relations should South Africa fail to initiate concrete measures toward the dismantling of apartheid. Within a six-month time frame, Canada endorsed the use of “every initiative, every opportunity, every diplomatic skill, every debate, every forum, within the United Nations, beyond the United Nations, individually and collectively to persuade South Africa that peaceful change alone makes sense” (UN Canadian delegation communiqué, October 31).

# Multilateral Relations

## Central America

### **Contadora Initiative**

Canada issued a statement of support for the Contadora peace initiative in Central America before the UN General Assembly in late November. The statement, delivered by Shirley Martin (PC, Lincoln), called for continued international efforts to secure the “development, acceptance and implementation of a workable, durable and comprehensive peace agreement” for the region (see “International Canada” for June and July 1985). Rejecting a “cosmetic solution” as “counterproductive and potentially dangerous,” Canada expressed its belief that only by addressing the underlying problems of social and economic injustice might a long-term solution be found. However, it was acknowledged that “external interference” and the tendency to view the situation in an East-West context had “exacerbated and aggravated” the problem of finding such a solution. Canada, placing great emphasis on respect for human dignity and basic human rights,” called for increased dialogue, both among parties to the regional conflict, and between Central America and the United States. As well, Canada “deplored” recent increases in the level of militarization. From the Canadian humanitarian perspective, Contadora offered the only framework for a workable peace agreement, but beyond support for Contadora, Canada would continue to focus its efforts on bilateral development assistance (UN Canadian delegation communiqué, November 25).

## The Commonwealth

### **Nassau Conference**

Upon his return from the Commonwealth Conference, held in Nassau October 16-22, Prime Minister Brian Mulroney made a statement to the Commons October 28 outlining Canadian involvement. Of prime importance for the Commonwealth nations was the problem of South Africa and apartheid, and Mr. Mulroney spoke of the compromise measure, the Commonwealth Accord, which met with unanimous endorsement (see this issue — South Africa). While the focus was on those joint economic sanctions designed to place increased pressure on South Africa to dismantle the racist policy of apartheid, attention was also given to other considerations of multilateral interest. The international economic situation, as it affected the Commonwealth, was discussed, with Canada offering a contribution to the Commonwealth fund for technical cooperation of \$50 million over three years. Mention was also made of Canada’s recent efforts to secure “preferential lending conditions” for the smaller Commonwealth Caribbean countries from the World Bank/International Monetary Fund.

The Prime Minister held meetings with Caribbean leaders, and announced that Canada would be responding to requests for a “special degree of understanding” on trade matters in the hemisphere with “practical and concrete measures.” Among these were a one-way duty-free trade arrangement (accounting for 99 percent of Carib-

bean exports), the development of a sourcing directory of export and manufacturing capacity in order to assist regional exports to Canada, the establishment of new scholarships for Caribbean students, and the signing of new air agreements with several Caribbean nations.

## GATT

### **New MTN Round**

International Trade Minister James Kelleher welcomed the announcement of preparations for a new round of Multilateral Trade Negotiations (MTN) by GATT as a "timely development in [Canada's] efforts to fight back protectionist pressures threatening Canadian exports." The GATT decision to commence official preparations followed the Special Session held in Geneva in early October, where GATT members agreed to the establishment of a group of senior officials to report later in the year. The group, in its examination of the "subject matter and modalities" of the proposed negotiations, would concentrate on continued GATT responsiveness to the changing trade environment. Canada had announced its "full engagement" in promoting and preparing a new MTN round, and in its statement to the session had emphasized the importance of a "liberal trading system, based on agreed and transparent rules" for world economic growth. Canada called for timeliness and credibility in any new round, adding that only a broadly-based agenda could "reflect the legitimate interests of all countries." Rather than relying on a "static, narrow and legalistic" view of the GATT trading framework, the contracting parties should direct their attention to the reforming and updating of existing rules to take into account the changed trade patterns of the 1980s (External Affairs communiqué, October 4).

## UN

### **Fortieth Anniversary**

Marking the occasion of the United Nation's fortieth anniversary in October, External Affairs Minister Joe Clark issued a message of congratulation to UN Secretary General Pérez de Cuéllar. The Minister reiterated previous calls made by Canada for a strengthening of the UN and its agencies. Citing the Secretary General's own initiative as an effective effort towards this end, Mr. Clark emphasized the importance of a recommitment to the principles of the UN Charter by all member nations. Successful revitalization, however, required "sustained recognition" of the UN's significance in light of "continuing challenges" to the international community. Canada maintained that only united

effort would strengthen the UN, through a "refocusing" of the UN's political mandate in its political organs," improvements in management, and a "rationalizing" of both the Security Council and the General Assembly. Mr. Clark added that the anniversary was a particularly opportune time to familiarize the public with the UN and its operations (External Affairs communiqué, October 24).

The Canadian pledge of loyalty and support for the UN was renewed by Prime Minister Brian Mulroney October 23 in his address to the General Assembly during its commemorative session. In his statement, Mr. Mulroney spoke of those issues of vital concern to member governments — the elimination of apartheid in South Africa, the urgency of achieving a measure of progress in superpower arms control reductions, the necessity for moving toward a new MTN round, and the problem of developing an effective response to international terrorism. While acknowledging the UN's imperfections, the Prime Minister stated the present cycle of "force and fear, of injustice and violence" was caused rather by "self-centered nationalism" and the failures of member states. The existence of the UN, he added, since it was "threatened every day," should be both celebrated and "protected" every day (UN Canadian delegation, October 23, *Globe and Mail*, October 24).

### **UNESCO Participation**

Further calls for the reform of UNESCO were made by Canada during this two-month period. (Two member nations had already decided against further participation — the US and Great Britain.) External Relations Minister Monique Vézina, in a speech delivered to the UNESCO General Conference October 21, outlined Canadian concerns over the continuation of the reform movement within the organization to improve both operations and programs — reform which could prove essential for the very existence of the UN itself as a viable international forum. While Canada remained committed to the ideals and mandate of UNESCO, further efforts on the organization's part were required to improve public perception. With this objective, UNESCO should "eschew sterile ideological controversy," exercise financial discipline and restraint, reduce the bureaucracy, increase its concentration on the "core areas" of UNESCO's competence, and compress its programs to match its reduced financial circumstances (following the withdrawal of member states) (External Relations statement, October 21).

On November 18, the Minister reassured the Commons that Canada would not "abandon" UNESCO, but would continue to work for reform from "within." Ms. Vézina pointed to the progress already made by UNESCO to "compress" its programs. Canada supported further efforts to "rigorously define its objectives and priorities," reduce "political rhetoric," and "weed out less crucial programs" (External Relations statement, November 18, *Globe and Mail*, November 19). Canada remained confident, added the Minister, that UNESCO would proceed with the reforms already initiated.

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# Policy

## Defence

See this issue, US — NORAD Renewal and SDI

## Disarmament

### **World Disarmament Campaign**

On October 31, External Affairs Minister Joe Clark announced a Canadian contribution of \$100,000 to the World Disarmament Campaign. The contribution was in support of the objectives of the campaign, namely "to inform, to educate and to generate public understanding and support" in the fields of arms limitation and disarmament. The major portion of the funds were directed toward the UN *Disarmament Yearbook* as a vehicle for information dissemination. A smaller portion was allotted to the Geneva-based United Nations Institute for Disarmament Research for research into verification. This was in furtherance of the Canadian emphasis on the role of verification in current arms control and disarmament negotiations (External Affairs communiqué, October 31).

Canada co-sponsored a draft resolution on verification in the UN on November 12. Disarmament Ambassador Douglas Roche introduced the resolution, stressing the importance which Canada attached to the verification issue. Work must proceed on both the principles and the procedures and techniques in the formulation of verification provisions. Mr. Roche stated that efforts should concentrate on several key principles: measures must prove satisfactory to all contracting parties; methods must be non-discriminatory, and neither interfere "unduly" with internal affairs nor "jeopardize" economic and social development; and contracting parties should participate in the verification process either directly or through the UN system. As well, work had already commenced on several phases in the development of procedures and techniques (UN Canadian delegation communiqués, November 12, 22). On November 22, the resolution was passed by consensus by the UN General Assembly Arms Control Committee, receiving the support of both the US and the USSR.

## Immigration

### **Future Levels**

Minister of State for Immigration Walter McLean tabled in the Commons October 31 the annual report on future levels of immigration. The Minister announced an overall increase to 105,000-115,000 in 1986 and to 115,000 to 125,000 in 1987 from the 1985 level of 85,000-90,000, indicating a rebuilding of immigration levels in a "moderate, controlled manner." Canada would continue to support the reunification of families, the admission of humanitarian immigrants and a selection of "economic" immigrants (business and independent). As well, the government had determined through comprehensive consultations that "contrary to myths, immigrants do not take jobs away from Canadians but instead contribute positively to our economic and social development." Mr. McLean noted that Canada was increasing its level for government-assisted refugees when many receiving nations were becoming more restrictive. Canada was engaged, added the Minister, in the development of a long-term role for immigration in order to sustain both population growth and economic development. The increases would be monitored by the Immigration Department to ensure that Canada's "tradition of social justice" was maintained while "fostering a multi-cultural society" (Employment and Immigration statement, October 31, *Globe and Mail*, November 1, *Le Devoir*, November 2). Responding to questioning in the Commons November 1, the Minister stated that Canada would maintain its "tradition of responsiveness" in immigration and refugee policy. The higher levels answered the need to have mechanisms in place with which to respond to altered conditions and special circumstances.

### **Sikh Immigrants**

Following confirmation of "changed circumstances" in India's Punjab region, the federal government lifted a moratorium (brought into effect in mid-1984) on the expulsion of Indian nationals in contravention of Canadian immigration law. The November 27 rescission of the ban was in response to several improvements in relations between the Indian and Sikh communities of India. These included the

recent democratic election of a "moderate faction" in the Punjab (ending direct rule from New Delhi), the signing of an agreement between the Indian government and the Punjab redressing "perceived wrongdoings" during the 1984 riots, the lifting of a ban on the All India Sikh Students Federation, and the relaxation of restrictions on foreigners entering the Punjab. Minister of State for Immigration Walter McLean did not envisage a large expulsion of Indian nationals seeking refugee status, since such claims were in the process of evaluation (Employment and Immigration communiqué, November 27).

The lifting of the ban affected almost 2,800 Sikhs in contravention of Canada's Immigration Act (2,000 of whom had been issued deportation orders). Reacting to the rescission, a spokesman for the Federation of Sikh Societies of Canada stated that the situation in India remained unstable, citing the recent attempted assassination of the high priest of the Golden Temple in the Punjab (*Globe and Mail*, *The Citizen*, November 28). Expressing the "shock" of the Canadian Sikh community, the Federation called for a "reconsideration" of the lifting of the moratorium by Immigration Minister Flora MacDonald. However, the department indicated its intention to monitor the situation in the Punjab, with Mr. McLean stating that there was no foreseeable possibility of a "massive evacuation." Sikh demonstrators marched in Ottawa December 1 to protest the decision, indicating the possibility that Sikhs forcibly returned to India would be facing "jail, interrogation, torture and even death" (*The Citizen*, December 2). Appealing to the government on "humanitarian grounds," the group called for a parliamentary committee to visit the Punjab to evaluate the situation before reversing the suspension.

## Trade

### **Shoe Quotas**

Making a statement to the Commons November 20, International Trade Minister James Kelleher announced

the government's decision to remove quotas on imported footwear. Considering the effects of eight years of quotas, the government had determined that such quotas had "driven prices up" (to an estimated sum of one-half billion dollars), impacting primarily on lower-income Canadians, and had accorded "minimal" benefits to the industry. A comprehensive review had indicated that the Canadian footwear industry had "matched, and at times outperformed, the economy as a whole." Pressures of the marketplace had strengthened competitiveness, added the Minister, with the "temporary and limited exception" of women's and girls' shoes. For this limited sector, import controls would be maintained in order to prevent possible material injury. However, even here, the government intended to phase out quotas over a three-year term. (Mr. Kelleher noted that Canadian manufacturers were still protected by a 23 percent tariff on imported footwear.) As well, the government would provide assistance to those communities, companies and individuals affected by the measures (through industrial adjustment, relocating and retraining programs). In all likelihood, the Minister said, continued quotas could jeopardize Canadian jobs — jobs often unrelated to the footwear industry but vulnerable because of foreign retaliatory measures. While anticipating a "short-lived" surge in imports, the government believed that conditions would stabilize within a twelve-month period (External Affairs communiqué, International Trade statement, November 20). Responding to questioning in the Commons November 21 on the removal and phase-out of footwear quotas, Mr. Kelleher stated that the inquiry into relative costs and benefits had been extremely comprehensive, drawing "rational and fair" conclusions. While consumers would benefit significantly, he added, the government had developed its broad range of dislocation remedies in order to protect workers "in the event that there was any diminution of the work force." When asked in a scrum that same day whether the removal of quotas had been made as a "signal" to the US, the Minister stated that the decision had been based solely on the criteria of what was best "for the consumers and workers of this country . . . not the United States" (External Affairs transcript, November 21).

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(supplied by External Affairs Canada)

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# Drug dumping in the Third World

by David McKie

Canadians do not usually get excited about international issues. But when sufficiently challenged by international developments and government leadership, they have shown genuine concern, for example, in aiding the starving in Ethiopia. In the late seventies and early eighties advocacy groups were able to drum up support for a Nestlé boycott when the marketing of infant food formula led to a decline in breast-feeding among women in the Third World. Now Canadian advocacy groups are itching to convince Canadian policy makers, and the public, that something has to be done about an activity international health activists have called the "corporate crime of the century." They say the pharmaceutical manufacturing industry is guilty of unscrupulously marketing pharmaceutical products in Third World countries. It is a complex issue that bears some resemblance to the infant food formula controversy because it, too, is having a devastating effect on women and children in developing countries.

## HAI Canada formed

Some concerned Canadian groups have got together to form a Canadian branch of Health International (HAI), a worldwide coalition of about fifty consumer, development action and other public interest groups. HAI's literature defines its object as: "... to further the safe, rational and economic use of pharmaceuticals worldwide; to promote the full implementation of the World Health Organization's Action Program on Essential Drugs and to look for the non-drug solutions to the problems created by impure water and poor sanitation and nutrition."

Groups now in HAI Canada were members of a loose, unnamed and unassuming coalition concerned with the way pharmaceutical products were being marketed in the Third World. In October 1985 they formed a Canadian branch of HAI in order to gain more influence with Canadian policy makers. As HAI members it would be easier to lobby on behalf of concerned health activist groups from around the globe.

The marketing of pharmaceutical products is an old issue. And while health activists claim the situation is getting worse, industry representatives serenely claim that the situation is improving. Nevertheless, activists have been relentless in chronicling instances in which pharmaceutical manufacturers have recklessly and irresponsibly dumped their products in developing countries. Dumping normally refers to occasions when companies sell their products in a foreign market for less than the price at home. But health activists have their own definition; they use the term to describe a host of misdemeanors which include marketing drugs that many people in the Third World do not need;

misleading Third World consumers by providing insufficient information on marketed drugs; marketing drugs that have been banned in developed countries; and marketing drugs for purposes they were originally unintended.

Take Cibaglin for example. In the early eighties it was withdrawn from the world market by its manufacturer, Ciba-Geigy (the company has a Montreal subsidiary), because it caused agranulocytosis, a disease which causes a sharp drop in the production of bacteria-fighting white blood cells. Studies indicated that 1 in 100 patients treated with products similar to Cibaglin was afflicted with the disease, and the mortality rate was about 1 in 200. Nevertheless, this drug was continually marketed in Third World countries.

## Enter Depo-Provera

The latest controversy centers around the drug Depo-Provera (Medroxyprogesterone acetate), a hormonal contraceptive produced by the Upjohn Corporation. In Canada women's groups are worried about the drug's possible short-term side-effects: heavy bleeding, weight-gain, nervousness, depression and decreased libido. They also express concern over possible long-term side-effects: diabetes, breast, cervical and endometrial cancer. It is also believed the drug may increase the chances of birth defects and interfere with immunoglobins in breast milk.

The industry here wants the federal government to legalize Depo-Provera. Women's groups say that would put too many women and children in danger, and "until studies can more adequately assess its dangers and benefits, government approval of Depo-Provera for contraceptive purposes is premature and misguided." But the drug's use in Third World countries has also caused concern. An article in the international publication, *Multinational Monitor*, discusses the problem: "The Depo-Provera issue presents a set of trade-offs to many Third World women, who face the cruel choice between the hazards of birth control and unwanted children in families already at the margins of existence. Most supporters of Depo-Provera recognize that such trade-offs exist, but at the same time they tend to discount the long-term and severe risks that Depo-Provera may carry."

Internationally, health activists have taken direct aim at pharmaceutical manufacturers who, to their discredit, have never taken the criticism very seriously. But soon they may have to, because the rational use of drugs in develop-

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## From Nestlé to Depo-Provera

ing countries is to be a topic which delegates at the World Health Assembly will discuss in May.

### Third World almost defenceless

This issue is important because it represents a more serious Third World reality. For example, most developing countries, with the exception of a few nations such as Pakistan and Mexico, are incapable of establishing marketing codes which could effectively monitor the pharmaceutical products crossing their borders. Even with such codes few Third World countries have the trained medical personnel to administer the distribution of pharmaceutical products efficiently and safely.

The World Health Organization (WHO) has attempted to remedy the problem by publishing a list of some 250 essential drugs. The list is used by developing countries when judging imported medication. However this has only been a partial solution. The key is money. Without it, poor Third World governments are unable to provide adequate training for their health officials, and they are incapable of buying and distributing drugs to the women and children in deprived rural areas — the people who most need the medical attention. One health official with the Canadian International Development Agency estimates that 80 percent of people in developing countries do not receive the medication they need.

HAI Canada wants to make sure that our delegates at the next World Health Assembly support initiatives designed to help Third World governments to, among other things: formulate national drug policies; promote essential drug programs; establish or strengthen national drug regulatory authorities; improve the training of health workers; and ensure the availability of good quality drugs. HAI Canada claims that the best way of accomplishing this is by lobbying officials in the Department of Health and Welfare, many of whom are unaware of the problems.

But before HAI Canada can make any significant moves, it must decide on a strategy. One course would be to use the techniques so successfully developed in exposing the dangers of Nestlé infant food formula. That would mean focusing on one product, lobbying for its banning and organizing boycotts to that end. The best candidate appears to be Depo-Provera, the drug mentioned earlier as a problem in the First World, as well as the Third. It should be possible, using the technique developed in the Nestlé campaign, to make real progress. The baby formula was detrimental to the health of mothers and children in the Third World. Depo-Provera is banned in Canada and the US, but is still being used in many developing countries.

### Infant food formula case

The earlier campaign had an instructive history and consequence. Concern over the marketing of infant food formula had been growing since the fifties when firms began their aggressive promotion campaigns. This anxiety reached peak levels in the early eighties when WHO and UNICEF, prompted by lobbying from health activists, adopted strict marketing guidelines. In 1984 similar pressure led WHO to call a special conference of experts on the rational use of drugs to discuss ways of making sure developing countries were only buying the drugs they needed. That conference took place last November with participation by experts from the health care field, the pharmaceuti-

cal industry and social development agencies. Most of the participants agreed that WHO should take more of a lead in providing developing countries with concrete advice on how to regulate the marketing of pharmaceutical products within their borders. Such measures would go beyond WHO's shortlist of essential drugs which some countries now use as a guide.

When WHO and UNICEF adopted the marketing code for the promotion of infant food formula the United States was the only country to vote against the resolution because it is home to a number of infant food formula manufacturers. The same thing happened at the 1984 World Health Assembly when delegates voted 100 to 1 in favor of a "Rational Use of Drugs" resolution which gave WHO the authority to convene a meeting on drug marketing. Once again the United States was the lone, but nevertheless powerful, dissenting voice. (It should be noted that Japan and West Germany abstained from voting to convene such a meeting.)

By the time WHO adopted its marketing code on infant food formula, activist groups were able to bring the issue to the attention of people around the world. In Canada church, women's and a host of other advocacy groups united under the banner of social justice. It did not matter that Canada was not a major marketer of infant food formula. These groups had great success in convincing Canadians that the aggressive marketing practices were hazardous to mothers and babies in developing countries because they encouraged indiscriminate use. The reasons were simple enough: you have to mix infant formula with water; but since many developing countries suffer chronic shortages of clean water, mixing becomes an easy way to spread germs which reside in dirty water.

Manufacturers were painted as the culprits. Mothers who did not know any better, were said to have been manipulated by persuasive marketing techniques. The victims were seen as even more helpless because they had little discretionary power: they could not weigh the advantages of breast-feeding. In a sense the children's fates lay not in the hands of their mothers, or even local health officials, but in the greedy, sweaty palms of multinationals. Advocates were able to use these powerful images to paint a simple picture. The public rallied behind them. And Canadian officials were forced to heed, no matter what the Americans said.

### Canadian opportunity

The dumping, or the marketing of pharmaceutical products in developing countries, has not enjoyed the same sensational reputation, despite the fact that it has been described as the corporate crime of the century. But health activists are making the same kinds of demands. And HAI Canada will want more done. One suggestion from Health and Welfare Canada is that we should be giving more money to countries that lack the funds to buy the drugs they need. "This issue has been one of the festering sores in the health field . . . They have to spend so much money on drugs, many times because they cannot get together as countries and buy drugs as a region for the cheapest price."

That comment is aimed at the problem itself. It also points to genuine Canadian action — just the sort of program that the concerned groups in HAI Canada are seeking.

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# Canada and Latin America

by David Kilgour

*This article by the Progressive Conservative Member of Parliament for Edmonton-Strathcona and Parliamentary Secretary to the Minister of Indian Affairs and Northern Development is based on a talk given by him — then Parliamentary Secretary to the Minister of External Relations — in Rochester, New York, in October 1985. Since then Mr. Kilgour's continuing study of Central America has "significantly altered" his view of the regime in Nicaragua, which he now finds much less acceptable.*

Canada's relations with Latin America have never been a central feature of our foreign policy; geographic and cultural ties were to Europe, economic links were principally with the United States, and political heritage lay in Britain, La Francophonie and the Commonwealth. Later, when we launched our active interests in the Third World, development assistance programs were concentrated in the developing Commonwealth countries. In short, Latin America was judged to be peripheral to our basic national interests, and was even regarded as a potential trouble spot where our policies might conflict with important US national interests.

Fortunately, technology has reduced distance. Our relations with the region are now multifaceted, important and more high profile. Private Canadian interests, both commercial and those of non-governmental humanitarian and religious organizations, and government initiatives have greatly expanded in the last two decades. Successive governments, in evaluating their policies towards South and Central America, have identified the growing importance of the region to Canada. The 1970 general review of foreign policy, for example, recommended the development of "a coherent and distinctively Canadian position on hemispheric affairs in line with Canadian national interests."

## Getting closer slowly

Subsequently, in 1972, Canada took Permanent Observer Status in the Organization of American States (OAS) in Washington and joined several other institutions of the Inter-American system including the Inter-American Development Bank and the Caribbean Development

Bank. Bilateral trade and aid arrangements have proliferated and numerous high-level joint ministerial meetings have taken place. Following a recommendation from the 1982 House of Commons sub-committee investigating relations with the region, Canadian-Latin American relations have been given a progressively higher priority on our foreign policy agenda. It must be noted, however, that our policy interests in the region have not altered dramatically, nor has our conception of our influence been unduly inflated. Changes are significant but they have been modest and adaptive. Furthermore, while Canada takes an interest in the region as a whole, our relations with individual countries are not uniformly close. We have tended to develop closer bilateral ties with some countries (Brazil, Mexico, Venezuela) and have focused on certain issues of the region. Several important aspects of our comparatively recent southward reorientation are worth highlighting: on the economic side — trade, the debt issue, and development assistance; on the political side — concerns about democratic practices, human rights and security in Central America.

It might be asked what prompted our increasing interest in Latin America. There are a number of reasons. Latin America has a new international status in terms of global security and the world economy. In particular, the roles of the larger, middle income countries such as Brazil, Mexico, Argentina and Venezuela in the world economy, and as spokesmen for Third World countries, have important implications for Canada. Canada also shares many common political and economic problems and viewpoints with these new developing middle powers. Although certainly wealthier, Canada too has a developing economy based on resource extraction, exports and investment. Canada also faces similar transportation and communications problems. Canada has become more sensitive to the development needs of this area of the Third World, based on considerations of a humanitarian nature as well as on the increasing importance of the North/South issue in world politics. Interests concerned with Latin America have certainly contributed to this heightened sensitivity. Churches, human rights and aid organizations provide much vital and welcome input to the formation of foreign policy. Finally, there has emerged in Canada a confidence that we can have a foreign policy on Latin America distinct from that of the United States, based on our own national interests, values and aspirations.

## A developing interest

### Let there be trade

Commercial relations between Canada and Latin America are longstanding. The Latin American and the Caribbean region is the most important Third World trade link for Canadian goods. The bulk of this trade is concentrated in Brazil, Mexico and Venezuela. While a small proportion of our total trade (5 percent) compared to our major partners (US, West Europe and Japan), these exports totalled almost \$36 million in 1983. Importantly, a large percentage of these exports are manufactured and high technology goods, largely transportation, communication, agricultural and energy extraction equipment.

Some of this increase is due to the economic growth of Latin America's middle income countries, demonstrating Canada's perspective that trade is a mutually beneficial arrangement. The relationship creates a potentially important export market for Canada and acts as a stimulus for Latin American development by transferring technologies critical to their economies. Successive Canadian governments have fostered the commercial relationship through bilateral and regional trade agreements, including the 1979 Caricom agreement, co-financing arrangements, trade promotion and technology exhibitions, and more generally through our twin commitments to Third World development and an open multilateral trading system. In regard to these last two points, Canadian imports from Latin America are significant. Though composed largely of natural resources (oil, bauxite, coffee and bananas), these exports are vital to their payment balances and generally to the development of their economies. Our stake in a liberal trade regime and unrestricted access to markets is mutual.

Canadian investment in Latin America is another element of the relationship. The region is the second largest recipient of Canadian foreign direct investment after the US — some \$3 billion in 1983. Latin America is the single most important market for loans by Canadian banks. Moreover, as Canada well knows, foreign investment is vital to economic growth.

### With a shadow of debt

Canada recognizes the threat of debt crisis not just in terms of that posed to Canadian companies and the stability of the Canadian financial system, but also the threat to the wider international banking system and the economic damage to debtor countries. Continuing high debt service payments force cuts in imports, disrupting development plans and necessitating austerity measures that exacerbate income disparities and threaten delicate political balances. Canada supports these difficult economic adjustments and the international efforts to find flexible rescheduling arrangements. There is little room for complacency, but Canada sees the case-by-case approach, combined with an emphasis on global economic recovery, as the most effective method to deal with the rescheduling and balance of payments problems. Canada sees existing international institutions, rather than the "political dialogue" proposed by the Cartagena group (a consortium of debtor nations including Mexico, Venezuela, Panama and Colombia), as most appropriate for tackling the debt crisis.

Complementary to our multilateral aid, and expanding from our assistance to Commonwealth Caribbean countries, Canada now has a wide range of bilateral development assistance programs for Latin America. Although modest in comparison with that directed to the poorest areas, 1981-82 bilateral assistance to "The Americas" was over \$79 million (11 percent of total); the 1985-86 disbursement target is \$123 million. This is in addition to contributions of private Canadian humanitarian organizations. In the past, bilateral aid programs have concentrated on infrastructural projects with the potential to spur employment and industrial development, increase productivity and stabilize economies. More recently, program objectives have shifted to problems of social and human resource development such as education and health, critical aspects of any community's prosperity. The Canadian International Development Agency (CIDA) and the Export Development Corporation (EDC) have initiated a variety of Latin American development programs with an aid-trade link which have mutual benefits, but Canada's overriding aid motivations are humanitarian. In keeping with our internationalist and humanitarian traditions, we do not give aid based on political perspective, and we do not use it to reward or punish governments for pursuing certain policies.

### Human rights

Over the last fifteen years the political relationship with Latin America has become "high profile." In the past, the historical propensity of the region towards violent change, dictatorship and militarism had clashed with Canada's beliefs and commitments to democratic, pluralist political institutions and had inhibited closer relations. More recently, there has been a growing and vocal concern in the Canadian public (both individuals and groups) about continuing oppression and violations of basic human rights in some Latin American countries. The Canadian government, also offended by these violations, has spoken out and acted; Canadian aid to Guatemala and El Salvador, for example, was suspended in reaction to continuing "death squad" activities in these countries. Multilaterally, Canada has supported UN General Assembly resolutions deploring political murders and abuses. Domestically, Canada has eased immigration procedures and refugee restrictions on Latin Americans. In 1985 we increased our target for permanent resettlement of political refugees from Latin America to 3,000 (out of a global total of 11,000). While there are still many problems in the respect for human rights and dignity in the area, there has been improvement. There is an encouraging trend towards a return to stability and democratic civilian rule in Peru, Argentina and Brazil, for example, and a heartening improvement in El Salvador and elsewhere in the region towards decreasing violence and national reconciliation. To this end, Canadian representatives acted as witnesses in meetings held in 1984 and 1985 in Bogota between the Sandinista government and indigenous opposition groups. Canada recognizes the threat posed by economic crisis to nascent political stability; austerity measures necessitated by debt and payments problems obviously exacerbate existing political tensions by increasing the economic burden on populations.

Canada's role

Canada sees the best possibilities for improvement of the region's security problems as regional in nature. We wholeheartedly support the Contadora initiative (governments of Colombia, Mexico, Panama and Venezuela). Because of our extensive experience in international peace-keeping, Canada was asked to comment on the technical and legal elements of the Contadora proposal. The control and verification procedures were carefully reviewed by legal experts in the Department of External Affairs and our comments were forwarded confidentially so as not to politicize further the initiative and thus hurt its prospects for success. The question of Canadian participation in any Central American security commission will have to be considered carefully in light of our priorities and resources. Canada recognizes the realities of its international position. We lack both the means and the inclination to be Central America's "policeman."

In the past some of our policies found disfavor with the US, and this is a matter of concern. There is still a lingering apprehension about being forced to take sides in hemispheric questions. This is one basic reason why Canada refrains from full membership in the OAS (despite the recommendations of foreign policy reviews and political leaders). The foreign policy review initiated by the new Mulroney government will, through public input, presumably settle this question. Whatever the outcome of that review, Canadian foreign policy will remain responsive to international developments. □

Roots of instability

Of continuing worry is the instability and violence in Central America — particularly Nicaragua and El Salvador, but also Honduras and Guatemala, although the recent election in Guatemala has improved the outlook there. The Canadian assessment of the situation is distinctive and responds to Canada's own analysis. It is Canada's firm belief that the roots of political instability do not lie primarily in subversion, but in poverty and social injustice, particularly in the frustration caused by persistent huge wealth disparities. Discontent and violence in the region originate in internal socio-economic problems and are thus best remedied by economic, social and political reforms. While Canada recognizes that external interference is a contributing factor to instability and violence, our government does not endorse the analysis which assigns the preponderant responsibility for the continuing bloodshed to Soviet interference in the Americas. Canada is concerned about the injection of East/West friction into a problem which we prefer to see more in North/South terms. We support the withdrawal of all third party military presences in the region. Of course, Canada's foreign policy outlook is not that of a superpower, but reflects our national interests and objectives. In this regard, Canada did not join the US trade embargo on Nicaragua and is continuing, as we have with Cuba, to maintain normal diplomatic and trade relations, and is even increasing our bilateral assistance program. This is in keeping with our traditional refusal to base economic relations on political complexion.

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# Egypt under Mubarak

by Habib Massoud

The assassination of President Anwar Sadat on October 6, 1981, not only altered the political scene in Egypt, it also greatly affected the changing nature of Egyptian society. The flamboyant personality and grandiose policies of Sadat influenced the character of society and dominated the life of the country. His most well-known accomplishment to Westerners was his initiation of relations with Israel and the signing of the Camp David agreements. What are not as well-known however are the domestic factors which prompted Sadat to take these actions and the reforms in the political and economic conditions of Egypt that resulted from them. The Camp David agreements and the rapprochement with Israel and the United States were part of Sadat's overall plan to transform the Egyptian nation from the closed, dictatorial state that his predecessor, Gamal Abdel Nasser, has created towards a more open — although not completely free — society. This legacy has been continued by Sadat's successor, Hosni Mubarak, who has tried to advance the reform of Egyptian society further than Sadat probably envisioned. The year 1977 in general and the signing of the Camp David accords in particular therefore signalled a turning point for Egypt in its domestic situation as well as in its foreign relations.

Egypt has always had severe economic problems, but by 1977 they had been compounded by the state of no-war, no-peace it had with Israel. The population had been growing at a rate of about one million people per year, while the costs of keeping up the military had been gobbling up 40 percent of the government's budget. Besides the economic hardship, the population was beginning to experience a sense of malaise and frustration not only because they were periodically asked to send their sons off to fight and die in wars for which they usually had little sympathy, but also because of the continuing stalemate and the constant threat of war that went with it.

## Camp David reasons

Sadat signed the Camp David accords, therefore, mainly in an attempt to alleviate two domestic problems. First, he hoped to improve Egypt's economy by spending less on the military, receiving large amounts of aid from the United States and achieving greater efficiency by allowing more free enterprise and foreign investment through his policy of "Infitah" (literally "opening" or open-door). Second, he hoped to move the Egyptian psyche away from the traditional pro-Arab stance of Nasser, and towards an almost Pharaonic nationalism, which would emphasize

Egypt's historical roots. He therefore moved closer to the United States by making peace with Israel and became a more faithful and supportive US ally. The result was an alienation from the Arab world which he expected and possibly even encouraged. What he did not expect was the ferociousness of the opposition from those other Arab countries.

In the years following the Camp David accords, Egypt experienced two contradictory movements. First, Egypt began to resemble a Western society more than it ever had because of the increasing influence of the United States. Western style music, dress, food and — most importantly — Western behavior and values began to appear more frequently. At the same time, the Islamic fundamentalist movement had become more popular, especially among the young and on the university campuses. The fundamentalists interpreted the increasing Western influences they saw as a sign of the moral decadence to which Sadat was leading Egypt.

## Moslem fundamentalists furious

Rather than trying to reconcile the two movements, Sadat interpreted the rhetoric of the fundamentalists as a personal attack on him and therefore clamped down on them, and anyone else he considered to be his political opponent, and imprisoned approximately 2,000 such people. This was the last straw for a group of fundamentalist Islamic junior army officers. In October 1981 they infiltrated the military parade commemorating the War of 1973 and assassinated Sadat as he stood on the reviewing stand.

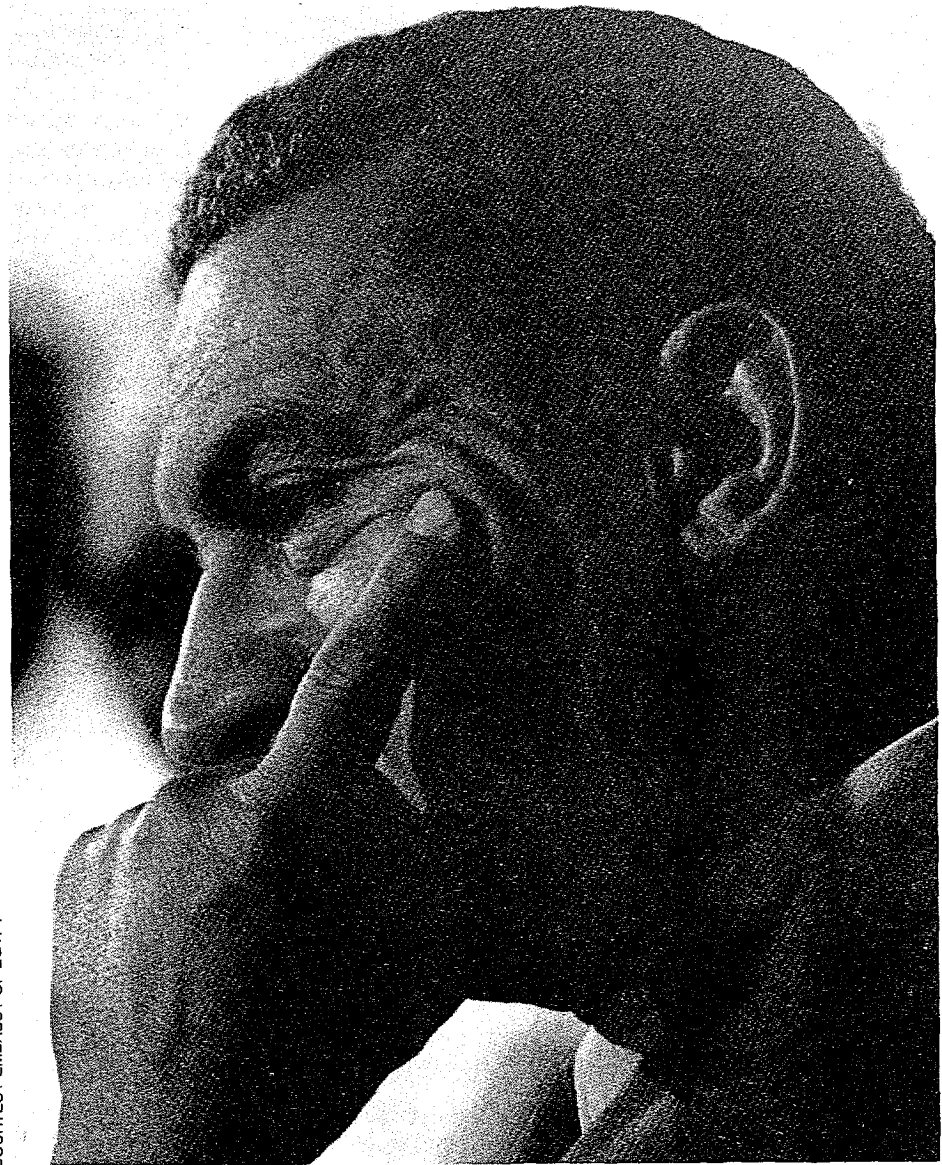
Since President Hosni Mubarak came to power that month he has attempted to balance the demands among various competing groups and forces, as Sadat did not try to do in the last years of his life. In a bow to the fundamentalists, he introduced some parts of the Islamic legal code to Egypt's civil and family laws. In his foreign policy Mubarak has tried to improve relations with the Arab world in order to strike a balance between Egypt's traditional kinship with the Arabs on the one hand and its alliance with the United States and tenuous relationship with Israel on the other. Although he has been achieving a certain degree of success in his efforts, events late in 1985 are making it more difficult.

The October 1985 incidents surrounding the hijacking of the Italian cruise ship, the *Achille Lauro*, and the subsequent US capture of the hijackers aboard an Egypt Air jetliner, created animosity among many Egyptians towards the Americans for what they saw as unjust treatment of Egypt and Mubarak. This incident tipped the delicate balance towards the Arabs. Late in November, however, that

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COURTESY EMBASSY OF EGYPT

same Egypt Air jet was hijacked (and ended up in Malta) by Arabs hostile to Egypt, apparently in an effort to destabilize the Egyptian government. Where the balance now stands and what effect these events have had on Mubarak's efforts to maintain a middle ground remains to be seen.

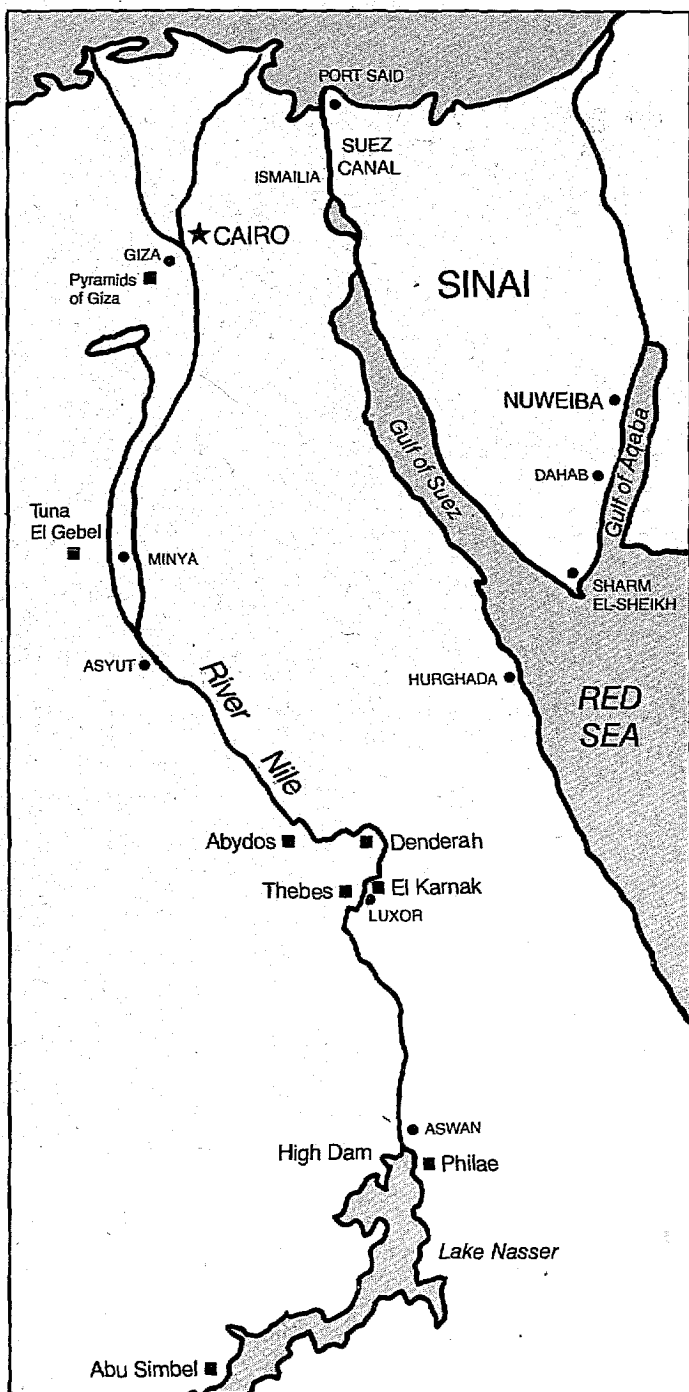
Anwar El Sadat had hoped to make his mark on Egyptian society by reforming the political process — in allowing greater freedom, democratic practices and pluralistic debate — and by improving the economy by attracting foreign investment and encouraging free enterprise through his policy of Infitah. Hosni Mubarak has said that he has the same goals but hopes to implement them more effectively.

### Quest for democracy

During his presidency Sadat repeatedly spoke out on the virtues of democracy, pluralism and free speech, promising the Egyptian people true democracy within the Egyptian political system. Unfortunately, his definition of democracy was apparently not that which was held by the populace. Sadat tried to institute democratic practices

without acquiring some of the more unpleasant aspects of democracy. He hoped to carry out elections, to allow free discussion inside and outside Parliament and to create a multi-party system without his authority or actions being questioned. In 1976, President Sadat disbanded the only legal political party of the time, the Arab Socialist Union, replacing it with three political "platforms" or "factions." The three — the "leftist," "centrist" and "rightist" parties — were financed by the government and depended upon presidential decree for survival.

Despite multiple parties, Sadat made sure that democracy, as it is most commonly defined, did not flourish. He appointed the leadership of the three parties and rigged elections to ensure that any strong political opponents would not win seats in Parliament, thus rendering it powerless — a rubber stamp for the government. Finally, to ensure his immunity to attack, Sadat proclaimed that he, as national President, would be above the political fray, the implication being that, not only was he not to be criticized by any of the parties, but neither were his policies or actions to be questioned. Since he was in control as the



dominant figure in the government, the opposition was left with virtually nothing to oppose or criticize except to expose petty corruption among minor government officials or nit-pick over the details of a minor policy.

### New Wafd emerges

The sole group to try to form a true opposition party in order to give the government some opposition was the New Wafd, formed in 1977. The party took its name from a popular, pre-revolutionary nationalist party opposing the British presence in Egypt. It was led by many of the same people who had headed it prior to the 1952 revolution and who hoped to rekindle the magic of the old Wafd that had won it so much support among the Egyptian masses. It was

the latent popularity of the Wafd that caused Sadat to t... stack the rules for the organization of new parties ag... this group. (The most obvious of these rules was tha... parties in existence before the revolution would be alle... to reappear. Hence, the name the "New" Wafd.) The... Wafd severely criticized the government, both throug... newspaper and through the powerful oratory of its lea... Fuad Sirag Al-Din. Six months after it was founded, S... forced the New Wafd to expel its leaders and, sho... thereafter, to disband because it allegedly threatened... tional unity.

The manner in which elections and plebiscites w... conducted was similarly dubious. Election results w... regularly announced as being 98 percent or 99 percen... favor of the candidate of the President's choice. Plebisc... were often announced five or six days before they we... occur and no one would be allowed to campaign agains... President. On the appointed day, the Minister of the I... rior would announce that 95-99 percent of the populat... had voted and that the President's position had been... proved, usually by a vote of 95-99 percent.

### Mubarak opens up politics

It was, therefore, with a great deal of skepticism t... Egyptians listened to Hosni Mubarak proclaim that... wanted Egypt to have true democracy and to allow plu... ism to bloom. Unlike his predecessor — despite the use... the same rhetoric — Mubarak has allowed real steps to... taken towards this goal. For example, opposition ne... papers have again appeared on the newsstands and... longer focus only on petty corruption in the governme... they now carry opposing viewpoints and conduct liv... debates on national issues. The main media in Egypt... still the newspapers and magazines of the establishment... national elites (the Western media are often fond of calli... them "semi-official" sources) which tend to reflect t... government's views quite closely, if not always faithful... Unlike Sadat's regime, however, Mubarak's administrati... has tolerated opposition attacks in party newspapers a... some dissenting opinions in the mainstream media.

A more tangible test of the degree to which Egypt h... achieved democracy can be seen in the parliamentary ele... tions of May 1984. Many Egyptians were surprised wh... campaigners for opposition parties were not harassed a... when the usual 99 percent figures were not announced... vote participation and results. Rather, it was announce... that 43 percent of eligible voters turned out and that t... governing party gained 87 percent of the vote and 391 of t... 448 available seats in the People's Assembly. A reform Ne... Wafd gained 15 percent of the vote and the remaining sea... in the Assembly.

### Opposition slowly emerging

Although there are members of an effective oppo... tion party in the Assembly, the government still domina... the body and does not have to fear having any major poli... or program defeated. Yet, because of the new atmospher... in the Assembly, the government does have to take great... care in preparing and presenting its programs and policie... and in rooting out corruption among Cabinet Ministers... Although the Assembly does not resemble Western parliam... ents or congresses, it is a new place thanks to the resul... of the May 1984 election.

The nentary caucus. I weekly n the natio opinions debates c in the est popular Alth democra societies tians, re tatorial s to the s that An culture policy a ble exce respect, parties a their pa are still Econo Wh inherite planning outdate the syst vestmer tributio therefo sought courage scheme terprise integra politic investo U schemo duced aged. manag stricte dome: posed There what t ners s these door exper l ished deve satisfi prod bere inve: Giza inve



The New Wafd is still not yet a cohesive extra-parliamentary party and it does not have a united parliamentary caucus. Its main voice of opposition to the government is its weekly newspaper *The Wafd* which is a forum for news of the nation and the party and for the expression of editorial opinions by the party's members. *The Wafd* engages in debates over matters of public policy in a manner unknown in the establishment newspapers and has proven to be quite popular with the public.

Although the present political culture may not seem as democratic as that enjoyed by Western, liberal democratic societies, it is nonetheless a major improvement for Egyptians, representing an evolution from the closed, dictatorial society that was Egypt under Gamal Abdel Nasser, to the semi-open political culture of limited free speech that Anwar El Sadat introduced. The present political culture is characterized by open debate of government policy and criticism of government officials (with the notable exception of the President himself, whether out of respect, admiration or fear is not altogether clear). Political parties are again beginning to operate freely, although both their parliamentary and extra-parliamentary organizations are still not completely cohesive or developed.

### Economic reform

When Anwar El Sadat assumed power in 1970 he inherited an economy that was characterized by centralized planning, inefficient production, low productivity and an outdated, decaying infrastructure. He pledged to reform the system by allowing freer enterprise, encouraging investment from abroad and ending oppressive wealth distribution measures which were driving out capital. He therefore initiated the policy of Infitah which actively sought foreign investment (principally from the West), encouraged domestic investors to participate in development schemes and encouraged the establishment of private enterprise. The Camp David Peace Accords were to be an integral part of Infitah because they would achieve the political stability needed to allay the fears of Western investors.

Unfortunately, as with many of Sadat's grandiose schemes, Infitah was not well thought out, hastily introduced without proper pre-planning and improperly managed. In fact, its greatest problem was that it was not managed at all. This led to an unrestrained and unrestricted form of capitalism. The only guideline was that a domestic partner should be involved in any scheme proposed by a foreign investor — as the majority of them were. There were no guidelines, either stated or implied, about what the nature of the involvement of these domestic partners should be or how Egypt would expect to benefit from these activities. Almost literally, Sadat merely opened the door to Egypt and invited foreigners to make money at her expense.

In this environment "get-rich-quick" schemes flourished. Any substantial investment was usually aimed at developing luxury tourist spots for Western travellers or at satisfying the demands of Egyptians for Western consumer products. Infitah under Sadat is, therefore, best remembered for such things as a plan by a group of Canadian investors to build a tourist center behind the Pyramids of Giza (the project was shelved a few months after local investors put up capital but received nothing in return) and

with the proliferation of Western consumer goods alongside the poverty of Egypt's desperately poor.

### Staples versus consumer goods

Mubarak realized that a certain degree of discipline and planning was needed if Infitah was to accomplish what was expected of it. He hoped to redirect investment towards long-term production (or "productive investment") and away from short-term demands for consumer goods. In short, he wanted a decrease in the importation of luxury goods and an increase in economic staples such as food and machinery. Luck has been on his side in this quest. At about the time Mubarak gained the presidency, the market for consumer goods was becoming saturated and new investment was being redirected by market forces towards longer-term industries. Nonetheless, the government felt that it could not trust the whims of the consumer market or the foreign investors who might want to exploit it. And so, while the basic policy of Infitah to encourage greater private enterprise still exists, investors no longer expect to be able to operate without guidance or supervision as they did during the time of Sadat.

Since he took office, Mubarak's administration has put into effect a series of policies to direct foreign investment. The most important of these is a ban on the importation of any good that can be produced in Egypt. This policy has had two effects, and outside investors who had been reaping a large profit because of the sale of their goods in Egypt had to reassess their priorities. First, many foreigners, seeing the potential for large markets among Egypt's forty-eight million people and the relative political stability of the last four years, have decided to commit themselves further and invest in factories in Egypt to produce their products. Second, many of the foreign companies that chose not to invest further have seen their carefully developed market share taken over by local producers with good quality substitutes.

### Mubarak moving slowly

The government further reformed its import policy early in 1985 by applying a differential excise tax system by which most new materials could be imported duty free (or nearly so) while many products that could be produced in Egypt (such as various consumer goods) had a heavy duty levied on them to discourage their importation.

The economic dilemma faced by the government is further compounded by the fact that consumption in Egypt is distorted by its policy of subsidizing basic food stuffs — a practice which has left the government in a political dilemma. Although subsidized food is needed by the poor, the cost of the policy to the government is now US \$7 billion. The policy consumes 10 percent of the GNP or, put in another way, it takes the total earnings from Egypt's two top foreign currency earners (the tolls of the Suez Canal and of the remittances of Egypt's migrant workers) to pay the subsidies. As a result Egypt has amassed a total foreign debt estimated by the IMF to be US\$31 billion.

Mubarak has proven to be a more pragmatic and cautious President than Sadat. His plodding style is in sharp contrast to his predecessor's taste for the grandiose and the flashy. Yet, paradoxically, it is Mubarak, not Sadat, who has introduced substantive reforms to Egypt's political and economic life. □

# Book Reviews

## Defence — everybody's big business

by John R. Walker

*Shattering Europe's Defense Consensus* edited by James E. Dougherty and Robert L. Pfaltzgraff, Jr. Toronto: Pergamon-Brassey's, 1985, 226 pages, US \$19.95.

*Reorganizing America's Defense* edited by Robert J. Art, Vincent Davis and Samuel P. Huntington. Toronto: Pergamon Press, 1985, 400 pages, US \$27.00 hard and US \$14.95 soft.

*Alerting America: The Papers of the Committee on the Present Danger* edited by C. Tyroler II. Toronto: Pergamon-Brassey's, 1984, 375 pages, \$43.00 hard and \$24.80 soft.

*In Pursuit of Disarmament: Conversion from Military to Civilian Production in Sweden, Vol. 2.* by Inga Thorsson. Stockholm: Government of Sweden, 1985, 288 pages, free.

The idea that the anti-nuclear protest movement might still be a threat to NATO after its failure to halt the deployment of Pershing II and cruise missiles in Europe in 1983 is the interesting thesis of a new book, *Shattering Europe's Defense Consensus*.

The authors argue that the various peace movements in Europe, combined with a massive Soviet propaganda campaign, attempted to prevent the stationing of the new US intermediate range nuclear missiles while Soviet SS-20s continued to be deployed. And they suggest that, although unsuccessful, the political effect has been to damage the allied consensus on defence that had been maintained for three decades. They warn that, given the traditions and democratic nature of the NATO allies, it could happen again with perhaps more serious results.

Examining in particular the protest movements in Britain, West Germany, the Netherlands, Italy and France, the authors — who are all associated with the Institute for Foreign Policy Analysis or the Fletcher School of Law and

Diplomacy in the US — go beyond a mere recital of the activities of the varied peace organizations. They attempt to show the philosophical and ideological bases for the way in which the various peoples reacted to this issue. For example, it is argued that the British anti-war legacy is based on traditions of Christian pacifism and radical socialism that first surfaced in anti-nuclear terms in the Campaign for Nuclear Disarmament in the 1950s. The Ban the Bombers of the eighties cover a broader spectrum of people who are dissatisfied with many aspects of modern technological society, and who aim much of their protest against the Americans, with token protests against the Russians.

The West Germans on the other hand are seen as victims of their traditional romanticism and sense of cosmic anxiety or angst. Their protest movement has been fueled by ecologists and those wanting an "alternative" life style in their distaste for modern industrialism. They have adopted an anti-parliamentary, demonstrate-in-the-streets approach to their anti-nuclear movement, reflecting illiberal tendencies. The Dutch, however, have come to their neutralism and anti-nuclear stance from a background of Christian-based moralism, social liberationism, and a recent history of geopolitical insignificance. There is "a disbelief in authority" among the Dutch today, and led by the Dutch Reformed Church, many of their people become zealous secular missionaries for causes of conscience and guilt, such as the anti-nuclear crusade. On the other hand, neither Italy nor France has developed any strong peace movements. The Italians, it is argued, have traditionally depended on strong leaders to define foreign and defence policy, and the Catholic Church and the big Communist Party have taken cautious attitudes to the nuclear arms race. In France, on the other hand, the widespread pride in the French nuclear "force de dissuasion" and in France's withdrawal from the NATO military wing have discouraged this kind of protest movement.

Although this book attempts a balanced assessment, it raises no questions about whether US policy, especially under the Reagan administration, might not also be a cause of the "shattering" of that NATO defence consensus. The authors do admit that this European protest movement actually began in 1977 with the Carter administration's "badly managed" planned deployment of the so-called "neutron bomb" which created the loud reaction from the Dutch that ended the plan. But they never question

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whether Reagan's arms control offer of the zero option was realistic, and therefore genuinely questionable from a European standpoint. They never question whether deployment of Pershing and cruise was the best reaction to the SS-20s. And they defend the Strategic Defence Initiative (Star Wars) from European protest on standard Reagan grounds, as though expert US opinion were not also unconvinced on this question. In other words, they fail to recognize the genuine concern of Europeans with the unending cycle of the arms race and the inability of Soviets and Americans to halt and reduce the nuclear stockpile before it is too late.

### On US defence

The consequences of armament today are the need to improve efficiency and organization in defence and to reduce costs of the increasingly sophisticated arsenal being built up. This is especially necessary in the United States and the book, *Reorganizing America's Defense*, makes that clear. Given recent scandalous revelations about cost overruns, faulty equipment and padded contracts, it is surprising that only one chapter is devoted to weapons acquisition and the causes of its failures. More space is devoted to restructuring the defence department. Foreign defence organizations are reviewed and a chapter on Canada's defence unification is included that says it has achieved progress towards the central objective of "greater efficiency coordination and control."

### Dangers noted

The weightiest tome of the four reviewed here comes from the Committee on the Present Danger and is called *Alerting America*. The book contains all the Committee's doom-laden warnings since 1976, featuring the crisis caused by the Soviet arms buildup, the pre-Reagan "America as Number 2" lament, and the urgent need for more and more arms. Its most interesting pages are at the beginning, where are listed sixty members who have been appointed to the Reagan administration. This is where the rhetoric and the hardline defence policies come from, the ones that set all those anti-nuclear demonstrators marching in Europe, and elsewhere.

### The Swedish book

One of the principal arguments of anti-nuclear protesters is that if the superpowers would disarm, the funds wasted on such arms could be used for development in the Third World and civilian production at home. The UN General Assembly has urged that member states prepare plans for converting their military production to civilian use, in the event that disarmament programs began to materialize. Neutralist Sweden was the first country to actually do this, producing a first volume on "conversion" by a study group headed by their disarmament expert Mrs. Inga Thorsson. It argued that Swedish defence expenditures could be halved in twenty-five years, provided NATO and Warsaw Pact countries disarmed too, leading to a reduction in military and defence industry jobs of about

34,000. This would mean about 1,430 people per year would need to look for other work, less than 1 percent of the labor force.

The second volume of this study now is published, called *In Pursuit of Disarmament*. It features two case studies: conversion to civilian production in the famed Bofors artillery-missile industry, and the FFV small arms industry, which together account for two-thirds of Swedish war material exports. Both companies, it was found, would be hard hit by such conversion because of their high military, and export, dependence. So government help would be needed and provided by establishing a Council for Disarmament and Conversion and a central conversion fund to assist in the changeover.

This Swedish study also showed that contrary to many defence experts, military research and development does not generate productivity gains for the civil sector economy. And it also concluded that "it might be a serious mistake to allow the regrettable fact that defence expenditure is a significant component of public spending to lead to the conclusion that defence expenditure is a particularly effective means of fulfilling economic policy goals." Economic growth and employment can be better achieved by other means. One wonders what other countries have attempted to assess the economic consequences of disarmament.

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*John Walker has just retired as Foreign Affairs Analyst for Southam News in Ottawa.*

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### NATO on review

by Courtney Gilliatt

*Continuity of Discord: Crises and Responses in the Atlantic Community* edited by Robert J. Jackson.  
Toronto: Holt, Rinehart and Winston, 1985, 279 pages, US \$33.95.

This book was compiled from papers presented at the Fourteenth Annual Conference of the Committee on Atlantic Studies held at Racine, Wisconsin, September 22-25, 1983. It was edited by a Canadian, Robert J. Jackson, a Professor of Political Science at Carleton University in Ottawa. A total of thirteen authors contributed, seven from the United States, two from Germany and one each from France, Canada and Sweden.

Although each paper presents a different viewpoint on Allied problems, they have been grouped into three main parts: an historical background, military problems and economic discord, as well as an introduction and conclusion.

The historical background traces the NATO alliance from its early days of a common view of the Soviet threat through to the present when this shared view of the USSR no longer exists. US leadership, which was given wholehearted support in the early postwar period, is now being questioned, especially after Watergate and the Vietnam War. The US dedication to arms control is also being questioned. All these problems lead to tensions within the alliance.

Alliance military strategy is also being questioned now that Russia has achieved strategic nuclear parity with the US. The need for the deployment of Intermediate Range Nuclear Forces (IMF) in the form of Pershing IIs and ground-launched cruise missiles is debated in Europe since these are completely under US control. The authors generally agree on the need for more European control of the European nuclear deterrent, and a greater voice in arms control negotiations. Structural changes such as giving the Western European Union a stronger military role are suggested.

With the revival of the European economies these countries are now competitors with the US in the economic field. Thus there are West-West tensions as well as East-West. North-South issues have an effect also on alliance unity since it is in the Third World that most of the super-power competition and ideological struggle is carried out.

The introduction by Professor Jackson looks at the nature of crises and provides an outline of the kinds of crises or problems faced by the alliance. The concluding chapter does not tie the book together but suggests various futures for the alliance, ranging from an overly strong to a disintegrating Europe. It suggests "partner Europe," much like the present, as the most likely outcome, but with a stronger voice for NATO Europe. While the analysis of alliance problems is treated in a rather brief and fragmentary way, the common thread is that despite all the crises or problems the alliance still has sufficient shared world views to continue to provide a bulwark for peace in the whole Atlantic area. It does, however, point strongly to some of the changes deemed necessary to ensure this somewhat optimistic future.

***Consultation and Consensus on NATO: Implementing the Canadian Article* by Edwina S. Campbell. Lanham (MD): University Press of America, 1985, 209 pages, US \$12.75.**

The title of this book is misleading. It implies a broad examination of the mainstream of NATO policy making. In fact it looks at a very narrow segment of this process, i.e., the work of the Committee on the Challenges of Modern Society (CCMS).

Also the subtitle, *Implementing the Canadian Article*, is misleading since the initiative for creating CCMS as a NATO committee originated with the United States during the early months of the first Nixon administration. The fact that it was formed under the provisions of Article 2 of the NATO Treaty — often called the "Canadian Article" — which made provision for non-military consultation, was only incidental to this initiative.

The CCMS was active from its inception in late 1970 until about 1977 when, as a result of diminished US support, it lapsed into "bureaucratic oblivion." During its active period it provided a vehicle for discussing and stimulating governmental action on environmental issues by members of NATO.

This book has some interest for the specialist but very little for the general reader. Although published in 1985 it is about five years out of date since there are hardly any references after 1980.

*Courtney Gilliatt is a retired military officer living in Ottawa.*

### **If you want peace in the Middle East . . . .**

by John Sigler

***Israel and the Creation of a Palestinian State: a European Perspective* by Joseph Weiler. Dover (NH): Croom Helm Ltd., 1985, 160 pages, US \$27.50.**

Much of the abundant literature on the Palestine-Israel conflict is written from a partisan perspective and designed to convince the reader to side with one party or the other. The basic model of conflict resolution is an adversarial one where one side is expected to win out over the other. This thin volume by a professor of international law at the European University Institute in Florence belongs to that limited but highly welcome literature that tries to find a solution to the conflict and that takes seriously into account the grievances and interests of both sides. The book was completed while the author was a visiting professor at Hebrew University in Jerusalem in 1984.

In an admirably succinct and carefully written opening chapter, the author reviews the positions and interests of Palestinians and Israelis. He effectively rejects the more extreme views on both sides for failing to meet his criteria of: parity and reciprocity, security, economic viability and prosperity, mutual attachment and particularism. Professor Weiler offers in Chapter Two a useful review of the international legal arguments on the status of the West Bank.

The European perspective in the title is dealt with in two ways. First of all, in the introduction, Weiler sets out the European approach to the solution of the Palestinian question: "In exchange for recognition and adequate security guarantees, Israel should return the West Bank and the Gaza Strip, subject to minor boundary modifications, to the Palestinians, led by a moderate PLO. The Palestinians would then exercise their right to self-determination

and establish an independent state, with or without a link to Jordan." He then explains why this solution, which appears just and equitable, is rejected publicly by both the Israeli government and the PLO, and sets out the conditions which would have to be met to make such an idea acceptable.

The second European perspective is in Weiler's solution, which is based on an analysis of the history and experience of the European Community in trying to remove the historical quarrel between France and Germany. He sees little hope for a mutually satisfactory outcome if Israel and a Palestinian state confront one another in a highly nationalist posture based on military force and continuing exclusive claims. Contrary to many federal solutions proposed by Israeli political scientists in the past, Weiler's proposals are sensitive to the issues of inequality and Palestinian fears of Israeli neo-colonialism. He sets out a formula whereby Israeli military withdrawal from the West Bank could be accomplished in stages. The plan remains a vision, however, and would tie an independent Palestinian state considerably closer to Israel than other Arab states, and would seem politically unacceptable to even the dominant moderate wing of the PLO. But Weiler regards the present deadlock as mutually destructive because of factionalism and increasing political division in Israel and within the PLO and the Palestinian community, excessive Israeli economic dependence on the United States, continuing security threats, and low morale for both sides. To escape the dilemmas of mutual nonrecognition, Weiler makes a strong case for active international diplomacy to promote a negotiated solution. Critics may easily dispute the relevance of the European Community as a model for cooperative solutions to the Palestinian-Israeli conflict, but few can dispute Weiler's devastatingly effective criticism that the present deadlock, however rationalized, is destructive not only to the parties themselves but to the overall fabric of international peace and security.

John Sigler is Professor of Political Science at Carleton University in Ottawa.

## The past is present

by David MacNeill

*The Holocaust: the Nazi destruction of Europe's Jews* by Gerhard Schoenberner. Edmonton: Hurtig Publishers, 1985, 224 pages, \$24.95 hard, \$12.95 soft.

*Shoah* by Claude Lanzmann. Edmonton: Hurtig Publishers, 1985, 200 pages, \$15.95.

For those of us who grew up during the Vietnam era, revisionist history is a foreign concept. Brought face-to-face with the horrors of war on a daily basis, we were forced

to come to terms with the idea that the "common man" was capable of atrocities. With our living rooms acting as secondary arenas for the world's first televised war, the 70s generation was thrown into an acceptance of the unacceptable. Our response to the insanity of Vietnam might have been the same as Lieutenant Calley's. For that very reason, most of us would find a revisionist history (or complete denial) of the Holocaust morally repugnant. Recent events in Canada—the Ernst Zundel and James Keegstra trials—reflect the wider international problem of "historical review," such as the denials of the Holocaust emanating from the Church of Aryan Nations and the Institute for Historical Review in the US.

The Canadian publisher Mel Hurtig has re-released a massive compilation of written and photographic evidence on the Holocaust in an effort to combat this "malicious corruption" of history. Originally entitled *The Yellow Star* (1969), *The Holocaust* provides an almost numbing account of the Nazi treatment of European Jewry. The book is a damning indictment of the policy of extermination, with the testimony—both pictures and words—provided by the Germans themselves. Unfortunately, the sense of numbness in the reader comes dangerously close to immunity. Because the "final solution" was unprecedented in history, both in its scope and clinical efficiency, the human mind stumbles with the very fact of its existence. At times, Schoenberner's inundation of documentary evidence becomes overwhelming. Our eyes see, but our minds reel. And we are forced to choose between acceptance and denial. While Schoenberner's purpose (and Hurtig's) obviously was to lead us to acceptance, the inhumanity of the actions depicted makes acknowledgement of the truth difficult—but not impossible. And that distinction is of crucial importance in preventing a recurrence. Countering Nazi apologists is an ongoing process, for as the war years recede, living witnesses and their testimony disappear. But in *The Holocaust*, the persecution, deportation and extermination of the Jews all become real when the reader looks into the haunted eyes of the individual condemned. The book, while incorporating the almost stereotyped scenes of mass slaughter and shuffling peasants, becomes most effective for a North American audience when depicting Western European Jews congregating at assembly points in Amsterdam, Paris, Brussels. Well-dressed, cosmopolitan men and women unknowingly lead their children to execution. We confront a reflection of ourselves—and the possibility that this could happen again.

## Shoah — film and book

Author Elie Wiesel, himself a survivor, believed that anyone who had not experienced the Holocaust could never understand it. We would always have to "view the agony and death of a people from afar, through a screen of memory that is not [our] own." But he kept on writing, and we have to keep on reading and acknowledging. Claude Lanzmann, in his film *Shoah*, the script of which is now available in book form, follows the route of artistic creation to keep memory of the Holocaust alive. Lanzmann eschews the traditional documentary form and uses the subtlety of imagination to recreate the horrors of extermination.



While we see only the faces of witnesses giving their testimony and scenes of neutral locales, our imaginations are freed to create their own personal horrors. In a recent interview, Lanzmann stated his basic principle for filming: "It is stronger to imagine." We do not need the explicit to comprehend an atrocity.

*Shoah* gives the events of the Holocaust an immediacy through the very personal recounting of experience. And as the Holocaust loses its remoteness, the experience of European Jewry becomes shared with a generation born long after the event. While the film itself is able to use images — and expressions — in order to convey unspeakable truths, the script loses something when divorced from a visual presentation. At some points in the book, structure inhibits comprehension. The presence of a translator is never mentioned, but causes problems when witnesses appear to speak in the third person. In fact, it is sometimes unclear whether the translator is actually adding to or subtracting from testimony given to interviewer Lanzmann. As well, film has the added advantage of acting as a shared experience, with similar emotions flooding a group of people. However, the book develops an independent life as original subtitles (the film is composed of multi-language interviews) assume their own identity. They succeed in justifying themselves without their attendant images, since the mind's eye provides its own images. The power of the testimony comes through the page.

The past is revived through voices in *Shoah*. While the Nazis had endeavored to obliterate all traces of their extermination process, they failed to do so with the memories of survivors who continue to speak out. The book records both truth and lies, but here the film provided the key to deciphering which was which — the expression on the face of the speaker. Words were often denied by a glance, since film has the power to capture confusion and evasiveness. The book demands an ability to read between the lines, but even here, the hesitations and repetitions of unrehearsed speech emphasize the fundamental humanity of the witnesses. Both the victims and those who made the impossible possible give their version of what happened, and the common thread among all accounts is unawareness — legitimate on one side, patently feigned on the other. The whole Nazi killing machine ran on the principle of maintaining unawareness among the Jews. "The people came to Auschwitz and didn't know where they were going and for what purpose." Throughout the book, witnesses speak of continuous German efforts to remove all traces of arrivals at the death camps. Panic among each shipment of "pieces" had to be averted at all costs, and for this reason camouflage was essential. As the Jews entered the camps and proceeded toward extermination, their unawareness (either willingly or in innocence) was reinforced. "They don't know anything about what happened to the previous transport, and this is going on for months, on and on." Unlike the disbelief of the Jews, the "unawareness" of the peasants living nearby and the German "technicians" employed in transport and extermination appears as a callous refusal to accept either knowledge or responsibility.

The common refrain among survivors was that what appeared inconceivable was happening — "At first it was unbearable, then you got used to it." Becoming hardened to the insanity around them, camp inmates focused on one

goal — survival. Speaking of Treblinka in a clinical analysis of the process, an SS Unterscharführer stated that the camp was a "primitive but efficient production line of death." One witness stated, "It's a hurricane, a raging sea. . . . As we're still alive. We must do nothing . . . but watch every new wave, float on it, get ready for the next wave, and ride the wave at all costs. And nothing else." Even those living experienced a death. "Working there day and night between dead people, between bodies, your feeling disappeared, you were dead."

Denial was endemic — both among the Jews and those destroying them. "The key to the entire operation from a psychological standpoint was never to utter the words that would be appropriate to the action being taken. Say nothing; do these things, do not describe them." As one Nazi stated, "If you lie enough, you believe your own lies." However, denial cannot be accepted forty years after the event. While the Holocaust was unprecedented, we cannot turn our backs on its reality. These two books further the aims of those survivors who swore to live, tell their story and "shake the conscience of the world."

David MacNeill is an Editorial Associate with *International Perspectives*.

## Korea's economic miracle

by Ihn Ho Uhm

*The Korean Economy: Past Performance, Current Reforms and Future Prospects* by Dr. Kim Kihwan. Seoul: Korea Development Institute, 1985, 58 pages.

There has been wide recognition of the Korean "economic miracle" of the past two decades, when Korea's outward-looking development strategy resulted in a phenomenal increase in export volume and a tripling of real per capita incomes. The Korean economy grew at an annual average rate of 8.4 percent between 1962 and 1984. In addition, Korea's experience following the second wave of oil price increases is an excellent example of how orthodox stabilization policies, effectively implemented, can help a country develop and adjust to domestic and external shocks. Naturally, the Korean experience has generated a great deal of interest as a result of this successful economic development. Although the demand for a book providing insights on the "economic miracle" in Korea has increased, there has been an absence of well-structured analysis in the past.

This report is written by a Korean scholar who attempts to provide an overview of the Korean success story by adopting a descriptive approach in answering such questions as "How has Korea achieved high growth in the last

## MacNamara's wisdom

by Bhupinder Singh Liddar

*The Challenge for Sub-Saharan Africa* by Robert S. MacNamara (being the Sir John Crawford Memorial Lecture delivered in Washington D.C. in November 1985). Government of Australia, 49 pages, free.

Both novices and Africanists will benefit from this publication. McNamara argues that short-term compassion for victims of African famine should not make us lose sight of the fundamental problems of this vast and diverse continent of forty-five independent countries.

Excessive state intervention in domestic economies, erroneous agricultural policies, political corruption, ecological degradation, high population growth rates, and external economic conditions are listed as contributing to the present dismal state of Africa, in particular sub-Saharan Africa. He proposes some bold long-term solutions involving political risks and short-term economic costs and makes a strong case for increased flow of external finance as well as policy and institutional reform.

McNamara, however, places too much emphasis on the population issue and insufficient emphasis on the need for freer access to developed world markets or the development of appropriate technology and relevant educational institutions. A glaring omission, for a former World Bank President, is an evaluation of the World Bank's policies in the region. Nevertheless, the booklet contains useful and up-to-date statistics and is strongly recommended to all with a compassion for or an interest in Africa.

*Bhupinder Singh Liddar is with Parliamentary Liaison in Ottawa.*

two decades?" and "Are there any lessons to be drawn from the Korean experience?"

The author outlines the export-oriented development strategy pursued since 1962, describing the important policy reforms of the period and their results in Chapter 1. In Chapter 2 he describes how government policy was modified in 1972 in response to changes in the international environment and export-led growth strategy gave way to an emphasis on import substitution, particularly in heavy and chemical industries and in agriculture. It is argued that this policy shift in 1972 produced a high average annual growth rate during the 1970s, although this growth was accompanied by a double-digit inflation rate and structural distortions.

In Chapter 3 the author emphasizes that the success of the new government inaugurated in March 1981, in steering back to the high growth track has in large part been due to the emphasis on economic liberalization in national policy-making, specifically the government's commitment to increasing market competition at home and expanding trade.

The author concludes by discussing how the lessons learned in Korea can be applied to other developing countries, especially those with a large labor force and limited natural resources.

In summary, this book is a useful contribution to the literature concerning the growth of the Korean economy since 1962. It is a readable and well-organized presentation by this highly respected Korean scholar, who is Secretary General of the International Economic Policy Council of the Government of the Republic of Korea. However, this book is extremely terse and while Dr. Kim provides some impressive insights, the work suffers from a lack of unambiguous empirical evidence in assessing the impact of government policy variables in the macroeconomic framework.

*Ihn Ho Uhm is a staff economist with The Tariff Board in Ottawa.*



## Letters to the Editor

Sir,

In the last few years, I have been struck by the number of important people, Canadians and others, who have spoken in favor of actions that could lead to disarmament and peace. As 1986 has been declared by the UN to be the International Year of Peace, your readers may be interested in a Motion on Disarmament and Peace, brought last spring before a meeting of the Council of Women of Ottawa and Area, and approved. In May, it was brought before the

annual meeting of the National Council of Women and was approved. Reference to it will be made when the brief of the National Council of Women is presented on February 10 to the federal Cabinet.

Text of the Motion follows.

Alison Taylor Hard  
Ottawa

### Disarmament and Peace

**Whereas,** in her opening address to the most recent Triennial meeting of the International Council of Women in Seoul, Korea, in September 1982, the President, Dame Miriam Dell, stated that it was essential to look at ways responsibilities, activities and membership have changed since the ICW was established in 1888 and she outlined the several objectives of this NGO, including "To support all efforts to achieve peace through negotiation, arbitration and conciliation"; and

**Whereas,** the International Council of Women holds consultative status, Category 1, with the Economic and Social Council of the United Nations, with some seventy National Councils of Women affiliated to it, including the National Council of Women of Canada, formed in 1893; and

**Whereas,** following the peace initiatives of the former Liberal Prime Minister, beginning late in 1981, the new Conservative government has also expressed support for efforts to achieve disarmament and peace in the world, through statements by the Governor General, the Prime Minister, the Secretary of State for External Affairs, the Permanent Representative of Canada at the United Nations and the Canadian Ambassador for Disarmament; therefore

the Council of Women of Ottawa and Area recommends that the National Council of Women of Canada inform the government of Canada about our great interest in continuing Canadian support for activities within the United Nations and its Specialized Agencies, including UNESCO and other bodies on which the International Council of Women has permanent representation, activities that could lead to disarmament and peace.

March/April 1986

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# International Perspectives

*The Canadian journal on world affairs*

**MacEachen on Gwyn**

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**South Africa up close**

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**Attracting Japanese investment**

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**OPEC's future**

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**Free trade minefield**

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#### Editor's Note:

Canada-US relations hold their usual dominant position in this issue — but this time with a difference: the principal article is not an article, but a Book Review, a book review in which Allan MacEachen — a two-time Secretary of State for External Affairs — helps Richard Gwyn with his history, as found in *The 49th Paradox*. Two other pieces offer insights into the free trade negotiations with the US — one of them by a shrewd and friendly American. The second is on the border broadcasting question; and what may be on the table may not be so much culture as business. One case of a declining relationship with the US is the acquisition of investment and technology. There, according to two University of Toronto political scientists, the US is being displaced by the Japanese — a displacement we should take note and advantage of.

OPEC's current stumbling is only temporary — "just wait till the other oil runs out" — says a petroleum economist at the University of Calgary.

South Africa is discovered and revealed to us by a Canadian of Asian descent who came here from Africa. It is an intimate glimpse from a particular vantage point.

Canada has about 300 development NGOs, certainly a number high enough to attract our attention. Ottawa freelance Jutta Teigeler analyzes them here, and with more affection than alarm.

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# Japanese investment — the answer for Canada

by John Kirton and Michael Donnelly

For most of the post-World War Two era Canada's economy was reliably and richly fuelled by its unique proximity and openness to the greatest source of investment capital and technology on the globe. As the American economist Peter Morici has documented, the United States in 1963 accounted for over 40 percent of the world's capital stock and over 60 percent of the scientists engaged in research and development in the major countries of the Western industrialized world. The commanding place occupied by subsidiaries of US corporations in Canada's manufacturing and technology-intensive sectors injected this capital and technology directly into the heart of a highly receptive Canadian industrial economy. The integral position Canadians occupied in US education and professional establishments, together with Canadians' easy access to American publications and research centers, reinforced the northward flow. And in such critical technological areas as defence production and space programs, the United States and Canadian governments proved eager to conclude the special deals that gave Canada unique access of a most intimate kind. In the face of such intense intimacy stood few geographic, linguistic or cultural barriers to prevent Americans from knowing the opportunities Canada afforded, from finding business partners in Canada, from concluding deals with them and from reaping a rich reward from their low risk investments north of the line.

This comfortable era is now gone for good. By 1980 the US world share of capital and of Research and Development scientists had dropped to 33 percent and 50 percent respectively. By 1981 the US trade balance in R & D-intensive products, when adjusted for general economic growth and inflation, had plummeted to one-half of its 1963 level. During the decade from 1970 to 1980, the world market shares of US high technology products had contracted, often significantly, for aircraft, computers and office machines, electronic components and semiconductors, electric power machinery, electricity distributing machinery, photographic supplies, power generating machinery, scientific, medical and controlling equipment, telecommunications, sound and recording equipment, chemical products, medical and pharmaceutical products and plastics. In the high technologies of the future, the United States by 1982 had lost its singular first place position for optical communications, computer chips, genetic engineering, industrial robots, fine ceramics and steel. In 1985 the United States became a net debtor *vis-à-vis* the rest of the

world and ended a half-decade in which the Canada-US investment flow had shifted from its traditional northward to a southward direction. And during that half-decade, US efforts to defend its diminishing technological lead from a too-rapid diffusion showed signs of calling into question the integrity even of Canada-US cooperation in defence production and space.

The end of US investment and technological preeminence has profound consequences for Canada. But it offers opportunities as well as costs. For in the fields of investment and technology Canada has another option. That option is Japan. Japan is rapidly emerging as the dominant producer and exporter of capital and technology in the world, and has good reason to favor Canada as a recipient of its growing surpluses. In turn Canada has a particular incentive to welcome inflows from a partner other than the US, and especially from a distant country whose still-secondary economic position and distinctive corporate and societal culture render it unusually adaptable to host-state preferences. Yet these same features of distance, economic position and cultural distinctiveness do provide an important barrier to the fulfillment of this potential for an enormously enriching trans-Pacific capital and technology flow. But it is a barrier that can be beaten. What is required to link an eager Japan with a welcoming Canada is a concerted program by Canadian business and governments to enhance Japanese awareness of Canada's potential, to forge business partnerships between Japanese and Canadian firms, to foster technology agreements and joint ventures between them, and to render Japanese operations comfortable in Canada. What follows are some practical, low cost proposals for building this bridge across the north Pacific.

## **Investment and technological partner**

While most Canadians continue to look to the United States as the key to their economic renewal, most Americans are all-too-well aware of Japan's rapid emergence as a leading producer and exporter of capital and technology. From 1963 to 1980 Japan's annual growth in capital relative

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*John Kirton and Michael Donnelly are Associate Professors of Political Science at the University of Toronto.*

## Alternative to USA

to labor force increase led the major industrialized countries at 8.3 percent, while its share of the world's capital stock more than doubled to over 15 percent. Japan's rapidly growing stock of *new* capital, combined with its government's strategic shift from capital-intensive to technology-intensive industries has had dramatic effects. From 1972 to 1979 the US share of world trade in high technology products fell from 30 percent to 22 percent, while that of Japan soared from 4 percent to 12 percent. Indeed in the single year from 1975 to 1976 foreign, largely Japanese, color televisions rose from 18.7 percent to 42.8 percent of the US market. A half-decade later, the US semiconductor industry had a similar experience.

In the field of technology itself Japan has followed the same trajectory. From 1963 to 1980, while the US growth of R & D scientists relative to total labor force growth was *declining* by 1.1 percent per year, that of Japan was increasing by 5.1 percent per year. During that time Japan's share of the major industrialized countries' stock of R & D scientists increased from 16 percent to 23 percent. In 1982 Japan's Society of Science, Technology and Economics, surveying automation, product quality and design technologies, judged that the US led in 56 and Japan in 51 critical areas. And in their lagging areas, Japan's projects, such as that to develop a fifth-generation computer, speak eloquently of their determination to forge ahead.

In an age of technological acceleration in production processes, product designs, and materials, it is the selectivity as well as the scope of Japan's technological base that is important for the future. In 1978 the United States invested 49 percent of government R & D funds in defence, 9 percent in economic development and 4 percent in basic research. Japan invested 54 percent of its funds in basic research, 22 percent in economic development and only 2 percent in national defence. Calculated on an after-tax basis, 55 percent of Japanese R & D was financed by the private sector, in comparison with 44 percent in the United States. The value of concentrating R & D directly in the industrial sector is seen in such products as color television sets, where a recent study indicated Japan's advantage over the US came not from lower wages but from superior technologies in assembly, components, automation, vertical integration and design.

This great storehouse of Japanese investment and technology is now ready for export, not indirectly as embodied in trade goods, but in its own right. And it is available to go offshore for many of the same reasons that American and European investment and technology was available in the past. This list of reasons includes the desire to overcome the threat to its exports from protectionist measures — both the real ones that have already been imposed in abundance, and the anticipated ones which the former have rendered credible and hence psychologically real. But the list centers on standard economic factors pushing the Japanese offshore. The uniquely high domestic savings rate, the saturation of opportunities in a fiercely competitive, rapidly aging, domestic market served by too many firms pushes capital as well as goods offshore. A maturing industrial structure generates more firms with the size and sophistication to invest offshore. It also creates the desire and need for a global presence both to access and amortize technology and to achieve greater economies of

scale. Compared to their Anglo-American-Canadian counterparts, such geographically distant and culturally distinct Japanese firms have a particular need to locate sales, service, distribution and even assembly operations at locations abroad, in order to reduce transport costs in and out, to learn about, adapt to, and effectively serve the needs of the market and to aid in advertising the product through physical presence and community goodwill. Moreover, many companies on a crowded, affluent and linguistically-isolated island understand the cost advantages of locating production and distribution facilities where land for the plant and rents for offices are less expensive, and where educated, technically competent, English-speaking labor is available.

### Canada's receptivity

There is now little doubt that Canada needs, wants and actively seeks more foreign investment and technology. From 1963 to 1980 Canada's annual growth of capital relative to total labor force growth was a meager 2 percent, while its share of world capital remained essentially static at just under 4 percent. Despite Canada's high savings rate and maturing capital markets it requires foreign investment to offset the now substantial flow of such funds from Canada to the United States, and to compensate for areas, such as venture capital directed at small and medium sized enterprises, where the Canadian financial industry remains weak. And for Canada, foreign investment in direct equity form has the long-appreciated advantage of bringing with it such badly-needed assets as improved management, labor-management relations, and technology. For these reasons, inflows of *new* investment can be key to the competitiveness of even those nations, such as Canada, with a relatively high capital stock. And it is noteworthy that a recent study of the production cost advantage enjoyed by the Japanese over the Americans attributed 63 percent of the difference to better management systems. In short it is not just Japanese money but Japanese managers — the critical software of business success in the modern age — that Canada needs.

Even less controversial is Canada's need for improved technologies, especially in those mass, consumer-oriented electronic and information-based product areas where the Japanese are most strong. From 1963 to 1980 Canada's increase in R & D scientists relative to total labor force growth was a low 1.1 percent per annum, while its share of the major industrialized countries' R & D scientists increased only from 1.6 percent to 1.8 percent. Canada ranks last among its Summit Seven partners in the share of national R & D moneys provided by industry, and in government spending on R & D as a share of GNP.

As long as US multinationals reliably transferred the fruits of their prodigious home-grown R & D, product design and management efforts to their Canadian subsidiaries, it was far more efficient for Canada to borrow rather than buy these assets. Yet with the retreat of US capital from Canada during the 1970s and 1980s, the costs of relying on borrowing have mounted. From 1969 to 1979 Canada's share of manufacturing value-added from technology intensive sectors and its export-import ratios in

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these sectors, remained static and lagged behind that of all of its Summit Seven partners. In these product sectors the result has been all too predictable, as Canada imposed duty remission schemes to encourage domestic production in television receivers from 1976 to 1981 and in television chassis from 1979 to 1983.

Under the present government of Prime Minister Brian Mulroney Canada has done much to declare, by actions as well as words, its desire for inflows of foreign investment and technology. The list of active measures begins with the change of the Foreign Investment Review Agency to Investment Canada, and the phasing out of the National Energy Program. These changes have been noted by strategically-placed players in Tokyo and accepted by them as evidence of the Canadian government's openness to investment and technology inflows. A second major step was the conclusion in September 1985 of an Industrial Cooperation Agreement between Canadian Industry Minister Sinclair Stevens and the Japanese Minister of International Trade and Industry Keiji Murata, committing the two departments to explore ways of promoting industrial cooperation, thereby developing more balanced bilateral economic relations. Efforts will be directed to advanced manufacturing technology, micro-electronics and ceramics. Despite Japanese coolness toward such agreements, and the inherent limitations of any government-to-government arrangement in inspiring private sector activity, there are preliminary signs that the mechanism is having the effect intended by the Canadians in legitimizing and facilitating contacts and overtures by Canadian firms.

More recent measures also have the potential to acquaint a wider Japanese business audience with the message that Canada is "open for business." The most promising of these measures is the appointment of a locally-engaged Japanese with a background in Japanese industry as a new Technology Development Officer at the Canadian embassy in Tokyo. Another initiative is the commitment of major funds for the appointment of a Canadian from the private sector to serve as an investment adviser at the Canadian embassy. Reinforcing such measures back in Canada have been the preparation of an Investment Canada advertising campaign aimed at foreigners, a major "Business Opportunities Conference" undertaken at private sector initiative, and a promise by Prime Ministers Brian Mulroney and Yasuhiro Nakasone, during their January 1986 summit in Canada, to give the highest priority to the early conclusion of a science and technology accord. For its part the Japanese government, through the Japan External Trade Organization, established in the spring of 1985 the Canadian Centre for Industrial and Technological Cooperation (CITEC) to promote industrial cooperation between the two countries.

### Basis for Canadian-Japanese business bargains

Initiatives such as these are badly needed to improve Canada's rather dismal record in attracting a reasonable share of Japan's exportable storehouse of capital and technology. In 1983 the United States attracted a world leading 31.5 percent of Japanese overseas direct investment. Canada's share was a small 1.7 percent. These figures vividly

indicate Canada's lagging performance in attracting Japanese investment, and the powerful competition Canada faces in this task from the United States. In this competition the United States would appear to have all the advantages. As Canadians well know, the US offers a megamarket, dynamic economic growth and minimum interference in a deregulated economy. Socially, they have sent since World War Two an estimated three million servicemen to Japan, thus ensuring that when Japanese look at North America from Tokyo they see Honolulu and San Diego, not Vancouver and Toronto. And commercially, the US has that still-revered group of old businessmen which helped rebuild Japanese industry in the aftermath of World War Two, and a new group that places an enormous number of its members in permanent residence in Japan.

In the face of such formidable competition, how can Canada compete? One answer is provided by the widespread sense that it was Canada's protectionist measures, in the wake of similar American actions, against Japanese automobile imports, that alone led to the formidable Japanese investments in Canada in the automotive sector over the past year. But even if this explanation is correct, the model of pulling investment in through trade protectionism is one that probably cannot and should not be followed in other sectors. For those sectors Canadians should take heart from the fact that as of 1983 they have been able, despite US advantages, to secure an impressive \$1.56 billion of Japanese investment. Canadians should thus reflect on the assets that have made this possible, and devise an investment and technology promotion strategy based on this foundation.

Canada's assets begin with the dilemma faced by Japanese businessmen searching for places to put their capital and technology abroad. For while they have places other than Canada to go to, all present potentially severe disadvantages. Throughout Asia the Japanese face historical animosities, the lack of highly-skilled labor and relatively poor consumers. In Europe they encounter an entrenched protectionist attitude. And even in the United States they witness rising resentment against Japanese economic penetration from a people for whom significant direct investment within their society is an unfamiliar condition and a visible sign of their global economic decline. In such a context, the Canadian option can look good.

### Canadian advantages

Canada's first big advantage is its proximity to a large US market that offers relatively free access to exports from Canadian plants. America's ideological insistence on national treatment for investment renders Japanese investment in Canada Canadian, and its US-bound products thus acquire all the advantages long enjoyed by their Canadian-owned counterparts. These include the channels of the Auto Pact and defence production agreements, and the general liberalizing effect of the Tokyo Round cuts. The long history of tight interdependence between the Canadian and US economies has produced specialization in an integrated North American market that increases the cost to the US of any sudden severing of the Canadian component. The record of the past half-decade confirms Canada's

## Alternative to USA

success in mobilizing political conditions within the United States to effectively make this point.

In addition to the US market Canada offers the Canadian market — 25 million of the world's most affluent, quality- and cost-sensitive consumers, united by one of the world's finest transportation and communications infrastructures. For big Japanese firms in an open international economic system the Canadian market is a 10 percent bonus. For smaller Japanese firms starting out in North America it can be, as it was for the South Korean auto maker Hyundai, a manageable and less risky way to learn about, and grow into, the challenges of doing business in North America. And for both it is the much valued insurance policy that sits as the second option in their corporate business plans. For even if the US closes the door to Japanese goods built in Canada, Japanese firms can and do expect the Canadian government to exercise its right, often legally sanctioned under GATT, to exclude American competitors from the Canadian market. And a Canadian market devoid of US competition is often large and rich enough to allow the Japanese to operate their Canadian plants at a profit.

In deciding where to locate a plant to serve the North American market Canada, and particularly southern Ontario, has substantial appeal, especially for firms in the consumer-oriented, high quality, manufacturing sector. The location provides same-day-delivery, of components in or products out, to a large concentration of established suppliers and customers. The Canadian base also offers the cheaper Canadian dollar, low cost land and energy, abundant skilled labor and state-financed medical and pension programs. Moreover, as a host of examples in the nuclear and computer fields attest, Canada's open, high quality but under-financed R & D establishment, particularly in the university sector, offers much scope for collaborative ventures to provide relatively cheap basic research to Japanese firms competing from a national base where this asset remains relatively scarce. And the Japanese business community has a good appreciation of Canada's technological excellence in such fields as artificial intelligence, computer software, videotex, lasers, telecommunications equipment, digital and fibre optic communications, nuclear processes, Arctic, STOL and urban transportation, and space exploration.

### Foreign investors welcome

Finally Canada provides a comfortable political and social environment in which Japanese firms and nationals can operate. Canadians have long accepted foreign direct investment as an essential part of their private sector, and look with favor upon a diversification in the nationality of its ownership. In many sectors beyond autos where the Japanese are most competitive, Canada has little domestic industry to protect, on defence or other grounds. We lack an aggressive nationalism, have a well developed multicultural ethos, and offer one jurisdiction — British Columbia — whose Japanese connection is sufficiently strong to ensure that the concerns of Japanese investors get injected forcefully into the political process. And the safety and civility of Canadian urban life remains reminiscent of these qualities of life in Japan itself.

With these assets Canada has the opportunity not just to attract Japanese investment in a competitive global environment, but to shape its entry into, and operation in, Canada in ways that meet Canadian priorities. For those Canadians still mindful of the insensitivities of large, fully owned, controlled and directed US branch plants in Canada, this is an important advantage. Indeed the climate would appear promising for moving beyond fully owned Japanese distribution and imported kit assembly investments in Canada, to more balanced technology agreements and joint ventures. The distinctive cultural base and business style of Japanese firms and their relatively recent advent into multinationalhood render some of them particularly open to participation by a Canadian partner which can offer an existing customer base, a distribution network or at least familiarity with how to move and market products in the Canadian environment. These Japanese firms are familiar with demands for host country participation having come from a country which long required foreign capital to enter in joint ventures. And their national experience leads Japanese business to understand, expect and often welcome, a strong government role in the economy and its constituent sectors and firms.

### Looking out for Number Two

Canada's advantages are likely to appeal not to the Japanese titans who can take care of themselves in a difficult world, but to those in the number two position — be they sectors, strata, suppliers, firms, plants, products or components. The search for the second sector directs one's attention away from autos, where Canada's initial investment promotion activities have largely succeeded, to the next area of heavy Japanese import penetration, and particularly those where Japan's production presence in Canada is not pronounced, where few Canadian-located plants exist, where those that operate badly-need a technological infusion, and where the dangers of building future surplus production capacity are small. Here the sectors of consumer electronics, consumer electrical goods and office automation equipment appear especially promising, particularly given Japan's technological prowess in these areas and the likelihood of steadily expanding consumer demand for these products in Canada.

These second-ranking firms, forced to be more innovative and to take more risks in order to remain competitive or to close the gap with their dominant rival, would welcome help from Canadian partners in this struggle. It is instructive that the first major manufacturing investments in Canada by Japanese firms — in automotive assembly, cathode ray tubes, and electronic ceramics — came not from the Japanese firm or firms which dominated the industry in Japan but from their aggressive but fast rising rivals in the second tier.

Finally, for the largest Japanese firms, Canada's focus should be on securing the second plant, the second product line, or the secondary parts of the manufacturing process. Large Japanese firms, such as Toyota, wishing to serve the entire North American market typically begin in the south — in California, Georgia or Kentucky — and then, for their second or subsequent plant, look northward — to New York, Pennsylvania, Ohio, Michigan, or Ontario.

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Ontario's proximity to the northern tier industrial-midwest makes it an excellent candidate for the Japanese firms' second North American but first snowbelt plant. Similarly, while the first North American plant will typically be dedicated to producing the product line with the largest market, economies of scale, value added and prospects for consumption growth, the second plant has a good claim on the product lines that rank second on these criteria. Having the North American product mandate for the second best product line of a large competitive Japanese firm remains a rich prize for any Canadian plant. Here Toyota's combination of a large plant for its larger cars in Kentucky and a smaller plant for its smaller cars in Ontario is indicative of a broader business logic.

### Building the north Pacific bridge

Having identified the target audience, the first challenge is to undertake measures designed to increase the awareness which those Japanese have of the advantages of a Canadian location, in terms that will be effective within their business decision-making environment. And to know what message is effective it is necessary to ask the right questions. The information flow about Canada heretofore has been dominated by Japan's organized big business community, which periodically sends study missions to Canada, issues reports based on their findings, and then surveys the attitudes of their member firms in Japan. It is certainly less expensive to rely on the Japanese big business community to tell Japanese firms about Canada, and to tell Canada what those Japanese firms think. But the Canadian government could usefully conduct regular, professional attitude surveys of targeted Japanese firms, and those known to be potentially interested in investing in Canada. Expanding the latter groups requires, *inter alia*, raising the public profile in Japan of Canada's position as a modern, technologically advanced country, through devices such as Japanese Prime Minister Nakasone's visit to a Northern Telecom plant in Canada in January. Similarly the Prime Minister of a major Pacific power could well, during his first term in office, reciprocate with a bilateral visit to Japan, at a time when Japanese media attention is not saturated with the pageantry surrounding a Summit Seven gathering, and with an itinerary that gives visibility to those smaller Japanese firms successfully joint-venturing in Canada and those smaller Canadian firms successfully selling high technology products in Japan.

The next stage is forging between Japanese and Canadian firms, at a personal and corporate level, the ongoing, long-term business partnerships that Japanese companies value so much. One method to help such partnerships is to introduce to Tokyo a full array of business-based voluntary associations as devices to bring the local and visiting Canadian community into regular, informal contact with interested host national counterparts and associates. Further-

more, the criteria for federal government support and sponsorship for fairs, missions and individual visits should be adjusted to encourage repeat encounters by the same firms, rather than presenting the Japanese with a bewildering array of ever-changing and impatient Canadian business faces over in Tokyo for one-visit stands.

For these relationships to develop from exchanges of information and trade into technology agreements and joint ventures, what is required is a permanent presence in Tokyo by professionals in a particular, targeted industry sector. The recently formed Canadian Chamber of Commerce in Japan, and the Federation of Canadian Manufacturers in Japan represent a valuable start of a Canadian business presence in Japan. Canadian governments could profitably adjust their existing business support programs to encourage Canadian industry associations to set up shop in Tokyo, perhaps using provincial government offices as a base for this purpose. Staffed by business professionals expert in a particular sector, such associations could advise Canadian businessmen on how to avoid such simple problems as smothering potential Japanese partners with the extensive and expensive legal contracts and paperwork so integral to North American, but so alien to Japanese, business.

A final but often forgotten task is to ground the Canadian end of the north Pacific bridge in a firm foundation of success, so that the Japanese firms which take a chance on Canada can more easily diffuse their technologies and management methods throughout Canada, expand their investments, and communicate the good news to potential followers back home. While Canadian governments cannot guarantee commercial success, they can provide the social infrastructure to render more comfortable the lives of those Japanese managers who produce such success, and their families who support them in this task. The highly talented Japanese manager, or engineer, or technician who is badly needed to run his firm's new plant in Canada, and thus bring his expertise into the Canadian business community, is often faced with the unenviable choice of living alone for two years in suburban North America or wrenching his wife and family out of the tightly-knit Japanese community and fiercely competitive Japanese educational system. Neither choice is suitable from the standpoint of the sociology of business success, especially in joint ventures between smaller scale firms. The recent generation of Japanese investment in the manufacturing sector in Canada is heavily concentrated within a 200-kilometre radius of Toronto, with a particularly dense cluster in the Cambridge-Guelph-Kitchener/Waterloo triangle. The Ontario government, working with local community groups and universities, could usefully start planning how to lessen the linguistic barriers faced by Japanese families in their new environment, as well as the real social, cultural and educational costs they pay for accepting a Canadian assignment. □

# Surviving freer trade with the US

by Earl H. Fry

Within the very near future "freer-trade" discussions between Canada and the United States will commence. Unfortunately, the chances of achieving a significant trade accord are extremely limited.

I shall argue in this article that trade and investment ties between the two North American nations are very important for both economies, but much more so for Canada than for the United States. My position is that Ottawa should be pushing for a general free trade agreement which would exempt certain sectors, permit relatively long phase-in periods, and include specific safeguards, guarantees, and trade adjustment mechanisms.

Because of fleeting interest in such an accord on the US side of the border and the parochial disposition of Congress, Ottawa should be pushing vigorously for this agreement and hope for a signing within eighteen months. However, because of the ambivalent feelings which many Canadian politicians and citizens in general harbor concerning closer economic integration with the United States, the chances of a sweeping trade and investment pact being signed are slim. Instead, Ottawa will probably rely on (1) the final implementation phase of the Tokyo Round agreement, (2) a few *ad hoc* bilateral accords to soothe specific trade and investment irritants, and (3) whatever might be agreed to in a new round of multilateral trade negotiations to quietly bring about closer economic integration between the two markets. Although such a strategy makes a great deal of sense in terms of Canadian domestic politics, it will make Canada extremely vulnerable in any future trade wars between the United States on the one side, and the European Community and Japan on the other. There would be nothing but losers in any major trade skirmish, but the most battered and beaten victim would be Canada.

## World trade leaders

As is common knowledge, the volume of trade between the two North American neighbors far surpasses that of any other dyad of nations in the world. In addition, these two countries also rank as the number one and number two host nations for foreign direct investment, with the United States attracting three times as much investment as Canada. Most of the investment in Canada comes from the United States, and Canadians in turn rank as the third largest investors in the USA after the British and the

Dutch. Canadian investment in the United States more than doubled over the past decade.

These figures clearly illustrate that Canada-US trade and investment linkages make an important contribution to the economic well-being of the citizens of both countries. For example, Canadian exports to the US in 1984 accounted for about one-fifth of all jobs in Canada. Exports currently represent somewhat less than 30 percent of Canada's GNP, with the United States the recipient of three-fourths of these exports.

For its part, the United States continues to be the world's leading nation in volume of trade, even though it has suffered trade deficits totaling almost \$400 billion over the past four years. Exports and imports were worth approximately \$560 billion in 1984, accounting for about 13 percent of US GNP. Canada is the most important export market for the United States, receiving almost 20 percent of all US exports, one-and-one-half times greater than exports to America's second-ranking market, Japan.

Thus, the United States and Canada owe much of their prosperity to involvement in the international economy; and, in an increasingly interdependent world, trade and investment linkages overseas will become even more important for both nations. However, Canada is much more vulnerable to protectionist pressures at the international level than is the United States.

## Canadian vulnerability

Why is Canada so vulnerable? First of all, trade accounts for more than twice the level of total GNP in Canada as it does in the United States, and the USA has done much better than Canada in creating jobs in domestic-oriented industries.

Second, many of Canada's provinces depend greatly on international trade and their governments are very much involved in pressing for a secure and enhanced access to the US market, which is ten times larger than Canada's. Almost two-thirds of the economy of British Columbia is

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ted in directly and indirectly to export activity, and almost all of the provinces are more dependent on international trade than their US counterparts. In California, for example, one million jobs are linked to trade, and trading activity brings in annually \$3.5 billion in taxes and \$35 billion in revenues. Although California is the US leader in international trade, it is still much more dependent on domestic trade flows. Moreover, with California's population equal to that of all Canada, its per capita international trade figures are small in comparison to those of many Canadian provinces. The state/provincial role in any future bilateral trade agreement will be discussed in greater detail in the next section.

Third, the Canadian government is much more dependent on revenues generated from export activity than its counterpart in Washington. This dependency is linked not only to GNP figures, but also to the need for servicing large and growing federal government deficits. Much publicity has been accorded to the US federal government's spiraling budget deficit, but Canada's budgetary woes even surpass those of the United States, with Ottawa having to earmark a higher percentage of revenues just for debt-servicing purposes.

It is clear that both nations are burdened with extremely high deficits, but Ottawa definitely has a greater need for revenues generated from exports in order to avoid raising taxes to pay for government-sponsored programs. With approximately 75 percent of all Canadian exports destined for the United States, and with Canada registering huge trade surpluses and even modest balance-of-payments surpluses with the US over the past few years, Canadian dependency on access to US markets may be greater than ever before.

### State and provincial obstacles

Ottawa and Washington also face the challenge of taking into account state and provincial government priorities in determining the practicality of any future trade arrangement between the United States and Canada. In effect, many states and provinces are in the process of developing their own grassroots industrial strategies which may impact either positively or negatively upon cross-border transactions.

Protectionist sentiments have fostered various trade and investment restriction policies at the state level in the USA. For example, a state court has determined that five nations have violated Pennsylvania's Trade Practices Act of 1968, so products from these countries cannot be used in state government-sponsored construction projects. Many states have also copied parts of the original Buy American Act of 1933 for their own government procurement codes. In the case of the subway deal between Montreal-based Bombardier and New York City, the Canadian firm guaranteed 40 percent US content, of which 16 percent would be New York State content, and also agreed to build an assembly plant in New York. One should emphasize that US firms have faced similar provisions in Canada as a result of undertakings mandated by both federal and provincial agencies.

State governments continue to exercise broad powers in the areas of land use, insurance and banking, environ-

mental controls, hazardous waste disposal, labor relations, civil rights, and corporate taxation and chartering, all of which may impact upon foreign investors or firms trading with these states. For example, the worldwide unitary taxation formula used by a few states, particularly California, may have extraterritorial dimensions and distort the faithful implementation of bilateral taxation treaties.

Governments at the state level are also in the process of developing their own industrial policies and this will certainly have an impact on future trade and investment activity. In total, state governments now spend over \$20 billion annually on international trade activities and on investment incentive programs. Two dozen states are directly involved in the venture capital game and several have set up industrial parks, enterprise zones, and greenhouse projects to spur on economic development.

Fifteen state governments are now offering direct export aid to local companies and another ten have legislation pending which would provide such assistance. This aid is both in the form of information and dollars. Within five years, annual state government export aid might reach \$600 million and would represent an important alternative to Export-Import Bank authorizations. Whether or not some of this aid would be considered as an export subsidy, and would run afoul of GATT agreements remains to be seen.

### State versus state; province versus province

In addition, economic competition among state and provincial governments remains very intense and beggar-thy-neighbor tactics characterize some of the interactions among subnational units. For example, South Dakota actively seeks to lure companies from neighboring Minnesota. By eliminating personal, corporate, and personal property taxes and offering moderately priced unemployment and workman's compensation insurance, South Dakota has lured more than sixty firms away from Minnesota over the past several years. Indiana business development officers spend time in Michigan, Missouri's Governor meets with business representatives in Illinois, North Dakota officials host receptions for businesses in Manitoba, and Ottawa works with various provincial governments to entice firms to locate in Canada instead of in neighboring US border states. A classic example of cross-border competition occurred a few years ago when a combined incentive package worth almost CDN\$70 million was pieced together by Ontario and Canada in order to entice Ford to locate a new plant in Ontario instead of Ohio. Early in 1985 Ottawa signed a CDN\$350 million industrial development pact with Quebec that stipulates that both levels of government will cooperate fully in attracting new investment to that province.

State governments as well are becoming actively involved in economic matters in general, and international trade and investment issues in particular. The states have not demanded a direct voice in the bilateral trade discussions, unlike their Canadian counterparts at the recent First Ministers' Conference in Halifax. On the other hand, the voice of the states is directly felt in Washington, mainly through the US Senate and, to a lesser extent, through the House of Representatives. The fears and aspirations of the



## Difficult negotiations

state governments concerning a bilateral trade accord will be articulated quite well in the corridors of Congress and through such key executive branch agencies as the Office of the US Trade Representative.

### How free the trade?

In my opinion, Canada and the United States should vigorously pursue a broad-ranged free trade accord. Free trade would include an absence of both tariff and non-tariff barriers, but certain sectors could be removed from free trade consideration because of their political or economic sensitivity. In addition, other sectors would be subject to a phased-in timetable which would permit both industry and labor groups adequate time to prepare for free trade conditions. Trade-adjustment assistance would also be available for severely impacted economic sectors. If carefully prepared, the trade agreement would be fully compatible with GATT Articles 24 and 25 and would not jeopardize the international trade commitments of the United States and Canada. In addition, point-of-origin and other related features of the trade agreement should comply with GATT standards and thereby allay fears of the Japanese and others that the bilateral discussions are primarily intended to create a "Fortress North America."

Yet, I am not optimistic. The free trade issue is still a political hot potato in Canada and many political leaders would prefer that trade liberalization occur gradually and quietly through the multilateral trade negotiation route and through *ad hoc* bilateral talks on such issues as pharmaceuticals, lumber and book publishing.

Many leaders on both sides of the border are also ignoring how complicated the trade agenda will be. Canadian negotiators must be extremely sensitive to the complaints of a very vocal domestic opposition and both sides must make a good faith effort to satisfy the growing demands of their subnational governments. In addition, how do the negotiating teams resolve the following issues in a very short period of time?

1. Government procurement codes at the national, state and provincial levels
2. Safeguards
3. Production and market guarantees
4. Point-of-origin conflicts
5. Currency stabilization guidelines
6. Antitrust rules

7. Extraterritorial actions
8. Investment review and restrictions
9. Liability laws
10. Warranty and product guarantee codes
11. GATT Articles 24 and 25 provisions to negate the notion creating a "Fortress North America"
12. Patents, trademarks, and copyrights
13. Provincial and state government controls over certain economic sectors
14. Rules governing Crown corporations or government-controlled enterprises
15. Movement of labor across national, provincial and state borders
16. Transportation regulations
17. Countervail stipulations
18. Dumping
19. Licensing standards
20. Technology transfer codes
21. Taxation, including unitary formulas
22. Environmental protection
23. Regional subsidies
24. Financial sector regulations
25. Cultural issues
26. Phase-in periods
27. Sector "swapping"
28. Dispute settlement mechanisms.

Canadians can perhaps be complacent and hope that the current bilateral trade relationship highlighted by healthy trade surpluses and relatively open access to the US market will continue. However, heavy dependency on trade with the United States will make Canada the major victim of any future protectionist battles pitting the United States against the major industrial powers of Europe and Asia. Canada simply cannot expect to be exempted from any trade skirmishes without a pact assuring access to the US market.

In the long run, both sides would suffer from the failure to produce a meaningful free trade accord. However, Canada has by far the most to win or lose, and the burden rests on Ottawa to provide momentum and substance for the upcoming negotiations. □

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# Border broadcasting and free trade

by Donald Barry

Cultural sovereignty has become one of the most controversial issues in the current Canadian debate about free trade with the US. Discussion about the effects of the ubiquitous US presence on Canada's cultural values is, of course, hardly new. What is striking about the present debate, however, is the extent to which those values have become indented with existing national policies designed to achieve them.

The debate itself has been simultaneously shaped by the American cultural impact on Canada and by US pressures on Canadian policy restrictions aimed at offsetting it. To be sure, there are some who simply decry cultural nationalism and others who say that current policies must be continued despite American opposition. But many of those who argue that culture should be included in forthcoming free trade negotiations seem to assume that the costs of cultural protection are too high and not worth the price of possible US retaliation. On the other hand, many of those who argue that culture should be excluded from the talks apparently believe that US objections to Canadian restrictions are based on a misunderstanding of the measures and that more and better explanations of those actions would change US views. Both groups, however, display more than a little confusion about the ends and means of Canadian cultural policies. In particular, they overlook the fact that US criticism of those policies is not directed at their purposes, but at their implementation.

## **This will hurt you, but it's good for us**

The consequences that can result from this confusion are well illustrated by the long standing Canada-US dispute over border broadcasting. The issue has been on the bilateral agenda for more than a dozen years. It arose in the early 1970s as a result of Ottawa's efforts to strengthen Canadian television by ending the drain of domestic advertising dollars to US border stations reaching Canadian viewers mainly via cable TV. The roots of that policy lie in the rapid expansion of cable television in Canada since the 1960s which has brought US TV to most Canadian households. Initially this expansion was accompanied by a major exodus of Canadian business advertising to US border television stations. As a result, Canada's television industry experienced annual direct revenue losses in excess of \$20 million and indirect losses, due to reduced multinational advertising, of \$30 to \$40 million each year.

As the Canadian Radio Television Commission (CRTC) and the federal government saw it, such losses

would have a corrosive effect on the quality of Canadian broadcasting and ultimately on Canada's national identity. Accordingly, they initiated measures to discourage Canadian businesses from advertising on US stations. In 1972 the CRTC began requiring domestic cable operators which carried US stations to allow Canadian broadcasters to delete US commercial messages and to "simulcast," with Canadian commercials, those Canadianized versions on the US as well as Canadian channels. This was followed by 1976 legislation (Bill C-58) which removed tax concessions for Canadian advertising on US stations which was aimed at the Canadian market. The measures were undertaken in conjunction with Canadian content regulations which set minimum standards for domestic programming.

Neither body seems to have given much thought to the bilateral implications of the moves, viewing them solely as domestic actions to enhance the viability of Canadian television. The measures were welcomed by Canadian broadcasters and achieved their revenue goal. But they had significant financial consequences for at least fifteen television stations in eight US states (Washington, Montana, North Dakota, Michigan, Pennsylvania, New York, Vermont and Maine) along the Canadian border. Claiming losses of more than \$20 million annually, the stations formed themselves into a potent pressure group to lobby the US government and Congress to induce Canada to modify its policy.

## **Border broadcasters fight back**

The border broadcasters first approached the US State Department during the commercial deletion phase of the Canadian actions. The State Department responded by seeking consultations with Ottawa. The Canadian government not only refused the requests but went on to enact Bill C-58 which eliminated tax breaks for Canadian advertising placed on US television stations. (The legislation also applied to foreign publications, ending the Canadian status of *Time* magazine.) The broadcasters accordingly took their case to Congress where they found a sympathetic audience among border state Senators and Representatives.

Retaliation followed in 1976 after the US broadcasting lobby persuaded its legislative allies to link the Canadian

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## A cultural issue

advertising restrictions to a recently passed US measure limiting the tax deductibility of American travel to foreign conventions, making modification of those Canadian restrictions a condition for relief from the US convention law. The convention measure had a serious impact on the Canadian convention industry which estimated its resulting losses at more than \$100 million annually. Ottawa declared a moratorium on commercial deletion. But it refused to alter Bill C-58, insisting that it was essential to Canada's cultural sovereignty. This explanation had no impact on US legislators, who asked why their constituents should have to pay the price for Ottawa's policy.

Congress finally repealed the linkage in 1980 because of pressures from a coalition of legislators and domestic interests which had its own reasons for opposing it. The US government also exempted Canada from the convention law in a new bilateral tax treaty, but not before American officials had used the linkage to strengthen their bargaining hand in that negotiation.

In the meantime, the border broadcasters took their complaint to the US Trade Representative, claiming that Bill C-58 discriminated against American trade under the terms of the US Trade Act. The Trade Representative agreed with the broadcasters, as did President Carter who, in September 1980, asked Congress to retaliate against the Canadian measure by passing "mirror" legislation that would deny tax concessions to US businesses for advertising placed on Canadian stations in order to reach US viewers. (The measure was ultimately enacted in 1984. Its primary effect is on the television station in Windsor, Ontario, which reaches the Detroit market.) However, the border broadcasters, protesting that the mirror law would not restore their lost revenue, kept up their pressures for redress. They soon gained additional allies among US legislators who saw the case as an important test of mechanisms designed to protect US interests against discriminatory foreign trade practices. Canadian lobbying efforts to thwart the border broadcasters and their congressional supporters were ineffective.

### Failed compromise

A 1982 threat by US legislators to remove tax concessions on American purchases of Canadian Telidon equipment failed owing to widespread opposition from the US communications industry. The incident did generate interest in finding a solution to the broadcasting dispute. However, the Canadian government refused a US compromise solution that would have given Canadian businesses tax deductions for their American advertising expenses on a pro rata basis, according to the US stations' Canadian and American audience shares.

The Mulroney government, in advance of the March 1985 "Shamrock Summit," considered allowing Canadian business to claim 50 percent of their US advertising costs. However, the suggestion was strongly opposed by Canadian broadcasters. It was also rejected by the border broadcasters who would have gained more under the US proposal. The broadcasting issue will likely surface once again during forthcoming Canada-US trade talks.

(Indeed, the dispute would escalate if the CRTC were to adopt the current proposal of the Canadian Association of Broadcasters to require Canadian cable companies to

delete US programs in series carried simultaneously in the two countries, and replace them on US channels with whatever episode in that series was appearing on the Canadian stations. This would occur in series that had been "stripped," that is, in those originally-weekly series now being re-run daily at the same hour, but with different episodes, in both countries. This proposal would, for the first time, reduce US television stations' access to our market and restrict Canadian viewers' options.)

Ottawa has so far emerged from the broadcasting dispute with its legislation intact. But, as a result of US pressures, the measure has probably cost the Canadian economy far more than the financial benefits it has produced. In the first place, the effects of the convention tax broadcasting linkage cost Canada some \$80 million more than the US each year it was in effect. Second, it seems clear that the US successfully exploited the connection in the negotiation for a new bilateral tax treaty. Indeed, American officials claim that, under pressure, Ottawa agreed to reduce its withholding tax on US direct dividend earnings in Canada from 15 to 10 percent in return for the treaty's convention travel exemption. Third, the US has enacted a mirror retaliation provision against Bill C-58, although its impact on Canadian broadcasters is much less than the effects of Bill C-58 on US stations. Finally, as long as the broadcasting issue remains active it has the potential to complicate the resolution of other bilateral issues.

### Protecting Canada's infant broadcasters

Given the price that Canada has paid for its border broadcasting policy, it is tempting to agree that Canada ought to abandon Bill C-58. But the justification for that legislation seems convincing. To deliver the television industry to the market place would be to aggravate a situation in which Canada's broadcasters must compete in the Canadian market with their US counterparts, who already enjoy a huge competitive advantage in program production.

Yet, to argue that Americans would accept Bill C-58 if only they understood it better is to assume that the US would be willing to bear the cost of that action. It is nothing less than a plea for special status which would place the measure at the mercy of US good intentions. And American responses to Bill C-58 to date demonstrate that the US is not willing to assume the financial burden of that policy.

It appears that Ottawa is caught in a major dilemma. On the one hand, to eliminate Bill C-58 could diminish Canada's cultural viability. On the other hand, to continue it could complicate Canada-US trade talks and invite further bilateral disruptions. Yet in many respects this dilemma is more apparent than real. It is important to realize that US objections to Canada's policy are not aimed at its goal but at the way in which it is being pursued. For example, in recommending legislative retaliation against Bill C-58, President Carter observed, "The Canadian law was intended to strengthen the Canadian broadcast industry as an aspect of Canadian culture. However, the law places the cost of obtaining that objective on US companies and thus unreasonably and unnecessarily burdens US commerce." His statement was echoed by the border broadcasters. As one of their spokesmen put it, the broadcasters appreciate the cultural concerns that underlie Bill C-58, but "such concerns do not justify a policy so pointedly unfair and one-sided."

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**Proration could work**

Yet, the Canadian government has other means of achieving its aim. For example, it could adopt an amended version of the pro rata tax deductibility scheme for Canadian business advertising on US stations. The feasibility of such action is supported by a 1983 study of Bill C-58's financial consequences by Donner and Kliman, which observes that a formula which prorates that legislation "on an equitable basis for all the participants can be easily defined." In addition, revenue earmarked by Canadian broadcasters for priority domestic programming could be made eligible for matching public subsidies under an expanded Canadian Broadcast Program Development Fund, which supports domestic program production. Moreover, since Canadian television is generally a lucrative enterprise, despite its continuing need for program production support, Ottawa could require stations which have exceptionally large profits to use their excess earnings to augment their domestic programming.

**Benefits of action**

Any relaxation of Bill C-58's provisions with respect to broadcasting undoubtedly would be opposed by the Canadian television industry. However, modifications such as those identified here could produce a number of beneficial consequences. First, they would maintain an incentive for Canadian businesses to advertise on domestic stations. Second, they would promote Bill C-58's ultimate cultural

purpose. Third, the changes would minimize the possibility of future bilateral friction over the measure. Fourth, they would strengthen Ottawa's case in resisting possible US pressures to allow *Time* magazine to reestablish in Canada. The principle involved is that neither country is obliged to extend special treatment to the other to the detriment of its own interests. (Bill C-58 affected *Time* by putting it on the same footing as other foreign periodicals from the standpoint of Canadian advertisers. It replaced previous Canadian legislation that contained a special exemption which permitted *Time* to operate in Canada on equal terms with domestic publications which did not enjoy the same competitive advantage.)

The bilateral economic consequences that can result from cultural protectionism will make it difficult to exclude cultural issues from Canada-US free trade discussions. American opposition to Ottawa's restrictions clearly shows that the US is unwilling to pay the price of Canadian cultural measures that arbitrarily disadvantage US interests. Yet, this does not necessarily mean that free trade and cultural sovereignty are incompatible. As the border broadcasting example shows, the *methods* used to pursue cultural goals do make a difference. However, we have neglected their importance. We ought to take them more seriously. For to confuse policy ends and means is to preclude the search for effective options through which we can ensure our cultural sovereignty. □

**Still rosy**

*Life after the North Sea*

**OPEC's future**

by Richard D. Vanderberg

It has become fashionable to predict the forthcoming demise of The Organization of the Petroleum Exporting Countries (OPEC). Such predictions appear to be based more on wishful thinking than on the facts. They ignore two conditions. The first is the supply and demand factors affecting the international petroleum market; the second is the nature of OPEC as a political organization — as an intergovernmental organization of thirteen developing states.

When these two failures are rectified by even a cursory examination of the existing factual information which is available, the predictions are altered significantly. Then the long-term future of OPEC is seen to be bright. Shortly after 1990 OPEC countries will have a virtual monopoly in the international supply of oil. That means it will be able to unilaterally set the international price of oil.

**Changes in the industry**

Additionally, the nature of OPEC activities has been changing rapidly. It is no longer concerned exclusively with the production of crude oil. In recent years OPEC countries have been moving from being somewhat insignificant suppliers of crude oil to also refining and marketing that oil. They have been building their own refineries. These are among the most advanced and efficient in the world — much more so than most refineries in Europe and North America. Those OPEC refineries are one reason why refineries in North America, including Canada, and in Western

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## Still rosy

Europe, have been closing. Downstream (i.e., refining and marketing) profit margins have, until recently, been lower than they have been for decades. As the OPEC countries ship more refined petroleum, the need for refineries elsewhere diminishes. This fact concerned officials from the oil companies and members of the federal and provincial governments last September at an oil and gas markets conference held in Calgary.

The situation with respect to refining is a reflection of the major changes which have taken place in the international petroleum industry. The traditional fully-integrated approach which was once the standard method of operation for the international oil companies is now largely a thing of the past. There have been significant reductions in those companies' access to equity oil. This development is a direct outcome of the OPEC countries asserting their sovereignty over their natural resources, especially petroleum, in the early 1970s. Coupled with that change, some would say revolution, has been the rise in importance of the national oil companies of the OPEC countries.

These national oil companies' refineries are new, state-of-the-art plants which are profitable and capable of producing the products currently being demanded. The nature of these products has undergone large changes since 1973, marked by a continuing movement towards a whiter barrel, while the demand for fuel oil has been almost cut in half. Canadian demand has followed this trend, but with an even greater reduction in the demand for fuel oil.

These developments have meant that the downstream operations of the major oil companies have had to show a profit in their operations or be closed. With the increased refining capacity in the OPEC countries a situation of overcapacity, and therefore intense competition, has arisen. The result has been steadily falling refinery utilizations from around 90 percent in 1973 to a world average of approximately 75 percent today. In 1984 Canada's utilization rate was down to 82 percent.

In addition to building refineries in their own countries, the OPEC countries have recently acquired refineries in consuming countries. The purpose of these new refineries is to ensure "security of outlet" for their production. It is one more step in their long-term efforts to reduce their dependence upon foreign-owned corporations.

### Economics of oil

We are finding less oil in the world every year. What oil we do find is more expensive. The cost of producing oil in the OPEC countries is the lowest in the world. This gives the OPEC countries an unbeatable advantage in selling oil. The market price of oil probably will not rise very much until after 1990 because several non-OPEC countries are producing oil as fast as they can. This has caused a surplus, resulting in a decrease in the real price of oil. Great Britain is a good example of this. But it will run out of this oil in about ten years. At the same time the demand for oil has temporarily fallen because of the recession and also because of conservation. Therefore, the price of oil now is low, due to this relatively high supply and low demand.

But what will be the situation after, say, 1990? If you look at the projections of the major international oil firms they all agree. The world will be forced after the early 1990s to rely upon OPEC countries for most of its oil supplies.

Even now OPEC oil reserves are more than two-thirds of the world's proven reserves. When the oil in the North Sea and less productive areas runs out, that will leave OPEC as the primary supplier for the international petroleum market.

In the years immediately following the Iranian Revolution the international demand for both oil and gas declined for several years. As a result of that decline excess production capacity developed. This, in turn, has led to increased competition among energy producers. More recently, as a response to lower energy prices and a resurgence of economic growth, the demand for all forms of energy is again growing steadily. The worldwide demand for energy of all forms was approximately 96 million barrels per day of oil equivalent in 1984. That is expected to increase to approximately 108 million barrels per day in 1990 and reach 128 million barrels per day by the year 2000.

Many projections of the world demand for oil place the growth rate at 1 percent per year. Two-thirds of that growth is anticipated to come from the developing countries. This implies that the world oil demand will grow from approximately 46 million barrels per day in 1984 to 49 million barrels per day in 1990 and reach a demand of about 54 million barrels per day in the year 2000.

### Demand turning around

Because of the dramatic increase in the price of oil during the decade of the 1970s the increase in the demand for oil has been reduced. The restraint in the demand for oil is also a result of the worldwide recession affecting the Western industrialized countries. That recession is now moderating, and the increasing economic vitality is now coupled with a decline in the real price of oil of more than 20 percent since 1981. This economic prosperity when added to the diminished real price of oil has again produced an increase in the demand for oil.

The increase in the demand for oil is not being experienced primarily in the developed world. There the effects of conservation have been noticeable. New cars are more energy efficient than older models. There has been an increase in the use of coal for energy generation. In Europe nuclear generation of power continues to increase. More projects of this type are under construction.

The situation is significantly different in the developing countries. There capital intensive alternatives to oil are not as prevalent. One reason is the large external debts of many of those countries. Those debts render the possibility of obtaining foreign loans to finance new, non-oil power plants extremely difficult, if not impossible. Also, where such loans are possible, the high interest rates applied to them make such potential investments impractical from an economic point of view. Even so, in the developing countries the demand for oil will decline as a share of energy use because of the necessity to restrict to a minimum the use of those countries' very limited quantities of foreign exchange.

### OPEC reserves solid

It is when we examine the future supply of petroleum that the crucial future importance of the OPEC countries becomes obvious. The supply of oil from non-OPEC countries will peak within the next few years. At the same time

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that supplies from non-OPEC countries are peaking, and then beginning their long-term decline, the petroleum supplies from OPEC will be moving in the opposite direction. OPEC production of crude oil and natural gas liquids was approximately 19 million barrels a day in 1984. It is projected to increase to 28 million barrels a day by the year 2000.

One cause of the decline of non-OPEC supplies is that recent prices for crude oil have seriously discouraged exploration and development efforts in non-OPEC countries. This will result by the 1990s in slowly declining production.

It is true that the increase in oil prices during the 1970s did greatly increase the search for oil. What is frequently overlooked is that most of the new exploration was confined to North America, which accounts for approximately 70 percent of all drilling activity in the non-Communist world. The reason for this is threefold. First, the opportunities outside North America were viewed as being less

secure. Second, those non-North American areas were less favorable for tax reasons for North American-based companies. The result was the concentration upon exploration in North America.

**Non-OPEC problems**

This exploration did produce many small fields. It did not produce many larger ones. The failure to find large oil fields meant that exploration and development costs were rising. This occurred at the same time that uncertainty was increasing regarding prices. Drilling reached its peak in 1981. Since then the rig counts in North America have fallen by about half.

The third reason for the North American domination of oil exploration, and the most important one, is that supplies of petroleum in non-OPEC countries are running out. The United States is now a net importer of major proportions. This will continue and increase. The supplies of petroleum in the North Sea are limited and will begin to

**OIL STATISTICS**

	World Proven Crude Oil Reserves by Regions 1983 (Million Barrels)	World Crude Oil Production 1983	
		Thousand Barrels per Day	% Change 1983 over 1982
<b>North America</b>	34030.0	<b>9,999.5</b>	<b>0.7</b>
Canada		1,343.5	6.0
United States		8,656.0	-0.1
<b>Latin America</b>	83416.9	<b>6,072.1</b>	<b>-2.1</b>
Mexico		2,665.3	-3.0
Venezuela		1,800.8	-5.0
<b>Western Europe</b>	23634.5	<b>3,440.0</b>	<b>12.7</b>
Norway		656.3	23.6
United Kingdom		2,300.0	9.5
<b>Middle East</b>	391983.3	<b>11,138.8</b>	<b>-13.1</b>
Iran		2,441.7	2.1
Iraq		1,098.8	8.6
Kuwait		1,054.1	27.9
Saudi Arabia		4,539.4	-30.0
United Arab Emirates		1,149.0	-8.0
<b>Africa</b>	56964.3	<b>4,505.0</b>	<b>1.7</b>
Libya		1,104.9	-2.7
Nigeria		1,235.5	-4.0
<b>Asia and Far East</b>	17123.2	<b>2,373.7</b>	<b>4.4</b>
Indonesia		1,245.3	-6.0
<b>Oceania</b>	1756.0	<b>432.1</b>	<b>11.1</b>
<b>Communist Countries</b>	84355.0	<b>14,815.8</b>	<b>1.1</b>
China		2,121.4	4.0
USSR		12,325.0	0.6
<b>Total World</b>	693263.2	<b>52,777.0</b>	<b>-1.8</b>
OPEC	470559.8	16,988.7	-10.6

Source: OPEC

diminish during the next decade. Supplies from the Communist bloc will not find their way onto the international market because of the increased demand for them within that bloc. Neither can we look with optimism to substantially increased supplies from enhanced oil recovery. Estimates are that by the year 2000 such methods may account for no more than half-a-million barrels a day of additional supplies. Lastly, neither can we expect synthetic fuels to provide enough additional petroleum to alter the situation in a meaningful way. Given the projections of future crude oil prices, such developments are uneconomic.

The prospects of maintaining non-OPEC petroleum supplies at their current levels in the future appears remote. Most of the major sedimentary basins have been explored already. Few of the remaining unexplored areas hold the promise of another Gulf of Mexico or a North Sea. Additionally, many of the yet unexplored promising areas lie both in areas remote from markets and in inhospitable environments. To even attempt to slow the decline of non-OPEC oil would require amounts of capital expenditure which could only be described as enormous. Such a level of expenditures will not be forthcoming without price stability in the oil markets. This is largely dependent upon OPEC.

The recent behavior of oil prices gives little basis for optimism. Rarely is oil being sold at a long-term fixed price. More commonly it is being sold on a short-term basis or on the spot market. Current estimates place the amount of oil being sold on the spot market at near 70 percent. This is a significant change from the not too distant days when the spot market accounted for only 5 percent of world petroleum sales. It appears that the recent trend towards a commodity market approach to oil has developed a momentum which may be difficult, if not impossible, to reverse.

The present situation of slowly increasing demand and the peaking of non-OPEC supplies implies an increasing reliance upon OPEC in the coming years. It has not been so apparent to many casual observers because more than one-third of OPEC's production capacity stands unused. Another reason it has not been noticed is that in recent years the price pressures of internationally traded petroleum have been downward.

### OPEC priorities

The one controllable causal factor in the decrease in the price of oil has been the high level of production in non-OPEC countries. This production has increased by about 4 percent over last year. The major source of this increase has been the North Sea countries. The high levels of production in the North Sea region have had the effect of undermining one of the major purposes of OPEC as an organization. That purpose is to have stable oil prices and hence, stable oil revenues. This purpose was the subject of the first resolution adopted by the five founding members of OPEC (Iran, Iraq, Kuwait, Saudi Arabia and Venezuela) at the First OPEC Conference in Baghdad in September 1960. The relevant paragraph of that first resolution states that:

Members shall study and formulate a system to ensure the stabilization of prices by, among other

means, the regulation of production, with due regard to the interests of the producing and of the consuming nations and to the necessity of securing a steady income to the producing countries, an efficient, economic and regular supply of this source of energy to consuming nations, and a fair return on their capital to those investing in the petroleum industry.

The importance of stable petroleum prices to OPEC and its member countries is fundamental. All thirteen members of OPEC are developing countries. They are all heavily dependent upon oil revenues to finance their development programs. Until their economies reach a higher level of development they remain tied to oil, a non-renewable resource. Long ago they recognized that development was, of necessity, a long-term process. It could not be achieved in a few years. Despite assertions to the contrary, the goal of oil price stability in real terms has been the primary purpose of OPEC throughout its twenty-five years of existence. It is a goal which it has often failed to achieve, but such failures have not diminished its resolution.

The present situation of OPEC member countries consciously overproducing is a case in point. For several years they have sought to reach an agreement on production with the world's oil producers in order to stabilize world oil prices. Non-OPEC producers have not been willing to enter into such an agreement, especially Britain. Increasingly OPEC, and its major producer Saudi Arabia, were no longer willing to reduce their production and revenues while other producers were reaping the benefits. OPEC lost its patience. It decided that if low and unstable prices were what non-OPEC producers want, they would have them. Such a policy may be costly in the short run for OPEC, but not in the longer run, especially for its dominant members.

By the early 1990s most of OPEC's remaining excess capacity will be concentrated in Saudi Arabia and its neighbors around the Gulf. During the same time period OPEC production will be concentrated increasingly in the Middle East. OPEC, at that time, will realize rapidly increasing oil export revenues.

These factors, when combined, will serve to again place OPEC in a much more important position in the international oil markets than is currently the case. At that same time the output of the OPEC countries will be approaching effective capacity. The result of this development is that even a moderate disruption of oil supplies by OPEC could be significant.

At that time the prices of oil will rise. The next few years, when oil prices are low, will be difficult for the OPEC countries. Their oil revenues have fallen. This has caused them to stop temporarily a number of their developments aimed at industrializing their countries. But just beyond the horizon, the future of the OPEC countries is rosy. They know this. They know that the original reason for creating OPEC, the political and economic development of the member countries, will be much easier. With this bright future before them, the OPEC countries will grin and bear the low oil prices for the present. □

# The events of December 1985 and January 1986

# international canada

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# Bilateral Relations

## USA

### Nuclear Waste Repository

The US released a draft report in mid-January on its program to locate a site for its second nuclear waste repository. Of the twenty sites identified for further study (twelve as proposed and eight as candidates), none were within twenty-five miles of the Canadian border. (The US Department of Energy indicated its intention to narrow the list through further field study and intensive investigation in order to make a final selection in 1998.) However, External Affairs Minister Joe Clark noted that one site, located in Maine and known as the Bottle Lake complex, was just outside the minimum distance. As well, several others were near drainage basins eventually flowing into Canada (those in Minnesota and Wisconsin). Canada would examine the information provided by the US government on those areas "for indications of potential effects" on the health and property of Canadians. The remainder of the proposed sites would be assessed for possible effects from groundwater movement (External Affairs statement, January 16).

Both the federal and provincial governments would present their concerns to US representatives following assessment of the draft report. (A joint consultative group had previously been established.) These concerns, added Mr. Clark, would also be registered with the US administration at the Cabinet level. Canada would firmly oppose any development "that could present a transboundary threat to . . . the integrity of the Canadian environment."

The US government had assured Canada that the 15-year screening process would ensure that no harmful effects resulted on either side of the border. The US also agreed that no site would be selected should field work or sampling in Canada prove necessary. According to the US Department of Energy, no selected site would permit radioactive waste to move to an "accessible environment" (such as a well or lake) through the groundwater (*Globe and Mail*, January 24). Tests would be conducted over the next decade to determine direction and speed of underground water flows. Existing criteria call for maximum travel of five kilometres over 10,000 years — the estimated length of time required for the breakdown of radioactive waste.

### Cruise Missile Testing

As part of a 5-year weapons testing agreement between Canada and the US, another unarmed cruise missile flew along the Mackenzie River-Rocky Mountain corridor in Alberta January 22 — a path used in previous tests in 1984 and 1985. The first of this year's tests (with three more planned for early 1986) was designed to test interception techniques. Studies would be conducted to determine the ability of fighter aircraft to intercept cruise missiles as a class (*Globe and Mail*, January 20). While in previous years protests against cruise testing had been both widespread and highly visible, this January's test received far less coverage (see "International Canada" for December 1984 and January 1985). However, such groups as Greenpeace, the Ottawa Disarmament Coalition and the Alberta Citizens Anti-Cruise Committee did mount some form of protest.

While the testing was delayed for twenty-four hours due to problems in the aircraft tracking the cruise missile, the test went forward January 22. Although Defence officials called the flight "successful," they gave no reason why the missile "terminated" five minutes before schedule and off the designated target (*Globe and Mail*, January 23). US Strategic Air Command Major Fred Harrop stated that the missile "performed planned manoeuvres at the appropriate times." He noted that the malfunction occurred during the recovery phase of fuel burn-off.

Responding to a request in the Commons January 23 from Pauline Jewett (NDP, New Westminster-Coquitlam) to participate in the process of arms de-escalation by ending cruise missile testing in Canada, External Affairs Minister Joe Clark stated that the government did not view a breaching of an agreement by Canada as "a contribution to the de-escalation of arms build-up in the world." For that reason, he added, the cruise testing would continue. Speaking to reporters later, Mr. Clark stated that allowing the cruise tests to continue was an important part of maintaining the "solidarity of the West" (*Globe and Mail*, January 24).

Following the crash of the first 1986 test missile, Canadian and US officials cancelled the second test, scheduled

for January 24. The Strategic Air Command announced that an investigation into the crash would take as long as two months — at which time a statement on the findings would be released (*Globe and Mail*, January 24). While the first test had been termed "successful," no mention had been made as to whether the interception capabilities of fighter aircraft had been effective.

### NORAD Defence Arrangements

In Washington, D.C., on a fact-finding mission in early December, members of a Commons committee on external affairs and national defence gathered evidence prior to the renewal of the Canada-US NORAD defence agreement. Committee members were provided with information by a private US citizen, William Arkin, a defence analyst with the Institute for Policy Studies, on eight separate agreements censored out of documents provided to the committee by the Canadian government. Most of the censored material (portions of a document prepared by the Department of National Defence [DND] entitled *Canada-US Arrangements in Regard to Defence, Defence Production, Defence Sharing*) related to cooperation with respect to nuclear weapons. While still in Washington, committee members expressed their "dismay," with committee chairman William Winegard (PC, Guelph) noting his "disappointment" that information available to the committee in the US could not have been obtainable in Canada (*Globe and Mail*, December 4). Mr. Arkin had supplied the committee with material missing from the list supplied by the Canadian government which had been designated "classified." Mr. Arkin also told the committee that various other bilateral agreements were not included in the complete list prepared by DND, since Canada was "intertwined with virtually every aspect of American strategic policy," including SDI development.

Speaking in a CBC interview December 3, Mr. Arkin had stated that the Commons committee, with its broad mandate to examine the future of Canada-US defence cooperation, could not operate effectively "with blinkers on." The committee could not focus on the fact that "NORAD is spelled with an 'N' and SDI is spelt with an 'S' " and assume the two were not connected, he said. The committee had to look at the complete context of Canada-US relations. Huge volumes of bilateral military agreements, arrangements and technical cooperative documents were, he said, "really beyond political scrutiny" (CBC Radio [External Affairs transcript], December 3).

Despite Mr. Arkin's warnings of linkage between NORAD and SDI (see "International Canada" for October and November 1985), committee chairman William Winegard stated that briefings from Pentagon and State Department officials in Washington had indicated no Canadian link to SDI under "current arrangements with regard to NORAD" (*The Citizen*, December 4). Mr. Winegard added that Canada would not be "dragged" into SDI, but could only be involved through "specific government-to-government agreement." However, committee member Pauline Jewett (NDP external affairs critic) stated that the reason no link presently existed between NORAD and SDI was because no SDI presently existed.

Responding in the Commons December 4 to opposition criticism of the withholding of information from the

committee, Defence Minister Erik Nielsen stated that there existed "classified documents . . . that go to the heart of the nation's security and that of our allies, the disclosure of which traditions prevent." He stressed that the information had only been made available by a private US citizen through an unidentified leak, rather than through any agency of the US government. The Minister "emphatically rejected" the accusation that the government was withholding information "which the committee was entitled to have." Mr. Nielsen offered to consider both *in camera* briefings of the committee and the release of classified information should such a request be received from the committee.

External Affairs Minister Joe Clark indicated that should the Commons committee, upon completion of its investigation, deem it advisable to insert a clause in any renewed NORAD agreement stating that the agreement formed no part of SDI, the government would not be in opposition (*Globe and Mail*, December 5). (An original clause dissociating NORAD from active ballistic missile defence systems had been deleted in 1981.) However, Mr. Clark acknowledged that current US research into SDI could change the role of NORAD should research ever lead to a deployment phase. However, US General Robert Herres, Commander-in-Chief of the North American Aerospace Defence Command, reassured the committee December 11 that Canada would never be drawn into SDI deployment through NORAD. General Herres stated that any reinsertion of the dissociative clause in the NORAD agreement would be "totally redundant and completely unnecessary" (*Globe and Mail*, December 12). Insertion would only create "uncertainty and confusion about what it meant," he added.

By late January, the Commons committee had developed a draft report which recommended against reinstatement of the controversial clause. At the same time, the draft report supported a renewal of NORAD for a period of five years. Also included were recommendations to double Canadian defence spending, increase Canada-US cooperation on Arctic surveillance and initiate a Canadian military space program for the improvement of surveillance capabilities (*The Citizen*, January 23).

### DeHavilland Sale

A request was made in the Commons December 3 by Bob Kaplan (Lib., York Centre) for a parliamentary review of the sale of Canada's crown-owned de Havilland aerospace manufacturer to US-owned Boeing Commercial Aircraft. Treasury Board President Robert de Cotret responded that the sale would "not only strengthen de Havilland but would strengthen the entire aerospace industry in Canada and provide for secure jobs which already exist." Opposition critics were quick to point out that the selling price of \$155 million might be substantially reduced through an option whereby a \$65 million note (repayable over fifteen years) could be cut by \$1 million for every \$5 million invested in new orders to Canadian suppliers (*Globe and Mail*, December 3). (The remaining \$90 million was to be paid in cash.) In addition, the new owner would continue to benefit from all available government programs, tax benefits and product insurance support. Mr. de Cotret stressed that the sale would save Canadian

taxpayers substantial amounts with de Havilland having operated in the red. (The 1984 loss was \$76 million, with projected losses for 1986 of \$200 million.) With de Havilland to maintain a "world product mandate" under Boeing, advanced aerospace technology would remain Canadian with specific ministerial control needed for the use of such technology outside Canada.

NDP leader Ed Broadbent criticized the deal, noting that special concessions would give Boeing about \$500 million. "Does it make sense to the government that we should be giving Boeing more than twice the listed selling price with Canadian taxpayers' money?" he said. Mr. Broadbent suggested alternatives to proceeding with the deal announced by the government: maintaining de Havilland as a subsidized Crown corporation; having de Havilland and Boeing form a joint venture; or having the government more vigorously pursue Canadian buyers (*Globe and Mail*, December 4). Mr. Broadbent challenged the projected losses for future years provided by the government, citing profit estimates provided by US aerospace analysts. "The government is trying to suggest the deficit position of de Havilland would continue much longer than what other assessments are saying," he said (*Globe and Mail*, December 5). Both Liberals and New Democrats demanded all documents relevant to the proposed sale, especially government-ordered privatization studies.

Commons debate on the sale carried through December, with opposition members calling for both committee review and clarification on government concessions. Treasury Board President Robert de Cotret continued to characterize the sale as a "good deal" for Canada, referring to increased job security (through the world product mandate), guaranteed retention of Canadian technology and increased research and development at de Havilland. Speaking December 13, Mr. de Cotret stated that "when the deal was concluded all the details would be available in committee." By December 17, Liberal leader John Turner was still questioning the government's figure of \$200 million in projected losses for 1986, citing the prospectus issued to all prospective purchasers of de Havilland which quoted a loss figure of \$14 million for 1986 and a profit figure of \$5 million for 1987 — with continued increases in coming years. The prospectus had also indicated that "no additional equity funds are assumed beyond 1985" — unlike the estimated \$125 million announced by Mr. de Cotret. On December 18, Mr. de Cotret explained the difference by stating that the figures had later been revised by de Havilland.

Following continued opposition appeals for committee review (and threats to bring House business to a standstill), on December 19 Regional Industrial Expansion Minister Sinclair Stevens stated in the Commons that the government was not opposed to committee consideration of the de Havilland deal. At an "appropriate" time, the committee would be provided with necessary information, "other than that which might have some commercial sensitivity," the Minister added. This could now precede completion of the sale process since final closing had been postponed until later in January.

With the committee established by mid-January, criticism shifted to the presentation of testimony. Both opposition parties criticized a committee decision to delete

names of witnesses, many of whom were opposed to the de Havilland sale, proposed by the all-party steering committee. During a heated exchange January 17, opposition members accused the government of preventing "full discussion" — something promised in Mr. Stevens's December offer. Once again, NDP leader Ed Broadbent threatened to bring House business to a halt. Faced with a possible parliamentary deadlock, the government announced a tentative agreement whereby opponents of the de Havilland sale to Boeing would be heard by the committee. The opposition parties had indicated their intention to hold separate public hearings for those witnesses barred by the committee (*Globe and Mail*, January 20).

Rejecting calls for delay, Mr. Stevens stated in the Commons January 29 that the opposition had been provided with an opportunity to voice its concerns over the sale and to examine all relevant documents. With the approach of the 90-day timeframe for a decision, the government proposed to "go ahead with the closure." With de Havilland requiring another \$60 million in the present quarter, he added, delay would necessitate a government expenditure to cover that \$60 million in fresh capital.

### Freer Trade

#### Provincial Role

With the opening of freer trade negotiations between Canada and the US during this 2-month period, the exact role of the provinces had still to be clarified. The communiqué issued at the conclusion of the November First Ministers' conference had guaranteed "full provincial participation," but divergent views emerged as to whether this entailed a provincial veto (see "International Canada" for October and November 1985). Responding in the Commons December 2 to requests for a clearer delimitation of provincial influence, External Affairs Minister Joe Clark responded that the federal government invited provincial "participation" rather than mere "consultation" in the formulation of the negotiating mandate. The "manner of implementation" would be determined following the "preparatory phase" during which time a "clearer picture" of the US response would have been gained. While the Minister reiterated that the provinces would retain a veto over matters under provincial jurisdiction, no mention was made of federal-provincial status with regard to instructing chief negotiator Simon Reisman. Mr. Clark later told reporters that most final decisions, especially with regard to areas such as cultural industries, agriculture and the Auto Pact, would be federal. Provincial authority, he added, would remain unclear until the actual processes of the negotiations had been established. However, the government would not "hinder" the talks by restricting its own rights, and intended to proceed in a "responsive and effective" manner (*Toronto Star*, December 5).

A 90-day consultation period between the provinces and the federal government (with Mr. Reisman and the External Affairs and International Trade Ministers in attendance) began December 4. Speaking in the Commons December 3, Prime Minister Brian Mulroney indicated that these consultations would produce agreements determining "how best to give effect to the principle of full provincial participation" in subsequent phases in the negotiations. Mr. Mulroney emphasized that the primacy of the federal

government remained "unchallenged and undiminished." The preparatory phase, added the External Affairs Minister, was this same consultative process. Mr. Clark also suggested that Ontario Premier David Peterson, who had claimed a provincial veto in the trade negotiations, was "a little ahead of himself."

In the war of words engendered by the vagueness of the conference communiqué, several provincial Premiers (Ontario, British Columbia and Alberta) remained convinced that Ottawa and the provinces had an equal and constant role in the talks — not merely in the preparatory phase. Despite the Prime Minister's and the External Affairs Minister's remarks, the Premiers continued to insist that the First Ministers' conference had established the provincial role as being to provide Mr. Reisman with his negotiating instructions and limits (*Globe and Mail*, December 5). International Trade Minister James Kelleher told a US audience December 11 that there was "a recognition by all the provinces that there will be only one negotiator at the table — the federal government" (*Globe and Mail*, December 12). Mr. Reisman, he added, would meet with provincial representatives to settle on the implementation of "full participation."

Following a first exploratory consultation between Mr. Reisman and provincial officials in early January, Mr. Reisman indicated that "good progress" had been made to determine a provincial role. However, he stated that "many problems still had to be resolved," with individual meetings with the provinces and further joint sessions to follow (*Globe and Mail*, *The Citizen*, January 8). In addition to formulating an agreement on provincial involvement, the meetings would attempt to establish a common base of facts and analysis of free trade issues facing Canada.

#### *Cultural Sovereignty*

The issue of placing Canadian cultural industries on the negotiating table also figured in Commons discussion and government statements once again (see "International Canada" for October and November 1985). An emergency Senate debate was held December 4, stemming from a motion from Senator Jerahmiel Grafstein (Lib.) on the "crisis in Canada's cultural industries." The "crisis," said Senator Grafstein, resulted from the government's failure to "define assurances and set guidelines safeguarding the cultural industries" in trade talks with the US — or to exclude them entirely. Senator Grafstein denied that removing the cultural industries from the talks would "unravel" the negotiating process — one of the prime reasons given by the government for allowing their inclusion. Senator Allan MacEachen (Lib. and a former External Affairs Minister) called for government clarification on what "guidelines it intends to give the negotiator" regarding the protection of cultural industries. However, Senator Duff Roblin (PC) stated that the government was not attempting to "dismantle" Canadian culture but rather, was "dedicated to ensuring it is enhanced and improved" (*Toronto Star*, December 5, *Globe and Mail*, December 16).

Senator Roblin's view was repeated by Prime Minister Brian Mulroney in an address to a US audience in Chicago that same day. Mr. Mulroney stated that Canadian cultural sovereignty was "as vital to our national life as political sovereignty" (*The Citizen*, *Toronto Star*, December 5). Not at

issue in any Canada-US negotiations would be Canada's system of social programs, the fight against regional disparities and most importantly, "our unique cultural identity and special linguistic character." The Prime Minister acknowledged that Canada cast the "cultural net" more widely than did the US. Responding to questions in the Commons December 5 with regard to the Prime Minister's Chicago speech, Deputy Prime Minister Erik Nielsen reaffirmed that "the cultural sovereignty of the country and its languages would not be bargained away . . . . If there is any danger of that, there is no deal."

Following a meeting with International Trade Minister James Kelleher December 18, US Trade Representative Clayton Yeutter stated that, from the US perspective, "everything of economic consequence in the US-Canada bilateral relationship is on the table" (*Globe and Mail*, *The Citizen*, December 19). Advocating the "greatest possible breadth," Mr. Yeutter advised that both Canada and the US would be acting to their own disadvantage to begin "reducing the scope" of the negotiations. He suggested that both cultural industries and the Auto Pact should form part of the trade discussions. The US, he added, felt that cultural concerns, "as legitimate as they may be," should not "overwhelm" the primary economic issues under consideration or "dampen" the negotiating process.

#### *Meeting the US*

On December 10, US President Ronald Reagan requested congressional authority to negotiate a liberalized trade agreement with Canada. While the possibility of either chamber blocking the proposed negotiations remained remote, both the protectionist mood of Congress and the contentiousness of certain bilateral trade irritants — especially softwood lumber — made tough bargaining likely. With congressional legislators allowed sixty days in which to raise formal objections to the start-up of negotiations, several had already indicated their intention to call for Canadian concessions on the lumber issue prior to giving assent (*New York Times*, *Globe and Mail*, December 10). President Reagan had mentioned the trade irritants in his communications with the Senate finance committee and the House of Representatives ways and means committee, both of which were to hold hearings in February. However, the President emphasized that, considering the "enormous value" of Canada-US trade, "some differences of opinion are bound to arise. We must not let such transitory frustrations . . . obstruct the improvement of our long-term trade relationship" (*Globe and Mail*, December 11). Mr. Reagan reassured the committees that the administration would seek to resolve "such disputes in a reasonable and timely manner."

Mention was made in the Commons December 11 of a study on the free trade issue produced by the Centre for Policy Alternatives which challenged previous studies. The study concluded that any free trade agreement with the US would be an "economic tragedy" with "grave consequences" for Canada, citing massive loss of employment, a lowering of living standards and a weakening of Canadian sovereignty. Warning that a "realistic" assessment of the behavior of multinationals was required, the study called for fundamental changes in export patterns, rather than their reinforcement in a free trade deal which

might perpetuate "a stunted and dependent economy" (*Toronto Sun*, December 11, *Globe and Mail*, December 12). However, Prime Minister Brian Mulroney dismissed the study's findings, stating that "I think we can understand where they come from" — referring to the Centre's left-of-centre position and the author's trade union connection. He continued that the government did not agree with those who wanted "walls and protectionism," but believed in a Canada that could be "strong and vibrant and could compete with the world and create new wealth and new jobs."

Speaking before the United States Council for International Business in New York December 11, International Trade Minister James Kelleher spelled out for his US audience the Canadian objectives in any trade negotiations. (The same points were raised by Mr. Kelleher in a later speech in Los Angeles January 16 before the California Council for International Trade.) The Minister reaffirmed that neither social programs nor Canadian culture were at issue in the discussions, that GATT "was not equipped to address the needs of a bilateral trading relationship as extensive, dynamic and complex" as that between Canada and the US, and that restrictions on Canadian lumber imports would cost American jobs. Mutual objectives should include the securing of assured and stable access to markets, the removal of remaining tariff barriers and the development of a more efficient dispute settlement mechanism (International Trade Minister's statement, December 11).

Another report released in early January by the Ottawa-based North-South Institute advised against emphasizing economic ties with the US at the expense of Canada's traditional multilateral bias. No trade agreement with the US should be exclusionary, but rather should be "part of, not instead of, a new round of world-wide non-discriminatory trade liberalization" through GATT. Institute director Bernard Wood stated that an exclusive deal with the US would be "out of sync with what Canadians want and need" (*Le Devoir*, *Globe and Mail*, January 7). Discriminatory free trade with the US would undermine, he added, "the whole multilateral trading order." External Affairs spokesperson Jodi White responded that "there had never been any hint that our trade initiative was exclusively in the Canada-US realm." Canada remained, she stated, "committed to both the multilateral process and the Canada-US initiative." Mr. Wood later stated that the question remained whether or not Canada "should be pursuing, aggressively and apparently as a first order of business, a discriminatory bilateral deal at the very time when the multilateral system is in danger of fragmenting and needs American and Canadian support and leadership" (*The Citizen*, January 30). Pursuing negotiations both under GATT and for a bilateral deal with "equal priority and in tandem" seemed "unrealistic and unwise," he concluded.

## Guatemala

### Death of Guatemalan Refugee

A Guatemalan national, Beatriz Barrios Marroquin, who had applied for refugee status at the Canadian Em-

bassy in Guatemala following an earlier kidnapping, was found murdered and mutilated December 13. External Affairs Minister Joe Clark expressed "shock and outrage at the brutal death" of Ms. Marroquin in a statement released December 17, stating that the incident "underlined the need for Guatemala to return to democratic civilian control." The Minister welcomed Guatemalan President-elect Vinicio Cerezo's "strong condemnation" of the slaying. Ms. Marroquin had applied for refugee status November 29, which request received a Minister's Permit December 6. Before her departure to Canada, the claimant required both a Guatemalan passport and a US visa, which were granted December 10. However, before she was able to leave for Canada, Ms. Marroquin was abducted by "unidentified assailants," believed to be members of a right-wing death squad (External Affairs communiqué, December 17, *The Citizen*, December 18). The Canadian government made "strong representations" to the Guatemalan government to locate and "ensure" the safety of Ms. Marroquin.

Responding in the Commons December 17 to a request from Dan Heap (NDP, Spadina) to revoke the immigration regulation requiring Guatemalans claiming refugee status to apply for a visa, International Trade Minister James Kelleher responded that despite the "terrible incident," it had not resulted from "any lack of speed or processing" on the part of the Canadian government. Outside the Commons, Immigration Minister Flora MacDonald later stated that Canada had not considered revoking the visa requirement, noting that "many more people from Guatemala had been assisted in coming to Canada because of the implementation of the visa" regulation. She also discounted the possibility that the visa application process might target refugee claimants for retribution.

## India

### Ministerial Visit

External Affairs Minister Joe Clark visited India in mid-December, meeting with India's Foreign Minister H.K.L. Bhagat December 17 and with Prime Minister Rajiv Gandhi December 18. The problem of Sikh extremists, a contentious bilateral issue, dominated both sets of talks. Mr. Clark, in his discussions with Mr. Bhagat, expressed Canada's awareness of India's concern over the worldwide activities of Sikh extremists, especially those which might originate in Canada. Canada, while recognizing that a small minority was responsible for such activities, had taken action to deal with the problem, both through the RCMP and the Canadian Security and Intelligence Service (CSIS). Canadian cooperation with Indian authorities would, in future, become even closer in the area of terrorism. India had endorsed the offer of increased cooperation on security matters, opening the way for information exchanges between Canada's CSIS and India's Central Bureau of Investigation (*Gazette*, December 18). Mr. Clark mentioned the lifting of a moratorium on the deportation of Indian nationals in contravention of Canadian immigration



regulations (see "International Canada" for October and November 1985). As well, the Minister noted that Canada had put into place unilateral interim extradition arrangements until a proposed extradition treaty could be negotiated with India. (Mr. Clark presented Mr. Bhagat with a draft treaty during the meeting.) In response to previous harsh Indian criticism of Canada's handling of extremist and terrorist activity, the Minister added that Canada had a "precise" legal system which might, at times, appear "slow" but acted on legal obligations "when appropriate," not merely for show. Once the Sikh situation had been discussed, the Ministers examined the economic relationship between Canada and India, covering transfers in high technology, two-way trade expansion, development projects and the international economic situation (External Affairs transcript, December 18).

The Sikh problem was also the focus of the talks with Prime Minister Rajiv Gandhi the next day, with Mr. Clark reiterating the government's intention to do "all within Canadian law." Following the meeting, Mr. Clark told reporters that Canada "took very seriously" the threat which Sikh extremists posed to Canada-India relations. However, while constituting an important problem, he added, the Sikh extremists should not be allowed to cloud bilateral relations to an excess. Mr. Clark stated that the Indian government had expressed its satisfaction with the way Canada was handling the problem. Canada had put in place a "process of consultation" among representatives of "respective relevant" organizations. On the economic side, the Minister had presented Mr. Gandhi with an aide-memoire on bilateral economic concerns — outlining Canadian interest in such projects as thermal power, oil and gas pipelines, hydro power, coal and rural electrification (External Affairs transcript, December 19).

Later speaking before Indian business representatives, Mr. Clark reaffirmed that Canada would not "tolerate those who advocate or practise violence . . . . The line must be firmly drawn when peaceful dissent becomes violent confrontation" (*Gazette*, December 19). However, of primary concern, he added, was a strengthening of the economic ties between Canada and India. After expressing strong support for several Canadian-backed projects in India, the Minister also announced the extension to India of a line of credit (estimated at \$198 million) to be channelled through both CIDA and EDC. The line of credit would be utilized for the purchase of Canadian goods and services in the development of India's natural gas and petroleum sector — aimed primarily at reducing India's dependency on oil imports. "We have just scratched the surface," he said, "Our objective is to diversify" (*La Presse*, December 19).

## Japan

### Visit of Prime Minister Yasuhiro Nakasone

In anticipation of Japanese Prime Minister Yasuhiro Nakasone's arrival in Canada January 12 for a summit meeting, Prime Minister Brian Mulroney reassured Japanese reporters that ongoing Canada-US negotiations on

freer trade were not "exclusionary" and would not adversely affect the Canada-Japan economic relationship. Both North American nations remained firmly committed to the multilateral trading system, he added (*Globe and Mail*, January 10). Mr. Mulroney indicated that Canada was "wide open" to Japanese investment. Japanese officials had previously expressed concern over the possibility that bilateral negotiations between Canada and the US might operate to the detriment of Japan through the creation of a "protectionist fortress" in North America. Japan, while not opposing a bilateral accord, hoped that any agreement would respect GATT, the Japanese ambassador to Canada, Kiyoaki Kikuchi, later said (*Le Devoir*, January 10). The Ambassador noted that the summit talks would, while focusing on economics, also take into consideration the East-West dialogue, disarmament, the protectionist trend, high technology transfers and cultural exchanges.

During his meeting with Mr. Nakasone January 12, Mr. Mulroney stressed that in any negotiations with the US, Canada would adhere to three principles; consistency with GATT, an absence of adverse effects on other countries and no limits would be placed on Canada's ability to negotiate trade agreements with other countries (*Globe and Mail*, January 13). It was agreed that Canada and Japan would hold consultations both on terrorism and arms control and disarmament in coming months.

In his address to Parliament January 13 (a special joint session of the Commons and the Senate), Prime Minister Nakasone, after reaffirming Japan's continued commitment to the principles of nuclear disarmament, free trade, environmental awareness and a strengthening of solidarity among free nations (principles shared with Canada), went on to discuss future cooperation with Canada. In that regard, said Mr. Nakasone, the economic complementarity of Canada and Japan should be utilized in the pursuit of true world interdependence. Trade protectionism represented the greatest threat to the world economic order, and both Canada and Japan might effectively promote another round of GATT multilateral trade talks (*Globe and Mail*, January 14).

Japanese officials later stated that with the assurances received from Prime Minister Mulroney, Japan "supported the concept" of Canada-US free trade negotiations. This qualified endorsement rested upon the notion that any agreement reached between the US and Canada would promote freer trade globally. Mr. Nakasone expressed curiosity as to the prospects for overcoming US protectionist tendencies (*Globe and Mail*, January 15). At the present stage, Japan was "not at all clear" on what might emerge from such negotiations, he added.

## Libya

### Sanctions

In a move against Libya's apparent support for international terrorism (specifically the December 27 attacks at Rome and Vienna airports), US President Ronald Reagan announced an imposition of sanctions against Libya in early January and ordered all US nationals to leave that



country by month's end or face possible criminal prosecution. Following a formal US request that Canadian firms not take advantage of the trade embargo by going after markets vacated by Americans or fill the void left by returning US oil workers, External Affairs Minister Joe Clark stated that the government had asked Canadian companies operating in the area to "respect the request of the President." This would involve not undertaking any new activities which could "undermine" US sanctions (CBC Radio [External Affairs transcript], January 9). In considering the list of measures against Libya requested by the US from its allies, Mr. Clark stated that Canada, while having already undertaken some of these measures, would consider additional "less extensive" actions (*The Citizen*, January 9). Canada had not considered ordering the estimated 1,300 Canadian nationals, the majority of whom work in the oil sector, out of Libya, he added.

By January 10, the government had announced its own measures to isolate Libya economically in response to President Reagan's request. Canada would attempt to block Libyan efforts to replace US technical help with Canadian counterparts. All assistance to Canadian firms pursuing business in Libya would cease and the EDC would not insure new business developed by Canadian companies in Libya. All transactions with Libya would be subject to import and export control. While humanitarian aid and food products would not be affected, new contracts for

the export of oil-drilling equipment containing "unique Western technology" would be stopped (CBC Television [External Affairs transcript], January 10, *Globe and Mail*, January 11). Although Canada would not prevent citizens from seeking employment in Libya, the government did renew its request that Canadians not seek to replace departing Americans. With the costs to Canada estimated at \$20 million, the External Affairs Minister stated that the decision reflected a "very clear determination" to take specific actions that would "cost Canadians something." Canada was "prepared to act against terrorism as well as speak against terrorism," Mr. Clark asserted. The measures (rather than "sanctions"), were described by officials as a "carefully calibrated" move to lend support to the US initiative against international terrorism (CBC Radio [External Affairs transcript], January 12).

US envoy John Whitehead (Deputy Secretary of State) visited Canada days later to present additional evidence of Libyan complicity in the terrorist attacks. Thanking Canada for its positive response to President Reagan's request for international support, Mr. Whitehead stated that both the US and Canada would consider additional measures with which to "tighten the screws" on Libya. However, Prime Minister Brian Mulroney stressed that any future actions would be "broadly based and coordinated" among Western allies (*The Citizen*, January 17).

# Multilateral Relations

## European Community

### Trade Ties

Head of the Delegation of the Commission of the European Communities Dietrich Hammer addressed a Canadian audience December 5, outlining prospects for increased cooperation between Canada and the European Community (EC) in the fields of trade, investment, technology transfers, licensing and joint ventures. Mr. Hammer noted that despite the 1976 signing of the Framework Agreement for Commercial and Economic Cooperation, there had followed a "relative weakening" in the Canada-EC relationship — pointing to declining trade, decreased mutual investment and recurring trade friction. Several factors had contributed to the present situation:

- the prolonged economic recession;
- fluctuating exchange rates and the relative

strength of the Canadian dollar in relation to European currencies;

- recent competition from newly-industrialized nations; and
- increased trends toward protectionism.

The EC was concerned with Canada's recent moves both to strengthen trade ties with the Pacific Rim and to negotiate a freer trade agreement with the US — particularly as these efforts might "further erode" the EC-Canada trade relationship. The EC would, said Mr. Hammer, attempt to "ameliorate" the conditions underlying the weakened ties by underscoring for the Canadian business community the potential for success in expanded cooperation. To that end, the EC would provide Canada with information on the means by which that potential might be realized (EC Delegation communiqué, December 5).

## La Francophonie

### **Ministerial Visit**

In preparation for the upcoming (February 17-19) Francophone Summit in Paris, External Relations Minister Monique Vézina visited several francophone African nations January 7-17. The Minister met with delegated authorities on the Summit in Gabon, Senegal and Niger. While focusing on the Summit, Ms. Vézina also chaired bilateral commissions on political, economic and trade relations with the three countries. The Canadian delegation visited several cooperative projects initiated by the Canadian International Development Agency and met with Canadian business representatives operating in the region. In addition to attending the bilateral commissions in Gabon and Senegal, Ms. Vézina signed a cooperative agreement with Niger for Canadian involvement in the country's development — particularly the Sahel and projects of food self-sufficiency (External Affairs communiqué, January 7).

## SADCC

### **Annual Meeting**

A Canadian delegation, headed by Senator Duff Roblin, attended the 1986 annual meeting of the Southern African Development Coordination Conference (SADCC) in Harare, Zimbabwe, January 30-31. SADCC, composed of nine African nations (Angola, Botswana, Lesotho, Malawi, Mozambique, Swaziland, Tanzania, Zambia and Zimbabwe) either bordering or in close proximity to South Africa, was established in 1980 to foster regional integration and reduce dependence on South Africa. Canada,

having supported SADCC since its inception, attached great importance to the conference as a means of promoting peaceful change in the region, particularly with regard to the end of apartheid in South Africa and independence for Namibia. At the annual meeting, Canada reaffirmed its intention to commit \$120 million over five years for the implementation of development projects (External Affairs communiqué, January 23).

## UN

### **Chemical Weapons Initiative**

In a letter delivered to UN Secretary-General Javier Pérez de Cuéllar in early December, External Affairs Minister Joe Clark announced the results of a Canadian study on proposed procedures for dealing with cases of alleged use of either chemical or biological weapons. The *Handbook for the Investigation of Allegations of the Use of Chemical or Biological Weapons* represented the findings of a group of Canadian scientists and officials and marked an important step in the development of procedures for determining violations of existing international Conventions on chemical weaponry. The manual was designed to be used by UN experts called upon to investigate future allegations of chemical weaponry use and established a "comprehensive and known set of procedures," stated the Minister. Timely on-site investigations would thereby be facilitated, ensuring that findings were as "conclusive, convincing and as impartial" as possible. Canada regarded the handbook as a contribution to the ongoing negotiations in the formulation of a "comprehensive prohibition" of chemical weapons (UN Canadian delegation communiqué, December 4).

# Policy

## Disarmament

### Soviet Proposal

In mid-January, Soviet leader Mikhail Gorbachev announced a comprehensive arms control plan for the elimination of all nuclear weapons before the end of the century. (At the same time, the USSR's unilateral moratorium on nuclear testing was extended for an additional three months.) The proposal itself was a three-stage mechanism involving: firstly, a 50 percent reduction in US and Soviet missiles capable of reaching each other's territory and the elimination of intermediate-range missiles in the European zone; secondly, other nations would engage in the process as the superpowers continued their disarmament; and thirdly, a culmination in the year 2000 with a universal accord that "such weapons should never again come into existence" (*New York Times*, January 16). While the proposal still called for the US to abandon space missile defences, it significantly avoided including British and French arms in the primary stage — previously a major stumbling block to superpower arms control negotiations. US President Ronald Reagan "welcomed" the Soviet proposal, stating that the US and its allies would give the plan "careful study."

External Affairs Minister Joe Clark, speaking before the Commons January 23, outlined Canada's reaction to the Soviet proposal and the government's position on disarmament in general. Canada, said the Minister, regarded the proposal as worthy of "serious consideration," particularly the possibility of a Soviet shift closer to President Reagan's 1981 "zero option." Also "gratifying" was the "explicit Soviet recognition of the importance of verification . . . and the need for on-site inspection." However, Canada saw certain "disturbing preconditions" which could hamper negotiations.

While welcoming the Soviet proposal, Canada urged the superpowers to "reinforce the status and authority" of existing arms treaties (both SALT and ABM) through "full compliance." Deviation from such compliance would threaten both the credibility and viability of arms control,

Mr. Clark added. With the prospects for progress on arms control "clearly linked to an improvement in the general East-West relationship," Canada would increase its efforts to encourage an intensification of negotiations. This "intensified" disarmament policy focused on three elements: compliance with existing treaties; the development of verification mechanisms; and "confidence building" through increased political dialogue, consultation and cooperation with East bloc countries (External Affairs statement, January 23, *The Citizen*, January 24).

Responding to Mr. Clark's statement, opposition members — Jean Chrétien speaking for the Liberals and Pauline Jewett for the NDP — questioned the Canadian stance toward SDI research. (The External Affairs Minister had emphasized that Canada's position on SDI was "rooted in the need to conform strictly with the provisions of the ABM treaty.") Mr. Chrétien stated that with the USSR and the US back at the negotiating table, the need for SDI as a pressure tactic had been lessened and research might be either "slowed down or frozen." Ms. Jewett, while calling the Soviet proposal for a five-year timetable "truly innovative," added that SDI, because of its "tremendous intermingling" of research, testing and development, required a "clear" statement on Canada's interpretation of research.

## Environment

### Acid Rain

In a speech delivered at Harvard University in early December, Canada's special acid rain envoy William Davis issued a further call for action on the part of the US. Mr. Davis, citing Canadian efforts, spoke of the need for the US to develop a consensus, put a political will behind it, and "take the kinds of steps that current law allows and beyond" (*Toronto Star*, December 4). With the US administration continuing in its refusal to act without additional research, Mr. Davis emphasized that the threat from acid rain was an

immediate one which required immediate action. Damage could only "accelerate" in the event that North America continued to "study without responding." As well, it was of critical importance that neither the US nor Canada be "paralyzed" by the short term, "very large costs" of pollution control. Mr. Davis added that new US legislation was not required in order to commence a "real" clean-up, with viable options currently available through both existing laws and the Environmental Protection Agency (EPA).

Speaking before the US National Press Club, EPA head Lee Thomas later gave a qualified endorsement to tentative suggestions from the US acid rain envoy Drew Lewis for a \$1 billion program based on technology development (*The Citizen*, December 6). (Messrs. Davis and Lewis were preparing a joint report on the problem for their respective governments.) Mr. Thomas stated that the development of technology for reductions in both sulphur dioxide and nitrogen oxide emissions held out "promise." He added that much depended on the "direction" in which the proposed billion dollars was used — with the areas of burning and coal-scrubbing requiring the most attention. However, days later, when testifying before the US Senate's environment committee, Mr. Thomas reiterated the perennial call for more research. "An immediate decision on additional controls would be inappropriate . . . premature and unwise," he stated (*Toronto Star*, December 12). Mr. Thomas suggested that several years would be required before Canada could expect concrete action by the US in the form of prescribing new emission controls.

In mid-December the Ontario government announced its own provincial program for cutting emissions, with costs estimated in the millions. Ontario smelters would be required to cut emissions by more than the 50 percent previously announced by the year 1994. The cuts, coming from three Ontario smelters as well as Ontario Hydro's coal-fired generating stations, would depend upon advances in pollution control technology over the program's timespan (*Globe and Mail*, December 13). In an interview December 17, US Senator George Mitchell (Democrat-Maine) viewed the Ontario announcement as a "positive step forward," and possibly providing Prime Minister Brian Mulroney with "some basis for taking a strong and aggressive stand" in future meetings with President Ronald Reagan (CBC Radio [External Affairs transcript], December 17). This favorable response was echoed by US Senator Robert Stafford (Republican-Vermont), chairman of the Senate environment committee. Ontario's program would prove helpful in efforts to "persuade the Reagan administration and Congress to enact meaningful acid rain controls" in the US, he stated (*Globe and Mail*, December 19). "Fairness," said Senator Stafford, required that the US "act as good neighbors and respond to this initiative in Canada."

On January 8 William Davis and his US counterpart, Drew Lewis, issued their joint report on acid rain. While recommending a \$5 billion program for pollution control technology in the US (to be spent over five years and provided equally by the US government and industry), the report failed to set specific targets for active US reductions in emissions. The report, widely regarded as a watered-down version of what both envoys had repeatedly called for, received harsh criticism from both US and Canadian

environmentalists and the Ontario government (*Globe and Mail*, *The Citizen*, January 8). While failing to set limits on current emissions, the report did include several recommendations for joint Canada-US cooperation on research into pollutants and a sharing of information on pollution control technology. As well, the report represented an advance in that the US envoy did suggest that transboundary acid rain was an increasingly serious problem requiring remedial action.

Mr. Davis stated in an interview January 8 that the report represented what both envoys viewed as being acceptable to the US administration. Without sacrificing the ultimate objective of concrete reductions, the envoys had hoped to establish two fundamental principles on acid rain (both of which had been taken for granted by Canada): that the problem existed and that it was transboundary (CBC Radio [External Affairs transcript], January 8). Since neither principle had previously been a part of US policy, both envoys felt that "specific target reductions" would not have been accepted by the US administration. The report was a recommendation for the application of technology, some of which already existed, in order to build "momentum" for emissions cuts — especially those emissions from the US which "impacted" on Canada.

Following submission of the report, Mr. Lewis stated that while President Reagan had expressed "great concern about the Canadian situation," the US was constrained by the degree to which the problem might be solved without creating "great social and economic unrest in the area that would be most adversely affected by any action" (*Globe and Mail*, January 9). In a significant departure from past policy on the necessity of further research, Mr. Lewis had indicated to the President that the "seriousness of the problem, especially as it affects diplomatic relations with Canada, dictates that we act; the uncertain effects and high costs of control dictate that we act prudently" (*New York Times*, January 9).

In Canada, opposition environment critics expressed their disappointment over the report's avoidance of targets. Charles Caccia (Lib., Davenport) cited the failure to note the "cost of inaction," stating that the report operated in an "economic vacuum." (Several critics had noted that yearly damage due to acid pollution topped \$5 billion — the entire budget suggested by the report for technology development.) Bill Blaikie (NDP, Winnipeg-Birds Hill) suggested that the report had answered the US administration's desire for delay (*New York Times*, January 9). Responding to questioning in the Commons January 13 from the two environment critics, Environment Minister Tom McMillan stated that Canada would endeavor to "push" further the report's recommendations, including cabinet level mechanisms and the placing of acid rain on future Summit meeting agenda. Attention would focus on the "application" of technological development, not merely on research. While Canada was not satisfied with the progress made on acid rain, the report was to be regarded as a first rather than last step toward acid rain abatement.

Instituting one of the report's recommendations, Canada appointed Mr. McMillan as Canadian co-chairman of a joint committee on transboundary pollution. Speaking before a US audience in late January, the Environment Minister stated that acid rain would remain "a key bilateral issue"

dividing the two countries until the problem was resolved. He indicated his intention to join Mr. Davis in pressing the US to set specific targets and timetables — “backed up with cash” (*Globe and Mail*, January 23).

## Immigration

### Refugee Status

Following a dramatic increase in the number of claimants for refugee status, Minister of State for Immigration Walter McLean announced that “genuine” refugees were in “great jeopardy due to deliberate and persistent abuse” of the refugee determination process. While Canadian refugee policy was based on the humanitarian tradition of assisting those individuals who needed protection, the process could not be “sustained under a systematic attempt to subvert it by claimants whose basis for coming is designed to circumvent normal immigration requirements, and is not related to fear for their safety.” A backlog of some 20,000 claimants was, in large part, due to exploitation of the system as a means of remaining in Canada. A warning was also issued, both to refugees and immigrant aid associations, with regard to “unscrupulous individuals” securing large sums of money for immigration advice and guarantees of Canadian residence. The Minister added that the possibility existed for the introduction of “more stringent” measures for control in the determination of refugee status — including the imposition of visa requirements (Employment and Immigration release, December 23).

The ministerial statement had been issued in response to a recent deluge of purportedly spurious refugee claims from Portuguese nationals both arriving and already in Canada. A majority of these had claimed refugee status as Jehovah's Witnesses suffering religious persecution in a Roman Catholic Portugal. The Portuguese ambassador, representatives of Amnesty International and spokesmen for Canada's Jehovah's Witnesses all disputed the claims. While in 1984 Portuguese were not in the top ten of claimants for refugee status, in 1985 they headed the list (*Globe and Mail*, January 7). The huge increase in claims was regarded as an “organized assault” on the Canadian determination process, organized by those same “unscrupulous” immigration counsellors castigated by Mr. McLean in his statement.

Because of the “deliberate and persistent” abuses, Mr. McLean ordered the “tracking” of suspected cases of non-legitimate refugees. A system was established to monitor specific cases for possible legal action (*Globe and Mail*, January 8). Mr. McLean justified the system as a necessary means of preventing both the abuses and possible backlashes against legitimate refugees. While the Minister acknowledged that the Portuguese problem was not isolated as an instance of mass fraud (having been preceded by similar influxes from the Dominican Republic and India),

it was by far the greatest single source of bogus claimants at present. The difficulty was compounded, he added, by the “relatively new phenomena” of arrivals having destroyed their documentation en route to Canada, creating an additional burden on immigration officials who must determine identification and establish bona fide from bogus refugees (CTV Television [External Affairs transcript], January 9). Emergency measures would be instituted to deal with the current backlog, and to integrate legitimate refugees into Canadian society. Speaking in the Commons January 24, Mr. McLean stated that Canada's attention was currently focused on those Portuguese “encouraging fraudulent claims.” Where appropriate, he added, prosecutions would be undertaken with the assistance of both the Portuguese and other communities.

## Terrorism

### Air India Investigation

A judicial inquiry held in New Delhi into the loss of an Air India 747 off the coast of Ireland in June 1985 — long suspected as the result of a terrorist bombing — heard testimony from both Indian and Canadian sources. (The flight had originated in Canada — see “International Canada” for June and July 1985.) A report from Canada's Federal Aviation Safety Board (CASB) presented at the investigation concluded that the plane had been deliberately bombed (*Globe and Mail*, January 29). As well, the report identified three “possible security deficiencies” in Canada which might have facilitated the placing of the explosive device — failure to perform a security correlation between connecting passengers and their baggage, improperly trained security staff and the failure of an X-ray machine. Counsel for both Air Canada and Air India sought to have the report blocked, citing the conclusions on security lapses as “unwarranted.” While CASB investigators had not ruled out the possibility of a structural fault, additional laboratory evidence led the board to its conclusion that the cause was “an explosive device that should not have been there.” While the evidence was circumstantial, the report went on, it was considerable and did not support “any other conclusion.”

Air India lawyer Lalit Bhasin, strongly opposing the CASB report, stated before the New Delhi inquiry that the report had been filed “in collusion with the Government of Canada to help the Canadian government fight its civil liability claims in Canada” (*Globe and Mail*, January 31). A CASB investigator responded that the board's report had been prepared to assist in determining the “contributing factors and causes” of the crash and not to “apportion blame.” Neither was their any “collusion” between the board and the government of Canada. (The conclusion reached by the CASB — that of a bomb having been planted on the flight — was the same as that reached by India's own director of air safety.)

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# For the Record

(supplied by External Affairs Canada)

## I. Bibliography of recent publications on Canadian foreign relations (prepared by the Library Services Division).

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## II. Recent Publications of the Department of External Affairs.

### 1. Press Releases

- No. 140 (October 1, 1985) Israeli Air Attack.
- No. 141 (October 2, 1985) Visit of US Secretary of State George Shultz to Calgary.
- No. 142 (October 3, 1985) Major Trade Initiative in the Asia-Pacific Area.
- No. 143 (October 3, 1985) Federal-Provincial Trade Ministers' Conference.
- No. 144 (October 4, 1985) Secretary of State for External Affairs Addresses the First Meeting of the National Committee on Pacific Economic Cooperation.
- No. 145 (October 4, 1985) New MTN Underway.
- No. 146 (October 7, 1985) Minister Kelleher Addresses Canadian Export Association on Canada-US Trade Relations.
- No. 147 (October 7, 1985) Death of Israeli Citizens.
- No. 148 (October 8, 1985) Statement on the Hijacking of the *Achille Lauro*.
- No. 149 (October 8, 1985) Telegram to Mr. Giulio Andreotti, Italian Minister of Foreign Affairs.
- No. 150 (October 11, 1985) Appointments to the Board of Directors of the Canadian Institute for International Peace and Security.
- No. 151 (October 15, 1985) Visit of Madame Qian Zhengying, Minister of Water Resources and Electric Power for the People's Republic of China.
- No. 152 (October 16, 1985) Access to Information and Privacy: Review of Departmental Procedures.

- No. 153 (October 15, 1985) US Commerce Department Preliminary Finding on Subsidies to Certain Red Raspberries From Canada.
- No. 154 (October 16, 1985) Letter to Pauline Jewett, M.P.
- No. 155 (October 17, 1985) The Minister for External Relations Will Lead the Canadian Delegation to the United Nations Educational, Scientific and Cultural Organization Twenty-Third General Conference, Sofia, Bulgaria.
- No. 156 (October 18, 1985) Visit to Canada of His Excellency Jozsef Marjai, Deputy Prime Minister of the Hungarian People's Republic, October 19-31, 1985.
- No. 157 (October 24, 1985) Message on the Occasion of the 40th Anniversary of the United Nations.
- No. 158 (October 29, 1985) Visit of the Minister for International Trade to New Zealand and Australia.
- No. 159 (October 29, 1985) Ninth Session of Canada-Tunisia Bilateral Commission.
- No. 160 (October 30, 1985) Canada Designates Observers to Guatemala Elections.
- No. 161 (October 31, 1985) International Trade Minister Releases Book on Exporting.
- No. 162 (October 31, 1985) Meeting of the Consultative Group on Disarmament and Arms Control Affairs.
- No. 163 (October 31, 1985) Canadian Contribution to the Objectives of the World Disarmament Campaign.
- No. 164 (November 1, 1985) Letter to the Honourable Ed Broadbent, P.C., M.P.
- No. 165 (November 4, 1985) Canadians Seek Passports in Record Numbers.
- No. 166 (November 4, 1985) Third ASEAN-Canada Joint Cooperation Committee (JCC) Meeting.
- No. 167 (November 5, 1985) Canadian Joint-Venture Group Wins Management Contract in Ghana Mining Sector.
- No. 168 (November 6, 1985) Signature of an Arbitration Agreement Between Canada and France in Respect of Filleting Within the Gulf of St. Lawrence by French Trawlers Registered in Saint-Pierre-et-Miquelon.
- No. 169 (November 14, 1985) Report of Canadian Observers to the Combined Presidential, Congressional and Municipal Elections in Guatemala.
- No. 170 (November 15, 1985) Volcanic Eruption in Colombia.
- No. 171 (November 15, 1985) Diplomatic Appointment. Mr. Robert K. Joyce (62), originally from Dublin, Ireland, as Head of Mission and Ambassador to the European Communities in Brussels, Belgium, replacing Mr. J. Gignac.
- No. 172 (November 18, 1985) The Secretary of State for External Affairs Announced Decision to Sell the Department's Debentures in the Aberdeen Marina Club, Hong Kong.
- No. 173 (November 20, 1985) New Footwear Policy.
- No. 174 (November 21, 1985) Canada Delegates Observers to Honduran Elections.
- No. 175 (November 22, 1985) Diplomatic Appointment. Mr. Esmond U. Butler, C.V.O. (63), originally from Wawanese, Manitoba, as Ambassador to Morocco, replacing Mr. L.H. Amyot.
- No. 176 (November 25, 1985) Appointment of a New President of the Canadian Commercial Corporation (CCC).
- No. 177 (November 27, 1985) Canadian Participation in 10th General Conference of the Agency for Cultural and Technical Cooperation (ACCT), December 16-18, 1985, Dakar, Senegal.
- No. 178 (November 28, 1985) Nomination of the Agent for Canada in the Arbitration in Respect of Filleting Within the Gulf of St. Lawrence by French Trawlers Registered in Saint-Pierre-et-Miquelon ("La Bretagne" Arbitration).
- No. 179 (November 29, 1985) Report of Canadian Observers to the Combined Presidential, Congressional and Municipal Elections in Honduras, November 24, 1985.
- No. 180 (November 29, 1985) Secretary of State for External Affairs Visits India and Pakistan.
- No. 181 (December 2, 1985) Trade Minister Releases Countertrade Primer.
- No. 182 (December 3, 1985) EDC Loan Supports Sale of Canadian Boilers to Thailand.
- No. 183 (December 3, 1985) North Atlantic Council Ministerial Meeting.
- No. 184 (December 4, 1985) Ratification of the United Nations International Convention Against the Taking of Hostages.
- No. 185 (December 4, 1985) Major Canadian Initiative at the United Nations for Dealing with Allegations of Chemical Weapons Use.
- No. 186 (December 6, 1985) Diplomatic Appointment. Mr. Vernon G. Turner (55), originally from Toronto, Ontario, to be Ambassador to the Union of Soviet Socialist Republics, replacing Mr. P.M. Roberts.
- No. 187 (December 9, 1985) Appointment of a Special Advisor on Investment to the Canadian High Commission in London.
- No. 188 (December 9, 1985) Spousal Employment Policy at Headquarters.
- No. 189 (December 11, 1985) Speech in New York by Minister James Kelleher.
- No. 190 (December 12, 1985) Ministerial Meeting in Preparation for the Francophone Summit.
- No. 191 (December 12, 1985) Report of Canadian Observers to the Second Round of the Guatemala Presidential Elections.
- No. 192 (December 17, 1985) Guatemalan President-Elect to Visit Canada December 18.
- No. 192 (December 18, 1985) 25th Anniversary of the OECD.

- No. 193 (December 17, 1985) Canadian Government Condemns Murder in Guatemala.
- No. 194 (December 18, 1985) Canada Moves to Initiate Extradition Treaty with India.
- No. 195 (December 18, 1985) Death of Carlos P. Romulo, Former Philippines Foreign Minister.
- No. 196 (December 19, 1985) Appointment of Special Advisor on Investment to the Canadian Embassy in Tokyo.
- No. 197 (December 20, 1985) U.S. Commerce Department Preliminary Finding on Subsidies to Canadian Oil Country Tubular Goods.
- No. 198 (December 24, 1985) U.S. Court Rules Favourably on the Entry of Service Personnel.
- No. 199 (December 30, 1985) Diplomatic Appointments.  
Mr. George E.B. Blackstock (52), originally from Toronto, Ontario, to be Consul General in Munich, replacing Mr. W.J. Collett.  
Mrs. Pierrette A. Lucas (45), originally from Montreal, Quebec, to be Consul General in Philadelphia, replacing Mrs. I. Johnson.  
Mr. Michael C. Spencer (42), originally from Port Hope, Ontario, to be Consul General in Osaka.
- No. 1 (January 3, 1986) U.S. Commerce Department Preliminary Finding on Subsidies to Canadian Fresh Atlantic Groundfish.
- No. 2 (January 7, 1986) African Visit of the Honourable Monique Vézina, Minister for External Relations January 7-17, 1986.
- No. 3 (January 9, 1986) Minister for International Trade Announces Make-up of International Trade Advisory Committee.
- No. 4 (January 8, 1986) Annual Canada-Japan Foreign Ministers' Consultations.
- No. 5 (January 10, 1985) Canadian Delegation to Presidential Inauguration in Guatemala.
- No. 6 (January 13, 1986) Minister Kelleher's Participation in the San Diego Quadrilateral Trade Ministers Meeting.
- No. 7 (January 13, 1986) Diplomatic Appointments.  
Mr. James K. Bartleman (46), originally from Port Carling, Ontario, to be Ambassador to Israel, replacing Mr. V.G. Turner.  
Mr. Jacques Gignac (57), originally from Shawinigan, Quebec, to be Ambassador and Permanent Representative to the Office of the United Nations in Vienna, Austria.  
Mr. Michael Shenstone (57), originally from Toronto, Ontario, to be Head of Delegation and Ambassador to the Mutual and Balanced Force Reduction Talks in Vienna, while continuing as Ambassador to Austria.
- No. 8 (January 14, 1986) Canadians Fight Against Apartheid.
- No. 9 (January 15, 1986) Canada-Japan Science and Technology Relations.
- No. 10 (January 16, 1986) Speech in Los Angeles by Minister Kelleher.
- No. 11 (January 17, 1986) Diplomatic Appointments.  
Mr. Reginald H. Dorrett (54), originally from Saskatoon, Saskatchewan, to be Ambassador to Korea, replacing Mr. D.W. Campbell.  
Mr. Robert Elliott (57), originally from Regina, Saskatchewan, to be Ambassador to Hungary, replacing Mr. T.C. Arcand.

- No. 12 (January 20, 1986) Canadian Delegation to the Presidential Inauguration in Honduras.
- No. 13 (January 22, 1986) Statement Made by International Trade Minister James Kelleher to the University of Western Ontario.
- No. 14 (January 22, 1986) Canada/U.S. Talks on Lumber.
- No. 15 (January 23, 1986) Visit of the Honourable Duff Roblin to Southern Africa.
- No. 16 (January 27, 1986) Teccart International of Montreal Awarded \$12.6 Million Contract in Gabon.
- No. 17 (January 28, 1986) Diplomatic Appointment.  
Mr. Dennis McDermott (63), originally from Portsmouth, England, to be Ambassador to Ireland.
- No. 18 (January 29, 1986) Secretary of State for External Affairs Backs Caraballeda Declaration.
- No. 19 (January 30, 1986) Recent Developments in Southern Africa.
- No. 20 (January 31, 1986) Preparation of the Francophone Summit.

### III. Treaty Information (prepared by the Economic Law and Treaty Division).

#### 1. International Agreements: Bilateral

##### *Algeria*

Agreement between the Government of Canada and the Government of the People's Democratic Republic of Algeria concerning Cinematographic Relations.  
Montreal, July 14, 1984  
In force July 14, 1984

##### *Argentina*

Agreement between the Government of Canada and the Government of the Argentine Republic on Economic, Commercial and Industrial Cooperation.  
Ottawa, October 6, 1980  
In force Provisionally October 6, 1980  
In force Definitively November 12, 1984

##### *Bahamas*

Exchange of Notes between the Government of Canada and the Government of the Commonwealth of the Bahamas relating to Foreign Investment Insurance.  
Nassau, May 11 and September 21, 1984  
In force September 21, 1984

##### *Belgium*

Agreement in the Form of an Exchange of Notes between the Government of Canada and the Government of Belgium to amend the Agreement for Air Services of August 30, 1949 as amended in 1956.  
Ottawa, January 16, 1984  
In force January 16, 1984

Agreement between the Government of Canada and the Government of Belgium on Assistance to the Film Industry.  
Brussels, February 24, 1984  
In force February 24, 1984

Agreement on Social Security between the Government of Canada and the Government of Belgium.  
Brussels, May 10, 1984

**Brazil**

Convention between the Government of Canada and the Government of the Federative Republic of Brazil for the Avoidance of Double Taxation with respect to Taxes on Income (and Protocol).  
Brasilia, June 4, 1984

**China, People's Republic of**

Exchange of Notes between the Government of Canada and the Government of the People's Republic of China relating to Foreign Investment Insurance.  
Ottawa, January 18, 1984  
In force January 18, 1984

**Cuba**

Exchange of Notes renewing the 1979 Agreement between Canada and Cuba on Hijacking of Aircraft and Vessels and Other Offenses.  
Havana, April 25, 1984  
In force April 25, 1984  
With effect from February 15, 1983

**Cyprus**

Convention between Canada and the Republic of Cyprus for the Avoidance of Double Taxation and the Prevention of Fiscal Evasion with respect to Taxes on Income and on Capital.  
Nicosia, May 2, 1984

**Egypt**

General Agreement between the Government of Canada and the Government of the Arab Republic of Egypt concerning Development Cooperation.  
Ottawa, January 31, 1983  
In force July 1, 1984

Convention between the Government of Canada and the Government of the Arab Republic of Egypt for the Avoidance of Double Taxation and the Prevention of Fiscal Evasion with respect to Taxes on Income.  
Cairo, May 30, 1983  
In force October 2, 1984

**European Economic Community**

Agreement in the Form of an Exchange of Letters between the Government of Canada and the European Economic Community concerning their Fisheries Relations.  
Brussels, January 1, 1984  
In force January 1, 1984

**European Space Agency**

Agreement between the Government of Canada and the European Space Agency Concerning Cooperation.  
Noordwijk, January 9, 1984  
In force January 9, 1984  
With effect from January 1, 1984

**Finland**

Agreement between the Government of Canada and the Government of Finland concerning Reprocessing, Enrichment and Plutonium Storage and USE.  
Helsinki, June 8, 1984  
In force June 8, 1984

**France**

Agreement between Canada and France on the Transfer of Inmates and the Supervision of Persons under Sentence.  
Ottawa, February 9, 1979  
In force October 1, 1984

**Germany, Democratic Republic of**

Trade Agreement between the Government of Canada and the Government of the German Democratic Republic.  
Leipzig, September 9, 1983  
In force Provisionally September 9, 1983  
In force Definitively June 1, 1984

**Germany, Federal Republic of**

Agreement between the Government of Canada and the Government of the Federal Republic of Germany regarding Mutual Assistance and Cooperation between their Customs Administrations.  
Bonn, September 10, 1984

**Greece**

Agreement between the Government of Canada and the Government of the Hellenic Republic on Air Transport.  
Toronto, August 20, 1984  
In force Provisionally August 20, 1984

**Indonesia**

Exchange of Notes between the Government of Canada and the Government of the Republic of Indonesia amending Paragraphs 1 and 5 of the Exchange of Notes of March 16, 1973 relating to Foreign Investment Insurance.  
Jakarta, July 14, 1984  
In force July 14, 1984

**Israel**

Exchange of Notes between the Government of Canada and the Government of Israel amending the Agreement on Commercial Scheduled Air Services of February 10, 1971.  
Ottawa, March 8, 1984  
In force March 8, 1984

**Italy**

Agreement on Cultural Cooperation between the Government of Canada and the Government of Italy.  
Ottawa, May 17, 1984

**Jamaica**

Agreement between the Government of Canada and the Government of Jamaica with respect to Social Security.  
Kingston, January 10, 1983  
In force January 1, 1984

**Mali**

General Agreement between the Government of Canada and the Government of the Republic of Mali concerning Development Cooperation.  
Bamako, June 21, 1984  
In force June 21, 1984

### **Mexico**

Agreement on Tourism Cooperation between the Government of Canada and the Government of the United States of Mexico.  
Ottawa, May 8, 1984  
In force Provisionally May 8, 1984

### **Multinational Force and Observers**

Exchange of Notes between the Government of Canada and the Multinational Force and Observers constituting an Agreement on the Participation of Canada in the Sinai Multinational Force and Observers.  
Ottawa, June 28, 1985  
In force June 28, 1985

### **New Zealand**

Agreement between the Government of Canada and the Government of New Zealand on Air Transport.  
Ottawa, September 4, 1985  
In force September 4, 1985

Exchange of Notes between the Government of Canada and the Government of New Zealand concerning Route Schedule.  
Ottawa, September 4, 1985  
In force September 4, 1985

### **Norway**

Exchange of Notes between the Government of Canada and the Government of Norway for the purpose of facilitating the Reciprocal Enforcement of Maintenance Orders between Norway and Saskatchewan.  
Ottawa, September 5 and November 13, 1984  
In force November 13, 1984

### **Romania**

Agreement between the Government of Canada and the Government of the Socialist Republic of Romania on Civil Air Transport.  
Bucharest, October 27, 1983  
In force November 9, 1984

### **Senegal**

General Agreement between the Government of Canada and the Government of the Republic of Senegal on Development Cooperation.  
Ottawa, June 28, 1983  
In force October 10, 1984

### **Singapore**

Air Transport Agreement between the Government of Canada and the Government of the Republic of Singapore.  
Singapore, June 12, 1984  
In force Provisionally June 12, 1984

### **Spain**

Agreement between the Government of Canada and the Government of Spain concerning Cinematographic Relations.  
Madrid, January 14, 1985

### **St-Lucia**

Agreement between the Government of Canada and the Government of St-Lucia on Air Services.  
Castries, January 6, 1984  
In force Provisionally January 6, 1984

Agreement in the Form of an Exchange of Notes between the Government of Canada and the Government of St-Lucia relative to the Designation of Trinidad and Tobago (B.W.I.A. International) Airways Corporation.  
Bridgetown and Castries, January 6, 1984  
In force January 6, 1984

Agreement in the Form of an Exchange of Notes between the Government of Canada and the Government of St-Lucia relative to the Tariffs to be applied by the Designated Airlines for Carriage of Traffic between Canada and St-Lucia.  
Castries and Bridgetown, January 6, 1984  
In force January 6, 1984

### **Sweden**

Convention between Canada and Sweden for the Avoidance of Double Taxation and the Prevention of Fiscal Evasion with respect to Taxes on Income and on Capital.  
Stockholm, October 14, 1983  
In force October 30, 1984

Agreement on Social Security between the Government of Canada and the Government of Sweden.  
Stockholm, April 10, 1985

### **Thailand**

Convention between Canada and the Kingdom of Thailand for the Avoidance of Double Taxation and the Prevention of Fiscal Evasion with respect to Taxes on Income.  
Ottawa, April 11, 1984

Convention between Canada and the Kingdom of Thailand for the Avoidance of Double Taxation and the Prevention of Fiscal Evasion with respect to Taxes on Income.  
Ottawa, April 11, 1984  
In force Provisionally January 1, 1985  
In force Definitively July 16, 1985

### **Tunisia**

Convention between Canada and the Republic of Tunisia for the Avoidance of Double Taxation with respect to Taxes on Income and on Capital.  
Tunisia, February 10, 1982  
In force December 4, 1984

### **Turkey**

Agreement between the Government of Canada and the Government of the Republic of Turkey for Cooperation in the Peaceful Uses of Nuclear Energy.  
Ankara, June 18, 1985

### **Union of Soviet Socialist Republics**

Agreement between the Government of Canada and the Government of the Union of Soviet Socialist Republics on Mutual Fisheries Relations.  
Moscow, May 1, 1984  
In force May 1, 1984

Agreement between the Government of Canada and the Government of the Union of Soviet Socialist Republics for the Avoidance of Double Taxation on Income.  
Moscow, June 13, 1985

**United Kingdom**

Convention between the Government of Canada and the Government of the United Kingdom of Great Britain and Northern Ireland providing for the Reciprocal Recognition and Enforcement of Judgments in Civil and Commercial Matters.  
Ottawa, April 24, 1984

Exchange of Letters between the Government of Canada and the Government of the United Kingdom of Great Britain and Northern Ireland amending the Films Coproduction Agreement signed September 12, 1975.  
London, July 9, 1985

**United Nations**

Agreement between the Government of Canada and the United Nations concerning the Establishment and support of an Information Office for North America of the United Nations Centre for Human Settlements (Habitat).  
Nairobi, March 26, 1984  
In force March 26, 1984  
With effect from October 1, 1983

**United States of America**

Convention between Canada and the United States of America with respect to Taxes on Income and on Capital (with Exchange of Notes).  
Washington, September 26, 1980  
In force August 16, 1984

Protocol amending the Convention between Canada and the United States of America with respect to Taxes on Income and on Capital signed at Washington on September 26, 1980 (with Exchange of letters).  
Ottawa, June 14, 1983  
In force August 16, 1984

Second Protocol amending the Convention between the Government of Canada and the Government of the United States of America with respect to Taxes on Income and on Capital signed on September 26, 1980, as amended by the Protocol signed on June 14, 1983.  
Washington, March 28, 1984  
In force August 16, 1984

Agreement between the Government of Canada and the Government of the United States of America relating to Social Security.  
Ottawa, March 11, 1981  
In force August 1, 1984

Supplementary Agreement amending the Agreement between the Government of Canada and the Government of the United States of America with respect to Social Security.  
Ottawa, May 10, 1983  
In force August 1, 1984

Agreement between the Government of Canada and the Government of the United States of America relating to the AM Broadcasting Service in the Medium Frequency Band.  
Ottawa, January 17, 1984  
In force January 17, 1984

Exchange of Notes between the Government of Canada and the Government of the United States of America regarding the continued Preservation and Enhancement of Water Quality in the International Section of the Saint John River.  
Ottawa, February 22, 1984  
In force February 22, 1984

Exchange of Notes between the Government of Canada and the Government of the United States of America amending the Agreement on the Disposal of Excess U.S. Property in Canada signed on September 1, 1961.  
Ottawa, December 21, 1983 and March 14, 1984  
In force March 14, 1984  
With effect from October 1, 1983

Treaty between Canada and the United States of America relating to the Skagit River and Ross Lake, and the Seven Mile Reservoir on the Pend D'Oreille River.  
Washington, April 2, 1984  
In force December 14, 1984

Exchange of Notes between the Government of Canada and the Government of the United States of America superseding the Agreement of September 16, 1964 regarding the Construction, Operation and Maintenance of a Loran-C Station in Newfoundland (with Annex).  
Ottawa, March 30 and May 3, 1984  
In force May 3, 1984

Agreement between the Government of Canada and the Government of the United States of America regarding Mutual Assistance and Cooperation between their Customs Administrations.  
Quebec, June 20, 1984

Exchange of Notes between the Government of Canada and the Government of the United States of America providing for a Programme of Experimental Transborder Air Services from Montreal (Mirabel) to USA destinations.  
Montreal, August 21, 1984  
In force August 21, 1984

Exchange of Notes between the Government of Canada and the Government of the United States of America providing for a new Air Agreement on Regional, Local and Commuter Services.  
Montreal, August 21, 1984  
In force August 21, 1984

Exchange of Notes between the Government of Canada and the Government of the United States of America concerning the Airworthiness and Environmental Certification, Approval or Acceptance of Imported Civil Aeronautical Products.  
Ottawa, August 31, 1984  
In force August 31, 1984

Agreement between the Government of Canada and the Government of the United States of America regarding Mutual Assistance and Cooperation between their Customs Administrations.  
Quebec, June 20, 1984  
In force January 8, 1985

Treaty between the Government of Canada and the Government of the United States of America concerning Pacific Salmon.  
Ottawa, January 28, 1985  
In force March 18, 1985

Treaty between the Government of Canada and the Government of the United States of America on Mutual Legal Assistance in Criminal Matters (with an Exchange of Notes).  
Quebec, March 18, 1985

Exchange of Notes constituting an Agreement between the Government of Canada and the Government of the United States of America on the Modernization of the North American Air Defence System (with Memorandum of Understanding).  
Quebec, March 18, 1985  
In force March 18, 1985



Exchange of Notes between the Government of Canada and the Government of the United States of America with a Memorandum of Agreement amending the Agreement concerning the Application of Tolls for the St-Lawrence Seaway (1959) as amended.  
Washington, May 3, 1985  
In force May 3, 1985

Exchange of Notes between the Government of Canada and the Government of the United States of America amending the Agreement of June 6, 1978, concerning the Commercial Development of an Area of the United States Naval Facility, Argentina, Newfoundland.

Exchange of Notes between the Government of Canada and the Government of the United States of America on Unemployment Insurance Benefits amending the Agreement of March 12, 1942, as amended.  
Ottawa, October 29, 1984 and June 21, 1985  
In force June 21, 1985

### Yugoslavia

Air Transport Agreement between the Government of Canada and the Government of the Federal Executive Council of the Assembly of the Socialist Federal Republic of Yugoslavia (with Memorandum of Understanding).  
Belgrade, November 16, 1984  
In force Provisionally November 16, 1984

Air Transport Agreement between the Government of Canada and the Government of the Federal Executive Council of the Assembly of the Socialist Federal Republic of Yugoslavia (with Memorandum of Understanding).  
Belgrade, November 16, 1984  
In force Provisionally November 16, 1984  
In force Definitively March 21, 1985

### Zambia

Agreement between the Government of Canada and the Government of the Republic of Zambia for the Training in Canada of Personnel of the Armed Forces of the Republic of Zambia.  
Lusaka, January 10, 1984  
In force January 10, 1984  
With effect from August 20, 1966

Convention between the Government of Canada and the Government of the Republic of Zambia for the Avoidance of Double Taxation and the Prevention of Fiscal Evasion with respect to Taxes on Income.  
Lusaka, February 16, 1984

## 1. International Agreements: Multilateral

Agreement between the International Atomic Energy Agency and the Governments of Canada, Jamaica and the United States of America concerning the Transfer of Enriched Uranium for a Low Power Research Reactor.  
Done at Vienna, January 25, 1984  
Entered into force January 25, 1984

International Sugar Agreement, 1984.  
Done at Geneva, July 5, 1984

Protocol to the International Convention on the Conservation of Atlantic Tuna.  
Done at Paris, July 10, 1984  
\* Signed by Canada September 10, 1984

Protocol to the 1979 Convention on Long-Range Transboundary Air Pollution on Long-Term Financing of the Cooperative Programme for

Monitoring and Evaluation of the Long-Range Transmission of Air Pollutants in Europe (EMEP).  
Done at Geneva, September 28, 1984  
Signed by Canada October 3, 1984

1984 Protocol amending the Interim Convention on Conservation of North Pacific Fur Seals of February 9, 1957, as amended.  
Done at Washington, October 12, 1984  
Signed by Canada October 12, 1984

International Telecommunications Convention with General Regulations and Annexes, and Protocols.  
Done at Nairobi, November 6, 1982  
Signed by Canada at Nairobi, November 6, 1982  
Canada's Instrument of Ratification deposited at Geneva, October 11, 1983  
Entered into force January 1, 1984  
Entered into force for Canada January 1, 1984

Optional Additional Protocol to the International Telecommunication Convention (Nairobi 1982).  
Done at Nairobi, November 6, 1982  
Signed by Canada at Nairobi, November 6, 1982  
Canada's Instrument of Ratification deposited at Geneva, October 11, 1983  
Entered into force January 1, 1984  
Entered into force for Canada January 1, 1984

Amended Text of Article VII of the Convention on Facilitation of International Maritime Traffic, 1965.  
Done at London, November 19, 1973  
Entered into force June 2, 1985  
Entered into force for Canada June 2, 1984

Convention on the Transfer of Sentenced Persons  
Done at Strasbourg March 21, 1983  
Signed by Canada March 21, 1983  
Canada's Instrument of Ratification deposited May 13, 1985  
Entered into force for Canada July 1, 1985

International Sugar Agreement, 1984  
Done at Geneva July 5, 1984  
Canada's Instrument of Accession deposited February 20, 1985  
Entered into force Provisionally February 1, 1985

Amendment to Article VI.A.1 of the Statute of the International Atomic Energy Agency.  
Approved September 27, 1984  
Canada's Instrument of Acceptance deposited July 15, 1985

International Convention on Maritime Search and Rescue, 1979.  
Done at Hamburg April 27, 1979  
Canada's Instrument of Accession deposited June 18, 1982  
Entered into force for Canada June 22, 1985

Convention against Torture and other Cruel, Inhuman or Degrading Treatment or Punishment.  
Done at New York December 10, 1984  
Signed by Canada August 23, 1985

Vienna Convention for the Protection of the Ozone Layer.  
Done at Vienna March 22, 1985  
Signed by Canada March 22, 1985

Protocol to the 1979 Convention on Long-Range Transboundary Air Pollution on the Reduction of Sulphur Emissions or their Transboundary Fluxes by at least 30 percent.  
Done at Helsinki July 8, 1985  
Signed by Canada July 9, 1985

Protocol amending the Interim Convention on Conservation of North Pacific Fur Seals of February 9, 1957, as amended.  
Done at Washington October 12, 1984  
Signed by Canada October 12, 1984  
Canada's Instrument of Ratification Deposited May 16, 1985

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# Visit to South Africa

by Bhupinder Singh Liddar

In a world where freedom is becoming increasingly rare, our country today is a symbol of the expansion of freedom, of the upholding of freedom of religion and free enterprise, sustained by equal rights before an independent judiciary.

This statement by the State President of South Africa, P.W. Botha, at the opening session of the "Parliament" boggles the mind, filled as it is with the television images of violence, riot and general unrest that has gripped that unhappy country. The President was not speaking to the foreign news media but to the elected white parliamentarians of the Republic of South Africa.

Referring to the victims of violence and unrest, the State President further stated in that same speech, "Allow me once again to express my sympathy with the suffering of all those affected" — knowing full well that more than half of those were Blacks killed by police.

These are some examples of what has come to be termed double-speak or "Bothaspeak!"

An opportunity presented itself to me recently to travel to this land where Botha-as-freedom contrasts sharply with Black unrest. Where does the reality lie? Having been born in Kenya and having spent many years there, as well as in independent Zimbabwe, I felt a compelling desire to seek an answer to this question. I knew I did not have to go to South Africa to know what "apartheid" was all about. We experienced shades of it in Kenya and up until recently Rhodesia operated the same regime under Ian Smith. Separateness along racial lines — separate schools, separate residential areas, separate cemeteries, separate hospitals, and disparities such as higher wages for the Whites than non-Whites for the same job — and certain jobs (including that of writing parking tickets) reserved for Whites!

The most deceptive argument presented by the pro-status quo South Africa observers is that the situation is "complicated," and that one really has to go to South Africa to fully understand it. This line of appeal was used to invite Canadian parliamentarians and business leaders to show them the "good" life of the African. Many were convinced of the "civilizing" efforts of the South African regime and of its righteousness.

## Tourist in South Africa

It was from Harare that I flew to Johannesburg by Air Zimbabwe. There are frequent daily flights by Air Zimbabwe and South African Airways between the major cities

of these neighboring states. An active South African commercial office exists in Harare in a building decked with a South African flag. There is also considerable cooperation between the railways of the two countries, because of geo-historical factors.

The man who sat next to me was a young white student of pharmacy in South Africa who had been visiting friends and relatives in Zimbabwe. He and his family belong to those who, upon Zimbabwe attaining independence, decided to pack up and head south. He seemed concerned that about 3,500 Whites were leaving South Africa every month as a result of recent unrest. What were his impressions of Zimbabwe? He was impressed with the progress Zimbabwe had been able to make and the cordial race relations that existed. A number of South African Whites were concerned about being conscripted into the army to fight yet another liberation army and were contemplating returning to Zimbabwe. A familiar experience of talking with white South Africans outside their country is the degree of misinformation they can accumulate and disseminate.

This young white pharmacy student told me confidently that all universities were open to all races. Technically he was right, except that a non-White who wishes to attend a predominantly white university has to obtain a ministerial permit. A couple of days later I read in the papers that the Minister of Education had declared four universities now open to all races, thereby dropping the permit requirement to gain entry. There remain other universities, however, to which non-Whites still cannot gain admission. Discrimination permeates education at the primary and secondary school levels too. For instance in the 1983-84 fiscal year, per capita spending was approximately \$992 for Whites, \$653 for Indians, \$341 for Coloreds and \$141 for Blacks. This disparity in spending on education leads to obvious results released recently on illiteracy rates for South Africans over the age of fifteen: 33 percent for Blacks, 15.5 percent for Coloreds, 7.6 percent for Indians and 0.72 percent for whites. While this progressive announcement was being made, another report appeared alongside, stating that "the quota system which pegs the number or percentage of other race's students which may be admitted to white universities will still remain in force."

The South African government has strategically designated residential areas along racial lines, so that it makes it

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*Bhupinder Singh Liddar is an Ottawa writer associated with Parliamentary Liaison.*

## Apartheid at work

easy for the government to argue against mixed schools. The government, of course, has no intention of integrating schools, but can use the pretext of geographical proximity of schools to residential areas to pursue the policy of separateness.

In Kenya, prior to independence, and in Zimbabwe under the Smith regime, a similar policy of separation of schools on racial lines was pursued. Upon attaining independence or majority rule schools in both countries were made multiracial. This greatly contributed to racial harmony. Policies of racial segregation were practised by the English in Kenya and Rhodesia. In Rhodesia's case one could not find a more English-sounding name to lead the country than "Smith." It is, therefore, ironic when one hears English-speaking apologists in South Africa blaming the Dutch settlers or Afrikaners exclusively for the ills of apartheid. After all, the English-speakers make up 40 percent of the white population.

## Apartheid everywhere

Now back to arrival at Johannesburg airport. A British Airways jumbo was landing, and departures to Mauritius, Malawi, Botswana, Luxembourg and France were listed for the day. From the plane one gets into the bus driven by a white woman in her forties. The Immigration Officer points out that since I have a visa stamped to visit Kenya during the onward journey he would not stamp it, but affix one of the stick-on visas. This is to avoid any complication in being allowed into Kenya.

The Immigration and Customs Officers are Whites, while the bag-handlers and porters are Blacks. The bank where I cash travellers' cheques is staffed by Whites only. I board the airport bus to Johannesburg driven by a Black with all shades of people on board.

Into Johannesburg — a bustling metropolis. We go past the exhausted gold mines, now packed away into neat rectangular piles. These piles of dust that were once gold seemed to symbolize the exhaustion of the ruling regime.

Once in downtown Johannesburg one begins to notice the double-decker buses (not painted red!) with white passengers and single blue-grey colored buses carrying black passengers and driven by Blacks. The sidewalks are shared by all races — on equal footing for once!

Whites and Blacks mingle freely in downtown stores. Only Whites are allowed to own businesses in the downtown area known as the CBDA, Central Business District Area. This is the case with all major centers. These were the areas effectively boycotted during last Christmas season. White shopkeepers became aware of their reliance on the spending-power of the Blacks as a result of this exercise. You hardly met any storeowner who did not feel the pinch. An extended and a more effective boycott at Christmas this year is being feared by businessmen. One does, however, run across a shop or two being operated by an Asian. How did he manage to secure the store in this restricted area? Well, he bought it in the name of a White and paid him a nominal fee for the use of his name! There is no manifestation of hatred or violence in the streets but there is certainly a sense of nervousness and bitterness. There is tension.

## Separate buses, but shared trains

One day I decide to visit an acquaintance in Pretoria, who once was stationed in Ottawa. There are regular bus and train connections between Johannesburg and Pretoria, the seat of the executive branch of the government. (The legislative capital is Cape Town.)

I go down to the Johannesburg train station to inquire about train departures and to obtain a ticket to Pretoria. I buy a newspaper from the vendor and engage in a conversation about changes that are being brought about. The charming newspaper vendor points to the pedestrian mall adjoining the railway station. It was once forbidden territory to non-Whites but they can now walk there. In our brief encounter he nervously tells me that the Townships (areas where Blacks live) are very politicized and there is a lot of political activity there. He points to a restaurant across the street where he was not allowed to enter because of the color of his skin. He hopes that will change — though he does not sound as though it will happen soon. I go past a coffee shop in the railway station complex which has a prominently displayed sign "Whites only." As I enter the train station, I realize that the place is divided on racial lines. There are separate entrances to the station for Whites and non-Whites. Inside the railway station is another coffee shop with a sign hanging in the window (like the closed and open sign) which states "Whites only." Someone, probably a black man, washes that window everyday with that hideous sign hanging as an ugly reminder of the rules of the game. As I proceed towards the information desk I encounter another sign over a door "General Waiting Room — Whites Only!"

On to the information counter staffed by Whites. Asked to proceed to the ticket counter. Staffed by Whites. I buy my ticket to Pretoria and proceed to the turnstiles manned by tough-looking white women. I run down the stairs to the platform. As usual, I think I shall miss the train. It is departure time. As soon as I get to the platform I am confronted by a string of coaches each clearly marked "Whites only." What do I do? I say to myself, "I am not White." I have made it so far because the authorities must have bestowed upon me the dubious honor of being a Mediterranean!

There are only Whites in the coach I am in. Even the ticket examiner is White. Nothing seems to have changed since the days of Gandhi! We are on our way to Pretoria. At very station I notice toilet facilities marked "Men — White only." Later on after one of our stops at a suburban station I see a few Blacks on the platform. I stick my head out of the window and notice that the front section of the train is for Blacks — and they even have a black ticket examiner! The Whites and Blacks enter and leave the train through separate entrances and exits. At one station a black woman runs to board the train. She misses the train not because she is too far from it, but because she is too far from the coaches for the Blacks up front. She dared not have jumped into the coaches for the Whites. Here she is in a country where her people make up 71 percent of the population of 32.5 million, but a mere 17 percent (the Whites) are dictating the lives of the rest of the population and making laws affecting every little detail of their lives. Colored (mixed race) make up 9 percent of the population, while Asians account for 3 percent.

**Getting an early start**

At one train station we pick up a large number of school children — boys and girls in their late teens. I wondered about these white children and their world-view. They live in white suburbs, socialize with white families only, board a train with “Whites only” coaches to school, attend exclusively white schools, play with white friends, attend church with white congregations and their only contact with a black African is with their gardener or cook at home or the nanny who brought them up! The Whites do not only want to maintain their exclusivity but also their social superiority. Yet they want to be known as Africans. They have, however, never lived as though they belong to Africa. The school children could have been coming out of any British public school. They are Africans of convenience. The color of their skin assures them a secure job after graduation.

The same pattern of separate waiting room for “Whites” is repeated at Pretoria railway station. I walk down to see the acquaintance at the Government’s Bureau of Information. It is a 7-storey building in downtown Pretoria. From the time I enter and the time I leave I do not see a single non-White in the building. My acquaintance talks about the universities being open to all races. He mentions

universal citizenship being extended to all South Africans. It is merely an attempt to cover up the failure of the policy of establishing “independent” homelands with respective citizenships. The Blacks are now being restored their right to citizenship of South Africa. The homelands of Transkei, Bophutatawans, Venda and Ciskei were merely labor pools for South Africa and not economically viable entities.

The Immorality Act forbidding interracial marriages has been scrapped. The question arises: if an interracial couple were to get married and want to settle down, where would they live? In a black area? A white area? While my acquaintance rattles off the government record, I casually mention my dilemma earlier in the afternoon when I stood facing a coach marked “Whites only” and having the option of either hopping the train or missing it altogether — in which case I would not have seen him at the appointed time. He shyly informs me that the railway system is still segregated along racial lines.

On my way back to the bus station I walked into a government building to inquire for directions to the bus terminal. I see one black man among hordes of Whites leaving the building. I encounter a young soldier at the front desk who, having also finished the day, volunteers to walk with me for a few blocks towards the bus terminal. He



*“Our country today is a symbol of the expansion of freedom . . . sustained by equal rights before an independent judiciary . . . . We accept one citizenship for all South Africans, implying equal treatment and opportunities.” State President P.W. Botha in the South African Parliament, January 31, 1986.*

## Apartheid at work

is young looking. He tells me he had been in the army for six years. He is concerned about the "terrorist" activity of the ANC (African National Congress) reaching the urban centres. Only last year the ANC had struck a sub-power station in Pretoria.

Urban political violence has many Whites worried. Once the downtown business areas become vulnerable to bomb attacks the white community will no longer feel that it is invincible.

While Pretoria is a clean and organized city there is an air of distance from reality. As in Ottawa, civil servants pour out in droves, form lines at the bus stops and within a short period the city core begins to look deserted. At the bus stops there are benches marked "WHITE BUS PASSENGERS ONLY." The buses are exclusively for Whites and driven by white bus drivers!

### An Asian view

One evening we drive south from Johannesburg to Lenasia — Land of Asia! This place is home to about 200,000 Asians. Asians working in downtown Johannesburg have to make about a 30-kilometre trip each way by car or take the train. As one drives along the highway to Lenasia one sees the signs for Soweto. Immediately one is filled with images of funerals, rock-throwing and clenched fists. One becomes a little nervous. We approach closer. One sees rows of neatly arranged houses. Smiling children. No funeral or a demonstration today. One crosses the highway to Lenasia and one sees opulence. This is no Soweto. One sees street lights, while back across the highway there are those overhead lights that light up whole areas. The meaning is clear: the Asians are the buffer zone

between the Blacks and the Whites. The display of material well-being is a daily reminder to residents of Soweto across the highway, while the luxury of the Whites is hidden away in the northern parts of Johannesburg.

I spend the evening with an Asian family. The sons tell me that a growing number of Asians, especially the young ones, are identifying with the political goals of the ANC and the black majority. I am told once again that the House of Delegates for Asians does not have the confidence of the Asian community. Only 4 percent of the eligible voters cast their votes.

A tricameral Parliament was created under a new Constitution which came into force in late 1984. Under the new arrangement Whites are represented by a House of Assembly, Coloreds by a House of Representatives and Asians by a House of Delegates. The majority of the population — the Blacks — have no elective chamber.

The Lenasia family informs me that no substantial reforms have taken place. There is a lot of talk to appease the international community, but no action is being taken on the domestic front. One of the sons went to watch a rugby match with some of his white coworkers earlier this year. He, not being White, was turned away from sitting with his white coworkers.

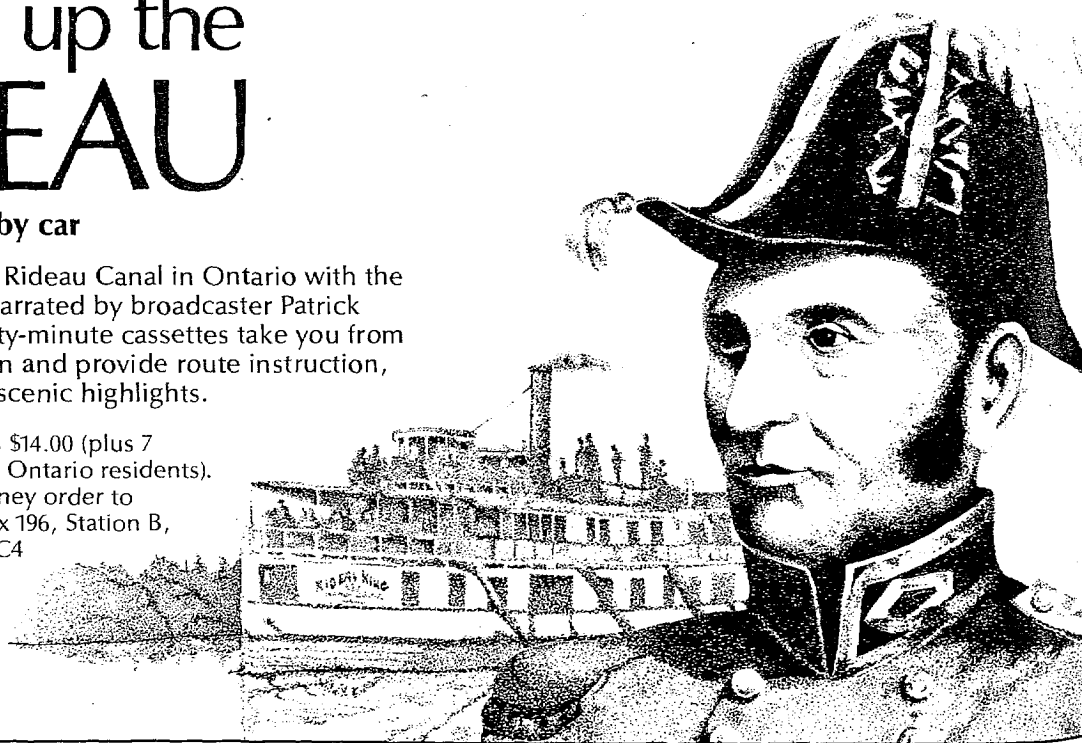
There is almost universal feeling that the situation in South Africa is going to get much worse before it improves. There is no immediate danger of civil war but it is approaching. The feeling is that unless the international community — especially the West — undertakes to bring about a negotiated settlement through the aegis of an international constitutional conference, South Africa is poised on the brink of a bloodbath unlike any yet seen on the continent. □

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# Foreign aid and NGOs

by Jutta Teigeler

There are about 300 voluntary international development agencies registered across Canada, and many organizations with headquarters in Montreal, Ottawa or Toronto have local branches in small town and rural areas. They have pronounced themselves on many foreign policy issues, and they are becoming increasingly professional and successful in their lobbying efforts. Yet they have been slow to gain public recognition as a real or imaginary force in the Canadian policy-making process on the federal and provincial levels.

## Characteristics of Canadian NGOs

The term "NGO" was originally coined by the United Nations. Today many NGO people feel that the term is restrictive and some are increasingly using the term "CVO" or even "CIVO" (Canadian international voluntary organization). The diversity of Canadian NGOs according to mission, resources, definition of development, field of intervention and political orientation virtually defies categorization. Certain NGOs operate only in specific sectors, such as health, while others have multisectoral programs. Some are well established and are linked to larger social organizations with broad memberships and substantial independent financial resources, while others are small, community-based and operate on shoestring budgets. Some are mainly fundraisers for their overseas programs, while others devote their resources to producing resource materials and staging educational events about global issues. More than 200 receive subsidies from the federal government.

With respect of their influence on the formulation of Canadian foreign policy, NGOs have been broadly categorized according to the following criteria:

Group 1, with NGOs that rarely take stances on political issues or produce development education literature which criticizes Canadian development policy (including agencies such as Foster Parents of Canada and World University Services of Canada).

Group 2, with a relatively small number of secular development organizations which focus their efforts on shaping Canadian policies on a few specific issues or geographic regions (including agencies such as Inter Pares or the South Pacific People's Foundation).

Group 3, comprising the major churches, that are carrying out substantive advocacy work and pro-

ducing development education material sometimes highly critical of official Canadian foreign aid policy (including agencies such as the Canadian Catholic Organization for Development and Peace and the International Defense Fund for Southern Africa).

Innovation, flexibility, lack of human and financial resources and a streak of anarchy assure that work in the international voluntary sector never becomes boring. Typically, a new NGO is created by a group of people inspired by a dynamic, charismatic leader with a dream, contacts, know-how and lots of energy. This individual may eventually withdraw or be "replaced" as the organization matures, institutionalizes and defines its ideological base. These changes in direction are responsible for the colorful reputation of some NGOs as hotbeds for political intrigue and power struggles.

In a typical NGO the policy-making Board members are composed of community volunteers, while paid workers operate the programs of the agency. Nigel Martin, Executive Director of the Canadian Council for International Cooperation (CCIC), an umbrella organization coordinating the activities of about 120 registered Canadian international charities, maintains that "community-based volunteers alone assure the legitimacy of the NGO within its community and therefore its accountability to that community." NGOs also choose their projects in this spirit of "people's participation."

## Sources of funding

NGOs rely to a large extent upon voluntary donations from the public which they solicit largely by appeals to the heart rather than to the head. Government subsidies are another important source of funding. Most NGOs receive matching grants (government-to-private) on a 1:1 ration, but it can be 3:1, and, in special cases, an NGO can receive up to 90 percent in governmental funding for projects it executes for government as part of a larger bilateral agreement.

Most NGOs now stress global interdependence and increasingly advocate political activity for change. They no longer provide mainly relief assistance, but instead prefer

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## The latest in development

to concentrate on long-term development programs in areas such as health care, education and food production. There still are a considerable number of evangelical NGOs which combine charity and missionary zeal.

### Changing programs

Over the years many NGOs have been able to build a solid reputation for "people-oriented" development, with an ability to respond quickly and effectively to community needs. Their cost-effectiveness in project delivery has drawn a considerable amount of praise from high ranking civil servants and parliamentarians. NGOs serve as a buffer before legislation is introduced, partly because their projects are easily understandable — they represent motherhood — and partly because they represent constituencies and, accordingly, votes.

The share of Overseas Development Assistance going to NGOs has increased substantially in recent years, and there is speculation that this upward trend will continue. In 1968 CIDA supported twenty NGOs with a total of \$5 million, amounting to 2 percent of CIDA's total budget, food aid excluded. In 1984-85, CIDA funded approximately 200 Canadian NGOs with a total of \$169 million, or approximately 10 percent of CIDA's budget. Public contributions to NGOs have increased despite the economic recession. The overwhelming response of Canadians to the African crisis sent the federal government twice scurrying for funds to fulfill the promise to match private funds on a 1:1 basis.

"We have learned that governments and the private sector need each other in development," says Lewis Perinbam, CIDA's Vice President for Special Programs, the Branch that administers federal contributions to the voluntary non-profit sector. "International development . . . requires the participation of citizens . . . Fortunately, we have the means at hand to involve citizens. We can do so through the vast array of voluntary organizations."

But with success comes new pressures. Although some experienced NGOs have seen a fast increase in funds available for overseas programming, this increase signifies a bittersweet progress for some people in the community who maintain that the autonomy of NGOs has been jeopardized. Most NGOs like to think they are in the driver's seat when it comes to programming. They prefer to formulate their programs independently with their overseas partners, and then to ask government to "respond" to their requests for matching funds. Bilateral, government-to-government development assistance, tends to reinforce the status quo, because it goes from one political body to another political body. But development, by its very nature, is changing the status quo. NGOs like to see themselves as independent moral and ethical forces in international assistance and politics.

However, government priorities can have a strong influence on the type of project an NGO chooses to undertake. A renewed interest in support for the small-scale business sector and private enterprise, in the Third World

CANADIAN INTERNATIONAL DEVELOPMENT AGENCY/KOZIMA J. TARASOFF



NGOs protest in Ottawa against the use of government funds to promote arms sales in the Third World.

and at home, was reflected in an address by Monique Vézina, Minister of International Relations, to the 1985 CCIC Annual Meeting. "New fields of action are opening up," the Minister said. "Look at their possibilities! For example, micro-enterprise development focuses on the poorest on the most individual level . . . . To a development agent, the micro-enterprise approach implies great freedom of action, because there is no format imposed from above . . . . You have all the qualities needed for those enterprises. I hope you will put these qualities at the service of this type of project." With such encouraging words from one of the Ministers responsible for the allocation of funds, it may be expected that some NGOs will be tempted to grasp the opportunity and expand their programming into new fields, even if they have not yet been able to evaluate these fields on their own terms.

### Partnership, cooptation or marriage of convenience?

The cooperative "partnership" model of the Canadian governmental and non-governmental sectors has received international praise, but it has not been without its problems. Many NGOs have become very dependent on public funds, and the principle of "you shouldn't bite the hand that feeds you" can be felt in instances of subtle self-censorship or conflicting priorities. In 1983, the federal government decided not to extend funding to SUCO, a Quebec-based, politically very active NGO that had suffered from continued internal crisis. Justified or not, the example of SUCO has laid bare the power structure underlying the partnership principle and the vulnerability of NGOs that rely almost entirely on federal contributions for funds. It also demonstrated the crucial importance of cooperation and information-sharing for the survival of the entire community.

The question of NGO autonomy and the ability to formulate independent policy-stands becomes especially important in cases where official government policy conflicts with the views of the voluntary agencies, such as in the case of Canadian aid and foreign policy in Central America. Many NGOs have over the years combined their advocacy efforts for changes in Canadian policy towards the region. Briefs were presented to a succession of External Affairs ministers, and most of the time the ministers took great care to meet personally with the NGO representatives.

One would be mistaken, though, to interpret the minister's willingness to listen to the NGO point of view as NGOs having significant impact on foreign policy. When it comes to *real politik*, where US security interests come first, Canadian NGOs have been politely received, but their submissions, by and large, have not been translated into official Canadian aid or foreign policy. To date no Canadian embassy has been established in Nicaragua, and aid to El Salvador has been resumed despite the violent protests of NGOs with experience in that country.

Political scientist Cranford Pratt maintains that "government does not deal with critical internationally-oriented public interest groups in the same way as it deals with business and industry because it neither attaches the same importance to the issues they raise nor is it seriously concerned to incorporate them into the government-led consensus . . . . Foreign policy is primarily shaped by commercial interest and promotion of trade. The government goes through the process and sets up consultations, but in the end these consultations are only pro-forma."

NGO leaders, by and large, agree with this assessment, although they add that there has been progress, that cooperation between organizations is getting better and better, that they are learning to understand the political process and that there have been far more consultations than in the past.

### Cooperation means strength

NGOs have been most successful in their advocacy efforts when they have been in alliance with other community groups or with larger networks. For example, international development NGOs were successful in their efforts to redefine what Revenue Canada considered to be "political activity" before it would grant charitable status to a voluntary agency. This success, however, was based on a large alliance of voluntary agencies coming together under the auspices of the National Council for Voluntary Organizations, which coordinates a large part of the domestic and international voluntary sector.

In the health field, NGOs have also been able to make some inroads. Recently, a coalition of international development organizations, consumer organizations and health groups successfully lobbied against changing the law that would limit the production of generic drugs. But the tug-of-war between multinational drug manufacturers and community groups is far from over. In another example, consumer groups and development organizations have successfully protested against the permission to market the contraceptive Depo-Provera, banned in the US, which has been linked to cancer, and which affects the health of Canadian women as much as of women in the Third World.

It will take a great deal of energy and creativity to transform the vision of social justice, international responsibility and harmony, first conceived in the minds of nineteenth-century missionaries, into the reality of the twenty-first century, where superpower interests regularly clash in the Third World and the threat of international nuclear war is ever present. Voluntary movements within society have been compared to the cells that fight infection in the human body or the cells that help the larva turn into a butterfly. The driving force behind this metamorphosis will undoubtedly be provided by the dreams of some obstinate private citizens in the voluntary sector. And in the process we may expect to see a few ugly moths among the beautiful butterflies. □

# Book Reviews

## More parallax than paradox

by Allan J. MacEachen

*The 49th Paradox: Canada in North America* by Richard Gwyn. Toronto: McClelland and Stewart, 1985, 362 pages, \$22.95.

Richard Gwyn is a political journalist who has a reputation for pithy political commentaries. He possesses an observant eye and writes well. In his previous efforts at longer literary output — *The Shape of Scandal*, *Smallwood*, *The Northern Magus* — he wrote about subjects of which he formed firsthand impressions from his pew in the press gallery.

*The 49th Paradox* is, as Gwyn himself admits, a bit of a departure from his previous efforts. It is the product of six months "full time work" (p. 349) between January and July 1985. Its motivation sprang from a desire "to understand my own country better" and "a pragmatic calculation that Canada-USA relations would be a hot subject in 1985" (p. 10). This, perhaps, is the cause of the paradox within *The 49th Paradox*, for while always readable, it is not always reliable.

Canadians, Mr. Gwyn tells us, are different from Americans. This profound conclusion is a consequence of a political culture "utterly unlike" that of the United States — a claim that will provide fleeting reassurance to those seeking clues as to the content of Canadianism. Ours, says Mr. Gwyn, is a "culture of liberalism" (p. 173) which must not, however, be confused with the formal ideologies, such as they are, of Canada's alternate governing parties, the Liberals and the Conservatives. This culture has produced a value system based on "decency institutionalized" which has found expression in many forms: medicare, equalization, bilingualism and multiculturalism, the Charter of Rights are some examples.

### **Liberals, liberals and "liberals"**

Recognizing the difficulties of identifying the moment of transition to this "liberal society" the persevering Mr. Gwyn embarks on a personal crusade and finds his holy grail in two places: "church basements and inside church and chapel pulpits" and Gad Horowitz's description of "Red Toryism." These paradoxical themes fused as one, and Mr. Diefenbaker's election victory of 1957 and the Quiet Revolution of 1960 transformed Canada "from a conservative society to a liberal one" (p. 173).

I confess that my astonishment at this revelation was exceeded only by Mr. Gwyn's description of those who personify this transmutation: J.S. Woodsworth, Stanley Knowles, Bill Blaikie, Bob Ogle, the MacDonalds (Flora and David), David Crombie, O.D. Skelton, Norman Robertson, W.A. MacIntosh, Eugene Forsey and Stephen Lewis — the latter, perhaps because he has confessed, "I like Tories" (p. 170). Even R.B. Bennett finds admission to this unlikely pantheon. This prevailing political culture does not feature a prominent member, nor indeed an obscure one, of the Liberal party (although Pearson would seem to have qualified when he was an "Ottawa mandarin"), nor any Quebecker (except Brian Mulroney "at the 1976 leadership"). One is left wondering how it came about that almost all the manifestations of legislated or "institutionalized liberalism" were established by politicians and a party whom Gwyn excludes from the contemporary political culture and during an epoch when his prevalent culture's messengers and personifications sat in opposition.

### **Nationalism**

Nationalism occupies much space in this book. Gwyn readily admits in the Foreword that it would have been "impossible" to be executive assistant (1968-1970) to Eric Kierans, the "golden oldie of nationalists," and "pretty hard" to write political columns for the *Toronto Star* and not be a nationalist. This book is offered as a possible new nationalist agenda. Unfortunately, no effort is made to tie the political culture of liberalism to the substance of nationalism and nation-building. Rather they are treated as separate developments on separate tracks.

Until the advent of Walter Gordon, Mr. Gwyn is content to describe the history of nationalism or nation-building through the contending views and policies of Sir John A. Macdonald's National Policy, Sir Wilfrid Laurier's Reciprocity and the stillborn trade discussions of the late 1940s. That description forcibly reminds us that attitudes and prejudices of the past still live on in Canada and strongly influence the current debate in Canada on a bilateral trade agreement with the United States. To his credit Mr. Gwyn attempts to situate the debate in the reality of Canada's contemporary circumstances and not in the fears and prejudices of the past.

### To free trade or not

Notwithstanding his status as self-declared nationalist, Gwyn opts for free trade with the United States (p. 331), despite his conclusion elsewhere that "a choice in favour of free trade today would represent, almost certainly, the choice for North American economic union tomorrow" (p. 302). In his thoughts on trade the author expresses the view that "for most practical purposes a Canada-United States agreement already exists" (p. 286), a conclusion which is undoubtedly related to his further belief that "Canada enjoys the equivalent of something like 90 per cent access to the 230-million market that exists next door" (p. 287). The reconciliation of these seemingly contending elements in the author's beliefs:

- nationalism;
- support for free trade with the United States; and
- North American economic union as an almost certain consequence of free trade between the two countries

is left for the most part, if not entirely, to the reader.

While I concur with Mr. Gwyn's "vote" for freer trade with the United States (and elsewhere), I question his logic that a further reduction in trade barriers with the Americans "will certainly evolve into economic union" (p. 331). I see no sign that past tariff reducing rounds, most of which have been conducted under the auspices of the GATT, have created an "impending, and already manifest, erosion of national economic sovereignty." On the contrary, the economic consequence of past policy has been both greater trade liberalization and enhanced Canadian ownership and control of our economy.

### Oil and the US

We are also told about foreign ownership, the rise and fall of FIRA (Foreign Investment Review Agency), the NEP (National Energy Policy) and so on. Mr. Gwyn's observations and my recollections of many of these events are not in harmony. For example, Mr. Gwyn claims that "to keep the NDP on side during his minority term, Trudeau announced a national oil policy, out of which came, in 1975, the oil and gas crown corporation" (p. 80).

As Leader of the Government in the House of Commons during the minority period and responsible for holding discussions with all Parties, including the NDP, I know that at no time (and I recently checked this out with Donald Macdonald who was Energy Minister at that time) did the creation of a National Oil Policy or the National Oil Corporation become a matter of contention or negotiation among the Parties. The genesis of a National Oil Policy was not the product of the exigencies of minority government but the result of early and, in my view, far sighted discussions in Cabinet and Caucus. Energy policy came under fundamental examination in the Cabinet during the first government of Mr. Trudeau, and the question of a National Oil Corporation was addressed directly in the publication "An Energy Policy for Canada Phase I, June 1973."

Nor do I remember at any point believing that the government was threatened by any other policy item. If blackmail had been the method of procedure, the opera-

tion of the minority government would have been considerably curtailed.

Mr. Gwyn interprets much of the NEP in light of the reaction of the United States. He claims, for example, that in the winter of 1981 Mr. Lalonde proposed to discard the crown share or "back-in" as "politically indefensible" but was frustrated by Mr. Trudeau. At that time I held the Finance portfolio, but I do not recall, nor does Mr. Lalonde, any such veto by the Prime Minister. The Liberal government did not yield to repeated American requests to modify or abandon our policy. It was both defensible and in Canada's national interest, even if it did disturb our American friends. Differences between sovereign nations over their respective interests are inevitable. Mr. Mulroney's government has acceded to the American request, which obviously pleases Mr. Gwyn. He does not throw any light, however, on what Canadian interest was served in our bilateral relations by the abandonment of the crown share, in view of American reluctance to accommodate Canada with any commensurate gesture, such as accommodation on acid rain.

As for FIRA — much discussed by Mr. Gwyn as a source of friction between the two governments — it had become a non-issue in Canada-United States relations and had disappeared from the bilateral agenda well before Mr. Trudeau left office.

### Dealing with Americans

Mr. Gwyn seems to take some relish in painting a generally bleak picture of Canadian-American relations in the period 1980-84 (i.e., "The state of relations during Trudeau's last term . . . is without historic parallel . . . Canadians in effect told Americans to go to hell" p. 124). This situation is ascribed in part to his observation that "Trudeau and Reagan didn't get along at all" (p. 313). As foreign minister in the latter part of this period I was present at the bilateral and summit meetings between Mr. Trudeau and Mr. Reagan. While theirs was not a raving friendship — independent leaders seldom permit themselves this luxury — I thought the two got on pretty well; indeed at the London summit (1984) after a rather tense discussion on peace and security, the Prime Minister and I found the most empathetic of the leaders was the President.

Mr. Gwyn is full of praise for the new and markedly different form of Canadian diplomacy practised from 1981, based on such illuminating insights as "there is an element of public diplomacy to diplomacy" and "that in order to win, Canada must enlist Americans onto its side" but "not to overdo it" (p. 262). I was not aware that our approach to the USA during my second stint as foreign minister (1982-84) was all that different from that during my earlier period in External Affairs (1974-76). Differing circumstances do create different requirements; that is precisely what has occurred under the leadership of the illustrious list of Canadians who have represented Canada in Washington, of which Mr. Gotlieb, the present incumbent, is characteristic in zeal and skill.

The decision to enter into exploratory discussions with the United States on sectoral free trade and the testing of the cruise missile are dealt with pointedly and incorrectly by Mr. Gwyn. The cruise missile decision was implemented

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not because of American pressure but because of our commitment to NATO solidarity. Indeed, Mr. Gwyn comes close to admitting as much when he concludes that Helmut Schmidt had a great deal to do with convincing Mr. Trudeau to test the cruise. Mr. Schmidt was an author of the NATO "two track" decision. Had we not agreed to test an unarmed cruise, we feared the effect on those European allies who had to decide to deploy the armed cruise and Pershing II missiles. At the same time, however, the government sought to play an active role through the peace initiative in removing some of the tensions which "megaphone diplomacy" had created between the superpowers.

The 1983 trade policy paper, the first comprehensive examination of this subject since the Second World War, is described "largely to show to the public that it (i.e., the government) could get on with Washington" (p. 126). This is simply not true. Aside from Mr. Gwyn's own observation elsewhere that at this time we were "consorting comfortably" (p. 105) with the USA, our decision sprang from the belief in the benefits of trade liberalization. Mr. Brock, the US Trade Representative, was as eager for more liberalized trade as were the Canadian ministers. It was, moreover, part of a comprehensive trade strategy that included reliance both on our traditional negotiation in the multi-lateral trade talks and with our long-time trading partners, as well as with the new industrial nations in the Pacific basin and Latin America. I note that not much has changed on this score, despite the events of September 1984.

Enough! One can only conclude that the desire to put out a "hot" book in 1985 did not permit Mr. Gwyn the time to do adequate justice to a subject which presumably will be just as "hot" in 1986. I have honored my obligation to the editors of this journal and dutifully read all 349 pages of Mr. Gwyn's prose. Like one of my trips in the Challenger jet, it was an unforgettable experience, but not one that I would readily recommend to others.

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## Blest be the tie that binds

by Donald F. Wall

*The Ties That Bind: Intelligence Cooperation between the UKUSA Countries — the United Kingdom, the United States of America, Canada, Australia and New Zealand by Jeffrey T. Richelson and Desmond Ball. Boston: Allen and Unwin, 1986, 402 pages, US\$29.95.*

One would be tempted, after a cursory reading, to dismiss this book as an alphabet-soup catalogue of the

techniques of intelligence collection from the early 1940s to the present by the five allied countries involved — of which Canada is one. However, curiosity — an essential element of all intelligence work — urges one to wade on to the conclusion, which contains some good sense and some salutary warnings for nations such as ours, enmeshed as we are in ties that are often as dangerously and painfully binding as fried cheese.

Dauntingly, the Introduction is preceded by nine full pages (total 371) of acronyms and abbreviations, ranging from A-2 (Air Force Intelligence) through FLTSATSCOM (Fleet Satellite Communications) to PNUTS (Possible Nuclear Underground Test Site) to VLF (Vancouver Liberation Front; Very Low Frequency). Predictably, therefore, grace of language is not to be expected, nor is it often found.

As reflected by the quite massive appendices and footnotes, together with the academic posts held by the authors, one would expect the research underlying this book to be meticulous. Some Canadians, however, may be disturbed to find the CBC consistently referred to as the "Canadian Broadcasting Company," or our Director-General of the Canadian Security Intelligence Service, Thomas D'Arcy Finn, as "Ted D'Arcy Finn." I cannot imagine that William H. Kelly, onetime Director-General of the RCMP Security Service, will be pleased to be designated William Ketty, nor will John K. Starnes, first civilian Director-General of the RCMP Security Service, feel it fair that he is omitted from the record altogether. Their listed dates of office are also highly questionable. And would The Honorable Charles M. Drury answer to "C.M. Orvry," or the Rose brothers accept "Fronte Libre du Quebec" as appropriate for FLQ.

However, these are relatively minor and nationalistic objections to what is clearly a brave and conscientious effort to reveal a web of associations in which several flies may be at the mercy of a large and hungry spider. In simplistic terms, it would be easy to identify the United States as the spider and Australia, Canada, New Zealand and the United Kingdom as the flies. There is, however, a germ of consistent thought which pervades the book, and is most evident in its conclusion, that it is not the preconceived intentions of any of these Western nations which creates the web, but rather a particular collective cast of mind. At the heart of it lie those very human urges — fear and suspicion.

In its substance, this book provides a quite staggering assemblage of information, much of it hitherto unpublished, about the intelligence activities of the so-called UKUSA nations, and the formal and informal arrangements among them which result in the term the "Western Intelligence Community." Through dogged research, and a deft use of the United States Freedom of Information Act, the authors have compiled a document which will surely frighten (and confuse) all Western security and intelligence agencies, and also delight (and confuse) the KGB. They describe in awesome detail the techniques of the acquisition, evaluation and distribution of human intelligence, signals intelligence, ocean surveillance, electronic intel-



ligence, photographic aerial intelligence and satellite intelligence. They conclude, in part, that:

The UKUSA security and intelligence community, with more than a quarter of a million full-time personnel and a total budget of US\$16-18 billion, constitutes one of the largest bureaucracies in the world. As such, it not only wields enormous political power and influence, but also exhibits most of the typical attributes of large bureaucratic organizations, including a tendency to define and pursue bureaucratic political objectives which are not necessarily in complete concordance with the national interests of the five UKUSA countries themselves.

For example, Chapter 11, "Discord, non-cooperation and deceit within the UKUSA Community," is instructive, noting that intelligence services "like to work in a dense fog of security, in which the germs of inter-secret service jealously breed fast." As a single and typical example, Bill Sullivan, an intelligent and charming former Assistant Director of the FBI, wrote about his long-time boss, J. Edgar Hoover: "He seemed to have a particular dislike of the RCMP . . . Hoover didn't like the British, didn't care for the French, hated the Dutch, and couldn't stand the Australians. He wouldn't meet with the Director of British Intelligence, even as a courtesy."

There are also indications that the US National Security Agency has monitored the communications of other members of the "Community" — including Canada — and that the CIA has similarly acted against its closest allies — on their own territory.

Despite temptations to do so, the authors do not believe that the reasons for these obvious flaws in a so-called "Community" result from the "overzealousness and narrowmindedness of security officials against the wishes of their more 'liberal' political superiors," but rather they search for a broader explanation:

Such an explanation may be that the subversion being combatted is not subversion of the State but subversion of the prevailing political-economic-social order.

In other words, the status quo. If this is a correct analysis — and the case for it is persuasive — freedom of thought and action within a framework of orderly change in these five nations may be seriously jeopardized.

On reading the title of this work, *The Ties That Bind*, my mind slipped back to the innocent and comforting words of John Fawcett's old Anglican hymn, *Blest be the Tie that Binds*:

Blest be the tie that binds  
Our hearts in Christian love;  
The fellowship of kindred minds  
Is like to that above.

Ironically, it was not this paean to shared burdens, pain and friendship that inspired the title. Indeed, it was twofold — a quotation from George Bush, a former Director of the Central Intelligence Agency, and a portion of a song by Bruce Springsteen, known to the young of this decade as "The Boss." Although there is probably no

connection, the acronym BOSS in this book stands for the Bureau of State Security in South Africa. The ties may bind, but they ain't necessarily blessed.

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## China from within and without

by Ronald C. Keith

*China's Economic Reforms* edited by Lin Wei and Arnold Chao. Philadelphia: University of Pennsylvania Press, 1982, 337 pages.

Western sinology is currently locked in controversy as to whether Chinese economic reform constitutes an elaborate development of selected aspects of past policy or a fundamental break with the past. The Western media have freely speculated on the inherently capitalist nature of these reforms. As is stated in the foreword of this volume, international attention has focused on Chinese economic readjustment and reform for two reasons: the need to assess the relative merits of capitalism and socialism; and the desire to discover in such reform trading and investment opportunities. The present selection of readings is an excellent antidote to some of the more exaggerated views as to the course of Chinese reform in so far as it is cast as a vindication of modern capitalism and the acquisitive nature of man.

This volume includes several chapters by Chinese specialists who focus in theoretical and practical terms on the relation between the different sectors of the Chinese economy, the conditions under which market mechanisms are necessary, the extension of managerial responsibility in enterprise, the definition of commodity exchange within state planning, the nature of "socialist" as opposed to "capitalist" competition, and the relationship of the various forms of ownership in the Chinese economy.

The reforms are experimental in nature, but they have significant historical dimensions and should be viewed in the context of ongoing debate. The reader will find in the several chapters interesting areas of disagreement among the authors with respect to matters of emphasis, but by and large the various presentations are consistent with formal Party positions. This is explicit, for example, in the emphasis on the publicly-owned means of production and the repudiation of Cultural Revolution economic policy and "egalitarianism." Precedent for the expansion of commodity production into the area of producing the means of production can be found in Mao Zedong's critique of Stalin's policies. Contemporary theory merely reiterates that commodity production is apparent in previous stages of economic development, but moves on to suggest that "individual economy" is not to be considered exclusive to either



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"capitalist" or "socialist" stages of history. Furthermore, it is emphasized that competition is not a determining factor in the distinction between capitalism and socialism. Profit-making is allowable in so far as it is consistent with the social and economic objectives of the state plan. "Socialist" competition is self-professedly less exploitative under the conditions of the public ownership of the means of production. The Chinese insist, for example, that the emphasis on household responsibility in agriculture must be placed in the context of collective ownership of the basic means of production. Also, they insist that in the event of unemployment resulting from competition the state is constitutionally responsible to re-assign unemployed workers to new jobs.

Wang Haiko regrets the confusion over contemporary reform, which he says originates with the narrow and "habitual adherence to conventional economic concepts" and "familiarity with capitalist competition" and "the lack of experience with 'socialist competition'." After reading this volume the reader may wish to judge whether the Chinese are again creatively adapting socialism to Chinese conditions or whether they are engaged in a surreptitious capitalism. An informed judgment requires the outside observer to venture into the labyrinth of Chinese economic debate. Paper-cut versions of "capitalism" and "socialism" are not adequate to the task at hand. *China's Economic Reforms* provides a starting point in the Chinese understanding of the interrelated factors of reform and state planning which is reinforced in extensive statistical appendices and in a specialized English-Chinese vocabulary of the terminology of economic reform. Armed with domestic perspectives and vocabulary the intrepid observer may be able to find his way back out of the labyrinth.

*The China Quandary: Domestic Determinants of U.S. China Policy, 1972-1982* by Robert G. Sutter. Boulder, Colorado: Westview Press, 1984, 194 pages, US\$22.50.

From his vantage point within the Library of Congress Research Service, Robert Sutter has put together an intriguing and multifaceted study of the domestic and political variables which have influenced contemporary US China policy. This type of study is already well established in international relations literature. That at any given time there is a plethora of conflicting viewpoints in the making of US foreign policy is not in itself surprising; however, this study suggests that the process of policy-making has had to cope with serious tensions and constraints. It is striking that despite such massive institutional infrastructure reinforcing this process through extensive investigation and informed debate, there has, nevertheless, been so much confusion in US China policy.

The author reviews the central strategic and political considerations which explain the signing of the Shanghai communiqué of 1972, the agreement to establish diplomatic relations in December 1978, and the necessary negotiations leading to the joint communiqué of August 1982; but the review is placed within the contextual dynamics of

the US foreign policy process. The coverage of these dynamics is generally fair and quite comprehensive. The extent of antipathy between those with "direct oversight responsibility for Asian affairs" in the administration and Congress is based on over 100 interviews with government officials. The author also records the "sinologues" in their interaction with Congressional committees. The study furthermore systematically documents the variety of conflicting views within the administration and the political pressures affecting Congressional opinion.

Initially the reader is allowed to draw his own conclusions, but the author does set out several conclusions in his last chapter. Sutter asserts that the Carter administration, while successful in moving United States-People's Republic of China relations forward, was derelict in its responsibility for the "consensus building" necessary to the long-term consolidation of policy. US policy relating to Taiwan and the PRC is discussed in terms of the tension between the requirements of secrecy and of democratic participation. Executive secrecy arguably makes sense in responding effectively to Chinese negotiating sensitivities, but Sutter concludes that too much secrecy exacerbates the natural institutional tensions between the administration and Congress to the detriment of rational policy formulation. He suggests that if US China policy was more open no future administration would endanger the basic US-PRC relationship with ill-conceived political gestures towards Taiwan.

The author in conclusion stresses several alternative policies. He not only opts for the gradual reduction of arms sales to Taiwan, but also the "quiet transfer" of weapons production technologies to Taiwan. Whether such a transfer, no matter how "quiet," would complicate US-PRC relations deserves further consideration. The author is apparently concerned about the loss of "evenhandedness" in US policy towards the PRC and the USSR, and he suggests that limited transfers of military equipment to the PRC must be accompanied by an explicit statement to the effect that any expansion of such a transfer would have to await the maturation of Sino-American relations.

As the reader sets down the book he will ask to what extent is the domestic policy process capable of clearly and consistently defining US interests. Sutter raises this question with particular reference to arms sales to both the PRC and Taiwan. There is, however, the question as to whether the process can with precision identify Chinese priorities in order to insure an informed policy response enhancing the possibilities for greater cooperation. The author warns of the possibility of future disappointment, but he also emphasizes the "broad community of interests" in areas of world food supply, population control and arms limitations. Some of these issues are hardly discussed. The Reagan-Zhao confrontation at Cancun over Third World development requires analysis. The sharp Chinese reaction to US criticism of Chinese family planning may alternatively suggest a lack of cooperation in the area of population control.

Chinese foreign policy may be generally less bellicose, but it supports multipolarity and multilateralism as a means of checking the extension of superpower influence. The US is condemned for its policies in Central and Latin

America. The Chinese support the reform of existing international economic and monetary agencies in a challenge to the executive position of the US, and it must be emphasized that "hegemonism" is not exclusively a code word for the Soviet Union. Currently, Chinese "independent foreign policy" stresses the desire to avoid entangling military commitments and alliances which might imply a reliance on external military technology and support. Thus the quality of the future Sino-American relationship will depend not only on the definition of each side's self-interest, but also each side's ability to respond effectively to the objectives of the other side.

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## A Fourth Option?

by Alexander Craig

*A Continent Apart. The United States and Canada in World Politics* by William T.R. Fox. Toronto: University of Toronto Press, 1985, 188 pages, \$10.95.

*Canada and Congress: Lobbying in Washington* by Charles F. Doran and Joel J. Sokolsky. Halifax (Nova Scotia): Centre for Foreign Policy Studies, Dalhousie University, 1985, 257 pages, \$5.00.

Fox's book is a revised and expanded version of lectures he delivered when he was the Visiting Professor of Canadian-American Relations in Trinity College, University of Toronto, in 1982-83. The author, Professor Emeritus of the History of International Relations at Columbia University in New York, has spent more than forty years studying international politics: in an article in the *Review of Politics* in 1946, for instance, on the San Francisco conference founding the United Nations, he was the first person to use the term "superpowers."

In these lectures Professor Fox looks at how one superpower has managed to coexist peacefully for a long time with a neighboring country which is not quite so super in every respect. The author takes a grand historical sweep. He stresses the similarities rather than the differences, the North Americanness of each of the countries. Yet he also emphasizes that while the partnership is close and historically rooted, it is at the same time clearly limited, and he obviously hopes it remains that way.

Professor Fox looks closely at various of the actors and groups involved in the highly pluralistic political process of both states. Along the way he draws on some fascinating historical research. In 1934, for instance, Sir Maurice (later Lord) Hankey, visited Ottawa.

The South African-born Hankey had for decades been secretary of Britain's Committee of Imperial

Defence (CID), a kind of quasi-cabinet in the British government for what would today be called national security affairs and the model for the National Security Council in the United States . . . In reference to the Canadian Institute of International Affairs, Hankey made the following startling and revealing entry: "They draw to their ranks extremists of all kinds — 'highbrows,' isolationists, French-Canadians, Irish dissidents with a sprinkling of sound people who for one reason or another — sometimes because they know too much — take no leading part . . . The only real 'defeatists' I met were leading members of these bodies, and I felt the utmost sympathy for Prime Minister Bennett in a tirade he delivered to me against the Institute of International Affairs as a body that did nothing but harm and ought to be abolished."

In his conclusion, Fox sums up the traditions of Canadian diplomacy: "wariness, status concerns, vigilance in avoiding the creation of institutions in which Canada's veto power has been surrendered, and the pursuit of options that avoid one-on-one confrontation." There is a wide array of "methods for avoiding confrontation . . . Some of these can be lumped together in a basket labelled third options."

Fox lists the options, and in his final two paragraphs sums up his belief that:

There is, however, something that may be called the fourth option. It is based on the explicit recognition that, while there is no balance of power between the two nation-states of North America, there is a political process. Neither country is a political monolith, and the fourth option for Canada is to search for allies in the United States, so that the North American minority called Canada could become part of a North American majority whose policy preferences would produce parallel policies in Washington and Ottawa. The North American political process, which — though at times belatedly, grudgingly, and slowly — shifts American policy on such problems as acid rain, can also work with respect to policies towards the world as a whole.

That perhaps is what Prime Minister Trudeau had in mind when he talked of Canada's special usefulness to the United States — to hold up a mirror so that Americans can better see themselves and their own best interests.

### Lobbying in Washington

"The search for allies in the US" is one way of summing up the theme of the second of these books — a rather more specialized study of Canada-US relations. As we have all seen in recent years, Congress has been asserting its right to a bigger say in foreign affairs. We shall continue to see that in the future — particularly over trade negotiations — so this book is in some respects timely.

Yet it does not appear to be very sure of its market. At times it seems to be setting out to be a primer for lobbyists, and not just the lawyers amongst them. As such it lapses too often into truism, for example, "In short, the key to successful lobbying is to work with — and not against — the existing political machinery whenever possible." At other

## Book Reviews

times the book is more clearly aimed at what one assumes is the Centre for Foreign Policy Studies' main, or true, market — the academic world. It will be of some interest to government officials in a number of areas, not just the specific problems of issues such as attitudes to foreign investment, tax legislation, acid rain, border broadcasting and so on, but also in the strong and unambiguous arguments it makes against "too much public discussion" of policy matters and process.

If the recent past is any indication, there will likely be an ever-increasing number of specific disputes on trade and other matters between Canada and the US. Clearly Fox's fourth option will be one of the best ways of confronting such matters. Congress's interests in this respect, including their potential and their limitations, are well set out in this book. It is obviously the work of much study, and has a lot of useful references.

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Alexander Craig is a freelance writer based in Sherbrooke, Quebec.

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## Development and us

by Cranford Pratt

*Private Bank Lending and Developing-Country Debt by Pierre Sauvé. Halifax: Institute for Research on Public Policy, 1984, 68 pages, \$10.00.*

Pierre Sauvé's forty-five page essay on the international debt crisis is deceptive. Very gently, totally professionally, in straightforward accessible prose and published by as centrist a research establishment as there is, Sauvé has written quite a radical little book.

He demonstrates that two factors, both totally beyond the control of the LDCs (Less Developed Countries), are at the heart of the international debt crisis. The first is the deflationary policies pursued by the major industrialized states. The second is the unwillingness of these governments to reform the international financial institutions in ways which would avoid placing "an inordinate share of the burden of adjustment . . . on the non-oil LDCs."

What is urgently required, Sauvé argues convincingly, is that: Third World debt must be re-negotiated with longer maturities and/or lower interest rates; the International Monetary Fund must extend more substantial adjustment assistance with much more flexibility in its operations; the World Bank must increase significantly its long-term concessional lending; and development assistance to the low income countries should be increased.

At that point, like the good economist he is, Pierre Sauvé stops. However someone surely must carry the argument further. None of the initiatives he judges essential are at all likely to occur. On that realistic assumption, what

advice do economists have for Third World governments? Suddenly radical and desperate efforts to de-link significantly from the industrial world begin to look sensible and appropriate as second-best strategies. Sauvé's narrow professionalism has saved him from the toughest questions.

*Canadian Culture: International Dimensions edited by Andrew Fenton Cooper. Toronto: Canadian Institute of International Affairs, 1984, \$12.00.*

This book has a somewhat narrow and limited focus. It is concerned with the use of culture in diplomacy. Eight of the ten essays in the volume are contributions to a discussion of Canada's cultural diplomacy. Norman Applebaum, for example, does his thing on the *Applebaum-Hebert Report*, presenting again the proposal for a Canadian International Cultural Agency. Claude Ryan is wise and informative on Quebec's cultural diplomacy, arguing that Quebec's concern to acquire a distinctive international personality in fact was never a serious threat to Canadian foreign policy. One-third of the book is given over to two substantial comparative studies, one by Freeman Tovell on Canadian, British, French and German international cultural policies, and the other by Robert Williams on Canadian and Australian policies. They are each informative but neither they nor the volume's conclusions convince that cultural diplomacy is an important component of Canadian foreign policy or much of a blessing to Canadian culture.

For this reader the two essays which ignored the focus of the volume were the most interesting. Norman Hillmer, writing in the grand tradition, presents a eulogy to the wisdom of those who ran our foreign policy in the great years of Pearsonian internationalism. It has all been said many times before, but Canadians do like to hear it and Hillmer says it very nicely.

Finally there is Jack Granatstein's delightful tour de force on Anglo-centrism in Canadian diplomacy. It has a fine sweep and is wise, insightful and witty. He begins with Vincent Massey's anglophilia which made him so willfully blind to what Canada was. "Oh, if only everybody could have attended Upper Canada College," parodies Granatstein. He ends with the attack on Britain by another great anglophile, John Diefenbaker, when he saw Britain joining the Common market and thus letting down the English-speaking world. A nice polished essay that provides a healthy but genial corrective to the praises sung by Hillmer.

*Third World Affairs 1985 edited by Altaf Gauhar. London: Third World Foundation, 1985, 436 pages, £11.00.*

For a long time I have waited patiently to be able to begin a book review with "This is a book you will like if you like this sort of book." I now have that opportunity. *Third World Affairs 1985* is a massive collection of articles, thirty-eight in all, that range in topic from the IMF to Asian cinema. As I say, if that is to your liking, this volume can be highly recommended.

Editor Altaf Gauhar is particularly skillful and no doubt persistent as well in the authors he has been able to

enlist to write for this volume. He has, for example, Dragoslav Avramovic on South-South financial cooperation, Robert Chambers on reaching the poorest in agrarian development, and Aldo Ferrer on the Argentinian debt crisis. In each instance he could hardly have done better. Moreover he has, I know not how, successfully avoided the iron law of edited volumes which threatens every editor. This law holds that the quality of an article in an edited collection varies inversely with the eminence of the contributor. Hardly any item appears as a stale or tired repetition of arguments and positions already many times repeated.

Six sections of the volume will in particular interest this journal's readers. They are the sections on Third World debt, South-South cooperation, agrarian development, South Africa, militarization, and Central America and the Caribbean. In nearly every instance the eighteen articles in

these six sections are informative, non-scholarly but also un-rhetorical and by highly competent persons. For example, the four articles on South Africa are by the Africa editor of the *Economist* Intelligence Unit, a *Guardian* and an *Observer* correspondent and a research officer of the South African Institute of Race Relations. It is an impressive team to have assembled and it is not untypical of the volume as a whole.

Anyone who might enjoy a fat volume of well-informed, politically progressive and imaginatively selected articles on Third World affairs, will surely find this volume rewarding.

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*Cranford Pratt is Professor of Political Science at the University of Toronto.*

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## Letters to the Editor

Sir,

Re: "Canadian sanctions and southern Africa" by Steve Godfrey.

Allow me to respond to the above article in your journal of November/December 1985.

Steve Godfrey may be the "expert" on southern African affairs, but shows lack of insight on how, in a modern society, diversity of peoples should be accommodated in one legal system. Let me, as an African, tell him that reconciliation/accommodation are spans in the bridge of peace/progress and stability in southern Africa; that South Africa has an enormous contribution to make to the continent as it is the motor/generator of development and progress and that it is the only country on the continent that receives no foreign aid. The social grammar of South Africa is changing, slowly perhaps, but balanced and it is a determined change — we must all win together or we shall all be losers.

Steve Godfrey urges the Canadian government and business people to shift its support to the Southern African Development Coordination Conference (SADCC) as this will diminish the support given to the South African government. His own words show how contradictory this argument is when he states, "But South Africa represents one of the few countries in Africa where trade does not require aid support," and that "SADCC will need external support as it braces itself for the coming year," meaning cause yourself and those countries (neighboring states) to suffer and then ingratiate yourself by aiding them.

It is significant that intra-regional transport, trade, labor migration and other economic bonds have become stronger since 1980 when neighboring states joined in SADCC with the objective of decreasing their dependence

on South Africa. This strengthening of ties draws into question the frequently heard assertion that the relationship favors only South Africa at the expense of weaker countries. Moreover, there are a number of voices crying out for South Africa to join SADCC and such a resolution was put forward at a recent meeting in Swaziland. Apart from transport, trade and labor, the close network of regional economic interdependence also comprises cross-border supplies of electric power, the channeling of fuel and other petroleum products by South Africa and South Africa-based firms, technology and research in diverse fields.

It is quite clear that Steve Godfrey knows very little of the internal reforms (which he places in quotation marks) which have taken place in South Africa. May I list a few of the areas where reform, providing for the removal of discrimination, has taken place in recent years or is underway.

<b>Sport:</b>	Opened to all races.
<b>Labor:</b>	Modern, sophisticated trade union opened to all races.
<b>Prohibition of Mixed Marriages Act:</b>	Repealed.
<b>Influx control and Pass Laws:</b>	President's Council's recommendation for phasing out, under sympathetic consideration for action during the next parliamentary session.

## Letters to the Editor

<b>Constitutional:</b>	Asians and Colored represented in Parliament. Asians and Coloreds hold ministerial and deputy-ministerial positions in government.
<b>Public amenities:</b>	Many desegregated: hotels, restaurants, parks, trains, buses.
<b>Forced resettlement:</b>	Discontinued.
<b>Property rights for Blacks:</b>	Accepted as well as permanency of Black communities in urban areas.
<b>Education:</b>	Parity for all population groups is the declared objective and action to this end is underway.

In addition, we have now also produced a political program which:

- provides for a united South Africa, a common citizenship for all South Africans, Black and White, Colored and Asian, living within our borders and a system of universal franchise within the structures chosen by South Africans jointly;
- provides for the full political participation in government in respect of matters of national concern of all our communities;
- accepts in other words the principle of power sharing in government in respect of matters of national concern subject only to the principle of the protection of the rights and interests of minorities through group autonomy;
- recognizes that White domination will disappear in accordance with the principle that no one community should dominate any other;
- spells out that the government will not prescribe who may represent the other communities or what the agenda will be for the negotiations.

Steve Godfrey wishes us to recognize the "authentic" Black leaders, and mentions Tutu, Tambo and Mandela! Tambo is the President of the African National Congress (ANC), a Soviet-backed, revolutionary movement, not a political party. This organization is supported by a section of the Black public opinion in South Africa. Its present commitment to violence makes it impossible to negotiate with it. Its ideological position is reflected by the *Freedom Charter* of 1955. It provides for the redistribution of land, the nationalization of banks and mines and placing it in the hands of the "workers" of all "monopoly-capitalistic enterprises." Twenty-five of the thirty members of the ANC National Executive are members of the South African communist party.

Why is Nelson Mandela in jail? Let me quote Dr. Yutar, Attorney General at the time, as he set out the case before the court:

As the indictment alleges, the accused deliberately and maliciously plotted and engineered the com-

mission of acts of violence and destruction through the country. . . . The planned purpose thereof was to bring about in the Republic of South Africa chaos, disorder and turmoil. . . . They [Mr. Mandela and his friends] planned violent insurrection and rebellion.

The saboteurs had planned the manufacture of at least seven types of bombs: 48,000 anti-personnel mines, 210,000 handgrenades, petrol bombs, pipe bombs, syringe bombs and bottle bombs. During the court case a document was produced in Mr. Mandela's own handwriting in which he stated: "We communist party members are the most advanced revolutionaries in modern history. . . . The enemy must be completely crushed and wiped out from the face of the earth before a communist world can be realized."

Nevertheless, if Mr. Mandela renounces violence as a way to further political objectives, the State President has offered his release.

Another well-known fact is the link between the South African communist party (SACP) and the ANC. Joe Slovo, allegedly a Colonel in the KGB, a SACP member, was elected to the ANC National Executive and is serving on the ANC war council, which directs the activities of the military arm *UMKHONTO WE SIZWE*. What are the aims of the SACP-ANC in respect of South Africa? *The African Communist* (No. 87, 1981) stated:

The strategic aim of our party is to destroy the system of capitalist exploitation in South Africa and to replace it with a socialist system in which the ownership of the means of production will be socialized and the whole economy organized to serve the interests of all the people. Such a society can only be achieved if political power is placed firmly in the hands of the working class.

The immediate aim of the party is to win the objectives of the national democratic revolution. . . . At the same time it is the duty of our party to spread its ideology of Marxism-Leninism.

Let me close with a few words by State President P.W. Botha on August 15, 1985, when he outlined his manifesto for South Africa:

My government and I are determined to press ahead with our reform program, and to those who prefer revolution to reform, I say they will not succeed, no matter how much support and encouragement they derive from outside sources. We can and will resolve our problems by peaceful means. Despite disturbances, despite the intimidation, there is more than enough goodwill among Blacks, Whites, Coloreds and Asians to ensure that we will jointly find solutions acceptable to us.

Klaus W. Praekelt  
Counsellor  
South African Embassy  
Ottawa

*Steve Godfrey will be invited to reply in the May/June issue of International Perspectives.*

May/June 1986

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*The Canadian journal on world affairs*

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**Can Gorbachev do it?**

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**Privatization rampant**

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**Southern vs. South Africa**

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**Preparing for GATT**

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## Editor's Note:

*Superpowers aren't like other powers. But Canada doesn't know that, according to a group-authored article here, which notes that Canadian academics (and therefore everyone who learns from academics) use United States' models for analyzing the world in which this non-superpower exists. The resultant foreign policy fits badly on Canada's modest frame — and sometimes that matters. This initial article begins an examination by the same group of authors, which should provide a new and more realistic way of assessing Canada's interests in the world.*

*"Privatization" or "denationalization," it's all a matter of how determined you are to abandon the bad old days of "positive" government, and get back to the natural economic order of an earlier age. Jeanne Laux of the University of Ottawa surveys developments in the Western world. But trading still needs government help, and no one knows it better than GATT, which will soon begin a new round of attempting to reduce trade barriers. Jock Finlayson has some observations on how Canada should enter that marathon.*

*The rest of our world in this issue is pretty political. The organization of southern African states known as SADCC has been struggling for six years to find a way of closing economic ranks against South Africa, but progress is slow, according to James Kadyampakeni of Dalhousie University. Much of the world watches in fascination as Mikhail Gorbachev attempts to improve the performance of both Soviet citizens and the Soviet economy. John Battle of Columbia University thinks he has a chance.*

*Now, if you will look at the masthead in the column on your left, you will see some changes. Our longtime Publisher and sometime Editor, Alex Inglis, has removed to Toronto, leaving his executive duties to a new President and Publisher, Peter Martin, who for many years worked as a Toronto-book publisher in Peter Martin Associates and who also managed the Readers' Club of Canada, the only Canadian book club. As Publisher, Peter is now responsible for the business affairs of this magazine as well as those of our associated company, Balmuir Book Publishing.*

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# Canada's foreign foreign policy

by Axel Dorscht, Ernie Keenes, Gregg Legare and  
Jean-François Rioux

The federal government's current "root and branch" review of Canada's foreign policy provides an opportunity to raise fundamental questions about our foreign policy agenda and practice. Foremost among these is the dominant definition of Canadian interests in the world which have been most recently formulated in the Green Paper, *Competitiveness and Security*. The tone of the Green Paper continues a tradition of alignment with the United States and it advocates an even closer alignment with the US economic and security network.

On the whole, Canadian foreign policy practice has been principally governed by a concern not to be out of step with our superpower neighbor to the south. The current agenda might appear to emphasize a closer relationship with the United States, but in reality the close alignment has existed largely unchanged since 1945. At the top of the agenda are items such as "free" or "enhanced" trade, participation (formally or otherwise) in the Strategic Defence Initiative, a greater commitment to NATO and cruise missile testing.

The Green Paper does not question this basic posture. A debate on "directions for Canadian foreign policy" ought to begin with an evaluation, rather than acceptance, of closer integration. Alternative definitions of our interests and policy options have not been considered at all. We argue here that a major reason why the debate is cast in such narrow terms is the dominance of a world view which colors our perception of international society. This view, realism, is largely a product of the US-dominated discipline of international relations, but it is also widely diffused in Canada.

## Borrowed views

How Canadians view international relations is deeply influenced by this dominant American paradigm and its underlying rationale. Canadian academics, not having a significant role in the Canadian foreign policy process, tend to legitimize themselves and their work by publishing in US journals and attending conferences in the United States, where academics do have a large role in foreign policy. In the process they continuously reconfirm their US-centered view of the world as a valid one. Consequently, policy makers and media people passing through our universities are socialized into viewing international affairs and global problems largely through American eyes. Through the dissemination of an American world view Canadian univer-

sities aid the socialization of policy makers and the public into a role as guardians of US global interests by defining our foreign policy objectives around these interests, which are then adopted as our own. In addition, our mass media report the unfolding of international reality from a US point of view. In general, the Canadian public, fed a regular diet of US-interpreted global reality, accepts the rationale underlying the government's foreign policy agenda.

We tend to see the world through a perspective developed from education and experience. When it comes to international politics, it is also the case that few of us directly experience events, but rely on the reports of others, mainly journalists. We do not become readily exposed to "facts" about the international system upon which we base our judgments, but rather interpret such facts through a prism of knowledge, belief and expectations. World views form a conceptual framework which people employ, self-consciously or otherwise, to make sense of the myriad of facts contained in a given piece of reality.

## From "world views" come "paradigms"

World views are formalized into scientific paradigms which govern intellectual inquiry and research. These are more or less internally consistent, and support related propositions about what units the world is composed of, how one acquires knowledge of them, and what values and norms are appropriate to them. In basic terms a paradigm is the fundamental conceptual framework through which reality is interpreted. While paradigms act to define a field of study, they also limit conceptions of reality, and, in the absence of contradictory evidence or anomalies, confine research and inquiry within the boundaries that they set. Paradigms thus define the scientific research agenda.

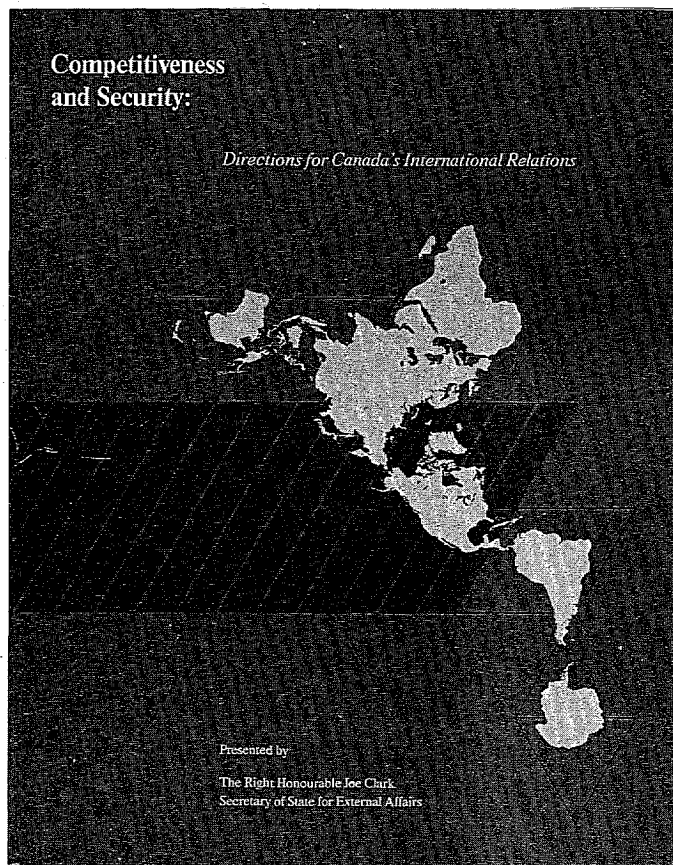
The dominant world view of international society in the twentieth century can be characterized as power politics, and the dominant paradigm is "realism." Realism asserts that anarchy is the chief characteristic of the international system. That system is populated by sovereign

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*The authors are all political scientists, Axel Dorscht at St. Francis Xavier University in Antigonish, Ernie Keenes, Gregg Legare and Jean-François Rioux at Carleton University in Ottawa.*

## How to have the right foreign policy debate

states each acting in a self-interested manner to maximize its power over other states. This view holds that the pursuit of power in an anarchic, self-help system produces perpetual competition and strife, which are seen as the basic and underlying dynamic behind international politics. The chief practical problem for states caught in such a system is the prevention of war through diplomacy, alliances around the balance of power and, at bottom, through armed strength and nuclear deterrence.



In particular, these doctrines had appeal in the United States, which had emerged from the Second World War with the dominant role in the world, but without a doctrine of statecraft and a guide to diplomacy fit for the global role with which it was unfamiliar and about which it was uneasy. Realism's stress on power and national interest was peculiarly appropriate for the global role of the USA as it justified the leadership of the most powerful nation over a bloc or alliance system. It did so by defining the defence of the "Free World" in the Cold War and the containment of the USSR as an example of the perpetual struggle for supremacy among dominant powers.

Rather than pursuing cooperation with the USSR and its allies, US policy focused on the establishment of a global network of political, military and economic alliances, in order to fashion a more favorable balance of power and contain the rival. In addition, a series of international economic institutions — IMF, World Bank, GATT, OECD — were set up to create a liberal internationalist

world trading system. Despite manifest difficulties and challenges, US leadership and dominance over these international institutions largely remains.

### Alternatives to "realism"

Over the years, critiques of realism's preoccupation with security issues and the East-West conflict and its stress on power have emerged, initially in the Third World. The institutional manifestation of this unrest was the Non-Aligned Movement. For them the major problems of international society were not the realist struggle for power and security, but rather the inequities in the global political economy and barriers to economic development. Rather than seeing the hegemonic powers as providers of security and progress, they saw the Americans, as well as the other Western countries, at the core of a political/economic system based on exploitation and neo-imperialism and producing only dependency and subordination for them. The policy prescription of this view was either a redistributive reforming of the global political economy, the New International Economic Order, or withdrawal from the system and an autarchic economic strategy.

A further chink in the armor of realism came from interdependence theory. This view also saw the fragmented and hierarchic nature of the state system as harmful. Instead of a system of discrete and autonomous states it saw a transnational society developing, based on international organizations and international business. It pointed to the many international problems which could not be solved by the traditional nation-state, such as transborder pollution, international capital flows and international resource markets. This view asserted that the ends of international politics were similar to those in domestic politics, namely welfare and the quality of life. It also questioned the premise of international anarchy and therefore the salience of security matters and issues of high politics in the international system. It saw the hierarchic, international state system as dysfunctional and dangerous. The main practical problem was to ensure an orderly transition from a system based on power politics to one based on international community.

### Enter "neo-realism"

Realism responded to these challenges and claims for an alternative organization of the world by incorporating the political economy approach of its critics, but turned it on its head. It asserted that a stable world economy, international organizations, international law and trading regimes were maintained by international political relations, namely the dominant position of a hegemonic power, rather than vice versa. This results in a refurbished realism or neo-realism sensitive to political economy, but rehabilitating the role of political power as the central variable. The policy implication is that stability and prosperity in the world are contingent on the international power of a hegemonic state, namely the USA.

Realism and neo-realism are largely the world view of the powerful and are essentially conservative in the current era as they seek to maintain the present hierarchic organization of the international state system in the name of order, against those who wish to change it in the name of

## How to have the right foreign policy debate

justice, practicality or both. The reassertion of the position of the hegemonic power is argued to be both necessary and functional to international society. Most neo-realists, not surprisingly, are American academics and foreign policy practitioners.

Many would argue that ideas and world views have little impact on policy and practice in the real world. But to paraphrase John Maynard Keynes "practical men who believe themselves to be quite exempt from any intellectual influences" are generally the unknowing captives of paradigms created by "some academic scribbler of a few years back." Fundamental ideas which come from world views are widely diffused into society. Through the media and universities, people are socialized to adopt the concepts, values and language of the prevailing world view. Underlying assumptions are often held unconsciously and unproblematically and come to comprise the common sense view of the public and policy makers alike. They also generate expectations as to how states, governments and people will behave. Most Canadians see the Soviet Union as way round the other side of the world and as a strange and hostile place, rather than as our neighbor across the North Pole. These two views point to policies which are considerably different.

### Media get it wrong too

Real debate on policy questions is, in many cases, foreclosed by the limiting effects of the realist world view. Typically, debates on foreign policy issues which are not directly bilateral are virtually identical to the debates on the same issues in the United States. Canadian media, directly and indirectly, feed off the information and opinion on world affairs presented in the American media through wire services, newspaper columns, television news and interviews. There is almost no resistance to the all-too-easy identification of the PLO, the Sandinistas, Iran, OPEC or the USSR as threats to peace or prosperity. They may well be defined as threats by the prevailing superpower view of the world, since it is a view which leaves little room for considering alternative or competing definitions of order which are not premised on superpower dominance. Only within the dominant US-centered view is it rational to maintain forces in Europe at the same time as we lack the capability to assert Canadian sovereignty in the North, a capability called into question by the maritime claims of our hegemonic ally. Only within such a view do Canadians (or Americans) who protest cruise missile testing become dangerous and mildly subversive.

The current official premise that foreign aid should generate trade is indicative of a view which seeks to maximize national benefits rather than global ones, a neo-mercantilist sentiment typical of neo-realism. Although our position on the Law of the Sea is a partial exception, the general Canadian position on North-South issues seems largely influenced by the mercantilist urge to maximize national benefits.

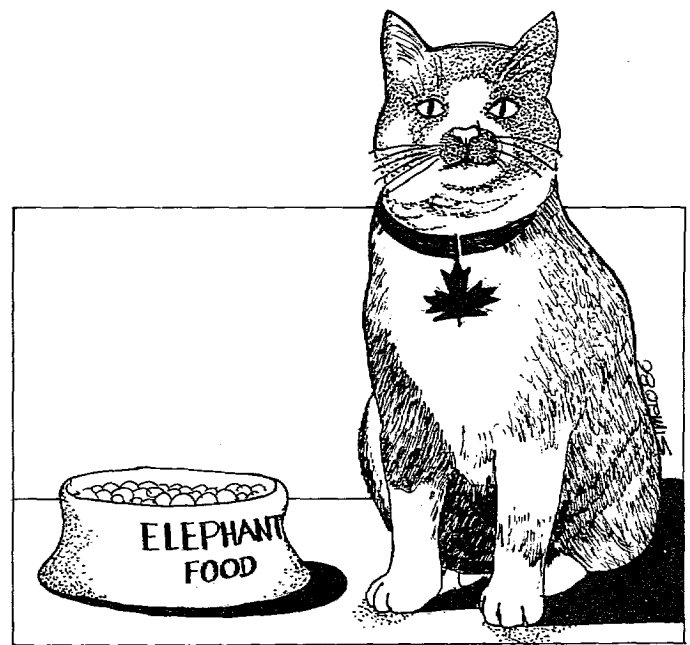
The recent Green Paper, *Competitiveness and Security*, which sought to generate "debate," is unsatisfactory in provoking a discussion which would move beyond the realist paradigm, since it wholeheartedly adopts the realist world view. It thus sets extremely narrow parameters for

discussion. Pointing to certain world trends with the resigned pessimism typical of realism, it goes on to propose a gloomy series of prescriptions based on an attitude of *saave qui peut*.

### Finding the right debate

A more adequate debate would raise the question of whether the manner in which the world has been molded and constructed by realist statecraft in this century is not the problem? A major question, then, becomes whether more realist solutions will only make the problem worse? A serious debate on Canadian foreign policy should not begin by accepting the realist world view, but by questioning its appropriateness. It would also not reduce the alternatives to inevitable decline or further integration into the security and economic networks of the dominant superpower.

We would argue that the diversified nature of Canadian society provides a fertile ground to generate a wider debate, except for the effects of paradigm dominance and the elitist and bureaucratic nature of the foreign policy decision-making process. There are now signs that such a debate is beginning to occur. They can be seen in the variety of positions taken by various groups in Canadian society around the issues of free trade with the United States, participation in the SDI, acid rain and cross-border pollution, and more specific issues such as Canadian sanctions against South Africa and US policy in Central America.



Equally, in international relations theory, alternative conceptualizations of international society are beginning to gather strength and are generating a major debate. Considering what we have said and what each debate has to offer the other, there is every reason why the two debates should occur together and cross-fertilize each other. Also involved in the debate should be the government itself. However, it is uncertain to what degree this plurality of views has reached the policy level. This may well be because of the relative secrecy and exclusivity that surrounds the foreign



## How to have the right foreign policy debate

policy process. But we believe it is more because the diversity of world views in Canadian society is poorly represented in the foreign policy bureaucracy, where the realist view is heavily dominant.

### Public policy-making in private

In the years since 1945, the foreign policy community has evolved from a small and informal intellectual elite into a highly bureaucratized one. At the same time that academic international relations has widened to include a wider range of approaches, there has been an apparent decline in the influence of academics in the foreign policy bureaucracy. As an experienced and active professor remarked in a private memo to us (D.G. Anglin), the Canadian international relations community is the least effective academic community in the Western world in terms of its influence on policy formation.

An effect of the bureaucratization noted above is that the policy process becomes imbued with bureaucratic politics and takes on symptoms of a disjointed incrementalism and muddling through. The complex bureaucratic "world" is difficult enough to manage without academics promoting alternative views of the world critical of the received one. However, the "grooved thinking" prevailing in a bureaucratized policy process is not "aparadigmatic." Such an environment is an ideal one for a dominant world view to

exercise its most pervasive and persuasive influence on how problems and policies are conceived. Realism, the world view of power, hierarchy, competition and survival, the dominant view in Canada's major ally, closest friend and dominant trading partner, can perhaps most easily present itself as the "practical, common sense" view of the world in such a context.

Arguably the considerations presented above lead Canadian thinking about international politics and our foreign policy to stress issues and problems some of which do not merit such a prominent place on our research and policy agenda. By so doing they exclude others which may well be more appropriate to Canada's role in the world. The academic preoccupation with the security agenda of realism seems overdone given Canada's actual military posture and non-nuclear status. An area of more immediate relevance to Canada would be a greater research effort on the international politics of environmental and cultural issues, given our peculiar vulnerability in this area.

It is our view that these questions are not settled but need to be studied and debated by academics, policy makers and Canadians at large. We believe that the assertions made in this paper are plausible and serious enough to warrant the attention and engagement of those who have an interest in international politics and Canada's place in the world. □

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# Privatization: an international trend

by Jeanne Kirk Laux

With the election of a Conservative government in Ottawa in September 1984, privatization became official policy. As part of a broad program to "secure economic renewal," the Minister of Finance announced in his first budget speech that "Crown corporations with a commercial value but no ongoing public policy purpose will be sold."

In this reconsideration of the role of the state in the economy, and more specifically the role of its commercial enterprises, Canada was certainly not alone. An international trend to privatization began with the election of the Thatcher government in Britain in 1979 when the Queen's speech introduced proposals to "reduce the extent of state ownership and increase competition by providing offers of sale." Yet privatization should not be seen as the exclusive preserve of Conservative governments.

Across Europe by the early 1980s the two common concerns — persistent recession and budgetary restraints — engendered intense political debate over the desirability and practicability for the state to hold onto oftentimes money-losing public enterprises. In some instances motivated by ideology (Britain, Germany, Holland), in other instances obligated by fiscal constraints (Italy, Sweden, Spain), governments announced their intent to "denationalize" or "privatize" their corporate holdings whether by outright sales, by ceding a portion of shares or by closing down losers. Now that the apparent exception to the rule, France, is governed by a party dedicated to denationalization, we may well ask what is the future for state enterprises? A review of the international trends suggests that most Western governments are looking not to dismantle but rather to rationalize their commercial public sectors in an effort to recapture international competitiveness. (The United States will not be examined here, despite its conservative credentials and the Reagan administration's expressed interest in the privatization of many government services. The fact is that federal ownership of economic facilities is small in comparison with other countries.)

A reexamination of the British and French experience will allow us to appreciate the outer limits of state intervention in the advanced capitalist economy. In the general search for ways to restore growth and recapture competitiveness, France and Britain took opposing positions on the proper balance between the public and private sectors and the use of state-owned enterprises. Thatcherism proposed a neo-conservative ideal: roll back the state in favor of market forces with a full-scale program to privatize state enterprises. Mitterrandism proposed a social-democratic

vision: extend state ownership to internationally competitive industries to maximize direction over industrial development. By simultaneously promoting such divergent strategies, France and Britain attracted international attention and set the parameters for debate over state enterprise elsewhere.

## The French experience

The sweep to power of the French left in May/June 1981 — with the election of socialist President François Mitterrand and a socialist party majority in the National Assembly — generated the political will to enact a long promised program of nationalizations. With the final passage of the Nationalization Law on February 11, 1982, Mitterrand had consolidated the most significant public enterprise sector in Western Europe. The French state thereby acquired 100 percent ownership (with compensation) of thirty-nine banks, two financial institutions and five major industrial groups. Included in the industrial groups were France's top ranking companies in the electrical equipment, chemicals, glass and aluminum industries. In addition, through a series of negotiations with individual companies, the socialist government extended its control to other key sectors such as armaments. Together these acquisitions not only expanded the size of the French public sector but shifted the composition of the government's corporate holdings in favor of competitive, high tech and multinational industries. The importance of the public enterprise sector to economic policy can be illustrated by noting that its share of national exports jumped from 11 percent to 23 percent after the 1982 nationalizations.

The Mitterrand government promised to use its extensive corporate holdings as the cutting edge of an industrial strategy to restore economic growth and competitiveness. Sector plans designed to rationalize and modernize French industry were indeed carried out in the steel, chemicals, nonferrous metals, electronics, shipbuilding and machine tool industries (state enterprises being dominant players in the first four). Yet just two years after taking office, the socialists radically revised their ambitions. Failure of Keynesian reflationary policy led to a political crisis after three devaluations of the franc and March 1983 marked a return to austerity. In line with its new macroeconomic priorities, this socialist government called for the exercise

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## Denationalization bandwagon

of "sound business principles." It cut back subsidies to money losing state enterprises, closed down uneconomic plants, downplayed job protection and instructed managers to undertake investment decisions principally on the basis of profitability and international competitiveness.

### Sharing the shares

In its urgent effort to reduce budget deficits, the French government also tried out alternative means of financing the investment of its nationalized industries — some of which gave rise to the accusation of "dénationalisations silencieuses." A new category of share was legislated, the "titre participatif," which is in effect a preferred share conferring no ownership rights, but entitling the owner to a fixed dividend on half the sum invested and a variable return on the other half. Renault and four of the five industrial groups nationalized in 1982 issued such shares both to the state and the general public. Some state enterprises went further — St. Gobain consolidated seven small subsidiaries and offered 15 percent interest to the public through the stock market.

Such modifications of industrial policy and the hands-off approach to the nationalized enterprises provoked cries of betrayal to the left and gleeful calls for denationalization from the right during the 1986 election campaign. The new Prime Minister, Jacques Chirac, immediately stated his intent to denationalize, although his Minister for Economy, Finance and Privatization has indicated that no wholesale auction should be expected. Rather a gradual process of privatization will take place by first converting the "titre participatif" to voting shares and then issuing further shares over a 5-year time period to avoid disrupting French capital markets. Even if all the companies nationalized in 1981-2 are sold off, however, France will retain one of Europe's largest industrial public sectors.

### The British experience

In sharp contrast to the French experience, Britain in the 1980s demonstrated that the state in capitalist society can radically reduce its role as producer and investor in industry. Within its first three years in office, the Thatcher government had introduced twelve pieces of legislation which either sanctioned the sale of state holdings in commercial enterprises or liberalized their statutory monopolies to permit progressive privatization. Although pragmatic considerations, such as reducing public sector borrowing requirements, certainly made such divestments attractive, the expansive evolution of British privatization policy derived from a neo-Conservative ideology which rejected the premise that state intervention was required to ensure investment and growth.

That a Conservative Party in Britain should brandish "denationalization" as part of its electoral program is scarcely surprising. Since the war, the alternation of political power between the Labour and Conservative Parties has meant the alternation of rhetoric promoting nationalization and denationalization. Two developments, however were surprising. First, the Thatcher government carried out its threat to denationalize by selling off state assets to an extent unprecedented by any previous Conservative government. Since the reversal of Labour's decision to nationalize the steel industry in the 1950s, Conservative Party

rhetoric usually gave way to realpolitik. After its resounding reelection victory in 1983 the Thatcher government not only completed the sale of companies in strategic sectors, such as British Aerospace and Britoil, but extended privatization into sectors such as transportation, telephones and gas distribution, areas presumed sacrosanct to the public and thus politically untouchable. State industries do, however, still account for over 6 percent of the British GDP, down from 10 percent when Mrs. Thatcher was elected.

Second, besides simply selling more than expected, the Thatcher government turned from a reactive concept, "denationalization" — or the undoing of that which was nationalized by the opposition — to an open-ended strategic concept, "privatization," which made the sale of a public enterprise part of a grand strategy to recast the balance of public and private power in Britain. All British commentators emphasize that the transfer of state-owned assets to private ownership is just one component of a program which also promotes the contracting-out of services to private firms, the introduction of user fees for government services ("privatizing finance"), and the liberalization of statutory monopolies to introduce competition to the public sector.

### What is far enough?

Are there no limits to privatization? In withdrawing the state from industry, the Thatcher government confronted two types of limits to fullscale privatization: the limits imposed by the marketplace and the self-defined limit set by national interests. Marketplace constraints on privatization stem first of all from the simple fact that the state as vendor has to attract a buyer. Thus in the manufacturing sector, notably in the state-owned steel, automobile, shipbuilding and aircraft engine companies, structural deficits made it implausible to privatize, and indeed after six years of Thatcher government they remained state-owned (although several profitable components of British Leyland have recently been offered for sale). The imperative of attracting buyers has produced not only delays but also compromises regarding the stated objective of enhancing competition. Oftimes the government appeared more enticed by immediate gains ("selling the family silver") than by the challenge of revising competition and regulatory regimes. Even the conservative media reacted with hostility when the government chose to unload British Gas Corporation as a monopoly in 1986.

Another feature of the marketplace — that anyone in principle is free to enter — led the government to set its own limit on privatization by taking a special non-voting share, known as a "golden share," in several companies. As the Minister responsible for privatization, John Moore, explained it, in order "to secure matters of essential national interest . . . the Government has retained specific powers over the future ownership or control of a privatized company." In the case of Amersham International, Cable and Wireless, and Jaguar the articles of association prevent any single investor or investment group for a time from controlling over 15 percent of equity, while the government's veto power through its golden shares ensures that there will be no revision to the articles. In the case of British Aerospace, foreign ownership was limited to 15

percent in the first share offering in 1981 and at the time of full privatization in 1985 government retained a special share in order to ensure this foreign ownership ceiling as well as the nationality of directors (British citizens). It also claimed the right to appoint one director, because of Britain's commitment to the European partners in the Airbus consortium.

### Privatization as rationalization

Looking across Europe, to what extent have the French and British experiences been imitated? To social democrats, the French experience demonstrated that even after extensive nationalizations of successful firms in leading sectors, the ability of the state to achieve industrial policy objectives within an international system of production, exchange and finance remains very approximate. Moreover the imperatives of budget management and electoral survival preclude expending scarce state funds on purely social objectives without due regard for commercial returns. Other social democratic governments in the 1980s have not in fact sought to imitate the French by extending state ownership, but rather have started where Mitterrand ended — trying to adapt their established public enterprise sectors to the exigencies of fiscal restraint and new patterns of international competition.

In Sweden, Italy and Spain, state holding companies have been asked to reorient their activities, following losses during the 1970s recession, to emphasize competitiveness and profitability. The Spanish case is illustrative. Spain's socialist government, after two years in power, named a tough-minded bureaucrat to head INI, the state holding company which then accounted for 17 percent of the country's total industrial investment through its majority interest in 66 firms and controlling interest in another 187 companies with their 642 affiliates. The high losses and heavy indebtedness of many of INI's companies impelled a new strategy. The first objective, as publicized in INI's 1984 3-year plan, was to get the state out of industries which could not make it in international competition — "The stance INI is taking is that of seller." Since then, a rationalization program has streamlined operations. It aimed first at getting government out of traditional sectors unable to meet international competition (textiles, shipbuilding, ball bearings) or converting some plants, for example the steel industry, to concentrate on more specialized products. The second objective of Spain's rationalization plan was to promote those state-controlled firms presumed able to compete internationally, such as electronics, by facilitating technology transfer agreements and joint ventures. As in Italy, financing through foreign equity participation is encouraged.

### The German experience

On the other end of the European political spectrum, the success of Britain's privatization program emboldened

center/right governments in Germany and Holland to advertise similar objectives. The return to power of the German Christian Democrats, for example, brought promises to reduce the role of the state in industry and in 1984 the Finance Minister presented a list of eleven privatization candidates. But if the British experience demonstrates that there are few limits to the withdrawal of the state from production which cannot be crossed given favorable political circumstances, experience elsewhere suggests that rarely are circumstances so favorable. In Germany, for example, privatization proposals aim at reducing rather than selling the government's interest in eleven industrial, banking and transport groups. Because the governing coalition lacked either the electoral mandate or a forceful personality at the top comparable to Britain's, proponents of privatization confronted a real political struggle. Objections came not only from the Social Democratic opposition and from unions but also from nationalists. Thus Strauss's Christian Social Union, a ruling coalition member, did not wish to see so large a reduction of government ownership in the national airline, Lufthansa. The German privatization initiative has thus turned out to be very tentative. Although some equity was sold, most notably reducing the state's share of the holding company VEBA from 43 percent to 30 percent, such partial sales add monies to the Treasury but do not change the substantial role of the state in the German economy.

### Future trends

European experience in the 1980s suggests that all governments are searching beyond Keynesian economics to find their way out of recession. In this search parties with divergent doctrines are questioning both the general role of the state in the economy and its specific role as producer and investor in competitive industries. Yet in looking for alternatives, formal ideology — whether socialist or conservative — has been chastened by the need to adapt any economic strategy to the two exigencies of international competition and fiscal restraint. With the very important exception of Britain neither wholesale privatization nor full scale nationalization programs appear to be the wave of the future. Instead we find governments attempting to streamline their state sector, waving the banner of profitability and downplaying the traditional stand-alone public enterprise in favor of investment through holding companies and mixed public/private enterprises which offer access to external financing, provide flexibility (removed as they usually are from parliamentary oversight) and attract the private sector expertise deemed crucial to commercial success. Everywhere the state remains in business and everywhere the state seeks to be more "businesslike." □

# Getting ready for GATT

by Jock A. Finlayson

At the same time as Canada and the United States have been moving toward bilateral trade discussions, the larger international community has been preparing for a more wide-ranging set of multilateral trade negotiations under the auspices of the General Agreement on Tariffs and Trade (GATT). GATT members, after a lengthy stalemate lasting since 1982, finally decided in late 1985 to begin serious preparatory work for the next round of GATT negotiations, which is likely to begin later this year or in early 1987.

These negotiations will involve more than 100 countries and canvass a broad array of important trade policy issues, including some which have not been subject to much international negotiation or discipline in the past (e.g., trade in services). Full details concerning the timing, objectives and content of the forthcoming GATT negotiations are not yet known. What is known is that these trade talks will be the most complex and multifaceted ever held since the establishment of the GATT. Since 1947 the members of the GATT — who are known as Contracting Parties in GATT terminology — have undertaken periodic multilateral negotiations with a view to lowering tariff and non-tariff barriers to trade, and to reaching agreement on new or revised rules to govern trade relations among them. Seven sets of "rounds" of negotiations have been held since the birth of the GATT, the most recent being the so-called "Tokyo Round" in the 1970s (see Chart 1).

In the remainder of this article, several of the principal issues likely to dominate the next GATT round are explored. An effort is then made to outline briefly Canada's major concerns and priorities with respect to the upcoming negotiations. Although public discussion in recent months has concentrated on the prospect of a trade agreement being reached with the United States, it is important to recognize that Canada also has a substantial stake in the outcome of the next set of multilateral trade negotiations, which will provide an opportunity to improve Canada's access to a large number of foreign markets, including the United States.

## Traditional issues

Several trade issues that have been on the GATT agenda for many years will continue to be a focus of attention in the new round. These issues are briefly surveyed. The discussion then turns to an examination of some of the

newer issues that will be on the table during the upcoming GATT talks.

As a consequence of previous GATT negotiations, average **tariff levels** have been substantially reduced in all of the major industrial countries over the past three decades or so (see Table 1). Prior to the Tokyo Round in the 1970s, for example, the average Canadian tariff on dutiable industrial products was approximately 15 percent; by 1987, when the Tokyo Round tariff cuts have been completely phased in, this will fall to 8-9 percent. This will still leave Canada with higher average tariffs than other major trading countries. Although tariff levels have certainly been brought down through successive GATT negotiations, high tariffs continue to restrict trade in quite a few product sectors, and some countries, including many of the more advanced developing countries, still maintain very high customs duties. Thus, a principal challenge confronting the participants in the next GATT round will be to establish a formula under which tariff rates can be further reduced into the 1990s.

The forthcoming round will also be preoccupied to a significant extent with **non-tariff barriers (NTBs)** to trade. When it was originally established in 1947, the GATT had only a limited number of rules to deal with such NTBs as subsidies and countervailing duties, dumping and anti-dumping duties, discriminatory government procurement practices, import licensing schemes, methods of customs valuation, and various technical barriers to trade. Although they provided a general framework for international surveillance and regulation, in practice these rules were not very effective in disciplining the use of NTBs by governments. By the time of the Tokyo Round, the major developed countries were agreed that many key GATT rules relating to NTBs required elaboration and strengthening in order to impose some additional discipline on state behavior, and to render more transparent government policies that affect trade.

The result of this shared view among the industrial countries was the successful negotiation of several new GATT NTB codes during the Tokyo Round. These new accords, which have been agreed to by only a minority of GATT members (mainly the industrialized countries, plus a few advanced Third World states), seek to limit and regulate the use of trade-distorting NTBs. But while the existence of GATT codes indicates that considerable progress has been made in dealing with NTBs, much remains to be done to develop clearer and more sophisticated NTB rules, as well as to expand the coverage of the GATT codes by securing the adherence of more countries to these accords.

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For example, the 1979 GATT Agreement on Government Procurement should be extended so that its liberal trade principles are applied to a larger proportion of the government procurement carried out by signatories. At present the Agreement covers only a very small share of total government procurement activity, and discriminatory preferences in favor of domestic suppliers thus remain pervasive. Similarly, the GATT Code on Subsidies and Countervailing Duties needs to be strengthened by imposing new disciplines on the use of agricultural export subsidies, and by putting some restrictions on domestic government subsidies that distort trade flows. Significant progress on these two key NTB issues could do much to add momentum to the quest for lower trade barriers and more open markets.

would once again be brought within its ambit. But this effort proved unsuccessful, mainly because of the insistence of the European Community that countries be permitted to take safeguard action "selectively" against particular foreign suppliers. This issue will once again be on the agenda during the next GATT round.

**Up on the farm**

A final traditional issue is **trade in agriculture**, which has largely been unregulated by the GATT since the 1950s. Several major agricultural exporting nations such as Canada, the US and Australia have long sought to strengthen GATT rules governing trade in agricultural products. However, the unwillingness of the European Community to support such a step, coupled with the widespread use by

**Chart 1  
GATT Trade Negotiating Rounds**

1947	Establishment of the GATT
1949	Annecy Round
1951	Torquay Round
1955-56	Geneva Round
1960-62	Dillon Round
1963-67	Kennedy Round
1973-79	Tokyo Round
1986-?	Next Round

**Table 1  
Current Tariffs  
Selected Industrial Countries  
(percent)**

	Canada	US	Japan	European Community
Finished Manufactures	8.1	6.9	6.4	7.0
Semifinished Manufactures	6.6	6.1	6.3	6.2
Raw Materials	2.6	1.8	1.4	1.6

**Safeguards**

A third traditional issue that must be addressed is that of **safeguard measures**. Like other trade agreements, the GATT contains rules which permit member states to impose temporary restrictions on fairly traded imported goods which cause, or threaten, serious injury to their domestic producers. However, because the GATT's safeguard rules are cumbersome to administer and require that a country taking action against imports impose restrictions on imports from *all* foreign sources (not just the sources that are actually causing the injury to domestic producers), in practice they have been widely ignored. Instead, many GATT members, including Canada, have increasingly resorted to extralegal bilateral trade-restraining arrangements, particularly with developing countries, whose purpose is to control the prices and quantities of imported goods in various sensitive sectors. In contravention of GATT rules, many of these arrangements have acquired a permanent or semi-permanent character. The proliferation of such schemes, outside of the framework of GATT rules and multilateral surveillance, has done much to erode the structure of discipline that lies at the heart of a rule-governed international trading system. An attempt was made during the Tokyo Round to develop new safeguard rules so that the trade restrictions being imposed outside the GATT

many countries of interventionist government-mandated supply management programs in a host of agricultural sectors, has prevented GATT from making much progress on this complex issue in recent years. At present the United States and the European Community are in the midst of an expensive and destabilizing agricultural subsidy war which is undermining the prospects of Canada and the other suppliers in several foreign markets. Medium-sized and smaller powers find it difficult to compete with these "agricultural superpowers," whose national treasuries seem capable of providing limitless resources for agricultural subsidies. The desire of Canada and other countries to extend GATT rules to the agricultural sector ensures that this issue will be one of the most contentious in the forthcoming trade negotiations.

**New issues for the GATT**

GATT members will also confront some newer issues during the next round. Foremost among these will be **trade in services**. Services now account for some two-thirds of gross national product in most industrialized countries, and they also comprise a growing share of international trade. The service sectors that have the greatest significance for international trade include communications, transportation, banking, insurance, professional services



## Next GATT round begins

(e.g., engineering and accounting) and tourism. The regulatory framework established by the GATT applies solely to trade in goods, and does not cover these service sectors. Because of this, a number of industrialized countries, particularly the United States, have called for an extension of GATT principles to trade in services. The US administration has been specifically requested by Congress to press for improved foreign market access for US service industries. In 1982 GATT members agreed that they should undertake national studies of the importance of trade in services to their economies, and although much remains to be done to flesh out vital information relating to services trade, it is clear that this will be a primary focus of the upcoming negotiations.

The complexities likely to attend efforts to liberalize trade in services in the next GATT round will be numerous. Considerable preparatory work must still be done to identify the areas where progress can be made. In view of the proliferation of barriers restricting their exports of goods, the developing countries have argued forcefully (but unsuccessfully) that services should not even be a subject of GATT negotiations at this time. Many developing countries are also anxious to maintain or increase protection of their domestic services industries, and thus do not welcome liberalization of trade in services in the next GATT round.

At the outset it is necessary to recognize that barriers to trade in services tend to be quite different from those affecting trade in goods. Rather than tariffs, quotas and other border measures, liberalization of trade in services raises such issues as the right of establishment of foreign investors, non-discriminatory regulatory procedures, and the application of the principle of national treatment.

Another new trade issue that will be subject to discussion in the next GATT round is **intellectual property rights**. A number of international agreements and conventions designed to regulate and protect intellectual property rights already exist, including the World Intellectual Property Organization (WIPO), established in 1974 as part of the United Nations system. However, the recognition that government policies and practices affecting intellectual property also influence trade flows is a relatively recent phenomenon. Government policies in this area can constitute non-tariff barriers to trade and can limit flows of information and technology. National laws governing patents, copyrights and trademarks are at the core of the broader subject of intellectual property rights. The United States has taken the lead in urging that the GATT tackle the specific problems of counterfeit goods and the pirating of technologies. As in the case of services, the developing countries have opposed new GATT initiatives on these issues, but their control over the GATT agenda is minimal.

### Canada's interests in the next GATT round

Canada has long been a strong supporter of multilateral trade liberalization through the framework provided by the GATT. Thus, despite its preoccupation with the prospect of bilateral trade negotiations, the Canadian government has welcomed the decision to proceed with preparations for a new GATT round. At a general level, the commencement of a new round of multilateral negotiations can play a positive role by strengthening the

resolve of nations to find workable solutions to the serious problems now plaguing the international trading system. A new round should also help to dampen the protectionist pressures being felt worldwide. Canada has identified several priority objectives for the forthcoming GATT negotiations: reducing protectionism and expanding market access; developing better rules for agricultural trade; imposing greater discipline on certain non-tariff barriers; devising a framework to address trade in services; and strengthening both the rule of law in international trade relations and the GATT as an institution.

To counter the forces of protectionism and restore the momentum for further trade liberalization, Canada has indicated that it supports efforts to reduce tariff levels and to eliminate tariffs altogether in many product sectors. In the course of the upcoming GATT round, the principal trading nations, including Canada, will have to find a mutually acceptable formula under which present tariffs can be substantially lowered. Other measures to improve market access which Canada has also stated that it supports are the extension of the current GATT Agreement on Government Procurement, the phasing out of quantitative restrictions maintained by many countries against both agricultural and non-agricultural imports, the development of new disciplines on the use of subsidies — especially in respect of agriculture — and liberalization of trade in at least some service sectors.

As important as the search for ways to expand market access will be efforts to strengthen the GATT as an international economic institution. As noted by the Canadian government in a July 1985 submission to the GATT:

The cumulative impact of the proliferation of exceptions and deviations to basic GATT rules over the years, and the stresses created by the strength and persistence of protectionist forces in major GATT countries, are seriously undermining the credibility of the GATT itself.

Among the steps needed to reverse this dangerous trend is the development of a more effective GATT role in settling and ruling on trade policy disputes. This will require that GATT members agree to devolve certain of their sovereign rights to the organization. It will also necessitate a more adjudicatory and less "political" approach to dispute settlement. Canada and the United States have expressed support for such a change, but some other countries, including the European Community, are skeptical of the wisdom of endowing the GATT with greater adjudicatory power. Also needed is an expansion of the GATT's extremely modest institutional resources (e.g., its staff, and its information gathering and dissemination capability). Compared to other international economic institutions, the GATT suffers from a marked paucity of resources. Given its important function in world trade services, it is essential that the institution be accorded a larger role in monitoring trade policy developments, and that it be equipped in a manner more commensurate with its responsibilities. As an influential medium sized power with a major stake in international trade, Canada may be in an advantageous position to argue for a stronger institutional base for the GATT during the next round of negotiations. □

# Can Gorbachev reform the system?

by John Battle

Despite Mikhail S. Gorbachev's call for radical social, economic and political change at the recent 27th Communist Party Congress, a large measure of doubt remains as to whether the new General Secretary will succeed in initiating radical and lasting reform. Arguments against such a likelihood are based largely on the following assumptions: 1), the present system, Stalinist in nature, lacks the flexibility necessary to sustain reform; 2), an entrenched bureaucracy, concerned with preserving its own interests, will stifle attempts to alter the status quo; 3), Marxism-Leninism, having become a rigid and ossified ideology, precludes radical systemic change; and 4), Mikhail Gorbachev will not be able to overcome the deep-seated apathy gripping the populace.

Skeptics hold that Gorbachev merely attempts to inject new life into traditional socio-economic structures rather than to question the basic constructs of the Soviet system. They suggest that calls for better leadership and more effective policies act as substitutes for systemic change. Such critics cite heightened prominence of the KGB throughout the system; use of coercion; maintenance of tight ideological conformity; and calls for reform as serving diplomatic ends rather than substantial change, as evidence that Mr. Gorbachev's reform initiative lacks depth. The conclusion reached is that at best, Mr. Gorbachev's attempts at reform will be meager, and in the long run he will be forced to settle for a policy of "muddling through."

While such arguments, which concentrate solely on the impediments to reform, appear convincing, they fail to address the more central question: does Mr. Gorbachev have at his disposal the means necessary to overcome major obstacles to reform? Historically, periods of political succession in the Soviet Union have allowed for the successful initiation of significant policy reforms. A change in the top leadership — given that the new leader is committed to the reform process, and is able to pursue his goals with vigor from a position of political strength — can alter the balance of forces within the Soviet hierarchy, greatly enhancing the possibilities for reform.

## Gorbachev's chances

Mikhail Gorbachev has been able to consolidate a larger power base during his first year in office than was the case for any of his predecessors. In the next decade he will be able to replace conservative party cadres opposed to reform with loyal technocrats capable of carrying out his wishes, further strengthening his position and policies. By developing the means necessary to overcome traditional

opposition to reform, Mr. Gorbachev should be able to advance his program of radical reform along the lines indicated at the 27th Party Congress.

Nikita Khrushchev, in a fashion similar to Mikhail Gorbachev's, attempted to initiate a radical program of wide-ranging reforms after the 20th Party Congress in 1956. By the end of the 21st Party Congress in 1961, widespread opposition to Khrushchev's policies forced the enigmatic leader to yield to conservative elements within the Party. In 1964 Khrushchev was ousted from power and his reform initiative reversed. It would be constructive to compare Gorbachev's attempts at reform with those of Nikita Khrushchev. By so doing it will be possible to judge whether the factors which stymied the Khrushchev reforms pose an equal problem for Mr. Gorbachev today.

For that, we need a clear definition of radical reform. Radical reform need not entail a transformation of the operational principles or institutional structures of the present Soviet system. Rather, radical reform involves a revamping and restructuring of previously accepted social, political and economic policies which no longer function adequately or serve any useful purpose. Radical reform entails an attitudinal change towards planning and management on the part of the leadership, leading to new policies which initiate organizational and structural change within the confines of the overall system. In other words, the changes taking place must signal the end of one epoch and the beginning of another.

In his keynote address to delegates at the 27th Party Congress, Mr. Gorbachev used such terms as "the speeding up of processes," "structural reorganization," and the "renewal of obsolete social and economic formations," to convey his idea of radical reform. In Soviet parlance, radical reform is seen as a process of improving or amending components of the system which no longer function satisfactorily. Such reform entails a break with the status quo caused by the introduction of changes embodying more than a mere tinkering with the political and thus economic structures that constitute the Soviet system. The type of radical reform Mr. Gorbachev seeks involves structural

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## Determination to reform

innovation and improvement that does not undermine the fundamental premises of the Soviet system.

### Conditions of reform

To initiate successfully a program capable of sustaining structural innovation and improvement, five conditions, all essential to reform, must be present. These are: 1), a General Secretary who is personally committed to, and involved in, the reform process; 2), a strong, unified, and reform-oriented leadership team; 3), agreement among participating interest groupings on an agenda for reform; 4), the elimination or at least neutralization of bureaucratic opposition; and 5), persistent internal debate capable of shaping the parameters of reform.

Khrushchev's personal commitment to reform is best demonstrated by the policies he initiated. In the economic sphere, Khrushchev moved to decentralize economic management. The rationale behind this policy initiative was twofold. First, it promoted a new policy on resource allocation, where the expansion of light industry (consumer goods) would, for the first time since 1928, take priority over the heavy industry, machine-building, and defence sectors of the economy. Second, it promoted a restructuring of the party and state apparatus by reducing the central apparatus of the state and the role of high-level functionaries concerned with economic policy, while enhancing the role of territorial party organizations in overseeing the economy.

In the agricultural sector, the "virgin lands" policy, the abolition of Machine and Tractor Stations (MTS), and the transfer of decision-making authority from the state apparatus to the local party level, were major initiatives. These formed the basis of Khrushchev's drive for modernization which, in turn, were to facilitate the final building of Communism.

In a similar fashion, Mikhail Gorbachev has placed a high priority on introducing radical reform. Indeed, Gorbachev's penchant for reform has been a hallmark of his career and underlies his ascent to the highest office in the Soviet Union. As First Secretary of the Stavropol kraykom, he pursued agricultural reform with vigor despite the apathy, stagnation, and opposition to new ideas which dominated the late Brezhnev period. The implementation of the "autonomous work-team system" — the control and cultivation of designated agricultural plots by small groups of workers — was a novel departure from the status quo. The policy of granting smaller groups greater financial and managerial autonomy accounted for a sharp rise in production and productivity in the Stavropol region.

### Progress already

Since becoming General Secretary in March 1985, Gorbachev has continued to take bold steps which facilitate the enactment of policies designed to end stagnation and inertia. One such step was abolition of five agricultural ministries, and their replacement with a central agency, the State Committee for the Agro-Industrial Complex. This was not mere bureaucratic reshuffling; it involved the layoff of three thousand employees. This has, for the first time in forty years, initiated discussion on the problem of unemployment.

In a speech to Leningrad Party workers in May, Mr. Gorbachev stated: "We must, of course, give a chance, as it were, to all our cadres to understand the demands of the moment and this stage, and to adjust. But those who do not intend to adjust and who, moreover, are an obstacle to the solution of these new tasks, simply must get out of the way and not be a hinderance." The General Secretary lost no time in removing those hindering his reform effort. The promotion of reform-oriented technocrats to positions of high authority underscores Gorbachev's strong personal commitment to reform.

While the General Secretary's personal involvement in, and commitment to, reform are a necessary condition for its implementation, they are by no means sufficient. In the post-Stalin period, the General Secretary's ability to initiate reform has been largely determined by his ability to advance into top leadership positions individuals philosophically disposed to reform. Between 1953 and 1961, Khrushchev instigated considerable turnover in the Presidium of the CPSU Central Committee. Only three individuals who held either full or candidate status in 1953 were reelected at the October 31, 1961, plenary session of the Central Committee. Despite the comprehensive nature of the changes, opposition to Khrushchev's reform program was by no means eliminated. While Khrushchev did unseat his immediate political rivals, his victory over the anti-Party group in June, 1957, created at best an uneasy truce between conservatives and reformers within the new top leadership.

### Turnover needed

The 1961 Presidium represented a wide spectrum of views concerning which path reform should take. Kosygin and Kozlov, in opposition to Khrushchev, argued that despite high production levels in heavy industry, the reallocation of resources into consumer production and the expansion of light industry would undermine economic growth. Mikoyan and Kuusinen supported Khrushchev's coalition after June 1957, and received top posts in the 1961 Presidium. These men were decidedly reform-oriented and worked to counterbalance the conservatives. Reformist ranks were further bolstered by support received from the Ukrainian contingent led by Leonid Brezhnev. This support was conditional, however, as the events of 1964 demonstrated.

The Gorbachev period has been notable for its high degree of turnover among top leadership personnel. Between the 26th and 27th Party Congresses, twelve of the twenty-one members of the Politburo either died or were replaced. This process of largely generational change has been opportune for Gorbachev. It has provided him with tremendous personal leverage in the selection of new cadres. Gorbachev has been the first leader since Stalin to build a strong coalition of supporters who both enhance his personal political authority and strongly agree with his philosophical outlook.

Two other elements are important here. First, Gorbachev is the youngest person since Stalin to assume the office of General Secretary. This, combined with the fact that he, unlike Khrushchev, is not meeting strong opposition from elements of past leadership teams, gives Gorbachev a tremendous advantage in pursuing reform.

Second, Gorbachev is only beginning his term as General Secretary. It is possible that largely through attrition, in the next decade, Gorbachev will fill many positions with individuals of his own choosing. Gorbachev will likely be the first General Secretary since Stalin to shape the composition of his leadership team to his own ends, thereby greatly enhancing his ability to initiate reform unhindered by philosophical or ideological opposition.

Organizing support

To successfully initiate radical reform, a high degree of coordination and support from interest groupings such as the military, KGB, scientific and technological intelligentsia, ideological functionaries, and key administrators in the economic and heavy industry branches of the Central Committee are essential. Inability to form a strong coalition among interest groupings will almost certainly mean that the General Secretary will be forced to settle for a "patchwork" approach to reform involving compromises that will ultimately impair his reform agenda.

Between 1957 and 1964, Nikita Khrushchev was unsuccessful in coordinating or winning support from the various interest groupings which play a key role in high level decision making. At the January 1961 plenum, Khrushchev attempted to reallocate resources from heavy industry to consumer-oriented production, especially in agriculture, but was not able to overcome the strong opposition this generated.

At the 21st Party Congress in October 1961, Khrushchev was forced to make concessions of a conflicting nature. He attempted to accommodate the opposed policies of interest groupings in heavy industry — including the military — and the consumer goods branches of industry. By the end of the 22nd Congress a standoff had developed with neither side coming out ahead. The divisiveness that resulted doomed Khrushchev's reform initiative.

At the March 1962 Agricultural Plenum, Khrushchev yielded to opponents in the military and heavy industry sector. While he continued to stress the need for a shift of resources to agriculture in order to meet "radically" changing consumer demands, he admitted that it was "not possible to calculate precisely in what year the tasks of increasing the output of agricultural products would be solved."

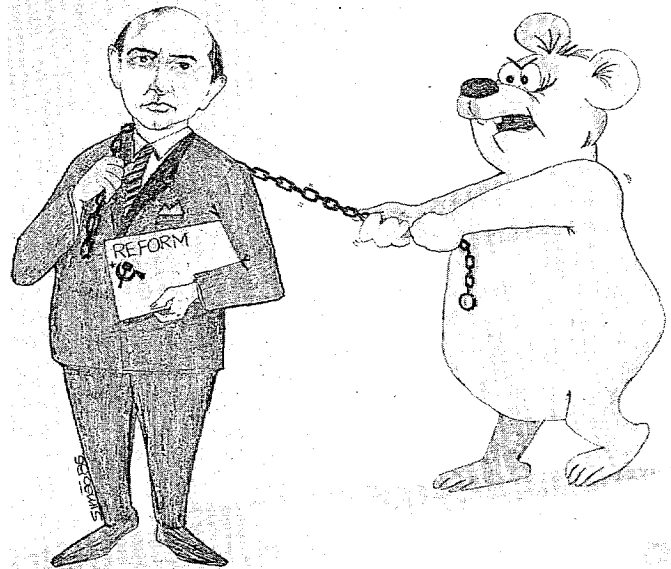
Khrushchev's inability to maintain a coalition of support for his policies among interest groupings was a key factor in the delay and eventual reversal of his reform initiative. The turmoil resulting from attempts to promote a consumer-oriented economy at the expense of heavy industry and the military demonstrates the problems associated with policies designed to alter the course of economic traditionalism. On the basis of Khrushchev's experience, it would appear that without a mandate for reform from the central interest groupings in the Soviet hierarchy, any type of coherent reform package is destined to be frustrated.

Gorbachev is having more success forming alliances with the various interest groupings. This is because he has insisted that consultation and planning take place prior to the implementation of any policies which might lead to

factionalism. Gorbachev has promoted a 2-tier approach to policy innovation. He outlines the policy in general terms, and then through debate at different levels, allows the policy to take shape. This accounts for the apparent vagueness of a number of his economic reforms. This approach promotes reform while minimizing opposition.

Generational change

Another factor in Gorbachev's ability to build a strong coalition for reform among interest groupings is generational change. Gorbachev has assumed the party leadership at a time of high demand for strong leadership after years of drift, when severe economic difficulties clearly call for resolute measures, and when the pent-up ambition of officials kept back by Brezhnev's policy of "stability of cadres" has created a desire within the political elite for a program of "cadre renewal." The desire for change among key elements of the various interest groupings will afford Gorbachev greater latitude in initiating reform.



SIMON ALVES

The death or retirement of large numbers of cadres over the next ten years will allow Gorbachev a high level of influence over senior appointments to the military, the KGB, scientific and technological institutions, and the bureaucracy. These individuals will most probably have a strong sense of loyalty to Gorbachev. This is an advantage that Khrushchev did not have, and should be a significant factor in the future.

By nature, bureaucracies are opposed to change, and the Soviet bureaucracy is no exception. Bureaucratic functionaries, economic and enterprise managers, and thousands of middle-level planners and supervisors, have traditionally posed the greatest obstacle to reform in the Soviet Union. Zealously protective of their territory and the benefits that accompany bureaucratic office, and because they possess the ability to obstruct, delay, or merely snarl the reform process in red tape, these *apparatchiki* necessarily become the central focus of any attempt at radical reform.

## Determination to reform

In an attempt to ensure the implementation of his proposals, Khrushchev all but declared war on the bureaucracy. At the 20th Party Congress, he lost no time in identifying the bureaucracy as the major stumbling block to reform.

Some of our business executives and Party workers have become conceited and complacent . . . We still have a good many such hidebound executives who prefer to play safe and tend to steer clear of all that is new and progressive. These hidebound seat-warmers reason thus: "Why should I bother with it? It will just be a lot of trouble and for all I know unpleasantness too. They talk about modernizing production, but is it worthwhile breaking my head over it? Let the chiefs up above worry about it." Some, even after receiving the directive, just wave it aside and go through the motions.

Khrushchev stressed that a thorough discussion of the bureaucracy's role in government was only the "beginning of bigger and more important things to come." After his victory in June 1957, Khrushchev began a full-scale purge of the middle echelons of the bureaucracy.

### Battling the bureaucracy

To lessen decision-making power at the middle levels of management, Khrushchev placed tremendous pressure on managers from the central party apparatus and the regional party organizations. Those regarded as opponents of the new reform were removed. In dealing with the technocratic bureaucracy, Khrushchev was able to pass a reform designed to abolish most central ministries in favor of regional economic *sovmarkhozy*. The new councils were to handle regional planning thus eliminating the functional inefficiencies which had become endemic to the ministerial system.

Despite Khrushchev's frontal attack on the bureaucracy, it became evident by the 21st Party Congress that his initiatives were failing. Soviet officials had managed to resist the new role of the *aktiv*, frustrating their attempts to play a significant role in either decision-making or administration. On the agricultural front, local party officials attacked the private sector, causing collective and state farmers to slaughter their cattle rather than surrender them, and to withhold their produce from the markets. Khrushchev ran up against strong opposition which he could neither cajole nor penetrate.

Gorbachev has chosen to confront openly the bureaucracy by candidly exposing complex problems facing the nation. In so doing, he has launched a covert struggle both along generational lines and between the established ranks of middle level officials opposed to reform and the new technocratic elite of better educated reform-minded cadres waiting in the wings. Large numbers of middle echelon officials have been removed from their posts or reassigned to lesser duties. A rapid accumulation of power within the Politburo and Central Committee has permitted Gorbachev to be more forthright in assailing individuals opposed to his reform initiatives. In July 1985 he singled out K.N. Belyak, Minister of Animal Husbandry, and A.I. Yakhin, Director of the Building Materials Industry, as "executives who wrangle as much in capital investments and resources as possible in order to receive smaller

plans." While addressing the 27th Party Congress Gorbachev called for an uncompromising appraisal of "all that impedes progress." He demanded that "those who have grown used to doing slipshod work, to exercising deception," be publicly exposed.

Gorbachev has had some initial success in overcoming middle level bureaucratic opposition in the military and agricultural sectors. In July, Marshal Nikolai V. Ogarkov — dismissed during the Chernenko period — was reinstated by Gorbachev to the post of First Deputy Minister of Defence. Concomitantly, General Aleksei A. Yepishev was retired after twenty-three years as head of the Main Political Administration of the Soviet Army and Navy. He was replaced by fifty-seven year-old General Aleksei D. Lizichev, a former deputy serving as political commissar of Soviet forces in East Germany. These men staunchly support Gorbachev's view on the need for reform.

Changes in the agricultural bureaucracy have provided Gorbachev with the opportunity to remove large numbers of *apparatchiki* with suboptimal performances. Further, these changes have improved coordination between central planners, producers, processors and distributors, providing more control over middle level managers. A new generation of younger and better educated cadres looking for advancement will put enormous pressure on bureaucrats to adapt to the times or leave office, creating a built-in mechanism for change.

### Debate essential for lasting change

Debate over the nature, composition, and structure of policy is necessary for initiation of substantive reform. Policy debate in the Soviet Union, whether ideological or political in content, helps define the parameters of reform. Further, it serves as a channel for communicating new policies which the leadership considers essential for future progress of the system and society.

Nikita Khrushchev recognized the need for the objective inquiry by social scientists into the functioning of Soviet society. At the 20th Party Congress, he exclaimed that: "One of the reasons for these shortcomings [in the work of scientific institutions] is that social scientists have weak contacts with practical work, with production." Khrushchev found the "lack of contact and coordination in the work of research institutions of the Academy of Sciences, branch research institutes and higher educational establishments . . . absolutely intolerable."

Given Stalin's refusal to debate relevant political and theoretical issues, it took the scientific and party intelligentsia until well into the 1970s before they had any success in seeing their ideas translated into actual policy, let alone having an impact on reform. Khrushchev, contrary to his own advice, did not listen to the scientific and academic community, and preferred instead, to initiate his policies before they were clearly deliberated.

The Gorbachev period has so far been a watershed period for reform minded social scientists. The scientific and party intelligentsia has emerged as a new force for change. Gorbachev has encouraged a number of individuals who began their careers during the reform years of the Khrushchev period to play key roles in policy debates. These include Georgy Arbatov, Director of the Canada-USA Institute of the Academy of Sciences, and a promi-

# The events of February and March 1986

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# Bilateral Relations

## USA

### Summit Meeting

Prime Minister Brian Mulroney and US President Ronald Reagan met for two days of summit discussions March 18 and 19 in Washington, D.C., with several important bilateral issues — acid rain, free trade and the renewal of the NORAD agreement — on the agenda. Despite the ceremony, the "special relationship" between Canada and the US was reinforced in concrete terms, with Canada agreeing to a five-year renewal of NORAD (see below — NORAD), and the Reagan administration acknowledging the problem of acid rain (see this issue — Environment) as well as reiterating its support for free trade negotiations (see below — Freer Trade).

The signing of the NORAD agreement passed without complication, with President Reagan stating that the joint NORAD command would continue to serve mutual interests and remain a "significant factor in enhancing deterrence [and in] promoting global stability" (United States embassy statement, March 19).

However, the issue of acid rain — and the gaining of President Reagan's endorsement of (and action on) the Davis-Lewis envoys' acid rain report submitted earlier in the year — proved more difficult. Although the Prime Minister secured from the President an endorsement of the report, no mention was made of any agreement on funding. (The envoy's report had recommended an initial \$5 billion research program.) Mr. Reagan did acknowledge in a joint statement that acid rain was "a serious concern affecting both our countries and our relations with each other," but qualified his support by stating that the issue of acid rain remained on the bilateral agenda since "serious scientific and economic problems" remained. Prime Minister Mulroney responded to the "endorsement" by expressing his "encouragement and appreciation." Mutual agreement to keep acid rain on the bilateral agenda, he added, signalled a "joint determination to solve the problem."

Responding to criticism that the US position did not address the questions of emission reductions and the implementation of existing law and technology to combat the problem, Prime Minister Mulroney stated that the joint statement had been "a major and significant step forward and a vital step towards the resolution of a problem . . . that

has stymied and impeded our relationship" (CBC television [External Affairs transcript], March 19). While opposition parties also criticized the failure to secure a specific timetable for air pollutant reductions, Environment Minister Thomas McMillan stated that the summit had achieved "a big step toward that objective" (*Globe and Mail*, March 20). However, he himself admitted that only a "specific, well-funded program to substantially reduce acid-rain-causing emissions throughout North America" would prove "totally satisfactory."

On the freer trade talks, President Reagan expressed the hope that the negotiations would be complete prior to his leaving the White House. "A new economic arrangement between Canada and the United States could to our mutual benefit encourage vigorous new economic activity" and bring to an end outstanding trade irritants, the President concluded (CTV television [External Affairs transcript], March 18). While this renewed, public commitment by the administration to proceed with the trade liberalization discussions was seen as a step forward in Canada's drive to secure greater access to US markets, Prime Minister Mulroney stipulated that there be no preconditions to commencement of talks — no "admission fees" (*Globe and Mail*, March 19). In response, the administration, while acknowledging the absence of "preconditions," had insisted that "nothing" be taken off the table. However, Mr. Mulroney regarded the endorsement as a "clean launch" for the trade initiative.

### Freer Trade

#### Is It Negotiable?

As Canada pressed forward to secure an "enhanced" trade agreement with the US, Prime Minister Brian Mulroney continued his efforts to dispel provincial and industrial reservations on the issue. Speaking February 1, Mr. Mulroney assured industry that "no sector of the Canadian economy [would be] denied reasonable time to adjust their operations to take maximum advantage of any new trade arrangement" with the US (*Globe and Mail*, February 3). He suggested a five or ten year timeframe in which any new agreement would be "phased-in." Attacking those

opposed to the negotiations as "prophets of protectionism," the Prime Minister called for a "confident, vigorous and modern Canada that [would] rank with the best in the world."

External Affairs Minister Joe Clark reinforced the Prime Minister's remarks later in the month, when he emphasized the dangers inherent in the strong protectionist trend in the United States. The current spate of protectionist bills before Congress, Mr. Clark said, could threaten nearly \$6 billion in existing Canadian exports and the employment of 146,000 Canadians (*Globe and Mail*, February 15). Stating that the "status quo" was no longer a viable alternative for Canada, the Minister added that without "secure access" to US markets, Canada would inevitably experience severe economic disruption. However, he continued, Canada had indicated clearly to the US that several areas, including social programs, were not negotiable. "They can raise them, but we won't respond," he stated.

However, Peter Murphy, the appointee of the Reagan administration for the trade negotiations, stated that, in order to reach a "far-reaching" agreement, both sides would have "to give to a considerable degree" (*Globe and Mail*, February 18). Apprised of Canadian concerns over certain sectors, Mr. Murphy added should some areas be restricted prior to talks, there would be "less incentive" for the Americans to proceed. Similar warnings were made by US ambassador to Canada Thomas Niles. Speaking February 20, Mr. Niles stated that even cultural industries should be on the trade agenda, otherwise individual US sectors might also opt for exclusion (*Globe and Mail*, February 20). Mr. Niles indicated that the talks, should they proceed, would probably run concurrently with the next GATT Multilateral Trade Negotiations (MTN) round and end prior to the conclusion of President Reagan's final term. At the same time, US Trade Representative Clayton Yeutter made it clear that the US would not proceed should Canada's federal and provincial governments prove unable to reach binding agreement on the talks. The US position would require that all provinces "be bound by any agreements" that were reached, he added (*The Citizen*, February 21). Mr. Yeutter stressed that the US would "encourage" Canada "to keep everything on the table." Even the time-frame received a cautionary warning from the US, with William Merkin, the second US negotiator, suggesting that the opportunity for successful negotiations was limited in both time and content. Mr. Merkin stated that political events could, with time, "sidetrack the process" (*Globe and Mail*, February 28). Negative hints were also given that the US would be averse to allowing Canadian firms "unequal time" for adapting to changed trade rules — such as a slower rate of trade protection reductions during Prime Minister Mulroney's "phase-in" period.

Despite these US warning signals, the House of Representatives Ways and Means Committee decided not to hold a hearing on President Reagan's request for trade talks, but rather to ask for written submissions from the public — to be followed by consultations with the administration on US objectives (*Globe and Mail*, March 7). The decision was regarded as a "tacit approval" of the President's request. However, the Senate Finance Committee had not at that time set a hearing date.

During the Prime Minister's summit meeting with President Reagan in mid-March (see this issue — US — Summit), a strong endorsement on freer trade was received from the White House. On March 18 Secretary of State George Shultz outlined US objectives in the negotiating process. Any agreement would be dependent both upon broad public support and the "comprehensiveness" of the agenda. While negotiations should "complement" US and Canadian commitments to a liberalization of multilateral trade, they should also address "the full range of barriers to the flow of goods, services and direct investment" between Canada and the US (United States Embassy text, March 19).

In a CTV interview March 20 Clayton Yeutter reiterated Mr. Shultz's call for comprehensiveness in the talks, stating that it would appear "counterproductive" to remove certain sectors prior to the commencement of talks. "Everything" should remain on the table, Mr. Yeutter said, until both negotiating teams could "systematically and methodically" decide what should remain and what should be removed (External Affairs transcript). Removing Canadian cultural industries from the talks, he added, would "inevitably" raise "enormous pressures" in the US to take their own "hard cases" off the table.

#### NORAD Renewal

In a report tabled in the Commons February 14, the Standing Committee on External Affairs and National Defence recommended renewal of the NORAD defence agreement between Canada and the US for another five years without substantial modification (see this issue — Defence). The Conservative majority on the committee rejected an opposition (Liberal and NDP) recommendation that any renewal reinstate a clause dissociating Canada from any involvement in active ballistic missile defence (see "International Canada" for December 1985 and January 1986). Reservations had been expressed as to the possibility of Canada's being drawn into SDI deployment through NORAD. In addition to recommending renewal, the committee also held that the Canadian government should "accept the invitation of the United States to participate in the conceptual planning exercise known as 'SDA 2000, Phase II.'" SDA 2000 (Strategic Defence Architecture Plan), while not formally a part of SDI, would outline any integration of SDI deployment within NORAD. To allay concerns that NORAD and ballistic missile defence might merge at some point, the committee also recommended that Canada invite the US to issue a joint declaration at the time of NORAD renewal "reaffirming both countries' commitment to deterrence and strategic stability, as well as their support for the integrity of the ABM Treaty" (Standing Committee, Fourth Report, February 14).

The Liberal members of the committee released their own minority report the same day, outlining their concerns over the absence of the clause clarifying involvement in ABM defence. While "strongly supporting" the agreement's renewal for five years, the Liberal report called for the reinsertion of the ABM clause and for a reservation on accepting the US invitation to participate in SDA 2000 prior to a "more comprehensive overview" (Official Opposition Critic for National Defence news release, February 14).

Committee Chairman William Winegard stated in a CTV interview February 17 that any Canadian involvement in ABM defence would have to be under cover of a separate agreement — NORAD was concerned solely with "air surveillance, air defence and aerospace surveillance" (External Affairs transcript). It would be "inconceivable" he added, that Canada would move, within the next five-year renewal term, toward ballistic missile defence without even first being involved in aerospace surveillance. While Mr. Winegard insisted on the absence of linkage between NORAD and ABM defence, both Liberal defence critic Len Hopkins and NDP external affairs critic Pauline Jewett expressed concerns in that same interview over the possibility that ABM defence might, in future, enter the scenario. Mr. Hopkins stated that with the present changed environment — the arrival of SDI research — prudence might dictate a reinsertion of the deleted ABM clause in the NORAD agreement as a safeguard. The Liberals, said Mr. Hopkins, wished to have included in the actual document what Canada had often unilaterally declared — non-involvement in ABM defence. Ms. Jewett stressed that the "potential" for Canadian involvement in ABM defence existed under NORAD as the agreement stood. The jump from "passive" to "active" ballistic missile defence was a short one, she added.

During the mid-March summit meeting between Prime Minister Mulroney and President Reagan in Washington, the NORAD agreement was signed. Mr. Mulroney secured from the President an "explicit underlining" of the importance to the US of "full compliance with the ABM Treaty and other existing arms control obligations." So said External Affairs Minister Joe Clark in a response to questioning in the Commons March 19. Such an assertion from the US, added Mr. Clark, should remove Canadian concerns on the absence of the ABM clause in the renewed NORAD agreement. White House spokesman Larry Speakes later stated that the US had pledged to "abide by the ABM Treaty until we say otherwise" (United States embassy statement, March 20). And when Ms. Jewett questioned in the Commons March 21 whether the joint statement issued in Washington by the two leaders meant that Canada would "not become involved through NORAD, or in any other way, in an active ballistic missile defence," Prime Minister Brian Mulroney responded that that "had always been clear" (*Globe and Mail*, March 21).

### CIA Experiments

Government efforts to secure compensation for Canadian victims of CIA-financed brainwashing experiments, conducted on Canadian soil during the late fifties and early sixties, continued during this two-month period (see "International Canada" for December 1983 and January 1984 and for October and November 1985). Prime Minister Brian Mulroney stated in the Commons February 12 that the government was willing to have a Canadian public servant, John Hadwen, provide testimony for the US proceedings examining the case. NDP leader Ed Broadbent noted that previous requests to External Affairs Minister Joe Clark had resulted in an agreement to permit only written testimony already available to the court. (Mr. Hadwen had been the Canadian liaison officer who had received a verbal "expression of regret" from US operatives in 1977 over the

MK-ULTRA experiments conducted at Montreal's Allan Memorial Institute.) Lawyer for the Canadian plaintiffs, Joseph Rauh, stated that Mr. Hadwen's written testimony could not be used without the possibility of cross-examination (*Globe and Mail*, February 13).

In response to CIA allegations that the Canadian government itself bore some responsibility for the experiments because of its own financing, Justice Minister John Crosbie stated in the Commons March 7 that he had appointed independent outside counsel to "to review in detail any connection the government of Canada or any of its agencies" had with respect to MK-ULTRA. Following submission of the study, the government would determine whether it had "any responsibility whatever" in connection with the matter. While the independent report commissioned by Mr. Crosbie was not released to the public, media reports indicated that the federal government had contributed in excess of \$500,000 to the Allan Memorial experiments — in full knowledge that their purpose was brainwashing and psychic driving (*The Citizen*, March 27, 29). Mr. Rauh, while in Canada to hear Mr. Hadwen's testimony, suggested that Canadian government complicity in the experiments was behind earlier refusals to allow Mr. Hadwen to be cross-examined.

### Cruise Missile Failure

The January crash of an unarmed cruise missile during a test flight over northern Alberta was found to be caused by lack of fuel, according to US and Canadian military officials (see "International Canada" for December 1984 and January 1985). Canadian Forces Major Luigi Rossetto acknowledged that the crash had resulted from the failure of those conducting the tests to monitor fuel consumption properly. "It ran out of fuel because of stronger than forecast headwinds," he said (*Globe and Mail*, February 24). However, plans for another test on February 25 were allowed to proceed. That missile crashed as well. Responding in the Commons that same day to opposition requests for a halt to the cruise testing, Associate Minister of National Defence Harvie Andre stated that the crash was "one of the reasons tests were being authorized." (The engine of the missile had failed to ignite, resulting in a non-start and descent into the Beaufort Sea.) Mr. Andre, indicating that the government intended to continue with the cruise testing agreement with the United States, stated that Canadians would be involved in the crash investigation and that the Canadian Forces would "ensure that nothing untoward or dangerous happens to Canadians." He added that no further tests would proceed until the cause of the latest crash had been determined.

Echoing concerns expressed by opposition MPs with regard to the failure rate of cruise missiles tested over Canada, Canadian Institute for International Peace and Security spokesman David Cox noted that the missiles which crashed were not "prototypes" but missiles "presumed to have already been tested and declared operational" — many are operational at bases in the US at present (*Globe and Mail*, February 27). The unexpected failures, said Mr. Cox, might necessitate additional testing in the current year. (While only four tests were planned for 1986, the bilateral US-Canada agreement allows for a maximum of six.)

## Lumber Exports

One of the major trade irritants between the US and Canada, Canadian lumber exports, assumed prominence during February and March as the two countries tentatively approached enhanced trade talks (see "International Canada" for October and November 1985). (Opponents of freer trade negotiations in the US have consistently pointed to Canadian lumber as an issue requiring resolution prior to bilateral talks — especially those US congressmen and senators representing lumber-producing states.) However, a series of meetings between Canadian and US officials on the issue was expected to provide better understanding of the problems facing both nations. Discussions were held in British Columbia in mid-February, following January meetings in California (*Globe and Mail*, February 13). Differences have consistently arisen with regard to relative cost structures between the US and Canadian lumber industries.

Despite the Canada-US dialogue and "high level" consultations, Canadian softwood lumber exports remained a potential stumbling block to the larger issue of freer trade talks. Several members of the Senate Finance Committee (the approval of which would be required for the talks) had indicated that concessions on lumber might be used as leverage in issuing consent on freer trade discussions (*Globe and Mail*, February 20). Committee chairman Robert Packwood, one of the most vocal opponents of Canadian lumber "subsidies," stated that resolution of the lumber dispute could not "wait until the conclusion of any free trade agreement" (*Globe and Mail*, February 27). He added that Canada would have to "recognize the consequences of its softwood lumber pricing practices" on the US industry. While a group of US senators had spoken out against the exports in late February as a signal to Canada of the urgency in achieving a resolution, several congressmen spoke out similarly in early March. While the House "special order" on Canadian lumber carried no legislative weight, it did register complaints on the apparent failure to achieve concessions on the exports (*Globe and Mail*, March 6).

In view of the rising US determination to reduce Canadian penetration of the US lumber market, Minister of State for Forestry Gerald Merrithew stated in the Commons March 6 that Canada was pursuing several avenues to avert the imposition of protectionist measures. The government, along with the US International Trade Commission, felt that there were "no undue subsidies at all given by the Canadian government" to the lumber industry, he added. The government would continue to work "very closely" with industry, US sectors "normally supportive" of Canadian interests and US congressmen, in order to make the Canadian position clear.

On March 18 the NDP launched a debate in the Commons on the basis of a motion condemning the government for its "failure to adequately protect the viability" of the Canadian forestry industry. Jim Fulton (NDP, Skeena) called for a more concerted effort on the government's part to counter extreme US protectionist sentiment with regard to Canadian lumber. Mr. Fulton suggested that the government send representatives to all states to convince both Democrat and Republican representatives that protectionist measures would "unfairly and illegitimately, under

international law, punish Canadian workers and the Canadian economy." International Trade Minister James Kelleher responded that the government had already launched a comprehensive "public and private campaign of diplomacy" to "neutralize the US campaign of misinformation." The campaign, Mr. Kelleher said, argued that Canadian trade practices were fair, that the Canadian lumber industry had not benefitted at US expense, and that Canadian successes in US markets (currently accounting for over 30 percent of the softwood lumber trade) were the result not of subsidies but of competitive market factors — ranging from "superior productivity to a favorable exchange rate." While acknowledging that the threat posed by both the Gibbons bill before Congress and the Baucus bill before the Senate were, in fact, "real and serious," Mr. Kelleher stated that the Canadian message to the US would continue "a firm one." Allies had been gained in the US, and their numbers would continue to increase because of these government efforts, he concluded.

Having returned from his summit meeting with President Ronald Reagan, Prime Minister Brian Mulroney told the Commons March 21 that he had made clear to Congress, the Senate and the White House that Canada was "a fair trader." The Canadian lumber industry, "competitive and wanting to compete more," met "all the objective criteria of the GATT and any bilateral requirements," he added. The Prime Minister had told the President that Canada wanted a "bigger share" of the US market and felt that the "quality of our products deserved it."

## China

### Export Controls

Controls on the export of certain strategic goods to the People's Republic of China were relaxed February 14 by Canada in conjunction with Japan and fellow NATO members. (Both Canadian and Coordinating Committee [COCOM] approval is required for the export of "strategic and military" goods.) External Affairs Minister Joe Clark, in making the announcement, stated that Canada, in response to a "dramatic increase" in permit applications from China, had agreed with COCOM to "accelerate the approval process and shorten delays" (External Affairs communiqué, February 14). Mr. Clark added that Canada possessed marked expertise in many "priority" areas in China's development strategy, particularly in the fields of agriculture, forestry, hydro, natural resources and telecommunications. This increased favorable consideration of Chinese requests followed consultations between Canadian and Chinese authorities late in 1985, and allowed such items as lasers, computers, telephone exchanges, semi-conductors and test equipment to be exported from Canada without prior COCOM approval.

## Haiti

### Change of Government

In response to widespread demonstrations in Haiti against the ruling government of president-for-life Jean-

Claude "Baby Doc" Duvalier, Canada expressed its concern over the "state of seige and atmosphere of tension" within the country. External Relations Minister Monique Vézina stated February 3 that Canada shared the concern and "dissatisfaction" of "impoverished" Haitians over the performance of the Duvalier regime — a regime which had refused to "prevent undisciplined acts of abuse and violence perpetrated by the militia" (External Relations statement, February 3). Both in her statement and in responding to questions in the Commons that same day, Ms. Vézina added that the government had taken steps to offer assistance to those Canadians present in Haiti and would continue to monitor the situation closely to ensure their continued safety. The Minister also noted that Canadian aid to Haiti would not be suspended, as this aid was not related to the Canadian view of the Duvalier regime but rather "solely to the urgent and continuing need" of Haitians. However, "careful scrutiny" would be exercised in order to "insulate" Canadian financial assistance from misuse.

Following mounting protests and extensive violence, President Duvalier, together with an entourage, left Haiti for France. While the situation in Haiti remained unclear, the Canadian government acknowledged developments and the transfer of power to a provisional government. The External Relations Minister issued a statement February 7 soon after the departure of Mr. Duvalier, in which Canada expressed its hope for the "eventual establishment of democracy" and a government "committed to the protection of the rights and freedoms" of its citizens. (In the past, Canada had placed great emphasis on the need for increased respect for human rights in all aid efforts designed to reverse Haiti's "social and economic decline.")

With regard to the continued safety of Canadians in Haiti, External Affairs Minister Joe Clark stated in the Commons February 7 that developments were being monitored "hourly." While the "dispersed" nature of their presence precluded full guarantees, the new Haitian government "seemed to be in control" of the country and had succeeded in establishing its authority. As well, preparations had been initiated, in conjunction with several other countries, to provide for the removal of Canadian nationals. And in an earlier statement, Ms. Vézina had mentioned that two Canadian naval vessels had been dispatched closer to Haiti as a contingency measure should evacuation prove necessary. Despite these assurances that Canadians remained safe, the airport at Port-au-Prince closed February 7 when violence erupted amid celebrations over Mr. Duvalier's departure (*Globe and Mail*, February 8). However, with relative calm restored, a Canadian plane was allowed to land in Haiti and leave with several hundred Canadian tourists February 10, according to the External Relations Minister.

The Canadian government also reiterated its intention to continue its assistance programs to Haiti. While External Affairs Minister Joe Clark stated that Canada would consider any emergency food aid request from the new Haitian government, Ms. Vézina, in an article in *Le Devoir* February 12, outlined Canada's objectives in offering Haiti continued development aid — namely to assist the most needy, to halt the destruction of vegetation resulting from the electrification process and to reinforce those Haitian

institutions deemed essential in surmounting development problems.

## Libya

### **US Confrontation**

Following air and naval clashes March 24 between US and Libyan armed forces in the Gulf of Sidra off the coast of Libya, Canada called upon both countries to "show restraint and avoid any action that [would] aggravate the situation" (*Globe and Mail*, March 25). The US had been engaged in previously-announced military exercises in order to reinforce its contention that the area beyond the internationally-recognized twelve-mile limit belonged to all nations, and was not Libyan territory. (Libya claims a 200-mile territorial limit with an "imaginary line of death" at 32 degrees 30 minutes north and had announced its intention to attack US ships and planes operating south of that point.) The US had responded to "unjustified" missile attacks from Libyan sources, according to US embassy news releases of March 25 and 27.

The Canadian government acknowledged that the US had "responded in self-defence," and indicated that the Libyan claims could not likely be "sustained under international law" (*Globe and Mail*, March 25). However, External Affairs spokesman Sean Brady added that Canada favored the settlement of maritime disputes through legal means. Mr. Brady noted that of the approximately 1,300 Canadians presently in Libya, none were in the vicinity of the US land attack on a military installation at Sirte. The government, continued Mr. Brady, foresaw no "indication . . . of any particular danger or . . . reason to anticipate anything aimed at Canadians as Canadians" in the form of retaliatory measures.

## Mexico

### **Clark Visit**

On March 3, External Affairs Minister Joe Clark arrived in Mexico for two days of talks with Mexican President Miguel de la Madrid Hurtado and the finance, trade and foreign ministers during the sixth meeting of the Joint Canada-Mexico Committee. Discussions focused on bilateral trade, the world oil market (with Mexico calling for increased Canadian efforts in stabilizing prices), the possible effects on Mexico of Canada-US freer trade discussions, and Mexico's foreign debt load (*Globe and Mail*, March 3). Mr. Clark also re-examined Canadian support for the Contadora peace initiative in Central America, particularly a recent proposal to establish a supervisory force monitoring the Costa Rica-Nicaragua border. Both countries reiterated the need for continued support for "pacifying efforts" in the region and for refraining from "committing acts that aggravate the present situation" (*Globe and Mail*, March 5).



Mexican officials pressed for stronger ties with Canada, primarily as a "counterbalance" to the dominance of the relationship with the US experienced by both countries. Mexican Foreign Minister Bernardo Sepulveda expressed concern that slow economic progress might threaten the continued existence of newly-established democratic governments. Mr. Clark responded that industrialized nations, including Canada and the US, were cognizant of the need to assist those Third World countries operating under massive foreign debts. Mexican Finance Minister Jesus Silva Herzog stated that further internal austerity measures (such as the sale of government corporations, and the cutting of government spending and Mexico's deficit) were dependent upon agreement by foreign creditors to assume a portion of the financial burden. Mr. Clark acknowledged that, in response to economic crisis, an "extraordinary amount of discipline had been exerted" by both the Mexican government and its people. For its part, Canada would attempt to broaden bilateral agreements designed to provide Mexico with Canadian agricultural expertise and to assist Mexican exporters in penetrating Canadian markets. The Canadian delegation also announced the signing of three new lines of credit (totalling US\$30 million) to be administered through the Export Development Corporation (*Globe and Mail*, March 4, 5, External Affairs communiqué, March 6).

## Philippines

### **Presidential Elections**

With polls closing February 7 in the Philippine presidential elections, Canada's lone unofficial representative on a US-financed international observer team, Liberal Senator Alasdair Graham, noted widespread abuses — ranging from intimidation to vote-buying. Expressing deep skepticism with regard to the legitimacy of the electoral process, Senator Graham stated that the observers had "witnessed a lot of irregularities" inconsistent with a "free and fair election" (*Globe and Mail*, *The Citizen*, February 10). The appearance of carbonized forms, possibly used to record voting practices, lent credence to allegations of fraud and massive vote-buying, according to the Senator. The observer team allocated blame for electoral abuses to government supporters, noting that no evidence of opposition fraud had been uncovered. And as election returns were tallied, a wide discrepancy between the figures cited by the Commission on Elections (Comelec) and those cited by the citizen's monitoring group NAMFREL became evident. While Comelec showed President Ferdinand Marcos in the lead, NAMFREL had opposition candidate Corazon Aquino leading by a large majority.

The Canadian government issued a statement February 19 outlining "grave concerns" over allegations of these irregularities. "Credible reports of electoral malpractices" had been received from a large number of observers in the Philippines, including the Canadian embassy and media representatives. Canada, acknowledging the denunciation of the process as fraudulent by several Philippine organizations, called for "a peaceful resolution" respecting and

supporting a "commitment to democratic principles" (External Affairs communiqué, February 19).

With mounting evidence of a rigged election, popular demonstrations in support of Corazon Aquino swept the Philippines. Responding in the Commons February 24 to a call from Liberal leader John Turner for Canada to "encourage a peaceful transition of power" reflecting the popular Philippine political will, External Affairs Minister Joe Clark stated that Canada had moved "very prudently in this respect in order to promote lasting and durable stability." Canada called upon President Marcos to "recognize the obvious reality" that the interests of the Philippine people would be best served by the establishment of a new government having their "confidence." When asked by Pauline Jewett (NDP, New Westminster-Coquitlam) whether this meant Canada supported opposition candidate Corazon Aquino as Philippine president, Mr. Clark stated that such a decision remained the responsibility of the Philippine nation. While recognizing that events were "changing" in the Philippines, Canada would only offer an Aquino regime support should it receive "clear" popular support at home. However, in its desire to secure an "evolution toward stability," Canada would not break diplomatic relations with the Marcos government until the situation had been clarified. The next day, following US recognition of the Aquino government, the External Affairs Minister, again speaking in the Commons, stated that the new government was now in "effective control" — a development which Canada "welcomed." In recognizing Mrs. Aquino as President, Canada had acted as a consequence of the determination of popular political will, added Mr. Clark.

Following the departure of ex-President Marcos for the US, the new Philippine government embarked upon an investigation into the illegal removal of Philippine assets from the country and their possible recovery. Speaking in the Commons March 21, the External Affairs Minister stated that Canada would "respond positively" to possible Philippine requests for cooperation in recovering any such assets in Canada, "within the constraints of Canadian law."

## Taiwan

### **Expulsion of Representative**

A Taiwanese envoy, Patrick Chang, was ordered deported from Canada in early February without explanation from Immigration officials. Although Canada does not maintain formal diplomatic relations with Taiwan, trade representatives are present in both countries, in which capacity Mr. Chang had obtained entry into Canada on a ministerial permit. While legal counsel for Mr. Chang secured an interim court injunction postponing the deportation order, a spokesman for the Immigration department would only state that Mr. Chang had "violated the conditions of his entry" into Canada (*Globe and Mail*, February 12). Mr. Chang, a representative for the General Chamber of Commerce for the Republic of China, stated that his only activities in Canada involved facilitating Canada-Taiwan business and trade relations and denied allegations of



involvement in covert political activities. Immigration Minister Walter MacLean stated that the case, having "a number of implications for Canada," would require "cross-governmental consultations" as it related to "security and international affairs" (*Globe and Mail*, February 13).

Media reports indicated a possible link between the deportation order and arrangements made by Mr. Chang for an expenses-paid junket to Taiwan for a group of MPs and senators in late 1985 (*Globe and Mail*, February 15). One of the conditions of Mr. Chang's ministerial permit had been to avoid any involvement in political activities — including the invitation of Canadian parliamentarians to Taiwan. Reaction was strong from both the Canadian Chinese community, which expressed "outrage" at the expulsion, and a segment of the Conservative caucus long supportive of strengthened ties between Canada and Taiwan (*Globe and Mail*, February 17).

An investigation conducted by the Canadian Security Intelligence Service (CSIS), according to a *Globe and Mail* report of February 26, had determined Mr. Chang to be a "national security risk" with extensive influence in Canada. The deportation order was issued through the Immigration department under the direction of the Prime Minister's Office and Cabinet, the report continued. Prior to a scheduled hearing in the Federal Court of Canada, Mr. Chang was ordered home by the Taiwanese department of foreign affairs in order to "remove an irritant which had the potential to damage relations between Canada and Taiwan." Before his departure, Mr. Chang stated that "misrepresentations" had "nullified" his effectiveness in promoting the interests of commercial relations between Canada and Taiwan (*Globe and Mail*, March 3).

# Multilateral Relations

## ASEAN

### **Ministerial Visit**

As a follow-up to the launching of a recent Canadian trade initiative in the Pacific Rim (part of a new global trade strategy), International Trade Minister James Kelleher visited several ASEAN nations in mid-February. Mr. Kelleher, accompanied by a delegation of Canadian business representatives, met with trade officials in Singapore, Indonesia, Malaysia and Thailand in order to strengthen economic and commercial cooperation between Canada and the ASEAN countries and to secure ASEAN support for forthcoming Multinational Trade Negotiations (MTN) (External Affairs communiqué, February 5).

In Singapore February 11 and 12, the Minister announced both the opening of a trade office by a Canadian petrochemical firm and the re-establishment of lines of credit totalling US\$40 million to assist Canadian exporters in securing contracts from local buyers. The credit lines were to be handled by subsidiaries of Canadian banks operating in Singapore and provided for financing in several international currencies other than the original US and Canadian dollars. In discussions with his counterpart, Mr. Kelleher emphasized the importance Canada attached to Singapore's support for the next MTN round. As well, Canada expressed an interest in cooperating with Singapore companies in their investment and marketing activities in China — an area in which Singapore had experienced recent successes (External Affairs communiqué, February 12).

Proceeding to Indonesia February 12-14, Mr. Kelleher announced the signing of several multi-million dollar contracts in priority sectors of Canadian expertise — including power, telecommunications, oil and gas resources and forestry. While focusing on these areas, talks with President Soeharto and key ministers also covered Indonesian support for the forthcoming MTN round. A Memorandum of Understanding on cooperation in earth and field sciences was also signed (External Affairs communiqué, February 14, 17).

Similar discussions were held in Malaysia February 15-18, which ended with the announcement of another line of supplier credit, to be administered through the Export Development Corporation (EDC), and plans for a bilateral conference to be held in Ottawa in early October of 1986. And in Thailand February 18-21, Mr. Kelleher, again addressing business representatives, pressed for MTN support and increased Canada-ASEAN economic cooperation (International Trade Ministry statement, February 19). Further loans, contract awards, technical agreements and joint venture projects were announced during the stay. The Minister also received an assurance of support, as he had from Indonesia and Malaysia, for Montreal's candidacy to host the next MTN conference (External Affairs communiqué, February 20, 21). At the close of the trade mission, Mr. Kelleher emphasized that the Pacific Rim had overtaken Western Europe as Canada's second largest trading

block, and that the mission's high level of acceptance demonstrated the "tremendous potential for Canadian business" in the region.

## Caribbean

### *Caribbean*

Canada announced an economic and trade development assistance program for the Commonwealth Caribbean — Caribbean — on February 17. Recognizing a long-standing "special relationship" with the Commonwealth Caribbean, Canada had instituted the program in order to assist the region in achieving economic development objectives. With a few exceptions, Caribbean provides for preferential, one-way duty-free trade on the imports from these countries (99.9% of current imports). Also included was a wide range of goods not currently manufactured in, or exported from the area. Excluded, however, were such goods as might "adversely affect certain sensitive economic sectors in Canada" — from textiles and clothing to footwear and luggage (External Affairs communiqué, February 17).

In conjunction with the duty-free provisions, several other arrangements were outlined in the Caribbean program. These included increased training assistance in the form of additional scholarships, the negotiation of double taxation treaties where these were not already in place, and the establishment of a "sourcing directory" of Commonwealth Caribbean "manufacturing and export capacity." This last would form part of a program to strengthen the area's export capacity, particularly with regard to developing Canadian markets. Funding would be provided by the Canadian International Development Agency (CIDA). Officials of the Commonwealth Caribbean were to receive seminar training on the "provisions and procedures" of Caribbean. Canada, having notified GATT of its intention to offer the Commonwealth Caribbean preferential treatment on imports, had sought a waiver on its obligation to ensure non-discriminatory treatment for the imports of fellow GATT members.

## Central America

### *Peace Initiative*

Canadian support for the Contadora peace initiative in Central America, particularly with regard to Nicaragua, was reiterated in the Commons February 11 by External Affairs Minister Joe Clark. Following a meeting in Washington February 10 of external affairs ministers from Contadora and other Central American nations, during which an appeal was made to the Reagan administration to resume bilateral discussions with Nicaragua and cease giving aid to the contras, Mr. Clark stated that Canada would continue to "urge" the United States to assume a position which "could lead to a successful outcome with the Contadora group." However, when asked by Jean Chrétien

(Lib., Saint-Maurice) whether Canada intended to open an embassy in Nicaragua, Mr. Clark responded that the present arrangement was "quite adequate" in serving Canadian interests. With regard to spending priorities, he added, aid would be directed to those people of Central America "who are in need."

As US President Reagan prepared to request from Congress approval of a \$100 million dollar aid program for the Nicaraguan contras, questions were raised in the Commons as to whether Canada would register with the Reagan administration its opposition to further militarization (particularly US participation) in the region. The External Affairs Minister stated March 13 that Canada would pursue and attempt to strengthen the Contadora process, but would not "reduce [its] influence in the United States and elsewhere by offering gratuitous advice which we can neither defend nor enforce." Mr. Clark later added that Canada had increased its development assistance in the region, believing that the problem was economic rather than a "military problem to be solved by military means." This attitude, he concluded, would be drawn "to the attention of American authorities."

On March 17, immediately prior to Prime Minister Brian Mulroney's summit meeting with President Ronald Reagan, no affirmative response was given to NDP leader Ed Broadbent (Oshawa) when he questioned whether Mr. Mulroney would take the summit opportunity to "indicate clearly" that President Reagan's proposed action in Central America "was wrong," considering the fact that various Central American nations had already criticized such "outside intervention." However, upon his return to Canada from the summit, the Prime Minister stated in the Commons March 21 that he had, in fact, raised the Nicaraguan problem during the meetings, both with President Reagan and US Secretary of State George Shultz, and had once again outlined the Canadian stand on Central America.

## La Francophonie

### *Summit Meeting*

The first francophone summit opened in Versailles, France, February 17, with the Canadian delegation composed of Prime Minister Brian Mulroney and Provincial Premiers Robert Bourassa (Quebec) and Richard Hatfield (New Brunswick). Despite the presence of the two premiers representing provinces with large francophone populations, the Prime Minister stated that he alone "spoke for the government of Canada and the people of Canada at all times and all circumstances internationally," calming fears that future international conferences might see other provinces claiming representation (*The Citizen*, February 17). Under an agreement arranged in late 1985 between the provinces and the federal government, the premiers would remain observers as summit leaders covered the international political situation, but would be given a voice on economic problems with prior approval. (The francophone summit had been delayed for a number of years due to federal/provincial differences of opinion in determining respective roles and influence.) A Canadian-sponsored resolution, introduced by the Prime Minister,

condemning South Africa's policy of apartheid was given unanimous approval by summit delegations during the first day of closed-door sessions. Earlier, and in support of the concept of a world French community, Mr. Mulroney had stated that La Francophonie met "a fundamental requirement of [Canada's] national life" (*The Citizen*, February 18).

However, on the first day of the conference, Mr. Bourassa made a major foreign aid proposal without clearance from the Prime Minister. The Premier had suggested that the European Community (EC) relocate a portion of its food surpluses to underdeveloped countries in the Third World (particularly Africa). Mr. Bourassa later stated that for "common sense reasons" he had felt that the federal government "would have no objection to such a proposal" and had not submitted the proposal for approval (CTV television [External Affairs transcript], February 17). Responding to allegations that his proposal had created problems for the Prime Minister, the Premier stated that Mr. Mulroney had previously suggested that Mr. Bourassa "intervene" on matters of international commerce. He added that his proposal was not, in his estimation, "contrary to Canadian foreign policy" (Radio-Canada [External Affairs transcript], February 18).

While Mr. Mulroney made no mention of Mr. Bourassa's failure to secure federal approval on his proposal to relieve African famine, members of the Prime Minister's staff down-played the incident, stating that the federal-provincial accord had not been violated (*The Citizen*, February 19). Later interviewed by Radio-Canada, Mr. Mulroney added that Premier Bourassa's actions had been "in strict conformity with established norms" (External Affairs transcript, February 19). He expressed concern only over the possibility that media coverage of the incident might overshadow the "capital importance" of the francophone summit. However, once back in Canada, the Prime Minister emphasized that despite the presence of Quebec at the conference, the role of Canada remained "unchallenged and undiminished." And in reference to Mr. Bourassa's unanticipated proposal, he added that "blindside me once and you have got a problem the next time we have a meeting" (*Globe and Mail*, February 20). (The next summit of La Francophonie had been scheduled to be held in Quebec City sometime in 1987 or 1988.)

## Policy

### Aid

#### Federal Budget Restraints

Finance Minister Michael Wilson presented the government's new budgetary policy to the Commons February 26. During his statement, Mr. Wilson mentioned the government's re-examination of its funding commitments to foreign aid. In the coming year, Canada would direct 0.5 percent of its GNP (in excess of \$2 billion dollars) toward foreign aid. While the previous budget had stated as its objective a goal of 0.6 percent by 1990, the Minister said, this would have required spending increases for five consecutive years "considerably above the rate of growth" of Canada's economy. Such a trend would have seen foreign aid grow by 12 percent per annum on average, he added, which would have been inconsistent with tight constraints on domestic programs. For that reason, said Mr. Wilson, foreign aid would be reduced by \$1.5 billion over five years — with foreign aid remaining at 0.5 percent of GNP for the remainder of the decade. The 0.6 percent ratio of aid/GNP would be projected forward to the mid-1990s. Mr. Wilson also mentioned, in addition to direct foreign aid, the trade perspective in providing assistance to developing countries. Further steps would be taken to open Canadian markets to these nations as a form of indirect aid — steps such as the recently-announced Caribbean initiative (see this issue — Caribbean).

The budget cuts in foreign aid were severely criticized in the Commons February 27 by Jim Manly (NDP, Cowichan-Malahat-The Islands). In his statement, Mr. Manly mentioned that the 1984 Conservative election promise to allocate 0.7 percent of GNP for foreign aid had later been reduced to 0.6 percent. The recent cut to 0.5 percent represented, Mr. Manly said, a "broken moral commitment of the Canadian people to the needy people of our world."

Responding in the Commons February 28 to further questioning from Mr. Manly, External Affairs Minister Joe Clark stated that the budget policy on foreign aid represented a "significant and dramatic increase" in aid — \$13.6 billion in Official Development Assistance (ODA) over the next five years. Assistance, Mr. Clark added, would be "over and above 0.5 percent."

The External Affairs Minister called together the diplomatic community to calm concerns over the foreign aid reductions. On February 28, Mr. Clark stated that budget cuts had been dictated by the necessity of reducing the Canadian deficit — and ODA was not exempt. The budget announced by the Finance Minister was an attempt to balance priorities — to cut the deficit and to increase the Canadian contribution to international development. The previously announced goal of 0.7 percent of GNP remained, while the timetable had been altered to the year 2000. Foreign aid would "remain the fastest growing com-

ponent of the government's discretionary expenditures," added the Minister. However, Canada had, with the new budget, made three changes in its approach to international development:

- more emphasis would be placed on the utilization of NGOs.
- plans for a separate Trade and Development Facility had been cancelled and the purposes of trade and development would continue to be combined.
- Canada would adopt a "stricter definition" of what constituted ODA.

As well, Canada would attempt to "focus more closely" on those most in need of Canadian development assistance. Mr. Clark concluded with the reassurance that Canada's philosophy and objectives on foreign aid remained unchanged.

## Defence

### **Committee Report**

The Fourth Report of the Standing Committee on External Affairs and National Defence, released February 14, made several recommendations on the direction of Canada's defence policy. The committee recommended a five-year renewal of the NORAD defence agreement with the US, although a minority Liberal report suggested the reinsertion of a clause emphasizing a strict separation between NORAD and ABM defence (see this issue — US — NORAD). The traditional policy of close defence cooperation with the US should continue in the estimation of the committee, and the government should "seek ways of rationalizing or augmenting Canada's defence effort to maximize its contribution to deterrence." As well, Canada's defence budget should be "increased gradually to bring it closer to the levels achieved by . . . European allies." Also recommended was the immediate launch of a Canadian military space program "corresponding to clear Canadian defence priorities and requirements" — internal airspace surveillance, search and rescue capabilities, communications and navigations systems, and the complementation of NORAD.

Finance Minister Michael Wilson's budget statement on February 26 announced increases in defence expenditures over the balance of the present decade. However, in view of the deficit and in order to "restore fiscal balance," the rate of growth in defence expenditure would "be held to 2.75 percent after inflation for the coming year." The government "was fully committed to a strong defence capability," Mr. Wilson said, and these defence expenditures would "increase substantially" over the remainder of the decade. Canada would stand by its commitment to "reinforce our military presence in Europe and to strengthen the North Warning System." Defence spending would increase by 2 percent following the next fiscal year. There would be further increases in the level of fiscal commitment as Canada's "economic and fiscal circumstances" permitted, he added.

## Environment

### **Acid Rain**

As the Summit meeting between Prime Minister Brian Mulroney and President Ronald Reagan approached in mid-March, with acid rain topmost on the bilateral agenda, a report prepared for the US Environmental Protection Agency (EPA) on US air pollution trends rejected the traditional US position that acidic air pollution would increase by only a small amount (*Globe and Mail*, March 11, 12). The report indicated that Canada would be hit harder by pollution emanating from the US than had previously been expected. Sulphur dioxide emissions would increase by 28 percent by the year 2010, while nitrogen oxide emissions would increase by 52 percent, the report concluded. Concerns were expressed that Canadian unilateral moves to cut emissions could be "offset completely" by the large US increases. Responding to the report, Environment Minister Thomas McMillan stated that the results "confirmed" Canada's "worst fears" since the "long-term prognosis was very worrying." However, the EPA report added urgency to the Canadian cause and "fortified" Canadian resolve "to strike a deal with the Americans."

Following a report in the *New York Times* that President Reagan would endorse a bilateral envoys' report on the acid rain problem, Canadian ambassador to the US Allan Gotlieb stated that such a change in US policy would be a step of "historic significance" (*The Citizen*, March 14). Mr. Gotlieb indicated that Canada would accept nothing less than "complete endorsement" of the recommendations made in the report. Acceptance that acid rain was a transboundary problem affecting Canada, and an effort to seek funds to alleviate the problem would, Mr. Gotlieb said, "change the nature of the debate" in the US and "mark the most significant step taken in this decade toward resolving the problem."

As the Prime Minister headed to Washington to meet with President Reagan, he reiterated his intention to press for concrete US action on the environmental issue. With acid rain "killing our environment," he said, Canada was unable to "solve [the problem] alone" (*The Citizen*, March 17). He indicated his intention to portray the transborder nature of the problem, noting that "the nefarious effects of this are indiscriminate — they hurt the Americans as much as they hurt us." An agreement which would "protect and purify" the Canadian environment would be the objective, Mr. Mulroney added.

Following the summit discussions, President Reagan "fully endorsed" the Joint Report of the Special Envoys (see this issue — US — Summit). Recognizing the "seriousness" of the problem, the President acknowledged the "transboundary implications" of acid rain. The administration would "pursue a program to develop and demonstrate innovative control technologies" (United States embassy statement, March 19). This would include an \$800 million joint industry/government research project for the development of clean coal technologies. Although the funds were not currently available, the administration would "seek to provide in the future" the funding recommended by the

Davis-Lewis report. To these ends, the President directed federal departments and agencies to:

- identify and assess cost-effective and innovative approaches leading to reduced emissions.
- strengthen bilateral consultation and information exchanges with Canada.
- conduct a coordinated inter-agency review of relevant research in light of the Joint Envoys' Report.

While calling the presidential endorsement "new and very significant," Prime Minister Mulroney cautioned that the agreement was a first step and that Canada would keep it "on the front burner and we are going to insist that it remain there" (*New York Times*, March 20). Speaking in the Commons March 19, the Environment Minister had made similar remarks, noting that the agreement represented not the "end of the road, but the beginning." Mr. McMillan characterized the US commitment of hundreds of millions of dollars toward the "abatement of acid rain" as a major victory.

However, both Canadian and US environmentalists expressed their disappointment with the accord, noting especially the failure to establish actual cuts in sulphur dioxide emissions (or a timetable in which to do it). Canadian Coalition on Acid Rain spokesman Michael Perley stated that the agreement represented "a triumph of public relations over environmental protection" (*Globe and Mail*, March 20). Opposition MPs made similar criticisms, with Liberal environment critic Charles Caccia stating that the Prime Minister had left Washington "without control programs, without deadlines, and without cuts that would parallel the programs" Canada had put in place (*The Citizen*, March 20). Liberal leader John Turner also noted that the accord outlined "no timetable, no schedule and no commitment to money unless American industry acts first" (*Globe and Mail*, March 21). Several statements and questions made in the Commons March 20 further characterized the presidential endorsement as continued inaction. Responding to these criticisms, External Affairs Minister Joe Clark stated that the agreement was "a very significant step" forward, and the government looked "forward to cooperation across the House, across the continent, and across federal-provincial relations to ensure that [Canada] continue to make progress." The Prime Minister elaborated on the agreement in the Commons March 21, stating that Canadian objectives had been met: first, to secure a US acknowledgement that the acid rain problem was transboundary; and second, to achieve a "comprehensive program to clean it up." While the US Congress would have to fund any project, Mr. Mulroney had received "assurances" that it would do so.

## Human Rights

### Release of Anatoly Shcharansky

The February 11 release of dissident Anatoly Shcharansky by the Soviet government was welcomed by Canada in several statements made in the Commons that day. While Members spoke of the release as a triumph for

the efforts of Canada in sensitizing the USSR to the importance attached in the West to respect for human rights, the continuing need to work for the right of Soviet Jewry to emigrate was also mentioned. Recognizing Mr. Shcharansky's individual "courageousness," Sheila Finestone (Lib., Mount Royal), Liberal Leader John Turner and NDP leader Ed Broadbent all emphasized the ongoing struggle of Soviet Jews denied the basic rights of movement, association and religious freedom. Each issued a call for the release of further dissidents.

External Affairs Minister Joe Clark issued a statement that same day, acknowledging the efforts of several Canadians in impressing upon Soviet authorities Canadian concerns with regard to the situation of "Soviet Jews in general, and the fate of Anatoly Shcharansky in particular" (External Affairs communiqué, February 11). These Canadian efforts, including representations made by the Minister himself to his Soviet counterparts, had contributed to Mr. Shcharansky's release. Regarding the release as a "positive gesture," Mr. Clark called for a Soviet move toward releasing those Jews requesting permission to emigrate. Later responding to questions in the Commons, the Minister added that Canada would look for further "effective ways" in which to secure the release of Soviet Jews. To that end, the government would focus upon the "practical efforts" and influence which Canada might bring to bear.

## Terrorism

### Emergency Response Team

Canada's intention to respond forcefully to the threat of international terrorism was given a general outline in the Commons March 6 by Chuck Cook, Parliamentary Secretary to the External Affairs Minister. Mr. Cook stressed that Canada would "be in the forefront of countries seeking new initiatives" to combat terrorism. While steps had been taken within the country to strengthen the security of Canadian airports, "more would be done." As well, Canada had undertaken negotiations with several countries "to establish or strengthen extradition arrangements, an essential step in deterring potential terrorists," Mr. Cook said.

On March 10 Solicitor General Perrin Beatty announced the creation of a permanent special emergency response team (SERT), to be assembled by the RCMP. The new response team would become involved when negotiations failed in a terrorist confrontation and rescue by armed assault proved the only alternative (*Globe and Mail*, March 11). SERT would be called in "to resolve incidents beyond the capability of normal protective arrangements," Mr. Beatty said. The team, unlike previous response units, would be in a constant state of "readiness and training." Set-up costs were estimated at \$15.6 million for the first year, and approximately \$4.4 million for the second year. In addition, two SERT teams would alternate on a monthly basis. The Solicitor General reaffirmed Canada's refusal to "make deals, pay ransoms, release prisoners or make other concessions" when dealing with terrorists. Mr. Beatty stated that the creation of SERT and other protective measures was designed to "send a clear

message" to terrorists that Canada was "resolved to protect both our own citizens and foreign diplomatic personnel in Canada."

When asked in the Commons March 11 whether SERT would replace existing emergency response teams, Mr. Beatty responded that conventional teams would not

be dismantled. SERT differed in its "degree of training," he said. While former response teams had been assigned "other responsibilities," SERT would be both "permanently assembled" and "ready to be dispatched at the sign of any emergency."

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(supplied by External Affairs Canada)

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In force Definitively January 17, 1985

ment adviser on foreign affairs; Fyodor Burlatsky, Head of the Department of Philosophy at the Institute of Social Sciences in Moscow, and now a regular commentator on his own television program; Oleg Bogomolov, Director of the Institute of the World Socialist System of the Academy of Sciences; Aleksander Bovin, the chief political correspondent of *Izvestiia* and a prominent adviser on foreign affairs; and Georgy Shakhnazarov, the Deputy Head of the Socialist Countries Department of the Central Committee and President of the Soviet Association of Political Science.

of Gorbachev's initiating radical reform, the ratings provide a more optimistic picture. In three of the five Categories, the figures indicate moderate success in building both a reform oriented leadership team and creating a coalition of interest groupings committed to reform. In Category I, the figures show a high degree of commitment to reform on the part of the General Secretary. A positive score in Categories II, III, and IV, indicates that Gorbachev has, or is developing, the means necessary to initiate reform.

**Level of success among General Secretaries in developing the means to initiate reform**

Category	Khrushchev Rating	Gorbachev Rating
I) The extent to which the General Secretary is personally committed to and involved in the reform process	1	1
II) The composition (outlook and disposition) of the leadership team	4	2
III) The degree of coalescence among interest groupings willing to participate in the reform process	5	3
IV) The ability of the General Secretary to neutralize bureaucratic opposition	5	3
V) The nature and extent of internal debate on reform	4	2

It is extremely likely that these individuals and others of a similar disposition will be highly influential in shaping Gorbachev's reform agenda. Given the impact of previous conservative ideologues such as Suslov and Kirilenko on the developmental process, it is not unrealistic to assume that this new generation of intellectuals will have a similar impact, but in the opposite direction.

**Measuring success**

The table graphically depicts the degree to which Gorbachev and Khrushchev were successful in meeting the necessary conditions for reform. The numeral (1) indicates that there was a high degree of success; the numeral (2) suggests moderate success with the strong possibility of gaining ground in the future; the numeral (3) is an indicator of mixed success; the numeral (4) indicates mixed success with the strong possibility of losing ground in the future; and, the numeral (5) indicates little or no success.

The indicators suggest that Khrushchev's reform initiative failed due to his inability to create the means necessary for reform. In Categories III and IV, Khrushchev had little or no success. In Category V, Khrushchev had mixed success initiating debate on the nature of the social system, but given his erratic approach to leadership, any advantage gained was undermined in the long run. In Category II, Khrushchev also had mixed success, but was unable, after 1961, to keep the coalition together. Only in Category I was Khrushchev entirely successful.

Despite the pessimism expressed over the likelihood

Category IV suggests that Gorbachev has had only mixed success in neutralizing bureaucratic opposition. However, a change in the top leadership — assuming that the new leader is committed to the reform process, and is able to pursue his goals with vigor from a position of political strength — could alter the power balance among interest groupings and institutional interests that participate in the policy process. This would increase the possibility of overriding bureaucratic opposition. Further, it is highly probable that, given his youthful age and the possibility of a long tenure in office, Gorbachev will be able to increase his leverage over bureaucratic opposition without having to resort to mass purges. This should alleviate opposition caused by bureaucratic concern over the possible loss of position and status.

In conclusion, three points are salient. First, the evidence strongly supports the view that Mikhail Gorbachev is developing the means necessary to overcome impediments which in the past have blocked reform initiatives. At the very least, he is not lacking strength, as Khrushchev did, in those areas critical to the successful initiation of reform. Moreover, in the one area where he is weak, he has the potential to persevere. Second, Gorbachev has received a popular mandate for reform, and thus should be able to build support for his policies, avoiding the erratic twists and turns which discredited Khrushchev's reform program. Third, when viewed collectively, the indicators considered point to a strong likelihood that Gorbachev will be successful in initiating a program of radical reform. □

# Southern Africa fights back

by James Kadyampakeni

On April 1 six years ago the Southern African Development Coordination Conference (SADCC) was born, composed of nine majority-ruled states of southern Africa: Angola, Botswana, Lesotho, Malawi, Mozambique, Swaziland, Tanzania, Zambia and Zimbabwe. SADCC brings together national units of greater diversity than any other regional organization ever attempted in the twentieth century. Given that few, if any, Third World regional organizations survive and thrive, it is something of a success to report that SADCC has survived and still functions, six years after its founding.

Its proponents deny that opposition to South Africa and apartheid was the main inspiration behind the creation of SADCC. Yet the reference to the Republic of South Africa (RSA) in the objectives adopted at the inauguration, the reaction in Pretoria that attempting to limit trade was an act of hostility against the RSA, and the constant urging of donor nations to adopt an anti-apartheid political position, all belie the protestations. Contrary to the rhetoric, it is probably the threat of the South African regime and the desire to undermine it, which is mainly responsible for bringing together the heads of such a diverse group of states. SADCC may not long survive the inauguration of the first black president in Pretoria.

The nine SADCC states form the periphery to the South African metropole. Since 1900 the colonial powers and the South African white population have conducted economic policies which treat the entire south-central African region as one economic entity. In no field was this integration (meaning dependence on the RSA) more dramatic than in transportation and communications. For seven of the nine SADCC states, roads and rail lines led to South Africa. SADCC imports and exports passed through South Africa, and Johannesburg was the airways hub of the region. More than any other factor, transportation and communication routes bound the SADCC periphery to the South African center.

## Transportation

That transportation pattern was neither natural nor the most efficient means of moving goods and people. For all SADCC states except Lesotho, the shortest routes to

the sea for onward shipment to Europe are through Mozambique, Angola or Tanzania. The present transportation system encourages the SADCC states to purchase the majority of their imports from South Africa, while they must sell most of their exports to Europe. This creates a favorable balance of trade for South Africa and a most unfavorable balance for Europe. Consequently the European states have been sympathetic to major aims of SADCC.

At the Lusaka Conference in 1980 where the nine heads of state agreed to coordinate regional development, four priority objectives were adopted. The key words were dependency, integration, development and cooperation. The first objective was to reduce and ultimately eliminate the economic dependence of the nine states, particularly their dependence upon South Africa. The second objective was to promote regional integration, the third to pursue regional development and the fourth to seek the cooperation of the international community in reaching these goals. At the same time, it is stressed that SADCC does not look forward, as many regional groupings claim to do, to eventual political union, or even a common market. The Director General of SADCC claims that SADCC is a club or family. Its name refers to a "coordinating conference." It glories in the fact that it has almost no bureaucracy. Spokesmen often spend more time explaining what SADCC does not have than on what it does have or what it has achieved. It is this diplomacy of reticence which reflects the diversity of SADCC.

## Economic dependency

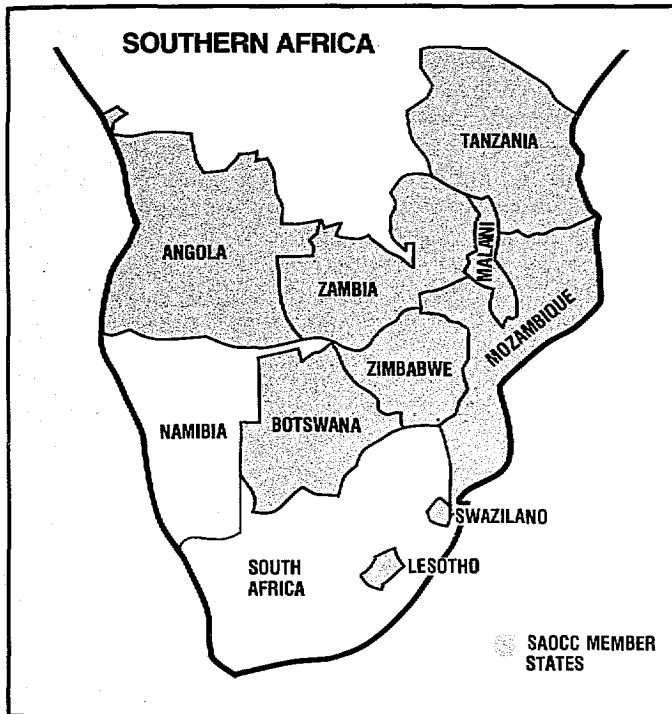
Economic dependence on South Africa for seven of the nine SADCC states reaches back before 1900. It was a factor throughout the colonial period and the imperial powers, Britain and Portugal, were both aware of and worried about it. The weak national governments which succeeded after the withdrawal of the colonial powers became even more dependent upon the Republic of South Africa. Since most black governments feared South African political influence, they sought to limit it even to the point of refusing to exchange ambassadors. But the paradox was that even as they limited South Africa's political influence, they have fallen more and more under its economic influence.

South Africa has reacted to the SADCC rhetoric of disengagement by a policy of disruption and intimidation.

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Rebel groups have been financed and armed in both Mozambique and Angola which disrupt traffic or stop it altogether, on the Benguela, Nacala, Beira and Maputo railways. Only the Tazara railway in Tanzania has been beyond the South African reach. The RSA has concluded pacts with Mozambique and Swaziland, has intimidated Zimbabwe and overthrown the Lesotho government. Consequently, dependency has increased in most cases and in some — Mozambique, Swaziland and Lesotho — it has become more publicly pronounced and therefore more internationally humiliating.



**Regional integration**

The second stated objective of SADCC is to promote regional integration. It is doubtful however, whether integration was meant, since SADCC claims to be neither a potential political or economic union nor a free trade area. Trade among the nine states has steadily declined and is likely to continue to do so. No unit within SADCC has been created to plan or foster regional trade. The issue is too sensitive. Manufacturing is almost as taboo as interstate trade in SADCC. Tanzania, which has one of the worst records in fostering manufacturing within its own borders, was given the task of coordinating this sector for all nine states. It has been suggested that this alone indicates the low priority given to manufacturing. If it is policy that "the cornerstone of SADCC is balanced development with industries in all countries," then, of course, industrialization will not likely succeed. Industry can most readily succeed if it has access to the whole market of the nine (about sixty million people) and is concentrated in a few industrial cores.

The failure of integration is likely to mean that natural forces will favor Zimbabwe as the industrial heart of SADCC. This in turn will give rise to charges that Zim-

babwe is "exploiting its inherited advantages," its "considerable economic muscle." But the alternative — equalization of industries in all nine countries — is an economically suicidal policy.

The first concern of SADCC upon inauguration was in the field of transport and communication. Railways, roads and telecommunications would achieve two of SADCC's objectives, first by freeing the nine from dependence upon South Africa and second by integrating the participating states. Six of the nine are landlocked. To move exports and imports those six have to depend upon coastal neighbors. If the nine states could move all their imports and exports to and from the international market through their own five ports, they would achieve a dramatic decline in dependence upon South Africa. So SADCC's first priority was in transport and communication. This was a wise decision. Since three of the region's ports are in Mozambique, it was only logical that the SADCC coordinating unit should be in Maputo. It was the first such unit to be established and is the most active and successful. It has attracted the largest amount of international finance. SADCC must succeed in this sector, for none of its objectives can be attained without a regional transportation and communications system.

No SADCC state has yet demonstrated that it can successfully operate a railway and port. Roadbeds and rolling stock require constant maintenance or they cease working. Without honesty in the ports, massive pilfering will not cease. Without a commitment to the work ethic, turn around time on the Tazara railway will continue to be two months. The port of Tazara is beyond South African reach but it carries annually only one-eighth the tonnage for which it was designed. Landlocked Zambia is connected by rail to all five SADCC sea ports, yet it utilizes South African harbors for most of its imports and exports.

**Economic development**

The third objective summarized as economic development in the SADCC manifesto is worded vaguely as "the mobilization of resources to promote the implementation of national, interstate and regional policies." This is unrealizable because SADCC coordinates only. It seeks donor support for the Beira railway system, for example, which passes through three countries. SADCC brings the rehabilitation plans of all three countries together and approaches potential donors. But the donors deal directly with the national governments, which are solely responsible for implementation of the projects.

Over the past six years, SADCC has appointed each of its nine states as the coordinator for a different economic sector. This was done in order to cater to national egos. Since these competing sectors vie for donor finance, priorities may be unenforceable. Many of the sectors, such as conservation, tourism, fisheries, mining and wildlife, might better be handled as national issues.

The drought of 1981-1984 drew the attention of SADCC to the issue of food sufficiency. It was estimated that the drought cost the nine states about two billion US dollars. For the preceding decade six of the nine had been unable, for a variety of reasons, to feed themselves. The drought greatly exacerbated the problem, particularly because few of the states had sufficient foreign exchange to



## SADCC's record

purchase food on the international market. Even worse, states within the region which possessed surplus food could not supply it to needy neighbors because of faulty or expensive transport or lack of foreign exchange. For example, Malawi, one of the poorest states in SADCC with a GNP per capita of US\$210, had surpluses in food throughout the drought years. But it was necessary for overseas donor nations to purchase these surpluses and supply them to needy neighboring states whose GNPs were three to four times larger than that of Malawi.

### International cooperation

SADCC, if nothing else, is a clever attempt to secure for the nine states a larger slice of international aid. Aid money generally is shrinking, even as need grows. A number of states are cutting back their aid offerings in absolute terms. Others are using larger percentages for military aid. More and more aid is tied to the sale of donor exports. SADCC hopes to persuade aid donors to continue their present bilateral programs to each of the SADCC countries, but also to include SADCC itself as a special aid category, thus increasing the total volume of aid to the region. One technique SADCC is using is to hold regular conferences with donor nations and institutions.

These techniques have worked well with the Nordic countries, EEC and Canada. US policy, however, seems to be to bet on apartheid withering away, while allowing US capital to bolster the continuing domination of the region by South Africa.

### Conclusion

So the record is spotty and successes few. The key is transportation and communications. There some advances have been made but more must happen. Getting the railways and ports of the nine to operate would in one stroke promote all of the goals of SADCC, reduce dependence and promote integration, spur development and encourage international cooperation. There is a tendency to blame transportation problems on the destabilizing effects of South African policy. But the nine have yet to prove they can operate a railway efficiently; even in the 1983-84 drought years, the region was almost totally dependent upon South African ports for the importation of food.

Other development plans have dismal prospects. Each year the trade among the nine declines even further. Still, SADCC has survived. It is not moribund. For an African regional organization that alone is an achievement. It has raised international finance in a shrinking market. It has completed a number of projects in the transportation and communications sectors. It has avoided flamboyant proclamations and suppressed interstate disputes. SADCC has helped to expose the Pretoria regime and aroused its anger. It has provoked the forces of apartheid to strike out openly. Dependence upon South Africa has increased but cannot be blamed upon SADCC. The degree of success of SADCC may be hard to gauge. One way to estimate it might be by assessing the degree of concern it raises in Pretoria. By that criterion the SADCC nine may well congratulate themselves on their sixth anniversary. □



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# Book Reviews

## Two good NGOs

by Norma E. Walmsley

*Lotta* by Clyde Sanger. Toronto: Stoddart Publishing Co., 1986, 266 pages, \$24.95.

*The Land of Lost Content. A History of CUSO* by Ian Smillie. Toronto: Deneau Publishers, 1985, 408 pages, \$29.95.

At a time when non-governmental organizations are being hailed as an ideal channel for international development assistance, two books have appeared on the Canadian scene, each recounting the beginnings and the operations over a few decades of a well-known Canadian NGO.

For the reader who has been involved in or taken particular interest in this form of assistance, these books provide a fascinating study. One organization — USC Canada — was begun by a person who was forced by the horrors of World War II to suffer hardship and danger, and to live herself through the refugee experience, an experience of such intensity as to drive her throughout the next forty years to alleviate the suffering of refugees everywhere — so much so that her personal story is synonymous with the story of the organization she started.

The other international organization to spawn a recent book is CUSO (originally Canadian University Service Overseas), and its initiators were at the other end of the spectrum: young Canadians who had had the privilege of education and material comfort without the deprivation of war or conflict, and who felt drawn to channel their youthful ideals in a "learn and serve" context.

These differences in beginnings are reflected in the way the organizations progress, the USC drawing from the wells of Canadian compassion and energy to provide mountains of clothes and provisions, and aggregating small financial donations into floods of money, all directed overseas for projects run by people in their own villages or centers. With CUSO, in contrast, the contribution during its formative years was people, for the most part young

Canadians — teachers, technicians, health care workers, farmers — human resources with all the variations of experience and temperament peculiar to them.

Beneath the personalities, the events, the statistics there is in these books much food for contemplation on the role of NGOs in Canada's foreign policy and in international development generally.

### The USC story

Lotta, of course, is Dr. Lotta Hirschmanova, whose name in Canada and in many corners of the world conjures up the vision of a bundle of energy clothed in an olive-green uniform — peaked cap, skirt and jacket with CANADA spelled out on each lapel pin. How many, seeing the wearer of this uniform purposefully walking, or persuasively addressing an audience, have silently wondered about her background and her cause?

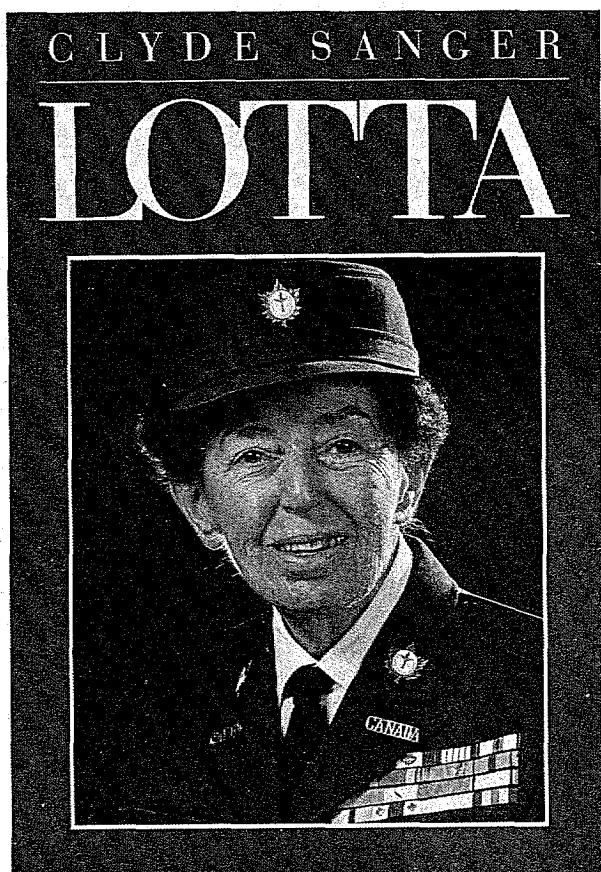
After travelling across Canada, to Boston, and to Greece, Bangladesh and India to visit selected current and former projects of the Unitarian Service Committee of Canada (since 1979 known officially as USC Canada), Clyde Sanger has brought together in this scrupulously researched book the story of Lotta and of her organization.

The USC story was to have been written by Dr. Hirschmanova herself. On her retirement as Executive Director in 1982 she devoted full time to it, and began to weave together facts contained in the voluminous notes she had kept and "Jottings" she had circulated to the regions over the years. Misfortune intervened, in the form of Alzheimer's disease. With USC Canada due to mark its fortieth anniversary at the end of 1985, the Board of Directors sought a writer to carry on the work that was no longer possible for Dr. Lotta. In their selection they could have done no better: Clyde Sanger — journalist, information officer and author — writes skillfully and with authority, his specific knowledge of development matters giving particular credibility to discussions of USC programs in Asia and Africa.

The book begins with Lotta's growing-up years in Prague, and intensively active university years at the Sorbonne and at the University of Prague. She studied political science and journalism for two years in Paris following completion of her Ph.D. A political journalist in Europe in the late 1930s was at risk; one of her insight, ability and national fervor was extremely so. With the fall of Prague, Lotta took refuge in Belgium, and when it was invaded she joined the stream of refugees to northern France.

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Reading of her experiences at that perilous time, one sees how her very survival depended on self-discipline, foresight, confidence in her own ability to judge a situation and to act. These traits, together with boundless energy, were carried forward as founder and Executive Director of USC Canada in her distinctive style, an invariably authoritarian style which comes to the fore in a later chapter in the book, "Building the Canadian Constituency."



Before leaving Europe, and from the outset of her life in Canada, Dr. Lotta used every resource at her command to help ease the burden on refugees in Europe. At the end of 1945, in association with three Ottawans, she began to organize what was at first the Canadian branch of the Boston-based Unitarian Service, but which was soon to become a distinctly Canadian entity.

A less perceptive writer might have been tempted to steer away from what could be the prosaic details of overseas projects. In proceeding from postwar Europe through Korea, Gaza, Vietnam, India, Hong Kong, Indonesia, Bangladesh, Cyprus, Nepal and southern Africa, Sanger blends observation with event, giving his readers credit for their intelligence and interest, and adeptly injecting a chapter with more familiar material when the reader may need pause to digest.

USC programs, designed to "break the chain of poverty," have always worked exclusively through "nationals of the country, or at least the region, where the project is located." This has led to some interesting, though not always successful, combinations of people and aid, selected

and dealt with on a very personal basis — the "personal touch" having been instituted by Dr. Lotta as the hallmark of the USC.

In the final chapter, "The Fifth Decade," the work of the USC is discussed in a historic sense as the cutting edge in such development matters as family planning, community development, work with partner agencies and local direction, and to some extent improvement of the position of women. The advent of Canadian government assistance to NGOs (not seized upon immediately by the USC, for reasons which Sanger explains here) has brought different dimensions to the organization. Under Dr. Lotta's immediate successor, USC reached out to cooperate in joint projects with other Canadian NGOs, entering the latest phase of what was described in the introduction as "the transition . . . from relief work in postwar Europe to full blown development assistance for large rural communities in Asia and Africa."

### The CUSO story

The whimsical quotation which is the title of this book, although qualified by the subtitle *A History of CUSO*, prepares the reader for what follows: a subjective account of the first twenty-five years of CUSO, seen through the eyes and research of one who has served overseas with CUSO and then was its Executive Director in the Ottawa office from 1979-83.

Ian Smillie's feeling for events and his power of description make for absorbing and often entertaining reading. Masterfully narrated vignettes — experiences of individual volunteers in their overseas postings — are interspersed with the other chapters, confirming the fact that "people" are the stuff CUSO is made of.

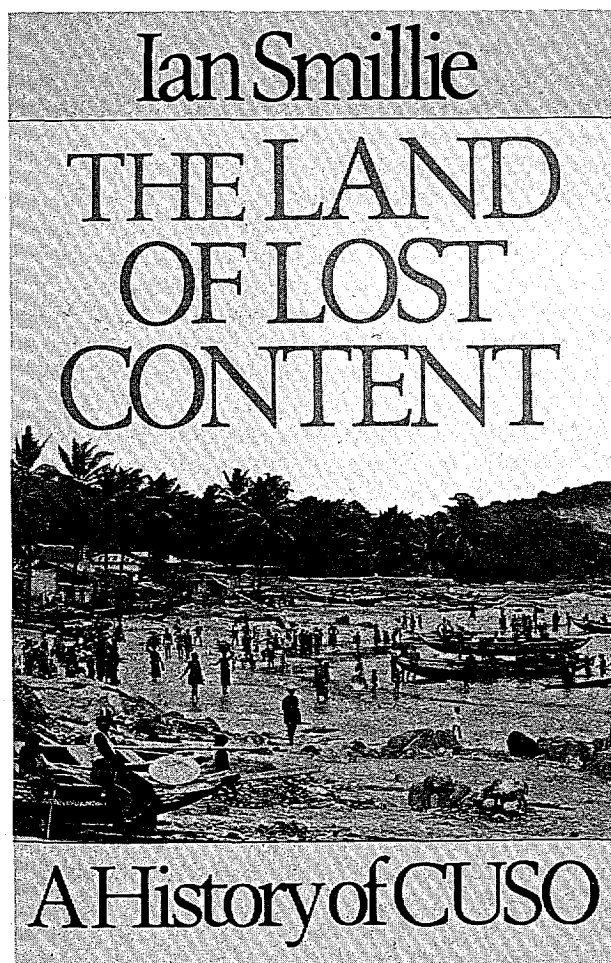
This description of the years covering CUSO's evolution — from an organization whose original mandate was to place Canadian university graduates overseas, through its dual CUSO-SUCO identity in Canada, the intricacies of CIDA financing arrangements, CUSO's involvement in development education (for which Smillie's appraisal is open to debate), its emerging emphasis on larger integrated projects — constitutes a fascinating study of the human equation, and of one facet of Canada's role in the Third World.

The ripple effect of CUSO involvement overseas and in Canada has been and continues to be far-reaching. A book published in 1968 on CUSO in developing countries (*Man Deserves Man*, edited by McWhinney and Godfrey) foresaw philosophic goals for the organization, based on the high synergy potential of the early CUSO participants and returned volunteers. Seventeen years and many internal and external factors later, that idealism of the sixties has given way to Smillie's concluding chapter entitled "The Jumblies," viewing the organization with strange detachment, through an overlay of development terminology, modified by direct quotations from present day volunteers.

The readership for this book will be varied; many will see in CUSO something of their own lives, and look for it to be reflected here. And even though they personally may be disappointed, each must admit admiration for the courage the author shows in attempting to deal with such a vast amount of material — literally a cast of thousands over a twenty-five year period, with backdrops in a myriad of

countries in Africa, Asia, the Pacific, the Caribbean and Latin America, as well as Canada.

To paint these backdrops Smillie has read widely and devoted introductory portions of many chapters to setting CUSO programs into historical context. Caribbean-Canada relations, the Biafran war in Nigeria, Cuba in the 1960s, the birth of Bangladesh, the independence struggles of the Portuguese colonies, the emergence of Zimbabwe, the story of the tin miners' plight in Bolivia, refugees in Kampuchea, all these are detailed in an effort to better describe the involvement of CUSO in these places. For the neophyte reader, or even to refresh the memory, these facts constitute a valuable primer in Third World geography and history.



Less easily documented has been the Canadian scene. To help satisfy the call for inclusiveness, and to fulfill its claim as a "history," the book should include appendixes, chronologically listing names and terms of board chairmen, Executive Directors, dates and places of milestone meetings, and relevant volunteer and country statistics which would provide at-a-glance insights into the organization. The listing of such facts would have counteracted puzzling omissions, passing over people whose contributions to CUSO's early days are well-known, and key personnel to whom CUSO has owed a great deal.

While a token reference is made to universities' "rent-free accommodation, salaried workers and secretarial assistance to the CUSO effort," the author fails to recognize adequately the time-consuming and absolutely crucial role of Canadian university personnel in recruitment, selection and orientation of CUSO volunteers. Without this backbone of dedicated support, particularly during its first decade, CUSO could never have gotten on its feet, let alone have developed into the type of agency it has become.

Discussion of events out of context and with selected quotations can, of course, lead to distortion. Perhaps this is why the writer's assessment of the value of terms of office of certain Executive Directors greatly weakens this work in the eyes of persons who were on the staff or were close to CUSO and working in the development field at specific times. Especially does this appear suspect when the reader is given to understand that everything improved, troubles ended and positive initiatives were undertaken during the years that happened to coincide with the author's own term of office.

One can only surmise that a publication deadline dictated by CUSO's twenty-fifth anniversary must have been responsible for the book's technical shortcomings, which include very sloppy proofreading and a cumbersome and not always accurate footnote arrangement. The index lacks subentries and contains a high proportion of inaccurate page references — a most regrettable situation when, in fact, a great deal of valuable information has been placed between the covers in such a compellingly written way.

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*Norma Walmsley is the Founding President of MATCH International Centre in Ottawa. As Professor of Political Science she represented Brandon College at the founding of CUSO in 1961, and was a member of the Project Advisory Committee of USC Canada for many years.*

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### Readings in International Law

by Maxwell Cohen

*International Law, a Contemporary Perspective (Studies on a Just World Order, No. 2) edited by Richard Falk, Friedrich Kratochwil and Saul H. Mendlovitz. New York: World Policy Institute, 1985, 702 pages, US\$49.95 (cloth) and US\$21.00 (paper).*

The challenges of time and place have done little to diminish the ardor of international lawyers as they perceive this troubled and fragmented planet, yet hope for a just world order despite the warnings and the perils of the age. Very few of their legal or social science peers have done more to explore the frontiers of the international system in the wake of World War II than Richard Falk and Saul Mendlovitz, joined by others from time to time as they have proffered their mounting claims to the immortality of

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the footnotes and of their professional leadership. In this ongoing partnership Falk has been the intellectual catalyst and centerpoint. Such an observation does no disservice to his several colleagues in this experiment to convert the anarchy of planetary society into manageable order when nuclear termination threatens everyone unless that order is achieved.

The present volume, No. 2 on a list of anthologies for teachers and students, was preceded by No. 1 entitled *Toward a Just World Order* and was followed by No. 3, *The United Nations and a Just World Order; Toward Nuclear Disarmament and Global Security — a Search for Alternatives* as No. 4, but now edited by Burns H. Weston; and, finally, there is No. 5, *Culture, Ideology and World Order* edited by R.B.J. Walker.

The international lawyers are, of course, not the only captains in the small regiment reconnoitering for systems that will organize men and women into something more adaptive to the burdens of both an aggressive and pacific nature than heretofore has been achieved. However, it must be at the very least suggestively significant that international lawyers for the past 400 years or more, whatever their successes or failures, have been among the risk-taking vanguard moving toward some high ground where one day the enemy may only be ideas and systems, rather than the instruments that for so long have threatened the peace of men and states, and, now the species itself.

In the series of which the present volume is one-in-five and devoted to International Law, it can be argued that the search for a "contemporary perspective" with readings from almost two-score scholars and their works, suggests a powerful dynamic in international legal theory and speculation as well as in empirical judgment. For the evident failures of world order today do not suggest any weakening of these disciples of Hugo Grotius and his successors who continue to build their hopes, their plans and their forecasts on the "Grotian tradition" and the "Grotian quest." These are the titles to the first and second essays, chosen by the editors and authored by two of the most fertile speculators of this century's family of international lawyers — the late Sir Hersh Lauterpacht and Richard Falk himself.

### The articles

Some "feel" for the scope of the present collection may be had from a quick review of its chapters: International Law and Problems of Compliance; Varying Perspective, Emerging Structures; Law Making in International Society; Resolving Conflicts; Regulating Force; Tensions between Individual and the State; Resource and Responsibilities in a World of States; and, finally, International Law and World Order Transformation.

These headings alone may do an unintended injustice to the richness and diversity of the essays in each chapter. Some of these, of course, are extracts from well-known volumes, as, for example, the pages from Wolfgang Friedmann's now classic statement "The Changing Structure of International Law." Others are essays that appeared in journals or papers given to conferences and recorded in the proceedings. But whatever the sources, there is a unity of theme and purpose which distinguishes this volume despite the widely differing views about international law and the legal order.

Here most of the authors believe and demonstrate, in thirty-eight selections, that the Grotian tradition is alive and well; that compliance, though often a massive failure in great crises, is not yet to be written off as a shield for the dangerous years ahead; that emerging legal interstate structures are diverse, adaptive and frequently remarkably innovative in dealing with the endless complexities of men and societies cohabiting the planet; that "law-making" itself, in the international arena, has many agencies providing authoritative sources to justify the expectations of continuing growth, already to be seen in much state political behavior, to say nothing of the adversarial rhetoric; that a surprising record of positive conflict resolution, even in crisis moments, now stands to the credit of International Law to warrant more hope than despair; that regulating force in the nuclear age has become the political and moral imperative and that Article 2(4) of the UN Charter proscribing the use of force in international dealings is not yet dead, however obscured it may be by the conventional violence of several regions, if not, thank God, of the superpowers themselves; that the human rights normative achievement, as well as its signal creativity in linking the individual to international law, is one of the high achievements of the postwar era; that the maldistribution of the world's "resources" favoring a minority and depriving the majority has now become a serious obligation for more equitable distributive arrangements with the Third Law of the Sea Conference and the 1982 Convention demonstrating a new paradigm for a sharing of these global reserves; and, finally, politics, law and human action more generally are all inevitable partners in the search for the transformation of World Order, with Falk's concluding essay outlining "A New Paradigm for International Legal Studies."

### Dynamic law

Such an inventory of imagination, judgment and research cannot be anything but a claim upon the rest of us to recognize the immense possibilities for world systems of shared values with compliance, restraint and equity determining the behavior of great and small peoples alike. It is an old cliché to regard the law as an essentially conservative force, rationalizing the status quo instead of reshaping the affairs and resources of men for the justice that all demand. The emergence of "critical legal studies" in law schools, particularly in the United States and to a lesser extent elsewhere in the West, now challenges the very basis of the self-defining system that is the law. The "Crits" assert the law is but a mirror image of power and status remaining unchanged under the protection of that self-serving legal umbrella.

But these post-Marxist critiques really have nothing to offer the international lawyer writing and thinking in an exploratory ambience as most of the contributors to this volume are doing. For their major assumption clearly remains that there is no true "order" without modalities for change, and the legal system of the states of the world — those artificial but "real" entities parcelling out the planet with boundaries created by geography, history, race and accident — are ever in search of political/legal means that assure minimum order with its decencies buttressed by necessary and ongoing social change.



It is this belief in the possibilities of macro-change, peacefully achieved, while retaining during transitions the minimum standards of an adaptive order, that differentiates the international legal mind from the simplistic revolutionary demands of those to whom a violent leap in the dark is an act of compelling conviction, not of judgment. If this volume does nothing more than demonstrate the capacity of states and man to shape their dealings with each other so as to minimize conflict while maximizing equitable change with the promise of ever-broadening just orders to come, it will have achieved its objective. In the process, it will have suggested to the non-lawyer that despite the cynicism of political realists about the uses of International Law there is much life in the law and, indeed, without it there may be little civilized life with which to pursue whatever destiny the race has yet to experience.

Maxwell Cohen is Emeritus Professor of Law at McGill University in Montreal, Scholar-in-Residence at the University of Ottawa, and Adjunct Professor at Carleton University in Ottawa.

## Law of the Sea

by Brian Meredith

*Maritime Affairs: a World Handbook* by Henry W. Degenhardt. Detroit: Gale Research Inc., 1985, 412 pages, US\$90.00.

As a consultant in the planning and early stages of this most topical volume which is potentially relevant to Canadian policy-making at sea, your reviewer must forthwith declare his interest. Not surprisingly, he is unashamedly delighted with it and commends it forthwith.

UNCLOS, the UN Convention on the Law of the Sea, whose monumental conferences extended over a span of close on ten years, is, of course, the *raison d'être* for this maritime handbook. The Treaty itself has a long way to go in terms of the required ratifications, and its Preparatory Commission is seeking to set up the administrative structures, and to seek financial support. The Treaty itself has, however, established an acceptable philosophy for international ocean management among the participating nations, which included the US and the UK up to the advent of the Reagan regime; and whether or not it falls short of its goals in implementation, it remains a formidable document, likely to influence political and legal behavior at sea for a long time to come.

The book outlines the development of the Treaty and in an appendix gives the text verbatim. It outlines the functions of a variety of international organizations, such as the International Maritime Organization (IMO), dealing with the technical aspects of shipping, and the International Labour Office (ILO), concerned with the welfare of

seafarers and dockworkers. It embraces the activities of a variety of other groupings such as the International Civil Aviation Organization (ICAO), which helps with, *inter alia*, search-and-rescue at sea, and the UN Conference on Trade and Development (UNCTAD), which deals with the economics of shipping, and the International Court of Justice (ICJ), which has been adjudicating disputes at sea for many years. Also the Intergovernmental Oceanographic Commission (IOC) which, with its parent the UN Educational Scientific and Educational Organization (UNESCO), copes with the coordination of marine scientific research.

The handbook deals with the military dimensions of the sea, now so often and embarrassingly in the news in the form of a renewal of gunboat diplomacy, and it generally provides facts and figures of maritime interest around the world. With matters still in such a fluid state it seems likely that it should run through several editions as time passes and new circumstances and technologies overtake UNCLOS and call for yet further conferences and amendments.

Brian Meredith is a retired United Nations official living in Ottawa.

## A new annual

by Robert W. Reford

*Canada Among Nations: 1984. A Time of Transition* edited by Brian W. Tomlin and Maureen Molot. Toronto: James Lorimer, 1985, 222 pages, \$9.95.

This is the first in a planned series of annual volumes on Canada in international affairs and it has been produced by the Norman Paterson School of International Affairs at Carleton University, Ottawa. It covers the year 1984 and was published in April 1985. The second volume in the series, covering 1985, was published in April 1986.

The concept of an annual review of a country's role in world affairs has an obvious appeal, for the average reader and for scholars. The editors, however, often have to face difficult decisions. Presumably they want more than simply an account of a year's events, but the authors may find themselves too close to them to give an in-depth analysis.

This volume contains eleven contributions. They are set out under five different subject areas: international policies, international security, international political economy, international development, and Canada-US relations. Finally, there is a chronology and statistical profile.

The subtitle of the volume is *A Time of Transition*, and that may well be a very appropriate description of 1984. It was, after all, the year when Pierre Trudeau ended his sixteen years as Prime Minister and when Brian Mulroney brought the Progressive Conservatives back into power



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with a resounding majority. This may prove especially relevant for Canadian-American relations because of Mulroney's decision that these must be restored from what he regarded as a lamentable condition.

On the other hand, two of the most interesting chapters are more limited in scope. One covers in considerable detail Trudeau's peace initiative which began in the fall of 1983. It is probably too soon to recognize the significance of such an undertaking, but it is an event in Canadian diplomatic history which should not be ignored. Harald von Riekhoff and John Sigler have done us a good service by their thoughtful account.

A second unusual contribution is C.J. Maule's account of the problems of the aluminum industry. There is a general public awareness that industries face problems of adjustment — adjustment to new economic conditions, to new products and to new technologies — but most of us are not aware of what are the consequences. This article, while seemingly not directly relevant to 1984, is a valuable case history.

At times it seemed unusual to be reading about 1984 in 1986 with no reference to 1985. But the concept of an annual examination of Canada's international relations is a good one. This is a good start, but the series should best be judged over several years' editions.

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## Security, acid rain and political parties

by David A. Lord

*Canada and the Conference on Security and Co-operation in Europe edited by Robert Spencer. Toronto: Centre for International Studies, University of Toronto, 1984, 440 pages, \$20.00.*

From the outset, Western governments, particularly Washington, were wary of Soviet intentions in seeking a European conference on security. The fear in Western capitals was that Moscow was merely seeking a platform to confirm the de facto legacy of the Second World War, especially the Soviet absorption of the Baltic states and the extension of the USSR's western border. There was also opposition to the Soviet notion that the United States and Canada, despite their military, political and economic stakes in Western Europe, not be included in any conference.

With few if any positive factors to recommend a conference and the divergent views and preoccupations of what were to be thirty-four participating countries, it was little wonder it took from 1964 to 1973 to lay the groundwork for the first phase. Even less surprising is that when the diplomats finally unveiled the conference's declaratory Final Act in Helsinki in August 1975, most observers agreed that the years of diplomatic efforts had produced little progress toward concrete measures promoting European security, East-West economic, scientific and cultural cooperation or human rights.

In his chapter on "Who Got What and How," Kalevi Holsti, a political scientist at the University of British Columbia, points out that Moscow did achieve multilateral recognition of East Germany's sovereignty and the conference set the stage for a superpower summit. But Soviet negotiators failed to have included declarations condemning exclusive economic organizations like the European Economic Community or the dissemination of "fascist or warmongering information." The West, Holsti says, "gained what was perhaps least expected: multilateral recognition of human rights, self-determination and humanitarian measures as being among the most important dimensions of détente." Another victory was acceptance of a principle of provisions on family unification and personal contact that, if "applied as intended," would make "the movement of peoples between East and West as free as it is in the West."

As well, the states most vulnerable to Soviet power and intimidation — Finland, Yugoslavia and Romania — attained recognition of the "right" of neutrality, a tool that could be used to denounce Soviet economic or military pressure.

But all in all, Holsti argues that the Final Act, "by engraving fundamental ideological differences into treaty form and requiring follow-up conferences to highlight those differences, has actually exacerbated East-West relations." Follow-up conferences degenerated into propaganda battlegrounds with bitter exchanges of accusations and counter-accusations of breaches of the Final Act.

On the human rights front, jurist Walter Tarnopolsky points out that within three years of the signing of the Final Act by Moscow and its bloc allies, the Soviets were convicting physicist Yuri Orlov and Anatoly Shcharansky of anti-Soviet propaganda and treason for their activities as members of the Soviet Helsinki Watch group.

As for Canada's role in the evolution of the conference and its outcome, Spencer, a professor of history and director of the University of Toronto's graduate Centre for International Studies, provides two background chapters and Carleton University political scientist Peyton Lyon a third on what was at best a lot of hard diplomatic slogging for Canada to even play a marginal role. Lyon, working from a number of previously unpublished External Affairs department documents, asserts that Canadian diplomats scored minor victories, firstly by being accepted as a conference participant and then by taking a lead role in tough bargaining to "press détente to its outer limits." But given the lasting results of the Conference, Lyon's arguments tend to underscore the apparent futility of a mammoth diplomatic undertaking and accentuate the hollow ring of the Final Act.

*Acid Rain and Friendly Neighbors: the Policy Dispute between Canada and the United States edited by Jurgen Schmandt and Hilliard Roderick. Durham, North Carolina: Duke University Press, 1986, 332 pages, US\$45.00.*

Jurgen Schmandt and Hilliard Roderick have taken a complex environmental, political and diplomatic issue, research grants, fifteen willing graduate students and an

academic printing press and produced one of the more turgid analyses of the acid rain problem and how Canada and the United States have and can deal with it.

*Acid Rain and Friendly Neighbors* does provide some readable background information on the scientific arguments on the origins and known effects of acid rain on the ecosystem, what legislation and regulations US and Canadian governments have implemented so far, and the problems of enforcement. It also takes a look at the model of the Great Lakes Water Quality Agreement between the two countries. But the attempt to explain what in essence has been a failure on the part of both governments to come up with partial funding and tough legislation to force the private sector to begin an acid rain clean-up on both sides of the border, gets bogged down in a striving for even-handedness by Schmandt and Roderick's multi-disciplinary team. Their treatment muddies the waters with obtuse charts and much already discredited technical information.

The study was begun in 1982-83 and prepared for publication in 1983-84, well before the March 1985 summit meeting between Prime Minister Brian Mulroney and President Ronald Reagan, before the naming of former Ontario premier William Davis and former US Transportation Secretary Drew Lewis as special envoys on acid rain, and before Reagan's acceptance of their report at a second summit meeting in March of this year.

Although Mulroney heralded Reagan's agreement with the report as a major breakthrough, the report only recommended a \$5-billion industry and a government program for more study on how to cut emissions which cause acid rain. *Acid Rain and Friendly Neighbors* argues that the only effective solution to the problem will be national action north and south of the border that might eventually fit into an international agreement.

*Political Parties of the World, Second Edition* compiled and edited by Alan J. Day and Henry W. Degenhardt. Detroit: Gale Research Co., 1984, 602 pages, US\$90.00.

This British work in the Keesing's Reference Publications series may be of some use to those who have been having difficulty discerning what Canada's major political parties stand for. Take the note on the orientation of the Progressive Conservatives, for instance. It describes the party as "enshrining an amalgam of British, French and American conservatism, the party stands for the preservation of the monarchy and parliamentary democracy, the multicultural composition of Canada and its bilingual nature; for private enterprise; a competitive market; individual initiative and personal liberties and for measures taken for the common or collective good." The Liberal Party of Canada, on the other hand, is, "A party of the centre which believes in the freedom of the individual, equality of access to opportunity and social reform. It has expressed strong support for the United Nations campaign for world disarmament." The New Democratic Party's description is more succinct: "Advocacy of the application of democratic socialist principles to government and the administration of public affairs."

Farther afield, some of the thumbnail sketches are even less illuminating. Papua New Guinea's People's Progressive Party is described as being "Represented in all areas except the highlands, the party has taken a conservative attitude." Historical information on older established political parties around the world is fuller and less open to subjective interpretation. Some references include mailing addresses, founding date, leaders, party structure, numbers of members, publications and international affiliations.

Because of the ephemeral world of politics, much of the information in this 1984 publication is already outdated.

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*David Lord is foreign affairs and defence reporter for The Canadian Press in Ottawa.*

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## Soviet VIPs

by David Levy

*Who's Who in the Soviet Union* edited by Borys Lewytzkyj. Munich and New York: K.G. Saur, 1984, 428 pages, US\$125.00.

In a country where a telephone directory is normally unobtainable, any directory is a gift horse in whose mouth one does not look too carefully. Stumbling across one in the Soviet Union, one rushes to pay for it unopened. Comprehensiveness be damned. When they appear in the West, however, one may actually ask a bit more of them since they are compiled from normally obtainable Soviet media and publications, that is, from sources far more obtainable than Soviet directories.

This *Who's Who in the Soviet Union*, a German product, is described as a biographical encyclopedia of 5,000 leading personalities in the Soviet Union. It is an update of a 1978 work — understood to be a successful financial undertaking because very much in demand — narrowed down to the Soviet Union from its former pan-East European incarnation. This has resulted in a magnification of the Soviet section therein, but unfortunately also in the magnification of its faults, the underlying ones the maddening inconsistency of its choice of the names it lists and the political selectivity of the biographical sketches that accompany them.

The gaping lacunae of this disappointing work would seem to derive essentially from this inconsistency and coyness. They also derive, for Canadian users at least, from the work's European provenance; and the best illustration of this is that the only hockey players listed under "athletes" are Kharlamov, Kuzkin and Loktev, while, in listing three Tretiaks in the main body of the book, it does not mention the greatest goalie of all time. As for Olga Korbut, her name fails to materialize even after the most deter-

## Book Reviews

mined leafing through, which will make not only us Canadians want to slam this hit-and-miss effort shut.

Still under "athletes" it lists Nikolai Ozerov, the sports commentator, as well as chess grandmasters Tigran Petrosyan, who died as this directory went to press, and Boris Spassky, who became a French citizen through marriage and is not allowed to play in the Soviet Union. Are these Soviet athletes? If so, why is Karpov nowhere included?

Leading dissidents are mentioned — Sakharov, Orlov and even Kovalev, who, though sentenced to seven years by a court in Vilnius, Soviet Lithuania, in December 1975, is listed in this 1984 work as "still in prison in Vilnius." He was held in prison there only during his short trial.

Sakharov, this work says, "was released from all his duties and now lives off his pension as mem. of the USSR Acad. of Sciences" because of his convictions, without mentioning anything about his banishment to Gorky — a flaw that indicates less of a concern for scholarly rigor (after all, no one can visit Sakharov in Gorky, so how can we be sure he is really there?) than it does the usual nervousness of those in whose own panoply of convictions the worry over the next visa to the USSR looms large.

Yuri Orlov, the dissident physicist (not the actor who plays Lenin, who played him in Peter Ustinov's TV series on Russia's past, but goes unnoted) gets a mention among ten Orlovs but without his long and heartbreaking labor camp purgatory mentioned. He is made to seem rather comfortably occupying the post of "Head of Org. for Supervising Observance of Human Rights in the USSR," this cumbersome title for a body commonly referred to as the (ill-fated) "Helsinki Monitoring Committee" also shaking one's confidence in the editor's familiarity with his subject.

Full marks for the inclusion among the three Yakovlevs of Aleksandr Nikolaevich, the former ambassador to Canada and now elevated to the Central Committee Secretariat; but a fail for the omission of the great actor Yuri Yakovlev.

The Soviet Union's most famous current military figure, Nikolai Ogarkov, catapulted to that status through his televised version of the KAL-007 air atrocity of September 1983, does get a substantial biographical note, bereft though it is of any mention of his role in the atrocity's aftermath, as well as of his subsequent eclipse. But he is mysteriously absent from the military leaders' listing. It would be interesting but probably impossible to find out whether this list was compiled at the very time of his brief removal, in good old Soviet fashion, and simply not corrected after he resurfaced.

Soprano Galina Vishnevskaya is also substantially described but without mentioning her marriage to unmentioned cellist Mstislav Rostropovich and her sharing of his life abroad. Women's lib gone mad?

This work did not help me find the name and patronymic of Zaitsev, the leading Russian fashion designer at Moscow's *Dom Medelei* (Model House) when I needed it, much less provide me with a frank description of Viktor Yevgenievich Louis (or Lui), a Soviet Russian of longstanding world notoriety. Since no one has yet reliably identified Louis's true situation, perhaps this unmention is mere forgivable capitulation before the impossible.

In omitting the actress Azovskaya (name and patronymic unavailable), whom you saw as Catherine the Great in the Ustinov TV series, and Genrikhas (Henry in Russified Lithuanian) Zimanas, the foxy old *eminence grise* of the Lithuanian Communist Party Central Committee and now the regime's token Jewish propagandist as editor of *Kommunistas*, this *Who's Who in the Soviet Union* omits far too much between aardvark and zymurgy.

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*David Levy is a Canadian specialist on the Soviet Union, where he lived for some years. He is founder of the Sakharov Institute in Canada and now works in Ottawa in the mission of the European Communities.*

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## Cold War reader

by John Greer Nicholson

*Origins, Evolution, and Nature of the Cold War. An Annotated Bibliographic Guide by J.L. Black. Santa Barbara, California: ABC-Clio, 1985, 173 pages, US\$37.50.*

As East-West tensions continue to increase a well-planned and well-indexed bibliography of the Cold War is both timely and of great long-term utility. The thirteen chapters — with titles such as "Image of the Enemy," "The Actors — Memoirs and Biography," "American-Soviet Relations," "Critical Issues — Policy" and even "Canada and the Early Cold War" as an additional bonus chapter written by Norman Hillmer and John English (both Canadians like the author) in this US-published work — make very easy reading, even for the browser, which is unusual in a bibliography. The annotations (such as one on "Expansion and Coexistence" by Adam Ulam of Harvard) are generally both objective and informative.

On the negative side — especially for such a handsome and well-printed book — the number of Soviet works quoted is relatively small. It takes two to make a Cold War. More Litvinov, Maisky and Molotov is required, in a supplement perhaps. Also, the use of the Russian-language material shows evidence of insufficient care and of misunderstanding. Thus, item 7.21 uses "bankruptcy" for the Russian *nishcheta* which means "poverty," and in 7.33 "enemy of the people" (which has a very specific Stalinist meaning and translates *vrag naroda*) wrongly represents the "enemy of the nation" (for Russian *vrag narodov*), which has a definite international taste. Even worse, 7.16 should read "fettered by old doctrine" and not "on the trail of old doctrine." Both the first and second names of the well-known Soviet publicist with the unusual name Melor Sturua are misspelled as Melo Strurua. This should not have occurred because his first "patriotic" name simply stands for the initial letters of *Marx, Engels, Lenin* and *October Revolution*, and was typically given by some So-

viet parents in the 1920s. In the same item Westminster is twice misspelled as Westminister, although there is no second "i" either in London or at the Fulton, Missouri, college where Churchill delivered his famous "Iron Curtain" speech. This item (7.54) outdoes itself because it has two mistakes in the Russian original title and, more serious, mistranslates "koe-hto o svobodakh" as "which freedom," instead of the correct "a few words about freedom." Fortunately item 7.54 is atypical of the book as a whole.

As the Russian proverb says: "There are spots even on the sun" — and this volume remains a useable, readable and necessary bibliography.

*John Greer Nicholson was Professor of Russian Studies at McGill University in Montreal from 1962-79. He now lives in Ottawa.*

## How Korea did it

by Ihn Ho Uhm

*A Case of Successful Adjustment: Korea's Experience During 1980-1984* by Bijan B. Aghevli and Jorge Márquez-Ruarte. Washington: International Monetary Fund (Occasional Paper 39), 1985, 34 pages, US\$7.50.

It is widely recognized by informed students of economic development that Korea has succeeded in exploiting its comparative advantage and in overcoming the constraint imposed by the size of its domestic market. This has been accomplished by adopting an export-oriented growth strategy. Authors of this report, in contrast to a similar report on the subject, remind readers that despite this miracle, Korea is still a developing country with a relatively low level of per capita income — US\$2,000 in 1984 (compared with about US\$10,000 in Japan). The specter of protectionism among the industrialized countries casts a shadow over Korea's prospects for meeting its growth potential and serving its international debt obligations.

The authors argue that it would be unfortunate if the attainment of Korea's development objectives were to be obstructed by the imposition of trade barriers in its export markets when the Korean authorities on their part are making commendable progress in liberalizing imports.

This report describes the salient features of the recent adjustment efforts, by the Korean authorities, from the crisis situation in 1980 when output declined for the first time in Korea's modern history. That is to say, the authorities responded to the crisis by implementing a comprehensive adjustment program, supported by two standby arrangements with the IMF between March 1980 and March 1985.

The introductory section provides a brief overview of the nature of the problems faced by the country in the early 1980s, following the miracle of the growth of the 1960s and

1970s. Section II summarizes Korea's development during 1960-1978, the period of rapid economic growth. The following three sections deal with the crisis years of 1979-1980, the recovery years of 1981-1982, and the adjustment years of 1983-1984. The authors describe the thrust of government policies during the periods of these crisis, recovery and adjustment years, in terms of instruments used such as fiscal, monetary, exchange rate, and structural policies.

The authors, however, have neglected to evaluate the efficacy of these tools in achieving the policy objectives or targets. The evaluation of these aspects of policy analysis would certainly provide further insights into optimal policy making in economic development. What is not clear to the readers of this report, therefore, is which policy instruments were particularly effective in achieving which macro-economic goal or goals under what circumstances.

Although the authors claim the Korean government's adjustment effort through the far reaching stabilization program supported by the IMF was successful, without the appropriate analysis, the extent to which the IMF support played a vital role is not substantiated.

The reader will find that this report is suitable supplementary reading material for students and professionals in the areas of economic development, export-led growth and government policy.

*Ihn Ho Uhm is an economist with the Tariff Board in Ottawa.*

## Can Africa develop?

by Isabelle François

*Economic Crisis in Africa: African Perspectives on Development Problems and Potentials* edited by Adebayo Adedeji and Timothy Shaw. Boulder (Colorado): Lynne Rienner Publishers, 1986, 290 pages, US\$27.50.

*The West African Monetary Union: an Analytical Review* by Rattan J. Bhatia. Washington: International Monetary Fund (Occasional Paper 35), 1985, US\$7.50.

This first book was compiled from papers presented at the November 1984 Conference on "Africa's Economic Crisis and the Lagos Plan of Action" in Halifax, Nova Scotia, which marked a further stage in the evolution of African-Canadian relationships. It is a collection of original papers by African scholars and policy makers intelligently assembled by the two editors. Timothy Shaw of Dalhousie University is a prolific writer, specialized on a wide range of developmental issues and diverse regions of

## Book Reviews

Africa. Adebayo Adedeji, the active and dynamic Executive Secretary of the Economic Commission for Africa, contributed significantly to the creation of the Lagos Plan, which forms the focus of this book.

Although originating from different horizons, the authors share a similar commitment to the cause of "self-sustainability." One of the predominant themes of the volume lies in the key role that the international community has to play in the development of Africa. The scholars stress and explain the congruence between the self-reliance strategy, and their call for foreign aid, which may appear at first paradoxical. The first section of the book is devoted to the concept of self-reliance as an instrument of development, while a second section pinpoints the shortcomings of the international community's actions. The final section focuses on specific and key factors, where the self-sufficiency strategy, combined with foreign aid, should concentrate in order to enhance development in Africa.

The notions of regional cooperation and aid relationships have been analyzed in a comprehensive manner, although not exhaustively. One may regret the focus of the analysis on the Lagos Plan. According to the title of the book, the reader is led to expect a broader perspective of the current economic problems which plague the African continent. The articles, however, cover a large range of issues relevant to the process of development. It could be argued ultimately that the volume tends to treat *too* many issues at once, and as a result, lacks a basic analytical perspective.

The articles within this study are clearly argued, and usefully contribute to the promotion of African interests. However, the writers tend to utilize similar arguments in support of their positions. Concomitantly, many of the articles are overly oriented towards making political statements. The papers presented at the Conference were aimed at attracting foreign political interest for domestic purposes. The book, however, belongs to a public arena, requiring a different style of discourse. It is concerned with the means necessary to help Africa out of its economic morass. Although not presenting any practical steps toward the acquisition of greater internal and external support for the challenge of economic development, this book does stress the urgent need to integrate Africa within the New International Division of Labor.

### Monetary Union

In contrast to the Lagos Plan's approach to economic development, Rattan J. Bhatia offers a study deriving from the perspective of the international financial institution (IMF and World Bank). This author's study is concerned with the West African Monetary Union, as well as with the activities of the Central Bank of West African States (BCEAO). This paper gives credibility to the system which is currently expanding. It includes a useful historical perspective of the BCEAO, and sets in motion the theoretical debate regarding monetary unions. The author echoes the neo-classical and monetarist assumptions of the IMF, according to which monetary union has to be supported by fiscal measures.

The paper may appear technical to the uninitiated. However, the econometric approach reveals an interesting

perspective on the issue of regional integration. It provides, finally, reliable and useful tables for the use of West African analysts.

Both texts considered here are of value, though to differing audiences. The first one offers analytical papers, presumably suitable for specialists, though lacking great analytical insights. The second text contributes an interesting perspective, though its technical nature limits its scope.

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*Isabelle François is a political science student at Carleton University in Ottawa.*

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## Nationalizing Newfoundland

by Paul Bridle

*Inside the Atlantic Triangle: Canada and the Entrance of Newfoundland into Confederation, 1939-1949* by David MacKenzie. Toronto: University of Toronto Press, 1986, 285 pages, \$32.50.

The "Atlantic Triangle" in the title of this book is that formed by Britain, Canada and the United States. This is apt.

In the late thirties Canada and Newfoundland were still comfortably part of the British Empire. Of the two, Newfoundland was the more thoroughly British, less North American. Canadian banks and churches were well established in Newfoundland, and a large share of Newfoundland's imports came from Canada. Nevertheless Newfoundland still looked over the ocean. There was as regular a steamship service to Britain as there was to Canada; an incipient trans-Atlantic air service linked Newfoundland and Britain at a time when there was no civilian air travel between Canada and Newfoundland; and most outside investment in Newfoundland resources was British. As for the United States, while closely connected with Canada, it paid little attention to Newfoundland except to keep an eye on its fishing industry.

The Second World War changed all that. By the time it was over Britain, though still controlling Newfoundland through the Commission of Government, had no dollars with which to provide the long-term economic development Newfoundland needed. Canada, through its role in the Battle of the Atlantic and in the ferrying of military aircraft to Britain, as well as by massive expenditures on wartime defence installations in Newfoundland, had left a new and indelible mark there. In addition, since 1941 Trans-Canada Airlines had made possible regular civilian air travel between Canada and Newfoundland. The United States' relations with Newfoundland had burgeoned sim-



ilarly. However, while its postwar interests in Newfoundland were pretty well assured under any foreseeable political circumstances, informed Canadians knew that Canada would have to exert itself if its interests in Newfoundland — which were more than merely economic and military — were to be protected. Newfoundland's center of gravity was shifting to North America; the question was where it was going to settle.

David MacKenzie understands this history very well and has wisely cast his account of Newfoundland's confederation in its framework. Between the lines of his carefully documented account we discern a bemused Newfoundland dreaming a little of freedom but standing irresolute between Britain, the concerned but tired parent, and Canada, the attractive but cautious suitor. The United States, the dark stranger, waits, cool and a little bored, in the wings. In the near background are British and Canadian politicians and officials doing their best within the limits of what is correct and circumspect to facilitate fair consideration of confederation. Front and center, in the foreground, are the Newfoundland protagonists for and against confederation.

When dealing with the individuals involved, whether for or against confederation, MacKenzie is perceptive and even-handed. Among Canadians he singles out politicians Mackenzie King, Louis St. Laurent, Brooke Claxton, C.D. Howe and J.L. Ilsley, along with officials R.A. MacKay, J.S. Macdonald, Mitchell Sharp, C.J. Burchell, Norman Robertston, J.W. Pickersgill and Hugh Keenleyside; among Britons, Clement Attlee, Lord Addison, A.P. Herbert, Sir Alexander Clutterbuck, Sir Eric Machtig and Sir Gordon Macdonald; and among Newfoundlanders, Gordon Bradley, J.R. Smallwood, J.B. McEvoy, Sir Albert

Walsh, Herbert Pottle, Herman Quinton, Peter Cashin and Chesley Crosbie. Among the latter MacKenzie rightly points to Smallwood as the man without whom confederation would not have happened.

When dealing with the post-referendum negotiations which fashioned the terms of union, MacKenzie is a little summary. Students of the Canadian federal system may want to look elsewhere. This is not to fault a book which will tell the average reader all he needs to know. Nor does one fault a work of scholarship for not being dramatic. Yet it must be said that it is only by using his imagination that the average reader will sense the drama that was experienced by all who lived or worked through the 1946-1948 struggle over Newfoundland's political future. The complications, the unexpected developments, the uncertainties are almost all in MacKenzie's text but they do not leap at you as they might. Perhaps some one will one day create on this theme a piece of theater that will be as moving at the political level as Brian Cahill's *As Loved our Fathers* was at the personal. Until then David MacKenzie's account is one that will do very nicely.

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*Paul Bridle is a retired diplomat living in Ottawa. He was in the Office of the High Commissioner for Canada in St. John's, and in Ottawa dealing with Newfoundland, between 1945 and 1949. He is the editor of two volumes of documents published by the Department of External Affairs — Canada-Newfoundland Documents, Volume 1, 1935-1949, Defence, Civil Aviation and Economic Affairs and Canada-Newfoundland Documents, Volume 2, 1940-1949, Confederation (in two parts).*

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## Letters to the Editor

Sir,

Re: Budapest meeting.

Contrary to your Editor's Note everything is not going that badly; perhaps you are concentrating your attention on the negative rather than the positive.

A good example of this is what I found when I opened the January/February issue of *International Perspectives* expecting to get some information on the proposals made at the Budapest Cultural Forum — particularly on the Canadian participants and what Canada had proposed. Instead of this I find the David Matas article which is negative in the extreme, full of niggling comment and gives no coverage whatsoever on substance. In fact it leads one to wonder just what his International Helsinki Federation is trying to achieve. Is it supporting US efforts to minimize advances in mutual understanding and cooperation in Europe and so promote the Cold War?

Please find some writer who can tell us what proposals were made by various delegations, East, West and non-aligned.

*International Perspectives* should be providing information on content of international meetings rather than focusing attention on the actions of dissident groups' efforts to increase West-East tension.

On behalf of Canadians  
in support of the Helsinki Process,  
Charlotte J. McEwen  
Ottawa

### Author's response

Sir,

Charlotte McEwen asks what the International Helsinki Federation is trying to achieve. What we are trying to achieve is greater public and governmental attention to the human rights provisions of the Helsinki Final Act. We seek to monitor compliance with the human rights provisions of the Helsinki Final Act.

We cannot hope to achieve that goal by turning a blind eye to violations of the Helsinki Accord. The Federation is balanced in its approach, assessing compliance by all signatories alike. The advances in mutual understanding which Ms. McEwen desires will come only through respect for human rights, not by ignoring the violations.

David Matas, Cochair,  
Canadian Helsinki Watch Group  
Winnipeg

### Godfrey replies

Sir,

It would be charitable to describe Klaus U. Praekelt's response (*I.P.*, March/April) to my article (*I.P.*, November/December 1985) as wishful thinking about South Africa. Leaving aside his claims about the regional situation (which includes the absurd imputation that SADCC would like to invite a minority-ruled South Africa to join it!), his article has one central premise: change acceptable to Blacks is already underway in South Africa but is being distorted by "communists" fomenting revolutionary change.

Haven't we heard this type of argument somewhere before? In fact, we hear it wherever governments which represent minority interests try to stifle demands for democratic and economic rights whilst seeking to maintain good links with Western nations.

The problem with the "reforms" presented by Mr Praekelt is that some are irrelevant (should we expect black immigration to South Africa now that "whites only" immigration legislation is abolished?!), a few represent the welcome removal of outrageous laws (the Mixed Marriages Act), but most are not what they seem (the Pass Laws are to be abolished, but draconian security laws substituted). The quotation marks I used for "reforms" reflect the fact that the overwhelming number of Blacks, and an increasing number of Whites (including distinguished Afrikaners such as Beyers Naude and Frederick van Zyl Slabbert) do not believe that his government is serious in abolishing apartheid and tackling the central issue of universal suffrage and black political rights. It is a reflection of the mental isolation of many white South Africans that Mr Praekelt can base the rightness of his assertions on his "African perspective," while the vast majority of his fellow South Africans patently disagree with him.

Steve Godfrey

Ottawa

July/August 1986

in Canada \$37<sup>5</sup>

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# International Perspectives

*The Canadian journal on world affairs*

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#### Editor's Note:

*This journal is mostly concerned with policy questions: with examining the world within which Canada must make its choices, and with sometimes offering some thoughts about what those choices might be. This issue of International Perspectives seems to have more of that latter kind of material than usual. Should we get out of NORAD? Out of NATO? Out of UNESCO? Out of the world? Yesterday's farfetch is today's short-haul, and anything is thinkable. Some of that thinking comes from a retired Canadian General, who notes the ways we have had to pay for close military cooperation with the United States. Other articles find Canada not playing the creative role it might in the continuing Law of the Sea negotiations; suggest that we may be expecting too much of our developing relations with East Germany; and imply that we may have been too timid in our reaction to the US raid on Libya. Among those polite demurs you will find the polite affirmations of a senior External Affairs official, who sets out most agreeably the arguments for doing what we are doing, only with more luck, in picking our way through the thickets of East-West relations.*

*Quite outside this pattern is an explanation of why we should not expect anything very noble from Israel. It is a subject Canadians are becoming more sensitive to: the power of water to influence policy. And then there is Japan — worth an article every edition. This time it is about defence, and Japan's peculiar condition of having to let someone else do it.*

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# Military cooperation with the US and Canadian independence

by Leonard V. Johnson

Canadian-US defence cooperation began in Kingston on August 18, 1938, when President Franklin D. Roosevelt declared that the United States "would not stand idly by if domination of Canadian soil is threatened by any other empire." Two days later, at Woodbridge, Ontario, Prime Minister Mackenzie King promised that Canada in her turn would see to it that "enemy forces should not be able to pursue their way either by land, sea or air to the United States across Canadian territory." With these pledges began the train of events that led to the downfall of the Diefenbaker government in 1963 and to current public concern about Star Wars and NORAD.

Despite the imminence of war in Europe, there were no military threats to Canada when Roosevelt gave his assurance to King. Since Canada was not threatened by any foreign power she could not fall under the domination of any. This is still the case: except for the threat of nuclear war, both the United States and Canada enjoy immunity from the threat of conquest because no potential enemy has the capacity to project and support sufficient combat power to succeed. Even if it were not the case, the United States need bear no costs to defend Canada. The fact that the US would see any threat to Canada as a threat to itself means only that any potential attacker would have to consider the consequences of an attack on the US if it planned to attack Canada.

King's promise was equally cost-free. No potential enemy possessed the capability to attack the United States via Canadian territory. Only with the emergence of the Soviet bomber force in the 1950s did the US become dependent on Canadian territory for attack warning essential to the survivability of US strategic nuclear forces. Without it, the bombers of Strategic Air Command would have been vulnerable to attack on the ground and US strategic nuclear policy would have lacked credibility. After the Soviet deployment of ballistic missiles in the 1960s, the bomber threat diminished and so did US dependence on Canada.

## Defence cooperation begins

In 1940, the Permanent Joint Board on Defence (PJBD) was formed to facilitate defence cooperation between the two countries during and after the Second World War. On February 13, 1947, the government accepted a PJBD proposal that the Canadian military services adopt US weapons, equipment, training methods, tactical doctrines and communications. This measure, sensible from

the military point of view, ended Canada's military relationship with Great Britain, a relationship which began with reliance on Britain for defence against the United States. Strategy, technology, the US policy of military containment of the Soviet Union, and Canadian military enthusiasm for partnership with US forces then made Canada a military and political satellite of the United States.

Development of long-range aircraft and the atomic bomb in the Second World War had promised to validate the beliefs of early air power theorists who claimed that air power alone, directed against civilian industries and populations, could destroy the capacity and the will of an enemy to resist. In these new weapons the United States Air Force saw a means to gain independence from the Army and to establish its primacy in the inter-service competition for scarce resources after the war. For its part, the US government saw air power as a cheap and flexible means to prevent the Soviet Union from making further incursions into the sphere of influence the US had gained in the war. Moreover, the *threat* of the new weapons of mass destruction seemed likely to be usable military power in itself. Terror became an instrument of policy.

## Massive retaliation arrives

Strategic Air Command (SAC) was formed in 1946 and equipped with long-range bombers; bases were established within range of the Soviet Union, and a nuclear arsenal was built. By threatening to destroy the Soviet Union, the US could force the USSR to back down whenever the interests of the two nations clashed, whether over events in Europe, the Middle East, or in what was to be known as the Third World. The doctrine of massive retaliation — that any Soviet incursion into what the United States defined as its zone of vital interest would be met with nuclear annihilation — was the expression of this.

Despite scientific advice that the Soviets could not be far behind with development of an atomic bomb, US policy makers expected to have sole possession of atomic weapons for at least fifteen years, and to maintain technological

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## Defence cooperation overdone

superiority thereafter. The scientists were right: the American monopoly ended with a Soviet nuclear test in 1949. And the policy makers were right: the Soviet Union never has achieved the scientific and technological capacity of the United States, which has always led in the development of weapons and delivery systems.



Prime Minister Mackenzie King and President F.D. Roosevelt at Kingston in 1938

Although there were fears of Soviet bomber attack during the 1950s, the Soviet Union did not achieve an assured destruction capability against the United States until well into the 1960s, when Soviet land-based intercontinental ballistic missiles (ICBMs) were deployed. In the interval, the world was under an American *pax atomica* that the Soviets had to respect. The Cuban Missile Crisis of 1962 showed the dangers of nuclear confrontation, however, and gave impetus both to arms control negotiations and to a Soviet drive for parity with the United States in conventional and nuclear power. Negotiations achieved the Limited Test Ban Treaty of 1963 and subsequent agreements; the Soviet military buildup led to sharply increased military expenditures in NATO.

### Then Mutual Assured Destruction

After 1962, despite the arms control agreements, the nuclear arsenals of both powers were expanded, diversified, and improved in accuracy and lethality. While it had appeared for a time that both superpowers had accepted the reality of mutual assured destruction (MAD) and therefore mutual nuclear deterrence, the US armed forces have never reconciled themselves to their inability to defend the United States against nuclear attack, nor have hard-line conservative "hawks" accepted the fact that nuclear weapons are unusable weapons of war. Technical and doctrinal developments since 1974, culminating in Reagan's Strategic Defence Initiative, must be seen as attempts

to recover the strategic superiority of the 1950s, and thus to reinstate nuclear weapons as usable instruments of US foreign policy. Although there are overwhelming doubts about the feasibility of Star Wars, even limited success may destabilize the nuclear standoff and make nuclear war more likely.

### And NORAD

With that background, we return to Canada-US defence relations.

Cooperation in air defence led eventually to integration under the North American Air Defence agreement of 1958. Then, as now, the targets to be defended were not the populations of the US and Canada, but American strategic nuclear forces, until the 1960s limited to the bomber force of Strategic Air Command (SAC). The aircraft and their bases were vulnerable to attack, and so radar detection and identification systems were built in Canada, at sea, and along the coasts of the United States. Canada provided attack warning time, flight refuelling tanker bases, deployment airfields and other vital facilities, thus helping to guarantee SAC's war-fighting capability.

This substantial cooperation made Canada an essential partner in SAC's war plans. The justification for this was the belief that nuclear deterrence was the only way to prevent a nuclear attack by the Soviet Union, and that any such preparations for nuclear war were purely defensive. Whatever the intent of these preparations, however, the political effectiveness of nuclear forces depends on the perceived capacity of those forces to survive an attack and then to devastate the attacker. Such forces would be much more effective if they struck first, before they suffered attrition, and whichever side achieved the capacity to destroy the other with impunity would hold the other at its mercy. This is why the Soviets fear US technical ingenuity and especially Star Wars.

As long as Canada helped to protect its strategic forces, the US was free to threaten to use its nuclear weapons wherever it chose and for whatever purposes, without consultation. And it did so: over Korea, Indo-China, Quemoy-Matsu, Lebanon, West Berlin, Cuba, Vietnam, the Middle East and elsewhere. Wherever US and Soviet interests clashed, there has been the explicit or implicit threat of nuclear war.

To those who believe in the effectiveness and necessity of nuclear deterrence, the fear of nuclear war justifies cooperation with US strategic forces and any loss of political independence that ensues. Canada must be in NORAD, it is argued, because we cannot defend ourselves against nuclear attack; we depend on the United States to deter it for us, and we must therefore do whatever is asked of us. In the words of a former Prime Minister, Canadians huddle under the US nuclear umbrella and therefore have a moral obligation to help to hold it up. This is humbug: the so-called nuclear umbrella is what will bring death to scores of millions of human beings, including Canadians and Americans, when and if nuclear war occurs. In the meantime, the myth of dependence on the United States legitimizes defence cooperation and associated military programs, even those inimical to Canada's own security and independence. Complicity in US preparations for nuclear war is costing Canada her political autonomy.

### Independence needs disarmament

In the long term, peace is the only condition that will preserve Canadian political independence, and nuclear disarmament is the only defence policy that will serve. An end to the nuclear confrontation between the US and the USSR is therefore a condition of political independence. As long as the Canadian government supports US strategic policy, its support for nuclear disarmament is unconvincing and its security policies incoherent.

Apart from the myth of dependence and other widespread misconceptions of Canada's strategic situation, there are powerful bureaucratic vested interests behind defence policies. Nuclear weapons are used both to terrorize potential enemies and to coerce friendly governments and publics afraid of nuclear war. Spend more on conventional arms and make it unnecessary to resort to nuclear weapons, it is argued in the NATO context. There is no choice but to cooperate with the United States, we are told, because that is how we contribute to deterrence, the only "defence" against nuclear weapons. Subordinating our foreign policy to the policies of NATO or the Soviets will split the alliance and the dangers will multiply. Whatever its doubtful merits as a policy, nuclear deterrence has opened the door to wholesale bureaucratic fraud.

It is an iron law of bureaucratic survival that a task once assigned must be continued at all costs, for that is how resources are justified: without the NATO commitments, there would be no significant role for the Canadian land forces, for example. Similarly, NORAD justifies air defence forces and modernization to perpetuate them. Justification gets stretched to the limit of plausibility and often beyond; facts are selected and shaded to support predetermined conclusions, vested interests determine defence policy, and Canada becomes servant and victim of a defence establishment concerned only with its own survival.

### Bureaucrats in uniform

In the absence of effective and objective civilian control over the armed forces, lacking everywhere in the Western world, Canada's defence bureaucracy determines its own needs within distorted and self-serving visions of reality, all the while denying any responsibility for defence policy. In so doing, and by finding its justification in the military policies of the United States, it reduces the security and political independence of the country it is established to serve. Nor is the defence establishment solely to blame for this. Unlike their predecessors of forty years ago, who clearly foresaw the dangers of defence partnership with the United States, those now serving in the Department of External Affairs are not given to criticism of US-Canadian military policy; too few politicians even try to comprehend what is going on, and governments resort to secrecy and half-truths to prevent the public from disturbing the tranquility of deference to US policy.

So it is that — despite the fact that the Soviet bomber force, with only 4 percent of the strategic warheads, has become a marginal component of a threat that cannot be countered — Canada and the United States are upgrading defences against the bomber. While the air-launched cruise missile carried by the Soviet *Bear* "H" bomber has breathed new life into air defence forces, it has not changed the fact that any nuclear attack by either side would be suicidal, nor has it created a credible role for the bomber. If dispatched ahead of the missiles in a Soviet attack, the slow and easily detected bombers and their cruise missiles would warn the Americans in time to destroy Soviet ICBMs, in their silos, before they could be launched. If held back for a follow-on attack, they could be destroyed on their bases or they would attack targets that had already been destroyed. Only if the Soviets had no other means of attack, that is, only if the missiles were countered with anti-ballistic missile defences, would a bomber-cruise missile attack be plausible. If the US deploys even partially effective anti-ballistic missile defences, Canadian territory might not only become essential to those defences, but the bomber-cruise missile threat could increase. In the meantime, Canada is going into debt to defend US nuclear forces against an incredible threat.

### Defence policy review needed

Nuclear weapons fundamentally changed Canada's geopolitical situation and therefore the implications of defence cooperation that began with the Roosevelt-King declarations of 1938. It is time Canada had coherent national security policies that reflect Canadian interests, interests which are not synonymous with those of the United States. It is not enough to throw money at the defence establishment and leave it to pursue its own objectives — that path leads to political domination by the United States and to waste, irrelevance, and incoherent, ineffective security policies.

It is no longer satisfactory for the defence establishment to pursue its interests while denying any responsibility for defence policy or for the outcome of its actions. It is time we had a new generation of diplomats from old molds, and it is time the politico-military establishment took responsibility for the military security of Canada, including the achievement of a just peace, the prevention of nuclear war, and the termination of military alliances, beginning with NORAD. The defence of Canada is within the capacity of Canadians, and upholding King's pledge does not oblige Canada to be a military and political satellite of the United States.

The security of a democracy is ultimately the responsibility of the citizen. It is time the Canadian public rejected the bland assurances of the politico-military establishment and demanded a public review of defence policies that have been too long unexamined. Until that is done, the public can only view defence cooperation with extreme skepticism. □

# Canadian policy options in East-West relations

by Joseph Stanford

Canada's policy options in East-West relations flow from Canada's interests in East-West relations. Those relations are important to us, in the first place, because Canada's survival would be at stake in any East-West conflict. In addition, our political and economic relations with all parts of the world can be and often are affected by the state of East-West relations. Needless to say, the state of our foreign political and economic relations impacts directly upon our domestic political and economic well-being.

Against this background, the basic policy options for Canada are very limited. One is to withdraw from the East-West conflict into neutrality or non-alignment. Such a withdrawal would not, however, reduce our national interest in East-West relations. It would only diminish to the vanishing point our ability to protect those interests. Neutrality would not allow us to escape the effects of a deterioration, or the potentially catastrophic consequences of a total breakdown, in East-West relations. Moreover, by removing the actual and potential Canadian military contribution from the balance of conventional forces in Europe, Canadian neutrality could increase East-West instability. It would make arms control negotiations not easier but more difficult, by weakening the Western alliance. Furthermore, unless Canada were prepared to abandon any attempt at self defence, neutrality would lead to a significant increase, not a reduction, in our defence budget, as the examples of neutral countries, in Europe and elsewhere, demonstrate. Neutrality would also reduce, rather than increase, Canada's influence on East-West relations, because both our allies and our adversaries would have less reason to take account of our concerns.

For all of these reasons, Canadian membership in the North Atlantic alliance continues to be an essential means of protecting Canada's most vital national interests and of achieving Canada's national objectives.

## East-West relations today

In order to decide where Canadian energies and influence should be directed within the existing framework of the Western alliance, it is helpful first to examine the present state of East-West relations. These, in our view, are

in a better condition now than at any time since the Soviet invasion of Afghanistan. Nevertheless they remain fragile. There has been more progress in form than in substance, at least on the major issues, where, in most cases, negotiations are far from the point at which the necessary concessions are being seriously contemplated. Such progress as has been made has not been enough to reduce significantly the high level of mistrust between the adversaries. As a result, there remains a danger of a return to a freeze in political relations and an acceleration of the arms race.

The most important of the recent achievements has been an intensification of dialogue. In the Geneva nuclear negotiations, beginning in March 1985, and then in the Geneva Summit in November, the USA and the USSR put in train a series of contacts and exchanges, and have established an atmosphere of civility and a sense of management of the relationship, for the first time since Afghanistan.

At the multilateral level, there has been renewed activity, largely as a result of Western initiative, at the MBFR (Mutual and Balanced Force Reductions) talks in Vienna. There has also been a series of CSCE-related (Conference on Security and Cooperation in Europe) meetings: the Stockholm Conference on Confidence and Security-Building Measures and Disarmament in Europe, beginning in January 1984; the CSCE Human Rights Experts Meeting in Ottawa in the spring of 1985; the Budapest Cultural Forum in the fall of 1985; and the CSCE Human Contacts Meeting held in Berne this Spring.

There has been an intensification of the dialogue at the bilateral level where there has been an increase in high level contacts between most countries in East and West. Canada has made its contribution to this process with the visit of Gorbachev to Canada in 1983 as the head of a parliamentary group, the conclusion of the Arctic Exchanges Agreement with the USSR in April 1984; the Mulroney/Gorbachev correspondence begun in 1985; the visit of six Canadian Ministers, including the Prime Minister and the Secretary of State for External Affairs, to the USSR in 1985; the voyage of Premier Vorotnikov of the Russian Federation to Canada in 1985; and an exchange of high level visits with Hungary, Yugoslavia and Romania.

## Where progress is needed

Nevertheless, in spite of all of this activity, little progress of substance appears to have been made on the main East-West issues. The Human Rights Experts Meeting in Ottawa, the Cultural Forum in Budapest and the Contacts

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Meeting in Berne have made clear the failure of the Warsaw Pact countries to honor most of their obligations under the Helsinki Final Act and the Madrid Concluding Document in the area of human rights, human contacts and certain forms of cultural relations, as well as their reluctance to consider serious new measures.

In the area of arms control, which remains a central issue in East-West relations, while progress had been made over the past year, many really tough problems have yet to be addressed. In the MBFR negotiations in Vienna, the East still has not accepted the need for adequate verification in order to ensure compliance with a future troop reduction agreement. Such progress as there has been as the Stockholm Conference has not yet resulted in solutions for such difficult issues as verification and the scope of notification of military activity. At the multilateral Conference on Disarmament in Geneva there has been little forward movement in dealing with such issues as a global Chemical Weapons Ban, a Complete Test Ban Treaty and the prevention of an arms race in outer space.

There has been some limited progress in the superpower bilateral Geneva arms control negotiations. In principle, some convergence has been achieved in three areas: on deep reductions in strategic nuclear weapons; on sublimits on ICBM warheads; and on INF (Intermediate Nuclear Forces). Major differences however remain on the definition of strategic systems, and consequently what reductions each side should make, on the treatment of long range cruise missiles, on limits to the modernization of weapons systems, on the role of SDI (Strategic Defence Initiative) in the strategic balance and on limits upon research into strategic defence.

The degree of suspicion of each other's intentions remains high between East and West. It is not clear whether there is sufficient mutual trust to make progress in sensitive areas such as arms control possible. This absence of mutual confidence greatly increases the risk that incidents or differences may lead to a breakdown of the dialogue at the Summit.

### Tests for movement

In this uncertain climate there are several indicators that bear watching for the hints they may give of the likely course of relations between East and West in the period ahead. One is the effort expended in East and West to maintain an atmosphere conducive to dialogue: how much are the two sides disciplining their rhetoric and how much are they avoiding discretionary actions likely to antagonize each other?

Another is the degree of commitment, imagination and flexibility being brought to bear in the arms control negotiations. Thus far the Soviet Union has shown little willingness to discuss in private negotiations a number of the positions it has proclaimed in public declarations. For example, it has shown no willingness to respond to USA concerns about its massive ICBM force, or to acknowledge its predominance in conventional forces in Central Europe. It has also avoided any serious discussion of verification. The uneven Soviet record of compliance with the ABM Treaty, with the SALT II Agreement, with the Helsinki Final Act and the Madrid Concluding Document,

reinforces the need for a high degree of verification of ACD (Arms Control and Disarmament) agreements if the West is to have any confidence in them. Finally, it is not clear whether the United States would be prepared to see SDI limited in return for serious and concrete Soviet concessions.

A further indication of the likely direction of East-West relations is the degree of restraint being exercised by East and West in regional conflicts, particularly where one side or the other considers its interests and prestige to be at stake.

Finally, there is the tone and character of public debate on human rights and human contacts: is there a serious effort being made to work out solutions to specific problems of particular concern to Western public opinion?

### Canadian concerns

Canadian policy, objectives and initiatives in the period ahead are necessarily a function of the present state of East-West relations. In the security field, the Canadian government believes that, without the maintenance of an adequate balance of strength, stability and progress in East-West relations is impossible. Our experience in the MBFR talks in Vienna, as well as at the INF talks before the installation of the cruise and Pershing missiles in Western Europe, show that the Soviet Union is unlikely to negotiate seriously when it has the possibility of retaining a position of superiority. Our experience with détente in the seventies demonstrated that the Soviet Union is unlikely to show restraint in its behavior when it believes that the correlation of military, political, economic and other forces is moving in its favor. Canada therefore continues to maintain what is now the sixth largest defence contribution to NATO in absolute terms.

Equally important are our efforts to promote progress in arms control and disarmament. Among the goals that we pursue, as the Prime Minister described them in his speech to the Consultative Group on Disarmament and Arms Control Affairs last October 31, are:

- 1) negotiated radical reductions in nuclear forces and the enhancement of strategic stability;
- 2) maintenance and strengthening of the nuclear non-proliferation regime;
- 3) negotiation of a global chemical weapons ban;
- 4) support for a comprehensive test ban treaty;
- 5) prevention of a nuclear arms race in outer space;
- 6) and the building of confidence sufficient to facilitate the reduction of military forces.

In our view, without maintenance of, and compliance with, the ABM Treaty and the SALT Agreements, the process of arms control and disarmament is seriously degraded. We are concerned at the stated intention of the United States to abandon the SALT II agreement, although we take seriously the United States' accusations that the Soviet Union has not fully complied with the Treaty. We also believe that SDI must not go beyond the research phase without prior consultation and negotiation between the signatories of the ABM Treaty. At this stage it would be helpful for the USA

## Few options for Canada

and the USSR to reach a precise agreement on a definition of what is permitted under the ABM Treaty and what is not.

### Building confidence

In the area of building confidence between East and West, Canada wants to develop a broader and more cooperative relationship between East and West, and to prevent international conflict situations from developing to the point that they may lead to serious instability or breakdowns in East-West relations.

To accomplish these aims, we seek to support the CSCE process. We also wish to intensify political and official level dialogue on East-West questions. At the same time we are attempting to extend contacts and to find new forms of cooperation. Finally we want to support containment and resolution of points of conflict in the Third World.

In practice, this means that we intend in the CSCE process to seek ways of permitting the Stockholm Conference on Confidence and Security-Building Measures and Disarmament in Europe to make concrete progress before the CSCE review conference in Vienna in the fall. At that Conference we shall stress the need for compliance, as well as urging improvements in all baskets — security, humanitarian and economic — of the Helsinki Final Act and the Madrid Concluding Document.

In our relations with the Soviet Union, we seek to maintain the high level of ministerial visits established during the past year. We also wish to maintain consultations with the Soviet Union on East-West relations, bilateral relations, nuclear non-proliferation, arms control and disarmament. We have taken the decision to renew cultural,

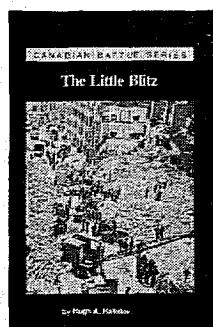
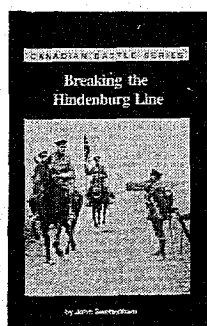
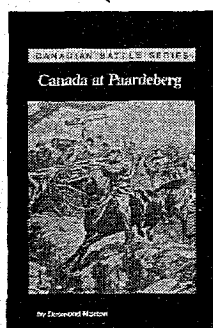
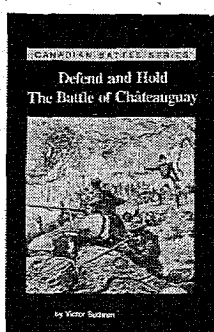
academic and scientific exchanges with the Soviet Union. We have also decided to develop further the successful Arctic Exchanges. We wish to increase economic cooperation, as evidenced by the initialling last December of the new five-year wheat agreement and the establishment of a USSR Trade Task Force in the Department of External Affairs. We shall nevertheless continue to press on human rights.

In our relations with Eastern Europe, we seek to negotiate a memorandum of understanding with the German Democratic Republic on the opening of resident missions. We also wish to maintain high level and official political consultations. We are looking for possibilities for increased cooperation in general. Here also we shall continue to press on human rights issues.

In the Third World we have supported conciliation initiatives such as the Contadora process in Central America, the United Nations efforts in Afghanistan and the Western Contact Group for Namibia.

We recognize that our goals now are similar to the goal we pursued in the 1970s — and that détente did not succeed then, principally because the need for restraint in defence and foreign policy was not recognized by the East. We nevertheless have no choice but to continue to pursue the goals of reduced tensions and a more constructive relationship. If East and West are to succeed, this time, in building a better and more stable relationship, we must all recognize two essential ingredients of success: the need for each side to recognize and respect the basic interests of the other; and the need for each side to inspire in the other confidence in its intentions and its commitment to a peaceful, just and stable world order. □

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# Canada and East Germany

by Michael Shea

In 1977 pollsters put a question to West Germans: "Fifteen years ago something significant happened in German history. What was it?" The majority were unable to answer that it was the construction of the Berlin Wall, one of the most significant happenings in the twentieth century. This final postwar act of separation of the two Germanies has affected German-Canadian relations ever since and now a new chapter in the history of those relations is about to be written.

It has been more than ten years since then Prime Minister Pierre Trudeau met with East Germany's leader Erich Honecker during the Helsinki Conference on Security and Cooperation in Europe. The meeting was concerned with promoting contacts between East and West and it was there that the first informal approaches toward establishing diplomatic relations were made between Canada and the German Democratic Republic. Canada had long been wary of the East German regime and approached the subject of diplomatic recognition with caution. Although the United States and Britain, Canada's principal NATO partners and allies, had already formally recognized the diplomatic existence of the East German state, Ottawa held back, preferring not to interject itself into what for three decades had been a troublesome and unstable powder keg. But, as a result of the Trudeau-Honnecker meeting, Canada formally recognized the German Democratic Republic and established arms-length diplomatic relations in August 1976.

Since then Canadian diplomatic representation to East Berlin has been based in Warsaw with the Canadian Ambassador to Poland also accredited to the GDR. The GDR's Ambassador to the United States is accredited to Ottawa and East Germany maintains a special Canadian Affairs desk at its Washington embassy. Both Ambassadors travel frequently to their appointed capitals.

The establishment of resident diplomatic missions in Ottawa and East Berlin still has not taken place. There are both political and economic reasons for this. Traditionally Canada has sided with the Federal Republic of Germany in hoping for an eventually reunited nation. As well, difficulties have arisen over the establishment of an embassy in East Berlin, a city Canada formally refuses to recognize as the capital of East Germany, insisting instead that Berlin is a city occupied by the four postwar Administering powers. Budget cutbacks in External Affairs in recent years have made the opening of any new embassy difficult.

But now that is about to change. Three years of negotiations over the exchange of resident diplomatic missions between the two countries have proceeded to the point Canadians can soon expect to see another German tricolor, this time with a worker's anvil flying over the Rideau, possibly by the end of 1986.

## Continuing postwar anomalies

Canadian agreement to the establishment of embassies has been a particularly difficult negotiation because of the peculiar nature of the German Democratic Republic's relation to the Federal Republic of Germany. Bonn refuses to accept the existence of a separate Germany. While it maintains reciprocal representative's offices it refuses to deal with East Germany as a separate nation. This position is carried to the extreme of accepting all GDR merchandise without tariff, of considering East Germans as Federal Republic citizens and the provision of various financial loans and subsidies made on an equal basis with West German citizens and corporations.

The key to understanding Canada's troubled relations with East Germany centers mainly around the question of Berlin. Following the 1939-1945 war, Canada along with the other Allies hoped for an eventually united Germany. Canada was excluded from membership in both the Allied High Commission for Germany and from the Control Commission charged with ensuring that the terms of the German surrender had been fulfilled. As a result, Canadian government officials decided to withdraw from an active postwar role, with the exception of the establishment of a Canadian Military Mission to the Control Council maintained at Berlin. The practical division of occupied Germany was completed when the Soviets demonstrated intransigence as an occupying power by blockading Berlin in 1948.

Thus when the government of the Federal Republic of Germany was recognized in 1955 it was intended to be transitional, pending reunification of the two German halves. "The state that ought not to be," the German Democratic Republic with full backing of the Soviet Union, took the opposite tack and after formal declaration of nation status also in 1955, set out deliberately to seek international acceptance and respectability. That goal is nearly complete. Canada will be the last major Western industrialized power to establish an embassy in East Berlin.

It is not altogether clear or probable that Canada's new presence in Berlin will be declared Embassy of Canada. It may take the title of Embassy of Canada to the Germany Democratic Republic at Berlin. The key words being, "at Berlin," which most other Western powers use to denote that they continue to refuse to recognize Berlin as the capital of the GDR. While that sounds like only a question of semantics, it is important. Under the original agreement of cessation of hostilities in 1945 Berlin was divided into

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*Michael Shea has been following Canada-East German relations from his post as CBC producer in Washington.*



## Recognition at last

allied occupied and administered sectors, which still exist today. This was reaffirmed through the "Quadripartite Agreement of 1971," which regularized access to West Berlin and its relationship to the Federal Republic.

An example of the Agreement at work occurred earlier this year when the GDR attempted unilaterally to impose new boundary regulations for diplomats moving between the Eastern and Western sectors of Berlin. In late May East German border guards began demanding that Western diplomats display passports to enter East Berlin rather than GDR Foreign Ministry-issued identity cards. East Germany said the controls were intended to "thwart terrorism," a convenient excuse following allegations of terrorist centers in East Berlin being used for attacks on targets in the Western sector. The Allies insisted that Berlin remained under control of the four occupying powers and that East Germany had no authority over the movement of individuals across sector borders. Western diplomats considered the action another attempt to erode the legal position of the three Western powers in Berlin.

The importance of such a move should not be underestimated. The United States, which each month still rotates the administration of Berlin affairs with Britain, France and the Soviet Union, brought the matter before a meeting of NATO foreign ministers this spring in Halifax. Speaking on behalf of the Western occupying powers, the USA representative insisted his country would not tolerate the GDR demand. Within the week East German leader Honecker withdrew the passport requirement for the Americans, British, and French saying he did not want to increase tensions in East Berlin. Passport controls remained for other NATO diplomatic and military personnel but eventually East Germany offered to remove them in favor of a new type of identity card. The GDR once again was forced to recognize the primacy of the Occupation forces in Berlin.

This attempt at subverting the Quadripartite Agreement by the East Germans was not new policy. The country's leaders have frequently been known to test policies and await results. In 1983 during the beginning of active negotiations between Canada and the GDR over the establishment of resident missions, the East Germans tested Canadian resolve. In what has become known as the "apartment affair" a GDR commercial counsellor from the Washington, D.C., embassy rented a fashionable Ottawa apartment without permission from Canadian authorities. External Affairs considered this an attempt at de facto establishment of a diplomatic mission and ordered the apartment vacated. East German officials described the incident to me as one of "a minor official operating on his own initiative," an incident they said was unimportant and did no harm to relations with Canada. That in itself is a remarkable statement. Individual initiative in Communist countries is rarely encouraged and certainly a major economic commitment in the Western currency-short GDR could not have been made without top level concurrence. Moreover, the fact that GDR diplomatic personnel traveling from the Washington embassy to Canada are required to notify Ottawa in advance of planned visits makes ludicrous the suggestion that the rental occurred merely to make the handling of travel more convenient. The Ottawa

"apartment incident" was no minor breach of diplomatic protocol. It was a calculated test of Canadian resolve.

### GDR diplomatic technique

During the past three decades the GDR modus operandi for the establishment of diplomatic missions has been consistent. In an attempt to overcome the Federal Republic of Germany's 1950s and 1960s Halstein Doctrine, which specified that the FRG would enter into diplomatic relations only with governments that refused to recognize the GDR, the East Germans instead attempted to establish trade missions on a sub-diplomatic level. Despite the fact that the Halstein Doctrine is now considered a relic of the 60s, evidence suggests that the "trade mission technique" was what was attempted in Ottawa.

Early in its nation status the GDR met with considerable success in the trade mission maneuver, particularly in the African developing world where West German relations were prized because of their economic aid commitments. East Germany would first send trade delegations to the newly independent countries then suggest the establishment of resident Trade Missions. The technique was remarkably successful. East Germany provided itself with an African base of operation first through trade mission ties with Algeria, Sudan, Kenya and Zambia.

After full diplomatic missions were established in what they refer to as some "friendly socialist countries," development assistance took the form of technical security advisers to state intelligence and secret police organizations and military training and advisers to others. Recipients of this type of East German donor aid include Ethiopia, Libya, South Yemen, Angola and Nicaragua.

Canadians should remember that East Germany provides semi-diplomatic status to the PLO, the African National Congress, and SWAPO revolutionary organizations in Berlin, and historically provides these organizations with millions of Marks in direct assistance. The GDR is, in fact, a surrogate for USSR foreign policy. When asked directly about the existence of an independent GDR foreign policy, East German officials and academics, surprisingly, readily admit there is no such thing, that it is impossible, that they are in complete accord with and act in concert with Soviet foreign policy.

### Security problem for Canada

For Canada, this means that with the opening of an Ottawa embassy, there will be an increased concern over security matters. There are already seven other Communist missions in Ottawa. The addition of the GDR will mean that Canadian Security Intelligence Service personnel will have to monitor the movements and contacts of an increasing number of diplomats and East German visitors. Of particular concern to CSIS is the anticipated activity of the GDR's foreign intelligence service, which is considered by FBI and CIA officials to be among the best in the world and to be far superior to the Soviet KGB. Canadian intelligence officials say that expected targets of East German operatives will be the infiltration of and acquisition of material from high technology firms that may be banned from Eastern Europe by the USA, monitoring of NORAD and NATO operations and Canadian-American defence production agreements and the attempt at influencing Canadian public opinion toward East bloc "peace proposals"

and subverting the image of West Germany. Intelligence officials expect, following the establishment of an East German embassy in Ottawa, to find an increase in the number of official cultural and sporting teams visiting Canada.

When Canada opens an embassy in East Berlin greater emphasis will have to be placed on security measures, particularly in the area of communications, than in other embassies in non-Communist nations. This is expected to raise operational costs significantly. Some East German officials have even suggested that one of the reasons Canada has been slow in establishing a diplomatic presence in East Berlin is because of the existence of the Canadian Military Mission in West Berlin. In spite of the fact that they are aware that Canada, by policy, operates only counterintelligence organizations, they suggest that the mission, a relic of the immediate postwar era, supplies Canada with sufficient intelligence and access to East Berlin that an embassy has not been needed. In fact, the Military Mission is not a military mission at all. It is staffed by seven External Affairs officials who are formally attached to the Canadian embassy in Bonn. Its duties have become principally consular and it is anticipated that when an East Berlin embassy is established, the West Berlin Military Mission will also be titled Consulate General and in addition to its present functions it will also provide support for Canada's GDR embassy.

The Australian experience with the GDR may provide similarities with what Canada might anticipate in its dealings with East Germany. Australia, like Canada, originally established a Military Mission in West Berlin following the 1939-45 war. It served much the same function of the Canadian Military Mission. The GDR, in an effort to establish relations with Australia suggested greatly increased trade possibilities. Australia agreed to the establishment of reciprocal embassies in Canberra and East Berlin. In a telling move the embassy's trade mission was recently transferred from East Berlin to Vienna. Australian officials admit strong disappointment in the development of trade with East Germany and see little possibility of furthering trade links in the future.

### GDR economic interests

The GDR has in the past twenty years undergone its own "economic miracle" and is said to rank as the eleventh largest industrialized country in the world. The GDR refuses to supply many economic statistics to the World Bank so that intelligence agencies must interpret economic data from other sources. GDR trade officials are anxious for better access to the Canadian market. They say that an Ottawa embassy location will help them in equalizing the imbalance of trade that favors Canada more than ten-to-one. East German officials also say they want in particular to increase exports to Canada of pressing machinery, ce-

ramics, optical and musical instruments, sports equipment and, of all things, textiles.

When asked about the relationship of foreign trade to foreign policy, those officials hedge, suggesting that "foreign trade is part of an active foreign policy and that better political relations lead to better trade relations." In regard to trade with the USA, officials say the "present political situation doesn't give an impetus for trade." Clearly they hope otherwise for trade with Canada. The Canadian obsession with foreign trade has not been lost on those in East Berlin. One GDR official recently called Canada the "greediest country in the world, one whose foreign policy is based solely on international trade." But the need for hard currency also shapes the East German view. An Australian familiar with business dealings with the GDR calls their trade negotiators "sharp" and says "when dealing with private business GDR bureaucrats show no ideology."

How much business is there to be done? The Five Year Economic Development Plan put forth at the Communist Party Congress in Berlin in April calls for increased grain production to more than five tonnes per hectare by 1990. Should this goal be achieved Canadian sales of grain to the GDR will be significantly reduced. The Party Congress also called for enhanced foreign trade relations with the USSR and other socialist countries, stating that the goal of the GDR must be "to conduct about two-thirds of its foreign trade with these countries." The Party Congress five-year goals are to emphasize the "manufacture and export of sophisticated and highly productive machinery and equipment . . . for the modernization and reconstruction of the USSR economy, notably the food and consumer industries." What then is left for trade with Canada? Will Canada find itself, like Australia, disappointed in expected trade relations after opening what promises to be, because of security implications, an expensive embassy? The answer is, probably "yes."

Canada's decision to exchange diplomatic posts should not be made on the basis of trade enhancement. It should be agreed to on the basis that the new contacts may enhance the opportunity for diplomatic exchange between East and West.

If Canada enters into enhanced relations with East Germany on the basis of believing it will benefit from increased trade, there will only be disappointment. The reason for the establishment of embassies in Ottawa and East Berlin is to eliminate the unrealistic approach of dealing with a major foreign power on the basis of a tired and impractical remnant of World War II. Today, Canada commits a billion dollars each year to maintain ground and air military forces in the Federal Republic of Germany, supposedly to counter a GDR/Soviet threat. If, indeed, the GDR does jeopardize West German and Canadian interests, it is in the best traditions of Canadian diplomacy to attempt to regularize the situation. That can be achieved only through increased diplomatic contact. □

# Law of the Sea: crossroads again

by Elisabeth Mann Borgese

The Fourth Session of the Preparatory Commission took place in Kingston, Jamaica, from March 17 to April 11, 1986. The Session will be resumed in New York in August/September.

The Prepcom, it will be recalled, was established by a Resolution adopted by the Third United Nations Conference on the Law of the Sea (UNCLOS III), together with the Convention, on April 30, 1982. The Convention has been signed by 159 states and ratified by 30 (more by now). Sixty ratifications are required for the Convention to come into force and for the institutions created by the Convention to be established. These institutions are two, the International Seabed Authority, with headquarters in Jamaica, and the International Tribunal for the Law of the Sea, with headquarters in Hamburg, Federal Republic of Germany (FRG).

## Prepcom's jobs

The tasks of the Prepcom are threefold. First, it has to do a great deal of "paper work," i.e., adopt rules and regulations for these new institutions, spelling out in greater detail the more general provisions of the Convention, so that the new institutions can function effectively immediately upon the entry into force of the Convention. Second, it has to study a number of difficult issues, e.g., how to protect landbased producers of minerals and metals which may be procured, in the future, from the oceans. It will also have to examine the whole question of the economic feasibility of ocean mining at the present time and in the foreseeable future. Third, the Prepcom itself is to operate as an interim regime for ocean miners, especially those who have already invested large sums of money in research and development in ocean mining technology and in the exploration of potential mine sites. A Second Resolution, adopted by UNCLOS-III together with the Convention, charges the Prepcom with the responsibility of registering these "pioneer investors," granting them exclusive rights to exploration for the sites for which application has been made, and ensuring, in turn, that these pioneer investors comply with the conditions imposed on them by that same resolution and by the Convention, especially with regard to the training of manpower from developing countries, and to technology transfer to the Enterprise (the operational arm of the Authority), "to ensure the early entry into effective operation of the Enterprise."

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These tasks are complex and time consuming. A great deal has been accomplished during these four years. Many rules and regulations have been drafted, and a number of important studies have been prepared, by the Secretariat as well as by some Delegations. No progress has been achieved with regard to the Prepcom's operational responsibilities, since the applications of the pioneer investors could not yet be registered.

In this article we shall not attempt to summarize this work. We shall rather focus on a few of the fundamental problems facing the Prepcom and the Convention and try to suggest solutions, or at least the directions in which solutions might be sought.

## Convention here to stay

Let me state right at the outset, however, that I do not belong to those who question the future of the Convention on the Law of the Sea. The Convention is a milestone in the history of international law, the beginning of a new chapter in international relations and international organization. Even if opposed by a few states, even if considered with perplexity by some others — only too natural in view of the novelty of so many aspects of this new Law of the Sea — the Convention will not "go away." Thirty more ratifications will undoubtedly be forthcoming during the next few years, and the Convention will come into force. It must come into force, for the alternative would be chaos. It is the old law of the sea that has "gone away," that has been eroded, and there is no going back to it. We must go forward, and we can go forward only on the basis of what has been achieved. We have no other ground to stand on and to move.

The present difficulties, however, are of a rather fundamental nature. The drafting of rules and regulations is, in a way, the easiest of the Prepcom's tasks. It is a technical one, a task for competent international lawyers, and there are plenty of these among the delegates. But even here a fundamental problem arises.

Undoubtedly it would be highly desirable that all states, or at least all major maritime powers, should ratify or accede to the Convention. The continued opposition of states such as the USA, Britain and the FRG causes serious problems and threatens to make the new order established by the Convention less effective. It seems plausible, on the surface, therefore, that their friends, within the Prepcom, i.e., the West Europeans, Canadians and Japanese, in particular, should try to exercise their influence to see to it that the rules and regulations are drafted in such a way as to make it possible for all eventually to ratify or to accede. These Delegations are also aware of the fact that many of the all-too-detailed provisions of the Convention have been overtaken by time and are simply inapplicable in the light of changed economic and scientific circumstances. The

provisions for production limitation, for instance, for which Canada fought so persistently, are totally useless today when it has become quite clear that ocean mining need not be limited since it is not even getting off the ground. And when it does, it will be carried out in areas under national jurisdiction and it will comprise not only manganese nodules, but other mineral resources as well.

### Making it work

However, the rules and regulations to implement the Articles of the Convention cannot change the content and meaning of these Articles. The Prepcom has no mandate to amend the Convention. Its mandate is to implement the Convention. Therefore, any government that takes the position that it will postpone ratification of the Convention until it is satisfied that the Prepcom has drafted rules and regulations which make the Convention universally acceptable is being unrealistic.

The problem, however, is a genuine one. Is it meaningful to implement and complement with elaborate rules and regulations Convention Articles which we know are no longer applicable in reality?

The solution, I think, must be sought, not in the direction of changing the Convention, but in using, interpreting and elaborating those parts of the Convention which are viable, while setting apart those which are not. Here is an example: contracts between the Authority and companies or states, elaborated in lavish detail in Annex III, and including provisions for technology transfer which are the result of political compromise and rather controversial, are based on the assumption that the Authority will in fact have a monopoly on the minerals to be mined, and companies would have no choice but to accept these contractual conditions. In a situation, far more likely to arise in reality, where this monopoly does not in fact exist, and companies or states do have a choice, Annex III will simply not be applied. No matter what the rules and regulations made by the Prepcom, it cannot change these provisions.

Instead, one should look at other provisions which are not as detailed and elaborate as those on contracts and which, therefore allow for a far wider margin of interpretation and elaboration that might be adaptable to changed circumstances and acceptable to all. The very few and scanty provisions on "joint ventures" between the Enterprise and companies and states are of just that nature. So why not concentrate on rules and regulations for joint ventures? There is already a consensus that joint ventures will be the most practical way to go for the Enterprise in any case, especially during the initial period.

Thus it is not by repudiating the Convention or trying to change it that progress can be made; it is by using it, creatively.

### Australian study

In the field of studies, the Delegation of Australia introduced into this session a most elaborate paper which, while only confirming what Delegations knew all along, nevertheless put it before them in such stark facts and figures that it could no longer be ignored. On the basis of a complex computer model and testing a number of variables

on the model, the study comes, *inter alia*, to the following conclusions:

1. At the present metal prices, the mining of poly-metallic nodules for cobalt, copper, nickel and manganese from the deep seabed is not a viable proposition, either for an Australian company or for the Enterprise; increases in aggregate metal prices to as high as twice their present level would be required to make the mining venture viable.
2. Even if the metal prices rise significantly for a three million tons per year operation, the volume of output — of cobalt especially, and also of ferromanganese and nickel — would have a significant effect on the market. The metal prices would probably go down and even then it is doubtful whether all output could be sold.
3. The technology of mining nodules from the deep seabed has not yet been proved. For this reason, the venture must be considered high-risk and therefore a high rate of return if successful would be necessary in order to attract capital.

These conclusions are very different from those arrived at by a previous study undertaken by the Secretariat, based on partly identical, partly different assumptions. The Secretariat's study shows the Enterprise to be viable and profitable.

To my mind, it is not ocean mining that is proven to be nonviable. *What is nonviable is ocean mining within the present context of private enterprise.* Since the technology of mining nodules from the deep seabed has not yet been proved, a great deal of investment in R&D is needed to reach that point. The cost is too high for the private sector to meet. One Australian company by itself cannot do it. The Enterprise, itself, using commercial, private enterprise standards — and this is what the Australian paper is applying — cannot do it.

### Harnessing R&D

It is not only seabed mining technology that finds itself in this situation. It is high technology in general. The cost of R&D is too high to be met from private sources alone. R&D in high technology increasingly can only be carried out either under military auspices, as, for example, in SDI, or under public/private international auspices, as in the European Eureka or Esprit programs. The multinational, as a classical private entity, has reached its limit.

It should be noted, however, that so far, whether under military auspices or under public/private international auspices, *the developing countries are left out.* The R&D gap between North and South is indeed the worst of all development gaps in existence. Not even 4 percent of the amount spent globally on R&D is spent in developing countries. Over 90 percent of all scientists and technicians work in the North. Only 6 percent of the patents existing in the world are held by the South, and only one-sixth of these by nationals of southern countries, the rest being held by foreigners.

These indicators, alas, describe not only the present; they describe the future, for national growth and security depend directly on research and development. It is surprising how little attention has been paid to this fact by the

## Problem of ocean mining

documents on the New International Economic Order. They speak of "transfer of technology," but omit reference to research and development.

Here, then, the Prepcom could respond creatively to the situation that has arisen where seabed mining is not taking place because the technologies are not yet established and it is too costly for the private sector to finance the necessary R&D. Looking at the precedent of Eureka, the Prepcom could initiate steps in the direction of a public/private international entity for research and development in mining technology which would for the first time include developing countries. This would be the first step towards reducing the intolerable R&D gap between North and South. It would be a concrete step towards a New International Economic Order, beneficial to North and South. Three years ago, the Delegation of Austria proposed the creation of such an entity, under the name of JEFERAD (Joint Enterprise for Exploration, Research and Development). The proposal has undergone a number of variations, and is presently in abeyance, considering the fundamental uncertainties facing the Prepcom at the moment. But it most certainly will be taken up again.

### Overlapping sites

At the operational level, finally, the Prepcom has been paralyzed by the impossibility of registering the pioneer investors in accordance with Resolution II. The reason for this is that it turned out that there were substantial overlaps between the exploration sites claimed by France, Japan and the Soviet Union. Resolution II stipulates that any such overlaps should be negotiated and eliminated by the parties before they can be registered. The three parties have been negotiating for the last two years, and have been assisted in these negotiations by Prepcom President Joseph Warioba of Tanzania.

The result was the so-called Arusha agreement, entered into by the three parties in Arusha, Tanzania, in February 1986. All sides have made concessions, and the solution arrived at appears to be acceptable to all three parties. The agreement also provides for the allocation of a large area to the Enterprise equivalent to the sum of the three sites allocated to France, Japan and the Soviet Union (3x75,00 = 225,000 square kilometers). Although the method of allocation differs significantly from that prescribed by Resolution II, the end result is in accord with the Resolution, and after some initial hesitation on the part of the Group of 77, and while the agreement is still being discussed with the "second group" of "potential" applicants, i.e., the consortia composed of Belgian, Dutch, Italian, West German, British and Canadian companies (Canada recently dropped out), it is most likely that the Prepcom as a whole will accept the agreement, and that registration will actually take place in 1987.

It is only at that time that the operational tasks of the Prepcom, i.e., the training of manpower, the exploration of a mine site, and the effort to obtain the necessary technology for the Enterprise, can begin in earnest. It is at that moment that the Austrian proposal for JEFERAD, as the most efficient way to achieve these ends, may become acute once more. Cooperation among the pioneer investors in training, in exploration, in technology development, has

become much more likely since Arusha than it was before. It may be useful to remember that one of the pioneers, France, made a sweeping proposal to UNCLOS III in March 1982, to ensure the early entry into effective operation of the Enterprise. Among other things, the pioneer investors were *jointly* to explore a mine site for the Enterprise.

### Enter the spoilers

The issue of the overlapping claims has been the most difficult and the most immobilizing of all the issues facing the Prepcom. It was compounded by the fact that three members of the Prepcom — France, Japan and the Netherlands — were also parties to the "Mini-treaty" the United States had promoted among its allies as an alternative to the L.o.S. Convention which it was boycotting. While these three countries acted in good faith, using the "mini-treaty" or "provisional understanding" merely as an expeditious mechanism to settle overlapping claims, the other three — USA, UK and FRG — none of whom had signed the Convention (UK and FRG, however, are vociferous "observers" at the Prepcom.), had unilaterally, and in defiance of the Convention, issued exploration licences to their companies in the international area. The Prepcom reacted with resolutions of condemnation, but since it could not get its own house in order and register its pioneer investors the resolutions were not as effective as they might have been.

The specter of two, or even three, competing ocean mining regimes began to take on tangible contours; and this while ocean mining itself became more and more of a phantom issue. And what was to become of the Common Heritage of Mankind? Was the Prepcom nothing more than a tragic farce to close the evening after the great drama of UNCLOS III? Who was trying to cheat whom? Visions of plots were beginning to thicken in our minds.

These are the typical short-term frustrations of those directly involved, the "today-or-never" syndrome. The long-term perspective is so different. To posterity it will matter very little whether it took one year or five to register the pioneer investors and get the international ocean mining regime off the ground.

The short-term perspective also distorts the longer view. Thus we tend to assume that a situation that exists today will last for ever. US opposition will not last forever. Quite possibly, Arusha has had more effect than the resolutions, and it is not at all to be excluded that the USA will sooner or later, occupy its Observer's seat at the Prepcom. The FRG, most likely, will have a new government next year, and it is an easy prediction that one of the first things the new government might do would be to accede to the Convention. Whether Britain would choose to be the only one of the thirteen EC countries to remain outside the Convention is questionable.

The short-run anxiety, however, is wholesome. Without it, nothing moves. Canada has lost its short-run anxiety. At the Prepcom Canada does not move. It is keeping a low profile. It has abdicated its lead role. It is losing opportunities. There are obvious reasons for this. But they may not be to Canada's best interest — long-term or even short-term.

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# Bilateral Relations

## USA

### **Freer Trade Senate Rebellion**

Canada-US hopes for a freer trade agreement experienced a near stall in the latter half of April when the US Senate finance committee voiced serious opposition to President Ronald Reagan's request for its approval for the proposed talks (see "International Canada" for February and March 1986). Committee Chairman Senator Robert Packwood (Oregon) suggested that committee members were prepared to veto the talks, stating that "if we were voting today, we would vote to turn down that authority" (CBC Television [External Affairs transcript], April 11). The threat of a veto, he added, was in response to the US administration's failure to achieve "a satisfactory resolution" on several bilateral trade irritants, primarily Canada's allegedly "subsidized timber industry." Several Senators expressed concern over a lack of communication between the administration and Congress on international trade issues. Fellow committee member Senator Max Baucus (Montana), another critic of Canadian lumber exports, stated that the veto threat was not intended as an attempt to torpedo the talks, but rather as a recommendation to the US administration (and Canada) to slow the pace — at least until outstanding trade irritants had been eliminated. Senator Baucus added that while the administration and Congress needed to "get together on the same wavelength," Canada could help by showing "good faith" through an agreement to allow all issues to be placed on the negotiation table (CBC Television [External Affairs transcript], April 11). However, Senator Baucus stressed that the committee agreed in principle that the US "should work toward a free trade agreement."

Both US and Canadian officials were apparently stunned by the threat's unexpectedness. While stating that a Congressional rebuff would force an "agonizing reappraisal in Ottawa," US Trade Representative Clayton Yeutter added that negotiations could proceed, with the administration re-submitting a request for "fast-track" at a later date. "All we can hope is that sanity and reasonableness will prevail," he said (*New York Times*, April 12). Mr.

Yeutter emphasized that the "potential benefits" of a freer trade agreement were "greater than any other single thing" that the US and Canada could do "for many decades to come" (CBC Television [External Affairs transcript], April 11). State Department spokesman Bernard Kalb stated that a negative Committee vote "could well doom forever any prospect for an agreement" (CBC Television [External Affairs transcript], April 15). Such action, in addition to denying the US "solid economic gains," would "deal a blow to our bilateral relations with Canada," Mr. Kalb said. And Senator Richard Lugar, chairman of the Senate foreign relations committee, wrote to Senator Packwood expressing his belief that a negative vote "could have severe repercussions on our bilateral relationship with Canada . . . with the spillover of such a rejection affecting adversely other areas of mutual interest" (*Globe and Mail*, April 15).

When the senatorial comments were raised in the Commons April 11, Prime Minister Brian Mulroney stated that he had "never minimized the difficulties involved in this kind of complex process." He added, however, that Canada dealt with the US government "as a whole, including the Congress," in freer trade discussions. While rejecting the possibility that the government might make concessions to the US in order to ensure a favorable Senate committee vote, Mr. Mulroney acknowledged a hope that the committee would "rise above" parochial concerns and "see the merit for both countries in this kind of trading arrangement." Despite the apparent setback, the Prime Minister later expressed confidence that the negotiations would proceed. "We have the commitment of the President and the Secretary of State that the negotiations would be a clean launch and fast-track," he said (*The Citizen*, April 14).

Describing the committee threat as "a last-minute development," International Trade Minister James Kelleher told the Commons April 14 that Canada had "reminded" the US President of his "commitment" to a "clean launch." "Certainly not on the defensive in any way, shape or form with respect to these negotiations," Canada had, said the Minister, asked the President "to advise" the committee of the "clean launch" guarantee. The Minister reiterated that

Canada would not allow specific trade irritants to be "tied to the present discussions" on whether to proceed with trade talks. The Minister later stated that a failure by the administration to honor its commitment to a "clean launch" would "raise doubts" in Canada about Washington's "credibility and commitment to liberalizing trade" (*Globe and Mail*, April 16). Canada would not allow the trade talks to be "held hostage" by the Senate committee, Mr. Kelleher added.

The International Trade Minister also indicated the need for an intense lobbying effort in Washington, stating that Canada would not be taking the "traditional hands off approach" in the diplomatic field, but would "be letting the Senators know of our feelings in this matter" (Global Television [External Affairs transcript], April 15). US Secretary of State George Shultz joined Canadian ambassador Allan Gottlieb in efforts to arrange a series of personal interviews with key Senators, while US administration officials attempted to formulate a compromise with the committee in order to head off a negative vote. US industry allies were also contacted by Canada to strengthen the lobbying effort (*Globe and Mail*, CBC Television [External Affairs transcript], April 15).

These lobbying efforts received a reprieve when the US Senate Finance Committee announced a postponement on its vote (originally set for April 17). While President Ronald Reagan had requested and been given the postponement, he also received written notice April 16 from a majority of the committee Senators of their intention to veto the talks. Twelve of the twenty Senators called for "assurances that several important concerns" would be addressed by the administration — including the enactment of a "reasoned comprehensive [domestic] trade bill," and "evidence that key outstanding trade problems with Canada" would be resolved (*Globe and Mail*, April 17). However, such conditions had been rejected in the past by both Canada and the administration. In his response, the President stated that he could not "accede" to the committee's request, since to do so would "adversely color the tone of our political and economic relationships with Canada for many years to come" (*New York Times*, April 21). While reiterating his commitment to "obtaining resolutions on lumber and other issues so that American industries will have fair opportunities to compete," President Reagan added that an abandonment of the "fast-track" approach would harm efforts to "resolve current trade differences."

Canada's chief negotiator, Simon Reisman, characterized the postponement as a "constructive development," but noted that the situation in Washington remained "fluid" (*Globe and Mail*, April 17). Senate reluctance to approve the "fast-track" approach was also seen as a means of possibly increasing the congressional role in the negotiations, but Donald Macdonald, chairman of the Royal Commission on Canada's Economic Prospects, noted that any re-submission of the President's request for "fast-track" would not be "as satisfactory." The second time around, he continued, "both houses of Congress could have extensive sets of hearings on the question" and could raise in detail all existing bilateral trade irritants.

Speaking in the Commons April 21, the Prime Minister stated that congressional reluctance was an internal US matter. The Canadian case had been made to and accepted by the US administration, and having "made a deal"

with President Reagan, Canada "expected" the US to "live up to it." When questioned as to whether the US had requested "any specific concessions from Canada on softwood lumber exports," Mr. Mulroney stated that Canada had made it clear that it would not allow lumber "to be made a bargaining chip in these discussions." The following day, the Prime Minister reaffirmed before the Commons Canada's intention to launch the talks on a "clean, no-condition precedent basis."

The US Senate vote, rescheduled for April 22, was again postponed until April 23 in order to avoid imminent defeat (*Globe and Mail*, April 23). Intense lobbying by the US administration continued overnight, with President Reagan speaking directly with key Senators from lumber-interest states. Mr. Reagan expressed his regret that there were "some in-house differences threatening this arrangement" (*Globe and Mail*, April 23). "I'm not going to quit on one vote," he added. Both the Prime Minister and External Affairs Minister Joe Clark denied allegations made in the Commons that concessions might have been offered by Canada in order to secure a favorable vote. Mr. Clark reaffirmed that Canada would accept "no compromises, no deals and no conditions" (*Globe and Mail*, April 23).

With a tie vote on April 23, the motion to veto President Reagan's request for approval of the talks was defeated. Prime Minister Brian Mulroney regarded the decision as "a great victory for the American administration and a great victory for our bilateral relationship" (CBC Television [External Affairs transcript], April 23). The External Affairs Minister noted that the vote signalled a "fast-track," clean launch, without "preconditions." While there had been suggestions made in the Commons that Canada had given concessions, "that simply had not been the case," he insisted. However, the Prime Minister cautioned that "from time to time, there are going to be concessions. That's the essence of bargaining." Mr. Mulroney added that the vote had taken "all of the muscle and all of the ingenuity and a lot of clout by the President to get that vote" (*The Citizen*, April 24).

#### *Over the First Hurdle*

With the US senatorial acceptance of the freer trade talks, attention turned from lobbying to actual preparations for negotiation. In an interview April 26, External Affairs Minister Joe Clark stated that the negotiations would be "tough," and cautioned that "in the end" they might prove "inconclusive" should Canada be unable to "find the basis of an arrangement" with the US (CBC Television [External Affairs transcript], April 26). The very closeness of the US Senate vote, added the Minister, had made Canadians aware of both "a very real protectionist sentiment" in the US and the "complexity" of the issues involved. Mr. Clark emphasized, however, that the talks had been given a "clean launch," without preconditions.

On several occasions questions were raised in the Commons with regard to the public release of studies commissioned by the government on the cost impact and benefits of free trade to different regions and industries of Canada. Responding April 24 to a request by Mike Cassidy (NDP, Ottawa Centre) for publication, International Trade Minister James Kelleher stated that the government did not intend to share the studies with the public "at the present

time," since to do so would provide the US with such information. "You do not show your hand to the other party prior to the commencement of negotiations," the Minister said. However, he added, "representatives of all sectors of our economy, including the manufacturing, labor and farming sectors, [would] be involved in the elaborate advisory system" established by the government.

Statements on the negotiations made by US President Ronald Reagan in a letter to US Senator Robert Packwood dated April 24 were raised in the Commons April 28 by Herb Gray (Lib., Windsor West). Mr. Gray quoted the President as having stated his intention to "retain full access to multilaterally sanctioned US trade remedies." External Affairs Minister Joe Clark responded that while countervail was "very much at the heart" of the trade discussions, it remained "a negotiable question." Through the talks, Canada would seek trade arrangements which would provide "guarantees against some of those threats."

On April 30 the International Trade Minister announced that preliminary trade talks between Canada and the US would open in Ottawa May 21. Mr. Kelleher stated that the first round of discussions would be "preparatory," leaving "substantive issues until the summer" (*Globe and Mail*, May 1). According to Mr. Kelleher, Canadian negotiator Simon Reisman and US negotiator Peter Murphy would examine administrative details and chart a general outline for the talks.

On May 21, the day the talks commenced, the External Affairs Department released twenty-six of the eighty-four "background documents" and studies commissioned earlier by the government. Speaking in the Commons that same day, Opposition leader John Turner criticized the "censored" nature of the released material, describing the studies as "culled, clipped and cooked." Mr. Turner stated that Canadians were entitled to an "enlightened public debate on the advantages and disadvantages of the negotiations." External Affairs Minister Joe Clark responded that Canada could not enter the negotiations after publishing and "handing directly to the Americans all of Canada's confidential information . . . That would mean that Canada would be bound to lose." Despite deletions in the released studies, there were projections (with qualifications) that job losses could reach over 130,000 by 1995 through the removal of tariffs (External Affairs communiqué, May 21). However, the External Affairs Minister stated in the Commons May 22 that those figures represented a potential result based on the absence of "adjustment . . . and phase-in policies."

#### *Provincial Role*

The exact nature of the provincial role in the freer trade negotiations remained a contentious issue during this two-month period (see "International Canada" for December 1985 and January 1986), although External Affairs Minister Joe Clark did indicate in late March that there existed a likelihood of federal/provincial consultations in the near future (*Globe and Mail*, March 28). There were several calls for such a meeting, including a statement made in the Commons April 25 by Raymond Garneau (Lib., Laval-des-Rapides). Mr. Garneau, citing the "serious reservations" of several provinces on the issue, deemed it "imperative" to "define the Premiers' role prior to giving Canada's negotiators a specific mandate."

By late May, Prime Minister Brian Mulroney had agreed to meet with the provincial Premiers before the trade talks formally commenced (*Globe and Mail*, May 23). The meeting had been requested by Alberta Premier Donald Getty on behalf of the other provincial Premiers, who had cited the "difference of opinion" among all the Premiers as well as the Prime Minister as to what constituted "full participation." He stressed the importance of "pulling together" with the Prime Minister. While welcoming the decision to hold discussions, Ontario Premier David Peterson expressed "disappointment" that the "process issues had been allowed to drag so long." While Mr. Getty had stated that the conference had been requested by the Premiers, the Prime Minister told the Commons May 22 that he had "suggested the conference in a call to Premier Getty." Mr. Mulroney later told reporters: "I invited them" (*The Citizen*, May 23).

While the Prime Minister had offered the provinces a "consultative process" to review chief negotiator Simon Reisman's mandate, the Western Premiers, having met separately, called for power-sharing rather than consultation. The Western provinces had requested of the Prime Minister a "standstill" agreement with the US, whereby no additional US tariffs would be imposed while talks were in progress (*Globe and Mail*, June 2). Meeting with the Premiers June 2, the Prime Minister received tentative approval for the negotiations. Under the terms of an agreement reached that day, Mr. Mulroney would meet with the Premiers every three months to review progress, giving them an opportunity to redirect the talks. Although the provinces would participate in the monitoring of Simon Reisman's progress, they abandoned previous demands for shared control and full membership on the negotiating team (*Globe and Mail*, June 3). Mr. Mulroney stated that the provinces would retain their constitutional power over areas of provincial jurisdiction. Premier Peterson acknowledged that "you can't have eleven people making a decision that ultimately one person has to make." However, Mr. Peterson stated that the process of ratification would be "where the provinces protect their interests" (*The Citizen*, June 3). The provinces, he added, had the right to "say 'no' if we can't make a deal that in our judgment is good for Canada." The Prime Minister stressed that the plan was flexible, stating that "if it turned out to be inappropriate . . . we could reexamine the formula."

#### *Lumber Dispute*

Canadian softwood lumber exports to the US remained the largest bilateral trade irritant during this two-month period (see "International Canada" for February and March 1986). Speaking before the Canadian Forestry Association April 9, Prime Minister Brian Mulroney assured Canada's lumber industry that he "refused to accept the proposition advanced by some in the United States that the softwood lumber issue must be resolved in favor of the United States prior to the [freer trade] talks beginning" (*Globe and Mail*, April 10). Another round of Canada-US lumber talks was held in mid-April, with Canada continuing to refute US industry claims that Canadian exports were subsidized and created trade distortions in the US. However, there were indications that failure to resolve the lum-

ber dispute might result either in protectionist legislation, or the filing of a new countervailing duty case. (A previous case filed with the US International Trade Commission [ITC] resulted in a 1983 ruling in Canada's favor.) US lumber industry lobbyists cited a recent Commerce Department review of a similar countervailing case as indicating, in their opinion, a shift in the administration's attitude toward favoring the US lumber industry's claims (*Globe and Mail*, April 16).

The Prime Minister reassured the Commons April 22 that Canada had "expressed every possible objection and made every possible representation with respect to the lumber problem." Mr. Mulroney stated that the issue was "progressing quite normally," and would, he hoped, be settled "in accordance with reasonable criteria and existing mechanisms." The government, he said, did not accept the US contention that Canada was "in any way subsidizing our industry, either through stumpage fees or other methods."

A threatened move by the US lumber industry to file May 12 for a new countervailing duty case was averted when Canada put forward a proposal offering to name special envoys to resolve the dispute. However, while agreeing to a postponement, the Coalition for Fair Lumber Imports (whose members represent 70 percent of US production) called for a "specific proposal with substance, implemented by a time-certain date, not simply more negotiations" (*Globe and Mail*, May 13). Canadian officials noted that while the latest proposal offered a timeframe, it did not include concessions on either export limits or price increases. With regard to the envoys, International Trade Minister James Kelleher told the Commons May 13 that "no decision would be made until [the government] had consulted with the provinces and had obtained their approval." However, Mr. Kelleher also stated that the government was "prepared to take all appropriate actions to defend Canadian interests in the event US lumber producers try to countervail again despite everything" (*Globe and Mail*, May 14). Canada had, he added, "equipped itself . . . to deal with injurious subsidized imports." There had been no changes in either practice or law to justify a new US countervailing investigation, the Minister concluded.

Despite strong Canadian protests, the US Coalition for Fair Lumber Imports filed a countervailing duty complaint May 20. Canada responded by withdrawing its earlier proposal for envoys (*Globe and Mail*, May 20). As well, Canada's International Trade Minister conveyed to the US administration the Canadian government's "strong objections to the initiation of another investigation." A Coalition spokesman had cited as the reason for the filing, the US lumber industry's inability to "tolerate [further] delay in securing relief from Canadian subsidies."

While the Prime Minister told the Commons May 20 that the government would "take every possible action" to fight the countervail case, the International Trade Minister pointed out that the initiative had been made by the US lumber industry and not by the Reagan administration. "This is not something [the administration] launched nor is it anything they've encouraged," Mr. Kelleher said. Characterizing the filing as "harassment by the US industry," the Minister added that Canada would "exercise every right under the GATT" to protect Canadian lumber interests (*The Citizen*, May 21).

Still formulating a defence for the countervailing case, the government (and the Canadian lumber industry) was stung with the imposition May 22 of a five-year tariff on imports of Canadian shakes and shingles by President Ronald Reagan (*The Citizen*, May 23). The tariffs, to enter into force June 6 and designed as import relief for the US lumber industry, were set at 35 percent for the first thirty months, 20 percent for the next twenty-four months, and 8 percent for the final six months. The International Trade Minister expressed dismay at the announcement, stating that the decision had "flown in the face of strong representations" made by the Canadian government and its lumber industry.

Speaking in the Commons May 23, Prime Minister Brian Mulroney stated that the action taken by the US administration was "unfair and unjustified" and was "at variance with all the undertakings provided by President Reagan at Quebec City and in Washington." Such actions, he said, made it "extremely difficult . . . to be friends with the Americans." Describing the announcement as "bizarre, very inappropriate and totally inconsistent with what the President has said vis-à-vis Canada," Mr. Mulroney stated that Canada would provide an "appropriate response." The Prime Minister rejected all suggestions that Canada suspend the freer trade negotiations, stating that to do so would be an "action inspired by petulance." Canada would, however, attempt to formulate a response which would "convince" the US of the "folly of this kind" of protectionist action. The Prime Minister, in a letter to the President, had stated that the tariff was an "appalling . . . unjustifiable punitive action" against Canada. Expressing the Canadian government's "profound disappointment" and "deep regret," Mr. Mulroney had also indicated Canada's intention to consider a response.

Supportive of the Prime Minister's direct communication to the President, NDP leader Ed Broadbent introduced a motion in the Commons that same day, which was carried unanimously. The motion read:

This House urges President Reagan to take immediate action to reverse yesterday's decision to impose an unfair 35 percent duty on British Columbia cedar shakes and shingles.

External Affairs Minister Joe Clark, while describing the tariff as an "erratic action" on the President's part, stated that the freer trade discussions would not be used to indicate Canada's displeasure on the lumber decision. The government would "send messages very directly" to the US, he added, allowing the chief trade negotiators to proceed unhampered by additional concerns (*Globe and Mail*, *The Citizen*, May 26). Mr. Clark told the Commons May 26 that Canada had been "surprised" that the action had come "in the form it did and without notice to Canada." He also stated that the government was considering "a wide ranges of measures" to counteract the tariff, ranging from "assistance to those producers in British Columbia who might be affected," to other measures within the "purview of international trade." The Minister emphasized the need to press forward with the freer trade negotiations in order to avoid such incidents in future and to protect Canadian industries from the same kind of "jeopardy" experienced by the British Columbia cedar shakes and shingles producers.

Prior to the imposition of any retaliatory measures, Canadian ambassador to the US, Allan Gottlieb, questioned the US State Department as to whether the US "intended to pay compensation" to affected Canadian producers. However, the US had already made clear in its announcement of the tariff its intention not to offer compensation, having then stated that since the tariff was "not bound under the GATT," the US would "not have to compensate our trading partners for any damage to their exports" (*Globe and Mail*, May 28). The administration had cited its staged reduction in the tariff (see above) as indicating its awareness of the possible impact on Canada's industry. On May 27, the External Affairs Minister stated that Canada had asked the US for compensation, noting meanwhile that the Canadian cedar products were not "in the normal strict sense eligible for compensation" (*The Citizen*, May 28). According to Finance Minister Michael Wilson, speaking in the Commons May 29, Canada, having met with US officials in Washington, had decided to abandon its request for compensation. The matter, he said, "was no longer under discussion," since there existed "no legal provision for the US administration to deal with it" (*Globe and Mail*, May 30).

#### **Lobbyist Michael Deaver**

A US investigation into possible violation of conflict-of-interest rules by former White House deputy chief of staff Michael Deaver led to Canada in early April. The US General Accounting Office requested information from the Canadian government on the role of Mr. Deaver as a paid consultant on several bilateral issues, including acid rain (*Globe and Mail*, April 3). Allegations had been made that Mr. Deaver had improperly used his former position to aid clients, including the Canadian government, in dealing with the US administration. (US law prohibits former government officials for one year from lobbying people with whom they had worked on matters involving their "personal and substantial" participation.) While Canada rejected the request, government officials did indicate that Mr. Deaver had been hired not as an "agent or negotiator," but rather to provide "guidance, advice and expertise." The contract with Mr. Deaver, while not specifying assistance on the acid rain issue as such, outlined a role as general lobbyist and strategist "in the pursuit of Canadian interests generally" in the US (*Globe and Mail*, May 6).

Canadian ambassador to the US Allan Gottlieb stated that Canada was "not in a position to provide . . . information concerning discussions with Mr. Deaver in fulfillment of his contract, as this is considered confidential and privileged information" (*Globe and Mail*, May 8). The Canadian embassy, added the ambassador, would not agree to appear before the congressional committee investigating Mr. Deaver's activities. Mr. Gottlieb stressed that the Canadian government considered the contract with Mr. Deaver to have been "undertaken in full accord with the laws and practices of the US and Canada," and rejected as "utterly without foundation," any suggestions to the contrary (*The Citizen*, May 9). Responding to allegations that Mr. Deaver had begun arranging a contract with Canada prior to his departure from the White House, Mr. Gottlieb stated that discussions had not taken place between Mr. Deaver and

the Canadian embassy until May 16, 1985, a week following Mr. Deaver's resignation. While the ambassador acknowledged that a Canadian official had made an earlier "jesting" remark on the value of Mr. Deaver to the Canadian "team," he stated that the remark did not constitute the initiation of a Canadian effort to secure Mr. Deaver's services (*The Citizen*, May 12). This denial was reiterated in the Commons May 12 by External Affairs Minister Joe Clark, when he identified the Canadian official as Fred Doucet of the Prime Minister's Office.

While Mr. Deaver continued to deny any wrongdoing, a preliminary report by the US General Accounting Office concluded May 12 that there existed "enough basis for believing the post-employment laws may have been violated" by Mr. Deaver to warrant referring the matter to the Department of Justice (*Globe and Mail*, May 13). Mr. Deaver dismissed the report as "failing to demonstrate that I had violated any federal law" (*The Citizen*, May 13). On May 14, the External Affairs Minister told the Commons "categorically," that the contract approved with Mr. Deaver "was in accordance" with both Canadian and US law. Speaking later that same day before the Commons external affairs committee, Mr. Clark noted that "no US authority had judged the contract a violation" (*The Citizen*, May 15). The Minister also told the committee that the possible rehiring of Mr. Deaver by the Canadian government was "under consideration."

On May 27, the US Justice Department announced its decision to appoint a special prosecutor to probe Mr. Deaver's lobbying activities. (Mr. Deaver had himself made requests for an independent special prosecutor.) Whitney North Seymour was named May 29 as independent counsel in the US investigation (*Globe and Mail*, May 28, 30). In order to "spare the [Canadian] government any further involvement in this controversy," Mr. Deaver wrote to Ambassador Allan Gottlieb June 6 stating his decision neither to renew his contract with Canada nor to "engage in any conversations to that end" (*The Citizen*, June 13).

#### **CIA Experiments**

Canadian victims of CIA-financed mind-altering experiments, conducted at Montreal's Allan Memorial Institute during the fifties and sixties, continued their suit in a US court to secure compensation (see "International Canada" for February and March 1986 and previous issues). Opposition MPs called for the publication of a report commissioned by the Canadian government into possible knowledge of and partial responsibility for the experiments, the so-called Cooper report. Responding in the Commons April 14 to a request for the report's publication by Svend Robinson (NDP, Burnaby), International Trade Minister James Kelleher stated that Justice Minister John Crosbie had been "seized of the report and was studying it." Following this review, the Justice Minister would be reporting to the Commons "in due course." On April 24, Mr. Crosbie told the Commons that the report was still "under consideration" in order to determine "not only what is in the best interests of the people of Canada . . . but what is in the best interests of the plaintiffs in this matter."

The Cooper report, publicly released in early May, absolved the Canadian government of both legal and



moral responsibility in the brainwashing experiments, despite financial assistance provided by the federal Department of Health. Former Progressive Conservative MP George Cooper, who wrote the report, concluded that the experiments had been "acceptable practice" by 1950s medical standards (*Globe and Mail, The Citizen, May 8*). Under the limitations of his mandate, Mr. Cooper did not attempt to determine the role of the CIA. There existed no legal responsibility, the report stated, since Dr. Cameron, the psychiatrist conducting the experiments, had not acted as the agent of the Canadian government. As well, the experiments had not been authorized by the government, thereby releasing it from any legal duty to control them. Mr. Cooper concluded that moral responsibility must be examined "through the spectacles of the 1950s." Canada should not "impose today's standards in the matter of consent and choice of treatment upon the action of those who in good faith conducted themselves in accordance with the laws and ethics of the day." When it was pointed out that Mr. Cooper had not interviewed any of the victims, or examined their medical files, or reviewed CIA records, Justice Minister John Crosbie stated that these had been "beyond" Mr. Cooper's mandate. Mr. Crosbie told reporters that on the basis of the "facts and conclusions" contained in the Cooper report, it "seemed" the government "should go no further."

Despite opposition allegations in the Commons May 8 that the report was an "appalling . . . whitewash," the Justice Minister insisted that "nothing" was being "held back." Rather than being a whitewash, Mr. Crosbie said, the report was a "complete exposure of anything the government or any agency of the government had to do with this matter." However, the Canadian government would "continue to help the plaintiffs in their case against the CIA," since the CIA had "wrongfully involved themselves in financing research in Canada without either the consent or knowledge of the government of Canada," and had done so in a "surreptitious and non-public manner."

## Afghanistan

### Soviet Defectors

In response to follow-up reports on an aborted 1984 attempt by the Canadian government to secure the release from Afghanistan of six Soviet defectors requesting political asylum in Canada, questions were raised in the Commons April 21 with regard to the mission's failure. A team of Canadian journalists, having recently visited and interviewed the Soviets (held for six years by Afghan rebels), had cited government mismanagement in general as the primary obstacle to a successful rescue (*The Citizen, April 22*). In particular, the reporters had noted the difficulties involved in meeting medical examination requirements (including tests for drug addiction) prior to the departure of the Soviets from Pakistan, a country which had been promised a "quick and quiet" operation in order not to antagonize the USSR. It had been these difficulties which had resulted in the cancellation of the rescue attempt. However, External Affairs Minister Joe Clark stated that the government had "been working very vigorously, using every national and

international instrument . . . to aid" the defectors. Mr. Clark added that while the government, unlike the journalists, had been unable to make contact with the Soviets, it would welcome "collaboration" in an effort to develop "some practical way in which we can act together in the humanitarian cause of bringing them to freedom." The Minister rejected as "simplistic" a suggestion by Sergio Marchi (Lib., York West) that Canada send officials "armed with ministerial permits" to move the men out of Afghanistan.

In a CBC interview aired April 21, Minister of State for Immigration Walter McLean also expressed interest in conferring with those who had made contact, but described the situation as "delicate" in light of the fact that the Canadian government would remain dependent "on other agencies and other governments" in its efforts to remove the defectors from *mujahedeen* control (External Affairs transcript). On the problem of possible drug addiction, the Minister dismissed the issue as "surmountable" in view of "drug rehabilitation possibilities" in Canada.

One of the reporters who met with the defectors, Ian Hamilton of the Kingston *Whig-Standard*, criticized the government's concern over possible re-defection. (Since several other Soviets who earlier had been granted asylum in Britain had subsequently re-defected, Canada had insisted on face-to-face interviews in order to determine the legitimacy of the present plea for Canadian asylum.) In light of his own personal contact with several of the soldiers, Mr. Hamilton questioned the government's commitment to discovering a workable solution (CBC Radio [External Affairs transcript], April 21).

However, External Affairs Minister Joe Clark, speaking in the Commons April 22, spoke of government efforts "over the last several months" to secure the prisoners' release, including the "relaxing of all the health and security criteria" normally required by Canada. Having met with a representative of the Kingston *Whig-Standard*, Mr. Clark mentioned the examination of several actions which might result in a successful resolution of the issue. As well, the Minister offered to brief "privately" a member of each of the opposition parties "on the nature of those arrangements," believing that "further public discussion" of the issue "might jeopardize the success of the initiative" presently being pursued. Problems "on the ground" remained, Mr. Clark added, both with regard to the "jurisdictions of other countries" and to the "attitude" of the prisoners' captors. "We believe we may have a way to resolve the problem," the Minister concluded. Mr. Clark later told reporters that the six men "were important not just as individuals but as symbols of the Canadian commitment," and that Canadian efforts would continue "quite apart from the matters they might have been involved in," referring to reports of participation in war atrocities in Afghanistan (*The Citizen, April 24*).

## Libya

### US Raids

In the wake of the late March confrontation between US and Libyan forces in the Gulf of Sidra, questions were raised in the Commons with regard to the possibility of a



further US strike against Libya (see "International Canada" for February and March 1986). Prime Minister Brian Mulroney responded April 9 that while "aware of the dangers . . . in escalating any action," the US "and others" were growing "progressively concerned about the irresponsible and criminal misconduct of some agents of countries which appear to be giving succor to terrorism and terrorist activity, which is reprehensible and completely unacceptable to Canada and every other civilized country."

With further escalation, Opposition leader John Turner questioned the Prime Minister April 11 on the security of Canadians resident in Libya. Mr. Mulroney stated that the government viewed the current situation with "seriousness." While there appeared no "immediate cause for undue concern," the government had advised these Canadians that "their own analysis of their security concerns should motivate their behaviour" with regard to remaining in Libya. As well, Canada had advised the US as to the whereabouts of all Canadians in Libya and had "urged upon them . . . great prudence." While the Prime Minister had impressed upon Canada's allies the importance of ascertaining "at all times that retribution is justified," Canada asserted that terrorism could not go "unchecked or unchallenged," but must be dealt with "very severely."

When NDP leader Ed Broadbent further questioned the government April 14 on the safety of Canadians in Libya, quoting an External Affairs spokesperson as having stated that the department had "twice advised Canadians to look to their safety," Defence Minister Erik Nielsen responded that Canada remained in "very close continuous touch" with the United States on the possibility of the use of military force against Libya.

On April 15, following the military strike by the US against Libya involving civilian casualties, Prime Minister Brian Mulroney issued a statement acknowledging that Canada had been "fully consulted by the United States all along" and had been "notified in advance" of US intentions with regard to Libya. With cautious approval, the statement outlined Canadian "acceptance" of the US contention that Libya was "involved in the perpetration of terrorist attacks" and that the US response "appeared to have been limited and aimed at terrorist installations" (*The Citizen*, April 15). While the Prime Minister reiterated in his statement the government's concern for the continued safety of Canadians in Libya, Defence Minister Erik Nielsen stated in the Commons later that day that contingency plans had been in place for "some days." While public discussion might "jeopardize" those plans, he added, these Canadians were "in no way existing under any threat." Mr. Nielsen assured the Commons that "ordinary methods of travel" were still providing "ingress and egress" from Libya, but emphasized that Canadian citizens could "come to their own conclusions" with respect to their own personal circumstances.

A special emergency evening debate was held in the Commons April 15 on a motion made by NDP leader Ed Broadbent, and focused on both the security of Canadians in Libya and the general implications of a retaliatory strike against terrorist strongholds by a superpower. In his opening, Mr. Broadbent repeated a question earlier made during Question Period which remained unanswered — whether the government had been aware of US intentions in the

previous week when the Prime Minister had told the Commons that there existed no "immediate cause for undue concern for Canadians." And secondly, whether Canada had offered the US any alternatives to a preemptive military strike. Mr. Broadbent also raised the issue of the "appropriateness" of the US action in light of President Ronald Reagan's unsubstantiated contention of "direct, precise and irrefutable" evidence of Libyan sponsorship of terrorism. Citing the objections of the Western European community (with the exception of Britain) to a US military action, Mr. Broadbent advocated alternatives which might prevent an escalation in retaliatory strikes. Such measures included "tough economic sanctions," the "diplomatic isolation" of states "perpetuating" terrorism, and international efforts "outside the framework of Interpol."

In view of the "seriousness" of the situation, both on the national and international levels, Opposition leader John Turner noted the absence of the Prime Minister from the debate, as had Mr. Broadbent. Mentioning the failure of the government to fully brief the opposition parties on developments, Mr. Turner stated that Members had "been placed in a position" in which they had "to take on faith . . . the statements of the US president." While supporting the "US objective in its strike against the core of terrorism," Mr. Turner criticized the government as "derelict in its duty" in failing to advise Canadians to leave Libya if it had, in fact, been aware of US intentions through consultations prior to the attack. The Liberal Party, said Mr. Turner, urged upon Canada's allies "prudence and restraint," and supported "tough economic sanctions" and a "renewed commitment" to international organizations in the fight against terrorism.

While all participants in the debate counselled strengthened counter-terrorist measures, there were sharp divisions on whether the US attack was an "appropriate" response in the present instance. Responding to these opposition criticisms, Defence Minister Erik Nielsen stated that Canada accepted the American explanation that the action "was not based on reprisal or revenge, but rather on a need to demonstrate to those who continue to support terrorism that they will pay an extremely high price for their actions." The US had been left "with no option but military action," the Minister said. The US strike had been an "extraordinary measure taken in response to a particularly difficult set of international circumstances." For its part, Canada would continue to "look to concerted international action to achieve the eradication" of terrorism. With regard to the security of Canadians, the Libyan government had agreed to "facilitate" their departure should conditions "deteriorate" to the point "where it would be best for Canadians to leave." While in his earlier statement the Prime Minister had cautioned that "the cycle of violence" might continue, the Defence Minister endorsed more fully the US action when responding to further questioning in the Commons April 16. Mr. Nielsen then stated that "diplomacy had not worked . . . economic sanctions had not worked," and the alternative had been left "to act as the United States did with the objective of eliminating an evil."

Speaking in the Commons April 17, Prime Minister Brian Mulroney dismissed media reports (*Globe and Mail*, *The Citizen*, April 17) that Michel Tessier, Canada's consular official in Libya, was receiving large numbers of requests from Canadians on how best to effect a departure.

Mr. Mulroney stated that, in fact, the "level of anxiety and concern among Canadians . . . had declined substantially." Members were advised that the government was "working to ensure that any instruments required [by Canadians] to depart from Libya were made available to them."

Diverging from the previous government stance that Canadians in Libya should "reassess their own position," External Affairs Minister Joe Clark told reporters April 21 that, in the government's present view, Canadians would be "well advised to leave" (*Globe and Mail*, April 22). "Despite all contingency arrangements," added Mr. Clark, "in a large country like Libya we can give no guarantees to Canadians who are there." Neither could the government guarantee the continuation of the present period of "relative calm." With regard to the advisory revision, Mr. Clark stated that Canada had received no specific information on further US military action. Elaborating in the Commons the following day, the Minister noted that there existed "limits in law to the authority of the government of Canada regarding the activities in another country of Canadian companies or citizens," when queried on the possibility of ordering Canadians home.

## South Africa

### Cross-border Raids

On May 19, External Affairs Minister Joe Clark issued a statement strongly condemning an "unprecedented series" of cross-border attacks conducted that same day by South Africa against neighboring Botswana, Zambia and Zimbabwe (all Commonwealth members). Mr. Clark expressed "deep regret" that the South African government had chosen to take "violent action" at a time when the Commonwealth Group of Eminent Persons was meeting in South Africa in an attempt to effect peaceful change through "political dialogue." (Canada was represented on the Group by Anglican Archbishop Ted Scott.) Extending sympathy to the governments of the countries affected by the raids, the Minister also conveyed to South Africa the Canadian government's "outrage at this inexplicable and arbitrary act of violence." While South Africa had claimed that the attacks were directed against African National Congress bases operating in the areas attacked, Canada called upon South Africa to "refrain from further acts of aggression" against neighboring states (External Affairs communiqué, May 19). Canada was joined in its condemnation by both Britain and the United States (*Globe and Mail*, May 20).

According to responses made in the Commons May 20 by the External Affairs Minister, in addition to temporarily recalling Canada's ambassador to South Africa, the government had engaged in consultative meetings with representatives of other Commonwealth nations in order to determine "what would be the most effective way for . . . all concerned with ending apartheid, to continue to act together to stop that practice in South Africa." While Canada remained hesitant to "disrupt [its] economic and

diplomatic relations with South Africa," it would take that step if no other way could be found "to have our influence count against apartheid," Mr. Clark said. The Minister added that the action taken by South Africa appeared to be "designed to sabotage the work of the Commonwealth" at a time when the Eminent Persons Group had been making "some progress." Canada would consider whether there existed "any possible future role" for the Group. When NDP leader Ed Broadbent suggested the government impose regulations prohibiting all Canadian investment in South Africa, Mr. Clark responded that the government "believed it to be better to take joint action" with the Commonwealth rather than to take unilateral action. Following Question Period in the Commons, Mr. Clark met with representatives of nine other Commonwealth countries and made known Canada's desire for joint action in registering condemnation of the South African raids. However, no specific response emerged from the discussions, other than agreement that the strength of the Commonwealth needed to be maintained (*Globe and Mail*, May 21, 22).

South African President P.W. Botha, in response to this international condemnation, attempted to liken the raids to those carried out by Israel against PLO bases and the recent US attack on Libya. In a speech to the South African Parliament, Mr. Botha stated that his country would "not allow the double standards and hypocrisy of the Western world to stand in the way of our responsibilities to protect our country" (*The Citizen*, May 21.)

Commonwealth representatives, meeting in Britain May 21, issued a joint statement on the raids calling for "full compensation" by South Africa to the injured states (*The Citizen*, May 22). In "utter and complete condemnation," the Commonwealth demanded that South Africa "never again violate the territorial sovereignty of Commonwealth states." Regarding the raids as having done "incalculable harm" to hopes for peaceful change, primarily with regard to the efforts of the Eminent Persons Group, the representatives "rejected totally any attempt to justify or claim legitimacy for such acts of wanton aggression." In reference to the possibility of stronger Commonwealth sanctions against South Africa, the statement also noted that South Africa's decision to "opt for the perpetuation of violence" left it liable to the "full responsibility for all the consequences that might follow."

As it prepared drafts of its final report in early June, the Eminent Persons Group indicated its decision to abandon attempts to mediate between the South African government and black nationalist opponents. According to media reports, the group had cited the South African regime's own actions and intransigence as the reason for the Group's inability to effectively initiate discussions between the opposing parties (*The Citizen*, June 7, 9, *Globe and Mail*, June 9). Officials stated that the group had concluded that sanctions represented the only chance of convincing South Africa to abandon apartheid. Without a settlement (which might be achieved within two years through the imposition of sanctions), the result would probably be a civil war lasting up to fifteen years in the group's estimation. The leaders of the seven Commonwealth countries commissioning the group's report were scheduled to meet in London, England, August 3 to examine its findings.

### Appeal of Bishop Desmond Tutu

Visiting Canada in late May, South African Bishop Desmond Tutu addressed a special session of the Ontario legislature May 30. The Bishop, in Toronto to take part in both an anti-apartheid rally and the Arts Against Apartheid Festival, told the legislature that the South African government, with its oppressive, racist policies, was the "best recruiter for communism." He suggested that Blacks might very well be driven toward communist groups, should the white-dominated South African government continue its present rigidity. Without issuing a direct call to Canada for tougher economic sanctions against the racist regime, Bishop Tutu appealed to Western governments to continue their efforts to exert pressure on South Africa to abandon apartheid. Bishop Tutu emphasized that any Western action, despite the deep-rootedness of apartheid, could "make a difference, if only to those who have their noses rubbed daily in the dust."

Shifting gears on May 31, the Bishop called for the immediate application of sanctions as "the only way left for freedom to come to South Africa . . . black and white, with the minimum of violence" (*Globe and Mail*, June 2). Speaking to a rally of anti-apartheid supporters, Bishop Tutu called upon the Canadian government not to make either a political or an economic decision, but a "moral choice — are you on the side of freedom . . . or oppression?"

Before his departure for South Africa, Bishop Tutu held a news conference in Montreal June 2 at which he again called for the imposition of sanctions. Without a dismantling of apartheid, he said, violence could only increase and be seen as "morally justified" in the "overthrow of an unjust system" (*Globe and Mail*, June 3).

Despite the Bishop's call for sanctions, and the support he received from both opposition leaders in the Commons, External Affairs Minister Joe Clark remained firm in his opposition to further action at least until the Commonwealth Eminent Persons Group had submitted its recommendations at month's end (*Globe and Mail*, June 3). Canada would then make a decision on whether to recommend that a meeting of Commonwealth representatives on apartheid, planned for August 3-5, be convened earlier. However, "despite the grave disappointment and the growing sense of pessimism about a constructive result in South Africa," the Minister said, Canada owed the Commonwealth Group an opportunity to "continue [its] work."

## Spain

### Fishing Dispute

Two Spanish fishing vessels, the *Amelia Meirama* and the *Julio Molina*, allegedly operating within Canada's 200-mile fishing zone, refused to submit to inspection when requested to do so by Department of Fisheries and Oceans (DFO) officials on May 22. When boarded by departmental personnel and ordered to return to Newfoundland, the two vessels fled eastward across the Atlantic with four Canadians aboard. At the conclusion of a lengthy chase on the open sea, the Spanish vessels were

apprehended by an RCMP tactical team aboard another DFO vessel which had followed in pursuit. Arrests were made "without incident," according to Fisheries Minister Tom Siddon, who stated that the vessels were being escorted back to Newfoundland (DFO communiqué, May 24). The Minister added that Canadian efforts at resource conservation would not be "trampled on through blatant disrespect of Canada's sovereign rights," and that increased surveillance of the 200-mile limit would continue.

During the incident, Canada had approached both the Spanish embassy and authorities in Madrid for assistance. However, Spain refused its cooperation, stating that the Spanish vessels had believed themselves to be operating outside the Canadian 200-mile zone when originally boarded. Spanish Foreign Minister Francisco Fernandez Ordonez stated that Spain "differed with Canada over its interpretation of a 200-mile exclusive economic zone" (*Globe and Mail*, *The Citizen*, May 26).

Speaking in the Commons May 26, External Affairs Minister Joe Clark emphasized that the current dispute had "caused very serious strain" on bilateral relations between Canada and Spain. Mr. Clark indicated that he would pursue the matter with the Spanish Foreign Minister during an upcoming NATO meeting in Halifax in order to "achieve a resolution" to the problem.

On May 26 the *Globe and Mail* carried reports issuing from a Spanish marine radio station which indicated a possible blockade by Spanish fishing vessels currently operating near the 200-mile zone. The blockade was to be a protest both against the arrest of the two Spanish vessels and against alleged "regular harassment." While Fisheries Minister Tom Siddon described the rumors of a blockade as "unfounded" (DFO communiqué, May 26), military air patrols were dispatched to the edge of Canadian territorial waters in order to discourage any attempt at a blockade (*Globe and Mail*, May 27). On May 27, the two Spanish vessels and their DFO escort had arrived in St. John's, Newfoundland, to be charged on three counts — "unauthorized entry, unauthorized fishing in Canadian waters and wilful obstruction of Fisheries officers" (DFO communiqué, May 27).

## USSR

### Chernobyl Nuclear Accident

With growing Western awareness of the extent of the nuclear accident at Chernobyl in the Ukraine in late April, questions were raised in the Commons April 29 on the possible effects on Canada. Health Minister Jake Epp responded that a federal emergency response team had been activated, with monitoring (looking for signs of elevated levels of radioactivity in the atmosphere) to be conducted by Environment Canada at twenty-eight Canadian airports. While testing would proceed "literally minute-by-minute," the Minister said, present indications were that Canadians "were not at risk." That same day, External Affairs Minister Joe Clark told the Commons that Canada had communicated to the USSR its "willingness to provide

any kind of technical help that might be within [its] competence." Mr. Clark stated that the government had ascertained the well-being of Canadians in the region (sixteen Canadian students resident in Kiev), but looked "for more information from the Soviet Union as to the nature, extent and implications of the accident." Consular officials were sent from Moscow to Kiev in order to provide "a monitoring capacity on the ground."

Although Canada had specified a "range of technical areas in which we would be prepared to help," according to the External Affairs Minister, the USSR had not responded to the offer (*Globe and Mail*, May 1). However, Health Minister Jake Epp pointed out the difficulties in making specific offers when Canada "was not getting any information." (Western nations were highly critical of the Soviet Union both for its delay in providing notification of the accident and for its reluctance to provide the international community with development details.)

The Health Minister, making a statement in the Commons May 1, stressed that "the levels of radiation expected to reach Canada would be extremely low." Mr. Epp outlined plans for information gathering under the Federal Nuclear Emergency Response Plan, which would enable the government to "take action" if the need arose. While monitoring the situation in Canada closely, he added, measures were being taken to "address the health and safety concerns of Canadians abroad." An interdepartmental task force had been established to assist Canadians in the vicinity of the accident, to advise Canadians planning travel in the region, and to contribute to the international effort "to respond effectively to the accident." The government recommended that Canadians in the Kiev area leave, and that plans to travel in the Ukraine be deferred. Mr. Epp concluded with a call for the Soviet Union to provide "more precise data" in order to allow Canada "to make a comprehensive assessment of the health hazard."

In responding to the Health Minister's statement, both opposition Members criticized the Soviet Union on its reaction to the accident. Douglas C. Frith (Lib., Sudbury) stated that "world citizens" deserved to know "more about what is happening to their health and safety . . . than what the Soviet Union has exhibited to date." And Bill Blaikie (NDP, Winnipeg-Birds Hill) stressed that if the USSR wanted "to be regarded as a responsible member of the international

community, the secrecy, lack of communication and lack of information that has surrounded this event is totally unacceptable by everyone's standards."

While Kiev remained closed to foreign journalists and most diplomats, Canada had been granted permission by Soviet authorities to have a consular official from the embassy in Moscow meet with the Canadian students residing there in order to suggest their departure (*Globe and Mail*, May 1). Without "enough hard information to know if any real danger existed," an embassy spokesperson said, the government had decided to "act in order to be safe" in suggesting that the students leave. However, despite the government's recommendation, some students indicated an unwillingness to leave and additional groups of Canadians continued to arrive in the Ukraine during the ensuing days and weeks (*Globe and Mail*, May 3, 5).

Speaking in the Commons May 2, the Health Minister again suggested prudence with regard to a 500-mile radius in the vicinity of Chernobyl, and an advisory for Bucharest and Moscow. However, he added that following an analysis of the situation in Poland, a decision had been made to commence a withdrawal of family members of Canadian mission personnel as well as members of the Canadian community "for the time being." By May 5, when the Minister responded to further questions on travel in the Ukraine, the Canadian advisory on Moscow and Bucharest had been taken off, and the advisory on Poland had been reduced to children and pregnant women.

A customs alert was issued by the federal government May 7 on European imports of fresh produce, following the appearance of an Italian shipment of such produce with higher than normal levels of radioactivity (*Globe and Mail*, May 8). Fresh milk was also to be tested following recordings of radioactive rainfall in Canada (Vancouver and Ottawa). "Erring on the side of prudence," according to the Health Minister, the government had decided to "expend all our human resources and all the technology available to us to make sure dangerous products" were not disseminated across Canada. With regard to the radioactive rainfall recorded in Ottawa, External Relations Minister Monique Vézina told the Commons May 9 that the levels were so low as to create "no cause for concern." She added that the present monitoring system reflected "present needs."

# Multilateral Relations

## Economic Summit, Tokyo

### **G-5 Admittance**

As the Tokyo Economic Summit approached, both Canada and Italy continued efforts to gain admittance to the Group of Five (G-5) — an assembly composed of the US, Britain, Japan, France and West Germany which gathers to discuss and act upon world monetary issues. However, Canadian Finance Minister Michael Wilson indicated that Canada, rather than seeking actual membership, would concentrate on securing involvement in any discussions possibly affecting Canada. "We have been encouraging a broadening of some of the discussions that the G-5 countries have had that impact on us," he said, mentioning exchange and interest rates, and the debt problem (*Globe and Mail*, April 24). Despite Mr. Wilson's denial of active lobbying, a government official was quoted as stating that Prime Minister Brian Mulroney, having consulted with and received the "approval" of the G-5 leaders, would attempt to make "manifest" Canada's entry into the Group during the Tokyo summit (*The Citizen*, April 25). US Secretary of State George Shultz had supported Canadian participation, stating in a pre-summit briefing that both Canada and Italy, along with the G-5, represented the "largest economies" having "important things to say about international economic relationships." The Canadian bid had also received the support of Japanese Prime Minister Yasuhiro Nakasone (*Globe and Mail*, May 5).

Following an announcement by G-5 leaders that both Canada and Italy had been admitted to the Group (despite the objections of the European Community representative), the exact status of the two newest members remained vague. According to Finance Minister Michael Wilson, most meetings involving currency movements would involve all seven nations (*Globe and Mail*, May 6). As well, Canada and Italy would be informed in advance with regard to G-5 (which remains in existence) meetings and would be permitted to attend. "We may want to be there all the time," the Minister added. However, Britain's Chancellor of the Exchequer Nigel Lawson stated that in all likelihood, the old G-5 would continue to meet privately on issues involving their own currencies.

The new so-called G-7 issued a statement May 5 outlining a strategy for international economic policy coordination. In order to further strengthen such coordination, the group (now including the Finance Ministers of Canada and Italy) would: meet "more closely and frequently"; review the objectives and forecasts of individual countries

collectively "at least yearly"; attempt to promote noninflationary growth, strengthen market-oriented incentives for employment and productive investment, open the international trading and investment system, and foster greater stability in exchange rates; strengthen multilateral surveillance; and endeavor to reach an understanding on appropriate remedial measures. Lastly, with regard to Canada and Italy, the joint statement called upon the G-5 to include these nations whenever "the management or the improvement of the international monetary system and related economic policy measures" were due to be either discussed or dealt with" (*New York Times*, May 6).

### **Final Statements**

At the end of the three-day Tokyo summit meeting on May 7, the leaders of the seven nations issued an Economic Declaration and several final statements — ranging from terrorism and political issues to nuclear accidents.

In the Economic Declaration, the group reaffirmed its commitment to sustaining and improving the economic well-being of its members, its continued support for developing economies, and its efforts to improve international monetary and trading systems. While the world economy had recently experienced a "significant shift in the pattern of exchange rates" and a lowering of interest rates," it still faced "a number of difficult challenges" (*New York Times*, May 7). These included high unemployment, large domestic and external imbalances, persistent protectionist pressures, uncertainty about the future behavior of both exchange rates and energy price levels, and severe debt problems. The group recommended the implementation of "effective structural adjustment policies," such as technological innovation, adaptation of industrial structures, and the expansion of trade and foreign direct investment. Further recommendations included "firm control of public spending" and a "close and continuous coordination of economic policy" among member nations. The group also renewed its commitment to a "case-by-case" examination of international debt problems, and its commitment to an "open multilateral trading system."

On preserving issues, the group reaffirmed its "dedication to preserving and strengthening" peace and to "building a more stable and constructive" East-West relationship through "high-level dialogue and negotiation" (*New York Times*, May 6). As the group mentioned its responsibility to pass on to future generations a "healthy environment," it

noted the implications of the recent Chernobyl nuclear accident (see this issue USSR — Chernobyl). The group called for each country using nuclear power to meet "exacting standards" of safety, and to meet its obligation to provide "prompt provision of detailed and complete information on nuclear emergencies . . . in particular those with potential transboundary implications."

A final statement was also released on terrorism, in which were recommended tougher counter-measures. These included: a refusal to export arms to states sponsoring or supporting terrorism; stricter limits on the size of diplomatic and consular missions of nations engaging in such activities; improved extradition procedures; stricter immigration and visa requirements; and closer cooperation among international policing agencies in the fight against terrorism (*New York Times*, May 6). The member nations reaffirmed their "condemnation of international terrorism in all its forms, of its accomplices and of those, including governments, who sponsor or support it." Terrorism, they stated, must be fought "relentlessly and without compromise." Through international bodies and within the framework of international law, the group would apply the above-mentioned measures with regard to those nations involved in or sponsoring terrorist activity. The final statement mentioned in particular Libya.

## Far East

### Prime Ministerial Visit

Following the early May Economic Summit in Tokyo, Prime Minister Brian Mulroney paid official visits to three Far Eastern nations — Japan, China and South Korea.

#### Japan

Mr. Mulroney addressed a joint session of the Japanese Diet (parliament) May 7, and expressed Canada's appreciation for Japanese efforts to "stimulate demand and increase imports" (*The Citizen*, May 7, *Globe and Mail*, May 8). However, added the Prime Minister, Canada viewed "further actions as necessary to enhance access to Japan's markets." Mr. Mulroney cautioned against any precipitous rejection of international suggestions that Japan restructure its economy in order to promote imports. (Canada supports proposals recently put forward by Japanese Prime Minister Yasuhiro Nakasone urging increased government spending, an alteration of the tax system and an encouragement of consumer goods spending.) In his address, Mr. Mulroney emphasized that while Canada remained a "reliable source of resource products and foodstuffs," it also had a "world class capacity in transportation and communications." And on the subject of freer trade negotiations between Canada and the US, the Prime Minister reassured the Diet that Japan would not suffer any ill consequences, since the Canadian approach also included "expanded trade with Asia-Pacific states — notably Japan — and forward movement on multilateral trade negotiations."

In a private session with the Japanese Prime Minister, Mr. Mulroney received assurances that Canada would be

granted a relaxation of non-tariff barriers on exports of Canadian lumber products — in the form of amendments to Japanese building codes. Stringent codes had, in the past, prohibited wooden constructions in high-density areas or above a certain height (*The Citizen*, May 8). However, when Jim Fulton (NDP, Skeena) questioned in the Commons May 9 whether Japanese embassy officials had been correct in stating that Japan had agreed only to "review" its building code rather than "amend" it, International Trade Minister James Kelleher responded that the Prime Minister had taken Canada's trade problems "to the highest levels in Japan."

#### China

While in China, the Prime Minister met with Premier Zhao Ziyang, Communist Party Secretary Hu Yaobang and Chinese leader Deng Xiaoping, and briefed the Chinese officials on the outcome of the recent Group of Seven economic summit. With regard to Canada's interest in improving economic cooperation with China, Mr. Mulroney discussed several bilateral agreements, signing both a tax treaty and an agreement on plant quarantine. (An understanding on joint scientific and technological exchange was also discussed and was to be signed later in Ottawa.) While earlier official briefings had indicated that Canadian concern over alleged human rights abuses in China would be raised, no mention was made following the discussions between Mr. Mulroney and Chinese officials as to whether China had responded favorably (*Globe and Mail*, 8-10).

On the issue of increased trade, the Prime Minister offered China \$350 million in interest-free financing over five years for the purchase of Canadian goods and services (*Globe and Mail*, May 10). An increase of \$100 million in foreign aid was also put forward by Mr. Mulroney, to be administered by the Canadian International Development Agency — also over the next five years. In an address to the Canada-China Trade Council, the Prime Minister underlined his call for increased economic cooperation, emphasizing Canadian expertise in several areas of interest to China in its plans for development — notably in agriculture, forestry, energy, manufacturing and communications. Chinese Premier Zhao Ziyang later indicated his "readiness" to explore possibilities for fuller economic cooperation, including an assurance that "the message would be filtered down to the various ministries."

#### South Korea

The issue of human rights was given a higher profile in the Prime Minister's official visit to South Korea. Responding in the Commons May 12 to allegations made by Pauline Jewett (NDP, New Westminster-Coquitlam) of a "ruthless suppression of the mildest form of political dissent" in South Korea, External Affairs Minister Joe Clark assured Members that the Prime Minister would bring to the attention of South Korean authorities Canada's "very deep concerns about civil rights abuses . . . in that country." These concerns were, in fact, relayed by Mr. Mulroney to South Korean President Chun Doo-hwan during a meeting May 13. Erroneously, Mr. Mulroney was reported as having acknowledged that cases of torture reportedly carried out by South Korea's Defence Security Command were, as the President had suggested, possibly "isolated incidents"



(*Globe and Mail, The Citizen, May 14*). The "Prime Minister" who had agreed with the President had been South Korean Prime Minister Lho Shin-yong and not Canadian Prime Minister Brian Mulroney. President Chun Doo-hwan had stated that media exaggeration had created the false impression that such violations represented a general trend, and had stressed that prisoners were confined because they had "violated the law, not because they had expressed religious or political views that were unacceptable" (*Globe and Mail, May 15*). (South Korea regards as illegal many activities taken for granted as a citizen's right in most Western nations.) Mr. Mulroney did not respond to the description given by the South Korean President. All statements made by Mr. Mulroney on the issue of human rights abuses were censored from South Korean media reports of the visit (*Globe and Mail, May 15*).

## Middle East

### Visit of External Affairs Minister

On a ten-day official tour of the Middle East April 3-14, External Affairs Minister Joe Clark paid official visits to Jordan, Saudi Arabia, Egypt and Israel, meeting with government officials to discuss a variety of topics ranging from trade and development aid to prospects for a negotiated peace settlement in the region. While stating that Canada remained interested in "contributing what it could" to the peace process, the Minister focused on trade issues during the visit, noting that there existed "an investment potential" in the region that had "not been adequately explored" (*Globe and Mail, April 4*).

Following his arrival in Jordan April 3, Mr. Clark rejected appeals from the Palestine Liberation Organization (PLO) for official Canadian recognition. The Minister stated that a "dramatic change" in Canadian policy toward the PLO would not be "helpful" at present (*The Citizen, April 4*). (Canada maintains limited contact with the PLO, below the ambassadorial level). PLO deputy commander Abu Jihad had expressed the hope that Canada would "analyze and study the facts in the Middle East and act accordingly and not see the facts through the eyes of the US." Later meeting with Jordan's Crown Prince Hassan, Mr. Clark was told that Canada should view the region "comprehensively" on both economic and political issues (*Globe and Mail, April 5*). Recommending that Canada adopt a wider perspective on the Middle East, the Crown Prince suggested a blend of funds from the Gulf states, manpower from Jordan, Egypt and Syria and technology from the West as a means of coping with the economic problems of the region. Prince Hassan invited Canada to assume a moderating role between the Arab nations and the US with its alleged pro-Israeli viewpoint.

In Saudi Arabia April 6, Mr. Clark met with officials to discuss the problem of diminishing oil prices. While Jordan's Prince Hassan had already told Mr. Clark that a continued economic downturn might lead to an increase in religious fundamentalism, possibly plunging the region into a religious war, Saudi Arabian representatives also examined with the Minister the potential political effects of

an oil-related recession (*The Citizen, April 7*). Following a meeting with Mr. Clark, Sheik Ahmed Zaki Yamani called upon Canada and other non-OPEC nations to cut oil production by 10 to 20 percent in order to avert an international oil crisis (*The Citizen, April 9*). Sheik Yamani stated that without cuts in production and a rise in prices, there would be "chaos in the market," affecting not only the oil industry, but Third World development and the international banking system. However, Mr. Clark expressed doubt that an expansion of OPEC policy over non-members would guarantee market control, stating that he did not see how OPEC would "be able to impose discipline on a broader system." Canada, he said, remained committed to free market oil pricing.

Having met with Egyptian officials April 8 to discuss Israeli-Egyptian relations, the Gulf War and development aid (and having signed an \$80 million agreement on soil recovery in the Nile Delta), Mr. Clark arrived in Israel April 10. In an address at a dinner attended by Israeli Foreign Minister Yitzhak Shamir, Mr. Clark expressed Canada's support for "the right of the Palestinian people to a homeland within a clearly defined territory, the West Bank and the Gaza Strip" (CTV Television [External Affairs transcript], April 12). Canada also welcomed, Mr. Clark said, Prime Minister Perez's "deliberate reference to the Palestinians as a people." At the same time, Canada would continue to support Israel's right to "secure and recognized borders." Without defining the exact political status of such a homeland, Mr. Clark stated that the "elements of peace" must be found in the Middle East with the assistance of countries such as Canada (*The Citizen, April 14*). Mr. Shamir expressed disagreement with Mr. Clark's call for a homeland, citing a Camp David agreement recommendation for an interim period of limited Palestinian autonomy prior to a peace settlement.

## NATO

### Chemical Weapons

NATO defence ministers, meeting in Brussels in late May, approved a US program for the development of a new generation of binary chemical weapons. Canada's Defence Minister Erik Nielsen had called upon NATO for unity in sharing with the US the "moral burden" of resuming chemical weapons production (*Globe and Mail, The Citizen, May 23*). (While the US had halted chemical weapons manufacture in 1969, the USSR had continued both research and improvement.) According to External Affairs spokesman Ronald Cleminson, the US program would replace older unitary gas with binary gas (in which two harmless chemicals become lethal when combined by explosion). This modernization would enable the US to reduce its chemical arsenal and render it "considerably safer." In this respect, the US proposal was "consistent" with Canadian goals for the elimination of chemical arms. While several NATO nations dissociated themselves from the US plan (including the Netherlands, Denmark, Norway, Greece, Luxembourg and Iceland), none officially

dissented when approval was acknowledged at the May 22 NATO defence planning committee.

Reacting to the NATO decision (and Canada's support), MPs raised the issue in the Commons May 23. Citing External Affairs Minister Joe Clark's January 27 statement that Canada would "actively pursue" a complete and verifiable ban on all chemical weapons at the Geneva Conference on Disarmament, Len Hopkins (Lib., Renfrew-Nipissing-Pembroke) asked how Canada could support the US chemical weapons program without "debate in the House and [without] discussion in committee." Associate Minister of National Defence Harvie André stated that "in order to maintain the deterrence which is what NATO is all about — to avoid war — it is deemed prudent by all NATO countries that the US increase or modernize its chemical

capability." When Pauline Jewett (NDP, New Westminster-Coquitlam) questioned External Affairs Minister Joe Clark as to why Canada did not align itself with those NATO members expressing "reservations" on the US plan, Mr. Clark responded that while the US had "refrained from the production of chemical weapons" for more than a decade, the USSR had not. "That leads to a situation that can be very destabilizing," the Minister said. While seeking a "global ban" on chemical weapons, Canada recognized that such a ban would require "a system of verification" which would work in the Soviet Union. And the problem with verification, Mr. Clark added, was in "how deeply ingrained in the Soviet character is an insistence upon secrecy." Canada could not "turn a blind eye to that reality," he concluded.

## Policy

### Aid

#### African Relief

Making a statement in the Commons May 6, International Relations Minister Monique Vézina announced the launch of a new Canadian initiative on African relief. Africa 2000, a long-term \$150 million aid program, represented a 15-year commitment to provide African nations with "the tools they require to achieve their recovery," according to the Minister. The plan — which focused on agriculture, reforestation and food self-sufficiency — recognized the vital role of Africa in its own recovery and development. Ms. Vézina stated that the \$150 million operating fund, to be administered over the next five years, would be released from the budget of the Canadian International Development Agency (CIDA). The allocation for Africa 2000, half of which would be directed to voluntary agencies, was in addition to current aid funding, the Minister said. Three concerns underlay the program, she continued, including "partnership between the government and the Canadian private sector; the reorientation of our development policies; and finally, international consultation and cooperation."

Calling upon NGOs, commercial enterprises and the media for a cooperative effort on continued African aid, the Minister outlined additional aspects of the plan. Both an advisory group of Canadian resource people and a new administrative unit within CIDA were to be established in order to implement the objectives of Africa 2000. At a later date, the Minister would introduce a program ensuring that African women, as an overwhelming majority of the African

agricultural workforce, were brought "into the mainstream" of development plans.

Responding to the announcement, former African famine relief coordinator David MacDonald stated that while the package had "some good elements," it remained "just a beginning" (*The Citizen*, May 7). NDP foreign aid critic Jim Manly (Cowichan-Malahat-The Islands) criticized the plan for "bringing such a modest contribution to a major world problem." Mr. Manly stressed that no new funds had been established for the project, but rather CIDA funds had been channelled in a different direction. Mr. Manly called for both greater "interdepartmental coordination" and for a more effective integration of Canadian aid programs. He also noted that Africa 2000 did not address the problem of easing the debt burden of developing African nations.

In a statement to a special session of the UN General Assembly on the critical African economic situation May 27, the International Relations Minister dealt with the problem of staggering debt burdens which "hindered the development and growth" of the sub-Saharan countries. Ms. Vézina announced a Canadian moratorium (for an initial period of five years) on the repayment of outstanding loans (originally offered under official government assistance). This involved a debt burden of \$250 million in repayments over fifteen years for the African nations concerned, added the Minister. As well, Canada would be prepared to extend the moratorium "in five-year segments until the year 2000." The offer would apply to those countries demonstrating a commitment to "undertake necessary economic adjustment" (United Nations Canadian Delegation communiqué, May 27, *Globe and Mail*, May 28).

## Immigration

### **Refugee Determination**

Continued abuse of Canada's refugee determination system received the attention of government officials during this two-month period — particularly with regard to the growing backlog of cases and noticeable increases in the number of Portuguese claimants (see "International Canada" for December 1985 and January 1986). Policy advisers with Immigration Canada had recommended that Immigration Minister Flora MacDonald impose visa restrictions on Portugal "as the only mechanism to control the situation" (*Globe and Mail*, April 3). Speaking in the Commons April 11, Sergio Marchi (Lib., York West) opposed such visa restrictions, stating that the problem lay with "phoney consultants" on immigration law who advocated abuse of the refugee system. The Immigration Minister agreed "wholeheartedly with the need to ensure that there is no abuse of the system by anyone . . . trying to provide false advice." Ms. MacDonald indicated her intention to introduce a new refugee determination system to deal with the backlog problem. Responding to further questioning in the Commons April 25, the Minister stated that while the new system would "be more effective and more efficient," it would "retain its fairness and its humanitarian concepts." Canada, she said, would continue to "stand second to none" in its approach to refugees being accepted.

On May 21, Minister of State for Immigration Walter McLean announced proposed reforms designed to "simplify and improve" the refugee determination process. Mr. McLean described the system as "efficient, expeditious and equitable," and noted that it would comply fully with Canada's "humanitarian tradition" (Minister of Employment and Immigration communiqué, May 21). Included in the package were: oral hearings for claimants on questions of merit; independent decision-making by a specialized board; non-adversarial formats; limitations on access; and appeals by leave to the Federal Court of Canada. Mr. McLean also stated that the present backlog of 20,000-plus cases would be "resolved" over the next two years through a case-by-case review process contained in the package (commencing July 15, 1986). This review process would ensure "quick and humane" decision-making on existing cases, prevent the proposed system from "starting with a crippling workload," and avoid "creating incentives for a new influx of claimants." The proposed system was characterized as an "administrative clearance" rather than a general amnesty for the 20,000 cases outstanding, most of whom were expected to receive landed immigrant status under the revisions (*Globe and Mail*, May 21).

Critics noted the restrictions on eligibility contained in the proposed system, as well as the limited appeal procedure (*Globe and Mail*, *The Citizen*, May 22). MP Sergio Marchi, speaking in the Commons May 22, criticized the revised system as having failed to guarantee "a right to legal counsel, unrestricted access, and a fair and specialized appeal process." Responding, the Minister of State for Immigration stated that the government had addressed and "overhauled" an "inherited backlog." Mr. McLean further stated that the system "fulfilled the fundamental principles" outlined by the Plaut Report on Immigra-

tion policy (see "International Canada" for June and July 1985).

## Terrorism

### **Activity in Canada**

Remarks made during a conference on terrorism held in Quebec the weekend of April 26-27, received the attention of the Justice Department when it was indicated that an appreciable level of threat existed in Canada. Speaking at the conference, Peter Shoniker, an assistant Ontario Crown attorney, had stated that Canada's main terrorist threat came from Direct Action, a group active in Toronto and Vancouver. Mr. Shoniker indicated that Direct Action, trained overseas in terrorist activity, would soon move beyond bombings to political killings. And John Thompson of the Canadian Institute of Strategic Studies, had claimed that members of the European Baader-Meinhof and Red Army Faction terrorist groups were presently hiding in Canada (*Globe and Mail*, April 29).

Solicitor General Perrin Beatty, expressing his disagreement with the speakers, announced that investigators would interview the speakers on the alleged terrorist threat. Questioned on his decision in the Commons April 28, Mr. Beatty stated that he would be "negligent" should he not pursue the claims, in order to "confirm or deny" their legitimacy. MP Bob Kaplan (Lib., York Centre) criticized the "interrogation" as a "form of intimidation that [could] discourage free discussion on security matters."

The Solicitor General stated that the statements made by the conference participants were "contrary to the information that either the Canadian Security Intelligence Service [CSIS] or the Royal Canadian Mounted Police [RCMP]" have (*Globe and Mail*, April 29). As a consequence, he added, the Justice Department had "an obligation" to meet with the speakers "to see if they have any information we don't have." Mr. Beatty stressed that Canadians should not be "frightened by suggestions being made which [were] inflated" (*The Citizen*, April 29). The claims made by Mr. Shoniker and Mr. Thompson, said the Solicitor General, went "well beyond" any threat which either the RCMP or the CSIS "believed to be existing in Canada." Mr. Beatty acknowledged that while the speakers could not be forced to reveal their sources, "where somebody has information related to the security of Canada or related to potential criminal activity, they've got an obligation to share that with the appropriate authorities."

Following an investigation, the Solicitor General dismissed the statements made at the conference as unsubstantiated and "inflated" (*Globe and Mail*, May 13). No further information had been received which would "justify" the claims. Mr. Beatty denounced such warnings as alarmist, creating "fear on the part of ordinary people."

While Mr. Shoniker had been suspended from his position with the Ontario Crown Attorney's office pending hearings into his comments, he had been reinstated by early June. A spokesman for the office stated that Mr. Shoniker would no longer make public statements on terrorism, having agreed that "the public pursuit of his interest in terrorism carried with it the potential for interference with the performance of his duties" (*The Citizen*, June 9).

# Japan's strategic dilemma

by Robert E. Bedeski

Japan's security strategy attempts to maintain the postwar equilibrium in international affairs. Many Japanese recognize that their country has been a major beneficiary of international order, despite the ongoing cold war and regional rivalries in Northeast Asia. Simultaneously, the Japanese know the vulnerability of their densely urbanized island nation and wish to avoid any repeat of past isolation or militarism. Pacifism has made good economic sense for Japan. By restricting defence spending to less than 1 percent of GNP, Japan has been able to use most of its resources for modernization and development of non-military technology and products.

The Japanese archipelago as a combined area is about 377,643 square kilometers, making it a little larger than Norway or Italy. Most of the population is concentrated on a narrow land between the interior mountains and the sea, with its political and economic centers mainly in southern Honshu. This concentration from the northern part of the southern island of Kyushu to Tokyo presents a relatively easy target for missiles. As a resource-poor society Japan must import most of its raw materials and energy. Interdiction of shipping lanes would have a devastating effect on the economy.

The key element in Japan's defence strategy has been reliance on the US. The US armed forces have permanent bases in Japan, and the Security Treaty insures that the US will assist Japan if attacked. This Treaty has been the keystone of Japan's military security, and is reinforced by trade, culture and diplomacy. This relationship has both advantages and disadvantages. The benefits are that Japan's human and material resources are largely freed for non-defence uses, and that the nation can participate in world affairs as a liberal democratic country aligned with a world superpower.

However, the alliance has at least three disadvantages. First, the presence of US forces in Japan means that Japan would be a target in any general war involving the US. Japan denies the US the right to deploy nuclear weapons on Japanese soil or waters, but in a wartime situation Japan could not control the transit of these weapons. Second, now that the Japanese have become an economic superpower, the US sees Japan as a formidable economic rival still wedded to trade practices of an earlier time. This has led to economic friction which in turn raises arguments that Japan should increase defence spending in order to relieve the US burden.

A third disadvantage of the US connection was demonstrated during the Carter administration, when the cred-

ibility of US guarantees came into question. There was also the belief that the US was a declining superpower in world affairs following defeat in Vietnam. Tokyo recognizes that close relations with the US can keep the country's military vulnerability low but not eliminate it.

## "Comprehensive Security"

In the early 1970s the oil embargo demonstrated that the US was unable to protect itself and Japan from the economic demands of OPEC. Other shocks and the sense of declining US power after 1975 convinced Japanese leaders that some unilateral steps had to be taken to defend the country's interests. One possible solution appeared to be a mix of military, economic and diplomatic instruments in the pursuit of national security.

This idea of Comprehensive Security was necessary because of various constraints on Japanese security planning, especially Article 9 of the postwar constitution. The pacifist interpretation of the constitution is that it prohibits Japan from possessing any means or potential of military power. The more pragmatic interpretation has been that the Article will permit the possession of weapons, including nuclear weapons, for national defence. But public opinion and Japan's commitment to non-proliferation and disarmament, as well as international opposition, virtually rule out this option for the present.

During its long tenure in power, the ruling Liberal Democratic Party (LDP) has committed itself to an interpretation of Article 9 which restricts flexibility in defence planning. This interpretation consists of four restrictions. First, the right of collective self-defence is a breach of the constitution. This reading has limited Japanese participation in multinational training exercises such as RIMPAC (involving the naval forces of the US, Britain and Canada). Second, successive LDP governments have committed Japan to the Three Non-Nuclear Principles of non-production, non-possession and non-introduction of nuclear weapons. Given the Soviet nuclear capability, the widespread horror of nuclear devastation in 1945, and the potential domestic and international repercussions of future Japanese production or possession of nuclear weapons, the three principles are reasonable responses. However, a

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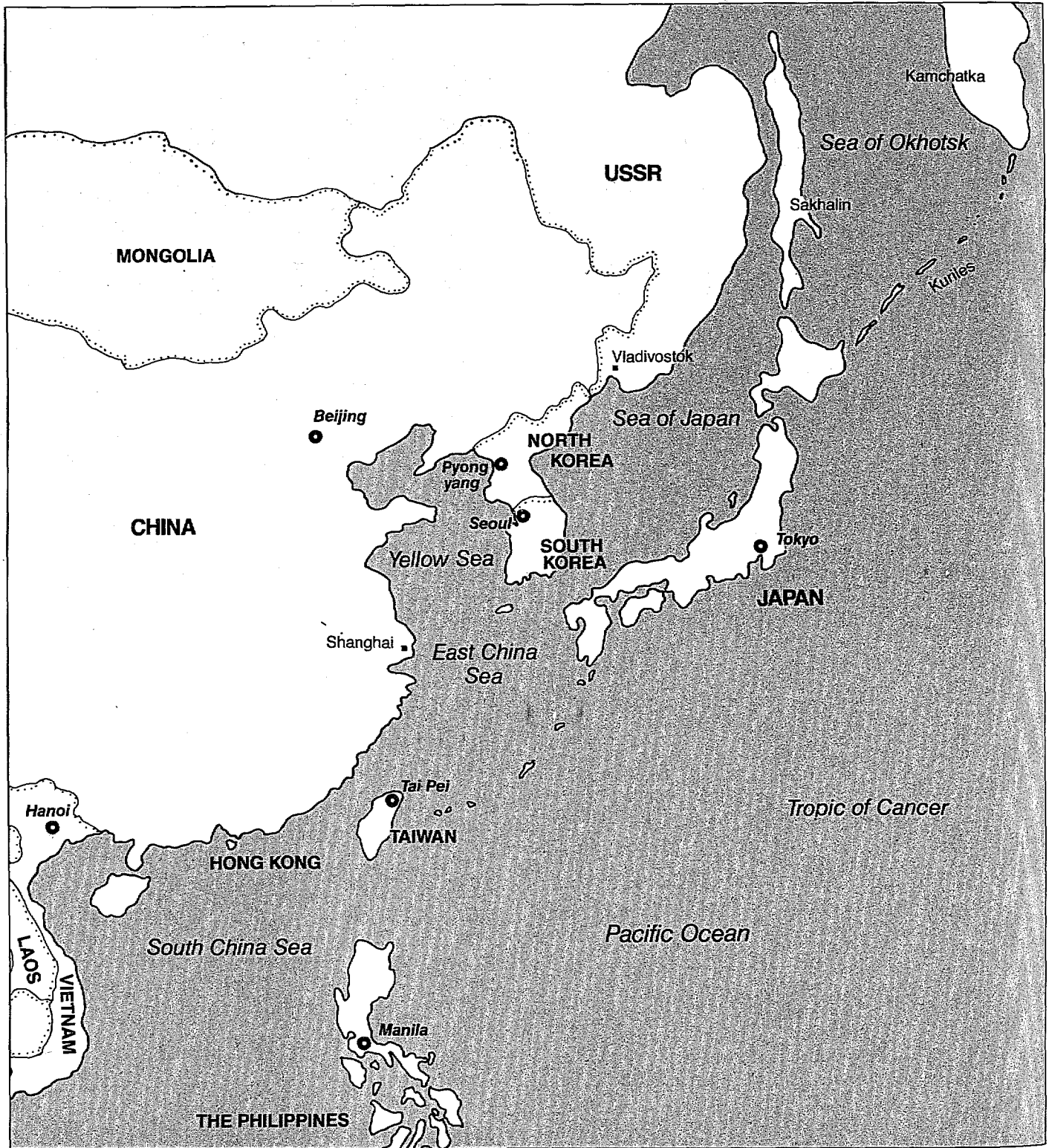
## Free ride ending?

more radical version of the last principle was introduced in the 1960s by the Foreign Ministry, and stated that the prohibition on nuclear weapons extended even to harmless navigation and port calls of ships and planes, mainly US, in Japanese territorial waters and airspace. This has been partially circumvented by US policy not to announce which vessels are carrying nuclear weapons.

## JAPAN

## Reducing the cheap ride

A third LDP restriction has been the ban on the dispatch of Self Defence Forces (SDF) abroad, even for rescue or disaster relief. Those who support this narrow interpretation fear that such dispatch could lead to SDF missions involving combat. The fourth and perhaps most restrictive LDP policy has been the commitment to keep



defence spending under 1 percent. This was made when the economy was expanding at 5-6 percent annually and was linked to the 1976 National Defence Program Outline. At present, however, economic growth has slowed while pressures for higher defence spending have increased.

Today, Japan faces an increased threat from the USSR, as well as growing US unwillingness to bear a major portion of Japanese defences. Unless the LDP can build a new national consensus to reflect changed circumstances, and can moderate earlier interpretations of constitutional restraints, any major or rapid change in defence posture could lead to domestic crisis in the country. US critics argue that Japan can afford to spend more on its own defence to reduce the American burden.

Recognizing the limitations on Japanese defence and the possibility that Japan's military role might be minimal in a world dominated by the two superpowers, Japanese strategists tended to restrict their planning to the unlikely scenario of limited attack. Japanese forces do not expect to be able to roll back a Soviet attack without aid from the US, and therefore reaffirming the US commitment has been more important to Japan than acquiring the capability to defend itself.

Critics (such as the *Far Eastern Economic Review* on June 16, 1983), see a consensus-compromise mentality which considers Japan

... as a porcupine or hedgehog too painful to attack; a Japan which, should hostilities break out between the superpowers, would cross its fingers and hope that the conflict would remain conventional; and that, despite the US bases on its soil and its function as an unsinkable aircraft carrier, as a source of electronic information on Soviet military movements and as a power capable of bottling up the Soviet fleet or preventing that fleet from returning to its home ports, Moscow would somehow ignore Japan and the country would somehow survive unscathed, its pathetic bristles still intact.

### Japan's defence strategy

In the 1960s the strategic planners intended that Japanese military forces were to have denial capability, and assumed that Japan's insularity provided protection against easy invasion or infiltration, and that US power would reinforce Japanese resistance. In recent years, the Soviet Pacific Fleet has become the largest component of the Soviet Navy, and is augmented by Backfires and SS-20s. Soviet fighters can now extend their air cover over half of Japan, and have thus decreased the importance of insularity as a Japanese strategic advantage. Japan has been alarmed at the rapid Soviet military buildup in Northeast Asia, and is frustrated by Moscow's intransigence over the Northern Territories.

Japan has established a closer relationship with China which promises cooperation and development opportunities for both sides. Within the context of antagonistic Sino-Soviet and US-Soviet relations, economic collaboration between China and Japan reinforces Soviet fears that an informal anti-Soviet entente exists in East Asia.

The Korean peninsula remains an area of anxiety for Japan because of the hostility between North and South Korea. Steps were taken in 1984 by both regimes to reduce

the likelihood of conflict, but the situation remains tense. Japan has sought to build bridges to both halves of the peninsula, but is not welcomed as a peacemaker because of lingering distrust from the colonial period. Moreover, lasting peace will require dialogue and agreement, not only between Seoul and Pyongyang, but from the other major actors, including China, US, USSR and Japan.

The current political situation, including the strong leadership of Nakasone, is an important factor in improving Japan's defence posture. He has worked to cooperate with the US on trade and defence matters, almost to the point of undermining his own credibility within the ruling party. Change in the domestic political environment is likely to be slow in the years ahead.

### US pressures

Perception of the Soviet threat and pressures from the US for greater security efforts have combined to make defence a key issue again for the Nakasone government. In March 1985 US Secretary of Defense Weinberger formally invited Japan to participate in the Strategic Defense Initiative (SDI). Nakasone has leaned towards accepting, but the government has been studying the political and constitutional implications of such cooperation.

Further US pressures for Japan to expand defences have come from Congress, including a measure calling for Japan to honor its defence commitments and to develop sea and air defences, as well as to implement its 1986-90 mid-term defence plan. This plan would expand forces in order to defend sea lanes and air space to a distance of 1600 kilometers.

Japan's unique constitutional character and the concept of Comprehensive Security relegate military defence to one of several sectors within strategic planning. Therefore, the techniques and technology of defence are subordinate to diplomacy and coping with the international environment. Security tends to be conceived as conflict-avoidance. Because of Japanese vulnerability to nuclear weapons, even under the US nuclear umbrella, major conflict could mean the end of modern Japan, which was built from the ruins of the last world war. Thus, Japanese security is premised on the necessity to harmonize with and adapt to the international environment.

The Japanese state had been compared to a ship, subject to the winds and currents produced by the activities of China, the US and the USSR. Comprehensive Security is an attempt to navigate through these and other diverse forces. A decade ago the US left Vietnam and caused Japan and other Asian nations to doubt whether it had the will to provide protection for its allies. Comprehensive Security evolved in part to prevent Japan from responding to these new circumstances with either remilitarization or neutralization ("Finlandization"). A more autonomous Japanese security arrangement was considered to be a necessary response to the limitation of US capabilities.

Under President Reagan the US has once again demonstrated a willingness to play a leading role in the security of East Asia. Nakasone has cooperated within the limitations of domestic circumstances. Despite numerous areas of economic and trade friction, the US and Japan are cooperating as allies, while US defence credibility remains a central pillar of Japan's security planning.



## Free ride ending?

### East Asian environment

The strategic situation in the region has stabilized since the late 1970s. China is in a relatively stronger position than during the Maoist period, although the Soviet-Vietnam alliance poses a new concern for Beijing. Beijing can now negotiate with Moscow with greater confidence, even though defence modernization has not progressed as rapidly as China would hope. Relations between Japan and the USSR remain cool.

The situation in the Korean peninsula has also been stable for the past several decades. In late 1984 the peninsula was again a focus of attention among the four powers in the region. After Chun Doo-Hwan's visit to Tokyo in September, Pyongyang showed signs of diplomatic movement towards reconciliation with the South. Japan wants to reduce tension in the peninsula and has also made tentative moves towards reducing North Korean isolation.

In summary, there has been a shift in Asia from the confrontations of the 1970s to a search for tension reduction. The settlement of the Hong Kong question has now set a possible precedent for Taiwan, and should further reduce the possibility of conflict in the Taiwan Straits.

The difficulties or radical and dogmatic socialism in economic development contrast sharply with non-socialist societies, and have produced a crisis of self-confidence among communist ideologues and within the party and bureaucratic elites. This will promote Japanese and Western economic access to China, and possibly lead to new openings in North Korea. The Soviet threat to Japan is not likely to subside, and in defence planning Tokyo will continue to view Moscow as the most probable aggressor. The US presence in Northeast Asia and its renewed will to exert its power can be a stabilizing force. The close cooperation of Japan and the US should continue to facilitate prosperity and peace in the region. Under these circumstances, Japan's best strategy is to leave defence matters to the US, while making necessary concessions to indicate that it will not take a "free ride." Northeast Asia has long been a region of conflict. Today a tenuous balance of power seems in place, which could be upset by Japanese rearmament.

### Canadian implications

Given Canada's support for NATO and low defence spending, it is not likely that the Pacific region will become a major focus of security concern in the near future. Canadian trade activity has been shifting to the Pacific region in recent years, but attention to security arrangements has been concerned largely with the NATO alliance. To play a greater role in the region, Canada would have to significantly expand maritime forces in the Pacific. At present Canada participates in RIMPAC naval exercises, and maintains defence liaisons with the major nations in the North Pacific region. Canada must also consider the implications of the increasing Soviet naval and military activity in the region of the Kuriles and Sea of Okhotsk, since submarine activity will eventually affect other parts of the northern Pacific.

Canadians have fought on the Korean peninsula under the UN flag. Should conflict erupt again, it is conceivable that Canadian forces would again be requested to serve. Peace on the peninsula is a major concern of Japan, and in

the event of another Korean war, Japan would be forced to play a more active role.

Although Canada does not have a direct role in Japan's security strategy, it should be noted that both nations have parallel interests and dilemmas. Both depend on US military defences as important components in security planning. Both may be involved in the SDI as it develops, although this will be a matter of debate in the two countries. Both have refused to deploy nuclear weapons as a matter of national policy, and would be under tremendous pressures to modify these policies in the event of US-Soviet hostilities.

The 1985 review of Canada's international relations (*Competitiveness and Security: Directions for Canada's International Relations*) mentioned that "Japan is beginning to play an international role more in keeping with its economic superpower status and strategic location," and that Canada has "increasingly important security interests with Japan." These security interests were not defined, but certainly would include peace, stability and open markets in the region of Northeast Asia. Such goals are probably best achieved with the active participation of the US while limiting Soviet penetration. □

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# Libya raids and the Western Alliance

by Constantine Melakopides

The April 14 bombings of Tripoli and Benghazi caused sixty-one dead, ninety-seven maimed or wounded, a new cleavage in the Western Alliance, and a new eruption of anti-Americanism in Europe. By ignoring Europe's moral, legal, prudential and strategic objections, the Reagan administration demonstrated its unwillingness to be denied its way through the assertion of its military superiority over Libya. The crisis transcends mere perceptual dissonance on the causes of terrorism and the best means to fight it: the Reagan administration's unilateralism may cost it dearly.

The new cleavage was admitted by NATO Secretary General Lord Carrington. He described it as being "as bad between Europe and America as I can remember in the period I have been associated with the Alliance." Reflecting the vehement public condemnation of the raids, *The Observer* of London assessed them as "justified neither in law nor morality, designed to satisfy the simple appetites of the American public and carried out without regard to the damage it would do to other, more important, American interests around the world." The editorial lamented that the pictures of injured or dead Libyan children "are shrugged aside with a callousness that recalls the darkest days of the Vietnam War. Much more of this will give anti-Americanism a good name."

To be sure, some anti-Americanism within the "Peace Movement" and the traditional Left in Europe derives from their viewing the superpower's foreign policy style and substance as pernicious and banal. This time, however, European condemnation engulfed nearly seven out of ten citizens of NATO and European Community states. In Britain, whose government was alone in supporting the bombing of Libya, 66 percent of the people immediately disapproved of Ronald Reagan's decision and 84 percent feared an increase in retaliatory attacks against their country. Asked about their confidence in the US government "to deal wisely with the Libyan situation over the next few weeks," a MORI poll conducted for *The Times* of London discovered that 28 percent of Britons had little such confidence and 43 percent had "no confidence at all." One reason for this was expressed by the *Guardian Weekly*, which wrote that most Europeans protest "because they do not think it right to bomb civilians and, beyond, because the beliefs and hectoring simplicities of this President scare them. Mr. Reagan frightens Europeans" (April 27).

## Morality and legality

The Europe-America cleavage revealed that moral and international law considerations are taken seriously in Western Europe, unimpeded as it is by superpower reason-

ing and globalist notions. Influential European commentators uniformly condemned the "Rambo diplomacy" of the aircraft carriers, as ill-equipped to handle the nuances of the terrorist menace. In the first place, the killing or maiming of scores of civilians was inevitable, given manifold strikes near urban centers performed in the middle of the night, and therefore morally inexcusable. Second, conceptual-moral problems arise if the notion of terrorism is defined as the threat or use of violence against noncombatants for political purposes. The American bombings fit this definition squarely, since the strikes were aimed, among other things, at replacing the Libyan leader by causing popular terror and even a military coup. Third, Washington's idea of "state-sponsored terrorism" remains ambiguous, and the empirical evidence in the present case inconclusive. As Denis Healey put it in the British House of Commons, since President Reagan clearly supports the Nicaraguan Contras in spite of their proven atrocities, "he has no right to claim to be an opponent of state terrorism" (*The Times*, May 8). In sum, to refuse to condemn the loss of innocent life would amount to implicit racism and moral hypocrisy by a culture that holds human life to be the supreme value. Consequently, European condemnation of the loss of scores of Libyans was justified.

As regards international law, the purported justification of the bombings by Article 51 of the United Nations Charter seemed to the Europeans indefensible. Prime Minister Margaret Thatcher herself had declared earlier this year that retaliation bombing is illegal. Beyond clearly lacking "proportionality" vis-à-vis the Berlin explosion, and besides doubts on the alleged Libyan backing (since Israeli intelligence insists on Syrian involvement), the notion of "self-defence" under Article 51 collapses through the US refusal to appeal to the UN Security Council in order to exhaust all available nonviolent means. If anything, then, the Libya bombings violated Article 25 of the Annex to The Hague Convention IV, which states: "The attack or bombardment, by whatever means, of towns, villages, dwellings, buildings which are undefended is prohibited." Similarly, the raids contravened Article 2 (paras. 3 and 4) of the UN Charter: "All Members shall settle their international disputes by peaceful means in such a manner that international peace and security, and justice, are not

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## The rightness of might

endangered. All Members shall refrain in their international relations from the threat or use of force against the territorial integrity or political independence of any state, or in any other manner inconsistent with the Purposes of the United Nations."

Does it follow that there are no overarching values that could plausibly condone the American bombings? It would seem that only the certainty of deterring further terrorist violence might have excused the raids. Far from such certainty, however, both State Department officials (as reported by the *New York Times* on April 27) and the American people (as shown by their rush to cancel their travel to Europe) expected an upsurge of terrorism as a response to the Libya bombings. Thus, not only were the raids immoral and illegal, they were also futile.

### Why then strike?

Insights into the Administration's motives were provided when Defense Secretary Caspar Weinberger called the attacks "a last resort," since the US lacked allied backing for economic sanctions, and when Secretary of State George Shultz stressed that the bombings demonstrated "American readiness to use force." Secretary of the Navy John Lehman added that it was "useful" to determine which allies would come through — "and the UK came through like gang-busters" (*Washington Post*, April 20). In short, Washington's strongest defence amounted to the assertion of the right to use military force unilaterally, on the assumption that the "war on terrorism" is left to the US to fight.

If, however, the act was futile and ethico-legally indefensible, it then appears to be more the product of the frustration of a superpower unable to handle a convoluted problem in a patient manner. From the lack of allied support for immediate sanctions it simply did not follow that Libya should be bombed. American readiness to employ military force is hardly doubted in the rest of the world. As for John Lehman's admission, putting one's friends on the spot is a pretty unsubtle method of conducting intra-alliance diplomacy.

US Ambassador to the UN General Vernon Walters stated in response to the European reactions: "It is very difficult for us to allow anyone to have a veto over American foreign policy." Washington's irritation at Europe's reaction thus produced hyperboles and rationalizations aimed at comforting the American public. This public was further misled about Western Europe's rationale. Commentator Robert Novak, for instance, explained the allies' motivation in terms of cowardice and greed.

### Europe's position

The weaknesses of these claims are easy to show. Europe's position has been articulated both theoretically and pragmatically. Besides opposing military action on moral and legal grounds, those countries have emphasized the ineffectual character of combatting terrorism with terror and the unwelcome prospect of becoming the victims of escalated violence. The latter applies primarily to the Mediterranean countries of the European Community — Spain, France, Italy and Greece — whose proximity to the Middle East renders them prime targets. Thus, Italian Premier Bettino Craxi stated after the US raids that "far

from weakening terrorism, military action risked provoking explosive reactions of fanaticism." France's Foreign Minister, Jean-Bernard Raimond, deplored that "the intolerable escalation of terrorism has led to reprisals which in their turn will relaunch the chain of violence."

Europe's frustration thus derives also from the conviction that employing military force is imprudent and counter-productive. The cycle of violence would only become more vicious when its victims are multiplied. If Libya was chosen first, should the same treatment then be visited on other similar subjects, such as Syria and Iran? According to Washington logic this might follow since, as estimated by Brian Jenkins of the Rand Corporation, Libya's sponsorship of terrorism worldwide accounts "for perhaps 3 or 4 percent of the total" (*Christian Science Monitor*, May 14).

By deepening their explanatory accounts of the varieties of the terrorist menace, European statesmen have broadened their strategic scope and moderated their tactics. Some deny by implication either that Washington fully appreciates or that it is prepared to deal with the prime causes of political terrorism. During the British House of Commons debate, former Prime Minister Edward Heath declared: "We need to go to the roots of the Middle East problem, which is the Palestinian problem and the relationship between Israel and the Arab world." Another former British Prime Minister, James Callaghan, urged Mrs. Thatcher to seek the assistance of Jordan's King Hussein and to further mobilize Europe to solve Middle East problems. For Callaghan, unless this is done — preferably with the help of President Reagan — this part of the world may set the rest of the globe aflame.

In this spirit, the European Community has long favored the political dialogue even with "radical" Arab states and the encouragement of mediation by Arab moderates. Italy's Bettino Craxi began efforts in 1985 to orchestrate an international conference, where moderate Arabs would converse with Israel and PLO leader Yasser Arafat. Israel's bombings of the PLO headquarters in Tunisia undermined Craxi's project.

The Reagan Administration's refusal to condemn Israel's Tunisia bombings (consistent with its effective endorsement of the 1982 Israeli invasion of Lebanon) seems to the Europeans as unconscionably one-sided in support of Jerusalem. It appears, of course, that Washington is thereby repudiating European efforts to defuse the Arab-Israeli conflict. Thus, while Ronald Reagan's Middle East policy lacked serious credibility with the Arabs, the Libyan raids reaffirmed the Arab conviction of this Administration's anti-Arabism.

As it begins to transpire that the Mediterranean looks radically different from Washington and Europe, it emerges that the European reaction to Reagan's raids are better understood in terms of Europe's doubts that Washington is sensitive to the finer nuances of Arab nationalism, the tensions of Islamic sociocultural transition, and the centrality of the Palestinian issue as a test case in harmonizing and upgrading Arab relations with the West.

For these reasons the European Community has been calling for a lowering of Mediterranean tensions, an increase of political dialogue with all parties, intensified intelligence gathering and exchanges on terrorist activities.

and the isolation of proven terrorists and their supporters. In view of this program Washington's demands for sudden economic sanctions against Libya had suffered from two additional drawbacks: first, countries with long historical, cultural and commercial ties cannot sever these relations overnight, especially if the European diplomatic project has only begun; and second, the US demands rang somewhat insincere, given the substantial American economic presence in Khaddafi's Libya. American construction companies have pursued lucrative contracts, including the two billion dollar "Great Manmade River" project, managed by Brown and Root. And US oil companies (Conoco, Amerada Hess, W.R. Grace, Marathon, Occidental Petroleum) have been extracting Libyan oil at the rate of 500,000 barrels a day.

**US isolation**

In view of the above, it appears that Reagan's raids do not qualify as a defensible (i.e., moral, legal, prudential or effective) attack on terrorism. These raids, then, are more usefully seen as the reassertion of US militarism and hegemonism. Known in short as the Reagan Doctrine, it insists that the Soviets lurk behind any shift in global geopolitical conditions and it permits taking the law into the US's own hands.

President Reagan's Doctrine contradicts Europe's doctrines. In fact, highly politicized, cautious and discriminating, Europe's citizens retain the disconcerting memory of other Reaganite decisions that were no mere peccadillos: the astronomical US defence expenditures, the refusal to contemplate a nuclear test-ban, the refusal to apply economic sanctions to South Africa, the mining of Nicaraguan harbors, and the ruthless support for "freedom fighters," such as the disreputable Contras. The persistent emphasis on the militarist option, therefore, alienates Washington from the Third World, the Arab states and its European allies. Although NATO will, of course, survive the recent crisis, the European people's accumulated discontent will render progressively harder their governments' alignment with Washington's present prescriptions. Finally, the Libya crisis led more Europeans to doubt the foreign policy wisdom of the American public which supports such policies. For what is supported, in *The Observer's* words, is "a President whose simple instincts betray him in a complex world."

It is thus arguable that, while the Reagan Administration begets successive crises which it then tries to handle in a one-dimensional manner, the United States' real interests are best represented by her European critics who remind the American people of their neglected values. □

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**Why Israel won't budge**  
*Aquifers are not enough*  
*Cry me a river, (say, the Litani)*

# Water in the Arab-Israel conflict

By H.J. Skutel

One of the most compelling reasons why Israel is reluctant to disengage completely from south Lebanon and grant self-determination to the Arabs of the occupied West Bank of the Jordan River is the need to control these areas for their rich hydrological resources. This may come as a surprise to most Canadians who are accustomed to hearing Israel justify its expansion on the basis of security needs, strategic depth, or the pious pursuit of long-deferred Biblical rights. But in semi-arid Israel, water has always been an important, sometimes pivotal, consideration in the country's relations with its Arab neighbors.

In recent years, Israel's need for new sources of water has become critical. The Jewish state suffers from a chronically low rainfall, most of which falls in the north and only during the winter. Israel's total water consumption is around 2,000 MCM (million cubic meters) per year — roughly five times as much per capita as its neighbors.

This summer (1986) is to be one of the driest in the country's history. Israel's major aboveground reservoir, Lake Kinneret (Lake Tiberias or Sea of Galilee), supplying about a quarter of the nation's water, is at its lowest level since 1948. Reductions have already been made in the amount of water allocated to industry, agriculture, and domestic consumers, and the most pessimistic commentary in the Israeli press suggests a "major disaster" if the drought, affecting large parts of the Middle East, persists for another winter.

## Where the water comes from

Until now the country has relied on runoff, recycled water, the Jordan (now pitifully shrunken and saline) and aquifers (natural underground reservoirs) extending from beneath the West Bank where they are replenished. One-third of Israel's pre-1967 water consumption originated in the West Bank and was tapped by drilling on the Israeli side of the then existing armistice line. If, as a result of over-pumping, the surface of this reservoir (containing 20,000 MCM) drops below the level of the Mediterranean, infiltrating sea water would eventually render the sweet water undrinkable. According to some reports, this insidious process is already underway in certain wells on the coastal plain. For this reason, then Minister of Agriculture (now Minister of Trade and Technology) Ariel Sharon warned over five years ago of the dangers to Israel of relinquishing

control of the aquifer to the 700,000 Arabs on the West Bank.

Indeed, since 1967 the military authorities on the West Bank have prohibited the drilling of wells for purposes of irrigation by Arabs, and in September 1983 promulgated regulations forbidding Arabs to plant so much as a fruit tree or vegetables without a permit. Nevertheless, a Hebrew University environmentalist states that by the year 2,000, when the population is over five million, the aquifer will be "completely destroyed."

## Handling the problem

The need to rigorously manage available water has given rise to the creation by Israel of the world's most advanced irrigation technology. In addition, crop-dusting planes batter the clouds with silver iodide, and agronomists are claiming impressive results from vegetable hybrids nurtured on brackish water. It is unlikely, however, that these procedures will significantly mitigate the problem, and expectations that true hydrological salvation will come from even more sophisticated technology seem ill-founded, given the country's parlous economic state. Large scale desalination by means of nuclear power, seriously considered by the Israelis over two decades ago, was rejected then as too costly.

A 1978 report by the Israeli Water Commissioner revealed that the country would require an additional 400 MCM per year, for urban consumption alone, by 1990 if it was to avoid diverting water from agriculture. Were this to occur on any significant scale, Israel's self-sufficiency in food would be undermined, thereby further aggravating the country's long-suffering balance of trade.

## Not a new shortage

Interestingly, Jewish nationalists early recognized that the viability of a Jewish homeland in Palestine was dependent on its control of the region's water resources. In his novel *Altneuland* (1902), the founding father of political Zionism, Theodor Herzl, envisioned the use of Lebanon's rivers and the headwaters of the Jordan to generate electricity and to irrigate the future Jewish national home.

In their 1919 memorandum to the Paris Peace Conference, then in the process of dismembering the Ottoman Empire, Zionist leaders specified that the homeland they sought "should be as large as possible" and in control of all of the water resources "feeding the country." The following year, Chaim Weizmann, destined to become Israel's first President, tried frantically to impress on British Foreign

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Secretary Lord Curzon the necessity for including the Litani River within the borders of the draft Mandate (conferred on Britain, shortly after, by the League of Nations). Even if all of the Jordan and Yarmuk rivers were included in Palestine there would be "insufficient water for its needs," declared Weizmann.

Subsequent to the creation of the Jewish State in 1948, numerous Israeli officials proclaimed their country's desire to, at the very least, share with Lebanon the waters of the Litani.

Studies done in the 1950s and later for the UN — and contemporaneously by certain private bodies commissioned by Israel and the Arabs — suggested ways the Jewish state and its neighbors might jointly exploit the region's major rivers. These plans, however, were never implemented because the parties concerned could not agree on how to apportion the water, and because of the antagonism and abiding mistrust engendered by repeated Israeli-Arab confrontations.

The closest Israel has come to reaching a genuinely amicable arrangement concerning water was in 1978, in the heady days of the Camp David Accords. It was then that Israel proposed a plan whereby Nile water would be transported beneath the Suez Canal into the Sinai and then to the Negev. A major Israeli daily commented at the time that Israel's water problems would be solved by using only 1 percent of the Nile's water. But the so-called "peace canal," initially approved by Egyptian President Sadat, had to be abandoned in the face of irreconcilable differences with Prime Minister Begin over the ultimate status of Jerusalem and an awareness that Egypt itself would be facing its own water crisis by the year 2000. Consequently, Israeli attention focused again on the long-coveted Litani in south Lebanon and the Yarmuk, running along the Jordanian-Syrian border.

### Thirsting for Lebanon

Plans formulated in the 1940s, and refined by an Israeli water expert in 1977, envisioned the transfer of water to Israel via a tunnel constructed at a point where the Litani makes a sharp westward swing towards the Mediterranean. The water obtained (at least 100 MCM per year by Lebanese estimate) could now be channelled through Israel's National Water Carrier as far south as the arid Negev — which Zionist visionaries would like to see turned into "the winter vegetable basket of Europe." In fact, Israel's former Minister of Technology, Yuval Ne'eman, acknowledged that Israeli engineers carried out geological tests at the river's bend following the June 1982 invasion of Lebanon.

In the opinion of some, the 1982 "Peace for Galilee Operation," aided by the Israeli puppet and renegade Lebanese army officer Major Saad Haddad, signalled the belated implementation of a grandiose scheme conceived by the Israelis decades earlier, before the creation of the PLO.

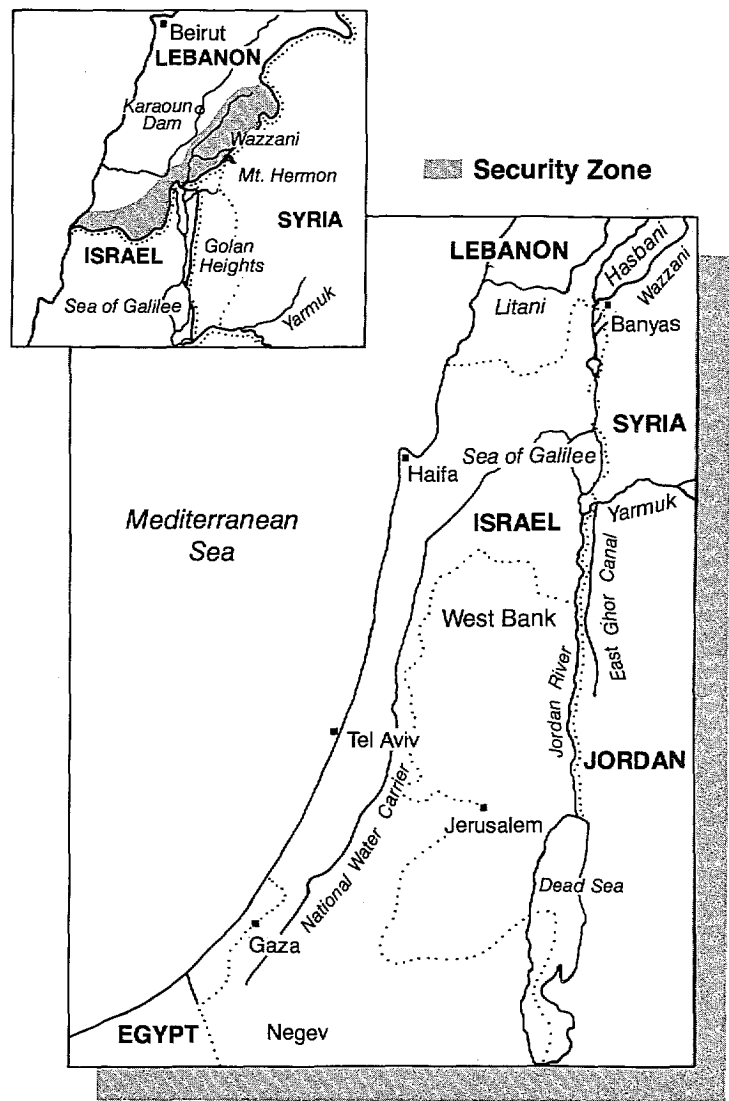
According to the diaries of former Israeli Prime Minister Moshe Sharett, military Chief-of-Staff Moshe Dayan

had proposed in May 1954 that Israel annex all the "territory from the Litani southward." Sharett's May 16 entry seems to have anticipated other developments:

To him [Dayan] the only thing that's necessary is to find an officer, even just a Major. We should either win his heart or buy him with money, to make him agree to declare himself the savior of the Maronite population. Then the Israeli army will enter Lebanon, will occupy the necessary territory, and will create a Christian regime which will ally itself with Israel.

Following its withdrawal from Lebanon last year, Israel established a "security strip" patrolled jointly by 800 Israeli "advisers" and a few thousand mercenaries of the largely Christian South Lebanese Army (SLA) led by Haddad's successor General Antoine Lahad.

Israel's water resources





## Why Israel won't budge

### Hence the "Security Zone"

Published maps of the security zone in no way reflect its actual range of application. The Israelis and SLA reserve the right to attack suspected terrorist bases many kilometers beyond its stated limits. At present, the "strip" surrounds the Litani's westward bend and overlays the tributaries of the upper Jordan and Lake Kinneret: the Hasbani and Wazzani. (A third tributary, the Baniyas, was secured when Israel seized the Golan Heights in the June 1967 war.) In early February, Beirut's leading dailies reported that the Israelis had completed fencing off a thirty square kilometer area of south Lebanon. The area contains a section of inactive trans-Arabia oil pipeline which, it is thought, will be used to pump water into Israel.

The Israelis, it must be said, have vigorously denied that they harbor any designs on Lebanese territory or water. They argue, plausibly, that their presence in the south will prove unnecessary once there is a strong central government in Beirut capable of ensuring security in the border region. The Lebanese and Syrians counter that it is precisely Israel's presence in the south and its clandestine support to centrifugal elements within the sectarian populace which undermine efforts to achieve peace and national unity.

Also within the security zone, astride the Lebanese-Syrian border, is Mt. Hermon. Over three years ago the Israelis announced plans to utilize the melting snows of the mountain to provide water and hydroelectric power for the Golan (annexed by Israel in 1981). According to the Israeli Water Commissioner, some forty MCM of water could be stored each year for both household and agricultural consumption in the region. Meanwhile, President Assad has repeatedly made clear that one precondition for peace with Israel is the return of the Golan to Syria.

### Need to de-parch

Nor may matters rest there. Those who believe in the importance of the "hydraulic imperative" in the formulation of Israeli policy are convinced that Jerusalem will seek pretexts to further expand or consolidate its hold on Arab water. "The importance of Arab water in expansionist Israeli policy provides the main momentum for annexing land," stated Syria's representative to the UN in August 1984. In the event, likely targets would be the Karoun Dam in the Syrian-occupied Bekaa valley, which controls water flow in the lower Litani, and the Yarmuk in Jordan. Officials in Amman are therefore understandably apprehensive about the prospect of Yitzhak Shamir's assumption to the Premiership of Israel in October. The Herut party, which he heads, and of which the truculent Ariel Sharon is a prominent member, has never renounced its goal of Jewish sovereignty on "both banks of the Jordan." Jordan's fertile East Bank, watered by the East Ghor Canal, is the Kingdom's preeminent food-producing region. Alternatively, right wing extremists propose that Jordan be "destabilized" and turned into a pliant Palestinian state to which thousands of Arabs in the occupied territories, and even Israel proper, would be expelled. This would bring about a radical reduction of Arab pressure on the Jewish state's hard-pressed financial and other resources.

Israel's hopes of achieving a measure of economic independence and providing a standard of living appealing to its present and prospective citizens (Jews still in the Diaspora) depend, in part, on its obtaining an additional large and secure infusion of sweet water. This can only be accomplished if Israel maintains a permanent hegemony in southern Lebanon and continues to oppose the creation of an independent Palestinian state on the West Bank. □

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# Book Reviews

## Studying International Relations

by John J. Kirton

*The Dividing Discipline: Hegemony and Diversity in International Theory* by K.J. Holsti. Boston: Allen & Unwin, 1985, 165 pages, US\$22.50.

In this ambitious and wide-ranging work, Canada's preeminent theorist of international relations provides a searching and systematic analysis of the problems and prospects facing the field as a whole. His purpose is twofold: "to increase awareness of the intellectual services various paradigms can offer to teachers and researchers in international relations, and to enhance mutual acknowledgement of scholarly work produced around the world." In the first half of the book, Holsti examines critically the dominant focus, essential actors, and images of the world offered by the competing classical, globalist and neo-Marxist paradigms, as a foundation for assessing the development and contributions of each. In the second half he reports the results of a study of the major textbooks used in eight countries, including Canada, as a means to discover how open our discipline is to paradigmatic pluralism and balanced international learning by scholars and students alike.

The findings produce a clear picture of a discipline in vibrant health, if one a little more ethnocentrically shortsighted than one would wish. Writing with philosophical depth, historical perspective and a pervasive balance and sensitivity, Holsti documents the venerable place and the particular contributions of the globalist and neo-Marxist paradigms. But he affirms, through impressive argumentation, the continuing centrality of the classical approach in its Rousseauian, Hobbesian and Grotian varieties. And, equally importantly, he identifies it as the foundation for the richly rewarding neo-realist theories currently emerging in the field.

It is thus reassuring to learn, in the second half of the book, that the classical paradigm dominates by large margins the textbook literature in all countries surveyed, and that its primacy is under no serious challenge from popular alternative formulations of more recent vintage. Even in Japan — the paradise of paradigmatic pluralism — the classical tradition still reigns supreme. The picture clouds

considerably when attention turns to the international production and consumption of various nations' works. For here one finds an overwhelming and often increasing Anglo-American intellectual hegemony, holding not only the United States and Britain, but also South Korea, Australia, Canada and France in its grasp. India and especially Japan do better, but even here Anglo-American authors are usually cited as frequently as indigenous colleagues. Holsti is quite properly concerned about how our intellectual horizons are myopic and narrowing, even as the scholarly study of international relations spreads to other countries. He worries, legitimately, that we may be missing the novel perspectives, from diverse national and historical settings, that can enrich our theoretical arsenal. But he acknowledges that dependency theory — the one major theoretical offering thus far from distant lands — has a restricted relevance to the *central* questions of war, peace and order in the field. One is thus left with the self-confident, but not self-satisfied, conclusion that our future challenge is to inject greater cross-national creativity into our still central, classical theoretical core.

*Legislating Foreign Policy* edited by Hoyt Purvis and Steven J. Baker. Boulder, Colorado: Westview Press, 1984, 229 pages, US\$22.00.

The Congressional challenge to executive control over, and the effectiveness of, American foreign policy is the subject of this rather tedious but still useful book by two former US Senate staffers. The book begins by describing the debate over the foreign policy role of Congress and suggesting that this role can be evaluated by the five criteria of legitimacy, interest articulation and public information, expeditious consideration, coherence and effectiveness. It proceeds to apply these criteria to case histories of aid to Turkey, nuclear nonproliferation, the Panama Treaties, the SALT II Treaty, and arms sales. The book concludes that "Congress's exercise of its foreign policy prerogatives . . . has been positive on the whole. Congress does not deserve to be perceived as a problem in the policymaking process."

This conclusion will astound most Canadians — from environmentalists living beside the Great Lakes, to east coast fishermen, west coast lumber producers and industrialists anticipating bilateral free trade. For all have been victims of this "positive" role. The strange conclusion stems in part from analytical flaws, notably the omission of

## Book Reviews

any cases of an economic or functional nature and of any effort to assess the impact of Congressional intervention on US allies abroad. Yet its ultimate cause lies in the authors' refusal to consider the consequences of their own evidence. The Congress, they find, acting along with American public opinion, legitimately and expeditiously intervenes in US foreign policy in ways that, on balance, destroy its coherence and do not accomplish the intended effects. Americans working for the US Senate might find that "positive." Scholars analyzing US foreign policy would not.

*John Kirton is Co-ordinator of the International Relations Programme at the University of Toronto.*

### PLO's leader

by John Dirlik

**Arafat: Terrorist or Peacemaker?** by Alan Hart.  
London: Sidgwick & Jackson, 1984, 480 pages,  
\$24.00.

This book is the unofficial biography of the stubble-faced leader of the Palestine Liberation Organization (PLO). The author — who travelled extensively in the Middle East and who has had intimate contacts with many Israeli and Palestinian leaders — writes that his book is the story of two men with the same name: "One is the Yasser Arafat who is a character in Israeli mythology, the other is the Yasser Arafat who is the real life Chairman of the PLO."

Hart argues that in spite of the PLO's internal squabbles, Arafat is not only the symbol of Palestinian nationalism, but it is he who now holds the key to peace in the Middle East. He further makes the startling assessment that "within the limits of what is politically possible on each side, no leader, Arab or Jew, has done more than Arafat to prepare the ground for a comprehensive settlement of the Arab-Israeli conflict."

In a seldom-voiced assessment of the relationship between Israel and the PLO, Hart echoes the sentiments of Canadian journalist Gwynne Dyer, and suggests that the real threat of the PLO to Israel is not its military operations but its growing reliance on diplomatic efforts. He writes, "The more Arafat demonstrated the seriousness of his wish for a political and compromised settlement, the more determined the Israelis became to destroy the PLO as a political force." To support his claim Hart cites the PLO-targeted 1982 Israeli invasion of Lebanon which occurred precisely when the Palestinian organization had been refraining from attacks on Israel, and was making significant diplomatic gains in the international community.

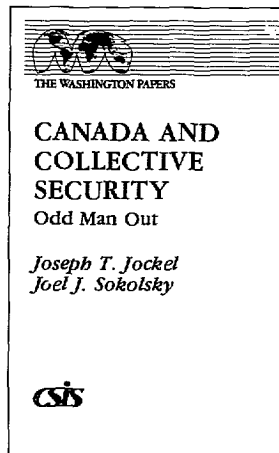
Hart maintains that while the Israeli government would like to see the PLO disappear, so as not to have to deal with the genuine Palestinian representation, many Arab governments, having failed to control the PLO for their own political ends, see in the democratic process of the Palestinian leadership a dangerous precedent which

might eventually threaten their own system of autocratic rule. He suggests that although most of the Arab masses support the PLO, Arab leaders themselves more often than not pay only lip service to the Palestinian organization, and at times have plotted its destruction. Arafat himself was imprisoned by a host of Arab countries, among them Syria, Egypt and Jordan, and at least two of them, Syria and Libya, have attempted to physically liquidate him.

Although it is clear that Hart is no ardent supporter of Arab regimes, he does insist that he is a "true friend" of the Palestinians as well as of the Israelis. Unlike many partisan commentators, Hart exudes a genuine appreciation of both peoples. He writes, "The Jews are the intellectual elite of the Western world . . . and the Palestinians are the intellectual elite of the Arab world." Hart claims that if used for peace, the energies of those two peoples, "who came from the same melting pot, could change and develop the region for the better and, by so doing, give hope and inspiration to the whole world."

Unhappily, such a dream of cooperation between Israelis and Palestinians is not within the immediate sight of even the most inveterate optimist. Hart, of course, knows that, but argues that it is precisely because of the lingering and explosive nature of the conflict, that serious negotiations between the two parties cannot arrive too early.

*John Dirlik is a freelance writer in Montreal specializing in the Middle East.*



**Canada and Collective Security: Odd Man Out** is "bound to get adrenalin pumping on both sides of the Canadian-U.S. border, but very usefully so."  
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The authors' "analysis of the military factors involved and the consequences for the effectiveness and credibility of Canada's defense effort deserve serious attention, as do their thought-provoking proposals to restructure the defense posture."

*John G.H. Halstead, Former Canadian Ambassador to NATO and the Federal Republic of Germany.*

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## Fingertip Europe

by Nicholas M. Poulantzas

*The European Political Dictionary* by Ernest E. Rossi and Barbara P. McCrea. *CLIO Dictionaries in Political Science*, No. 7. Santa Barbara, California: ABC-CLIO, 1985, 407 pages, US\$42.50.

Though several dictionaries of political science and politics already exist, *The European Political Dictionary* distinguishes itself for its clarity, succinctness and choice of the terms explained. Its title is somewhat modest: it is certainly more than a dictionary and less than a textbook or encyclopedia.

On the other hand, although the volume starts with the aphorism by the series editor that "language precision is the primary tool of every scientific discipline," its title is not precise. *The European Political Dictionary* deals in five chapters with only four European countries, namely, the United Kingdom, France, the Federal Republic of Germany and the Soviet Union, as well as with Western European Regionalism. One wonders why the Soviet Union had to be included again in this volume, which deals mainly with Western European states and organizations, especially since Volume 4 of the same series, entitled *The Soviet Union and East European Political Dictionary*, had already dealt with the Soviet Union.

The section "Guide to the Countries" covered in this volume, which starts with Albania and finishes with Yugoslavia certainly does not justify the ambitious title of the book. This volume contains only four references each to Austria, Finland and Greece, three to Iceland, Portugal, Norway and Spain, two to Sweden, and so on. Smaller European states, or entities enjoying most of the prerogatives of states, such as the Vatican City, San Marino, Andorra, Monaco and Liechtenstein are completely ignored. Finally, a map of Western Europe in Appendix A of the book ignores Iceland and Greece while it includes most East European states.

Entries in the volume are mostly in the discipline of political science, although there are entries in the fields of international law, history, geography, economics, sociology, philosophy and religion. All entries include an up-to-date definition, plus a paragraph of "Significance" in which the authors discuss and analyze the historical and current relevance of the term. Most of the entries also contain cross-references which allow the reader to seek additional information. This volume is a most useful acquisition for any library, as well as for students, scholars and readers interested in European politics.

*Nicholas M. Poulantzas is the Director of the Canadian Institute for International Order, a federally incorporated non-governmental organization in Ottawa.*

## Debt Crisis Books

By Grant Manuge

*World Development Report 1985* by The World Bank. New York: Oxford University Press, 1985, 243 pages, US\$15.00.

*International Capital Markets: Developments and Prospects* by Maxwell Watson, Donald Mathieson, Russell Kincaid and Eliot Kalter. Washington, D.C.: International Monetary Fund, 1986, 125 pages, US\$7.50.

*Export Credit Cover Policies and Payments Difficulties* by Edward H. Brau and Chanpen Puckahtikon. Washington, D.C.: International Monetary Fund, 1985, 51 pages, US\$7.50.

The World Bank and the International Monetary Fund (IMF) have since their creation shared a common outlook on world development, maintaining their faith in the dominant postwar economic orthodoxies. Although in principle each institution operates with considerable autonomy from the other, the developing country debt crisis has drawn the two into much closer policy and program coordination since 1982.

It would therefore seem reasonable to expect the first two publications reviewed here, the World Bank's *World Development Report* and the IMF's *International Capital Markets*, to offer similar diagnoses and prescribe identical treatments of the debt crisis. This is not the case. The chief reason for the discrepancy is the rapid pace of change in the international economy during the eight-month period that separates the publication dates of the two reports. As indicated here, the Bank/Fund view of the debt crisis has evolved in a manner characterized by increasing pessimism in rhythm with the worsening predicament of developing country debtors.

The *World Development Report*, containing a wealth of comparative data and analysis, is the most widely-read annual statement of Third World development prospects. The very fact that the 1985 edition devoted itself entirely to the debt theme would seem to underline the gravity of the situation. Yet the international economic bureaucrats who drafted the report adopted a studiously optimistic tone. Terms such as "debt crisis" were replaced by euphemistic "debt servicing difficulties." Readers were assured that the ad hoc, case-by-case approach to debt problems was a winner.

The report placed the onus on developing countries themselves to resolve their debt difficulties through domestic economic reforms. The World Bank assumed that these reforms would be facilitated within a favorable international economic climate created by the industrial countries which, acting in their own self-interest, would have undertaken the measures necessary to lower interest rates and counter protectionism. Nary a critical word about the reluctance of commercial banks to contribute to solving a debt problem they had helped create.

## Book Reviews

By February of this year when the Fund's *International Capital Markets* appeared, events had undermined most of the World Bank's optimistic assumptions. Industrial country growth had slowed and protectionist pressures continued unabated. Declining commodity prices reduced debtor country export earnings. In a modest but significant initiative in October, US Treasury Secretary James Baker called on commercial banks to stump up an additional US\$20 billion in new lending to fifteen heavily-indebted countries during 1986-88, and also promised to look seriously at a capital increase for the World Bank.

The IMF report reflects these new conditions. It emphasizes the need for "coordinated response" by developed and developing country governments, international development banks, and commercial banks in order to build upon the case-by-case debt strategy. It asks commercial banks to show responsibility and flexibility in their relations with debtor countries. It also offers a comprehensive review of recent trends in debt restructuring and new instruments and tactics used by commercial banks to reduce risks. Among these are a tendency towards more trade finance and project lending by the banks and the exploration of co-financing arrangements with official export credit agencies and international financial institutions. Many of these issues are discussed in greater detail in the IMF report on *Export Credit Cover Policies and Payments Difficulties*.

Nevertheless, the pace of developments in the world economy would tax the skills of even the greatest economic clairvoyant. The unexpected oil price collapse in the first half of 1986, while beneficial to oil-importing debtors such as Brazil, brought immediate distress to oil-exporting debtors such as Mexico, Nigeria and Venezuela.

Mexico's situation is particularly precarious. Efforts by this second most indebted developing country to rein in government deficits and curb inflation have yielded scant success. October's earthquakes wreaked several billion dollars of damage to the economy. Real wages have fallen constantly since the crisis began in 1982. Mexico's President, buffeted by growing public discontent, has called on foreign creditors (read commercial banks) to share the sacrifices made by the Mexican people.

With an increasing risk that Mexico may be forced to suspend or limit debt payments in the next few months, the debt crisis has arrived at a crucial turning point. A setback in Mexico could have far reaching negative effects in an international banking system whose cornerstone is confidence.

Will the case-by-case debt strategy espoused in the World Bank and IMF reports prove flexible enough to absorb these new shocks? The fate of some of the world's largest commercial banks, and with them, the health of the international financial system, hinges on the outcome.

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*Grant Manuge has just left the Canadian Export Association in Ottawa for the Department of External Affairs.*

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## Growing influence of MPs

by Robert J. Jackson

*Parliament and Canadian Foreign Policy* edited by David Taras. Toronto: Canadian Institute of International Affairs, 1985, 121 pages, \$12.00.

This brief and lucid examination of the role of Parliament in the development and execution of Canadian foreign policy is welcome. The introductory chapter by David Taras, "From Bystander to Participant," is a rounded overview of the subject and the papers which follow are cogent and well-written.

The book assesses the argument of James Eayrs, set forth in 1961, that the executive dominates foreign affairs in Canada. Taras and company challenge Eayrs's propositions that: (1) Parliament's capacity to exercise influence in foreign policy is non-existent; (2) MPs have little interest in being involved in foreign policy, and (3) Members spend little time on the formulation of foreign policy and therefore can have little influence. The authors employ pointed examples to prove that the world of parliamentary affairs has undergone tremendous adjustments since Eayrs wrote his major book a quarter of a century ago.

Taras shows that the public is much more aware and interested in foreign policy and defence matters than it was two decades ago and that interest groups and lobbying over this topic have increased correspondingly. He concludes that MPs too are more interested in questions of foreign policy than they were in the past. In this reviewer's opinion, Taras's argument is convincing; his criticisms should stand unless there is rebuttal. Taras's conclusion is subtle. He does not maintain that Parliament is now in control of foreign policy, but rather that its general capacity to be influential in foreign affairs has increased.

This conclusion is supported by perceptive essays by W.M. Dobell and Don Page which analyze the role of House Committees, and by R.P. Pattee and Paul G. Thomas which discuss the role of the Senate. They are succinct discussions of the role of Committees and of the Senate in foreign policy and the Page article in particular provides new data for analyzing the role of backbenchers in Canadian public policy-making.

Given the longevity of simplified models in the study of Canadian foreign policy, it may be some time before Taras's book is adopted for courses on Canadian international relations. However, in courses on the Canadian Parliament — including my own — it will be adopted as secondary reading material for all undergraduates.

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*Robert J. Jackson is Professor of Political Science at Carleton University in Ottawa.*

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September/October 1986

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## Editor's Note:

*Our dependence on the United States for teaching us the way to think about international relations, about great strategic questions, and even the final product of those mental and emotional activities — Canadian foreign policy — is treated in this issue in three pieces. That influence is visible in defence policy, it was strikingly apparent in the Vietnam War, and it could affect the way we judge developments in Central America. Axel Dorscht and his three colleagues take us one step further in their probe into how the mind-set of the thinkers in one superpower influence and determine the worldview of the students who are exposed to them, right down the line through Canadian academics who studied in the US, journalists and ultimately, the policy makers themselves. And since Canada is not a superpower, that process could provide us with the wrong tools. Michael Treleaven of the University of Toronto offers a concrete example of how this process worked during the Vietnam War, and of how Canadians were the victims of their fond conceit of understanding Americans. He urges making up our own mind about Central America. General Johnson is back with a Review Article on Canada's defence entanglements and the flawed theories behind them.*

*Maxwell Cohen examines the way international law is beginning to recognize its interest in protecting the environment, and how a human right to a clean environment can arise. We may not be or remain as innocent in Star Wars research as we thought, according to David Mueller, recently of Dalhousie University. And that shining beacon of democracy, if not of clear thinking, in Central America — Costa Rica — is mused about by a recent entranced observer, Tom Sloan, now back in Ottawa.*

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# International law and the global environment

by Maxwell Cohen

If a major component in the story of mankind is the search for equilibrium through "order" then this is an age in which the powerful convergence of a number of profound negatives in the human situation are converting that condition into disequilibrium and disorder. Indeed, it is arguable that planetary man, and his world community, are reaching, perhaps, the edge of unmanageability.

Consider for a moment the following dynamic forces that are reshaping the social framework: the nuclear genie with its permanent threat to human survival whether through unthinkable weapons in action or peaceful uses gone awry; the savaging of the planet's oceans, land, forests and fresh waters, with a perilous warming of climates, ecological degradation on every continent where toxics are omnipresent, in the snows of the Arctic, in foods and airspace, and in almost all rivers and lakes whatever the hemisphere; population runaways with hunger as a lethal burden apparently beyond short run control as in Africa, whatever future self-regulation may emerge by nature imposing neo-Malthusian limits if men cannot; sub-nuclear violence in large scale outbreaks as in Iraq and Iran, grading into a mounting and elusive terrorism often "welcomed" by the media, if by no others; the intensive economic integration so that a truly massive global economy now parallels or reinforces the communication/transportation revolutions that have created a "global village" to the point where almost all nation states, on major issues of economic policy, have little room for options or maneuver; and, finally, man's unquiet soul potentially always the human story, but now given political and legal substance by a surging human rights movement creating individual expectations likely beyond the capacity of a despoiled planet and random resource distribution to satisfy, yet everywhere generating a polity of promises, of better things to come.

Doubtless some historians will suggest that it was ever so. Disasters once remote secrets now become world headlines and so have altered perceptions and knowledge, true and false, about the state of mankind. Indeed, the case can and will be argued that however damaging may be the present condition of many in Africa, in India, in Southeast Asia, and in almost all corners of Latin America, more men and women everywhere live with better prospects now than did their ancestors of only two or three generations ago.

Yet this is no reply to the particular fears of the nuclear age or the concerns arising from an already damaged environment that cannot be made truly safe for many millions alive today, to say nothing of those yet unborn. Indeed, one

problem transcends all, namely, the nuclear plague. Human survival now is at risk as it may never had been before. Even historic pandemics such as the Black Death of the fourteenth century — then the "common heritage" of medieval and vulnerable peoples — did not suggest the terminal prospect presented by atomic warfare today.

A confluence of contingencies thus has now marked this era with a permanent sense of insecurity despite scientific and organizational progress on so many social fronts. Such a convergence has become a threat to the general equilibrium and without equilibrium and its supporting "order" the social systems of the planet remain perilously close to an unimaginable political anarchy, itself a possible prelude to the central threat to survival.

## Role of the environmentalist

In all of this what is the role of the environmentalist, of his science, of his legal norms, of his institutional constructs, of his economic cost-benefit analysis, of his regional as against global plans and policies, of his understanding of an ecology that must now include not merely earth and the immediate atmosphere but the inner/outer space complex within which the planet moves and lives? And, finally, shall the activist marry the "right" to a health-giving environment to the dynamic concept of "human rights" in general and to which, increasingly, environmental claims are being linked in the name of individual and collective rights? Indeed, by absorbing into this scientific/legal/institutional/social/ecological matrix, the most embracing of juridical notions of this generation, namely, "human rights," these can now include the "right" to a safe and sustaining environment.

Each of these environmental issues — the scientific, the legal, the institutional, the socio-economic — presents special challenges not easily resolved without the discipline of experience and international consensus. Take, for instance, the scientific component. It is quite clear from the

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*Maxwell Cohen is Professor of Law and Scholar-in-Residence at the University of Ottawa; Emeritus Professor of Law at McGill University, Montreal; formerly Canadian Co-Chairman of the Canada-United States International Joint Commission; Judge ad hoc of the International Court of Justice. This article is based on remarks addressed to a plenary session of the World Commission on Environment and Development in Ottawa on May 27, 1986.*

## Clean environment a "human right"

debate over "acid rain" in recent years that while public opinion and a majority of environmentally-oriented scientists seem to be satisfied about the reality of the threat, there is a recent residue of caution on the part of, say, some few Canadian botanists, that creates some hesitation about the absolute certainty that one or two years ago already supported or seemed to support the need for urgent national and transnational regulatory action.

### Finding the facts

The Canadian-American experience is a cautionary tale, now buttressed by the Report of the Royal Society in the United Kingdom of 1984 which again challenged the certainties with respect to the origin, nature, transmission and harmfulness of acid rain, strictly so-called. Errors in Canadian-American relations, to be found in the unresolved acid rain debate, increasingly are a lesson in how not to approach difficult, transnational environmental issues. While Canada and the United States have for seventy-five years, through the mechanism of the International Joint Commission under the Boundary Waters Treaty of 1909, learned the indispensable lesson that technical-scientific data and opinions in dispute are best resolved by joint or common fact-finding by the parties, the approach was forgotten in the myopic politics that have surrounded this issue in recent years.

National studies, then becoming the basis for binational negotiations, replaced the binational studies that had been at the very heart of the Commission's success in dealing with technical problems of water quantity and water quality for over three generations with fewer than 3 dissenting situations in the 110 References and Orders of Approval that have come before the IJC. The failure of both Canada and the United States to follow their best experience has been unfortunate. It reinforces the recognition that at the base of many environmental challenges, particularly of an international character, lie conflicts over scientific data and the conclusions involved. Hence a primary objective of any transboundary conflict over pollutants or injuries can only be resolved if all parties agree to a common fact-finding instrumentality that does not rely upon purely national studies.

### Building on experience

The legal framework for resolving environmental disputes internationally already has a respectable history. Not only does it benefit from the ancient maxim of *sic utere tuo ut alienum non laedas* (Use your own property in such a manner as not to injure another), which the Romans bequeathed to posterity, but a modern *jural consensus* has emerged from the Canada-US Trail Smelter Arbitration, the France-Spain Lake Lanoux Case, the UK-Albania Corfu Channel judgment and, of course, the culmination of so much of the modern legal thrust expressed in Articles 21 and 22 of the Stockholm Declaration on the Environment of 1972 and updating the Roman law's prescription.

Indeed, it is arguable that when to these are added the pollution-environmental provisions of the 1982 Law of the Sea Convention, the various IMCO/IMO Conventions on ocean pollution of the last thirty years, the several conventions and UN resolutions dealing with outer space, the Non-proliferation Treaty of 1968, the Partial Test Ban

Treaty of 1963 and other instrumentalities, together they provide for a legal support system adequate to govern the behavior of states in restraining activity having transboundary implications and potentially harmful consequences not only for neighbors, but, as Chernobyl recently disclosed, for distant peoples and states to where radiation travels without visas in its search for victims. In short, it is no longer possible to deny the effective existence of environmental norms capable of determining harmful behavior on land, in the seas, in the atmosphere, and in space itself and to which courts and states must pay heed and determine assessable damage in the name of the international community and its laws.

Of course, compliance without compulsion remains a classical dilemma of so much of the international legal order. Nevertheless, the destruction of a nuclear space device reentering the atmosphere, and presumably owned and operated by the USSR, whose fragments were spread through northern Canada over a radius of hundreds of miles became the basis of a claim for compensation. In due course a settlement was reached without any formal judicial admissions by the Soviet Union. And so it will be perhaps in many similar situations until more specific systems for compliance, and rule-making that contemplates such compliance, either through the International Court of Justice or otherwise, becomes an accepted international practice.

### Regional examples

Meanwhile, if universality in these matters of norm creation, norm adherence and compulsory compliance cannot always be achieved, there is considerable evidence of regional harmonization of environmental liability systems, seen most acceptably in the Nordic Treaty. Its continuing success in providing access to courts and choices of law for the signatories leaves the parties to decide whether to use the tribunals and the rules of the place where the injury began or of the state where the damage took place. Such harmonization and access was recommended as recently as 1979 in a joint study of a committee of the Canadian and American Bar Associations. Doubtless, in the computerized records of the International Council of Environmental Law and of the International Union for Conservation of Nature and Natural Resources at Bonn, other examples would be found.

So much of this movement toward rescuing a globally threatened environment must be left to special institutional arrangements. Individual state action or private sector initiative will not be enough to assure the most comprehensive of policies that are not merely punitive, but that are also preventive and restorative on a transnational scale. Large and universally applicable principles of transboundary water management have already received the attention of international lawyers and environmentalists, particularly since World War II. The New York (1958) and Helsinki principles (1966) of the International Law Association, while contemplating their adoption or use for the guidance of states and national legal systems as well, should be viewed as also providing a rationale for the creation of international institutions either to manage given river-lake basins shared by two or more states or to monitor the

environmental conditions of regions, continents and the planet itself. The UN Dakar Conference of international river basin commissions held in 1981 already has given rise to modest efforts at reporting on the varied activities of these commissions and their successes and failures, whose experiments and plans are being shared in a limited way through a regular system of reportage and publication now undertaken modestly by the United Nations Secretariat. The UN International Law Commission, of course, is studying in depth the non-navigational uses of international water courses.

### **IJC record**

More elaborate proposals have been heard as to the need for total earth monitoring systematically and intensively, a proposal reinforced by the recent remarks of the Canadian Minister of the Environment made to the World Commission on Environment and Development on May 26, 1986, in Ottawa in the course of his welcoming address. While that analysis did demonstrate a broad Canadian awareness of environmental issues it was less than fair to perhaps the most significant and durable of Canada-US institutions involved in water-environmental issues, namely, the International Joint Commission to which the Minister made reference but suggested it had, despite its positive side, a "mixed" or "chequered" career.

What was unfortunate here was a choice of words in his description that more appropriately should have been applied to the behavior of the governments of Canada and of the United States, e.g., the acid rain question, rather than to the Commission. For the IJC, on References to it for study and advice, can only be as effective as the will of the governments. It is quite proper to suggest that it is the diminished political will of one or both of the parties, rather than the Commission as an instrument, which deserves critical reexamination for those recent lapses that have led glaringly to unresolved problems, such as toxics in boundary waters and acid rain above. Be that as it may, the joint Canadian and US record through the Commission, and through other agencies, has become a positive, and in some cases very significant, model from which other states can find lessons to construct their policy and administrative machinery.

### **Human rights link**

Finally, it is doubtful whether saving the planet from the ravages of the chemical-industrial revolutions of the past century-and-a-half will be given a greater priority through linking these environmental efforts to the human rights syntax and dynamics of that burgeoning movement. Of course it is tempting to reinforce the moral and normative imperatives to rescue continents from the poisons of development, through claiming the human right to be free from such deleterious substances that every day penetrate our foods, our bodies, our forests, the streams and the atmosphere, but that temptation may have to be curtailed by some realism. The environmental movement and the claims made under it are powerful enough in themselves, considering the sources of general well-being these threats present. Using "human rights" as an adjunct may only confuse and diminish the legal force of the claim to a decent

environment. Yet the link to human rights perhaps is inevitable and should be managed for its instructive potential.

What shall mankind do, given its capacity for reason, for planning, for cooperation, in the face of an era of convergences that approach this edge of unmanageability? Perhaps some answers may be found not only in the common and universal sense of outrage translated into norms of cooperation and compulsion, but paradoxically answers also may lie in the decentralization of decision making through the reassertion of the role of the nation state and its responsibilities. The modern internationalization of issues has tended to shift the responsibility from states, particularly smaller ones which adopt a "can't help" mood in the face of gigantic transnational challenges, problems and costs. Decentralization becomes an aid to restoring the possibility of local and regional self-management through smaller scale administration while participation in global managerial schemes reduces many states to a sense of helplessness. Gigantism, the product of globalizing so many issues, risks the danger of trivializing issues for many states because of the very likelihood of little achievement by them, since smaller actors have so little to offer. Somewhere between the local and the regional, monitored by the global, there could develop institutions that, supported by universal norms, may provide a more manageable framework for the environmental dilemmas of the decades to come. □

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# Canada's international role and "realism"

by Axel Dorscht, Tom Keating,  
Gregg Legare and Jean-François Rioux

In an earlier article ("Canada's foreign foreign policy," *International Perspectives*, May/June 1986) we questioned the appropriateness and usefulness of Canadian foreign policy as currently constituted, because the fundamental underlying principles are defined by a "realist" or "neo-realist" worldview. Realism or neo-realism, however, are largely the worldview of the powerful, who seek to maintain the present hierarchy of the international system in the name of order, against those who wish to change it in the name of justice, practicality or both. This realist or neo-realist view is largely a product of the US-dominated discipline of international relations. The view of Canadians of the international system is deeply influenced by this dominant American paradigm. Canadian universities aid the socialization of policy makers and the public into a role as guardians of US global interests which are then adopted as our own through the dissemination of a US worldview. The Canadian media in addition report the unfolding of international reality from a largely US point of view. The public is fed a regular diet of US-interpreted global reality and thus accepts the rationale underlying the government's foreign policy agenda.

This view tends to narrow the consideration of alternatives and to heavily influence definitions of the national interests of Canada used by academics, policy practitioners and by society at large. This article will illustrate the influence of realist assumptions on policy and policy positions through an examination of the government Green Paper, *Competitiveness and Security* and actual government policy, and the recent report of the Special Joint Committee on Canada's International Relations, *Independence and Internationalism*. The Green Paper and the Committee Report are key documents as they reflect the current views of the

government and the Parliament, as well as interest groups and the public on Canada's international relations and foreign policy. In addition, the article will substantiate the charge that mass media to a large extent shape Canadians' perception of international society.

## Realism, neo-realism and Canada's foreign policy

One of the major statements on foreign policy released by the Mulroney government was its Green Paper *Competitiveness and Security*. The title itself is indicative of its essentially realpolitik analysis of the international system. The paper deals extensively with Canada's capabilities, both existing and potential, to exercise influence and to protect its security in an international system torn by disorder and conflict. The document emphasizes the constraints that limit opportunities for Canada, given its relatively weak and declining power position. Its authors argue that for Canada to exercise influence over international affairs it must remedy its declining power position by enhancing its military and economic capabilities. It posits that the Soviet Union, which bears full responsibility for the demise of détente and whose military power is increasing steadily, is the principal threat to Canada's physical security and societal values. This assessment is used to justify continued participation in the alliance systems of NATO and NORAD.

In a policy paper littered with questions, there is none which asks the reader to challenge this realpolitik view of threats to Canadian security and the policies that are necessary to deal with this situation. The Green Paper also calls into question the viability of various multilateral organizations, such as the UN and its affiliate agency UNESCO, based, in part, on negative assessments of these organizations from Canada's principal alliance partners, the United States and Great Britain. For the most part, there is little in the paper that challenges realist premises and few indications of alternative perspectives on the nature of international politics. (A hint of a different view is the paper's statement on the conflict in Central America which is portrayed as resulting from indigenous socio-economic conditions rather than East-West competition.)

## Alternative currents

Moving beyond the assumptions of the Green Paper, however, there does exist evidence of alternative currents in the conduct of contemporary Canadian foreign policy. Indeed, the Mulroney government highlighted the alternative vision of enlightened internationalism in its throu

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*The authors are Canadian political scientists: Axel Dorscht at St. Francis Xavier University in Antigonish, Nova Scotia; Tom Keating at the University of Alberta in Edmonton; Gregg Legare and Jean-François Rioux at Carleton University in Ottawa. They are the organizers of a conference to carry on this discussion among academics, policy makers and other Canadians. It is entitled the "Study and Practice of International Affairs in Canada" and will take place at Carleton University from October 9-11. A follow-up article on this subject will appear in *International Perspectives* after that conference.*

speech of November 1984. Setting aside the emphasis in the speech on closer cooperation with the United States, the speech's section on foreign policy stands in marked contrast to the pessimistic realism of the Green Paper. It advocates instead a renewed commitment on the part of the Canadian government to forging an international order based on multilateralism. In practice, as well, the Mulroney government has often taken steps which seem to contradict a realist's inclination to stress state sovereignty, the relevance of force and the chimera of international cooperation. One aspect of recent Canadian foreign policy that questions realist assumptions has been the government's commitment to revitalizing multilateral organizations such as the UN and the Commonwealth. The appointment of Stephen Lewis as Canada's ambassador to the UN and his articulate and vocal criticism of the attitudes of Americans inside and outside the Reagan Administration who have attacked the organization suggest a willingness, on the part of the government, to differentiate its policy from that of the US in support of the UN. Similarly the government's reluctance to withdraw from UNESCO suggests a foreign policy at variance with two of Canada's principal allies. The government has also been willing to challenge the Thatcher government's policy on sanctions towards South Africa. These policies reflect a commitment to multilateralism that has been both longstanding and appears as an alternative to a purely realist assessment of world politics.

These policies can, of course, be contrasted with others by the Mulroney government which lend support to the argument that it has been guided by the tenets of realism. Its symbolic, if tangibly marginal, increase in the size of Canadian forces in Europe reflects a continuing concern with the Soviet military threat and the utility of both alliance membership and increased defence spending to deal with that threat. Also indicative in this area is its decision to renew the NORAD agreement without qualification, which signaled an acceptance of the American evaluation of the utility of that arrangement to deal with a potential Soviet threat as well as the government's unwillingness to use renewal as an instrument to press the Americans to limit their development of anti-ballistic missile systems.

### And some ambivalence

In other areas the tension between these contrasting views of the international system seems to have generated a certain ambivalence or noncommittal posture on the part of the government. Thus, for example, one finds some confusion over the government's attitude towards the recent bombing of Libyan installations by US aircraft. The government's position, although not completely clear, appeared to suggest that while it was sympathetic to US concerns it could not condone the use of direct force. A similar approach has guided much of the government's policy towards the ongoing conflict between the United States and Nicaragua. Given the stated willingness of the Prime Minister to give the US government the "benefit of the doubt," and his government's expressed desire to pursue closer relations with the US, it is somewhat surprising that it has not been more forthcoming in supporting US foreign policy in these areas.

What does this mix of policy suggest about the basic orientation of Canadian foreign policy under the Mulroney government? Not unlike previous governments, the current one appears torn between two opposing views of the international system and of Canada's approach to it. From one vantage point one can see a basic acceptance of a realpolitik view of the world. This perspective helps to defend the need for alliance solidarity, accepts the Soviet threat as both real and increasing, supports the reassertion of US hegemony and looks to the United States to guarantee Canadian security. A different government view places a higher priority on fostering international cooperation through multilateral associations, searches for non-military solutions to international conflicts and seeks to remedy the underlying socio-economic sources of discontent. These are quite clearly contradictory options; they seem to reflect the problems inherent for a middle power when it has an interest in being a meddling power in a world dominated by superpowers.

Perhaps it is possible to argue that both options are in essence different manifestations of realism. Idealism, to the extent that one can identify it in the practice of Canadian foreign policy, has merely resulted from applying realist precepts to Canada's limited capabilities. Alternatively, one can interpret much of this idealism as a neo-realist view. Multilateral cooperation and internationalism tends to be justified by its contribution to enhancing Canadian influence and power. Those regimes where Canada stands to gain the most are those most forcefully recommended (i.e., GATT), a highly instrumentalist view of international organizations more consistent with neo-realism than classic idealism.

### Parliament and foreign policy

The Special Joint Committee Report on Canada's International Relations, *Independence and Internationalism* (June 1986), reveals the extent to which neo-realist assumptions are held by parliamentarians, interest groups and academics in Canada. A review of the policy recommendations shows the paradigmatic bias underlying the Report. The realist assumptions of the major participants in the Committee hearings indeed foreclose any serious debate on alternatives to the status quo orientation of Canadian foreign policy.

In the Report the Committee argues Canada can only be influential internationally if its policy objectives are within its competence. Canada in consequence should not engage in activities for which it is not prepared, or in which it has no chance of influencing the course of events. This is a realist prescription for prudence and caution in the pursuit of foreign policy objectives, or to put it another way, "don't play if you're not sure of winning." Many Canadians, however, reject this position and maintain that the country should take all initiatives inspired by moral considerations and democratic values, notwithstanding the consequences internationally. What is considered legitimate in domestic politics — expressions of opposition in the face of injustice — the Committee implies is inappropriate at the international level. The Committee, consistent with the premises of the realist position, differentiates between domestic and international politics as two distinct spheres of policy action.

## Wrong worldview

Alternative views of foreign policy are not considered. Instead the Report reaffirms with a remarkable frequency the need for self-restraint for the sake of reputation (thirteen times in the 157 pages, including Recommendations and Conclusion). In other words, unilateral initiatives such as the Trudeau peace plan do not appeal to the political elite because they might undermine Canada's credibility.

### Best bet: support USA

The Committee further asserts that Canada's international reputation is based on its influence with the United States (Chapter IX) — a highly debatable proposition. In consequence, the Committee argues that Canada should restrict itself to foreign affairs in which it can influence or support the United States. This seems a clear plea for general passivity and prudence, which precludes any action that would openly contradict the Western superpower. The Report provides a good deal of evidence of its reluctance to oppose the United States in international affairs. The Committee deplores the disaggregation of international institutions, but fails to mention the United States and its unilateral withdrawal from UNESCO and its changing position on the United Nations. The Report recognizes Soviet arms control proposals and favors negotiations with the Kremlin, but adopts the ambivalent position of the United States and NATO. The Committee agrees with Washington's opposition to foreign military intervention in Central America and condemns all such actions, but its recommendation does not specifically condemn US undercover activities in Nicaragua through the "Contras."

The Committee equates Canadian security with the maintenance of international peace and stability, and defines the latter as demanding "defence forces that deter but do not provoke an adversary" (Chapter V). Deterrence is the preferred way to maintain peace. The Report implies that the problem of international peace is primarily a military one. To legitimize its position, the Committee comforts itself with the observation that most Canadians favor continued participation in NATO and that "most accept the basic proposition that in a nuclear world, international stability and peace are best preserved by deterrence" (Chapter III). The Committee's opinion, however, is not shared by a large number of people and organizations, and pacifist, internationalist or ecological arguments are not represented in the Report. Policy options such as non-alignment and "Finlandization" are considered mainly in the negative, in only a few sentences.

### On economics, geopolitics

On international economic issues, the Committee insists on the notion of "international order" — not to be confused with the "New International Economic Order." This concept encompasses two features which are seen as essential to Canadian national interests: efficient international organizations, and trade liberalization (Chapter IV & VI). Canada, the Committee recommends, should work for the restoration of the international trading and financial regimes that have made possible the growth of Western economies since the Second World War. The Report, however, nowhere mentions the role of these regimes in the perpetuation of underdevelopment and dependence. On the question of international organizations, the Committee

recommends that they be made more efficient, but fails to ask whether they are designed to improve social and economic equality throughout the world.

Geopolitical considerations typical of realism find their way into the Report often at the expense of humanitarian or internationalist objectives. In Chapter X the Committee mentions the possibility of improving the defence of the Arctic by buying new submarines, and better training of Inuit Rangers. Yet earlier in the Report it had suggested improving cooperation with the USSR on Arctic problems, and favored contacts among all Inuit communities, including those in the Soviet Union. The Committee also recommends the opening of a consulate in Greenland to monitor the Arctic situation, despite its recommendation not to open an embassy in Managua. It recommends, for financial reasons, rationalizing External Affairs operations in Africa. The Committee suggests that Canada trim its international activities in favor of more continental, geopolitical involvement.

The Report of the Special Joint Committee, just as does the Green Paper, reveals the wide diffusion of neo-realist assumptions of international affairs among the members of the bureaucracy, political parties, interest groups and the public, despite the differences in interests and political partisanship.

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Canada's direct role in the area. Similarly, the prominence of arms control and disarmament issues among the Canadian public is indicative of US media influence and the positions taken here closely mirror the contending factions in the United States. The argument is not that such issues are irrelevant or that Canadians should not have strongly held views on them, but that one should question the role of the American media in raising these issues to such high prominence, and to ask where they fit Canada's foreign policy agenda.

**News gathering costly, so. . . .**

This influence, however, is not merely external but has become largely internalized in Canada. The cost of maintaining on-site news gathering capacity around the globe is enormous and possible only for large news organizations such as AFP, AP, UPI, Reuter, *Time*, *Newsweek* and the big TV networks. They are overwhelmingly American and package the "news" from a US perspective. A cursory glance at the Canadian media reveals the amount of news originating from these non-Canadian sources.

News commentary is heavily influenced by US columnists and academic experts, an arena where academia, government and media combine to reinforce the dominant worldview. Many Canadian newspaper chains also regularly carry US syndicated columnists writing on international politics from an American point of view, such as Tom Wicker, George Will, Haynes Johnson and Hedrick Smith. Even public broadcasting in Canada is not immune, as seen in the great frequency with which the CBC's *Journal* taps the academic expertise of the Georgetown Center for Strategic Studies or Johns Hopkins University for commentary on international events. The point is not that we should not be exposed to or interested in US views, but that they should serve as counterpoint to Canadian views and perspectives rather than substitutes by default.

Journalists, of course, operate within a professional code of conduct which stresses objectivity and neutrality. This code, however, does not serve as a basis to evaluate and comment on how journalists view the world. Instead, it takes a worldview as given and concentrates on the reporting of "facts" and opinions. In the case of international politics this gives a premium to spokespersons of major governments rather than minor ones, to governments over citizens and to those who have a legitimized access to foreign policy processes rather than those whose legitimacy is either denied or has yet to be established.

It may be idle to expect journalists and reporters whose primary job is to report specifics to occupy themselves with their worldview and the assumptions it makes about the nature of international politics. But for those concerned with how Canadians view the world this is a major issue worthy of far more research.

**Let's talk**

What are we to conclude from all this? Canada's view of the world and its position in the international system is largely defined and constantly reinforced by a dominant, superpower-oriented worldview. Foreign policy operates within a worldview which presents a picture of international society and politics whose appropriateness may be

questionable for a country like Canada. That the worldview is often held unconsciously as "common sense," or the only practical way to look at things, ensures that it is rarely, itself, the subject of debate or evaluation, but rather sets the frame of reference within which international politics is discussed.

While the reappraisal of current issues of the Green Paper and the Special Joint Committee is a necessary exercise, it is, however, not sufficient. A debate on the direction of Canadian international affairs must begin with evaluation, rather than acceptance, of the fundamental principles underlying the country's foreign policy. While these issues have not been settled, there are now signs that such a debate is beginning to occur. This is evidenced by the positions of various groups in Canadian society on such issues as free trade with the United States, participation in SDI, acid rain and cross-border pollution, and more specific issues such as Canadian sanctions against South Africa and US policy in Central America.

In international relations theory too, alternative conceptualizations of international society are beginning to gather strength and are generating a major debate. What is necessary now is that these separate debates occur together and cross-fertilize each other. The fundamental principles governing Canadian foreign affairs, in other words, need to be studied and debated more seriously by academics, policy makers and Canadian at large. □

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# Canada, US, Vietnam and Central America

by Michael Treleaven

Canada and the United States continue to diverge over Central America in their assessments of the issues and in their prescriptions for reducing tensions and fighting there. Canada has supported the Contadora proposals for negotiations and has said that outside powers should discontinue their military involvements. The United States has created new, large military bases in Honduras, trained and funded the Contras, given military aid and training to El Salvador's military and deployed powerful naval forces off the Pacific and Caribbean coasts of Nicaragua. The US government has rejected the authority of the World Court over its past mining of Nicaraguan harbors and support of the Contras and has, until recently, opposed the Contadora process. Even the recent switch in US attitudes toward Contadora proposals has come only after those proposals were shifted significantly to match Reagan Administration pre-conditions for negotiations, pre-conditions predictably rejected by Nicaragua.

Supporters and opponents of US intervention in Central America continue to invoke the memory of the Vietnam War in various ways. The past is sometimes a difficult and obscure teacher. Its lessons often need to be relearned and certainly always need to be critically reexamined. Nevertheless, Canada's nineteen years of participation in the Vietnam, Cambodia and Laos International Commissions for Control and Supervision, and its support of US policies toward Indochina for most of the 1954-1973 period do suggest important lessons and cautions for Canadian foreign policy in Central America and other Third World crisis areas. This is especially important with respect to Canadian government understanding or lack of understanding of the United States. For if unfamiliarity with Southeast Asia hampered Canadian efforts to analyze the political and military affairs of that region, it also seems that inadequacies of Canada's knowledge of US policies and Canada's unwillingness or inability to reexamine that knowledge comprehensively, also diminished the effectiveness of Canadian policies and diplomacy. With Vietnam, Cambodia and Laos Canada was unfamiliar. With the United States Canada was perhaps too well acquainted and perhaps too confident of having understood the US when in fact it had only uncritically accepted official explanations of US views and actions.

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## **An innocent in Indochina**

Canada's involvement in the affairs of Indochina began formally with its agreement to join the three International Commissions set up by the spring 1954 Geneva conference of the Soviet Union, the People's Republic of China, the United States, the United Kingdom and France. France had lost its colonial war in Vietnam to the Vietminh and needed a way out short of outright humiliation. In the beginning the Commission countries — Canada, India and Poland — worked to separate belligerent forces and to supervise the movement of refugees, mostly Catholics, from the Vietminh north of Vietnam to the Diem regime's southern area of control. Elections to bring in a unified national government were to take place by 1956, at which time the Canadian role was expected to come to an end. The French would be allowed to leave in relative dignity and the world would avoid a renewal of the risks of another East-West conflict like the recently concluded Korean War.

However, much more warfare at much greater levels of destruction followed in the years after 1954. Going into Indochina with virtually no experience of the region, Canada's judgments of the situations there were initially shaped (historians as diverse as James Eayrs, John Holmes, Douglas Ross and Ramesh Thakur report) by Atlantic alliance concerns for French prestige, and by the desire to contain communism and to play a part in supporting Western policies. What information Canada's policy makers had on Indochina came from French, British and, increasingly, US sources. In the years of serving on the three Commissions Canada's Defence and External Affairs personnel gained some greater, immediate experience of and insight into Vietnamese, Cambodian and Laotian realities. But as the conflict in Vietnam intensified the Commissions became forums for the partisan advocacy of the communist and US perspectives by Poland and Canada respectively. The Commissions had not been intended to serve as independent analysts and never developed into such. Nor did Canada's governments during the 19-year period ever develop capacities to understand Vietnamese history, sentiments, factions and desires.

## **Wisdom of Uncle Sam**

It is, however, a perhaps more curious thing to realize how weak was the Canadian understanding of US goals and policies toward Indochina and of capabilities for gaining those goals. Until very late in the Vietnam War it seems

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that Canada never doubted that the Americans would eventually prevail, or that the costs, though high, were nonetheless worth paying. Until late in the War it does not seem that Canadian leaders became critical of US attitudes toward negotiations with the Democratic Republic of Vietnam and with the Vietminh/Viet Cong in the South. Canadian leaders accepted as proper and relevant the standard American preconditions for negotiations, which included a refusal to deal with the Viet Cong except as agents of the Hanoi government, even though these preconditions eliminated possibilities for peace talks, as they were meant to do. US bombing programs were accepted as results of the failure of Hanoi to want negotiated settlements. In fact, the Johnson Administration came to see bombing as key to military victory and so as prior to any substantive negotiations. American nation-building attempts in the South were accepted as viable though they only managed to corrupt and distort the Saigon government and the South's economy.

Ottawa's insights into Washington decision-making also appear to have been few. When Canada went into the Commissions in 1954 its membership was grudgingly accepted by the Eisenhower Administration. Canada's participation was at least not as bad as having some other

country take the Western role. Shortly the US found ways to use Canadian diplomacy and Commission service to advance its nation-building ambitions for South Vietnam. There does not seem to have been any Canadian examination of the American attitude toward the Commissions and their uses for US policies. Through the Eisenhower and Kennedy Administrations US thinking about Vietnam continued to focus on nation-building and on what were regarded as the necessary corollaries of military development and counterinsurgency operations. Canada watched without much worry or disbelief as the South Vietnamese leaders failed to gain any popular base for their rule. That South Vietnamese leaders who wanted to bring in Buddhist and neutralist support were forced out by the US seemed to have posed no fundamental questions in External Affairs.

The US cause came to rely on a quarrelsome, politically isolated South Vietnamese military. Canada accepted these policies without seriously examining its ally's particular efforts relative to Vietnam, or its forces' capabilities to train a Vietnamese army or to fight in the Vietnamese environment. Washington's explanations of the Domino Theory and thus of the importance of a non-communist South Vietnam for the West were largely accepted by Ottawa. In brief, American thinking about Vietnam and the rest of Indochina was accepted by Canadian leaders as their own. Ottawa was never intent on questioning these received truths and never acquired for itself the institutional and bureaucratic means to give whatever reservations it may have had about American views, capabilities and actions a chance to be effectively expressed.



Nicaragua: two views

SIMON ALVES



## An easy lesson from history

### Five areas to watch

In what areas does the Vietnam War case suggest Canada's foreign policy makers should critique US policies? I identify five sectors about which the government (External Affairs, the Defence ministry and Cabinet) need knowledgeable analysis in relation to the US and Central America.

1. Canada must study US military dispositions, training, warfighting theories, equipment; and vulnerabilities in all these areas. So long as American intervention in Vietnam in the past or in Central America today relies on military successes, evaluations of US military capabilities must take an important place in Canadian understanding of what its foreign policy environment is and may become.

2. US economic policies and capabilities also need to be reviewed by Ottawa. The Vietnam War, especially during the Lyndon B. Johnson presidency, was lavishly supported by the US government. Not only was the war effort given very great sums to spend, but so too was the effort to create and keep floating a South Vietnam economy and war effort. In part because of the form its economic intervention took, and in part because of the enormity of the intervention in a small economy, South Vietnam's social and political life was critically disrupted. The US economic program undermined its own warfighting and political goals. Further, the Americans found that they could not afford both "guns and butter" as Mr. Johnson had said they could. Inflation and global distortions of the Western economies were encouraged by this US miscalculation. So far the war against Nicaragua has not involved anything like the expenditures of American wealth seen at the height of the intervention in Vietnam. The US is, however, waging an economic war against Nicaragua and in so doing it exerts damaging economic pressures against Mexico and each Central American state, in order to discourage views and policies not in line with its own estimate of the Nicaraguan regime.

### Seeing for ourselves

3. Political realities both within the United States and in the country or countries in which the US is intervening need to receive careful Canadian examination. Canadian analyses, the Vietnam experience shows, need to second-guess American understandings. In Vietnam, where the US saw only communists and anti-communists, with neutrals being regarded as only naive trailblazers for communists, others, such as the Indians and at times the French, were able to see and appreciate various factions and forms of Vietnamese nationalism. Wanting a military settlement and believing that it could enforce one, the US had little motivation to investigate the real political world of Vietnam. Being a member of an international body intended to promote talks and peaceful settlements, Canada had at least a formal reason to know and work with Vietnam's real political fabric, North and South. But Canada did not attempt to acquire its own intelligence about the real world of Vietnamese politics and was therefore without anything to offer toward correcting the too influential anti-communist biases distorting US views of the conflict.

On the American side of the Vietnam War Canada also needed a deeper and more immediate understanding of Administration thinking and disputes than it perhaps

ever had. The uses to which Canadian diplomats assigned to the Commissions were put at the request of the US government — notably the Blair Seaborn missions to Hanoi shortly before the Johnson Administration extended its B-52 bombing program to North Vietnam in 1964 — did not provoke, even in the event of regular and devastating bombing campaigns, a thorough review of the US combination of demands for negotiation to begin and of military attempts to deny victory to the North and the South's National Liberation Front.

Dean Rusk's State Department demanded preconditions for negotiations largely designed to gain a communist surrender. The Pentagon offered various and intensifying attempts to win the war and the President's advisers, with very few exceptions, advocated an autonomous, US-built South Vietnam secured by military means and designed to stay within the American sphere of influence. Assuming the continued willingness of the North and the NLF to fight, the US attitude toward a settlement of the Vietnam War invited a prolonged and wider war with greater and greater American participation, casualties and risks of failure. The political reality of the Vietnam War on the US side was, until very late in the day, the decided preference for a military victory. There is not much evidence that the Canadian government recognized this and the consequent futility of diplomatic efforts in a situation where the military option was the sum and substance of US policy.

### Still relying on might

Today the Reagan Administration's rejections and, more recently, subversions of the Contadora process and its growing commitment to the Contras and other military efforts against Nicaragua, along with its increasing ability to gain Congressional acceptance of its policies, suggest that the United States has again spurned negotiations in favor of military victories. As in the Vietnam War, this US choice reflects American beliefs in its own military capabilities and its domestically generated worldview, at least as much as it reflects the realities of Central America. The Eisenhower, Kennedy, Johnson and Nixon Administrations were all worried over the domestic consequences of losing South Vietnam to communism. Mr. Reagan's Administration worries over "another Cuba" and the domestic reactions to such an outcome in Central America. In developing its own response to the issues of Central America Canada needs to be aware of the sources in US domestic politics — bureaucratically, ideologically and in partisan competitions — of US claims and perceptions. Analysis offered to Canada by the US government is only in part a product of Central American realities. It is also, and inevitably, the product of US politics.

### US news sources

4. Canadians must be especially careful not to accept uncritically the US news media's reading of US policies. What the history of American participation in the Vietnam War indicates, is that — as Noam Chomsky argues in his 1986 book, *Turning the Tide: The U.S. and Latin America* — the US news media more often than not rely on official Washington interpretations and representations of conflicts and governments in Third World societies. Any Canadian

review of Canada's interests in the US-Nicaragua, or the US-Vietnam conflict, and any investigation into the realities of American decision making and of a third country's circumstances, must take into account the largely uncritical quality of American news reporting and the consequences this has for American and, too, Canadian public and government understandings.

5. More difficult to define and direct, but also necessary in the light of both the Vietnam War and today's war in Central America, is the need to critique American culture relative to the countries it is trying to control and shape. Nation-building, as a phrase used to describe US ambitions, may be out of fashion as a result of the US defeat in Vietnam. It is not, however, out of practice, as the Reagan Administration's programs for El Salvador and its attempts to make the Contras a respectable alternative to Nicaragua's government indicate. US intervention into Central American societies is at this stage still considerably less advanced than American intervention into Indochina became. Because Canadians are indeed much like Americans, it is all the more necessary for Canada's policy makers to assess US cultural and social strengths and weaknesses as the US makes progressively more complete attempts to re-shape Salvadoran, Nicaraguan, Honduran and Costa Rican societies — or still other Third World nations in years to come. Inevitably such Canadian examinations of US programs must call into question Canada's own thinking and programs.

### Keeping clear-eyed

But the principal aim needs to be the acquisition of a critical understanding of US efforts, of their actual impacts on the society they are directed toward and on their future prospects. In Vietnam US nation-building led to the creation of a new, consumerist middle class very nearly completely dependent on US aid and the subsidization of the South's economy, while the war-oriented "strategic hamlets" program and "free-fire zones" produced rural disintegration and large, impoverished refugee populations in the cities. American thinking about nation-building was perhaps blind, negligent or merely window-dressing all along. In any case, no nation could have been built with such a combination of actions.

Canadian attention to American thinking and actions, to the capabilities of the US government, is necessary, the record of the Vietnam War indicates, in order to make it clear to Canadian policy makers and public opinion shapers in more radical and comprehensive ways, that the United States is foreign and different. As similar and familiar with the Americans as we are, we run the risk of being convinced the world is as the US government and society believe it is. We run the risk of finding our similarities and familiarities with the Americans channelling our thinking and keeping us from asking the questions we must ask if we are to have a foreign policy contributing to peace, stability and Canada's interests in a reconciled world order. □

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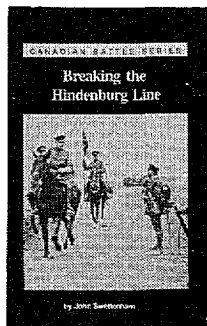
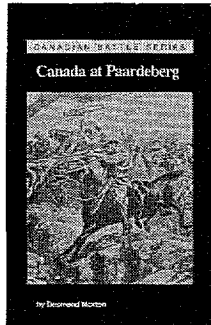
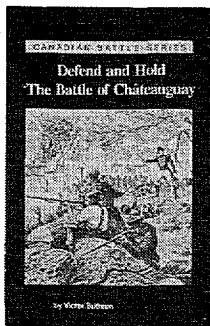
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# Inescapable SDI

by David Mueller

The US Strategic Defence Initiative (SDI), with all the changes in nuclear doctrine that it implies, will have a significant effect on US-Allied relations. No ally will be more affected than Canada. Only Canada is currently involved in an active strategic defence organization with the United States — NORAD — and only Canada is as closely associated with the United States in the sharing of defence development and production. Thus the Canadian debate over involvement in the SDI takes on a far more real and immediate urgency than the European one. The decision of the Canadian government, announced on September 7, 1985, to decline a US invitation for direct government-to-government involvement in current SDI research, has by no means closed off all the channels of official Canadian involvement. Although a possible link to the SDI through NORAD appears to have received the most attention, it is through cooperation with the United States in defence research, development and production that the greatest immediate potential for Canada-SDI links exists.

In the discussion that follows it will be important to distinguish between ballistic missile defence (BMD) and air defence. The latter deals only with the defence against bombers and cruise missiles, while the former is concerned with defence against ICBMs and SLBMs. Each type of defence can also be subdivided into passive and active defence, passive being purely surveillance, while active defence entails the interception and destruction of the threat. Finally, all four types of defence can be land-based or space-based.

## NORAD, SDA 2000 and the SDI

As NORAD is an existing strategic defence organization involving close Canada-US cooperation, it is not surprising that much attention has centered around it as the future source of direct governmental involvement in the SDI. The most often cited specific issues are reorganizations in US space commands and Canadian involvement in a US program called Strategic Defence Architecture 2000 (SDA 2000).

Reorganizations in the US military space bureaucracy has become a volatile issue because one man, General Robert T. Herres, is Commander-in-Chief of not only NORAD, but also of the new unified space command (USSPACECOM) and the United States Air Force Space

Command (USAFSPACECOM). USSPACECOM is responsible for all American military space assets which are operational. USAFSPACECOM is subordinate to USSPACECOM and is responsible for those space assets under the control of the United States Air Force. As such, neither organization has anything to do with the SDI which is an entirely experimental program. Still, some Canadians fear that putting these two commands under the control of the same man who heads NORAD will draw Canada into US space adventures, including the SDI. This is just not the case. Actually, the creation of USSPACECOM has the effect of taking space related activities out of NORAD's control so Canadian involvement in US space matters through the NORAD link will decrease. As stated recently by Major-General L. Ashley of Canada, far from pulling Canada into the perceived or real follies of a US military space program, the recent reorganization may "eventually make it difficult to participate in ventures that should be of interest [to Canada such as] space-based radar surveillance of the atmosphere."

In the frantic debate over Canada and the SDI, a major point is often forgotten and that is that there is little indication that the United States desires or needs Canadian participation in a deployed ballistic missile defence (BMD) system. There is no reason why our territory would be any better suited for the location of defences against missiles than that of the United States, and financially, we have very little to offer. In the event that a substantial missile defence is deployed, however, the significance of air defence would increase because, as several US military officials have pointed out, it would make little sense "to build a house with a roof but no walls." At this point, in the interest of clarity, it is important to differentiate between ballistic missile defence and air defences, which are those against bombers and cruise missiles, also known as "air-breathing threats." The SDI deals exclusively with BMD. It is the area of air defence where the United States would have a real interest in direct Canadian involvement. If Soviet bombers were to be intercepted before they launched cruise missiles, such interception would have to take place as far away as possible. This would entail the forward basing of interceptor aircraft on Canadian territory. We are needed for any future air defence system but we need not worry about being deceived or dragged into participation in active BMD by the United States.

## NORAD involvement

Returning to NORAD, although it is a strategic defence organization, until now it has only dealt with active defence, i.e., interception, against bombers. It should be noted that NORAD has never had a BMD capacity dealing

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only with passive defence, i.e., surveillance, against missiles. If a BMD capacity were given NORAD in the future, this would require a complete change in the agreement, something which cannot occur without Canadian approval. The question is, will Canada eventually have to decide on involvement in active missile defences in the event of a proposal for NORAD's assuming control of such activities?

At this point some reasonable speculation may help to put the possibilities in perspective. Even if NORAD did not assume control of active missile defences, once such defences existed its missile surveillance role would indirectly involve Canada in BMD. Thus, if we wanted to dissociate ourselves completely from BMD while still remaining in NORAD, that organization would have to give up missile surveillance functions to the body that controlled active missile defence. This, however, would most likely be the case anyhow because the organization which is responsible for shooting down the missiles would probably also want to detect and monitor them. Therefore, only if the United States were intent on combining both BMD and air defences under one command — and this makes financial sense in the long run — would Canada be faced with a real dilemma.

Since BMD deployment under an implemented SDI program remains many years in the future, Canada does not have to make any immediate decisions concerning involvement in NORAD. It is misdirected, therefore, for those opposed to Canadian involvement in SDI to focus their attention on NORAD, since it is an operational command having nothing to do with experimentation. There was no reason for Canada not to have renewed the NORAD agreement in March 1986, and it is quite possible that no major changes to the agreement will be required at the time of the next renewal five years hence, because the SDI may still be a program of research, testing, and partial development. However, since the SDI could well have a profound impact upon the existing strategic defence arrangements in North America it would be prudent for the Canadian government to conceptually keep up with SDI related developments or it will not have the capacity to make an informed decision when the time comes. It is already doing this through NORAD and its involvement in SDA 2000.

SDA 2000 was initiated before the commencement of the SDI. Phase I of the study looked into future requirements for the air defence of North America up until the year 2000 and was completed, with Canadian participation, in April 1985. Canada has been asked to participate in Phase II of SDA 2000 which will look into the future requirements for BMD but thus far this offer has elicited only a pensive silence from Ottawa. Although SDA 2000 is purely a speculative exercise and can thereby be differentiated from the SDI — a program of actual research — the Canadian government is likely concerned about the conflict between having a policy of no direct governmental involvement in the SDI while at the same time engaging in activities which are closely related to it.

### Teal Ruby program

The September 1985 policy statement did not close the door to future Canadian private involvement directly in SDI research and it did not bar corporations receiving government subsidies or corporations partially owned by

the government from participating in such research. Only direct governmental involvement was prohibited. A final caution which seemed to be implicit was that direct governmental involvement in projects that predated the SDI based on the already existing network of bilateral cooperation in defence technologies and production, was still allowed. This notwithstanding, if such a project were to be co-opted into the SDI, a clear transgression of the government's policy would occur. In fact, Teal Ruby, a US program under the control of the Defence Advanced Research Projects Agency (DARPA), is just such a project and Canadian involvement in it has brought us very close to, if not into, direct governmental involvement in the SDI.

Teal Ruby, the name of a satellite designed to detect bombers and cruise missiles from space using a heat seeking sensor, was to be tested on the cancelled July 1986 space shuttle launch. Although Teal Ruby comes under DARPA's control and not that of the Strategic Defence Initiative Organization (SDIO, which oversees the SDI), according to *The Globe* of Boston, "The project has been described as a crucial element of the SDI program." Canada's involvement in Teal Ruby has recently been outlined by Derek Schofield, a research analyst with the Department of National Defence, in open testimony before the Canadian Senate Special Committee on National Defence dealing specifically with Canada's air defence. Canada is currently providing a defence scientist who is working at the Teal Ruby project office in California, and is conducting studies on high Arctic cloud cover, important because the infrared rays used by the satellite cannot penetrate clouds. In addition, Canada will provide targets for the satellite to detect and will share in the construction of a data processing station to analyze the results of the experiment.

It is quite possible that jurisdiction over Teal Ruby may pass from DARPA to the SDIO as a result of the Gramm-Rudman deficit-cutting legislation, in which case Canada would undeniably be involved in direct governmental participation in the SDI. The Reagan Administration has shielded the SDIO from cuts and may attempt to save other programs from reductions by putting them under the administration of the SDIO. Given the obvious relevance of Teal Ruby to the SDI, the project seems a prime candidate for such a bureaucratic shuffle. Notwithstanding the budgetary motivation for such a reorganization, the line between ballistic missile defences and those against air-breathing threats may become blurred, especially in the area of space-based surveillance and warning. The US government may in any case soon find it logical to combine programs dealing with space-based air surveillance and warning with those pertaining to missile surveillance. As it stands, Teal Ruby is closely linked to the SDI because the SDIO plans to study the results of the program for possible SDI applications. Finally it must be mentioned that any reorganization which puts Teal Ruby under the SDIO's jurisdiction could readily take place without being noticed. As it stands now, BMD research projects are, according to the director of the SDIO, James A. Abrahamson, only "funded, coordinated, and blue printed" by that organization. "Execution remains with the [individual] services and agencies." Thus, if a reorganization were to occur, all that would change would be a budgetary entry.

## Seduced by Star Wars

### Insidious Star Wars

The existing structure of Teal Ruby probably keeps Canada clear of direct governmental involvement in the SDI but only by the smallest of margins. If the SDIO single-handedly funded the project, then direct government-to-government involvement would be the case. SDIO is not doing this but is contributing to the funding by buying time on the satellite, like other parties including Canada, so that it can analyze the results of the experiment. In this respect, Canada and the SDIO are collaborating on Teal Ruby. This is not quite direct government involvement in the SDI since we are involved in Teal Ruby only in so far as it pertains to bomber and cruise missile detection, while the SDIO will be interested in Teal Ruby for relevance to ballistic missile detection. It is difficult, however, to conceive of coming any closer to direct governmental involvement without actually being involved. Thus, the line between Canada and the SDI is thin, almost indiscernible.

What must in any case be realized is that Canadian involvement in Teal Ruby has far less to do with a determined effort to become engaged clandestinely in the SDI than with concern at keeping apace of technological developments in space. Upcoming modernizations of NORAD include the replacement of the Distant Early Warning (DEW) Line with a more advanced North Warning System (NWS). But after all the modernizations have been completed the NWS will be the only component of NORAD that is located on Canadian territory. The hitch lies in the fact that the NWS is itself, according to Wesley Wark, a strategic analyst at the University of Calgary, "slated for rapid technological obsolescence," to be replaced by space-based satellites to monitor Soviet air-breathing threats. When this is complete, Canada will have an even smaller role in NORAD than the already small one it now has. This has led Wark to conclude that "in the absence of some additional and perhaps extensive commitments, Canada will soon cease to play any role in NORAD early-warning whatsoever, and the monitoring of Canadian 'air space' will pass entirely into the hands of the American intelligence community."

### Tricky position

When this happens, Canada will be in the same situation with air defence as we are now with BMD. Geographically we shall no longer be necessary and financially we shall be unimportant. The implications for Canadian sovereignty are significant. If we did not have our own satellites for surveillance, we would be wholly dependent on the US for information about activities within and around our borders — as well as an American interpretation of such information. This is why the February 1986 report on NORAD by the Standing Committee on External Affairs recommended that the solution would entail a Canadian military program in space. Such a program should, however, concentrate solely on passive air defence and possibly passive missile defence so long as it utilized the same technologies. But the view is that before any such undertaking could be mounted, Canada must be in touch with the latest space technology developments. This is the reason for Canadian involvement in Teal Ruby.

Few are aware of the possible link between Teal Ruby and the SDI. Because of the volatility of the SDI issue it is not at all surprising that the Canadian government has said

very little to encourage public curiosity in the Teal Ruby program. Still, near the end of the last session of the House of Commons, the government was forced to do some explaining when details of Teal Ruby appeared in both *The Halifax Herald* and *The Globe and Mail*. During questioning by William Rompkey of the Liberals and Derek Blackburn of the NDP, Associate Defence Minister Harvie Andre added a revision to the September 1985 policy announcement. According to Andre's interpretation, "no government-to-government involvement" did not necessarily mean that all federal institutions were banned from participation. Aside from the fact that this statement made little sense, it may mean that the door has now been thrown open for Canadian governmental participation. This new development has all but escaped public notice. One hopes that when Parliament reconvenes the government will be pressed to give a more thorough explanation of its current policy toward the SDI.

### Canadian dilemma

If Andre's revision of the government's policy announcement holds, then the Teal Ruby issue becomes irrelevant. The question will then no longer be whether Canada will be involved, on a government-to-government basis, in the SDI, but rather what the extent and character of such involvement will or should be in the coming years. What must not be overlooked by Canadians in opposition to the SDI, is that the NORAD link is perhaps the least likely one to involve Canada in BMD, and if at all, not in the near future. Because the SDI is, for the next five years at least, a research program, the close nature of Canada-US defence cooperation in research and development is the channel which has the greatest potential for involving the Canadian government directly in the SDI.

Although public concern seems to have subsided since the renewal of the NORAD agreement last March, as the concepts for BMD take on a more concrete shape in the United States, the issue will most likely re-emerge on the Canadian political agenda.

As concrete developments occur, the SDI and deployed BMD could well prove to be a very destabilizing departure in strategy. If the United States then still insisted on deployment, Canada should have no part of it. In the meantime, our technological link with the US should be maintained to further our interests in the field of surveillance. If in the future we find BMD repugnant, we should still try to preserve the technological link while keeping our distance from BMD. Only if this proves impossible must we find an alternative.

Right now we are gaining more from NORAD than we are putting into it. As long as this is the case, and as the importance of Canada in air surveillance decreases, there is a good chance that the choice of whether to stay in NORAD or not will be made for us by a unilateral decision of the United States. What Canadians must come to grips with is that, while they may reject Canadian involvement in US military adventures such as the SDI, they also fear any development which threatens their independence and sovereignty. A withdrawal or eviction from NORAD, coupled with a move from land-based radar to space-based surveillance, would constitute just such a threat. This is the dilemma that must be dealt with and it is one that is central to the Canada-SDI debate. □

# The events of June and July 1986

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# Bilateral Relations

## USA

### Lumber Disputes

#### Shakes and Shingles

Canadian opposition to US President Ronald Reagan's May 22 imposition of a five-year tariff on imports of Canadian cedar shakes and shingles remained strong during this two-month period. While Prime Minister Brian Mulroney had originally called the action "appallingly unjustified," and had threatened retaliatory action, by May 29 Canada had abandoned its efforts to obtain compensation from the US (see "International Canada" for April and May 1986). Following a meeting with US Secretary of State George Shultz May 30, External Affairs Minister Joe Clark stated that, having failed to secure either compensation or a removal of the tariff, Canada would consider "a range of economic responses" (*Globe and Mail*, May 31).

An "appropriate and measured" Canadian response was announced in the Commons June 2 by Finance Minister Michael Wilson. (That same day, Prime Minister Brian Mulroney had written President Ronald Reagan, accepting the President's apology for having failed to provide Canada with prior notice because of a "communications breakdown," and stating that the measures introduced by Canada had been selected as "roughly equivalent in impact to the tariff implemented on shingles and shakes" [*Globe and Mail*, June 6].) The retaliatory measures outlined by the Finance Minister included:

- the restoration of tariffs on certain books, periodicals and other publications, previously allowed entry duty-free (with an approximate duty revenue of \$36 million);
- the reimposition of duties on imports of computer parts and on imports of semi-conductors of types made in Canada (with an approximate duty revenue of \$41 million); and
- the raising of rates on a variety of "unbound" products in which trade was minimal.

Mr. Wilson, noting that the measures would take effect June 6 (the date of effect for the US tariff), stated that Canada's objective had been to "bring home to the United States the costs of protectionism, while avoiding measures which would only worsen our own situation." Recognizing that "a trade war would serve no useful purpose," the Minister rejected calls for Canada to suspend the freer

trade negotiations with the US over the shakes and shingles dispute. The incident, he said, only underlined the need to "persist" in efforts to enhance Canadian access to US markets. Outside the Commons, Mr. Wilson denied allegations that the retaliatory measures would provoke an "escalation" in the dispute, stating that they were "consistent as a counterpoint" to US actions (*Globe and Mail*, June 3). Neither did Mr. Wilson think that the US would "link" the issue to the possible launching of a US counter-vailing duty investigation into Canadian softwood lumber exports (see below — Softwood).

There was sharp reaction to the announcement in the Commons June 3, when NDP leader Ed Broadbent introduced a motion which spurred a lengthy debate on the shakes and shingles dispute, the related issue of softwood lumber exports and the freer trade negotiations in general. Mr. Broadbent moved that the House:

. . . condemn the failure of the Government to act in Canada's interests in the free trade discussions with the United States and, in particular, for its failure to obtain an agreement to suspend unilateral action by either country during the period of these discussions.

Responding, External Affairs Minister Joe Clark stressed that Canada would use "every instrument" to bring the US "back to the spirit" of the Quebec agreement. "Protectionism costs," Mr. Clark added, and the retaliatory measures taken by Canada would also "cost." Canada had decided on an economic response in light of "constraints in American politics . . . and law" which made it "extraordinarily unlikely" that President Reagan would "turn back" the US measures on shakes and shingles. However, Mr. Clark defended the government's record on "direct representations" to the US administration on the issue.

The reimposition of the book tariff drew the heaviest fire from both opposition members in the Commons and the private sector. On June 4, when Sheila Finestone (Lib., Mount Royal) noted the increased costs for "Canadian consumers, book publishers and retailers" involved in the retaliatory measures (particularly with regard to French books from countries other than the US), Finance Minister Michael Wilson stated that the government had "tried to identify those areas of our trade which were predominantly

with the United States." The Minister later rejected a request from Lynn McDonald (NDP, Broadview-Greenwood) that the government withdraw what many "considered a tax on reading," stating that the Canadian response had been "necessary" in order to prevent a recurrence of the US action. In the private sector, the Canadian book industry expressed concern over the possibility of US countermeasures against the Canadian publishing trade, including a revoking of an agreement allowing the Canadian manufacture of US books (*Globe and Mail*, June 4). Canadian Book Publishers' Council spokesperson J. Hushion stated that consumers faced price increases of 10 percent, retailers would lose market share and publishers' costs would increase due to higher duties. Reaction from Canada's computer industry was in a similar vein.

Reaction in the US was mixed. While the American Association of Publishers called the Canadian decision "a clear sanction against access by Canadians to ideas," a White House spokesman downplayed the issue, stating that it was "not the intent" of the US to move into a trade war (*The Citizen*, June 4). US politicians urged calm, with US Congressman Sam Gibbons (Democrat, Florida) recommending that both the US and Canada "negotiate a quick solution before tensions escalate." US Ambassador to Canada Thomas Niles denied that the US move had been a show of force linked to the ongoing freer trade negotiations. The implementation of US trade laws, Mr. Niles said, could not be stopped because of those negotiations (*Globe and Mail*, June 5).

When US Trade Representative Clayton Yeutter indicated to the US Senate Finance Committee on June 10 that US negotiators would raise the issue of repealing the tariffs on book imports at upcoming Canada-US freer trade discussions (*The Citizen*, June 11), Lloyd Axworthy (Lib., Winnipeg-Fort Garry) suggested in the Commons June 11 that this might lead to the inclusion of cultural industries in the talks — something previously, and repeatedly, rejected by the Canadian government. External Affairs Minister Joe Clark countered that should the US reveal a preparedness to "pull back its action on shakes and shingles, the government of Canada [would be] prepared to pull back its economic response which followed that action."

### Softwood Exports

Following indications in early June that US Commerce Secretary Malcolm Baldrige might accept a petition from the US lumber industry to reopen an investigation into Canadian softwood exports (a previous investigation had been decided in Canada's favor in 1983), a call was made in the Commons June 4 by Lloyd Axworthy (Lib., Winnipeg-Fort Garry) for the Prime Minister to "personally intercede" with the US President to "reject that petition" (see "International Canada" for April and May 1986). External Affairs Minister Joe Clark responded that Canada, through its Ambassador to the US Alan Gottlieb in discussions with Mr. Baldrige, had made a "strong" representation that another such investigation would be "a denial of the basic principle of natural justice." Without "material change" in either Canadian practice or US law since the earlier decision, a new investigation would, in effect, involve "double jeopardy."

Noting the ongoing consultations between the government, the provinces and the softwood lumber industry in making representations to the US, Mr. Clark added that Canada would follow "every action" thought to be effective in protecting the Canadian industry. However, Ambassador Gottlieb, following his lobbying effort at the US Commerce Department, concluded it would be "most unusual" for the Reagan administration to reject the US lumber industry's request for a new hearing, despite the fact that there had been "really no new significant facts which would justify their taking it up again" (*Globe and Mail*, *The Citizen*, June 5).

When on June 6 the US Commerce department announced its decision to allow the countervail petition to proceed to the US International Trade Commission (ITC), Prime Minister Brian Mulroney stated that the decision only emphasized the need to move ahead with freer trade discussions in order to stave off "absolutely rampant [US] protectionism." While "gratified" that the decision resulted from private sector complaints rather than an administration initiative, Mr. Mulroney stated that Canada was fully prepared to "demonstrably establish" that Canadian stumpage fees did not violate fair trade practice (*The Citizen*, June 7). External Affairs Minister Joe Clark told the Commons that Canada had expressed its "very deep regret." While the "process" had been started, Mr. Clark said, it would not conclude for some time, allowing Canada an opportunity to develop and present "a calm, strong case." However, Canada would be prepared to go to the GATT, the Minister added, should the US "choose to change unilaterally the definition of some of the questions" at issue — referring to the US insistence on defining Canadian stumpage fees as subsidies. No direct prime ministerial-presidential communication on the issue had been made, Mr. Clark told the Commons, since, because of its "quasi-judicial" nature, the case precluded presidential intervention.

On June 9 the External Affairs Minister told the Commons that Canada had received US assurances that the countervail issue would be decided by "due process," and "on its merits, not by politics." The "court-like atmosphere" could assist Canada's case, Mr. Clark added. As well, the Minister indicated his intention to meet with provincial, industry and union representatives in order to formulate the "strongest possible Canadian case." Mr. Clark denied published reports (*The Citizen*, June 9), quoting senior trade adviser to the US Senate Finance Committee Len Santos as stating that President Ronald Reagan had made a "clear deal" to act on the Canadian lumber export issue in return for committee approval of Canada-US freer trade negotiations. According to the Minister, following a request for clarification from Canada, the White House had responded that "Santos was wrong and [did] not speak for the United States administration."

Canada issued a statement June 17 at the GATT Council meeting in Geneva outlining concerns over a possible countervailing investigation. Then-International Trade Minister James Kelleher, noting that no "material changes" in Canadian practice and no "relevant changes" in US countervail law had been made since the 1983 case, called any re-examination an "unjustifiable harassment." Mr. Kelleher requested that GATT "review the facts . . . on

an urgent basis," since the case dealt with natural resource pricing policies — policies relating "both to matters of national sovereignty as well as of comparative advantage" (International Trade ministry communiqué, June 17).

On June 26 the ITC announced its decision allowing a preliminary determination of injury from Canadian softwood exports. Speaking in the Commons that day, then-International Trade Minister James Kelleher pointed out that the 1983 case also had begun with a preliminary finding of injury. Expressing his optimism, Mr. Kelleher stated that the federal and provincial governments, the lumber industry and the labor unions had "agreed unanimously" on fighting the case before the ITC. Having a "very good case," Canada "would fight it and we are going to win it." In a statement issued that day, Mr. Kelleher noted that the preliminary finding had "been expected," but would not result "in any action being taken at the border. . . . Access for Canadian softwood lumber remains unrestricted" (International Trade ministry communiqué, June 26). Should the US Commerce Department make an affirmative determination of subsidy, only then would "financial liability for Canadian companies" result.

### **Freer Trade Negotiations**

The continuing Canada-US freer trade negotiations entered this two-month period under the cloud of the lumber disputes with the US (see "International Canada" for April and May 1986 and above). On June 3, NDP Leader Ed Broadbent introduced a motion in the Commons condemning the government for "its failure to act in Canada's interests in the free trade discussions with the United States." Mr. Broadbent referred specifically to the lack of any agreement suspending unilateral tariff action. In the following debate, External Affairs Minister Joe Clark responded that US protectionism demanded that Canada continue negotiations in order to "repair a system that is weak, that does not work and that does not provide the guarantees to which Canadians have a right." The latest trade disputes, he added, did not represent a Canada-US trade war, but rather a trade war between protectionists and anti-protectionists within the US itself. During the negotiations "no magic solution" could shield Canada from US measures. However, recognizing that "the status quo did not work," individual issues would have to be "addressed on their merits under the existing rules and laws" until such time as Canada could negotiate "a better framework."

When questioned in the Commons June 9 as to whether the government intended to pursue "a series of individual sectoral managed free trade agreements like the Auto Pact," the External Affairs Minister quoted an earlier statement by Prime Minister Brian Mulroney as best reflecting government policy. The goal of the talks was an extension of "the benefits of the Auto Pact to all industries, to all parts of Canada, not by piecemeal action but by a comprehensive duty covering all of our trade with the United States," Mr. Mulroney had said.

The Prime Minister further elucidated the case for continuing freer trade negotiations in a televised address to the nation on June 16, the day preceding the next round of talks in Washington, D.C. Calling for the support of all Canadians, Mr. Mulroney stated that Canadian survival

depended on its ability to trade, both in ensuring the security of current markets and in opening up new ones. The government would seek an agreement which would protect Canada from a "vast arsenal of regulatory and legal weapons" — one which would stimulate investment, productivity and employment. While once again emphasizing that Canada's cultural and linguistic identity were not at issue in the negotiations, the Prime Minister stated that a successful accord would:

- lower prices for Canadian consumers and save \$2 billion in tariffs currently collected on US imports;
- allow Canadian companies the same standing under US law as American companies and the ability to compete for US government contracts on an equal footing;
- provide 75,000 new jobs in Canada for every additional 1 percent of the US procurement market captured by Canadian companies.

The Prime Minister emphasized that the trade talks, through "hard bargaining," could produce for Canada "new and equitable mechanisms" with which current bilateral trade irritants might be dealt (PMO statement, June 16 *Globe and Mail*, June 17).

When queried in the Commons June 17 on the content of his address by Opposition Leader John Turner, the Prime Minister reiterated that the government's objectives were: first, the elimination of trade barriers (such as had been achieved with the Auto Pact of 1965), and second, the creation of more jobs and greater prosperity. While being "very vigilant" of Canada's interests in the negotiations, Mr. Mulroney added, the government believed that high unemployment could "only be reduced through a growing economy which grows through an expanded international trading capacity." However, the enhancement of Canada's "productivity and competitiveness" would never take precedence over Canadian sovereignty or cultural identity, he told the Commons. Despite the statement, both opposition leaders questioned the use of the Auto Pact as indicative of the benefits to be accrued from a freer trade arrangement, noting that the Auto Pact was, in fact, a managed, sectoral instrument of liberalized trade.

Following the Washington meeting between trade negotiators Simon Reisman and Peter Murphy, Mr. Reisman stated that the current talks "augured well for the prospects of eventually getting an agreement" (*The Citizen*, June 18). Despite the time limitations of the "fast track" authorization (which requires the submission of any negotiated agreement to Congress prior to the end of 1987), Mr. Reisman held that with "diligence" and "cooperation," Canada and the US could reach an agreement. Both sides, he added, regarded the negotiations, "not as a contest between us, but as a cooperative enterprise." The next round of negotiations was held July 29-31 at Mont Tremblant, Quebec.

### **Austria**

#### **Presidential Election**

Despite continued allegations of having concealed a Nazi past, Kurt Waldheim, a former UN Secretary-General and envoy to Canada, was elected Austrian President June

8. Prior to the issue of a Canadian congratulatory message, the Canadian Jewish Congress (CJC) sent a telegram to External Affairs Minister Joe Clark and then-Immigration Minister Flora MacDonald demanding that Mr. Waldheim be barred from Canada, calling any decision to allow him entry "morally repugnant to all Canadians" (*Globe and Mail*, June 10). Making a statement in the Commons June 9, Sheila Finestone (Lib., Mount Royal) outlined the dilemma which the election posed for Canada, but stressed the need for caution in responding to the allegations. Ms. Finestone called upon the government to "press for a thorough, independent, international investigation," which would provide Canada with "the facts" on which to "take appropriate action." The External Affairs Minister, while supporting Ms. Finestone's statement as "sensitive and thoughtful," concluded that it "would be unwise to act until all the facts are known." Mr. Clark added, however, that it was "not the practice" of Canada "to pass judgment or comment upon the results of free elections in other countries." When questioned by reporters on the CJC demand, the Minister responded that Mr. Waldheim had not "indicated an interest" in visiting Canada.

Following the release June 19 of a report prepared by Canadian civil rights expert Professor Irwin Cotler, a report which indicated possible prior government knowledge of the allegations against Mr. Waldheim and recommended an international investigative tribunal, Ms. Finestone again called upon the Canadian government June 20 to join other nations in seeking access to the Waldheim files of the UN War Crimes Commission. Interviewed June 21 on CTV, the External Affairs Minister stated that the government was "pursuing through the United Nations and other agencies" ways to ensure that Canada possessed the facts (External Affairs transcript). Mr. Clark emphasized the importance of receiving "germane" information from other countries.

## China, People's Republic of

### *Ministerial Visit*

Following an early-June visit to the People's Republic of China, then-International Trade Minister James Kelleher reiterated Canada's commitment to expanding trade ties with China. This would involve, he said, a doubling of Canada's trade representation in China and included the opening of a Canadian Consulate General in Shanghai and the building of a new Canadian embassy in Beijing. Having met with officials in Shanghai, Mr. Kelleher indicated that Canadian participation in development schemes — such as airport and harbor modernization and the construction of a subway system — had been "welcomed" (Minister for International Trade communiqué, June 6). In Beijing, additional development projects were discussed with Vice Premier Yao Yilin and several ministers responsible for hydro and thermal power. With confirmation that a Canadian company had been selected to produce an initial feasibility study on China's large Three Gorges hydro project, Mr. Kelleher stated that Canada's "well-established international reputation and capability" in

the power field had been impressed upon China. As well, Canada would provide \$5 million in funds, to be administered through CIDA, to assist Canadian companies on further technical project feasibility studies.

## Philippines

### *Increased Assistance*

External Affairs Minister Joe Clark announced a revised assistance package for the Philippines while on an official visit in late June. Expressing Canada's "full support and admiration" for the Aquino government's efforts to "build a new order" in the Philippines, Mr. Clark stated Canada's determination to provide assistance in "concrete, practical ways" (External Affairs communiqué, June 30). Following discussions with President Aquino, Vice-President Laurel, Finance Minister Ongpin and Governor of Negros Occidental Province Daniel Lacson, Mr. Clark indicated that the Philippines would be made a "priority country" for Canadian aid. According to the Minister, this would involve the implementation of a variety of assistance activities "over the long term." Visiting Negros Province in order to assess development problems, Mr. Clark announced a Canadian commitment of \$10 million over three years (to be administered by CIDA) toward the Negros Rehabilitation and Development Fund. (The fund was established to assist the rural populations of Negros Occidental and Negros Del Norte Provinces in attempts to diversify from sugar production.) Additional funds were also provided for immediate relief activities in the region. Mr. Clark announced further assistance for development projects in the fields of cooperatives, rural education and immunization programs.

## South Africa

### *Apartheid and the Commonwealth*

With the Commonwealth Eminent Persons Group scheduled to report by late June on an approach which might prove effective in persuading South Africa to abandon its racist policy of apartheid, External Affairs Minister Joe Clark rejected demands for the imposition of total sanctions and the severance of diplomatic relations (see "International Canada" for April and May 1986). Speaking in the Commons June 2, Mr. Clark requested that those calling for immediate sanctions allow the group an opportunity to issue its anticipated report. While it was not Canada's "preference to disrupt economic and diplomatic relations with South Africa," he added, the government would do so should "other alternatives" not prove successful. Responding to a suggestion from NDP leader Ed Broadbent that Canada recommend that the Commonwealth leaders' summit, scheduled for early August, be moved ahead, Mr. Clark again urged that the Eminent Persons Group, as the "most effective instrument [yet] found, be allowed to proceed. The Minister acknowledged,

however, that South Africa's response to date, including recent cross-border raids and police actions, had led to "grave disappointment" and "pessimism" on Canada's part. Canada would continue to "show leadership" in having apartheid "removed as a system," and to that end, Canada would honor the Nassau Accord as the "best means of ensuring that the Commonwealth might be able to move effectively in the future."

The Eminent Persons Group released a unanimous report June 12. The seven members concluded that: there existed "no genuine intention" on the part of South Africa to dismantle apartheid; political freedom was being "more rigorously curtailed"; the cycle of violence continued to grow; and the "concrete progress" sought in the Nassau Accord had not materialized (External Affairs statement, June 12). However, the group indicated its conviction that "steady pressure" remained "essential to any prospect of peaceful change." Should South Africa conclude that full economic measures would never be imposed, the process of change would be "unlikely to increase in momentum," and result in an accelerated descent into violence.

Following release of the report, External Affairs Minister Joe Clark made a statement in the Commons June 12 in which was announced further unilateral economic, humanitarian and diplomatic actions. (The Minister's statement was preceded just hours before by South Africa's imposition of a state of emergency.) Canadian government procurement of South African products would end. The promotion in Canada of tourism in South Africa would be banned. An additional \$2 million would be allocated to the education and training of Blacks in South Africa. And Canada would no longer accept the non-resident accreditation of four South African attachés for Science, Mining, Labor and Agriculture. Mr. Clark also stated that Bernard Wood, Director of the Ottawa-based North-South Institute, would be meeting with Commonwealth representatives in preparation for the August Summit (External Affairs statement, June 12). The recent measures, added Mr. Clark, were intended as a "portent" of "more severe measures" should South Africa continue to "refuse to enter a dialogue except on its own narrow terms." Responding to Mr. Clark's statement for the Liberal Party, Warren Allmand (Notre-Dame-de-Grâce — Lachine East) called for strong action directed at South Africa's "ruling elite," stating that many now-voluntary measures should be made mandatory. Pauline Jewett (New Westminster-Coquitlam), speaking for the NDP, also recommended that earlier limited and voluntary sanctions be both strengthened and made mandatory.

However, during Question Period later that day, Opposition Leader John Turner criticized the announced measures for having failed to "touch" either Canada's imports to (\$230 million) or exports from (\$150 million) South Africa. Neither did it affect Canadian investment in that country, Mr. Turner added. The External Affairs Minister responded that the "wider range" of measures which Canada might wish to take "remain to be taken." While Canada had made inquiries with regard to moving the Commonwealth Summit forward, the Commonwealth Secretariat had indicated that such a change was not "feasible." Canada would pursue its leadership role on the apartheid issue at that time. The Minister added that Bernard Wood, in his consultations with Commonwealth representatives, would

attempt to convey the Canadian view that while Commonwealth "unity" remained "very important," it should be seen in conjunction with a "forward movement against apartheid" — a clear indication that Canada was prepared to move unilaterally, or in conjunction with other like-minded Commonwealth nations, in the face of South African intransigence and Britain's continued refusal to agree to the imposition of full sanctions. Mr. Clark noted that Prime Minister Brian Mulroney had initiated contacts with the Indian, Australian, and Zambian Prime Ministers in order to work "privately, quietly, in the traditions and privacy of the Commonwealth." While Canada did not intend to "wait for August," the issue remained "effectiveness, not necessarily immediacy." (Further questioning in the Commons June 13 on Canadian measures was followed later that day by a special emergency debate on the deteriorating situation in South Africa.)

In accordance with recent government practice, a report on the administration and observance of Canada's voluntary Code of Conduct concerning the employment practices of Canadian companies operating in South Africa was tabled in the Commons June 18 by External Affairs Minister Joe Clark. When questioned June 19 on reported failures to comply with Code guidelines, Mr. Clark indicated that "public scrutiny and debate" (in conjunction with government recommendations) would exert pressure on those companies whose practices diverged from the Code. While acknowledging that some Canadian "standards" were contrary to South African segregationist law, the Minister stated that the government's commitment was to have Canadian practice "conform to our standards, not South African standards." Although still voluntary, compliance with the Code had been "moved into the public domain" through disclosure, and Mr. Clark looked for "strong and clear" public opinion on the performance of Canadian companies operating in South Africa. However, the option of "resorting to forced action" by the Canadian government remained open, he added.

The report released June 26 by the Special Joint Committee on Canada's International Relations (see this issue — Foreign Policy) made several recommendations on South Africa. The committee, noting the failure of the Commonwealth Eminent Persons Group to detect "significant progress" in the dismantling of apartheid, recommended that Canada "move immediately to impose full economic sanctions, seek their adoption by the greatest possible number of Commonwealth members, and promote similar action by non-Commonwealth countries." (Milder measures had been held in reserve in anticipation of a less pessimistic report from the Commonwealth group.) Moving far beyond current government policy, the committee urged the establishment of a Black South African human rights and democratic development program in order to build for future Black rule. Direct Canadian contacts with Black political organizations in South Africa (including the outlawed African National Congress) were also recommended. The report stated that without "international pressure to supplement domestic resistance," change could not occur at a pace sufficient to reduce the inevitable violence to come (Committee report, *Independence and Internationalism*, June 1986, *Globe and Mail*, June 27). Despite the committee's recommendations,

Prime Minister Brian Mulroney told the Commons June 27 that the government would, before acting unilaterally, continue to seek a coalition among Commonwealth members (including Great Britain) in order to move "effectively" against apartheid.

With the approach of the Commonwealth Games (beginning in Edinburgh, Scotland, July 24), a majority of nations announced their intention to join a boycott in protest against Great Britain's intransigence on the sanctions issue. However Canada, following a "re-evaluation" of the situation, announced its decision to participate on the day

the games commenced. Fitness Minister Otto Jelinek, present at the games in his official capacity, stated that, having examined "a number of options," the government had decided to support participation "totally, fully and absolutely" (*Globe and Mail*, July 24). The Minister added that while Canada opposed apartheid, "sports events should not be drawn into political discussions." Mr. Jelinek also suggested that the Commonwealth Games Federation develop a policy whereby those using the games "as a forum of protest" would be "punished financially."

## Multilateral Relations

### ASEAN

#### **Ministerial Conference**

External Affairs Minister Joe Clark attended the annual ASEAN Post Ministerial Conference in Manila, the Philippines, June 26-28. During the meeting, which brings together the foreign ministers of both ASEAN and its "dialogue partners," Mr. Clark presented an address outlining Canadian ties to the ASEAN nations (Brunei, Indonesia, Malaysia, the Philippines, Singapore and Thailand). The Minister emphasized the potential for increased two-way trade, investment promotion and human resources development. Canada supported an ASEAN call for "enhanced cooperation" in joint ventures, technological transfers and an increased market presence in Canada, he added. For its part, Canada would establish a fund allocated specifically for incoming ASEAN trade missions, and would examine methods whereby a mechanism for the transfer of technology might be developed (External Affairs statements, June 26).

On the political front, Mr. Clark spoke of Canada's continued support for ASEAN efforts to reach an "equitable and peaceful" settlement in response to Vietnamese aggression in Cambodia. Expressing Canada's "deep concern," the Minister stated that Canada would not provide development assistance to Vietnam while that country continued its aggression in Cambodia. As well, Canada would continue to accept refugees from the region, many of whom had first sought asylum in ASEAN nations.

### Central America

#### **Contadora Process**

Canadian support for the Contadora Peace Process was reiterated in a message sent July 7 to the foreign ministers of the Contadora (Colombia, Mexico, Panama

and Venezuela) and Lima Support (Argentina, Brazil, Peru and Uruguay) Groups. In his statement, External Affairs Minister Joe Clark expressed Canada's "deep concern" over the group's failure to "find a formula for peaceful reconciliation" in Central America, recognizing, however, Contadora's "skill and energy" in its search for "peace and cooperation" in the region (External Affairs communiqué, July 7). Mr. Clark noted that while ongoing dialogue had "lowered tensions," the need for a comprehensive agreement and a "workable and effective verification process" remained "urgent and essential." Canada was fully cognizant, Mr. Clark added, of the "dangers" that would ensue (primarily increased militarization), should the Contadora process be dismantled and dialogue "obstructed."

### GATT

#### **World Trade Ministers**

The World Trade Ministers Meeting, held in Seoul, Korea, May 30-June 1, was attended by Canada's then-International Trade Minister James Kelleher. Of principal concern to the participating nations, Mr. Kelleher said, was the need for a new GATT round of trade liberalization negotiations. In particular, the Minister noted a "strong and growing support" for "substantive and urgent action" on agriculture (International Trade Ministry communiqué, June 2). The new GATT round, to be launched in September in Punta del Este, would, according to Mr. Kelleher, examine the need for a "standstill" on protection in agriculture. Liberalization in the agriculture sector, a Canadian priority, required "fast-track" negotiations, he added. The emerging determination of the developed countries to reverse agricultural protectionism was a "recognition" that



participation of the developing countries in a new GATT round was dependent upon action on agricultural barriers in an "urgent and meaningful way."

## UN

### ***African Relief***

The UN General Assembly, following a special session of negotiations chaired by Canada's ambassador to the UN Stephen Lewis, announced agreement June 1 on a program of relief for the African economy. The document, *UN Program of Action for African Economic Relief and Development 1936-1990*, outlines a recovery plan calling for both increased international support and policy changes on the part of African nations themselves. The UN General Assembly, committing itself to "a spirit of genuine and equal partnership," drafted several measures

with which to combat the region's faltering economies. Included were measures on emergency food relief, drought and desertification, increased agricultural production, the development of transportation and communication networks, changes in trade and finance practices, and "radical changes" in Africa's education structure (*The Citizen*, June 2). Ambassador Lewis called the document "a massive vote of confidence in the future of Africa," reflecting a "triumph" for Africa's "determination to engage in internal reforms, and its new shared partnership with the international community in responding to those reforms." Canada's role in achieving the agreement was emphasized in the Commons June 2 by then-External Relations Minister Monique Vézina when she noted the "special attention" that had been given to the African problem by Prime Minister Brian Mulroney in the months leading up to the Tokyo Summit. The document represented, the Minister added, an acceptance by the international community to "look lucidly and frankly" at the problems facing Africa.

# Policy

## Disarmament

### ***SALT II***

A statement made by US President Ronald Reagan May 27 to the effect that should the Soviet Union fail to indicate a preparedness to respect SALT II, the US might no longer consider it possible to respect the limits set out in that agreement, raised serious concerns in Canada in early June. Responding to questioning in the Commons June 2, External Affairs Minister Joe Clark expressed the hope that the President's statement had not been "the last word" on the issue, and that Canada would receive word from both the US and the USSR of their intention to respect SALT II. Noting Canada's "expectation" that both parties would, in fact, adhere to the treaty, Mr. Clark stressed the Soviet Union's failure to observe SALT II limitations in the past. The Minister recommended making a case to the USSR on its violations, particularly with regard to encrypting telemetry and having "moved into a second system." "If they believe they are not [in violation], they should respond to the representations of Canada and other countries and make that evidence clear."

Following further statements (June 1) from US Secretaries Shultz and Weinberger on the US decision to ignore SALT II limitations, MP Warren Allmand (Lib., Notre-Dame-de-Grâce — Lachine East) made a statement in the Commons June 5 calling upon the government to join with its NATO allies "to make further representations to the United

States to abandon this dangerous unilateral adventure." Mr. Allmand suggested that the US move could lead to "massive escalation," significantly threatening the "peace and existence" of all nations.

Following a recommendation made June 13 by Lloyd Axworthy (Lib., Winnipeg-Fort Garry) that Canada reject further cruise missile testing until such time as the US agreed to respect SALT II limitations, then-Defence Minister Erik Nielsen stated that the government held as its "ultimate objective," an "enhanced arms limitation agreement." To that end, Canada would support the ongoing Geneva talks. Mr. Nielsen, as had the External Affairs Minister, cited "clear breaches" of the agreement on the part of the USSR, and stated that an enhanced agreement could only be achieved with "some confidence" that both sides would adhere to limitations.

## Foreign

### ***Committee Report***

Following the tabling June 26 of the Final Report of the Special Joint Committee on Canada's International Relations, entitled *Independence and Internationalism*, External Affairs Minister Joe Clark issued a statement

emphasizing the "unprecedented" nature of the "grass-roots consultative process" involved. The Committee, Mr. Clark said, had achieved its objectives, namely to "open up" the foreign policy making process and to demonstrate the extent to which foreign policy was linked to "domestic concerns." The report, he added, revealed the "remarkable consistency" in the international relations concerns of Canadians and represented "non-partisan" unanimity on the part of the Committee (External Affairs statement, June 27).

Covering a wide spectrum of international relations issues (and having received as varied a range of oral and written submissions from concerned Canadians), the report concluded with several recommendations on the future direction of Canadian foreign policy.

On Canada's capabilities in general, the report held that Canada could "maximize its impact" by "working in concert" with other nations and by exercising leadership in the formation of coalitions, even though some issues might be tackled unilaterally. In order to "amplify" Canada's influence, the government should: seek international agreement on streamlining the multilateral development system (particularly UN agencies); press for completion of the Law of the Sea Treaty; assume a lead in the area of "remedial and preventive" action on the environment; press for international nuclear safeguards; put forward candidates for major international law-making institutions; and promote "the general concept of the peaceful settlement of disputes."

The safeguarding of international peace and security was considered a Canadian priority in the report, which recommended that the government "elaborate a Canadian perspective" on strategic, arms control and disarmament issues. Within Canada, the gap between capabilities and commitments must first be analyzed and subsequently addressed. At the same time, strategic stability could only be achieved through the pursuit of arms control and disarmament (involving "deep" mutual reductions and adequate verification). However, the report cautioned, Canada should only move on arms control and defence policy "in tandem." On regional conflicts, Canada should "stand ready" to use its "good offices," including mediation, "where appropriate and feasible." To this end, Canada should continue to make available its "peacekeeping expertise," preferably under the auspices of the UN. Also within the UN framework should be increased Canadian involvement in formulating international action on terrorism.

The expansion of international trade also received a large measure of attention in the report, with the Committee recommending that Canada work "strenuously" for an "orderly and balanced trade liberalization." This might best begin with the upcoming round of multilateral trade negotiations. The government should concentrate on improving the competitiveness of Canadian industry, particularly small- and medium-sized businesses with export potential. More specifically, the report made several recommendations on export development and promotion and trade diversification.

The report also covered Canadian participation in international development efforts, and held that Canada should maintain as its "primary and overriding objective,"

the meeting of the needs of the poorest countries. Also recognized was the need to adopt debt management approaches which would promote rather than hinder the "economic recovery and development" of debtor countries. And while the Committee was divided on a goal for official development assistance, a majority recommended that the 0.7 percent target be restored. Better coordination in national aid programs, greater use of NGOs, and an increased emphasis on the role of women in development needs were also mentioned.

The promotion of human rights was considered by the Committee as a "fundamental and integral part" of Canadian foreign policy. Such policy should be "triggered and guided" by the appearance of "a pattern of systematic, gross and continuous violations." The report recommended that Canada voice its concerns through the UN, meetings of international financial institutions, and the foreign visits of Canadian ministers and parliamentarians — a "judicious blend of public pressure and private persuasion." In proven cases of gross violations, Canadian censure could best be conveyed through a reduction, channelling or termination of development assistance.

In general, the report was a plea for constructive internationalism — where, in an interdependent world, international responsibilities need be "interwoven with Canada's basic national aims." Canadian interests, the report concluded, should never be seen as distinct from "the effective working of international institutions, with the preservation of a well developed network of norms and rules, with the maintenance of international stability and peace, with accelerated development in the Third World, and with a lessening of the potential for regional conflict."

## Immigration

### Visa Restrictions

While the government had earlier introduced measures to streamline the refugee determination process (see "International Canada" for April and May 1986), questions remained concerning the possibility of imposing visa restrictions on Portugal. (Large increases in the number of Portuguese claimants for refugee status had previously been noted.) Responding to criticism of the policy in the Commons June 2, Pierre Vincent, Parliamentary Secretary to the Finance Minister, stated that "for the moment," it had been deemed "inappropriate" to require visas for Portuguese citizens. Following a study of the problem in conjunction with the Cabinet and the Portuguese community and government, the government had decided to implement a pilot project designed to "reduce the risk of exploitation" of immigrants. However, Mr. Vincent added, the government would continue to monitor the situation and would take "other action if required to put an end to the abusive utilization of the refugee determination process."

On July 16 Minister of State for Immigration Gerry Weiner announced that Portugal would be removed from Canada's visa-exempt list of countries. The action was taken "regretfully," the Minister said, but was considered

necessary to counter the threat to the "integrity and credibility" of Canada's "fast-track" refugee determination system (Immigration Ministry release, July 16, *Globe and Mail*, July 17). The decision was to be regarded, however, as a "temporary measure" and one of "last resort." Mr. Weiner also announced that his department would cooperate with provincial and legal representatives to "control those [immigration] consultants and lawyers who have contributed to this problem." The Minister stated his belief that the great influx of Portuguese claimants had been the result of "improper counselling" by private "entrepreneurs" who had "abused and subverted" the refugee process. The Minister later notified the Commons (July 24) that the visa restrictions would be lifted when the Immigration Department had determined that the situation had "normalized." Mr. Weiner also stated his intention to "go after, in a very heavy way," those consultants who had recommended the making of misleading statements on refugee claims. An RCMP investigation into the allegations continued.

## Trade

### **Textile Imports**

Regional Industrial Expansion Minister Michel Côté announced July 30 the government's intention to "negotiate a new framework" for the management of textile and

clothing imports. The Minister noted that while low-cost imports had increased by 11 percent a year, annual market growth represented an increase of only 2.3 percent. The current change in policy would address that discrepancy, Mr. Côté said. As Canada renegotiated both multilateral and bilateral restraint arrangements, the government would endeavor to "ensure a more moderate pace of import growth . . . consistent with an orderly adjustment process" (Government of Canada communiqué, July 30, *Le Devoir*, July 31). In the past five years, Mr. Côté added, the rapid growth in low-cost imports had "confounded" this adjustment process, despite efforts involving financial assistance, high tariffs and "the quota regime." In order to reverse the trend, the government planned to institute "more effective control" over imports. At the same time, account would be taken of the "special economic problems" of developing countries.

Recognizing that quotas could not be the "only answer," International Trade Minister Pat Carney stated that the new policy would focus on the negotiation of a "more effective restraint regime" on the international level. In these negotiations, Canada would concentrate on "a substantial moderation in the import growth rate," an increased control over "import surges," and a "differentiation" between dominant, newly-industrialized suppliers and "smaller, newer entrants." Additional policy measures included: a duty remission program designed to increase domestic competitiveness; an upgrading of inspection procedures on the fibre content of imports; and a review of country-of-origin labelling regulations.

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(supplied by External Affairs Canada)

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# Washington's debate on terrorism

by Robert D'A. Henderson

The US air strikes against Libyan targets in mid-April were one result of a prolonged "dual debate" inside the Reagan Administration in which it is often difficult to distinguish the "hawks" from the "doves" — perhaps because there are no doves. President Ronald Reagan himself, aided by his global reputation for taking a "direct action" approach, stimulated the determination of his senior advisers to find a way to fight international terrorism. Upon assuming office in 1981, he promised "swift and effective retribution" against terrorists — a promise which has increasingly come to be implemented with the use of conventional military force.

The Gulf of Sidra naval confrontation in March over Colonel Moammar Gadhafi's "line of death," as a response to the latest provocation to an America which believed any act of terrorism was an attack on it, was carefully stage-managed by the Reagan Administration. After the terrorist bombing of a West Berlin discotheque resulting in the deaths of a US serviceman and a Turkish woman as well as injuring 230 others (including 79 Americans), President Reagan chose the "military option" against Libyan military facilities which had been designated by US intelligence sources as "terrorist command centers."

Codenamed Operation *El Dorado Canyon*, the air strike consisted of US fighter-bombers from US airbases in Britain and from US aircraft carriers in the Mediterranean attacking a variety of targets in the Libyan cities of Tripoli and Benghazi simultaneously. Though agreement for the use of the British airbases was granted by the Thatcher government, both France and Spain refused over-flight permission for the attacking aircraft, resulting in the longer circumnavigation of the Iberian Peninsula with the necessity of in-flight refueling.

Part of the reason for the apparent lack of direct action by the Reagan Administration against previous terrorist acts was the continuing difficulty in identifying those actually responsible for specific terrorist actions. Also there was the general belief that a firm military response (even at the invitation of the host-government where the incident occurred) could cost American lives in the case of a hijacking or hostage crisis. As a result, there has been an ongoing "dual debate" during the first five years of the Reagan Administration. This flows from the attempt by senior Administration officials to define "international terrorism" and to determine which government policy instruments were likely to be the most effective in combatting it.

## Defining "International Terrorism"

There was a need to reach an Administration-wide definition of "international terrorism." The State Department in 1984 considered terrorism to be "premeditated, politically motivated violence perpetrated against noncombatant targets by subnational groups or clandestine state agents." At the same time, the Justice Department held

that terrorism was "violent criminal conduct" to intimidate a civilian population and/or coerce the conduct of a government by intimidation, assassination or kidnapping. The differences between these two perspectives included whether "terrorism" was a politically motivated act, whether there was active involvement of agents of a state, and even differing conceptions of what constitutes a criminal act.

In an apparent effort to solve such definitional difficulties and in turn the differing operational policy options arising from them, Vice President George Bush's *Task Force on Combatting Terrorism* in 1986, after lengthy discussion, presented the following definition:

The unlawful use or threat of violence against persons or property to further political or social objectives. It is usually intended to intimidate or coerce a government, individuals, or groups or to modify their behavior or policies.

This formulation made use of the principle of "under law" and the furtherance of political or social objectives. Such a definition would appear to have a built-in contradiction in that it acknowledges that people will attempt to act to further their socio-political goals, yet that they must not employ "unlawful" violence. Such a contradiction only suggests further questions. Is recourse to violence by individuals/groups "unlawful" due to the national laws of one or more sovereign states (even when it becomes a necessity due to the lack of non-violent options available to further their objectives)? Is violence only lawful when employed by a state, and then only in terms of internationally-agreed conventions? Can a sovereign state in fact commit terrorist acts?

Despite such questions and differing departmental views, the Reagan Administration's growing concern has been focused upon "international terrorism," which can be loosely categorized as all terrorist acts committed by radical (Marxist-oriented) or religious groups with state sponsorship for the purpose of attacking US interests in the Middle East or Europe.

## When to use the "Military Option"

As Secretary of Defense since Reagan entered the White House in 1981, Caspar Weinberger has engineered the United States' massive rearmament program. Repeatedly he has opposed any policies from other parts of the Administration which would detract from achieving this aim — thus earning himself the public image of a "hard-liner" on East-West issues.

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## Use of force

Opposed to "employing our [conventional military] forces indiscriminately and as a regular and customary part of our diplomatic efforts," Weinberger called in November 1984 for the establishment of Administration guidelines as to when US military forces should be used. His view on when to use force was basically "when all else fails," in situations "deemed vital to our national interests," and then they should be used "with the clear intention of winning." In addition to being the instrument of "last resort," he stated that the use of US forces must have substantial domestic support (making direct reference to the Vietnam War experience) and sufficient government-authorized military resources to accomplish the sought-after foreign policy objective.

More recently Weinberger has noted, with regard to international terrorism, the necessity to be able to identify the "terrorists" responsible for specific acts and their "current" location for military counterattacks. But even then, such military operations should only be used where it would "diminish and discourage further terrorism." As Reagan publicly in 1985 moved the combatting of terrorism ahead of Soviet-US arms control as his primary foreign policy objective, Weinberger's image as an Administration hardliner diminished.

On the other hand, George Shultz, who in mid-1982 replaced Reagan's first Secretary of State Alexander Haig, has increasingly taken a "hardline" approach to combatting terrorism. Since the October 1983 suicide truck-bombing of the US Marine barracks in Beirut which killed 241 servicemen, the use of force against terrorism has been a major theme in Shultz's public speeches. Arguing from the view that international terrorism is a form of low intensity covert warfare, Shultz declared in several speeches in 1984 that the United States "must be willing to use military force" against international terrorist actions, though jointly with non-violent policy instruments (e.g., economic sanctions, cutting diplomatic relations). He has pointed out that "power and diplomacy are not alternatives . . . They must go together or we [US government] will accomplish very little in the world."

In recent statements, Shultz pointed out that the United States must retain its flexibility as to the type of military response to future terrorist acts for its deterrent effect and in order to disrupt terrorist planning and operations. Further, such US military operations should not just be conducted at identified individuals/groups after a terrorist act, but also in advance to preempt such acts. Acknowledging the possible loss of "our fighting men" and of "innocent people" in such operations, he has called for the need for prior public support for military responses "so decisions will not be made on the basis of opinion polls." In January prior to the air raid, Shultz stated "when we identify the source [of the December 1985 terrorist attacks at Vienna and Rome airports], such as Gadhafi, who is clearly identified, then we have to go after it."

Basically, Weinberger has argued for the use of military force, though within certain conditions, while Shultz has claimed that such force must be used in retaliation for its deterrent effect and in order to reinforce other policy instruments. Since this departmental difference has been about setting government guidelines on *when*, and not *whether*, to use military force, the Reagan Administration

has increasingly opted for instruments of force in pursuit of its regional foreign policy objectives. Even domestic critics of this increased emphasis on the use of force question the enormous costs of Reagan's conventional rearmament program if such arms are not to be used to defend American citizens and property abroad.

### Inter-armed services issue

In addition to the "common front" public image gained by co-opting the participation of at least one NATO ally (Britain), the declared need by US military planners of the raid for land-based fighter-bombers, as well as the carrier-assault jets, has stoked the inter-service debate over whether aircraft carriers are worth their cost. While US carriers' primary role in time of war is to contain the Soviet fleet within its territorial waters and to destroy its naval bases, they do provide a degree of flexibility in implementing US military power at a distance in times of less than global war. In the case of deciding to attack a small military power like Libya, such flexibility would have been seen as an asset, even though the two carriers "on station" lacked enough A-6 aircraft (with the required night-bombing capability) for a strike against all five designated targets simultaneously.

On the other hand though, the utilization of both US Air Force and Navy aircraft to implement the raid has been pointed to as proof of the "virtue of cooperation" between the armed services, in the words of Secretary of the Navy John Lehman. Furthermore, such joint operations would have made the raid more acceptable to the Joint Chiefs of Staff by reducing the likelihood of inter-service rivalry over whose operation (and prestige) it would be. A similar operations decision had been taken in the earlier joint US Army-Marine invasion of Grenada.

### Executive-Congressional conflict

Despite considerable domestic and Congressional support for the Libyan raid, it has provoked questions as to the relationship between US anti-terrorist operations and the 1973 War Powers Resolution. As a reaction to the escalation of US military involvement in Vietnam, the Resolution sought to ensure Congressional involvement in situations where the United States became engaged in hostilities with another state. In a November 1984 speech, Weinberger had complained that "the centrality of decision-making authority in the Executive branch has been compromised" by Congress to an extent that "actively interferes" with the decision-making process on employment of military forces abroad.

But Abraham Sofaer, Legal Adviser to the State Department, has recently pointed out that "it is not clear how the War Powers Resolution . . . should apply to the use of US forces in other kinds of situations." He went on to cite three such situations: the "deployment of [US] anti-terrorist units," the "conduct of peaceful, lawful [US military] exercises which result in a hostile response," and the "use of US forces in a legitimate, defensive strike against another state." Defining the exact circumstances of these "other situations" under which the President must adhere to both the consultation and the reporting provisions of the Resolution may become the next "separation of powers" controversy between the two branches of the US government.

Conventional military force as a foreign policy instrument has come to be used with greater frequency by the Reagan Administration. In retaliation for the October 1983 suicide-truck bombing of the US Marine barracks in Beirut, the Administration chose an air strike against suspected "terrorist" positions in Syrian-occupied eastern Lebanon. In the course of this mission two US Navy jets were shot down. As an alternative to further air strikes, the Administration then chose long-range naval bombardment of Syrian positions inland by the US battleship *New Jersey*. Then in October 1985, US navy jets were used to intercept an Egyptian airliner carrying the four hijackers of the Italian cruise ship *Achille Lauro*, forcing the aircraft to land in Italy. And the Reagan Administration has not restricted its use of force just to its foreign policy objectives in the Middle East. During October 1983, it launched a joint US Army-Marine sea and airborne invasion of the small island of Grenada, to overthrow its radical government in an attempt to check the "ostensible" expansion of Cuban influence into the eastern Caribbean.

### Targeting sponsoring states

While "state-sponsored terrorism" does not seem to have a single, precise definition for all the various government departments, the Administration as a whole has made considerable descriptive use of the term in its public denunciations of worldwide terrorism activities, especially those in the Middle East and Western Europe over the past five years. In April 1984, Shultz accused four countries of practising "state-sponsored terrorism": Libya, Iran, Syria and North Korea. Just over a year later President Reagan added two other countries to this American "wanted" list when he denounced Cuba and Nicaragua as "terrorist states," though quietly dropping any mention of Syria. By the beginning of 1986, CIA Director William Casey had re-included Syria, along with the Soviet Union and its satellite states in Eastern Europe and South Yemen, to an expanded list of "those states that find it in their interest to support international terrorism."

Over the past two years countries such as Libya and Iran have repeatedly been cited by various Administration members as states which actively support international terrorism. But others like Syria, and even the Soviet Union, have received less constant mention for a variety of political reasons. In the case of Syria, one reason could be the Administration's interest in encouraging Syrian President Hafez Assad to help negotiate the release of the remaining US (and French) hostages still held in Lebanon. Another possible reason could be to avoid creating tensions while attempting to encourage Syria to assume a supporting role in reviving the collapsed Jordanian Middle East peace proposals which have had US backing.

### Outcome of the dual debate

In the end, the Reagan Administration attempted to straddle the question of defining terrorism with regard to Gadhafi's Libya. It chose to fashion, via the mass media, a *prima facie* case against Libya for on-going "state-sponsored terrorism." This became the basis for launching the surprise air raid on its declared "terrorist-related" targets within specific Libyan military facilities. In the previous military confrontations with Libya in 1981 and earlier this

year, the United States had waited until there was evidence of Libyan military forces shooting first — the "smoking gun" argument. The basis for the surprise raid, on the other hand, was the well-publicized, *post hoc* statement by President Reagan that "our evidence is direct; it is precise; it is irrefutable" with reference to the April bombing of the West Berlin disco. In order to link East Berlin-based Libyan diplomats with the bombing, Reagan went so far as to divulge the existence of US overseas electronic surveillance of official Libyan diplomatic communications.

The military confrontations between the United States and Libya have provided continuing evidence of the willingness of the Reagan Administration to utilize its conventional military option. But the US use of force in the recent raid stimulates various short-term responses by other intrusive states, many of them unpredicted. It strengthened the apprehensions of its NATO allies in Europe as to future US unilateral use of military force, resulting in their reconsideration of the utility of imposing economic sanctions. (Alternatively, a "one-dimensional" view that European criticisms are an important constraint upon US unilateral action was drawn in the July/August issue of *International Perspectives* by Constantine Melakopides.)

The lack of a substantial Soviet reaction lends support to the view that the raid on Gadhafi's Libya was not seen by the Politburo leadership under Gorbachev as threatening Soviet national security interests or its interests in the Middle East in general. Even within that region, the level of anti-American reaction would appear to be less than expected. In the case of US regional allies, Israel came out publicly in favor of striking back at international terrorism, while Saudi Arabia, according to President Reagan, behind the scenes blocked Gadhafi's call for an Arab League summit to condemn the raid.

Despite the bureaucratic differences within the Administration over when to use force, one outcome has become apparent. If the pre-conditions (i.e., "guidelines") of both Weinberger and Shultz are satisfied in a particular "terrorist" situation, the Reagan Administration can be expected to seize upon the use of force as the most immediately employable means at its disposal. Though the long-term effectiveness of the use of military force may be questionable, it seems likely initially to provide more deterrent capability than other foreign policy instruments. And, based on the recent evidence, its use is unlikely to result in the level of international critical reaction (from allied and hostile governments alike) that is usually predicted.

There is then the question of how effective was Reagan's use of force against the Libyan government? My guess is that it is unlikely to deter substantially future terrorist activities by individual radical or religious groups within the Middle East. This is primarily because such groups lack a single source of support or dominant external control. But those states that have in the past sponsored such terrorist activities may be deterred to the extent of reducing their support for them — in the short run at least. However they will not allow themselves to be deterred to the extent of risking the loss of persuasive influence over their client groups or loss of the regional prestige that may flow from such sponsorship. □

# Costa Rica in Central America

by Tom Sloan

Costa Rica has been described in many different ways: an oasis of peace in a desert of unrest; a haven of democracy in an authoritarian sea; a Switzerland in Latin America. None of these descriptions is inapt, but today there is one that particularly applies to this Nova Scotia-sized mountainous land of 2.5 million people. It is "the key to the future of Central America." What happens in El Salvador, Guatemala, Honduras, and most especially Nicaragua, in the next decade and more will to a very large extent be determined by what Costa Rica decides to do, or not to do. Costa Rica is not just a country, it is a catalyst.

Every country is, of course, different from all others; but Costa Rica is unique in a critical way: it presents a combination of qualities that are in extremely short supply in Latin America in general, and in its own region in particular.

## Lone democracy

Politically Costa Rica has a history of democracy and free elections, broken only twice, stretching back to 1889. It has a peaceful climate, with a relatively large middle class, the existence of which helps to mitigate the extremes of wealth and poverty so obvious in other parts of the region. Economically, Costa Rica has not escaped the serious problems of a region where exports are primarily low-priced commodities while imports are high-priced technology, and where balance of payments and foreign debt problems are endemic. Nevertheless, however precariously, the country manages to retain at least the trappings of prosperity that make it the envy of the region. And over the past half-century it has built up a system of security benefits, especially in health and education, that exists nowhere else in the area.

Above all, perhaps, there is a feeling of national identity in Costa Rica that is much more pronounced than in most Latin American countries. It is a society of mixed European and Indian ancestry, so homogeneous that there is no Indian community. Almost equally integrated into the whole population is the small black community on the Caribbean side of the country. Neither racial nor linguistic factors enter into the political fabric.

All of these factors contribute to the uniqueness of Costa Rica; but there is more. In terms of regional, and

indeed continental and world, politics, what makes it truly different is the fact that, since 1949, when its army was constitutionally abolished, Costa Rica has been demilitarized. The governments of other countries may have fought foreign enemies or their own people. Costa Rica has not. The national watchword has been peace and remains so today.

When all these factors are combined — not least the twin themes of peace and anti-militarism — it is little wonder that Costa Rica has a high credibility, and therefore a special role to play in Central America today. It is both a part of Central American reality — albeit an aberrant one — and a beacon of peace and its advantages. By the very fact that it is a bystander in the violent confrontations that are shaking all its neighbors, it is a natural leader in the quest for solutions to that violence.

Despite its location at the southern extremity of the region, Costa Rica has from the start been an important part of the Central American equation. It was a member of the brief federation known as the United Provinces of Central America immediately after the end of the Spanish colonial empire in the 1820s, and it is a member of the struggling Central American Common Market today. In the meantime it was a ragtag Costa Rican army that, in the 1850s, wrote an end to the efforts of an American adventurer, William Walker, to make Central America into a proslavery appendage of the southern United States at the approach of the US Civil War.

## Nicaraguan relations

In 1986, Costa Rica has no army, but it is still intricately involved in Central American events. Not surprisingly, one of the crucial relationships that exists today is that between this country and its northern neighbor, Nicaragua, much larger in area and slightly more populous, but also traditionally poorer and more turbulent in its politics. Relations between the two republics have often been stormy. Costa Rica still celebrates as a national holiday the secession of the northern province of Guanacaste from Nicaragua in 1825 — an event that some Costa Ricans believe may still rankle. The battle against the aforementioned Walker took place on the soil of Nicaragua, where the "filibusterer," as he is known, had his headquarters for the wooing of Central America.

In more recent times, including the past few decades, the more than 350-kilometer-long border has seen numerous incidents marking the often-strained relations, first between Costa Rica and the regime of Anastasio Somoza,

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*Tom Sloan recently returned from a year observing developments in Costa Rica. He is now a freelance journalist in Ottawa.*

and then with the Sandinistas who took power in Nicaragua in 1979. A major factor in both cases has been the use of border areas by rebels, first in the fight to topple Somoza, and then, ironically, by those fighting the Sandinistas themselves.

Relations with the Sandinista regime began to deteriorate in the early 1980s, by which time at least some Costa Ricans had begun to disapprove of the direction the Nicaraguan revolution was taking. The process was hastened by a series of frontier incidents, culminating in one on May 31, 1985, when several Costa Rican border guards were killed or wounded. Nicaraguan claims that responsibility for the violence lay with counter-revolutionary (Contra) troops active in the region were rejected by the Costa Rican government, and the incident marked the nadir of relations between the two governments, as Costa Rica froze diplomatic ties for several months — without, however, breaking them entirely.

Since then, relations have improved somewhat, although they remain cool — correct, rather than friendly. Nicaragua was the only Central American country not to receive an official invitation for its president to attend the inauguration of the new Costa Rican head of state last May; and the Nicaraguan ambassador who represented her country at the event was booed by a portion of the crowd gathered at the National Stadium in San José for the ceremony.

It is not, however, a few ugly incidents that will determine the future of the relations between the two countries, although those relations are crucial to the dénouement of the regional crisis. More serious things are afoot, the stakes are high, and Costa Rica is at the heart of the activity.

### US in Central America

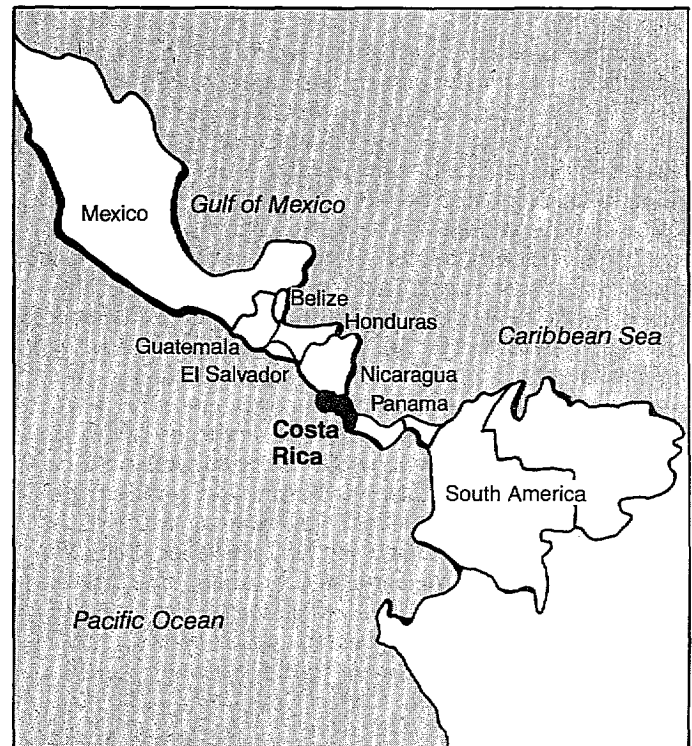
This is, of course, not literally the case. As the target of the unrelenting hostility of the Reagan Administration, Nicaragua is at the center of the storm. And it is Honduras, directly to its north, that is the main jumping-off point for the Contra forces and the base of US military activity in the region aimed at Nicaragua. Costa Rica, therefore, might not seem to be of any great strategic importance.

This, however, is far from the truth, which is why Washington is so unsatisfied with Costa Rica's current status as a reluctant foot-dragging ally in its crusade on behalf of the Contras. What Costa Rica, and only Costa Rica, can provide in the region is an aura of legitimacy to a policy designed to isolate and destroy the Sandinistas. If, for example, Costa Rica could be persuaded to take a consistently hostile stand towards its neighbor, and even, perhaps, ask for US assistance to defend against an apprehended invasion, it would be a powerful moral and public relations gain for President Reagan. Once the only authentic democracy in the region — and an unarmed one at that — unconditionally accepted the US line, the vise on Nicaragua would be tighter in every way.

The problem is that Costa Rica continues to take seriously not only its independent and non-militaristic traditions, but also a vocation for peace that is expressed explicitly even in its national anthem. "May work and peace thrive forever" are the song's final words. This is, after all, the home of the United Nations-sponsored University for Peace, a nation that was nominated for the 1985

Nobel Peace Prize, and one that has been at the forefront of virtually every UN peace initiative throughout the years, including the proclamation of the International Year of Peace in 1986. A recent official expression of the national preoccupation with peace was the proclamation in November 1983 by then-President Luis Alberto Monge, of a state of perpetual, active and unarmed neutrality for the country. And most recently, the successful candidate for the presidency in the election campaign that ended last February took as his slogan "Peace with Oscar Arias," a direct

### Costa Rica in Central America



reference to the proclivities of his main opponent to give unconditional support to present US policies and to adopt an attitude of unrelieved hostility towards the Sandinistas. Costa Rica, in short, tends to take its own traditions and reputation in the field of peace quite seriously. Despite their suspicion of the neighboring regime, it will not be easy to persuade Costa Ricans to do a total about-face.

But perhaps not impossible.

### Confusion and pressure

Despite a surface appearance of calm and stability, the political and economic situation is in a state of considerable flux. Costa Ricans themselves are divided and confused about what to do, not least because, despite the gloss of prosperity, in real international terms their country is desperately poor. At last reading, the foreign debt, at US\$4 billion, was in per capita terms one of the highest in the world. Conversely, US aid to Costa Rica amounts now to some \$200 million annually, making the country, again in per capita terms, the second largest recipient of US largesse in the world, trailing only Israel. The opportunities for leverage are obvious.

## Lonely democracy

An example of political confusion occurred last March, when a dispute broke out over the validity of a public opinion poll published in the country's largest daily, *La Nacion*. According to the poll, a majority of Costa Ricans strongly approved of President Reagan's policies in general, and his demands for financial support for the Contras in particular. The results were challenged on several counts, the main one being that the poll had in fact been taken immediately after the bloody border incident of a year before, when tempers were inflamed, and that surveys taken and published since that time had produced quite opposite results. As it turned out, the criticisms were correct, and in fact later surveys showed most Costa Ricans supporting the removal of the Contras from Costa Rican territory.

Whatever else it may have illustrated, the incident indicated the existence of a sort of split personality among Costa Ricans. On the one hand, there is strong support for the traditions of peace and neutrality. On the other, there is a climate of fear and suspicion directed at the Nicaraguans, which can flare up at any time.

Pushing the feeling of the Sandinistas as a dangerous threat is a coalition of forces within the country. It includes some business groups, information media, and politicians, especially within the main opposition grouping, the Social Christian Unity Party (PUSC), whose candidate in the 1986 elections called for an immediate rupture of relations with Nicaragua. (The party does not, however, speak for the Roman Catholic Church which, unlike the hierarchy in Nicaragua, does not usually take a position on political questions.) On the far right is a paramilitary and propaganda group called the Free Costa Rica Movement (MCLR), small in numbers, but vocal and occasionally violent. Its members, recognizable by their blue berets, tried to storm the Nicaraguan embassy last year, and severely injured several people in an attack on participants in an international peace march that was passing through San José.

### Single-voiced media

The most influential of all, however, are the media of information, and especially the three national dailies that count: *La Nacion*, *La Republica* and *La Prensa Libre*. (There is a fourth, devoted exclusively to crime, sex and sport, the order depending on the events of the previous day.)

The three dailies, distributed throughout the country, are competitive in most things; but on one subject they, including their editorialists and political writers without exception, speak with one voice. They have, in effect, declared their own war on Sandinista Nicaragua, routinely qualified as an evil, criminal, totalitarian, Marxist-Leninist state — awaiting only the opportunity to destroy Costa Rica — which, in the name of democracy, must be crushed by whatever means. There are no nuances. The words of a columnist writing in *La Nacion* last April, just before the inauguration of President Arias, were typical: "Anybody who believes in the possibility of coexistence with the Sandinistas is a coward." Mr. Arias was not named. He did not have to be; the reference was clear.

There is no ambiguity, no room for misunderstanding. "We are at war, and have been since July 1979," wrote another columnist last summer. The enemy was, of course,

"the barbarous totalitarianism" to the north. Except for the very occasional letter-to-the-editor or paid advertisement, there are no rebuttals; and opponents are dismissed with contempt. When, in a joint statement, four former presidents of the republic called for better relations with Nicaragua, they were denounced as either senile or communist dupes. Christian clergy who make declarations on behalf of peace become "useful fools" or "so-called Christians." As for those who cannot be thus categorized, including spokesmen for the new Latin American democracies such as Brazil and Argentina or representatives of several European countries, they are "ignorant" of the facts. The same applies to US congressmen opposed to Contra aid.

Beyond the editorial and opinion pages there are frequent reports on Nicaraguan horrors, including front page stories of border attacks that, after one day in the headlines, tend to disappear, never to surface again. The largest paper, *La Nacion*, goes a step further. Every Friday it publishes and distributes, free of charge, *Nicaragua Hoy* (*Nicaragua Today*), a four-page tabloid devoted entirely to propaganda on behalf of the Contras, which it also supplies to other newspapers around the hemisphere. Wherever the funding may come from — and, not surprisingly, rumors abound in San José about an American connection — the anti-Sandinista campaign in the Costa Rican press is neither desultory nor cheap. It is, indeed, total war.

### Opposition to the media

On the other side of the barricade is a small, fragmented, squabbling group of leftists, a large part of the university community, whose spokesman is a weekly, the *Seminario Universidad*, and a loose coalition of peace groups gathered under an umbrella organization called CODEPAZ — the Peace Coordinating Committee — in which local Quakers play a prominent role. While it is in no sense ideologically committed, the *Tico Times*, the local English-language weekly, opens its pages to all opinions, and thus provides an outlet for dissent from the prevailing media viewpoint.

There is one other extremely important player: the National Liberation Party government, which last February elected its second president since 1982. Despite the presence of a few prominent hawks, the tone of the administration has been set by President Oscar Arias, an author and former political science professor, who earlier this year infuriated the local press by publicly declaring that the US would be better advised to spend money on helping the democratic countries of the region rather than in providing arms for the Contras.

The battle is not strictly internal; there are external pressures operating in both directions. The most powerful voice belongs to US Ambassador Lewis Tambs, an outspoken proponent of President Reagan's policies, who has not hesitated to describe dissident American journalists as "traitors" to their country. Neither have US officials been shy about reminding Costa Ricans about their dependence on American aid. The message was heard and transmitted by the media following Mr. Arias's questioning of Contra aid. Noting that it was more than possible that such an attitude could put continued US aid in danger, one commentator wrote that "In the name of the fatherland . . . Arias should have avoided making such a declaration."



On the other side of the debate are most of the countries of Latin America, headed by the four nations involved in the Contadora peace process — Mexico, Panama, Venezuela and Colombia — with strong support from the new democracies of Argentina, Brazil, Peru, Uruguay and others. Even though the process has been quiescent in recent months, the fact of solid outside support for negotiations had not been lost on public opinion. Neither has been the lack of enthusiasm in Canada and Western Europe for US policies in the region. Canada in particular has a role to play which, while necessarily modest, need not be ineffectual. As a hemisphere country, as a known friend of the US, and as a reliable and not insubstantial supplier of economic aid, Canada has a good reputation in Costa Rica, as it has throughout the region. By clearly distancing ourselves from present US policy and expressing support for peaceful solutions, we can enhance, even if just a little, the credibility of those in Costa Rica who are resisting attempts to drag the country closer to the maelstrom.

**Can US pressure be resisted?**

The seesaw battle continues. Before he left office last spring, President Monge, although a self-proclaimed staunch ally of the US, tried to upgrade the status of neutrality by enshrining the 1983 presidential proclamation into law. Even though, confronted by a divided legislature, he failed, the neutrality declaration remains important as a statement of government policy, and the continuing efforts of those who want the country to come down firmly as a full-fledged military ally of the Reagan Administration have so far been resisted with some degree of success. Their failure has not been total. Green Beret instructors have visited the country to train Civil Guard units in guerrilla warfare techniques; US army engineers have been

involved in road construction; and US naval units make regular visits to ports on both coasts. The process of military integration (with the US) may not have proceeded far; but it has begun.

This is not yet enough for militant anti-Sandinistas. Most still hesitate to advocate openly the return of a regular army; but they talk vaguely about improving military readiness and strongly support any moves to increase cooperation between the US and Costa Rica in the military field. Politically, they oppose any move towards the improvement of relations between San José and Managua, and, on the contrary, encourage public opinion to consider the Nicaraguans as the sworn enemy of everything Costa Ricans hold dear.

In the midst of all this, the present government is walking a tightrope, trying to balance its dependence on and friendship with the US and a determination to hold firm to a commitment to peace and neutrality in the military conflicts of its neighbors. The balance is delicate and may be inherently unstable. Costa Rica's symbolic importance ensures that the pressures will continue to be felt, especially from the Reagan Administration and its allies.

The struggle is not yet over. There is so far no indication that President Arias and the present leadership of this tiny country have any enthusiasm for playing their appointed role in the US-inspired scenario which, they realize, would extend and intensify the conflict. To the extent that he wants to remain faithful to his country's traditions, Mr. Arias must be counting the days to the end of President Reagan's stewardship in the hope that somebody a little less obsessive may come along. In the meantime, a little moral support from other friendly countries would not be unwelcome. □



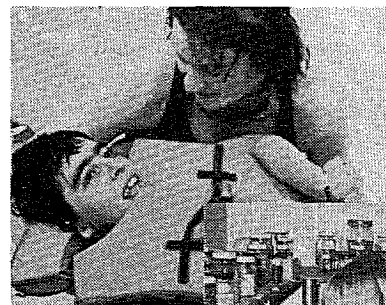
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# Book reviews

## The deterrence game

Review Article by Leonard V. Johnson

*In Defence of Canada Volume IV: Growing Up Allied* by James Eayrs. Toronto: University of Toronto Press, 1985, 431 pages, \$17.50.

*Nuclear Fallacies: How We Have Been Misguided since Hiroshima* by Robert W. Malcolmson. Toronto: McGill-Queen's University Press, 1985, 152 pages, \$20.00 cloth, \$8.95 paper.

*Military Air Transport, Report of the Special Committee of the Senate on National Defence*, Ottawa, 1986, 83 pages, free.

### NATO REEXAMINED

*Growing Up Allied* is a reprint of Volume IV (which first appeared in 1980) of James Eayrs's series *In Defence of Canada*. It describes how the NATO coalition was created, how the treaty was drafted, how the alliance was organized, how the military forces were mobilized, how the burdens were shared, and how the membership was expanded to include the Federal Republic of Germany, Greece and Turkey.

Was the alliance necessary? Fearful of perceived Soviet power and Western European weakness, and uncertain of Soviet intentions made ominous by continued occupation of Eastern Europe, the blockade of Berlin in 1948, and the Soviet use of the veto in the United Nations Security Council, many were persuaded that it was necessary. Among them were Louis St. Laurent, then Secretary of State for External Affairs, Escott Reid, then Assistant Under-Secretary, Hume Wrong, who

replaced Lester B. Pearson as ambassador to the United States, and Pearson himself. Those who held opposing views included the Canadian ambassador to the Soviet Union, Dana Wilgress, and George Kennan, then Director of the Policy Planning Staff at the US State Department and one of the few American diplomats with firsthand knowledge of the USSR. Although the former group prevailed and was influential in marshalling support for the alliance, its opponents may well have had the better judgment.

It is still a matter of opinion. Those who assert that NATO has kept the peace in Europe and prevented Soviet expansion may be right, but proof would require them to show that war and Soviet expansion would have occurred without NATO. It is at least equally possible that the Soviets never intended to take Western Europe, and that their military preparations have been purely defensive, the consequence of a long and bloody history of invasion from the West. If so, then NATO may have been the result of taking too much counsel from fear.

### NATO insatiability

None of the architects of the alliance expected it to cost so much or to last so long, nor did they foresee that the military requirements would never be met to the satisfaction of the military commanders. This is still the case. The fact is that the NATO nations have never been willing or able to provide the forces the Supreme Allied Commander Europe and the military committee said were needed to defend Western Europe without early resort to nuclear weapons. The threat of nuclear war is used to justify demands for increased spending on both nuclear and

conventional forces, and always it is alleged that Warsaw Treaty Organization forces are overwhelmingly superior. Threat escalation and portrayal of an adverse military balance are part of a budgetary game that has made Europe hostage to contending military alliances prepared to destroy Europe to save it, made that continent the only theater where the US and the USSR can confront each other on the ground, divided it permanently, and legitimized political hegemony over the parts. Surely this is not what the founders intended.

Part of the Canadian enthusiasm for NATO seems to have been a desire to avoid too much involvement in bilateral defence arrangements with the United States. This was not achieved, nor did Article 2 of the Treaty, the so-called Canadian Article, lead to the political and economic cooperation hoped for. If NATO is not an old-fashioned military alliance of the type that leads eventually to war, it looks like one. That it has not led to war so far may be only good luck, but fear of mutual annihilation in unwinnable wars with unusable weapons has undoubtedly discouraged recklessness on both sides. Nuclear weapons have made war obsolete as an instrument of policy: war is irrational and unthinkable, but it is not yet impossible or even unlikely.

After almost forty years, it is time to get serious about the hard question: how can we dismantle the war machines, the single necessary condition of war and the source of the fear that perpetuates them? On the answer to this question — not on NATO or the nuclear and conventional power balances — hangs the key to common security. This issue is more pressing than the Soviet threat ever was.

## NUCLEAR FALLACIES

Professor Robert Malcolmson's achievement is to distill an impressive body of research into a thoroughly documented primer on the dominant fact of our century. The result is a short, readable, but remarkably complete contribution to a growing body of mostly American literature debunking the myths that legitimize the arms race. It is an important book that deserves wide attention.

Malcolmson identifies four ways in which nuclear weapons have revolutionized warfare. First, their unlimited destructiveness makes it possible not only to defeat an adversary, but to destroy it altogether. Second, there is no credible defence against them, nor will there be, *Star Wars* notwithstanding. Third, any resort to nuclear weapons by either superpower would probably be suicidal; and fourth, any large scale use of nuclear weapons might make the planet uninhabitable. Despite widespread agreement on these possible consequences, the superpowers prepare for nuclear war as if the weapons were conventional armaments.

To maintain support for nuclear war preparations, Western publics have been encouraged to believe that United States nuclear policy is purely defensive, necessitated by Soviet aggressiveness. In fact, since the late 1940s, when the United States had a nuclear monopoly, American defence and foreign policies have been based on the coercive offensive threat of nuclear weapons, a threat that has been explicitly made on several occasions. Despite the predictions of American scientists that the Russians would match US atomic weapons, the national security managers assumed that the monopoly would endure, and that US technological superiority would in any case prevail over backward Russian technology. As long as nuclear superiority prevailed, the Americans could order the world to their liking, forcing their opponents to yield whenever their interests clashed. They did so, most notably during the Cuban missile crisis of 1962.

### ... they first make MAD

Although the concept of Mutual Assured Destruction based on the preservation of mutual vulnerability had some temporary currency, it was never acceptable to the US national security

establishment. Neither was détente, which accorded the Soviet Union the coequal superpower status her leaders sought. This brief phase of the arms race, which produced the only arms control agreements in the nuclear age, was eroded and finally ended with the Soviet invasion of Afghanistan. Now the arms race has reached a new and even more dangerous stage, marked by an all-out attempt to restore the American *Pax Atomica* of the early 1950s, again based on nuclear war-fighting capabilities and the will to use them. This is a race the Russians can not afford to lose, at no matter what cost to their society. It is also a race the victims, including Canadians, can no longer tolerate, for we live on this planet too.

Professor Malcolmson offers no support to those who assert that nuclear weapons have kept the peace for thirty-five years and will continue to do so, conceding only that the case cannot be proven. "To expect a permanent stand-off in a highly militarized relationship between the two great powers is to ask for a lot," he says. "We know, moreover, from consulting historical experience, that large stockpiles of weapons almost always get used, sooner or later."

### Managing the myths

Who is to blame? Both are, the Russians by their obsession with security, a chronic fear that Malcolmson attributes to their historical experience; and the Americans, by their exploitation of those fears to justify their own drive for hegemony. To make the US public bear the costs of militarism, and to justify the deployment of US forces on the periphery of the USSR, there had to be an officially designated enemy, and so the Soviet threat was created. Central to this was the myth of Soviet conventional superiority, a fallacy that justifies both reliance on nuclear weapons and high levels of spending on conventional armed forces. The total wealth of NATO members is at least three times that of the Warsaw Pact; NATO has more troops than the Warsaw Pact can deploy in the West; NATO has the edge in military technology; and the US is superior in every category of nuclear weaponry except land-based missiles.

Malcolmson offers six positive steps which might command widespread assent. Nations must recognize and act upon their shared interest in survival; the US and the USSR must improve their relationship; more people must recognize that nuclear weapons have no military utility; the weapons laboratories and their backers must be restrained; better means must be developed to manage political crises, and some unilateral initiative of restraint should be found to break the deadlock in arms control.

There is plenty of scope for initiative by Canada and other lesser powers, but Canadians must first get their thinking straight. It is here that Professor Malcolmson's book has its greatest potential value.

## MILITARY AIR TRANSPORT

During my 25-year career in RCAF and Canadian Forces Air Transport Command, it was a truism that there was never enough airlift to complete all the tasks eligible for it and that judgment had to be used and priorities established. Airlift was — and is — "free" to the military user, who competes with others for it, and it permits training exercises and other travel that would be impossible to justify if it had to be costed in the user's budget.

On the assumption that a fleet established and operated at a high peacetime flying rate could double its output in emergency, the highest affordable monthly flying rates were set and maintained, often at the expense of overworked flying and maintenance people. There was always pressure to achieve the fleet monthly flying rates, even though aircraft were frequently out of service for major modifications, inspections, search-and-rescue standby, and for commitments that kept the aircraft employed on tasks that did not keep them flying at high rates. What was needed, but never attempted, was harmonization of the monthly flying rate, the numbers of aircraft producing it, the productivity of the tasks assigned, the maintenance of the necessary crew proficiency, and conservation of the energies of crews and technicians for the big push. This was the consequence of obsession with a single sacrosanct measure of performance — the fleet monthly flying rate.

From the Senate report, it is obvious that there is still never enough airlift and that the military air transport force has still not solved its resource management problems. The Committee recommends substantial expansion in all categories of airlift forces and points to the substantial outlays that will be needed to replace present fleets, even if more use is made of civilian air carriers and if non-military tasks are dropped. The Committee rightly identifies a White Paper on defence as the starting point. Until an attempt is made to harmonize resources and tasks, no requirement for new forces can possibly be valid.

*Leonard V. Johnson is a retired Canadian major-general, living near Kingston, Ontario. The review of the Malcolmson book was printed earlier this year in the Kingston Whig-Standard.*

## Nuclear deterrence

by George Kamoff-Nicolosky

***Nuclear Deterrence: Ethics and Strategy*** edited by Russell Hardin, John J. Mearsheimer, Gerald Dworkin and Robert E. Goodwin. Chicago: University of Chicago Press, 1985, 395 pages, \$US25.00 cloth and \$US10.95 paper.

***The Future of Nuclear Deterrence*** by George H. Quester. Toronto: D.C. Heath, 1986, 333 pages, \$35.95

The above titles suggest a logical sequence in the study of nuclear deterrence, particularly when the author of the second book participated in the contributions to and the discussion of the first book. Moreover, the established reputations of the authors and the editors is such that the two publications should provide the credibility and the depth of knowledge to deal authoritatively with so important a subject. However, both books fall short of expectations.

The *Ethics and Strategy* volume is based on an Aspen conference and is

composed of articles initially published in *Ethics* over a period of some twenty years. The contributors are divided into philosopher and strategist categories. The interplay of ethics and realism provides the basis of differing and converging views. The collated volume is designed to confront the reader with a series of evaluations to permit him to determine both the morality and effectiveness of nuclear deterrence.

The editors introduce the case in a most professional manner. The chapters reflect the personal views of the individual authors, and their opinions are neither challenged nor defended. As there is no concluding chapter to provide an assessment of the pros and cons of the arguments made, the reader is left with the difficult task of evaluating the merits and weaknesses of the views presented.

Accusations of "déformation professionnelle" and of "theoretical dreamers," the argument that nuclear weapons were "good" because wars had not escalated through the fear of consequences, the morality of using scare tactics, are among the many issues left to the reader to judge. Robert Art equates deterrence with stability and rejects the moral issues. Colin Gray presses the United States to go far beyond the status quo of present deterrence and to gain a war-winning capability. Ullman argues that the current overkill capability is unstable and should be reduced. The question of what is evil, of what constitutes Christian ethics and what "is best" leaves all as it was. Individual judgment prevails or is subordinated to the government's decision.

This first book is of value. It should be read by those who might need to be reminded of the conflicting views within our own society. The problems faced by the superpower negotiators appear insurmountable.

The title of the second book — the *Future of Nuclear Deterrence* — offered promise. It seemed likely that George Quester might attempt to synthesize the Aspen contributions and to project his results into the future. This is not what happened.

Instead, the author ignored — with three exceptions, plus himself — those involved in the initial publication. Hardin and Mearsheimer had

written the excellent introduction. Richard H. Ullman had contributed "Demilitarization of International Politics" which failed to sway the strategists/realists at Aspen. Quester re-introduced his article on substituting conventional for nuclear weaponry which did little to resolve the issue of deterrence.

In his Preface, Quester writes that it was obvious that nuclear deterrence did indeed "have a future." That statement raised hopes that the rest of the text would culminate in the Conclusion which would outline the future. It did not. It examined selected related issues and came to no conclusion.

The problems of nuclear use in Western Europe, the logic which holds that ABM systems are good if they protect people and bad if they protect weapons, the issue of "living on borrowed time" under MAD, are among the items considered. But the categorical statement in the Preface that "the problems of the future of nuclear deterrence are indeed manageable" is not substantiated.

Mr. Quester has combined some sixteen articles by him into the text. Most had been published earlier. They cover arms control, the causes of war, assured and responsible retaliation, morality, nuclear winter, Soviet doctrine, ethnic targeting, accelerated warfare, the substitution of conventional for nuclear weapons, the future of the United States commitment to NATO, and Soviet power outside of Europe. The two additional articles deal directly with deterrence. They are the "Newness of Deterrence" and the "Extendibility of Deterrence."

The first of the two articles provides a brief historical review which asks four current questions: the assurance of a second strike; the assurance of responsibility; the extendibility of the umbrella to allies; and the "basic immorality" of deterrence. The second of these is well worth reading, for it contains much of substance.

The author concludes his book with an article on "Some Long-Run Trends in Arms Control." It suggests that he sees no other way to resolve the future. But his final sentences suggest that arms control provides minimal hope. He writes "Should we now pessimistically expect that the Reagan Administration and the Soviet leadership

will let the arms negotiation process simply slip back to being as bad as it was in 1949? For all the reasons noted, it may be impossible for this to occur; happily enough, there are some steps that cannot be retraced." He attempts no other conclusion.

A sad ending to a disappointing book.

*George Kamoff-Nicolosky is a former Director of Strategic Analysis in the Department of National Defence and is now an Ottawa consultant on global strategic issues.*

## Espy Canada

by Peter St. John

*Target Nation: Canada and the Western Intelligence Network by James Littleton. Toronto: Lester & Orpen Dennys, 1986, 228 pages, \$22.95.*

In *Target Nation* James Littleton sets out "to take a hard look at how Canada interacts with the Western intelligence network and most particularly the degree to which America's Cold War stance has influenced Canada over the years." The results, if correct, are pretty depressing, in which case Western intelligence-gathering and covert activities may dictate much more Canadian foreign policy than we ever suspected.

Littleton, a CBC producer and co-producer of Donald Brittain's television series *On Guard for Thee*, believes that the Cold War is insidious since it has warped the way we think about the world. He maintains further that the fraternal community of intelligence agencies in the West has "created a special culture which transcends both political debate and national boundaries." The national intelligence agencies within this network have stronger ties with each other than they do with their own governments, and the whole is dominated by the enormous US intelligence community in its frantic and headlong rush to confront Soviet expansionism. For example, Littleton

maintains that the Whitlam government in Australia was probably the victim of the CIA in 1975 when it began trying to curtail this international intelligence network. Ultimately, says Littleton, "the ability of the Canadian government to act autonomously is restricted in virtually any area perceived by the US government to affect its own national security." Canada is, by virtue of its important strategic location, therefore a target nation.

As early as 1946 the Gouzenko case led to grossly exaggerated views of the communist threat to Canada, Littleton maintains, and it played nicely into the hands of the US Cold War strategists. Later in the 1950s he illustrates how the death of Canadian diplomat Herbert Norman grew out of the complicit suspicion by Canadian and US intelligence communities that there was conspiracy, if not treachery, in high places. Lester Pearson and Pierre Trudeau were both to become suspects in this search for traitors and indeed James Bennett became an actual victim.

By the 1960s and 1970s the Cold War had become a self-perpetuating system which, Littleton maintains, the intelligence communities would ensure outlasted any détente. Nowhere was this more apparent than with the Western obsession with signals intelligence (SIGINT), which has led to the massive collection of information costing up to \$20 billion annually with a community of over 250,000 employees. Most of the information culled from listening posts in Britain, Canada, Australia and New Zealand would be reprocessed through an American spectrum and in great secrecy, thus imposing a uniformity of perception on the allies.

The last chapters of *Target Nation* deal with the effects of the MacDonald Commission, the discrediting of the RCMP Security Service and the creation of the new civilian Canadian Security and Intelligence Service (CSIS) in July 1984. These chapters deal cogently with, and with some understanding of, the dangers posed to democracy by an unchecked security service and in particular with such ideological controls as security checks which tend "to induce intellectual self-censorship."

All in all *Target Nation* breaks much new ground in its discussion of

the dangers to domestic freedom of unchecked security services. It even raises serious and disturbing questions about the uneasy relationship between liberal democracy and secret — and very expensive and powerful — services. Much of the book relies on a close reading of government reports and Royal Commissions but also on a number of interesting and telling interviews with people long connected with security matters. Senator Michael Pitfield, Elmer MacKay, Don Wall, Archie Barr and James Angleton, formerly of the CIA, are just a few to whet the appetite.

But *Target Nation* also has some drawbacks for the critical reader. For instance, the chapter on political violence is a poor attempt to deal with terrorism and adds nothing to the story. There are also numerous repetitions in this book as it jumps back and forth between 1945 and 1984. Also, when all is said and done, there is not much analysis of the international intelligence community itself, so you either believe or repudiate the claim that Canada is dominated by this Cold War Hydra. Nevertheless, this book is a must for every Canadian intelligence operative since it is the first "serious leftward look" at the impact of intelligence-gathering on the policies of a middle power. After all, the split between left and right is what the intelligence debate is all about in Canada anyway.

*Peter St. John is Professor of Political Science at St. John's College at The University of Manitoba in Winnipeg.*

## Relations with US always with us

by Anthony Westell

*Canada in World Affairs, 1971-73, Volume XVII by Peter C. Dobell. Toronto: Canadian Institute of International Affairs, 1985, 471 pages, \$35.00 cloth, \$17.00 paper.*

The subtitle of this book might well be *The International Education of Pierre Trudeau*. It covers the period in which

## Book Reviews

Trudeau and his Cabinet were settling down to the conduct of foreign affairs and, in the process, abandoning some of the illusions with which they had come to office. As Dobell puts it: "The Prime Minister's decision, on assuming office, to stand back and subject Canadian foreign policy to a searching review had revealed an intellectual and systematic approach to policy formulation which had no precedent in Canada and few precedents elsewhere. But the underlying presumption that it was possible to anticipate events and by implication to escape their consequences failed to stand the test of time. The government learned the hard way that, in foreign affairs, 'reactive' is not a pejorative term and that governments are not judged by the quality of the oracles they consult."

The government learned for example that, contrary to the Prime Minister's earlier idea, Canada was "an Atlantic country" with ties to Europe which needed to be strengthened rather than weakened. And Trudeau came to understand that the Commonwealth was not an anachronism to be treated casually, but a vehicle for effective diplomacy.

One value of this volume, in fact, is the perspective on recent history which it makes available. Only specialists will wish to read from cover to cover the detailed accounts of events, but almost anyone with an interest in politics and in foreign affairs will find it instructive as a background to current issues, and useful as a source of facts about many of the crises, issues, negotiations, policies and strategies which occupied the news media only a dozen years ago.

As the present Conservative government has made relations with the United States the centerpiece of both foreign and domestic policies, one looks with particular interest to the account of how the Liberal government handled these matters, and is soon reminded that it was a period of particular strain and excitement. The Nixon government took Ottawa completely by surprise in August 1971 with the announcement of severe unilateral measures intended to shore up the US balance of payments, including a 10 percent surcharge on many imports. The Canadians could not at first believe that the measures were meant to include them, but soon discovered that they were not only included, but a

prime target. In the ensuing negotiations, the Liberal government took a firm stand, and also undertook a fundamental reappraisal of the relationship, which led to the Third Option strategy announced the following year. On a visit to Ottawa, Nixon proclaimed more or less the end of the special relationship, and many Canadians accepted that they were entering a new era, some with enthusiasm, others with foreboding. Skepticism would have been the correct response because in fact, the 1971 crisis soon blew over, and the Third Option strategy of reducing dependency on the United States by moving closer to Europe and to Japan never got far off the ground.

In passing, it is interesting to recall that there was a somewhat similar crisis in the relationship in 1981. On both occasions, assertive US nationalism ran head on into Canadian nationalism which happened to be in a confident mood: in 1971 in the wake of Expo and the election of Trudeau, and in 1981 after the Trudeau government had been returned to office with a moderately nationalistic program. On both occasions, a crisis which seemed to threaten/promise a basic change in the relationship soon passed away, for reasons made clear in this book.

"It is easy in the mid-1980s," writes Dobell, "to see the weaknesses in the government's foreign policy perceptions of the early 1970s, and none seems more evident than that which led to the Third Option. Europe and Japan, important as they are to Canada, cannot serve as a counterweight to the United States. It is likewise true that despite its ceremonial burial, the special relationship with the United States lives on. Canada needs the United States and the United States needs Canada whether they always admit the fact or not. The lesson of the 1971 crisis was that United States interest in a strong and stable Canada justifies special consideration."

Stepping outside the time frame of his volume, Dobell ends the book enigmatically: "... [with] the fact of Canada's North American destiny more generally accepted, the time has come for a careful look at that perennial but basic question of how to manage relations with the United States." Isn't that what Trudeau tried to do, and what the

Mulroney government is now approaching through the free trade negotiations which, if they yield anything, are likely to produce new bilateral machinery for dealing at least with economic issues?

*Anthony Westell is Professor of Journalism at Carleton University in Ottawa. He is the author of the whole November/December 1984 issue of International Perspectives on "Economic integration with the USA."*

## Two Canadian books

by David Lord

### THE URANIUM STORY

*Eldorado: Canada's National Uranium Company by Robert Bothwell. Toronto: University of Toronto Press, 1984, 470 pages, \$24.95.*

University of Toronto historian Robert Bothwell has produced an often sterile and incomplete history of Eldorado Nuclear Ltd., the Crown corporation controlled by the Canada Development Investment Corp., and up for sale since shortly after the Conservatives came to power in September 1984.

Commissioned by Eldorado to dig into company and public documents and to interview many of the major players, Bothwell subsequently buried what could have been an absorbing tale of northern discovery and development, haphazard management, political neglect by Ottawa and an obsequious deference to Washington, all while Canada was a major player in the evolution of Western nuclear policy.

Too much of Bothwell's lackluster prose is devoted to pricing deals, metallurgical processes of interest only to students of outmoded refining techniques, and long-winded descriptions of Eldorado managers pleading with the US Atomic Energy Commission to buy surplus Canadian uranium or to be patient for overdue shipments.

Readers will not get a real feel for Gilbert Labine, the prospector who



discovered pitchblende at Great Bear Lake in the Northwest Territories and became, with his brother Charles, the founder of Eldorado Gold Mines Ltd. — only to be shunted out of the picture when the importance of government control of uranium supplies and development became apparent as the US rushed to develop the atomic bomb during the Second World War.

Nor will they get any insight into the character of company managers or of C.D. Howe, the industrial dynamo for Prime Ministers Mackenzie King and Louis St. Laurent. As Minister of Commerce, Howe was directly responsible for Eldorado after Ottawa began buying out private holdings in 1942 to gain absolute control of uranium supplies for the war effort. But, according to Bothwell, Howe never set foot in an Eldorado mine, the refinery at Port Hope, Ontario, or the corporation's offices in Ottawa.

Bothwell's company history peters out in the early 1960s with uranium demand slumping, managers already mulling over how to go about privatizing the company and a sea change underway in Canadian public and political attitudes on the morality of the nuclear arms race and nuclear industrial health hazards.

Eldorado's involvement in the controversial international uranium price cartel of the early 1970s is not mentioned, although Bothwell does go into detail about a much earlier attempt to swing a deal with Belgium's Union Minière to fix the world price for radium for medical use, radium being Eldorado's original raison d'être.

And there is nothing here for readers interested in more recent battles pitting Eldorado against environmentalists, unions concerned about workplace safety and company town residents stunned by sudden shutdowns of exhausted mines.

Bothwell's scratching and heaping up of names, events, company statistics and the brief glimpses of human and technical conundrums reveal a few nuggets — just enough to whet the appetite for a truly critical, concise and up-to-date account of Eldorado's operations and impact on Canadian resource and nuclear development, foreign policy and domestic politics.

COVERING THE GLOBE

*Population, the planet, and the press compiled and edited by Dick MacDonald. Toronto: United Nations Fund for Population Activities and Fitzhenry and Whiteside, 1986, 124 pages, \$12.95.*

The population of the planet surpassed five billion in mid-July, according to the Washington-based Population Institute. The chances of that milestone child being born into a life of poverty, malnutrition and illiteracy were nine out of ten.

By 2022, the Institute estimates there will be eight billion inhabitants of Spaceship Earth, an eightfold increase over the world population in 1880.

In *Population, the planet, and the press*, Dick MacDonald, editor of the Canadian journalism monthly *Content*, has put together views and reports from a May 1985 population seminar for journalists held in Ottawa and sponsored by the UN's Fund for Population Activities.

The main theme of the seminar was overpopulation and its detrimental impact on health, education, social development, agriculture and urbanization. The statistics and anecdotes provided by journalists, aid workers and government officials are forbidding, like the Bangladesh woman whose only dream was to have a space of her own to squat in the street, or a description of the seemingly inexorable advance of the Sahara.

More discouraging is the divergence of opinion on how to deal with the long term effects of overpopulation and a chapter summarizing the timid policy statements of world leaders.

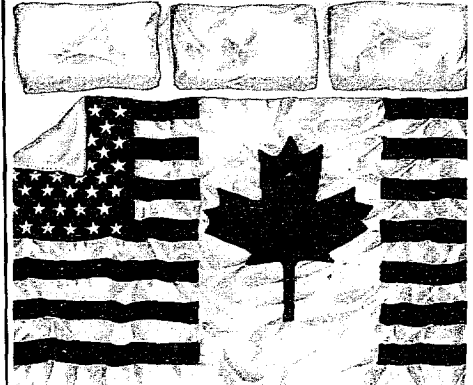
There are success stories such as China's halving of its population growth during the past fifteen years and increasing its agricultural production and the involvement of a greater number of women in family planning, literacy and economic development programs throughout the Third World.

The overall picture, however, remains grim.

*David Lord is a freelance writer living in Montreal.*

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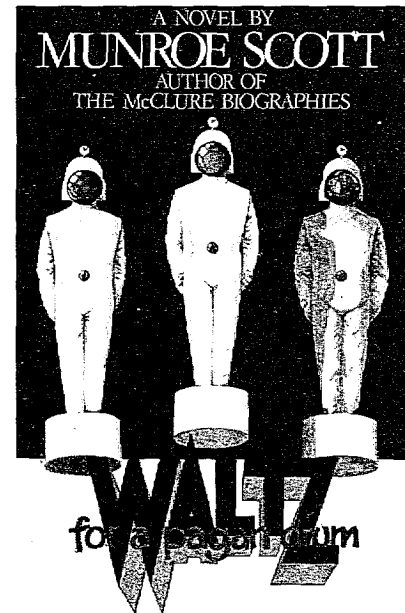


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## Monitoring the Third World

by Alexander Craig

*Third World Affairs 1986* edited by Raana Guahar. Boulder, Colorado: Westview Press, 1986, 476 pages, US\$35.00.

It is so basic, yet most of us hardly think about it — the Third World, that is what “it” is — where at present two-thirds of the world lives, soon to be four-fifths. That and other statistics become more overpowering the more one thinks about them.

How can we properly attempt to keep up with what is going on in the poorer regions of the world? Vast flows of information are available, but busy people find most useful a carefully prepared digest. *Third World Affairs* is that digest in many respects. Not in all.

Why so relatively much on Latin America, so little on Asia? Are not readers entitled to know a little more about the publishers — the Third World Foundation, its financing, not just its ideals. Might that explain its angled coverage? (It is of course possible that previous issues have dealt more fully with Asia — it would surely take up very little space to give simply the Tables of Contents of previous issues; this is a work of reference after all.)

These reservations aside, this is a first-class annual. There are interesting articles on a wide range of topics, by some of the world's most distinguished experts. This book is appropriately enough, very future-oriented. In addition to articles covering such major problems as arms buildup and environmental concerns, it examines other basic matters for worry, such as the way in which “market-sharing arrangements are increasing” and the way the international trade situation gets more complex and veers toward protectionism.

The main aim of this book seems to be to encourage action. Its articles continually stress the need for such qualities as flexibility, not just in the minds of those who shape the activities of bodies such as the IMF, but also

among those who influence and implement the policies of the rich countries.

One of the most attractive features of this impressive collection of articles is its range and variety. Among the five articles in the section on Human Rights is one on “The rural women's work: overworked and underpaid.” The section on cinema has five articles, one on ending Western dominance, the others on Arab, African, Chinese and Indian cinema.

Anyone with any interest in the Third World is bound to find a lot of fascinating information and analysis in this volume.

*Alexander Craig is a freelance writer based in Lennoxville, Quebec.*

## Modern Hungary

by James H. Warnock

*Hungary: Politics, Economics and Society* by Hans-Georg Heinrich. Boulder, Colorado: Lynne Rienner, 1986, 180 pages, US\$25.00 cloth, US\$11.95 paper.

Hungary is always of interest because it is so strikingly different from the traditional image of the socialist countries of Eastern Europe. This book, which is part of a series on Marxist regimes commissioned by University College, Cardiff, is a well researched study of the factors that make Hungary unique.

The author provides an overview of the country's historical development since its establishment in the tenth century, but his focus is on the contemporary state and society. One of the most intriguing features of Hungary is that, in the thirty years since the abortive anti-Soviet uprising of 1956, the country has gradually created its own “path to socialism” which has no counterpart elsewhere in Eastern Europe. Heinrich has done a commendable job of analyzing the political, economic and social changes that have produced modern Hungary.

A key aspect of the book is its approach towards the Hungarian Communist Party (HCP), the institution which, under the cautious leadership of Janos Kadar, has led the reform movement that has affected virtually all aspects of Hungarian life. The author has made a solid, if somewhat skimpy, study of the development of the HCP prior to 1956, but has been successful in his discussion of the factors which led to the emergence of “Kadarism.” Heinrich's basic argument is that the success of the reform movement and the official acceptance of strong public intra-regime criticism are the result of the ability of the HCP to achieve significant change while avoiding any threat to Soviet security interests.

Any study of Hungary must, perforce, deal with the issue of the Kadar regime's most visible symbol of success: the introduction of the New Economic Mechanism (NEM). The book does not deal with this question in the depth which it merits, but it does provide a good assessment of the economic pressures that led to the reorientation of the economy on the basis of market principles. Heinrich provides a balanced view of the changes to the planning and pricing systems that lie at the heart of the NEM and the phases which the economic reform process have undergone since its inception in 1968.

The author also conducts an examination into the changing nature of Hungarian society. He presents a valuable account of the myriad of social pressures which have been created by the NEM and lays particular stress on the fact that the present abundance in consumer goods is countered by a wage structure that forces the bulk of the populace to work at two or even three jobs in order to enjoy a basic standard of living.

The major limitation of Heinrich's book is that he fails to deal with the question of Hungary's future. This is of critical significance given that Kadar is now 74 and once he is gone the leaders which follow may well choose to slow down, or even abandon, the process of reform.

*James H. Warnock is a student in the Institute of Soviet & East European Studies at Carleton University in Ottawa.*

## Help is at hand

by Gordon Cullingham

*Handbook of the Nations, Fifth Edition. Detroit: Gale Research Co., 1985, 274 pages, US\$74.00.*

Handbooks (even ones that look and feel like coffee-table books) are only as good as their compilers. So it is comforting to know that this one is probably as good as one can get — and certainly the most expensive to produce, for it is really the Central Intelligence Agency's own handbook. They call it *The World Factbook*, and each year this annual is republished under the present name by Gale Research Company.

Its origins are not entirely concealed by the change of name, though. For instance, there is an entry for "Communists." This word appears in the "Government" section for each country, and gives a figure for party members, or estimated adherents, but does not do this for any other political party or movement. (Canada has 2,000, by the way.)

Sometimes one can even find new information. Each country has a listing for "Aid." This heading for Canada reads: "Economic — (received US, \$1.8 Billion Ex-Im Bank, FY70-81); . . ." And we thought we did good, not well.

Other CIA influences that lack something in uniformity are detectable in the listing under "type" of government. We note easily that the Soviet Union, Poland and Cuba are "Communist state[s]," while, surprisingly, Nicaragua has not yet made it, the designator being permitted the non-committal "Republic." Canada is a "Federal state recognizing Elizabeth II as sovereign," while Grenada gets a slightly more helpful description: "Independent state; recognizes Elizabeth II as Chief of State." The entry for Britain is a little more evaluative, the label being "Constitutional monarchy." This leaves one to wonder what the US is. The answer: "Federal republic; strong democratic tradition." The angularity of that assertion can be understood when one notes the disclaimer at the beginning of the US section. In explaining why such an official

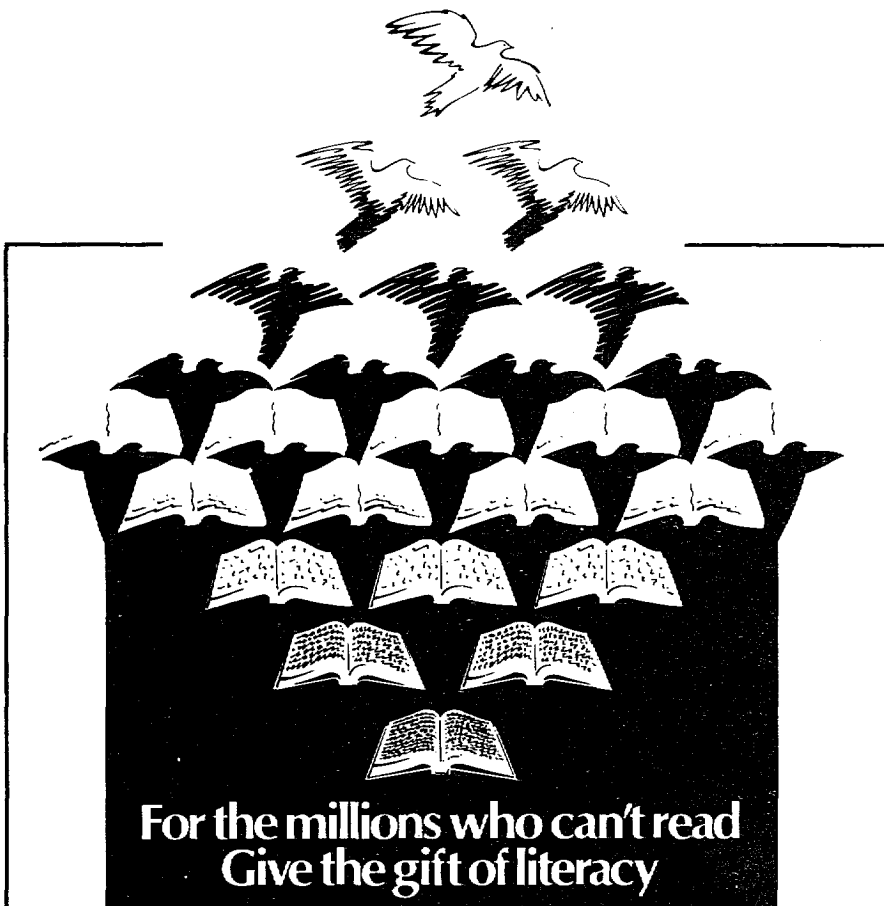
US book would even include a section on itself, it tells us that the "Information is from US open sources and publications and in no sense represents estimates by the US Intelligence Community."

Still, it is easy to have confidence in this ambitious volume; serious errors are hard to find. It is up-to-date to early 1985. The organization is sensibly alphabetical (although Great Britain appears under "U," and the USSR under "S"). There are 191 political entries, organized under the headings of Land, People, Government, Economy, Communications and Defence Forces.

You can also get the exact name and spelling, capital, political subdivisions and government leaders of all countries. In a series of Appendixes are listed the international organizations to which each nation belongs.

So it is altogether a pretty good book — and one that removes our excuse for misspelling the name of your country in *International Perspectives*.

Gordon Cullingham is Editor of *International Perspectives* in Ottawa.



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# Letters to the Editor

Sir,

I was truly dismayed at seeing the title "Sea Law beached stranded mired" on the cover of your July/August issue, and could hardly believe that it should refer to my article in that issue.

In the first place, such a title is not worthy of your excellent and scholarly journal. That is a vicious, tendentious title which a tabloid might use whose editors wish to see the failure of the Law of the Sea Convention and the order it is about to establish. What got beached? What got stranded? What got mired? Where are the facts?

Most certainly they are not in the article to which this title is supposed to draw the reader's attention. What the reader found in this article, instead, is the assertion that the most difficult of all the problems faced by the Preparatory Commission — that of the Registration of the Pioneer Investors — was about to be solved, on the basis of the Arusha Understanding agreed to last year.

My article was written six months prior to publication. However, its perspective turned out to be correct. During the resumed session of the Preparatory Commission, just concluded in New York, a real breakthrough was made, and an understanding was adopted, based on a somewhat amended Arusha agreement, which sets the stage for Registration in 1987. All parties — Pioneer Investors, developing countries, even the "potential applicants," *alias* the US dominated consortia — agreed. We now have an interim regime for ocean exploration, research and development in place that is universally recognized.

I am happy to utilize the unwelcome occasion of a negative protest for the announcement of a most positive fact.

Elisabeth Mann Borgese  
Halifax

Sir,

The article on Canada's foreign policy by Dorscht, Keenes, Legare and Rioux (May/June issue) is one of the best I have seen on the subject. However, they have failed to point out one important factor which has influenced our relationship with the US to which they refer. This factor is our common language which makes it easier for the "Canadian media to feed off the information and opinions on world affairs presented in the American media." Has it ever entered the minds of Canadians what our relation with our neighbor would be were that neighbor a European nation, Germany, for example? The importance of language on international relationships is something which Esperantists have long ago recognized. This is the reason why they advocate the use of Esperanto for international communications.

P. Larose  
Ottawa

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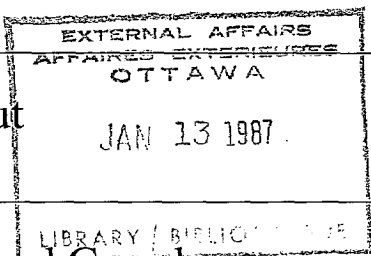
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## Editor's Note:

Pierre Elliott Trudeau inherited a Prime Ministry whose two previous Liberal incumbents had first been foreign minister. He himself had a reputation as a world knower. But the kind of foreign policy Mr. Trudeau oversaw was not always predictable from those origins. Mitchell Sharp — who was Trudeau's first and longest-running Secretary of State for External Affairs — takes us through some of those foreign relations events and issues in the years from 1968 to 1984, in his own look-back at what was happening in Canada's world.

Part of what was happening was the formulation of foreign policy in a country not entirely aware of how different it was from the country from which it often took its cues for the standards of international behavior and the short-run objects of policy. In this third and final article by Axel Dorscht and his associates, the case is argued for a more acute awareness of their own condition by Canadians as they consider their position and actions in the world. These examinations take place as our parliamentary arrangements are beginning to give more say in policy — including foreign policy — to members of the House of Commons through committee operations. This device can only acknowledge and encourage the emergence of a Canadian way of looking at the world — one more independent of the superpower monopoly of analysis.

In two other articles the Middle East dominates. In one case, it is the scene of one of the most bitter and refractory confrontations in the world, a confrontation in which each side knows that "peace" would mean yielding unyieldable things. James Kadyampakeni reviews how Jews and Arabs got to that state. The Middle East also produces much of the world's traded oil, and OPEC is its creature. These have not been good days for those champions of controlled prices, because, as author Richard Vanderberg points out, OPEC's object is price stability.

Other articles peek into the continuing terror of the unmolested-from-outside regime of General Pinochet in Chile — a situation where Canada, whatever its remoteness, might do more, according to Michael Tutton.

The world environment is suffering increasingly from a mindless onslaught of "development" which is — at its most obvious level — leaving increasing numbers of people both meaningless and homeless. A scholar from India offers his non-First (or Second) World assessment.

Then, something new for *International Perspectives* — a diplomatic dispatch. Only this one lacks that bureaucrat-to-bureaucrat touch one knows characterizes all internal government writing. Ambassador Bill Warden saw a lot in living consecutively in Pakistan and India that the rest of us can't, and he writes of it most humanly.

# Reflections on foreign policy during the Trudeau years

by Mitchell Sharp

*Mitchell Sharp was Secretary of State for External Affairs for the first six years of Trudeau administrations, from 1968 to 1974. He was in the Cabinet for another two years, where he took part in foreign policy discussions. This was followed by another two years still in Parliament, but not in the Cabinet. Since 1978 he has been Chairman of the Northern Pipeline Agency. During this period Mr. Sharp has been a member of the Trilateral Commission, and these assignments have required him to follow some aspect of Canadian foreign policy, as well as providing him an opportunity to observe the reactions to Canadian foreign policy of influential people living in the industrialized countries.*

*Because of Mr. Sharp's long tenure as foreign minister, these reflections on those early Trudeau years are offered, in his own words, "with more authority but perhaps, some might say, with less objectivity."*

Pierre Elliott Trudeau gave fair warning, when he was elected leader of the Liberal Party and became Prime Minister that he was not going to be satisfied to follow without question the foreign policy of his predecessor, Lester Pearson. He called an immediate election and insisted upon including in the party platform an undertaking to review foreign policy, particularly in relation to membership in NATO, to pursue closer relations with Latin America and to negotiate diplomatic relations with the People's Republic of China. As the new Secretary of State for External Affairs I helped to draft those planks in the 1968 election platform and it became my responsibility to carry them into effect after the election.

## Foreign policy review — 1969

The intention of the foreign policy review, as I understood the Prime Minister, was to subject the foundations of Canadian foreign policy and the structures for its implementation to a strict examination. Everything was to be questioned and all alternatives to existing policy were to be considered, including such far-out possibilities as neutrality and non-alignment. A review of foreign policy in the Department of External Affairs, prepared before the change of government, was rejected as inadequate. In the end, when the review was completed there were some changes but not a serious departure in substance from the

external policies of the Pearson government, although expressed in a different framework and for the first time elaborated in printed form.

It is quite conceivable, for example, that a Pearson government, had it continued in office, would have decided, for financial reasons, to reduce the size of Canada's NATO contingent in Europe, which was the main outcome of the review.

There was, however, a change of approach, as the handling of the announcement of the NATO troop reductions demonstrated, particularly in the public expression of Canadian foreign policy. As one of the booklets published at the end of the foreign policy review put it, Canada was no longer interested in being a helpful fixer. We did not seek a role in the world as a mediator or honest broker. Our foreign policy, like the foreign policies of other countries, was to be directed to promoting Canadian objectives and interests which, of course, included the preservation of peace and the avoidance of war. This did not mean that Canadian policy was to become more selfish — indeed external aid as a proportion of our GNP reached its peak during those early Trudeau years in office. Those years also saw the establishment of the International Development Research Centre (IDRC), an internationally controlled agency funded by Canada. But Canadian foreign policy did become more consciously nationalist in its expression.

## New personality, new conditions

I think it was inevitable that when Mr. Pearson, a diplomat of international stature, was replaced as Prime Minister, there would be some break in the continuity of Canadian foreign policy or, at least, there would appear to be some discontinuity. When his successor turned out to be a formidable intellectual of strong views newly arrived in politics and in the Liberal Party — who had indeed been a strong critic of the Pearson government's policies — some discontinuity was inevitable.

I am inclined to the view that about the time when Mr. Pearson resigned from office we had come to the end of an era in the conduct of Canadian foreign policy. The great personalities that had fashioned our foreign policy in the postwar period and that had played such a prominent role in international affairs had retired or were about to retire. Moreover, the peculiar international circumstances of the postwar period that had given Canadians the opportunity to be so influential, had passed. We had now to accustom

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ourselves to a more modest role appropriate to our position in the altered hierarchy of nations.

This inevitable change in approach was accompanied by public questioning by the Prime Minister of the function of Canadian diplomats, by the appointment of leading officials of the Department of External Affairs to positions of high responsibility in other departments and by a cut-back in the personnel of the Department and the elimination of several diplomatic posts. It was a rough time and it led, in due course (after I had left the portfolio) to a complete refashioning of the Department of External Affairs into a central agency and a redefinition of its priorities, with greater emphasis on trade. I do not think the conduct of Canada's external relations benefited from the reorganization.

The new nationalist approach was given substance by the declaration of Canada's responsibilities with respect to the protection of the environment in Arctic waters and by the leadership given by Canada in the Law of the Sea negotiations to extend the jurisdiction of coastal states over the adjacent continental shelf and the waters above it. These were Canadian interests, pursued vigorously over a long period, skilfully and, to a remarkable degree, successfully.

### Recognizing China

In deciding to exchange diplomats with the People's Republic of China, the Trudeau government also broke with the past. The plank in the platform of the Liberal Party in the election campaign of 1968 relating to China was ambiguous, as had been the Pearson government's policy. Somehow, it was hoped that recognition of the People's Republic of China could be accompanied by maintenance of official relations with Taiwan. When it became clear that this was impossible, the government, notwithstanding strong pressure from the United States and misgivings by some members of Cabinet, moved ahead boldly and provided the formula that was to be followed by dozens of other states and, eventually, by the United States, in exchanging diplomats with Peking. That formula was that Canada neither endorsed nor challenged the assertion by the People's Republic of sovereignty over Taiwan. During those negotiations our Ambassador made the point that although we asserted sovereignty over our Arctic islands, we did not ask the Chinese to accept that assertion. The territorial limits of Canada were for us to decide, not the Chinese. Similarly, the territorial limits of China were for the Chinese to decide, not for us.

To illustrate the new approach, I draw attention to the handling of the request for Canada to be a member of the second International Control Commission in Indochina. As Minister, I had been very critical of the operations of the previous Commission in its later stages. I referred to it as a farce. When the request came to be a member of another Commission to supervise another Vietnam peace settlement in 1973, many of my officials were opposed, believing we would get sucked in again for an indefinite period. I decided, however, to accept, subject to conditions. Those conditions were not fulfilled and, after we had helped to get the Americans out of Vietnam, we withdrew, notwithstanding pressures from the United States to continue. It was tempting to be the international nice guys and to do what

the Americans wanted, but thank God we had the good sense to do what we could and get out before it was too late. Our policy at that time has helped, I believe, to establish firmly the principle that Canada should always insist upon United Nations sponsorship of any peace-keeping force in which this country is to participate.

### Nationalist or internationalist?

It is part of the mystery of extraordinary political leaders like Mr. Trudeau that there appear to be contradictions in their actions and attitudes. Our former Prime Minister is not a nationalist; indeed he attacked nationalism as the root of much of the trouble in the modern world. "Maîtres chez nous" was as offensive to him in relation to Canada as it was in relation to Quebec. And yet he undoubtedly promoted and supported policies that were regarded as nationalist, looked at from both political and economic points of view. I do not pretend to be able to explain these seeming contradictions and, as a former politician, I am fully aware that governments have sometimes to take actions inconsistent with their declared principles. I am also very much aware that whatever views Mr. Trudeau may have had about nationalism in the abstract, when he became Prime Minister he became the trustee of the Canadian people and was expected to act as a national leader.

My observation of events leads me to the conclusion that Mr. Trudeau remained an internationalist at heart throughout his term in office. He began his term with questions in his mind about the content of Canadian foreign policy and about the ways in which it was being pursued. He thought the priorities might be wrong and in this he was supported by several of the new members of the Cabinet who, like himself, were not members of what might be termed the Canadian foreign policy establishment, inside or outside of government.

### Trudeau and NATO

It is significant that as time went on Mr. Trudeau came to recognize the value to Canada, politically as well as in terms of defence, of the NATO alliance and that he became a strong defender of Canada's membership in it. The learning process was undoubtedly expedited when the Europeans made it clear that our interest in pursuing closer economic links — the "contractual link," — with the European Community was to be measured by our support for NATO. Let me add this, too, that those who protested the test of the cruise missile in Canada received no support whatsoever from the Trudeau administration.

Mr. Trudeau remarked to me one day that whereas the question of Canada's membership in NATO had been a lively controversial political topic before the decision was made, after the decision was made to remain in NATO the question virtually disappeared from public debate. This remark helped to confirm my view that Mr. Trudeau's main purpose at the outset of his term of office had been to subject the conventional wisdom of the Pearson era to a fundamental, no-holds-barred examination and that he was satisfied with the outcome. I rejected the view that some people hold, that he wanted to get Canada out of NATO.

Unfortunately, the harm done to relations with our NATO allies by the way in which we had decided in 1969 to announce, without warning to them, our decision to reduce

the number of our troops in Europe was long lasting. The Minister of National Defence and I were satisfied with the decision but tried without success to postpone that announcement until consultations had taken place.

### **Commonwealth contribution**

In many areas, Mr. Trudeau demonstrated his international approach. Soon after the 1968 election, I went with him to London to attend a meeting of Commonwealth Prime Ministers. I never went again to these gatherings because, as I told him at the time, "One of us is superfluous and I know which one it is." Much to my surprise, Mr. Trudeau found the meeting intensely interesting and from that time on played a major role in Commonwealth affairs. He is given credit with having prevented a collapse of the organization. In particular, Mr. Trudeau found it valuable to have personal contacts through the Commonwealth with leaders of the developing countries like Nyerere, Kaunda and Lee Kuan Yew. These contacts were to be especially valuable when we had to deal with the highly emotional Biafra affair in Nigeria. Nor should it be overlooked that it was in the Trudeau years that Canada established diplomatic relations with the Vatican and appointed an Observer to the Organization of American States in Washington.

As I have already pointed out, external aid more than kept pace with the GNP in the early years, notwithstanding financial constraints. Mr. Trudeau's speech in London on March 13, 1975, at the Mansion House is one of the most eloquent statements of the case for helping the underprivileged peoples of the world. Many years later, as a member of the Summit Seven, he was to be their spokesman. The Canadian Secretary of State for External Affairs co-chaired the North-South dialogue. It was in the Trudeau years, too, that external aid began to reflect more accurately the bilingual nature of Canada by the increase in the proportion of our aid going to French-speaking countries, particularly in Africa, and by our active participation in the affairs of La Francophonie. Nor was there any diminution in Canada's support for the World Bank and the International Monetary Fund.

### **Peace Initiative**

And, of course, near the end of his term came the Trudeau peace initiative, which many regarded as a return to the Pearson tradition. It was a startling initiative but I suggest that it did not represent a new-found interest by Mr. Trudeau and his administration in the great issues of peace and war and disarmament. Throughout the Trudeau years, Canada had been as active as any other country in the United Nations, at the Conference on Security and Cooperation in Europe, in Vienna, at the Summit, wherever opportunities arose to reduce international tensions and to promote arms control. Canada's inclusion in the Summit Seven gave Mr. Trudeau contact with the leaders of the Free World not enjoyed by any previous Prime Minister and he took advantage of the opportunities to try to influence the course of political as well as economic events. What Mr. Trudeau saw was the growing hostility between the two superpowers and the opportunity for a personal intervention which could be of benefit both internationally and domestically.

If I had been his foreign minister at the time, I would not have been enthusiastic about the peace initiative, mainly because, like most experienced observers, I thought that the heads of governments of the superpowers, especially the President of the United States, and of the other principal countries of Europe, were unlikely to want Mr. Trudeau to break the impasse. If there was to be a breakthrough, they wanted the credit for themselves. They were not looking for a go-between. The very limited coverage given to the initiative in the international press outside of Canada is the best evidence on this point. As an outside observer with contacts at the time among leading public figures in the Western democracies, I was also aware that the inept handling of the decision to reduce our NATO contingent in Europe. Mr. Trudeau's flamboyant gestures in Moscow and in Havana, and his irreverent attitudes on several occasions while abroad, were remembered by the American administration and by other Western leaders, and detracted from the acceptability of the Prime Minister's peace initiative.

### **US relations**

Which brings me to a consideration of Canada-United States relations during the Trudeau period. As those of us who have had government responsibility know, this relationship is at the center of Canadian foreign policy and became increasingly important during the years from 1968 to 1984. We tried hard to diversify our trade and our cultural contacts and to a limited extent we succeeded, but at the end of the sixteen years under Prime Minister Trudeau there was greater interdependence with our great neighbor to the south than there had been at the beginning.

The Canadian election of 1968 which brought Mr. Trudeau to power as Prime Minister coincided more or less with the United States election which returned Richard Nixon as President. I went with the Prime Minister to Washington for the first meeting of the two leaders and on our way home we exchanged impressions of the new Administration, particularly of the President. Perhaps our impressions at that time can be summarized by saying that we were not surprised by subsequent revelations that Mr. Nixon did not understand Mr. Trudeau — or like him.

I doubt very much, however, whether those interpersonal reactions had much of an effect upon relations between our two countries during the Nixon era. What really counted then, as now, is the nature of the problems that arise between us and how they are handled, not only by the top leaders, but by the respective administrations. Looking back, the most important thing that happened to Canada-United States relations during the Nixon era, apart from the NATO decision, was the inclusion by Secretary Connolly in 1971, in his measures to redress the United States balance of payments, of taxes on imports from Canada. This marked the end of the special relationship that had in the past exempted Canada from such measures.

### **Third Option**

It was partly our concern about this shift in United States policy that led me to have prepared a study on Canada-United States economic relations. In due course this was published under my name in *International Perspectives* (then a publication of the Department of External

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Affairs) in 1972 and gave currency to the phrase "Third Option." In a sense, this marked the end of the foreign policy review, although, as is well known, it was not issued in the same form as the other booklets, which carried the authority of the government as well as of the Secretary of State for External Affairs. To put it mildly, this Third Option paper was not endorsed enthusiastically by officials of Finance and of Trade and Commerce, mainly because they thought it would be safer to avoid generalizations about Canada-United States economic policies and to continue to follow an *ad hoc* approach to problems as they arose.

So far as I could ascertain, the publication of the Third Option paper had little effect upon relations between our two countries. It was not considered by the United States administration of the day as a strongly nationalist document — which, I might add, it was not. Its chief significance was to raise doubts about the acceptability of the Second Option, i.e., of moving deliberately towards integration of the two economies. What is significant to me is the continued relevance of that Third Option paper to the debate, which has become more vigorous than ever before, on the question of a free trade arrangement between Canada and the United States.

### Other Canada-US issues

What were considered by the Americans to be significant departures from the norm in Canadian policy were the introduction of the Foreign Investment Review procedure and, much later, the National Energy Policy (NEP). The bark of the FIRA was stronger than the bite and most of us in the Canadian government were puzzled by the depth of the antagonism of the United States business community. They probably felt that while foreigners could be expected to be foolish enough to apply restrictions on American investment Canadians were considered as neighbors rather than as foreigners.

The National Energy Policy confirmed the view of the American business community and of some elements in the administration that we had been converted to outright economic nationalism. I suggest that no action by the Canadian government produced more concern in the United States about the future course of Canadian policy than the NEP. In my view, however, the NEP was an exceptional case made necessary by fear of an energy shortage, the rapid upward movement of petroleum prices and the expectation of still further increases. When the energy crisis ended, so did the NEP. It was already being dismantled before Trudeau left office.

The Trudeau era also witnessed the failure of the US Administration to bring about the ratification by the Senate of the East Coast Fisheries Treaty. That failure taught Canadians a lesson about the conduct of negotiations with our great neighbor that has had far-reaching implications. When I was Secretary of State for External Affairs I discouraged our Embassy in Washington from engaging in the lobbying of Senators and Representatives because I would object if the US Ambassador lobbied our Members of the House and Senate. Today, I would be inclined to endorse the activities of our Ambassador, Mr. Gotlieb.

### Oil and gas

The energy crisis of the 1970s produced the National Energy Policy which was unpopular in the United States. It also led, however, to the conclusion of an agreement in 1977 between the two governments to facilitate the construction of a natural gas pipeline to carry United States gas from Alaska through Canada into the lower forty-eight states. I mention this, not particularly because I became the head of the Northern Pipeline Agency which was established to supervise the construction of this pipeline in Canada, but because it was an important example of cooperation and because it did represent somewhat of a departure in Canada-US relations. It will be recalled that when a similar proposal was made to build an oil pipeline for the same purpose across Canada the Canadian government hesitated and the Americans decided to build their own line from Prudhoe Bay across Alaska to the coast and to carry the oil by tanker to California. Perhaps it was the inclusion of a spur line to tap Canadian gas at the mouth of the Mackenzie River that persuaded the Canadian government to be more favorable to the gas line than to the earlier oil line. I am more inclined to believe that when the government looked back at the oil line they wondered why we had not been more sympathetic to an international project which would have been beneficial to both countries and would have reduced the chances of a serious oil spill on the Pacific coast.

### Gas pricing

There was a similar evolution in gas pricing policy. During the rapid upswing in world oil prices, the Canadian government, with the agreement of the US Secretary of Energy, tied its export prices for natural gas to the equivalent of the price paid by Canada for oil imports. When the oil shortage turned into an oil surplus we abandoned — somewhat reluctantly — our fixed border price for natural gas and decided to meet the competition in the United States market, subject only to not exporting at a lower price than was being charged to Canadian consumers.

I have read and heard comments to the effect that somehow in its natural gas policy, and in relation to the Alaska Highway Natural Gas Pipeline, Canada gave way to pressure from the United States government or that the United States government reneged on its undertakings. That is not how I recall or interpret events. The Canadian government made decisions that they conceived to be in the Canadian interest and in the light of changing market conditions. We took full advantage of the market for natural gas when it was rising; we followed the market down — somewhat reluctantly — when we had to. Never at any time did the United States government discriminate against imports of Canadian gas nor did any of this compromise our national policy of Canada first in terms of supply and price. As for the Alaska Highway Gas Pipeline our two countries cooperated to fulfill their respective obligations under the 1977 agreement. A large section of the pipeline was built but the project was not completed immediately all the way to Prudhoe Bay for reasons beyond the control of either government.

One further comment. The Canadian government's attitude towards trade with the United States and the

movement of capital across the border is often described as being inspired either by nationalism or continentalism, and politicians have been described by the press or in debate as being of one persuasion or the other. The truth is that every Canadian I know, except those who want to join the United States, is both a nationalist and a continentalist. We try to exploit our proximity to the United States to our own advantage, and at the same time to avoid being completely dominated by our neighbor, economically and culturally. In that respect, the Trudeau government's record is no different from that of its predecessors or, I venture to say, of its successors.

### **Dramatic and Confrontational**

I wish it were possible for me to sum up in a neat, orderly way these reflections about Canadian foreign policy during the Trudeau years, to add the pluses and the minuses and to give you my judgment of the overall result. Unlike newspaper columnists and university professors, I find reality too confusing for that kind of exercise. Let me conclude with a few generalizations.

Although the approach of successive Trudeau governments was more nationalist than either the preceding St. Laurent or Pearson governments, no Canadian government and no Canadian Prime Minister was more active internationally. This seeming paradox simply reflects the reality of this increasingly interdependent world.

Successive Trudeau governments attempted to be more active than reactive to international events. At the outset they questioned the conventional wisdom and in the process made changes, some of which had to be modified later in the light of reality and others which were more durable. In many respects the foreign policies of successive Trudeau governments resembled their domestic policies, i.e., they were dramatic and confrontational, perhaps more dramatic and confrontational than they needed to be. For years to come, they will be debated. They will also be reexamined by their successors in office who will have their own styles and their own objectives and will have to come to terms, as did successive Trudeau governments, with the realities of the world around them. □

**Let the debate out!**  
*And end the Realist monopoly*

## **Foreign policy debate and "realism"**

by Axel Dorscht and Gregg Legare

*The debate referred to in the following article was begun at an international workshop held from October 9 to 11, 1986, at Carleton University in Ottawa. It was attended by prominent international relations theorists from Canada, England, Germany and the United States. Academic students of Canadian foreign policy and senior officials from the Government of Canada as well as representatives of foreign policy interest groups also participated over the course of the three days. The aim of the workshop was to debate the issues raised by the dominance of "realism" and to formulate a research agenda for further examination and debate.*

In previous issues of *International Perspectives* we and our colleagues argued that the debate underway in Canada about our foreign policy does not penetrate to basic levels because of the dominance in academic, bureaucratic and media circles of a superpower-dominated worldview which acts to instill a realist or power politics view of the world and of Canada's options in it. We argued that the predominant Canadian view of the world was heavily influenced by

the US interpretation of international reality and that this had a distorting effect on Canadians' decisions about what our role in the world is and could be. This view has also encouraged the identification of Canada's interests in the world with those of the United States since both have tended to "see" the world the same way.

To say that realism is the dominant worldview is not to say that it holds uncontested sway or is universally held. It is to say that it is very prominent and tends to define the intellectual terrain of debate and analysis on international politics. Its critics are forced to address its view of international politics and to argue within its framework and definition of reality if they wish to be taken seriously. Outside of the university, however, realists are rarely compelled to consider competing worldviews. To the degree that realism is dominant, it defines the terms of debate, and this gives it a pride of place

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## Let the debate out!

### Dethrone "realism!"

The aim of this article is to show some of the ways in which this realist hegemony operates at the level of debate and opinion about foreign policy and international politics. By talking about opinion, though, we are also talking about how intellectual authority is invoked to constrict debate — the "power politics of ideas." The strategies employed by realists here are themselves aspects of power. By exposing the techniques and strategies of closure used in such discussions and evaluations we try to point the way to a more self-conscious and critical appreciation of Canada's role and options in international politics. This would include the devaluing of the currency of realism to the point where it was only one view of international politics among others.

This is not to say that power is not an element of international politics or that it should not be respected or taken account of; but unfortunately, the focus on power and national interests of dominant states enshrined in the realist worldview, means that the policy options and techniques available to non-hegemonic states is unnecessarily circumscribed. By overstressing the centrality of power plays in international society and counselling against the pursuit of policies not backed by power it concedes the field of international politics to the powerful, and also provides the less powerful with a reason why they should not, indeed cannot, propagate policies unpopular with the great powers. In stressing caution and practicality in an insecure world, it provides a justification for reactive and conservative policies and readily brands its critics as impractical and idealistic, a dangerous combination within the realist worldview. This is clearly seen in the reaction of "realist" statesmen to the disarmament movement, where the familiar arsenal of realist images is used to discredit and politically disarm the disarmers. An external world of hostility and threat is prominent in this battle for public opinion. Assertions that deterrence and the threat of nuclear force are necessary to keep the peace are taken as unproblematic and proven by reference to the absence of nuclear war since 1945.

### Power is peace

In this way peace and power are closely linked. Those who question this link are branded as unrealistic, or ignorant of the lessons of history and of the real intentions of the "enemy." Realists will thus claim *their* interpretation of history, *their* superior knowledge and *their* understanding of the world as authoritative justification for their arguments and as proper guides to action. Those who resist the imposition of these interpretations are charged with not living in the real(ist) world.

However, insofar as perception "creates" the world we live in, the realist worldview may act to create the type of world in which policy-makers, journalists and citizens claim they *must* operate. While on one level it is arguable that the power politics view of the world is only an acknowledgement of the reality "out there," in another sense this argument is inadequate because the worldview itself has a role in creating that reality through its effect on the interpretations, norms and expectations that people form of world events. It also heavily infects the discourse and language used in discussions of international politics and foreign policy.

What follows may seem an overly schematized characterization of how the dominant worldview exercises its hegemony. We do not mean to attribute ulterior intent, but rather to deal with the strategies of justification and persuasion used by those in power and their allies, however unconsciously, to forestall, limit and marginalize alternative worldviews and policies.

### The unsound of silence

Turning to the practice of foreign policy debate in Canada one can discover several characteristic ways of excluding or marginalizing the alternatives. These techniques, in themselves, have little to do with the world "out there," but are, rather, related to the legitimation of power and influence in bureaucratic settings. The most effective of these marginalizing techniques is silence; one simply does not consider competing claims or policies that are beyond the pale of "common sense," "reality," "practicality" or some other intuitively "sensible" standard of judgment. Equally, certain issues or policy areas are not considered as they are not seen as problematic. For example, a hemispheric "alliance" of Canada with various Latin American countries to counterbalance the economic, political and cultural domination of the United States, though a logical possibility, is never discussed. (The Third Option in 1972 proposed a similar strategy for similar ends, but was targeted on the European Communities.) Silence is so effective because nothing else need be done. With the growing "domestication" and politicization of foreign policy, silence is becoming increasingly difficult; too many issues are being raised in public and in the media.

Another effective marginalizing technique is to appeal to pragmatic rationality as a universal standard of judgment in considering alternatives. This invokes the constraints of the "real world" in order to argue that necessity imposes a certain course of action. The implication is that "we have no choice" but to do what we are, in fact, doing. The Green Paper, *Competitiveness and Security*, uses this style of argument extensively. It paints a classically realist picture of a harsh and increasingly competitive world "out there" which imposes with a dreadful logic the "choice" of increased integration with the United States for our own survival. The dichotomous choice posed is integration or decline. The "world" simply will not allow any other course. This appeal to "reality" has peculiar resonance in a society such as Canada where instrumental rationalism and utilitarian values are so deeply embedded, particularly in the policy process. This is not to argue that policy always, or even often, meets these criteria, but they remain the aim of policy and constitute the dominant standards of judgment toward it.

Another variant of the appeal to reality is to invoke political necessity and increasingly often public opinion. In a democracy those who can successfully claim that public opinion is on their side have a powerful argument. Given even ambiguous evidence, governments will regularly resort to this tactic of justification. If opinion is not with them they can blame the media for misleading the public, poorly informing the populace or being out to "get" them. Or, as we have seen recently, a media blitz may be launched on the assumption that "we are not getting our message across," the obvious implication being that if people knew the message they would support the policy.

### **Salute the experts**

When these strategies fail a third variant of pragmatic rationality will often be invoked, that is, a cult of "technocratic expertise" and superior information, all too often kept secret. The argument runs like this:

Foreign policy is a complex matter which the non-expert cannot understand, so one must trust the experts to protect the national interest and to pursue policies which are in accord with it, even if one does not quite understand how. As experts with a large information gathering bureaucracy at our disposal we have access to information which you do not. However, we must keep it secret, because to divulge it would give an advantage to the other actors with whom we must negotiate, and would warn them in advance of our negotiating position. Rest assured that we know what we are doing.

This type of argument is regularly seen in areas of national security where a good deal of information is classified and the debate is often conducted on narrow technical grounds. One sees a caricature of this style of discourse in the Reagan Administration's perennial refusal to answer questions for fear that the answers would give warning of intention to a vaguely defined enemy such as Lebanese terrorists. It reaches its heights with the purposeful spread of disinformation, justified by the need to confuse the adversary. In many varieties of realist strategic theory this practice is reified and elevated into a principle of statecraft: to maximize uncertainty in order to defeat the strategic calculus of the adversary. In areas of foreign policy where secrecy is prevalent the claims of "expertise" and "knowledge" are easily abused. One suspects that information which other governments are aware of (given their intelligence gathering activities) is kept secret only from the citizens for fear of their disapproval or the potential to embarrass the government in power. Many national security classifications are, in fact, matters of regime or governmental security or plain political expediency. Prominent realist foreign policy analysts have often argued that public input into foreign policy, while useful for domestic legitimacy, can be undesirable as a fetter on statesmen in pursuing the rational calculations and prudent moves required in the game of nations. The public is excessively ideological and moralistic and will not allow the sudden changes of course which may be necessary in managing the balance of power.

### **Information monopoly**

Thus, in these areas of "high politics" and security policy the public is at a severe disadvantage because of lack of information. In a nuclear world to concede this field to an elite of strategists and defence intellectuals whose discourse is full of surreal euphemisms and acronyms such as strategic assets, escalation ladders, nuclear thresholds, MIRVs and MARVs may be the ultimate MADness. In Canada, where until recently, there was little institutionalized expertise outside the government in the areas of "high politics," the ability to collect a basis of expertise and data independent of the government is severely circumscribed. Even the parliamentary standing committees do not have the resources to rival effectively External Affairs, National Defence or the Privy Council Office and, in this area, debate is overwhelmingly judged on their definitions of expertise.

The technocratic narrowing of debate here and the resulting delegitimation of "non-experts" on technical grounds is indicative, at the practical level, of the paradigmatic consensus we are speaking of. It serves to exclude and to silence basic, critical questioning about the fundamental purposes of these policies, purposes long ago settled by realist strategists. They are resistant to having them reopened. The narrowness and mystification of "Nukespeak," as it is called, is only the most prominent area where silence and exclusion reign on fundamental purposes which are anything but technical. Debate in this realm occurs on a narrow range of tactics. An analysis of debate in Canada over free trade with the United States would reveal a series of silences as well, and an attempt to stake out the terrain as economic efficiency.

### **Problems of bureaucracy**

But to explain the narrow range of policy debates and outputs in Canada it is also important to look at the bureaucratized policy-making process. Bureaucracy, by its nature, is characterized by a functional and administrative division of labor resulting in a fragmentation of the unitary decision-making process so dear to realist theoreticians. Only on rare occasions are the same individuals involved in all the phases of the policy process. The processes of apprehension and diagnosis of a problem, the preparation of alternative courses of action, their assessment, the determination of a course of action and its implementation are rarely done by the same people and often not even by the same departments. Information will pass up the hierarchy and be distilled and refined on the way to senior levels. These senior levels may never see the options excluded during the filtering and may not have an adequate overview of the whole issue prior to their decisions. Orders will then pass down the hierarchy subject to various interpretations on the way.

What, then of the excluded alternatives? As we have argued, some are excluded as impractical right from the start, but at a low level. Few junior foreign affairs officers who value future career mobility would propose alternatives which clearly went against the grain of the Department or the perceived policy direction of the government. The evidence of the National Energy Program would suggest, rather, that such departures come from the highest levels of the political leadership, are planned in small groups, and that departments which might be expected to object are bypassed or excluded in the formulation stage.

In many cases the bureaucratic policy-making environment is also marked by severe time pressures, meaning that the "organizational search" for policy alternatives will have an urgency which works against a thorough consideration of those alternatives. The time to think and critically analyze may be in short supply. Herein lies a potential role for academics, although there is a problem here as well. There appears to be little interaction between policy-makers and those who study and think about international politics in universities and other private institutions. Arguably the role of academics in foreign policy has declined since the years when several prominent academics were involved in the setting up of the Department of External Affairs and themselves became senior bureaucrats. The movement between the Department and the academy seems all one way now, former policy-makers taking up

## Let the debate out!

teaching in the universities. As one member of the Department who is familiar with both worlds has recently remarked, the Department and the foreign policy process are neglecting an important asset, as academics have the time which allows them to think about the long-term, to formulate alternatives and to analyze options. All too often, though, the policy-makers want to employ academics as legitimators of their policy, or often cannot define just what they want. On the other hand, many academics are not at all sure what — or even whether — they should contribute to the policy process. It is rare that attempts are made to have a serious, critical and cross-fertilizing dialogue between the two.

### Remove the "silences"

One of our major objectives in this series of articles was to pose a series of provocative questions and observations about the troubled state of Canada's external relations, to offer some hypotheses on the narrowness and lack of imagination in Canadian foreign policy and on why this might be so. We hope that both academics and policy-makers will want to think about the basic questions of Canada's role in the world. We aim to try to nurture and encourage the debate that appears to us to be building in Canadian society about our external relations. We have tried to penetrate some of the silences on foreign policy and to expose them to the light of day so that we all can "see" them more clearly. We wish to make problematic things which for too long have been considered as unproblematic, when they have been noted at all.

We hope that this will be more than a debate among academics, and so it is important to conduct it in a context that is wider than the university. Institutions of higher learning may be useful for developing alternatives, but all too often they never leave the campus. But the academic community is not alone in being ineffectual or in missing opportunities. Their "Ivory Tower" has a counterpart in general society, where there is active resistance to alternatives that do not meet the expectations of their own worldview — a worldview engendered by the "realism" of society's leaders.

"Alternative thinkers," confronted with the "common sense" verities of an established worldview deeply embedded in centers of power in both government and society, are

faced with a difficult task and all too often retreat back to their own communities where, however unpopularly, they will be given a serious hearing. Still, the strategies of dominant discourse outlined above do much to silence or "contain" their message. They are easily dismissed as irrelevant or harmful when they challenge dominant views. On the other side, academics, as manipulators of ideas, no doubt put too much faith in the power of ideas to transform society and politics. Easily disillusioned with the resistance of society to their advice, they readily confine themselves to the place where intellectualism and ideas are most at home: the university. In this way, they often silence and contain themselves, leaving an unchallenged space for the problematic "common sense" verities of the "real world." Were Canadian society and its political managers better able to resolve the increasingly evident serious problems, this situation might be more acceptable. However, it is becoming more and more obvious that the policy-makers cannot solve these problems, despite their frequent assurances and promises.

### Get the debate going

To conclude, we think it is high time for plain talk from all parties interested in the foreign policy process in Canada. To its credit, the government, even though it has been understandably suspicious of the message and has perhaps misunderstood it, has begun to engage in the debate we have urged. We can only encourage them to do more of the same. We are hopeful they will. Some academics have responded enthusiastically, others less so. We invite those who have been reluctant to enter the dialogue now. It is too important to watch from afar.

It remains essential to engage the media and the public in the evaluation and debate on Canada's role and options in the world of the 1990s. However banal it may sound, at bottom it is the people's foreign policy we are speaking of and we shall all have to live with its results. To engage the public in large numbers may well be the most difficult task of all but it may ultimately be crucial if Canada is to have a more democratic foreign policy, commanding informed understanding and consent rather than resignation. □

# Arabs and Israelis fear peace

by James Kadyampakeni

The Arab-Jewish conflict in the Middle East stretches back 2,000 years and affects emotionally or economically every nation in the modern world. Both Jews and Arabs make a case, its merits depending on one's perspective. This article will survey the central theses put forward by the Jews and the Arabs, and analyze their historic claims to the land. It will also examine the development of their respective nationalisms, the role of terrorism and the client relationships to external powers. Finally the article will argue that neither the Arabs nor the Jews feel that they have more to gain than to lose by the normalization of interstate relations in the Middle East. Both Arabs and Jews have strong vested interests in perpetuating insecurity.

## Ancient Israel

By the traditions of both peoples, Jews and Arabs descended from a common father, Abraham. Neither people have forgotten that God and Abraham favored Isaac, the founder of the Israelites or Jews, and expelled Ismail, the accepted father of the Ismailites or Arabs. Nor do they forget that God promised Ismail that his descendants would one day take revenge against the Children of Isaac. To the devout Jew, they are, now as then, God's chosen people. To the Muslim Arab, terrorism against Jews is a fulfillment of the promised divine revenge. According to these views the present situation is divinely ordained. No man therefore can change it.

Both the Jews and Palestinian Arabs have strong historic claims and emotional attachment to the land of Palestine. It was the land of the Jews for well over 1,000 years. By 700 A.D. the inhabitants of Palestine had become Arabized and Islamized. They inhabited the land until their partial dispersal in 1948. Thus the Palestinian Arabs also owned the land of Palestine for over 1,000 years. In addition, Jerusalem had been the holy city of the Jews and because it had also been associated with Abraham it became one of the three holiest cities of Islam. The fate of Jerusalem was not merely the concern of Palestinians, but of the entire Islamic world. It is the mixture of land and religion which has made the issue such an emotional one for both peoples. These firm claims to the land by Jew and Arab is one of the "two rights." Both peoples have an impregnable moral case. A Jewish writer, Noam Chomsky, has put it well: "This is our country, it is their country. Right clashes with right."

It would, however, be just as accurate to argue that the claims to the land are two wrongs, or wrong clashing with wrong. Both Jews and Palestinian Arabs have rejected

partition, a form of sharing the land. Most observers think that the present state of Israel will never give up the occupied territories, the West Bank, Jerusalem and the Gaza strip, which might be the core of an independent Arab Palestine. Between the 1967 war, when Israel conquered them, and 1977 private initiative and the state had established eighty-three settlements in the occupied territories plus numerous Jewish housing estates in the Arab quarter of Jerusalem. These territories will tie the government's hands in any future negotiations. A leader of the settlers on the Golan Heights made the point clearly: "Israel is a country without borders. No two people in Israel or abroad agree on the borders of Israel. What we have is where Jewish people have settled."

## Israeli imperialism

The present policy of Israel suggests that in time all the land will be in Jewish hands. Prior to 1948 about 6 percent of the land of Palestine was owned by Jews. A few years later the Jews owned 54 percent and by 1960 92 percent of the land. Land purchased by the Jewish Fund could not be sold, worked or lived on by Arabs. It was exclusively for Jewish use. In 1960 Israel enacted the "Basic Law: Israel Lands" by which the principles of the Jewish Fund were applied to all state land. Not only had Arabs lost ownerships but they were totally excluded from 92 percent of the land.

Neither the Arabs prior to 1948, nor the Jews since 1948, have been prepared to share the land. As in so many other aspects of the problem, it has been all or nothing. It is another example of two wrongs. A Palestinian Arab, Jiryis, has noted that rejectionism among his people has "established a pattern of tactical inflexibility and empty rejection." Palestinians demand everything or nothing, with the result that they generally get nothing. Yosef Wertz, head of the Jewish Agency in 1967, exhibited the same uncompromising spirit. "Between ourselves, it must be clear that there is no room in this country for both peoples."

## Arab case

The Arab position is that the Palestinians have suffered wretchedly "to solve a European problem — the persecution of the Jews — for which they were in no way

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*James Kadyampakeni is a Researcher at the Centre for African Studies at Dalhousie University in Halifax.*

## Insoluble conflict

responsible." They contrast the European with the Arab treatment of Jews over the centuries. They argue that after 2,000 years the Jews are more European in blood and culture, than they are Semitic. They see no reason why Palestinians who committed no crime should be dispossessed by European settlers of the "Mosaic persuasion." They should return to Europe and America where they belong. The Arabs are particularly infuriated because there are hundreds of thousands of Arab-refugees, while the "law of return" guarantees citizenship to any Jew who comes into Israel and takes over the refugees' land. This is the case which lies behind the Arab threat to drive the Jews into the sea. Arabs often confuse destruction of the Jewish state (politicide) with destruction of the Jews (genocide).

### What Palestine?

The Jewish case is just as extreme. They argue that there are many Arab states, let the Palestinians be absorbed by them. In fact, most Jews refuse to refer to "Palestinians." They deny that they existed. As the Israeli minister of information once said, "We do not consider the Arabs of the land an ethnic group nor a people with a distinct nationalistic character." Menachem Begin warned an audience that it was dangerous even to use the word "Palestine" since it implied that the Jews were foreigners and conquerors. Golda Meir claimed that, "It was not as though there was a Palestinian people in Palestine considering itself as a Palestinian people and we came and threw

them out and took their country away from them. They did not exist."

The fact of the matter is that the Jews will not go back to Europe and they will not be thrown into the sea. Neither will the Palestinians assimilate into other Arab countries and disappear, as Jewish leaders so fervently hope. Both the Arab and Jewish cases are probably substantially factual. The Jews are probably more European than Hebrew. Palestinian nationalism was not very strong prior to 1948. Both cases are justified and right, both prescriptions are wrong. Both Israelis and Palestinians ultimately must live in Palestine whether in a secular binational state, as suggested by socialists among both Jews and Arabs, or through partition, which has been recommended repeatedly. Neither Jews nor Arabs will discuss either possibility. Both appear committed to all or nothing. It is a clash between total injustice and total injustice.

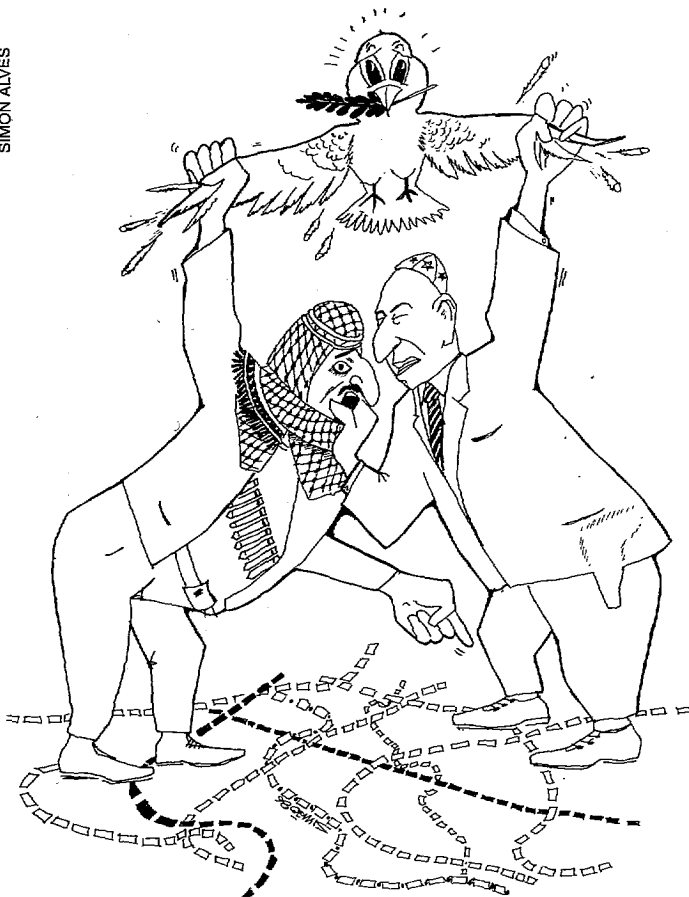
### Zionism triumphant

The continuing crisis in the Middle East is primarily a clash of two powerful and growing nationalisms. Zionism or Pan-Jewish nationalism was a product of the wave of nationalism which swept Europe in the nineteenth century. It was primarily supported by refugee Jews who had fled from a new persecution in the 1880s in Russia. The Zionist Congress laid down two goals, to promote the Jewish colonization of Palestine as a national home and to foster Jewish national consciousness.

Largely through the work of Chaim Weizman, the British government first offered the Zionists a section of Uganda as a home. This was rejected. In 1917 Weizman persuaded Lord Balfour to issue the Balfour Declaration by which Britain pledged that in return for Jewish support during the war, she would encourage Jewish settlement in Palestine. The League of Nations in 1920 gave Britain a mandate over Palestine and what is now the Kingdom of Jordan, on condition that the British permit Jewish settlement. Between 1920 and 1932 Jewish immigration averaged between 2,000 and 12,000 per year and there was reason to believe that the Jews could be absorbed. Then because of the persecutions in Nazi Germany, immigration rose to between 30,000 and 60,000 per year during the years 1933 to 1936, when the Palestinians rose in revolt. Immigrants could not be settled at this rate. The Shaw Commission in 1930 had stated: "The plain facts of the case are that there is no further land available which can be occupied by new immigrants without displacing the present population."

After the Second World War the Jews in Palestine were determined to get the British out. A number of terrorist organizations — one being the Irgun headed by Menachem Begin — destroyed railways and bridges and stole arms and ammunition. In 1946 they blew up the King David Hotel which was the headquarters of the mandatory government. After an Anglo-American committee recommended that the mandate should continue until a Palestine state had been created with equal rights for Jews, Muslims and Christians, terrorism increased. The United States and the Soviet Union both demanded that Britain withdraw. A UN Committee's recommendation of partition was accepted and Britain withdrew in 1948. Once Israel had been created, Zionism triumphed.

SIMON ALVES



Afraid to let go



**Palestinians emerge**

The Palestinian Arabs were seriously divided and possessed little nationalist spirit — in contrast to the Zionists — after the Second World War. During the mandate many organizations rose and fell and quarrelled among themselves more than they did with Jews or British. The PLO was initially less radical and less inclined to terrorism than another organization, Al-Fatah. However, an agreement of cooperation was worked out in 1966.

For the first decade of its existence the PLO sought to work through the various Arab states. Since the Palestinians were the most educated of all the Arabs, many of the refugees occupied prominent positions in a number of Arab states. PLO activities were often seen as inimical to their hosts. Thus ironically more Palestinians have been killed by the Arab states than by the Israelis. The coming of Yasir Arafat to power in the PLO in the late sixties represented a new generation, radicalization and a commitment to self-reliance and armed struggle. Arafat successfully brought the numerous factions working for the Palestinian cause into the PLO. Palestinian nationalism is a reaction to Zionism and in numerous ways its development and growth parallels that of Zionism. The Israelis may have been correct that in 1948 Palestinians did not exist; but they do now. Whether nationalism is classified as a wrong or a right, few ethnic groups in the modern world have been unaffected by it, and even fewer nationalist movements have been thwarted. It is when two nationalisms clash that uproar begins.

**Superpower involvement**

Due to emotional, ideological and economic causes, there is every reason for the superpowers to become involved in the conflict in the Middle East. While Britain and the UN created Israel, the US has guaranteed its existence. Israel has developed on American money and defended itself with American arms. There is probably no other state which maintains such a close relationship with the United States. As a consequence, international opinion has tended to blame the US for the continuing instability in the Middle East. In addition, and despite the great antipathy among Muslims to Marxian socialism, the PLO has moved closer to the Soviet Union and the People's Republic of China. The relationship especially with Russia is likely to become closer in the years ahead. Unfortunately this injects into an already complex crisis a whole range of "cold war" issues which are almost irrelevant to the Middle East. Certainly for fundamentalist Christians who see the return of Jews to their homeland as the fulfillment of biblical prophecy, the growing involvement of the great powers points to yet another prophecy, the battle of Armageddon.

It is possibly futile to argue about who — Arab or Jew — is in the right or is in the wrong in the Middle East. Rather it would seem that both sides have powerful interests in maintaining the present state of insecurity. Peace of course, would bring benefits, but neither the Israelis nor the Arabs at the moment assess these gains as being greater than the benefits they derive from the present hostile stalemate. When President Bourguiba put forward a reasonable proposal for a settlement in 1965 each antagonist was secretly happy at the other's rejection of the Tunisian's proposal.

**Investment in instability**

Israel has the most to gain by the continuation of the present stalemate. In any peace settlement, Israel will have to give up something. In contrast, the Arab states will lose little. They can in the end sacrifice Palestinian interests and either force the PLO and Palestinians to accept a settlement or drive them out. Israel has a firm commitment of security from the United States. The Jews of the American diaspora are always forthcoming with funds when Israel is in danger, and the vigor and unity of the Israeli population owes a great deal to its siege mentality. It will take time and money to settle sufficient Jews in the occupied territories so that there can be no question in any international forum of their return to Palestinian control.

Within the Arab world, there is a great yearning among the people generally for a unified Arab state. The comprador elites which govern the states will be the last to sacrifice their own privileged positions in the interests of a greater Arab state. Numerous abortive unions of states have been attempted. Furthermore, movements originating and centered in one Arab state have repeatedly sought the overthrow of regimes in others. One way of distracting the people and checking subversion is to continually whip up hatred of the Jews and Israel. This is almost the only issue upon which Arabs can unite. The success of OPEC owed more to hatred of Israel and the concomitant oil boycott, than it did to the economic strength of the cartel. It is almost axiomatic that the more unstable an Arab state, the more hysterical it becomes in its denunciation of Zionism and Jewish imperialism. Like the Jews, many of the Arab states have a commitment to a prolonged crisis.

**Israel and expansion**

Within the right wing of Jewish politics there is strong pressure towards the further territorial expansion of Israel. Early Zionism looked upon the potential homeland as the whole of the British mandate, which included modern Israel, the occupied territories and the Kingdom of Jordan. According to Menachem Begin in his book, *The Revolt*, the Land of Israel includes in addition southern Lebanon and south western Syria. He calls it "Eretz Israel." Those who make a fetish of security have been concerned not with Israel's security but with her territorial ambitions. Furthermore, Israeli governments have generally moved to the right. Zionist demands of only a decade ago which were rejected, now appear as government policy. The Labour Party held power through numerous coalitions, each one a little further to the right than the one before it. The Labour Government was ultimately replaced by a coalition in which Begin's Herut Party was dominant. The flag of the Herut shows a map of Palestine and Jordan in the mandate period. Superimposed over it is a rifle and the Hebrew words for "only thus." The party slogan is "Two banks of the Jordan, this is ours, so is that." In each Arab-Israeli war, except that of 1973, Israel has expanded her territory. The belief in the inevitable expansion of Israel mitigates against any sincere search for peace.

The Arab states fear peace because of its possible economic consequences. Israel is a rapidly expanding industrial power. The logical market for her industrial goods is in the Arab states of the Middle East. In time Israel may be pressured towards peace with the Arabs because of the



## Insoluble conflict

ambitions of her industrial-financial complex. At the moment, whenever an Israeli talks about peace he inevitably stresses the prospects of Israeli skills and technical know-how, technology and international connections being put at the disposal of the backward Arabs. Normally there is also a reference to the market possibilities among 100 million Arabs. The Israelis make a classic case for economic imperialism. It is precisely Jewish economic domination which the Arabs fear most. Mahmoud Riad, when he was Egypt's foreign minister, claimed that the economic threat was the greatest danger to the Arab world. He went on and argued that: "She [Israel] is anticipating the day when economic relations between her and the Arab states will enable her to flood our markets with her industrial goods."

### Avoidance of peace — a shared interest

It is easy to become engrossed with the crisis in the Middle East. It is also easy to see that both the Jews and the Arabs have morally impregnable cases. It is also clear that both are wrong and both are right as this article has attempted to demonstrate. However, it is assumed that everyone wants peace and that all are groping towards it.

But virtually no one wants peace. This is why the entire Middle East becomes upset and volatile when any-

one begins a peace mission. The Americans are always unpopular since they are forever seeking peace. Sadat became an Arab traitor — and was probably assassinated because of it — when he initiated a peace mission. The Saudis suddenly became suspect when they made peace proposals at one Arab summit meeting. Nothing will bring the Israeli head of government to Washington faster than the hint that Americans are about to do something about the perpetual insecurity in the Middle East. It is doubtful whether either side really feels insecure. Israelis have repeatedly boasted — and have demonstrated — that they could march into Cairo or Damascus. Yet the Arabs also know that three million Israelis could never rule one hundred million Arabs. The Jews are very nervous of the one million presently under their control. Both Jew and Arab have been quite content to hurl abuse at each other regularly and engage in short but costly wars every decade. Few on either side sincerely desire peace. There is a Jewish proverb which sums it up well. "To a worm living in horse-radish, there is nothing sweeter in the world." The Tunisians have noted the same: "It seems that in the eyes of both sides, the *status quo* is the lesser of two evils . . . They have become accustomed to it." Both sides are becoming accustomed to retaliatory terrorism. Two rights continue to make nothing but trouble. □

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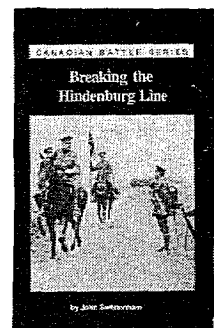
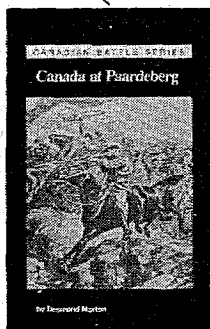
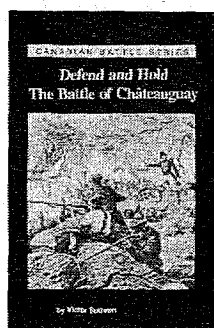
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## THRONE SPEECH

*The following are the foreign affairs portions of the Speech from the Throne delivered by Governor General Jeanne Sauv  in the Canadian Parliament on October 1, 1986. It is presented here as an editorial service of International Perspectives. (The previous one appeared in the November/December 1984 issue.)*

In the past, regrettably, agriculture has not been a priority in international trade negotiations. My government placed this issue on the agenda of the Economic Summit in Tokyo, and helped secure unanimous agreement to address subsidies in the new round of the Multilateral Trade Negotiations.

Canadian agriculture, my government will spare no effort in seeking to protect the interests of Canada's farming community in the face of unfair pricing and subsidy practices conducted beyond our borders.

\* \* \*

Nearly one third of our economy depends on international markets. Our future is trade. That is why my government is seeking to open and secure new markets for Canada everywhere in the world. These efforts include bilateral talks with the United States and multilateral negotiations under the auspices of the GATT.

My government intends to improve Canada's status as a trading nation among our major partners. Particular emphasis will be placed upon trade with Japan and other Pacific Rim countries.

Trade promotion, however vigorous, cannot succeed if world markets important to Canada are threatened by increased protectionism.

Such pressures emphasize the importance of my government's pursuit of a mutually advantageous trade agreement with the United States. These talks are being accompanied by extensive consultations with the provinces, business and labour. Successful negotiations will strengthen both our economy and our capacity to reinforce our culture, our sovereignty, our commitment to regional development and the fundamental purposes of Canadian social policy.

\* \* \*

### Constructive Internationalism

The people of Canada maintain a deep interest in their country's role in the world. As Honourable Members of the Special Joint Committee of this Parliament know, Canadians seek a confident, constructive, active internationalism that reflects our hopes for the world as well as our own vital national interests.

From my own travels, and those of my Ministers, I can attest that other countries, large and small, look to Canada to play a vital role in the international community. Over the past year, I have travelled to Italy and the Vatican, while the Prime Minister has represented my government at the Commonwealth Conference, at the Fortieth Anniversary of the United Nations, the Francophone Summit, the Tokyo Summit, and in visits to France, Japan, China, South Korea, and the United States.

Our support for the multilateral institutions and agencies of which we are members remains the cornerstone of our foreign policy.

With Her Majesty the Queen as its head and unifying presence, the Commonwealth brings together countries of the North and South in support of common ideals and aspirations. The Commonwealth is central to Canada's efforts to promote, through concerted international action, a process of political dialogue in South Africa aimed at establishing representative government. My government will continue this effort, through the Commonwealth and the United Nations, until apartheid is abolished.

The world is aware how spontaneously the Canadian people rallied to the challenge of African famine and relief, demonstrating a concern and compassion so much a part of the national character. As Canadians, we will be called upon to respond to other challenges in the Third World. In reaffirming our commitments, it will be our purpose to find new partners in the ongoing efforts to pursue opportunities for increased development.

No task is more important to Canadians than preserving world peace and security.

My government is encouraged by the prospects for renewed dialogue between the leaders of the United States and the Soviet Union. We share the hope of other nations of the world that progress towards these talks will be sustained and appreciable.

Arms control and disarmament are essential elements of Canadian policy. We are in the forefront of multilateral discussions concerning conventional arms control and confidence-building in Europe. In the nuclear field, both the verification of existing agreements and the conclusion of new accords are vital elements in Canada's efforts. As a further step towards these objectives, my government will host this month an international symposium that will explore means of improving verification techniques.

My government recognizes that security is the surest safeguard of liberty. Accordingly, my government has taken steps to modernize and renew the strength of our Armed Forces and increase our NATO contingent in Western Europe.

The government asserts complete sovereignty over the Canadian Arctic and recognizes that sovereignty requires a vigorous national presence. My government has drawn straight baselines around the perimeter of the Arctic archipelago to preserve Canadian sovereignty over the land, sea, and ice of the Canadian Arctic. Canada will construct one of the most powerful icebreakers in the world to enhance our sovereign rights and to contribute to the development of the North. Other measures have been taken or will be initiated to support this vital national purpose, including more research on polar conditions, defence training exercises in the Arctic, and the establishment of a National Park at Ellesmere Island.

\* \* \*

Canada's amateur athletes instill pride in our country and achieve excellence in international competition. My government renews its commitment to the increased participation of young Canadian men and women in a wide variety of athletic endeavours, including the 1988 Winter Olympics that Canada will host in Calgary.

\* \* \*

My government will propose comprehensive legislation designed to simplify and improve Canada's refugee determination process. These reforms will produce a system which is both fair and effective. It will assist genuine refugees in need of protection and discourage abuse of Canada's humanitarian tradition.

\* \* \*

My government remains determined to pursue with the United States the rapid implementation of the recommendations of our Special Envoys with respect to acid rain.

\* \* \*

Our dual linguistic heritage and unique history situate Canada within two great communities of nations, the Commonwealth and la Francophonie.

Canada is thus positioned to reaffirm its role in the world by developing joint projects with member countries of these two vast families of nations, to share with them Canadian communications and information technologies while bringing to Canadians a greater diversity of ideas and cultural expressions. By so doing, Canada will renew in innovative ways its commitment to an established institution, the Commonwealth, and contribute actively to the emergence of a new one, la Francophonie.

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# OPEC and the oil glut

by Richard D. Vanderberg

The actions which OPEC (Organization of Petroleum Exporting Countries) took during the last week of November 1985, and which it has continued to implement in modified form since then, have drastically altered the international petroleum market. Those decisions to begin the massive overproduction of oil fundamentally changed the market for petroleum in the short run and had major implications for that market in the long run. The sizeable increase in oil production which took place during that week and has continued unabated since then, albeit in modified form, apparently took much of the world by surprise. There was no need for anyone to be taken by surprise as to the actions which were taken by OPEC and its thirteen members. The only uncertainty was with respect to when OPEC would finally lose patience with the overproduction by certain non-OPEC oil producing countries and act to reestablish price stability in the international petroleum market, and with it, secure an increased portion of that market for itself.

The period of approximately one-and-a-half years preceding November 1985 was one of the gathering storm. The clouds were forming and becoming increasingly dark. Observers watched and pondered events and the possible outcomes. The oil market had been stabilized as a result of the OPEC decisions taken at its December 1983 meeting. At that time OPEC had agreed to establish a ceiling of 17.5 million barrels per day on its production in order to stabilize the market. It had largely succeeded, but at considerable cost to its own members whose revenues had fallen as a result of the self-imposed ceiling.

## A sad chronology

The problem originated in 1980 when the demand for oil began declining. By the summer of 1984 the decrease in demand appeared to have halted; it had not begun to increase. More seriously, the growing supplies of oil from non-OPEC producers had served to reduce further the price of oil. The non-OPEC producers had not taken action to complement OPEC's efforts to stabilize oil prices. In fact, they had continued to increase production and thereby to increase the downward pressure on oil prices.

For example, during the first five months of 1984 both Britain and Norway increased their oil production by approximately 13.5 percent over the same months in the preceding year. This compared with a total increase in production during that period by non-OPEC countries of 3.2 percent. Clearly the major source of the problem was the North Sea producers. Clearly also, it was OPEC which

was suffering because its share of the international market was decreasing. A further element in the total problem was that a number of the industrialized countries had been drawing down their stocks of petroleum. This action served to increase the supply with no increase in production.

Because of these developments the international petroleum market was unstable. Market uncertainties increased. A result was that the OPEC countries began running financial deficits. For the first time in its history OPEC as a whole became a net debtor.

Other than the voluntarily agreed upon cuts in production by the OPEC members, OPEC's major effort was to attempt to persuade all oil producing countries to agree to reduce their production. This was, in fact, an old OPEC objective. However, it was pursued with renewed vigor as the market instability increased and prices fell. OPEC was not willing to shoulder the increasing burdens of attempting to ensure a stable market in the long run. At its July 1984 meeting OPEC made its position clear. It stated that:

This situation cannot be expected to continue unaltered for long. Dialogue between OPEC and non-OPEC oil producers to ensure closer cooperation is a necessity, if the present market situation, which though stable, is still weak, is to be maintained. There is no alternative to such collaboration as a means to ensure a fair distribution of the growth in the market.

OPEC also recognized the interests of the oil consuming countries. The statement noted: "We must create the conditions for close cooperation between producers and consumers, an objective clearly spelled out in our Statute and a policy which we in OPEC have consistently called for."

If there were any doubts about the intentions of OPEC and of its increasing determination to have all parties share a portion of the burden, they should have been removed by the following statement:

OPEC's endeavor to ensure the stability of the market in the face of difficulties should not be taken for granted. We have ably demonstrated our resolve to surmount any difficulties in the way of our concerted effort to maintain an equilibrium in the market. Others must, however, have their share of the sacrifices too.

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## Oil market chaos

### OPEC seeks cooperation

To demonstrate its willingness to combine actions with words and in the spirit of seeking cooperation the OPEC Conference sought to establish contacts with non-OPEC oil producing countries. The purpose of those contacts was to seek ways of increasing the cooperation between OPEC and those countries in an effort to share the responsibility of stabilizing both the market and the price of oil.

Two months later in a statement celebrating OPEC's twenty-fourth anniversary, attention was drawn not once but three times, to the failure of many oil producing countries to cooperate with OPEC in its efforts to ensure stable oil markets. Referring to this lack of cooperation the OPEC statement noted that, "it has become increasingly clear that this situation cannot continue indefinitely," and that "the need for wider cooperation between all oil exporters as well as between oil producers and consumers is now more urgent than ever."

In mid-October 1984 OPEC issued a press communiqué which addressed a new development. That development was the price reductions by the British National Oil Corporation (BNOC) and Statoil of Norway. This was the first instance of OPEC's mentioning by name particular countries or firms whose actions were directly contributing to a worsening of the oil market. The tenor of the statement was also notably stronger. It pointed out that "OPEC countries are all determined to maintain and strengthen the price, and will take every necessary measure in this respect."

### Struggle to maintain price

By the end of October 1984, when the Seventy-first (Extraordinary) Meeting of the OPEC Conference was held the situation had not improved. It had, in fact, deteriorated further. Therefore, in a further effort to maintain the price of \$29 (all prices given are in US dollars) per barrel OPEC agreed to reduce its output further. It was to be cut from 17.5 to 16 million barrels per day. The reduction was to take effect November 1 and to be distributed as follows:

1984 production-cut shares (million barrels per day)	
Algeria	0.062
Ecuador	0.017
Gabon	0.013
Indonesia	0.111
Iran	0.100
Iraq	0.000
Kuwait	0.150
Libya	0.110
Nigeria	0.000
Qatar	0.020
Saudi Arabia	0.647
United Arab Emirates	0.150
Venezuela	0.120
<b>TOTAL</b>	<b>1.500</b>

By December 1984 when the Seventy-second OPEC Conference met some progress was evident. Mexico and Egypt had attended the previous Conference as observers. They also attended this Conference and were joined by Malaysia and Brunei. This marked the first time that these two countries had attended an OPEC Conference. Their attendance was viewed as a sign of support for OPEC's objectives.

The efforts of OPEC to reduce the oversupply of oil on the international markets had not proved successful. The major industrial countries had continued to draw heavily on their large oil inventories. The destocking of inventories by those industrialized countries far exceeded normal seasonal and operational patterns. Interest rates had risen and the United States dollar remained very strong. These contributed to a diminished demand for oil. Additionally, the OPEC initiatives which had been undertaken two months previously had borne little fruit. In fact, they had suffered a severe setback. First, Norway had reduced the price of its oil by \$1.50 per barrel on October 15. This action was followed on October 17 by Britain cutting its prices by \$1.35. The British action had forced Nigeria, whose oil is of the same quality as that of the British, to reduce its price by \$2.00 per barrel.

### Villains in the North Sea

Given these actions by the North Sea producers, it was becoming increasingly difficult to maintain an international price of \$29 per barrel. A further destabilizing factor was the announced intention of the North Sea producers to link the prices of the crudes to the spot market.

As a result the President of OPEC issued the following warning:

We have said this many times before, but it bears repeating with the greatest emphasis: OPEC alone cannot go on bearing indefinitely the enormous costs of oil market stability, in the face of such negative practices, particularly when the North Sea producers derive much more benefit from market stability.

Such harmful pricing policies may lead to a collapse of the market and will hurt all oil producers, without exception. OPEC, which had been in the oil market since long before the North Sea emerged as a factor, and which has vastly greater reserves, would surely prevail if such a development were to take place.

It is ironical that it is those same producers, especially the UK, which are most vulnerable to any eventual price collapse resulting from their own practices. These very countries have the highest oil investment costs in the world and unprecedentedly high rates of depletion of oil reserves. Their oil fields, especially those which have been newly developed, being the most expensive in the world, can never be sustained without a reasonably stable international price structure.

The OPEC president concluded his remarks by appealing to the non-OPEC exporters to cooperate with OPEC in creating a stable market.

# The events of August-September 1986

# international canada

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# Bilateral Relations

## USA

### Softwood Exports

While the International Trade Administration, a US Commerce Department agency, was investigating claims by the US lumber industry that Canadian softwood lumber exports were subsidized and should be subject to a minimum 27 percent tariff, Canada's Minister of International Trade, Pat Carney, filed on August 13 a 5,000-page rebuttal to the claims. The Minister said that "our whole argument is based on the fact that circumstances haven't changed since 1983," when an investigation into tariff claims which resolved in Canada's favor (*The Citizen*, August 14). The ITA was to rule by October 9 on whether it believed there was a subsidy on Canadian lumber, while the US International Trade Commission (ITC) had already ruled that Canadian lumber was hurting the US industry (See "International Canada" for June and July 1986).

Later in August, Al MacPherson, departing Deputy Minister of Forests in British Columbia, admitted that the estimates used in calculating stumpage fees (which the US Coalition for Fair Lumber Imports claimed were too low and thus constituted a subsidy to the industry) did not take into account the improvements in efficiency made by sawmills in the last few years. Mike Apsey, president of the BC Council of Forest Industries and a leader in the fight against US import duties, said the disclosure of the oversight by the BC Forest Service would have "no material effect" on the US industry's case (*The Citizen*, August 27).

In Washington on September 8, International Trade Minister Pat Carney made a request to US Commerce Secretary Malcolm Baldrige that the US delay its ruling on the softwood subsidy claim, but US officials said there appeared to be no room under US trade law to grant such a request (*Globe and Mail*, September 9). The BC government had announced September 1 through its Minister of Forests, Jack Kempf, a review of forest management policies. Mr. Kempf said on September 8 that the province would consider raising its stumpage fees to more accurately reflect the improved efficiency of BC sawmills and other factors. However, Premier Vander Zalm of BC said that his government's review of stumpage fees was not intended as a move to please the US (*The Citizen*, September 9).

*The Globe and Mail* reported on September 10 that the International Trade Minister's request for a delay on the Commerce Department ruling appeared to be designed to give BC time to increase stumpage fees and thus remove the source of the US lumber industry's complaint; but if a countervail procedure forced Canada to restrict its lumber exports to the US, then Washington might not be interested in changing a method of settling trade disputes that produced for them the desired concessions, the report said.

The following day, *The Globe and Mail* reported that US Trade Representative Clayton Yeutter was "obviously pleased" at BC's announcement of stumpage review, which was expected to take a couple of months to complete. Meanwhile, the US lumber industry, having itself reexamined the value of BC stumpage fees, asked the Commerce Department to assess countervailing duties at 32 percent (instead of the original 27 percent). The Canadian Forest Industries Council filed further documents with the US Commerce Department to refute the subsidy claim, while Commerce Secretary Baldrige met with representatives of the US lumber industry, who refused to either withdraw their petition or agree to the delay of the department's ruling (*The Citizen*, September 12).

The Canadian case received some support a few days later, when the Federal Trade Commission (FTC), a US regulatory body responsible for promoting industry competition, told the US Commerce Department that "the Canadian stumpage fee system does not confer competitive benefits or distort trade. Accordingly, we suggest that the Canadian system should not be characterized as a subsidy within the meaning of our countervailing duty law" (*Globe and Mail*, September 17). The report pointed out, however, that the Commerce Department would not likely be swayed by the FTC's argument, which had also been made to the ITC before it ruled against Canada. And while US producers were waiting for the provinces concerned in their subsidy claim — BC, Alberta, Ontario and Quebec — to respond by increasing their stumpage fees, it was unlikely that any such response could be made in time to affect the Commerce Department's ruling, the report said.

On September 30, in what she described as "our only offer," International Trade Minister Pat Carney said that

Canada would increase stumpage fees and other charges levied on the lumber industry if the US dropped its plans to impose a countervailing tariff on Canadian softwood lumber. While the Minister did not reveal by how much the price of Canadian lumber would increase in the US, she did say that the provinces would choose their own methods of increasing costs and that the increase in US price would be "nowhere near" the 32 percent the US industry had been seeking. The deal was offered September 30 in New York by Canadian trade officials and was backed up by a telephone call from the Minister to US Commerce Secretary Baldrige and US Trade Representative Yeutter. Finance Minister Michael Wilson said in Washington after the announcement of the offer that Canada was not conceding that its softwood lumber was subsidized. However, NDP trade critic Steven Langdon called the offer an "almost desperation last-minute effort," and Liberal trade critic Lloyd Axworthy called it "a major retreat." US lumber industry sources were reported to be skeptical (*Globe and Mail*, October 1).

Ms. Carney stressed that Canada would withdraw its offer if US producers did not retract their subsidy claim from the ITA before October 9 (*The Citizen*, October 1).

### Freer Trade Negotiations

While nine provincial premiers issued from an Edmonton meeting in August a statement of support (Premier Howard Pawley of Manitoba did not sign it) for the continuation of free trade talks, a House of Representatives subcommittee in Washington heard representations opposed to a free trade deal. US trade negotiator Peter Murphy said after the hearing that Canadian negotiators should not expect exemptions from US dumping and countervail law (*Globe and Mail*, August 13). At the same hearing, however, a Democratic Representative urged that "Congress needs to be a little more responsive to speaking quieter so that we don't incite people on the other side of the border" (*The Citizen*, August 13).

On September 2, the fourth session of the preliminary talks began in Ottawa. Neither side would reveal what had been discussed, but Canadian negotiator Simon Reisman did indicate that the softwood lumber issue had not emerged on the first day of this round (*The Citizen*, September 3). After the second day of the talks, Mr. Reisman said that the two sides had explored seven of the eight or nine broad areas they had designated for the preliminary talks. The Canadian negotiator reaffirmed that social programs would not become an issue at the bargaining table (*Globe and Mail*, September 4). He remained optimistic about the future of the talks, noting that "... as of now there isn't a single subject that would stand in the way of reaching a very broad agreement." Mr. Reisman added that he expected to have his report on the preliminary talks ready by December (*The Citizen*, September 4). After the third and final day of this preliminary round, Mr. Reisman said that the only surprise for him in the talks had been the strength of protectionist feeling in the US and the rest of the world. He referred to the overcoming of protectionist US trade laws and the establishing of firm and stable terms of access by Canada to the US market as "critical elements" in the free trade talks (*The Citizen*, September 5).

Peter Murphy, back in Washington after the talks, told a free trade congressional hearing that Canada's recent success in wooing foreign auto investment with special government incentives was a "very serious" problem and would be raised during the talks, noting that car and car parts production accounted for approximately one-third of total US-Canada trade. At the same hearing, US auto industry representatives charged that Canada's programs for luring offshore car and parts manufacturers were export subsidies that distort trade with the US. Other areas touched on by Mr. Murphy at the hearings in Washington were Canada's insistence on cultural sovereignty, which he called a difficult issue in the talks (*Globe and Mail*, September 9), and Canada's exports of electricity to the US, which Mr. Murphy said would also be an issue. US coal industry representatives claimed during the hearings that Canada was attempting to compete in the US unfairly by underpricing exported electricity (*The Citizen*, September 10).

On September 10, meanwhile, the National Energy Board (NEB), at the request of Energy Minister Marcel Masse, announced that public hearings would be held in November and December on means of simplifying and deregulating the export of Canadian electricity to the US. In a September 2 letter from the Minister, which was made public September 10, the NEB was asked to revise its licensing procedures for the export of electricity. The aim of the public hearings, to open November 24 in Ottawa and move to Fredericton December 1 and to Vancouver December 9, would be to find means to reduce federal and provincial regulations and the amount of information that exporters must furnish to Canadian authorities in order to obtain export licences (*Le Devoir*, September 11). The US coal and electricity industries were reported to be planning to ask Washington to impose a countervailing tariff on the Canadian hydro industry should Canada manage to keep the issue of electricity exports off the free trade negotiating table.

International Trade Minister Pat Carney responded to Mr. Murphy's threat to include Canadian electricity exports in the talks by calling it a sham to appease protectionist pressures on the eve of the November congressional elections. Opposition Leader John Turner said that Mr. Murphy's proposal to include hydro exports indicated that everything was negotiable in the talks, contrary to Prime Minister Brian Mulroney's contentions.

The Prime Minister, in a speech in Brandon, Manitoba, on September 16, acknowledged that opposition to the free trade talks was strong among some US congressmen: "We're dealing with a pretty poisoned political atmosphere right now. And the reason is that they're politicians. When you want to get re-elected, sometimes you say silly things, and they're saying them down there right now." Mr. Mulroney expressed concern that the talks might fail, citing in particular the US's "voracious and self-defeating agricultural subsidies" that could cause all agricultural nations to go "belly-up" unless an international agreement to limit such subsidies were reached (*Globe and Mail*, September 17). The provincial premiers, after a September 17 meeting where they were briefed on the progress of the talks by Mr. Reisman and International Trade Minister Pat Carney,

echoed the Prime Minister's expression of reduced optimism in the outcome of the talks (*The Citizen*, September 18).

In Washington a week later, Simon Reisman said that Mr. Mulroney had urged him to push ahead with the bargaining, as negotiators met in the final preliminary round to discuss such issues as Canadian freight rate subsidies and US subsidized wheat sales. After the second session in this round, Mr. Reisman remained optimistic, saying that "no obstacles have arisen of a kind that I don't see that we won't be able to overcome" (*The Citizen*, September 25 and 26).

### Steel

On August 26, International Trade Minister Pat Carney said that she had told US Special Trade Representative Clayton Yeutter that a shrinking US steel market, not Canadian steel imports, was to blame for problems in the US steel industry. The Minister also pointed out, however, that "we do not intend to encourage a surge of exports from Canada to the US in steel." In response, an aide to Mr. Yeutter said that the US trade office had "no plans whatsoever" to impose quotas on imports of Canadian steel or to take any other unilateral action to force a reduction in Canada's share of the US steel market (*The Citizen*, August 27).

In September, a bill was introduced in the US Senate and the House of Representatives to impose quotas on steel from Canada, Sweden and Taiwan, should the three countries not agree within ninety days to voluntarily restrain their steel exports to the US. Dan Romanko, managing director of the newly formed Canadian Steel Producers Association, described the bill as an election year bid to make Canadian steel producers accept responsibility for a situation in the US industry which they could not control and were not exploiting. "Unfortunately," Mr. Romanko said, "it appears Canadian steel producers may be the scapegoats" (*Globe and Mail*, September 18).

### Wheat

At the end of July, a US Senate proposal to subsidize wheat sales to the USSR and China was supported by President Ronald Reagan, but denounced by US Secretary of State George Shultz as "ridiculous." Mr. Shultz warned that such a move would damage relations with US allies whose grain sales would be injured by such a subsidy. Canada and Australia in particular viewed the proposal as an unfair attempt by the US to grab a bigger share of their traditional and most important grain markets, he said (*Globe and Mail*, July 30). At the free trade talks in Mount Tremblant, Quebec, US trade negotiator Peter Murphy said he expected to take a little flak on the grain issue (*The Citizen*, July 30).

Canadian Ambassador Allan Gotlieb condemned the US subsidy proposal, calling it destructive, unwise and unfortunate. Mr. Gotlieb said that, on top of undercutting traditional markets for Canada and other countries, the proposal would provide an unwarranted subsidy to the Soviet consumer. He added that preliminary estimates indicated a potential loss to Canada of \$400 million if the proposal went through (*The Citizen*, August 1).

In a personal letter to President Ronald Reagan on July 31, Prime Minister Brian Mulroney asked the President

to oppose the wheat subsidy proposal, according to a spokesman for the Canadian Embassy in Washington. (*Le Devoir*, August 1). However, on August 5 White House spokesman Larry Speakes said that the President had no intention of changing his decision regarding the offer of subsidized wheat to the USSR (*Le Devoir*, August 6).

A deadline of September 30 was placed on the offer, and the USSR did not take advantage of it within that period.

## CHILE

### Arms Sales

*The Citizen* reported on September 16 that Department of External Affairs export permits showed that Canadian companies, whose names had been deleted from the documents, had exported riot gear for Chile's national police, as well as tank and helicopter parts and sophisticated radar equipment for Chilean armed forces. Prime Minister Brian Mulroney in a Vancouver speech on September 15 had called for a restoration of democratic freedoms in Chile, the report pointed out.

Opposition Leader John Turner said, "We are owed an explanation by Mr. Joe Clark" for the export permits, pointing out that the sales, which took place between September 1984 and March 1986, contravened guidelines which his government had imposed in July 1984. Those guidelines forbade Canadian firms to sell military equipment to "regimes considered to be wholly repugnant to Canadian values, especially where such equipment could be used against civilians." David Adams, a senior DEA official in charge of approving export permits, said, "Since no regime, including Chile, was ever declared wholly repugnant to Canadian values, it would seem to me that the policy was therefore not breached." Mr. Adams added that new export guidelines unveiled the week before (see Policy—Trade—Export Controls, below) would virtually guarantee that arms would not be sent to Chile.

In a statement a few days later, Deputy Prime Minister Don Mazankowski said that the Turner government had approved four sales of military equipment to Chile between August 13 and September 17, 1984 (Prime Minister Mulroney's government was sworn in on September 17, 1984). He denied the August 19 press report that military sales to Chile approved by the present government had included riot gear. The equipment was actually to be used for bomb disposal, he said. Mr. Mazankowski added that under new export control policy, "approval for military equipment can only come from the Minister — and only if he can be satisfied that there is no reasonable risk such equipment will be used against the civilian population" (*Globe and Mail*, September 19).

## ISRAEL

### Peres Visit

Israeli Prime Minister Simon Peres flew to Ottawa from Washington on September 18 and met for more than two

hours with Prime Minister Brian Mulroney. The two leaders were expected to discuss Mr. Peres's meeting of the previous week with Egypt's President Hosni Mubarak, as well as Israeli proposals for bilateral cooperation on a Third World development project and a joint scientific agreement (*The Citizen*, September 18).

At a news conference following the meeting, Mr. Peres said that Mr. Mulroney had supported his idea of an international anti-terrorist force, which he had also discussed with US President Ronald Reagan in Washington. Mr. Mulroney said that the idea, still in its infancy, interested Canada and merited further discussion (*Globe and Mail*, September 18).

## JAPAN

### **Auto Imports**

On August 12, the *Globe and Mail* reported that talks in Victoria on August 4 and 5 between International Trade Minister Pat Carney and her Japanese counterpart had led to an agreement, still to be formally approved, that would permit Japan to increase its auto exports to Canada in the fiscal year ending March 31, 1987, by 17.6 percent, to 240,000 units. Eiichi Sato, the commercial counsellor at the Japanese Embassy in Ottawa, said in response to the report that Japan had not made any agreement on the exact number of cars it will export to Canada this year, while a spokesman for the Minister said "negotiations have concluded. There will be a statement" (*The Citizen*, August 13).

On August 20, the Minister announced that Canada and Japan had reached an understanding on Japanese automobile imports for the current fiscal year. Japanese authorities, she said, had given Canada an understanding that there would be no disruption of the Canadian market caused by Japanese imports, which were expected to be about 21 percent of the Canadian auto market, about the same level of penetration as in the US (Government of Canada news release, August 20).

## SOUTH AFRICA

### **Sanctions**

Prior to the Commonwealth Heads of Government Review meeting held in London from August 3 to 5, Bernard Wood, Prime Minister Brian Mulroney's personal representative, predicted that the meeting would produce a basic package of sanctions against South Africa, including a ban on air links and agricultural imports. While Mr. Wood refused to speculate on whether Britain was likely to be among the countries that would accept the basic package, he did say that some countries were likely to refuse to accept in total the basic sanctions package, while others would wish to add to it. Mr. Wood tried to discount notions that Mr. Mulroney might act as mediator between British Prime Minister Margaret Thatcher and other members of the Commonwealth, explaining that Mr. Mulroney was seen

by southern African nations as a strong advocate of sanctions, instead of in the less committed position that the word mediator suggested (*Globe and Mail*, August 1).

At the end of the Commonwealth "mini-summit," Canada, Australia, the Bahamas, India, Zambia and Zimbabwe issued a communiqué in which they agreed to recommend to the entire Commonwealth the following program of eleven punitive economic measures against the Pretoria government:

- a ban on air links,
- a ban on new investment or reinvestment of profits earned in South Africa,
- a ban on agricultural imports,
- termination of any double tax agreements with South Africa,
- termination of any remaining government assistance to investment or trade with South Africa,
- an end to any government procurement inside South Africa,
- a ban on any government contracts with majority-owned South African companies,
- a ban on the promotion of South African tourism,
- a ban on all new bank loans, whether to the public or private sector,
- a ban on imports of uranium, coal, iron and steel,
- the withdrawal of all consular facilities except those dealing directly with each country's own nationals.

Britain accepted only voluntary bans on new investment and tourist promotion, but agreed to accept an expected European Community decision to ban imports of coal, iron and steel, and gold coins.

While the seven nations regretted "the absence of full agreement" on the question of sanctions, they recognized that "the potential for united Commonwealth action still exists," and agreed to keep the situation under review and to call a full Commonwealth heads-of-government meeting if necessary (*Globe and Mail*, August 5).

Prime Minister Mulroney said he was "less than ecstatic" about the split between Britain and the other Commonwealth nations, but firmly defended the six-nation agreement, saying that it held "little solace" for Pretoria, and represented "a model which others can follow." Mr. Mulroney had urged Mrs. Thatcher to recognize that US moves on sanctions were imminent, and that Commonwealth members must choose between being seen as leaders on sanctions or as followers of Washington later (*Globe and Mail*, August 5). *The Citizen* reported on August 5 that Mr. Mulroney and External Affairs Minister Joe Clark had met with Mrs. Thatcher and British Foreign Secretary Sir Geoffrey Howe for an hour after lunch at 10 Downing Street, in a final attempt to persuade Britain to sign the communiqué. *The Citizen* also reported on the same day that Mr. Mulroney had spoken to US President Ronald Reagan by telephone just before leaving for the London meeting, and the Prime Minister had pointed out to Mr. Reagan that, while the President said that he was opposed to sanctions on principle, he had not hesitated to ask for Mr. Mulroney's support for sanctions against Libya.

On his return from London, the Prime Minister said Canada would consider increasing economic aid to any of South Africa's neighboring states that might be hurt indirectly by sanctions. Opposition Leader John Turner called for a timetable for intensifying sanctions as a way to press Pretoria to negotiate political and human rights reforms and dismantle apartheid, and said that Canada should set a deadline for the severing of diplomatic relations with Pretoria (*Globe and Mail*, August 6).

In reaction to the communiqué issued by the six Commonwealth governments, South African Foreign Minister Roelof "Pik" Botha accused the six of working from a "hidden agenda" (*Globe and Mail*, August 6). Mr. Botha said they did not care for the uplifting of blacks or the extension of democracy in South Africa, but were interested only in forcing the South African government to capitulate to the instigators of violence and the forces of Marxism. Speaking of hundreds of thousands of black miners from neighboring southern African countries who, he said, would lose their jobs if sanctions began to bite and minerals could not be exported from South Africa, Mr. Botha said, "I trust the parliaments of Australia, Canada and India will vote special funds for the support of these destitute workers. I trust they put their money where their mouths are. Millions will be needed."

External Affairs Minister Joe Clark stated on his return from London that the sanctions would have "some impact on Canada. But that's the price you have to pay for pressure. The real question for us all is the impact on the front-line states, both immediately and perhaps down the line" (*Globe and Mail*, August 6).

Canadian officials outlined on August 6 the general results they expected from the measures adopted in London (*Globe and Mail*). The ban on agricultural products would, they said, affect Canadian outlets selling South African fruit, but the exact cost to the distributor and consumer of replacing the South African fruit with supplies from other sources could not yet be determined; and those Canadian companies (primarily Lantic Sugar) importing raw sugar from South Africa would also be affected. As a minor importer of South African steel (\$12 million worth in fiscal 1985-86) and processor of South African uranium for third parties, Canada would also be affected by the new ban on mineral imports. New Canadian legislation might be required, Canadian officials said, in the area of new loans by banks to South Africa, although it was pointed out that many Canadian banks had already stopped new loans because of the high risk involved. Regarding government contracts with majority-owned South African companies, officials said that only \$900,000 worth of such contracts had been placed in fiscal 1985-86, and that these would be honored; a new law would probably be required to enforce the ban, as present Canadian legislation prohibited such discrimination. Canada's Embassy would remain in Pretoria, but Canadian consular officials would not deal with South Africans wanting to travel or live in Canada. This was seen by Canadian officials as a "harassment measure" against South Africa's white middle class, who could travel to Canada but would be forced to make their arrangements outside of South Africa. And finally, officials pointed out that a ban on air links and other punitive measures had already been adopted by Canada after last October's Common-

wealth meeting in Nassau (see "International Canada" for October and November 1985).

In reaction to the sanctions agreement, a spokesman for the Canadian Imperial Bank of Commerce confirmed what government officials had said. A ban on loans to the Pretoria government had long been in effect, said the spokesman, "but we have never said that we would not loan to anyone in South Africa. . . . Suppose there was an economically sound request from a black township for a housing project — we might be criticized if we did not consider that" (*Globe and Mail*, August 6). David Smith, a spokesman for Eldorado Nuclear Ltd., said uranium mined in Namibia, illegally ruled by South Africa in defiance of the United Nations, was imported and refined in Canada at the request of its owners, but he would not identify the owners other than to say that they were utilities in countries other than Canada. Mr. Smith said that Eldorado was obeying the terms of a policy statement issued by External Affairs Minister Joe Clark last July, which said no new contracts for processing uranium from Namibia would be signed, although existing contracts would be honored (*Globe and Mail*, August 6). Further reaction to the sanctions came from Bob Herrold, manager of the Retail Council of Canada's food division, who said the effect on supermarket supplies of the ban on agricultural products would not be very noticeable until winter, when the weather damage to last season's Ontario peach crop would likely cause shortages normally made up by South African imports (*Globe and Mail*, August 6).

Shirley Carr, president of the Canadian Labour Congress, repeated the CLC's call for the immediate imposition by Ottawa of comprehensive economic sanctions to press South Africa into dismantling apartheid (*Globe and Mail*, August 7). Mrs. Carr said that trade unionists could impose their own unofficial embargo on imports from South Africa if the plight of blacks there continued to deteriorate, and that the CLC's 2.2 million members would be urged to "harass all companies which continue to do business with the apartheid regime. . . . We would have liked to have seen the heads of government go further. We have been encouraging Canada to impose a total trade embargo and to sever all links with the Botha regime, including the recall of the Canadian Ambassador and kicking out of Canada the South African Ambassador."

Later in August, External Affairs Minister Joe Clark said that he had been in touch with US Secretary of State George Shultz to encourage the US to follow the Commonwealth in imposing new sanctions against South Africa (*The Citizen*, August 14). Mr. Clark said that Canada was "particularly interested in West Germany, Japan and the US acting in ways that are consistent with the position Canada took at the Commonwealth." And in a statement issued on September 26, Mr. Clark announced that the government of Canada was implementing, effective October 1, the decision to ban imports of agricultural products, uranium, coal, iron and steel from South Africa. These goods, the statement said, would be placed on the Import Control List, which would mean that any Canadian importer would be required to obtain a permit to bring them in. Mr. Clark noted that permits would not normally be granted. On the basis of 1985 shipments, the statement continued, some \$87.5 million worth of imports from South Africa

would be affected, and Mr. Clark acknowledged that some firms might incur losses as they sought alternative sources of supply. Goods in transit on October 1, or contracted for before August 5, would be allowed to enter Canada (External Affairs communiqué, September 26).

## SRI LANKA

### **High Commissioner**

*The Globe and Mail* reported on August 28 that Prime Minister Brian Mulroney and External Affairs Minister Joe Clark had both known for more than a month before granting diplomatic credentials to the new Sri Lankan High Commissioner, retired General Tissa Indraka Weeratunga, of allegations that the envoy had been linked to torture and repression in Sri Lanka. The report said that the Tamils of Canada Association had urged Mr. Mulroney in a memorandum last March to deny General Weeratunga acceptance as a diplomat in Canada. The Tamils of Canada said that Amnesty International had evidence of a violent army campaign by the General to suppress dissent in the Tamil region of northern Sri Lanka. The Prime Minister had referred the memo to Mr. Clark, the report said, and had notified the Tamil association on April 16 that he was doing so. Mr. Clark then wrote to Rev. Philip Ratnapala, a Tamils of Canada spokesman, on May 21 that the General "obviously enjoys the confidence of the President of Sri Lanka" and "is well placed not only to represent the interests of his Government but also to convey to the Sri Lankan Government the concerns of the Canadian Government when the need arises." On August 27, a spokesman for the Minister said that even though Mr. Clark was aware of the allegations against the envoy, the Sri Lankan government and General Weeratunga had denied them (*The Citizen*, August 28).

The evidence referred to by the Tamils of Canada was contained in a 1982 Amnesty International report on human rights violations in Sri Lanka. Charges in the report, which included murder and dragging prisoners in bags behind jeeps, were made against police and soldiers in northern Sri Lanka where the General was army commander in 1979, *The Citizen* reported on August 28. The General refused to be interviewed on August 27 by *The Citizen*, but his personal secretary Lester Corea said that the allegations were "of no concern" to the High Commissioner.

Further details of the Amnesty report were published by *The Citizen* on August 28. The paper reported that Amnesty had taken affidavits, examined documentary evidence, and conducted interviews (including one with General Weeratunga) before concluding there was evidence of systematic torture by the army and police in the period immediately following the declaration of emergency rule on July 11, 1979. Among the techniques Amnesty said were used were suspension by a rope attached to the neck and genitals, and systematic beatings with fists, boots and pieces of wood, sometimes with nails attached, for several hours, *The Citizen* reported.

On September 15, *The Globe and Mail* reported that spokesmen for the Department of External Affairs had said

they considered the charges against General Weeratunga to be unsubstantiated.

The same report said that during an interview in Paris with CBC television reporter Ian Parker, Tamil torture victim Umapathisivan Pararajasegaran (known as "Baby") had identified General Weeratunga on videotape as the man who had supervised his torture for fifteen days in Jaffna, northern Sri Lanka, in 1979. *The Citizen* reported the same day that Mr. Pararajasegaran had sworn an affidavit (in the presence of Amnesty International) before a Sri Lankan magistrate on March 20, 1983.

Earlier in September, the Sri Lankan government had called on the Canadian government to take action against the news media in Canada for their "libellous statements" about General Weeratunga. The Department of External Affairs had refused, citing freedom of speech (*The Citizen*, September 15).

On September 16, *The Citizen* reported that the Department of External Affairs would be taking a "good hard look" at the sworn affidavit made by Mr. Pararajasegaran in Sri Lanka. Spokesman Natalie Kirschberg said that Canadian government officials might then raise the "very serious allegations" directly with the Sri Lankan government, but refused to speculate on what would happen if satisfactory answers were not received. Ms. Kirschberg said that the affidavit, which had been presented that week to Canadian officials in Paris, was the first "concrete written evidence" linking General Weeratunga to human rights abuses, maintaining that even the Amnesty International report had not mentioned the General. She cautioned that it was not up to the Canadian government to "accuse or defend" the envoy, saying it was "up to the Sri Lankan government to take any action in terms of the General." Meanwhile, a spokesman for Tamils of Canada accused the Canadian government of "stalling" on a Canadian visa application made by Mr. Pararajasegaran in Paris; however, Canadian officials denied that his visa was being delayed.

On September 21, Mr. Pararajasegaran arrived in Canada. He said, "I want to inform the Canadian public that a torturer is the Sri Lankan ambassador to Canada. . . . Here he can't do anything to me. . . . I'll finally be in a position to ask him why he tortured me" (*The Citizen*, September 22).

In a statement and an interview with *The Citizen* on September 22, General Weeratunga accused Tamil separatists living in Canada of raising false accusations against him in order to poison diplomatic relations and "distort and disrupt the bond of friendship" between Canada and Sri Lanka. "There is no truth at all" to allegations that he had been involved in torture, he said. "This is a total fabrication." The General referred to the allegations as a "ruse" to divert the attention of Canadians away from the backlash over 155 Tamil refugees who had arrived by boat off the Newfoundland coast in August (See Policy — Refugees, below). The General responded to Mr. Pararajasegaran's challenge to meet with him during his 2-week stay in Canada by saying, "Why should I dignify this man. . . . I don't need to meet separatists." He also said that reports that Mr. Pararajasegaran was afraid to file charges of torture in Sri Lanka were an insult to the Sri Lankan judicial



system, whose chief justice and attorney general were both Tamils (*The Citizen*, September 23).

The *Globe and Mail* reported on September 23 that the ombudsman for the Sri Lankan government, Sam Wijesinha, had said that he had never received a human rights complaint in five years in the post. The same report said that the Sri Lankan High Commission had released an unsigned statement accusing Mr. Pararajasegaran of being a terrorist and a thief who was part of "a separatist network" trying to destabilize the Sri Lankan government. Mr. Pararajasegaran denied that he was a terrorist or had committed any crimes, the report said.

On September 23, two Sri Lankan Cabinet Ministers issued statements. One threatened reprisals against Canadian diplomats if Ottawa pursued inquiries into the record of the Sri Lankan High Commissioner, while the other called for the extradition of Mr. Pararajasegaran to Colombo. External Affairs Minister Joe Clark said that while there might be allegations of something dark in the past of

General Weeratunga, there were not enough "true facts" to justify Canadian action against him at that point. Mr. Clark said that Canadian officials were making cautious inquiries into the torture allegations, that some of the facts were being disputed by the Sri Lankan government, and that efforts were being made to separate the wheat from the chaff. General Weeratunga, meanwhile, said that Mr. Pararajasegaran was wanted in Sri Lanka on suspicion of murder. Department of External Affairs spokesmen said, however, that no extradition treaty existed between Canada and Sri Lanka, and Canada was therefore under no obligation to cooperate with the extradition request (*Globe and Mail*, September 24).

*The Citizen* reported on September 24 that a Sri Lankan government spokesman in Colombo had said that his government was seeking the extradition of Mr. Pararajasegaran at that time because it had not known his whereabouts until he had begun making allegations against General Weeratunga.

## Multilateral Relations

### GATT

#### **Punta Del Este**

From September 15 to 20 in Punta del Este, Uruguay, the ninety-two member nations of the General Agreement on Tariffs and Trade (GATT) met to decide the agenda for the next round of GATT talks, the "Uruguay Round," expected to last four years.

During a visit to Venezuela before the start of the GATT meeting, External Affairs Minister Joe Clark said on September 8, "We fear and will fight isolationism, protectionism and predatory subsidization schemes. . . . Our main objective in Punta del Este will be to reduce the strains on the system which, if not relieved, will have a disastrous impact on our collective future" (*Globe and Mail*, September 9). The Minister proposed the formation of "a small group of respected persons from a handful of countries" to find "short-term, emergency solutions to the grain dispute that is increasingly dividing major trading powers," a group that Mr. Clark said would be able to act more quickly than the GATT in seeking definitions of subsidies and ways of rolling them back (*The Citizen*, September 10).

In Punta del Este just prior to the conference, the Minister met with the conference chairman, Uruguayan Foreign Minister Enrique Iglesias, to discuss ways of defusing the potentially contentious issues of trade in services and agricultural subsidies, which were not included in the last GATT round (*Globe and Mail*, September 15).

In his opening address to the Punta del Este conference, Mr. Clark urged delegates to fight the erection of barriers to global commerce. The Minister said that every country shared the blame for protectionism, and stressed the need for talks on agriculture to begin before the end of the year. Thomas Hockin, Minister of State for Finance, said on the first day of the meeting, "We want a more orderly environment in terms of prices for grains. . . . We're not saying we would have a bigger share of markets, but we should have a better idea of what to expect" (*Globe and Mail*, September 16). A draft declaration signed by fifty GATT members, including Canada, the US and members of the European Community (EC), proposed that agricultural subsidy reduction and trade in services both be included in the Uruguay Round. Opposition to the declaration was expected from the French delegates, who had not yet arrived at Punta del Este.

The conference moved closer to an agreement on September 18 when France abandoned its long opposition to discussing the reduction of agricultural subsidies. The EC presented a proposal, agreed to by France, whereunder Europe would accept the draft guidelines to the Uruguay Round talks, provided the clause "the elimination of food subsidies would be considered" were deleted, and replaced by a clause saying that the talks would try to "reduce negative effects of food subsidies" (*Globe and Mail*, September 19).

The agreement signed by more than seventy GATT members at the conclusion of the Punta del Este meeting included agricultural subsidies on the agenda for the Uruguay Round. The issue of trade in services was also included, as were trade in investment and "intellectual property" (copyrights, patents and trademarks).

Canadian delegates were reported to be elated at the success of the conference, and said they believed protectionist moves in the US would be defused as a result (*Globe and Mail*, September 22).

## NATO

### **Troop Movements**

At the European Disarmament Conference in Stockholm at the end of August, the US made a "major concession" (*Globe and Mail*, August 28) to the Soviet Union by agreeing that NATO would give the Soviets notice of Canadian and US troop movements to Western Europe, beginning January 1, 1987. The agreement raised hopes that an overall accord could be worked out in the last weeks of the conference, said the head of the Swedish delegation, Ambassador Curt Lidgard.

NATO diplomats tried to play down the role of the US in the agreement, saying that all members of NATO had been involved. In return for information on troop movements to Europe, the USSR agreed to the principle of giving advance notice of troop concentrations, NATO sources said (See Policy — Disarmament — Stockholm Conference, below).

## UNITED NATIONS

### **Lewis Appointment**

On September 2, Stephen Lewis, Canada's Ambassador to the UN, was appointed special political adviser to UN Secretary-General Javier Perez de Cuellar in implementing a 5-year economic recovery program for Africa. The program, drafted in May and June (See "International Canada" for June and July 1986), is the first of its kind in UN history. Mr. Lewis, in his capacity as special adviser, would work alongside a steering committee which was coordinating the recovery program. The Ambassador said that his role would be to advise Mr. Perez de Cuellar in a personal capacity, and that the advice that he gave in terms of Africa would not be a reflection of Canadian policy (*Globe and Mail*, September 3).

*The Citizen* on September 3 quoted Mr. Lewis as saying that "There has to be constant pressure maintained, a kind of catalyst energizing the process so that the focus is singleminded and unrelenting through the whole period of African recovery. . . . Individual countries, particularly outside Africa, may have to be encouraged to allocate more of their resources to do the job. . . ."

### **Clark Speech**

On September 24 in a speech to the UN General Assembly, External Affairs Minister Joe Clark said that the UN's financial woes were partly the result of waste and partly caused by late payments and withholding of contributions. The Minister urged members to adopt without delay the recent proposals of an 18-member UN committee to reduce by 15 percent the UN's 11,000-member staff, and to implement other deep budget cuts in the organization (*Globe and Mail*, September 25).

In his speech Mr. Clark also questioned the UN's effectiveness in achieving its goals. "This was to be a forum in which difficult decisions were to be taken; it has become a means to avoid them. Where there is a crisis, we have endless debate. When there is a need for hard compromise, we draft resolutions which defy agreement. Our publics. . . want peace and prosperity and justice. . . They want results, not only speeches" (External Affairs statement, September 24). Calling Canada "a strong friend of the UN," the Minister pointed out that Canada alone could not protect the UN from the erosion of respect which was gradually undermining it (*Le Devoir*, September 25).

Mr. Clark's speech also touched on the problems of apartheid and international terrorism, and the progress of disarmament negotiations between the US and the USSR.

### **Strong Report**

The *Globe and Mail* reported on September 25 that Canadian Maurice Strong, an Undersecretary-General of the UN, and head of the UN Office for Emergency Operations in Africa, had written, with Prince Sadruddin Aga Khan of Pakistan, a report recommending a reduction in net UN spending from US \$700 million to between \$525 and \$600 million. Mr. Strong said in an interview that the UN "could be much more efficient and revitalized with a budget that is 20 to 25 percent less than it now is."

The report, an internal UN document complementing the report by the 18-member UN committee on budget cuts which was to be debated by the General Assembly in October, also recommended the elimination of UN organizations such as the World Food Council, the Disaster Relief Organization, and the Population Division.

# Policy

## CENTRAL AMERICA

### **Canadian Policy**

Prime Minister Brian Mulroney, in a Vancouver speech to the Inter American Press Association on September 15, strongly condemned interference in Central America by the superpowers (*Globe and Mail*, September 16). The Prime Minister said, "We regret the extension of East-West disagreements into the area and we do not approve of any country supplying arms to any faction in the area." He also faulted the Sandinista government of Nicaragua for closing down the newspaper *La Prensa* and for other "grave civil rights violations," and expressed Canada's concern about similar violations in Guatemala, El Salvador and Chile (See Bilateral Relations — Chile — Arms Sales, above).

The Prime Minister also referred to the economic problems faced by the developing countries of Latin America. "Having borrowed to grow, the developing nations must be permitted to contribute to the international economy," he said. "Canada is firmly on the side of an approach that allows the debtor nations ample time. . . .to work out reasonable solutions to this problem." (*Globe and Mail*, September 16).

## DISARMAMENT

### **Stockholm Conference**

On September 21, the "Document of the Stockholm Conference" was released by the thirty-five nations which had approved the agreement after nearly three years of negotiations within the framework of the Conference on Security and Cooperation in Europe (CSCE) (External Affairs communiqué, September 22).

The document outlined an agreed set of confidence and security building measures (CSBMs) governing military activity in Europe, the main ones being those governing troop movements (See Multilateral Relations — NATO — Troop Movements, above). New CSBMs provided for the notification forty-two days in advance of the military activity of ground forces in excess of 13,000 troops; for annual calendars of military activity to be exchanged between the participating states; for the notification two years in advance of large-scale activity (over 40,000 troops); for the inviting of observers from all other states to the site of any notifiable activity; and for on-site inspection, on demand,

by any participant suspecting violation of the notification agreement.

The Department of External Affairs announcement of the agreement stated "our hope that the Stockholm Conference agreement will herald a revitalized period of East-West co-operation that will reduce the risk of conflict in Europe and provide a basis for the negotiation in the future of more extensive measures of military restraint and reductions."

The *Globe and Mail* reported on September 22 that it had been seen as a major concession at the Stockholm Conference when Soviet deputy defence minister Marshal Sergei Akhromeyev had arrived during the final session to announce that the Soviets would allow on-site inspection of their military activity in some areas, provided their own vehicles (not neutral ones, as NATO had wanted) be used. Military experts said the accord would lead to NATO and the Warsaw Pact notifying each other about approximately twenty military exercises each year, the report said. In addition, the two blocs would have to invite foreign observers to about ten maneuvers a year.

## REFUGEES

### **Tamils' Arrival by Boat**

On August 12, the *Globe and Mail* reported that 152 people (this number was later corrected to 155) had been found adrift in two lifeboats off the Newfoundland coast the previous day. They had been picked up by three Canadian longliners about six nautical miles off the shore, and taken to St. John's, where immigration officials would interview them on board. The report said that the people were in "a weakened condition" and had told rescuers that they had spent five days in the lifeboats. On the same day, *The Citizen* reported that the name of the mother ship had been scraped off the lifeboats, but that the rescued people were Tamils from Sri Lanka. A spokesman for the Canadian Coast Guard said no one knew how they had arrived off the Newfoundland coast "because there's a language problem and they're not saying a whole lot." The spokesman said that no distress signal had been received "and apparently there would have been plenty of ships in the area to hear them."

The *Globe and Mail* reported on August 13 that three of the Tamils had said in an interview that they were refugees from persecution by the government of Sri Lanka which has a Sinhalese majority. One of the Tamils said that he had been aware that he would be entering Canada illegally, but said that he had taken that course after being told that it would be fruitless to apply to enter Canada through normal channels. The three also said in the interview that they had left India in a ship whose name they did not know and had been set adrift after four weeks at sea.

Minister of State for Immigration Gerry Weiner said that if the castaways were residents of Sri Lanka, they would be given ministerial permits to remain in Canada for one year, and there would be "no question of their being asked to leave." Immigration Minister Benoit Bouchard said that they would not face deportation, though he admitted that he could not at that time confirm that they were from Sri Lanka (*Globe and Mail*, August 13).

In St. John's, RCMP Inspector J.W. Lavers said on August 12 that the freighter captain who cast adrift the Sri Lankans could face charges of conspiring to violate Canadian immigration laws. Meanwhile, the Tamils said that they did not know what route the ship had taken from India, because they had been embarked and disembarked at night, and had been kept in the cargo hold. A crew member of one of the fishing boats involved in the rescue said that he had seen the names "Regina Maris", "Hamburg" and "Hapag-Lloyd" on one of the lifeboats.

The Montreal chapter of the World Tamil Movement called for Ottawa to release the names of the refugees, and to end aid to Sri Lanka. The aid, channelled through CIDA, was being used by the Sri Lankan government to buy helicopter gun ships to massacre Tamil villagers, the organization charged (*Globe and Mail*, August 13).

An emergency immigration team was sent to St. John's to interview the Tamils on August 13. Minister of State for Immigration Weiner said "we want to make sure that our shores are available to those that are legitimate refugees and legitimate claimants." Inspector Lavers, meanwhile, said "we haven't been able to establish" that the Tamils were adrift for five days, as they had claimed. He said that, given the wet weather and the dry state of their clothing, it was unlikely that they had been in the lifeboats that long, and a doctor who examined them said their condition indicated they had spent one night on the sea. Heavy fog in the area prevented a search for the mother ship (*The Citizen*, August 13).

Speculation mounted on August 14 that the Tamils had arrived by ship from West Germany, though officials said they were unable to confirm this, and the Tamils denied it. Reports from Europe said that the Tamils had been living in a refugee camp near Hamburg and had paid a Paris-based Tamil agency for a bus ride to Calais and passage to Canada on a Lebanese freighter. Inspector Lavers said that only one of the Tamils had been carrying West German currency, and that lifejackets marked "Hamburg" and "Hapag-Lloyd" had probably been bought second-hand. One immigration spokesman said that Ottawa was following up leads in Europe and India to try to track down the mother ship; another said that Ottawa was worried that more boats with refugees might arrive off the Newfoundland coast in cold weather, when they might not

last a day in an open boat (*Globe and Mail*, August 14).

*The Citizen* reported on August 14 that all the castaways had been officially confirmed to be Sri Lankans and all had applied for refugee status in Canada. Immigration Minister Bouchard warned that refugee claimants who gave false information to officials would be subject to prosecution and fines, and expressed his concern that Sri Lanka's problems would cause other boatloads of people to seek refuge in Canada. "I'm really worried about this because Canadians are as concerned with security as they are by hospitality," the Minister said. An immigration spokesman explained that under the existing policy refugee claimants were protected from deportation from Canada in spite of any official refugee status they might have elsewhere. But under proposed new policy, if the Sri Lankans were already classified as landed refugees in West Germany, their point of origin could affect their attempts to remain in Canada, he said.

On August 15 the *Globe and Mail* reported West German officials had confirmed the disappearance of some Tamils from the Hamburg area, and that the Canadian Embassy in Bonn had asked German authorities for help in identifying the mother ship. *The Citizen* reported the same day that German police had arrested two Tamils who, according to a Hamburg shipping source, had arranged the passage of the refugees to Canada. The source said that the arrested Tamils were "smugglers" who exploited the Tamils' desire to work, which they were allowed to do in Canada under ministerial permit, but could not do in Germany, where they were supported by welfare.

On August 17, Prime Minister Brian Mulroney said, "Canada was built by immigrants and refugees and those who arrive in lifeboats off the coast of one of our shores will not be turned away." The Prime Minister's welcoming of the Tamils was supported by both Opposition Leader John Turner and New Democratic Party Leader Ed Broadbent (*Globe and Mail*, August 18).

A report in *The Citizen* on August 18 said that the Tamils had admitted on August 16 that they had lied to authorities about their point of departure, and had in fact come from West Germany. Jim Hawkes (PC, Calgary West), chairman of the Commons Committee on Labor, Employment and Immigration, said that the Tamils should have been deported to West Germany.

A spokesman for Minister of State for Immigration Weiner said that the Tamils' claims to refugee status would be assessed only after all those in the system at the time, and that their claims would be on hold until new refugee legislation was in place (thought to be some time next year). Meanwhile the Tamils' backgrounds were being investigated through appropriate police agencies (standard practice for anyone arriving in Canada without passport or papers), and Mr. Weiner said that he would "remove even to Colombo" anyone with a "serious criminal problem." The Minister went on to say that he wanted to dismantle Canada's policy of not deporting people to countries such as Sri Lanka. He said refugee claimants should be reviewed on a case-by-case basis to see whether deportation was warranted (*Globe and Mail*, August 19 and 20).

A week later, the captain of the mother ship was identified as Wolfgang Bindel, a West German who had reportedly been paid \$500,000 for the trip to Canada. No

warrant for his arrest had been issued by August 26, but a senior legal adviser to the Department of External Affairs, Leonard Legault, said that Captain Bindel might be prosecuted under Canadian law if it could be established that an offence had been committed while the Honduran-registered vessel that he commanded was in Canadian waters. Another DEA spokesman said it was unlikely that Captain Bindel would be extradited from either West Germany or the Canary Islands (where he was known to have been on August 25), as violation of immigration law was not an extraditable offence (*Globe and Mail*, August 26).

The Prime Minister said that he was not concerned about prosecuting Captain Bindel, as the proper authorities were handling the case. Mr. Mulroney responded to reported fears that Canada would be overwhelmed by people seeking refugee status illegally by saying, "I don't expect that every other day someone is going to want to unload 155 people off the coast of Newfoundland and Labrador in a rowboat. It is a most unusual happening and I don't expect it will happen again. If it does, we'll deal with it" (*Globe and Mail*, August 28).

In an interview in Germany, Captain Bindel said he had done nothing wrong. No charges had been laid against him at the beginning of September (*The Citizen*, September 3).

On September 11, the *Globe and Mail* reported that the RCMP in Newfoundland had charged Captain Bindel and two Tamils in West Germany on September 5 with conspiracy to breach a section of the Immigration Act which stated that any transportation company bringing people to Canada was required to present each of its passengers upon arrival to an immigration officer. Canada-wide warrants for the three men were issued, and would remain on file indefinitely, the report said. A spokesman for the Department of Justice said that the laying of charges would discourage "anyone else who might have thought that such activity was lawful." As of the end of September, there had still been no charges laid by German authorities against Captain Bindel.

## TRADE

### *Export Controls*

A statement by External Affairs Minister Joe Clark on September 10 outlined the Department's new export control policy for military goods and technology. Restrictions would be placed on the export of such goods to countries that fell under four categories:

- those that posed a threat to Canada and its allies,
- those involved in or under imminent threat of hostilities,
- those under UN Security Council sanctions,
- those with a persistent record of serious human rights violations, unless it could be demonstrated that there was no reasonable risk the goods might be used against civilians (See Bilateral Relations — Chile — Arms Sales, above).

The new policy also separated military and strategic goods, equating "strategic" goods with communication equipment, high technology goods and some kinds of aircraft that would increase industrial and military capacity.

Mr. Clark stated that the list of countries receiving military equipment from Canada would remain a state secret, but that the confidential register would be reviewed by cabinet ministers regularly and changed when warranted (External Affairs statement, September 10 and *Globe and Mail*, September 11).

The *Globe and Mail* reported that the policy review had begun when NDP External Affairs critic Nelson Riis released copies of export permits which showed that Canadian firms were exporting military equipment to five countries identified by Amnesty International as violating the human rights of their citizens.

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(supplied by External Affairs Canada)

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- No. 82 (April 28, 1986) Canadian Delegation to Presidential Inauguration in Costa Rica.
- No. 83 (April 29, 1986) US Countervailing Duty Investigation of Imports of Canadian Fresh Atlantic Groundfish, US International Trade Commission's Final Determination of Injury.
- No. 84 (May 1, 1986) Chernobyl Nuclear Accident.
- No. 85 (May 7, 1986) Grant of \$300,000 to the Toronto Symphony.
- No. 86 (May 9, 1986) The Right Honourable Joe Clark Invites Commissioner Willy De Clerq of the European Communities (EC) to Visit Vancouver, May 10, 1986.
- No. 87 (May 9, 1986) Chernobyl Nuclear Accident.
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- No. 89 (May 13, 1986) Minister Kelleher Defends Canadian Exports.
- No. 90 (May 15, 1986) Official Visit to Canada of the United Nations High Commissioner for Refugees.
- No. 91 (May 15, 1986) Third Bilateral Consultations Canada/Burkina Faso Ottawa, May 20-22, 1986.
- No. 92 (May 15, 1986) Appointment of a Special Advisor on Investment to the Canadian Embassy in Bonn.
- No. 93 (May 15, 1986) Forestry Trade Mission to Finland, Sweden and Norway.
- No. 94 (May 16, 1986) Minister for International Trade Announces Major Sale to Yugoslavia.
- No. 95 (May 19, 1986) South African Raids on Botswana, Zambia and Zimbabwe.
- No. 96 (May 21, 1986) Apparel and Fur SAGIT Membership.
- No. 97 (May 21, 1986) May 22 Lecture by the Right Honourable Joe Clark, Secretary of State for External Affairs, on "Canada's Stakes in the New Internationalism".
- No. 98 (May 21, 1986) Ministers Make Trade-Talk Studies Public.
- No. 99 (May 22, 1986) Canadian Statement to GATT Council Concerning US Countervailing Duty Petition Against Canadian Softwood Lumber.
- No. 100 (May 23, 1986) UN Special Session on Africa: Minister Vézina to Head Canadian Delegation.
- No. 101 (May 26, 1986) Government to Make Reference to Canadian Import Tribunal on Steel.
- No. 102 (May 26, 1986) Canadian Minister for International Trade Visits Asia-Pacific.
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- No. 106 (May 30, 1986) The Minister for International Trade Concludes his Visit to Japan.
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## II. Recent Publications of the Department of External Affairs.

### 1. Press Releases

- No. 73 (April 3, 1986) Canadian Delegation to CSCE Human Contacts Experts Meeting April-May, 1986.
- No. 74 (April 8, 1986) Minister Kelleher Announces Export Marketplace 86 — Phase II.
- No. 75 (April 8, 1986) Ambassador for Disarmament to Undertake Cross-Canada Tour.
- No. 76 (April 16, 1986) Annual Ministerial Council Meeting of The Organization for Economic Cooperation and Development.
- No. 77 (April 17, 1986) US Commerce Department Final Finding on Subsidies to Canadian Oil Country Tubular Goods.
- No. 78 (April 24, 1986) Visit of the Minister for External Relations to Algeria.
- No. 79 (April 25, 1986) Diplomatic Appointment. Mr. Christian Sarrazin (36), originally from Ferme-Neuve, Quebec, as Consul General in the new Consulate General in Shanghai.
- No. 80 (April 25, 1986) SAGIT (Sectoral Advisory Groups on International Trade).

International Canada, August and September 1986

- No. 108 (June 3, 1986) Opening of the Oral Proceedings in the Dispute Between Canada and France Concerning Filleting Within the Gulf of St. Lawrence by French Trawlers Registered in Saint-Pierre-et Miquelon.
- No. 109 (June 4, 1986) Canada: First Nation to Ratify the Vienna Convention for the Protection of the Ozone Layer.
- No. 110 (June 4, 1986) U.S. International Trade Commission Rules in Canada's Favour on Imports of Canadian Fork Lift Arms.
- No. 111 (June 5, 1986) Text of the Canadian Government Aide-Mémoire on Softwood Lumber Delivered by Ambassador Gottlieb to U.S. Secretary of Commerce Baldrige in Washington, D.C., Wednesday, June 4, 1986.
- No. 112 (June 10, 1986) Minister Kelleher Announces the Search for Canada's Top Exports.
- No. 113 (June 6, 1986) Canadian Aid to Jordan.
- No. 114 (June 6, 1986) The Right Honourable Joe Clark Secretary of State for External Affairs to Visit Ireland and the Philippines June 20-July 2, 1986.
- No. 115 (June 6, 1986) Trade Minister Kelleher Completes Visit to the People's Republic of China.
- No. 116 (June 13, 1986) Federal/Provincial Trade Ministers' Conference June 17, 1986 — Winnipeg.
- No. 117 (June 17, 1986) Canadian Statement to GATT Council Concerning U.S. Countervailing Duty Petition Against Canadian Softwood Lumber.
- No. 118 (June 19, 1986) Appointments to the Board of Directors of Canadian Commercial Corporation.
- No. 119 (June 19, 1986) Meeting Between the Right Honourable Joe Clark and Sir Geoffrey Howe, London, June 20.
- No. 120 (June 19, 1986) Letter to Ms. Margaret Laurence.
- No. 121 (June 19, 1986) Appointments to the Board of Directors of the Export Development Corporation.
- No. 122 (June 23, 1986) Canada-USA Renew Nanoose Agreement.
- No. 123 (June 24, 1986) Membership of the Financial Services SAGIT.
- No. 124 (June 24, 1986) Appointment of Director of the Canadian Cultural Centre, London.
- No. 125 (June 26, 1986) Softwood Lumber: U.S. Countervailing Duty Investigation USITC: Preliminary Injury Determination.
- No. 126 (June 26, 1986) Canadian Participation in the Commonwealth Arts Festival.
- No. 127 (June 26, 1986) Membership of the Automotive and Aerospace SAGIT.
- No. 128 (June 27, 1986) Arts and Cultural Industries SAGIT Membership.
- No. 129 (June 27, 1986) Red Cedar Blocks and Bolts Added to Export Control List.
- No. 130 (June 30, 1986) Canada Announces New Aid Relationship with the Philippines.
- No. 131 (July 2, 1986) Visit to Canada of His Royal Highness Crown Prince Maha Vajiralongkorn of Thailand.
- No. 132 (July 7, 1986) The Secretary of State for External Affairs Reiterates Canada's Support for Contadora.
- No. 133 (July 14, 1986) Appointment of Pierre DesRoches as Network Head, Francophone Summit Follow-Up Committee.
- No. 134 (July 17, 1986) Arbitral Tribunal Rules in the "La Bretagne" Arbitration.
- No. 135 (July 24, 1986) Minister for International Trade Releases Canadian Import Tribunal Report on the Carbon Steel Industry.
- No. 136 (July 25, 1986) Diplomatic Appointments.  
Ms. Dorothy J. Armstrong (54), originally from Elva, Manitoba, to be Ambassador to Denmark, replacing Mr. E. Wang.  
Mr. E.J. Bergbusch (51), originally from New Sarepta, Alberta, to be Ambassador to Poland and to the Democratic Republic of Germany, replacing Mr. A.P. McLaine.  
Mr. Sean Brady (42), originally from Ottawa, Ontario, to be High Commissioner to Singapore, replacing Mr. G.W. Seymour.  
Mr. Stanley E. Gooch (42), originally from McLennan, Alberta, to be Ambassador to Costa Rica with concurrent accreditation to El Salvador, Nicaragua and Panama, replacing Mr. F.M. Filleul.  
Mr. James G. Harris (57), originally from Sandwich, Ontario, to be High Commissioner to India with concurrent accreditation as Ambassador to Nepal, replacing Mr. W.T. Warden.  
Mr. Michael Kergin (44), originally from Bramshott, England, to be Ambassador to Cuba, replacing Mr. K.B. Williamson.  
Mr. Claude Laverdure (43), originally from Montreal, Quebec, to be Ambassador to Haiti, replacing Mr. J.A. Malone.  
Ms. Carolyn M. McAskie (40), originally from Glasgow, Scotland, to be High Commissioner to Sri Lanka with concurrent accreditation to the Maldives, replacing Mr. D.M. Collacott.  
Mr. Normand Villeneuve (43), originally from Desbiens, Quebec, to be Consul General in Sao Paulo, replacing Mr. W.L. Clarke.  
Mr. Erik B. Wang (53), originally from Montreal, Quebec, to be Ambassador to Iraq, replacing Mr. P. Sherwood.  
Mr. T.A. Williams (48), originally from Victoria, British Columbia, to be Ambassador to Tunisia, replacing Mr. W.M. Weynerowski.
- No. 137 (July 30, 1986) New Textile and Clothing Import Policy.

## Cracks in OPEC

The OPEC Conference held during the final days of January 1985 produced the first substantive indication of a split within the ranks of OPEC. The issue over which the split occurred was the maximum price differential between heavy crude produced in the Gulf (Arabian Heavy) and the light crudes produced in Africa. Nine members, following the recommendation of the Ministerial Committee on Price Differentials headed by Sheik Yamani, then oil minister of Saudi Arabia, agreed that the differential should be \$2.40 per barrel. Three countries disagreed and dissociated themselves from that decision: Algeria, Iran and Libya. Gabon abstained.

The split remained in July when a majority of OPEC members decided to reduce the price of medium crude by \$0.20 per barrel and that of Arabian Heavy by \$0.50 per barrel. The same three countries also dissociated themselves from that decision.

In September 1985 OPEC celebrated its twenty-fifth Anniversary. It took that occasion to again reiterate its position that "OPEC alone cannot and should not be expected to perpetually provide the insurance policy on the stability of oil prices, while non-OPEC countries sit back and enjoy the benefits of this insurance without paying their share of the premiums." The OPEC statement then shifted to a more threatening tone.

Those who adopt an uncooperative attitude to OPEC in favor of short term price cutting will discover, perhaps too late, that the economics of the short term are also the economics of the short-sighted. Since OPEC has proved to be a moderating influence on the international economic scene, it is highly regrettable that some oil-consuming and producing countries outside OPEC have stood doggedly in opposition, refusing to learn from the lessons of history.

The loud voices against dialogue with OPEC in some major industrialized countries appear to be relying too heavily on the present soft market conditions, which cannot continue indefinitely. Non-OPEC countries, in maximizing production at the expense of OPEC, are depleting their limited oil reserves so fast that they will soon have to invest huge and exorbitant capital in order to prevent a drastic fall in their production. Conversely, OPEC, which accounts for two-thirds of the world's oil reserves, is prolonging the life span of those oil reserves which will eventually bring it back to the fore as the future main supplier of oil in the world.

## Heading away down

The relative strength that had characterized the oil market was dramatically altered during the last week in November 1985. The extent of the fall in crude prices is illustrated by the decline in the price of Bonny Light from Nigeria. It is the highest priced OPEC crude. During the

third week in November it sold for \$30.80 per barrel. By the third week in December it was selling for \$26.75. The fall in the price of non-OPEC crude was even more dramatic. For example, Brent (UK) sold for \$30.70 in the third week in November and plunged to \$25.75 by the third week in December. While there were several reasons for that reversal, the primary one was the increased oil production by both OPEC and non-OPEC producers. The OPEC producers, especially Saudi Arabia, had simply lost patience with the continued overproduction of some of the non-OPEC producers, especially those in the North Sea. Saudi Arabia and some other OPEC members had decided to demonstrate to the non-OPEC countries and to the world at large what overproduction on a large scale would do to the international petroleum market.

What OPEC had feared had begun. Unrestrained production by the oil producers had created an unstable market. The efforts of OPEC during the preceding months had failed. The industrialized countries, and the non-OPEC oil producers, had not been willing to meet with OPEC to agree upon levels of oil production which would stabilize petroleum prices on the international market. One result of this failure was a decline in the price of crudes far below what most observers thought possible. By the final week in July 1986, Bonny Light was selling for \$9.25 per barrel and Brent (UK) was selling for \$9.00.

A second result was that, as a result of the fall in the price of oil, many petroleum operations outside of OPEC were no longer economically viable. This resulted in their operations being suspended and sharp increases in unemployment. Also, the revenues to the oil producing states, both non-OPEC and OPEC, drastically declined. As a result of the fall in oil prices the budgets of many of the oil producing states incurred large deficits. Investment plans were curtailed or cancelled and this reduced the level of growth of the economies of non-oil producing states.

## Price drop unnecessary

What stands out so clearly as a result of this review of events is that it was unnecessary. OPEC had demonstrated its patience. It had issued warnings and sought to resolve the matter through consultation. While many countries cooperated, the North Sea producers were adamant in their refusal to meet with, let alone cooperate with, OPEC. There existed no objective reason for the events which have now transpired to have occurred. They could have been prevented if the oil producing states and the consuming states had been willing to meet and work out a solution. Unfortunately, that did not come to pass. The OPEC states reached the limit of their patience and illustrated for all to see what massive overproduction, coupled with an unstable market, could do. The irony is that the non-OPEC countries which most adamantly refused to meet with, let alone cooperate with OPEC, such as the United Kingdom, have not only been hardest hit in the short run, but will also suffer most in the long run. □

# Chile, human rights and Canada

by Michael Tutton

Chile's military government has been in power for thirteen years, but the mess of economic crisis and institutionalized repression it has created are heading to a critical crossroads. One route leads to a renewal of that nation's democratic tradition and the gradual healing of the wounds opened during totalitarian rule. But the other equally likely possibility is the rise of a violent revolutionary movement that would end in either a marxist government or an even more oppressive military regime.

To date Canadian policy-makers have indicated little understanding of the crucial stage Chilean history is approaching. The first lesson is the most important: Gen. Augusto Pinochet, who overthrew socialist president Salvador Allende in 1973, is determined to retain power, and unless he is forced out soon the country will likely reach the second, undemocratic destiny. Pinochet has practical reasons for not giving up power — he truly believes that the solution to communism is to keep a firm lid on individual liberties (such as the right to vote); he also knows his own personal survival depends on keeping office. Families of the 10,000 to 35,000 people estimated by the Chilean Commission of Human Rights to have died in the concentration camps and soccer stadiums in the years following the coup, victims of torture by the secret police, relatives of the "disappeared" and the thousands of political exiles are not going to quickly forgive and forget. Pinochet is aware of the human rights trials which Argentinian military leaders were subjected to following their descent from power, and he does not wish a similar fate for himself. Thus heed should be paid to men like Genaro Arriagada, the director of Radio Cooperativa, an opposition radio station, who told me during an interview, "Chile's case is distinct from other countries [that have recently thrown out dictators]. We aren't facing a palace guard like Somoza's [former Nicaraguan dictator] or an army like the Philippines which will change its loyalty. We are in the presence of a military dictator who is tremendously tough."

## Canada's record

If the Canadian government proceeded from an awareness of such fundamentals of Chilean politics it would quickly realize that action is needed soon. To date most of the criticism of the dictatorship has been strong on condemnations and light on sanctions that would cause serious damage to Pinochet's power. One example of the Canadian attitude: after Rodrigo Rojas de Negri, age 19, was set on fire by a military patrol during a national strike organized by the opposition, the Canadian government expressed

outrage and dispatched an embassy official to the Rojas funeral. That was quite right, but only one day before the national strike, a 2-page spread had appeared in the pro-government newspaper *El Mercurio*, celebrating Canada Day and announcing proudly that Chilean exports to Canada were on the rise. The feature included a photo of Prime Minister Brian Mulroney, provided by the Canadian embassy, and advertisements paid for by Canadian multinationals such as shoe manufacturer Bata Ltd.

There have been other incidents of inconsistent Canadian attitudes. Canada has admitted thousands of Chilean political refugees, including Carmen Quintana, who was set on fire in the same incident as Rojas. (Quintana, age 18, came to Canada with her family in September this year and is undergoing treatment at the Hotel Dieu hospital burn unit in Montreal.) Yet, even as Quintana was entering the country, a Canadian Press report revealed that the federal government had allowed arms merchants to sell about seven million dollars worth of military goods to Chile. The export permits were issued from September 1984, until March 1986, and included riot equipment, radar equipment and tank and helicopter parts. Having personally experienced the furious efficiency of the Chilean riot police, who do not hesitate to hose down and tear-gas the foreign press, I was particularly saddened to read this news upon my return to Canada.

## Canada's opportunity

To determine how Canada might change course in order to help Chile return to democracy, one should first examine some of the cracks now appearing in the Pinochet fortress. The general may be tough and audacious, but he is not invulnerable. The 1980 constitution he designed requires a plebiscite on a presidential candidate the junta will nominate in 1989. If the public votes against the military candidate the constitution requires a return to democracy and open presidential elections within a year. Polls indicate Pinochet would almost certainly lose if he ran as the junta candidate in 1989. In fact, there is some doubt the junta will even nominate him. So Pinochet is searching for a way out of this self-constructed constitutional trap. Mark Falcoff

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*Michael Tutton spent the past year in Latin America as a freelance journalist. He is now employed by the CBC in Montreal.*

offered insight on Pinochet's strategy and his dilemma in the Spring issue of *Foreign Affairs*:

Pinochet's own agenda for the next three years couldn't be clearer: to survive until the 1989 plebiscite, which he assumes will enshrine him and his system once and for all time. To do this however, he needs to divide the opposition, to assure a level of subversive activity and violence that is controllable but sufficiently frightening to drive hesitating Chileans back into his camp, and to defuse the potential role of the US as an ally of the democratic opposition.

Falcoff's view coincides closely with that of Angel Flisfisch, a research associate at the Latin American Faculty of Social Sciences in Santiago. During an interview he said, "one way [for Pinochet] to win the elections in 1989 is to create tension so high that the country has to enter a prolonged state of siege. He may also accumulate dollars and heat up the economy for a short boom. The two will most likely go together as a combination of hard and soft lines."

The "hard-line" portion of Flisfisch's prediction has already come true. Following the declaration of a state of siege in September a spate of death squad killings of government opponents ensued and six opposition publications were banned. A Santiago court granted amnesties to forty members of the armed forces and four civilians who were being investigated for their alleged part in the disappearance of ten Communist political prisoners in the mid-1970s. The atmosphere of Santiago in the fall of 1986 was reminiscent of the months following the coup thirteen years earlier, when sheer terror eliminated dissent.

### Pinochet struggling

But Pinochet's tactic of creating a cycle of violence in order to scare the population back onto his side is not working. The middle classes, traditional power-brokers of Chilean politics, are aware that the forces which drive the residents of the miserable slums to the armed cells of the Communist Party or the Manuel Rodriguez Patriotic Front are economic rather than ideological. (Economist Jorge Rodriguez says 32 percent of Chileans, or 3.2 million people, live in conditions of "extreme poverty," meaning they are unable to satisfy basic needs such as food, housing, health and education. Chileans are much less concerned about the Communist Party that Pinochet professes to battle (and consequently has promoted) than they are about the disaster wrought by his economic advisers — whose neo-liberal programs included the sale of hundreds of public companies to the private sector, high taxes and cuts in social spending. The recovery that followed this fiscal shock was brief and illusory. Inflation came under control, but hundreds of industries collapsed in the mid-1970s due to the flood of imports allowed by lower tariffs. The drop in the price of copper (a vital export), higher international interest rates on the large foreign debts and an overvalued currency combined to create in 1982 the Chilean version of the Great Depression. The state had to assume control of much of the private debt to prevent a massive bank failure, production declined 14.6 percent in that year alone and unemployment soared to 30 percent. Four years after the crash positive growth rates

and profits are returning, but the legacy of a \$20 billion foreign debt, one of the highest per capita in Latin America, prevents an improved standard of living.

Rising discontent with the economic problems has resulted in the growth in the centrist, non-violent opposition to Pinochet, as sectors which were once passive or allied to the military regime are now feeling its effects in their pocketbooks. The Civic Assembly, which orchestrated a relatively successful national strike on July 2 and 3 of this year, includes a coalition of twenty-two associations representing groups ranging from doctors to truck owners. By imprisoning the eighteen leaders of the Assembly following the national strike Pinochet succeeded only in boosting its profile. When I talked to Assembly leader Dr. Juan Luis Gonzalez in a Santiago prison following the national strike he was confident of his group's ability to bring about change. He said the right wing with economic ties to Pinochet might never join the opposition, but "other, political sectors will enter. We are only missing the medium-sized businessmen. It will be the final stage to force Pinochet out."



'We want to have a little ideological debate with you.'

### Other ways to help

International support is another ingredient in the moderate opposition's success. This is where Canada can make its contribution. It could join forces with those like Gonzalez, who says, "all can be achieved through order, pressure and planning," before the angry young men push them aside and enter into a cycle of escalated violence. The support must be concrete, which means shifting from symbolic acts to use of economic levers, and truly making it



## Action needed now

clear to Pinochet's economic allies — who have to date enjoyed the full privileges of Western capital and markets — that no solution will be acceptable to democratic trading partners except a removal of the dictator.

The key instrument at the West's disposal are Chilean loan applications to institutions such as the International Monetary Fund (IMF), the World Bank or the Inter-American Development Bank. To date the IMF has agreed to reschedule interest payments in return for Pinochet's putting an austerity program into place — a requirement the IMF imposes on most heavily-indebted nations that want new loans. If the IMF refused to continue this policy the Pinochet government would be in serious trouble. The junta's economic forecasts are based on the assumption that foreign loans will continue. If they do not Chile may default on interest payments. That would lead to a crisis in foreign banking confidence, the flow of capital to Chile would diminish and Pinochet's remaining business allies would likely desert him.

### US gets firmer

The United States seemed to recognize the power of its lending veto in October 1986, when Chile was hoping to gain approval for a \$250 million loan to be used as a balance

of payments support. The US State Department, provoked by the recent wave of repression in Chile, is reported to have demanded that the loan approval be tied to human rights improvements. (The United States holds 20 percent of total IMF votes, while Canada has 3.5 percent.) As a result Chile asked for a postponement for the loan approval to November of this year.

One hopes that Canada will join the United States in rejecting loan applications unless serious moves to dismantle the dictatorship are seen. The key goal of these efforts must be to force Pinochet's few remaining supporters into the ranks of the opposition, giving it the strength required for a final push to dislodge the dictator, perhaps replacing Pinochet with an interim government until elections can be held. If, however, Canada and other nations remain passive in the year ahead, Pinochet will continue hoping he can carry on until 1997, a development that could lead to civil war. The Chilean people, who have suffered earthquakes, a difficult climate and isolation to build a rich and individualistic culture, deserve better. While only they can reinstall stable democracy in the post-Pinochet period, a helping hand is needed now to ensure they can get started. □



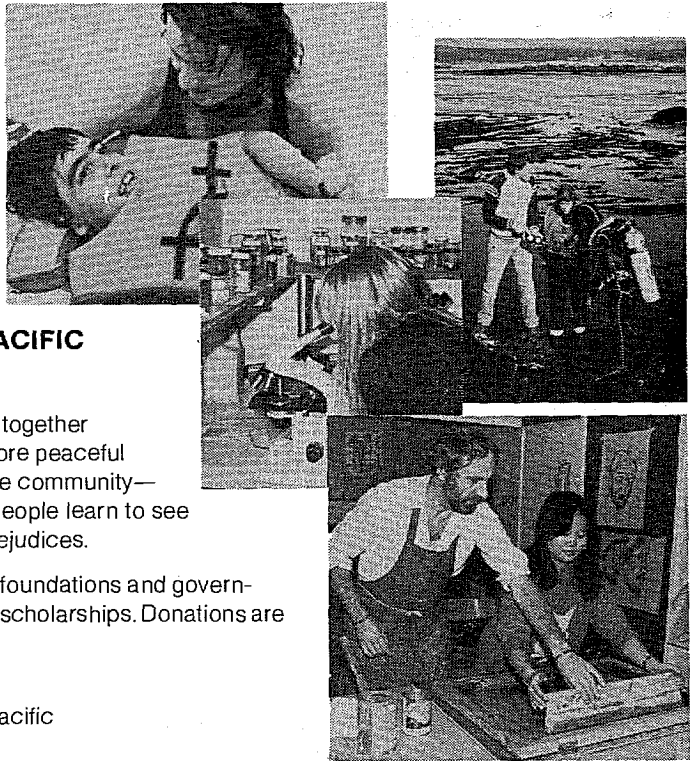
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# Islamabad to Delhi

by Bill Warden

*This article is a dispatch — or most of one — by a Canadian diplomat, currently seconded to the University of Calgary. Bill Warden was Ambassador to Pakistan from 1981-83 and High Commissioner to India from 1983-86. This is his vivid comparative account at the end of the second posting, of life in those two becoming-more-apart countries. It is printed here with the permission of the Department of External Affairs, to whom it was addressed.*

In the late summer of 1983 we moved from Islamabad to Delhi. An easier foreign service move it would have been difficult to imagine: simply a matter of stowing belongings and dogs in the stationwagon and tracing the route of the Moghuls, the Grand Trunk Road, for some 600 miles. A number of Canadian diplomats have served in both India and Pakistan. We were perhaps the first — certainly the first Head of Mission — to have made a direct switch. The following is an impressionistic account of service in these two populous countries where, in spite of much that is common in terms of history and culture, an enormous gulf still separates the two.

Pakistan in the early Eighties combined all the elements which titillate the diplomat: high political interest, with Afghanistan in the headlines and refugees surging into the country; the occasional tribal battle on the Northwest Frontier to liven up the scene; limitless possibilities for travel into territory virtually virgin in touristic terms; the foothills of the Himalayas on the doorstep providing relief from the torrid heat of the Punjabi plain; and best of all, a country where people, if they had heard of Canada were full of goodwill, and even if they had not were, right down to the simplest folk, unmatched in the hospitality offered to strangers.

## Pakistan impressions

The imagery generated by visits to farflung areas was kaleidoscopic: the wonder which is the Karakorum Highway cut into the treacherous mountains thousands of feet above the churning Indus and climbing suddenly to 16,000 feet and the Chinese border; the stark expanses of eastern Sind where the Thar and Rajasthan deserts merge and where the ubiquitous camel and the desert folk still refuse to pay much attention to the border; the trackless and unpeopled moonscape of Baluchistan stretching for hundreds of miles east to Iran; the feudal villages of interior

Sind where villagers must still seek their masters' permission to leave, where wives of the rich live cloistered lives behind high walls surrounded by their opulent dowry; the legendary tribal territory of the Northwest with its gun-toting population, into which the unwary and uninvited stranger ventures only at gravest peril.

Politics in Pakistan were intriguing, to put it mildly. A military dictatorship the country may have been, but it would be difficult to find another place, including Canada, where simple folk were politically so astute and aware. The BBC was a way of life from one end of the country to the other. Few had a clear idea of what democracy was, but they all wanted it. Khomeini was an attractive figure to many, not only the Shias, his most attractive trait being the dispatch with which he had shot the corrupt and given pride to the oppressed. The villages were populated with wise old men, all ready to pontificate in prime ministerial fashion on matters of local and global import. My biggest surprise in a Punjabi village far removed from the mainstream, was to have one illiterate fellow, when asked if he knew where Canada was, answer question with question: "Why has Canada stopped sending uranium to Pakistan?"

There are few borders in the world where mistrust and suspicion reign as absolutely as they do along the Indo-Pakistani frontier. Tales of spies, infiltrators, subversives are legion on both sides. To cross the border is a major undertaking even for the privileged breed of diplomats who are the only ones allowed to drive. Along the disputed ceasefire line in Kashmir skirmishes regularly occur, breaking the tedium of the almost forgotten but still active United Nations Military Observer Group.

Yet the bristling border, as we discovered on crossing it, was only one aspect of a relationship which had within it elements of love, hate, nostalgia, pain and promise. How many people in Delhi even today reminisce about their happy childhood in Sialkot, Lahore, Pindi and Peshawar? India's hundred million Muslims still have many close family ties with their coreligionists in Pakistan. What struck me sharply in Pakistan was the way Pakistanis would greet individual Indians as long-lost brothers, but reveal a visceral obsession with Indians in the collective. The same faces of Jekyll and Hyde revealed themselves in India.

The actual changing of the Ambassador's hat for that of High Commissioner [Pakistan had left the Commonwealth in 1978. Ed.] gave rise to curious sensations. Before departing Islamabad I felt instinctively as if I should somehow project my transfer to Delhi as something of a demotion. In Delhi on the other hand, when I would tell people

## Envoy's memoir

in response to their queries that I had just come from a posting in Pakistan, they would — rather than showing the interest I had anticipated — react as if I had touched a taboo. Conversation would usually shift at once to some other topic. A variant to this theme came from the group I would call the professional “Pakistan-baiters” who would ask my impressions, allow two or three sentences, and then use them as a platform for a 15-minute homily on the sins of the neighbors.

### Very different societies

If I had one overriding impression, it was of colossal ignorance on both sides of the border in matters regarding life on the other side. In so much of what was written or said, there appeared to be little concern for accuracy, facts being readily invented or distorted to suit preconceived ideas. Where truth emerged, it tended to be an accidental phenomenon. I valued my experience in Pakistan highly, for the ability it engendered to penetrate the propaganda and half-truths to which one was continuously subjected in both countries.

Responsibility for this sorry state of affairs — the sorer because if two peoples have a reason and interest for knowing the truth about each other it is Pakistanis and Indians — can be laid on several shoulders. The media must take much of the blame. India's free press is all too ready to build on rumor and resort to sensationalism. Ironically, Pakistan's controlled press during the period of

my own assignment took a much more measured approach — although I suspect this was due not so much to superior journalistic capabilities as to the not-so-subtle restraining influence of the military. The government-controlled news services on both sides, while avoiding the perils of sensationalism, unfortunately do little more than repeat the official line of the day. Perhaps the lion's share of the blame, however, rests with the general public itself — both Indian and Pakistani — who are predisposed to believe the worst about each other and whose voracious appetite for the sensational scarcely encourages scrupulousness where reporting the news is concerned.

Having said the above, I would err grievously if I did not recognize the excellence of publications such as *India Today* and the professionalism of newspapers such as *The Muslim*. These are unfortunately the exception rather than the rule.

In the circumstances a particularly heavy responsibility for informing their respective governments is carried by their two diplomatic services. Without access to the files one cannot assess performance with any degree of accuracy. I was in general much impressed with the superior calibre of diplomat fielded by both sides, although in the highly-charged atmosphere in which the two embassies had to work, it would have been difficult for even the most rational individual not to lose his cool on occasion. Moreover, neither the Indian nor the Pakistani service is free of the temptation which afflicts all foreign services, i.e., the



The author (center) and Canadian dignitaries in New Delhi ceremony.

temptation to report what one's political master wishes to hear.

**India impressions**

If Pakistan is rich in imagery and color, India is a veritable assault on the senses. From the elephant passing the front gate on respectable Aurangzeb Road to the monkeys eating fruit in front of Parliament to the bear on a chain ambling through the park together with Sunday strollers, India provides a rapidly rotating kaleidoscope of impressions. One is repelled: the repugnant smells, the

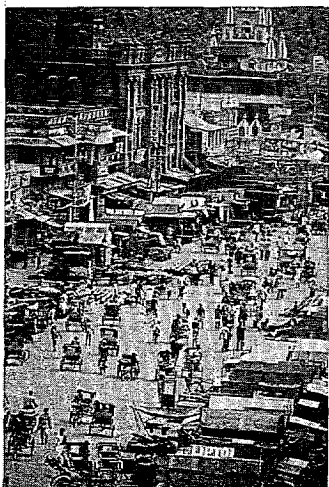
voluntary welfare organizations, evidently a product of the Hindu ethos; the joy of life and bright festivals; the similarly miraculous ability of democracy, even if flawed, to survive in this churning cauldron of Third World humanity.

India has many affinities to Pakistan. But they tend to be historical in nature, to stem from common traditions. Today the observer is more likely to be struck by the differences than by the similarities. To the extent that militant Islam increases its hold, the paths are likely to diverge more sharply with each passing year.

**Comparing the two**

In most comparisons made by Western diplomatic observers, Pakistan is bound to suffer. India's females are making steady if painfully slow strides ahead while in Pakistan their role has been severely circumscribed. Not only is India a country where a woman could reign as elected head, but also a place where Phoolan Devi could capture the nation's imagination as bandit queen, as she did in the early Eighties. At the same time, intriguing in this context are the emergence on the scene of Benazir Bhutto in Pakistan and the implications of her rise for the fundamentalists on the one hand and Pakistani womanhood on the other. In economic terms, one is struck by the depth of home-grown Indian industry as compared to Pakistan's

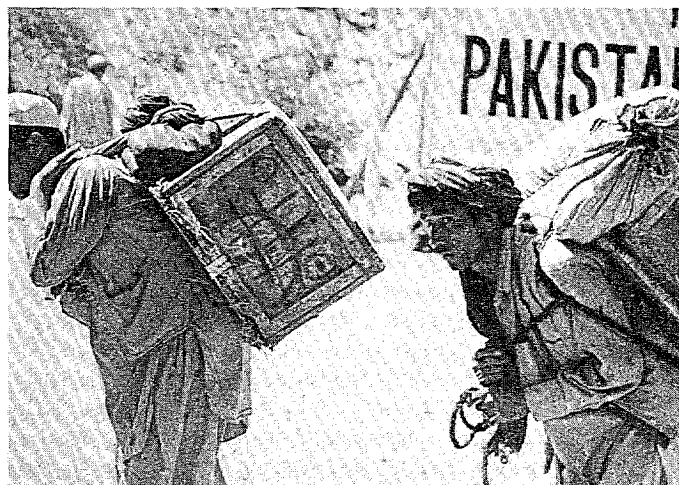
ESSELMONT OTTAWA



India scenes

bone dropped by a passing vulture and representing the earthly remains of goodness knows what creature, the morning newspaper whose front page tales of riot and mayhem suggest that Armageddon has come, the torching of brides in Delhi at the rate of one-a-day, the decomposing body stranded on a sandbar in the river Ganges, the sudden brutal violence in which an unwary passerby is bludgeoned to death by the mob.

But one is also attracted: the near miraculous harmony among widely differing racial, religious and ethnic groups which, even if unremarked in the international media, is truly remarkable nonetheless; the plethora of



ESSELMONT OTTAWA



Pakistan scenes



## Envoy's memoir

heavy reliance on imports. India also is a more open society, with access to bureaucrats, politicians and the business community virtually unrestricted — as compared to the more regulated existence one leads in the neighboring country.

Yet Pakistan during the period of my own posting had its own advantages. The Pakistani bureaucracy, with military muscle behind it, tended to be more efficient than the Indian. The technocrats appointed to the Pakistani cabinet were generally very well versed in their subjects and very competent ministers.

India was by far a more difficult country to work in. Democracy perhaps had much to do with it. In Pakistan when an immigration officer refused a visa, the applicant usually bowed and politely took his or her leave. In the similar situation in India, the discussion had only begun once a visa was refused — and it was the visa officer who had more reason to draw sympathy than the applicant. In Pakistan the system catered to the needs of the foreign and domestic elite, whereas in India even the high and mighty escaped the bureaucratic mire only with much ingenuity — a feature which at least in philosophical terms I found attractive. Democracy in India has also inspired a tendency towards a rather rough form of do-it-yourself justice: the actor in a street theater group did such a good job in representing an avaricious landlord that he had to be rescued by police when the spectators began pelting him with stones.

### Indian miracle

Indian democracy is an enormity, and by any reasonable standards it should not work. Every member of parliament represents approximately one-and-a-third million constituents. Corruption, manipulation, bureaucracy, red tape are not the exclusive preserve of any one society or area of the world. In India however, sheer size and weight of numbers combine to produce a veritable jungle through which one must find a path. Pakistan's smaller size and the government's command structure made life relatively simple for the resident envoy. In India national and state politics operating in a democratic framework produced a churning cauldron and created formidable challenges for the diplomat. For example, if one were to speak to fifty service clubs and other groups in Pakistan, one would have covered a good cross-section of Pakistan's influential people. In India one could speak to a hundred groups and still

only have scratched the surface. In the circumstances, of overriding importance was the need in India to identify national interests and priorities, and to pursue them rigorously.

Enormity is perhaps the best term for describing India as a whole. Forged out of the United Provinces and a multitude of princely states in 1947, the country is scarcely understood by those who are its citizens let alone by outsiders. Feuding Christians in Kerala, several shades of Communists in teeming Bengal, lamas from Ladakh, sadhus from the Himalayan ashrams, Ongies from the Andamans, Akalis, Nihangs, tribals, Kashmiris and Sikkimese who still talk of "going to India" when they leave home, all combine to create this incomparable patchwork.

### Canada's relations

Canada enjoys high standing in Pakistan and India. Commonwealth connections — or, as in the case of Pakistan, former connections — and cooperation in development had generated bonds which were valued and appreciated in both countries. The establishment of contacts was thus extremely easy.

At the same time, the differing circumstances of the two countries generated distinctly different perspectives on their relationship with Canada. Pakistanis were invariably full of gratitude for Canadian assistance. In India the attitude, at least at the official level, was more likely to be: "You owe it to us." Pakistan, under pressure on both its borders, conscious of its vulnerability to domination by its larger neighbor, and reliant on Western goodwill, was generally responsive to Canadian interests and concerns. India, acutely aware of its increasing power and influence on the international scene, presented a much more formidable challenge in terms of promoting one's national interests.

Indo-Pakistani relations continue to be a minefield which one must tread warily and with great discretion. Volatility is a constant and as has been said before, the only predictable thing is the unpredictable. Yet I left India fundamentally optimistic in terms of the future. The leadership on both sides is highly rational and conscious of the desirability of détente and the benefits it can bring.

As for the dominant personal impression after five years in India and Pakistan: If color, excitement and variety are the spice of a diplomat's life, then the subcontinent must be as close to paradise as one can get. □

# Destroying the global environment

by Bharat H. Desai

Our only abode — the earth — is in danger. In the process of evolution, a stage has now been reached when the boom of science and technology has enabled man to transform his environment. The human quest for development seriously threatens our fragile ecosystem. Most of our present day environmental difficulties can be said to originate from man's "ecological misbehavior."

Much of the development in the world today is not sustainable. It is based upon the squandering of our "biological capital" — soil, forests, animals, plant species, water and air. Even many of our economic, monetary and trade policies in sectors such as energy, agriculture, forestry and human settlements tend to induce and reinforce non-sustainable development patterns and practices. In the past decade-and-a-half most of the developing countries have seen a steady increase in environmental degradation and many have experienced massive environmental deterioration, following sudden industrialization and explosive urbanization. In contrast, the capacity of a number of developing countries to manage their environment, so as to secure the wellbeing of their people, is also coming under severe stress from rapid population growth, its uneven distribution and from inadequate socio-economic development.

## **Environmental refugees**

The ecological decline has often been seen as a significant causal factor in economic, social and political unrest as well. There are the growing migrations of "environmental refugees," and the social collapse of exploding settlements. The environmental deterioration and its snowballing effects — erosion of quality of life, lack of development and increasing poverty — generates those environmental refugees. These are the people forced to abandon their natural habitat, which can no longer sustain them, to seek a better life or mere survival elsewhere. The millions of people fleeing the droughts in Africa, the victims of the Bhopal gas disaster and the thousands made homeless by the earthquake in Mexico fall in this category. In the post-Second World War period, the definition of refugees as merely "persecuted individuals" has been widened by the United Nations to embrace a whole group of people fleeing from "dangerous circumstances." Drought and desertification figure prominently among the causes that uproot large numbers of people. It happened in North America's Great Plains region in the Thirties, when hundreds of thousands of American farmers, seeing their lives being blown away in huge clouds of dust, abandoned their dying land and migrated to the richer farmlands of California.

Because of growing environmental deterioration, it appears that we are now gradually heading towards a world with far less capacity to feed an ever-increasing population — turning more and more hapless people into environmental refugees. This tragic phenomenon takes its toll first among the poorer developing countries, worsening their plight still further. But next century it will bring the biggest challenge to the environment. As Mrs. Gro Harlem Brundtland, the Chairperson of the World Commission on Environment and Development (WCED) and present Prime Minister of Norway, candidly put it, "With the deepening environmental crisis in many parts of the world, environmental degradation could become a serious threat to peace in future, with even military means employed to deal with the non-military (environmental) challenges to security."

## **Stockholm Conference**

The first global effort to diagnose the state of environment was the United Nations Conference on Human Environment in Stockholm in 1972. The Stockholm Conference expressed deep concern for the deteriorating environment and the urgent need to halt this relentless process. "In the long and tortuous evolution of the human race on this planet, a stage has been reached when, through the rapid acceleration of science and technology, man has acquired the power to transform his environment in countless ways and on an unprecedented scale. Both aspects of man's environment — the natural and the man-made — are essential to his wellbeing and to the enjoyment of basic human rights, even the right to life itself," the Stockholm Declaration said.

Environment protection was earlier seen by many developing nations, including India, somehow as a goal conflicting with developmental priorities. Industrialized nations' recommendations that the developing nations adopt environmental protection policies was even regarded by some of them as a trap, as a way of discouraging them from pursuing their own economic development. Giving expression to this feeling, in her address at the Stockholm Conference, the late Indian Prime Minister Mrs. Indira Gandhi asked: "How can we speak to those who live in villages and in slums about keeping the oceans, rivers and the air clean when their own lives are contaminated at the

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## We are all potential environmental refugees

source?" "The rich countries," she added, "may look upon development as the cause of environmental destruction, but to us it is one of the primary means of improving the environment of living, of providing food, water, sanitation and shelter, of making the deserts green and mountains habitable."

At the Stockholm Conference, however, there was a general recognition that environmental concerns should not be a barrier to development but should be a part of the process. Only an environmentally-sound development is likely to be enduring and will also avoid unforeseen and unwelcome side effects. "Eco-development" — a word coined to describe this process of ecologically-sound development and a process of positive management of the environment for human benefit — emerged as a central theme during the deliberations at the Stockholm Conference. Though the developing nations cannot afford to ignore their development urge, they are no longer apathetic towards environmental quality. This may be seen in a series of anti-pollution and conservation measures adopted by a number of developing nations. In this respect, initiatives taken by some of the governments, as well as the activities of the growing number of environmental groups, have made significant contributions. The recent shelving of the Silent Valley hydroelectric project in India is a case in point. Strong public protests forced the Government not only to cancel the project — which would have dammed the Kuntipuzha River in Kerala State and flooded part of the Silent Valley, India's only surviving virgin tropical forest — but also to declare the fragile Silent Valley a National Park. That action only reaffirmed the growing conviction among the developing nations that environmental concerns are not a setback but a guide to development.

### Conserving or not polluting?

Although the attitude of the people towards environment has undergone a sea change in the post-Stockholm period, nevertheless, many still remain more concerned about pollution *per se* than about natural resource degradation or the need for environmental conservation. Ironically, the "trigger events" still continue to guide public awareness of the environmental hazards. As a result, only when a severe earthquake or cyclone causes massive damage in a country or when drought affects a whole region, driving millions of people to flee and causing tremendous human suffering, or a Bhopal-like industrial disaster causes thousands of deaths, do the policy makers and the public become alert to such environmental hazards and their consequences.

Even the World Bank has now felt the need to increase steadily its attention to the environmental opportunities and risks introduced by the developmental process. The environmental concerns of the World Bank encompass human ecology and occupational health and safety. Accordingly, a significant and growing number of Bank-financed projects are entirely "environmental," such as reforestation, soil conservation, wildlife and watershed management, sewage treatment and pollution control.

Several studies have also been carried out during the past decade by expert groups and institutions on the relationship between environment and development. They have unfolded the complex relationships among people,

resources, environment and development. The twin problems of environmental crisis and developmental crisis are haunting the people of the Third World today. On the one hand, there does not seem to be any light at the end of the long tunnel of the problems of inequality, poverty and unemployment. Side-by-side, the destruction of environment at a menacing rate has only worsened the plight of these disadvantaged nations. The chain reaction stemming from this environmental disequilibrium has, in its wake, only brought untold miseries for the poorest. The grinding and pervasive poverty in the developing nations has come to be known as "pollution of poverty," whereas the widespread neglect of the environment and the erosion of social values in the developed nations has been called "pollution of affluence." With more than two-thirds of humanity groaning under sub-human conditions, poverty has been regarded as the "biggest polluter."

### Internationalizing pollution

Environmental pollution is also no respecter of national boundaries. Transboundary pollution has now become a serious cause of concern. Polluted air from industrialized Europe can easily take in its sweep countries in Latin America, Africa and Asia. This has been bitterly experienced recently in the case of the Chernobyl nuclear power plant accident in the Soviet Union, wherein radiation clouds reached well over 1000 kilometers away in Sweden. The spine-chilling account of the disaster given by the Soviet delegation at the meeting of the International Atomic Energy Agency in Vienna in early September, corroborated these dangers. Had the winds pushed these radiation clouds in the reverse direction, many nearby nations, including India, would have got the brunt of the radiation damage. The atmospheric nuclear testing being carried out by some of the nuclear haves is equally laden with grave risks. Such tests not only bring in their wake serious consequences for the atmosphere and marine environment, but they also violate the freedom of the seas. The arguments put forward by both Australia and New Zealand in the *Nuclear Tests Cases* (1974) before the International Court of Justice against French nuclear testing on the Mururoa Atoll island in the Pacific, reflected the concern for these dangers to mankind.

The fruits of development of the developing nations have also often turned sour with the hazards brought in by the import of some of the technologies and designs of industrial plants from the developed world. This was tragically demonstrated in the escape of the lethal gas from an MIC (methyl isocyanate) storage tank at the Union Carbide Bhopal plant (December 2, 1984), which resulted in the world's biggest industrial disaster, instantly killing more than 2,000 people and causing serious long-term environmental damage. The Indian Government has now filed a damage suit against Union Carbide Corporation of USA in Bhopal district court, following the dismissal of a similar damage suit in the southern district court of New York four months earlier, claiming compensation of an "appropriate amount" for the victims of the Bhopal gas tragedy and asking for punitive damages to deter Union Carbide and other multinationals from showing disregard for the safety of the people. Even efforts by some industrialized states, such as Japan in the Pacific and Britain in the Atlantic, to

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find sites to dump their highly radioactive nuclear wastes, pose grave hazards in these regions. People in the developing world can at least be spared the "export" of such hazards and pollutants originating in the developed nations.

### **Increasing "natural" disasters**

Apart from serious disturbance to our fragile ecosystem, contributed both by the developed and developing nations, it is alarming to note the pace of the environmental destruction itself. Various factors are at work to exacerbate this grim situation. Many parts of the world, hitherto fertile and green, are rapidly turning into deserts. With the disturbance of the monsoon cycles, many vulnerable areas are successively hit by severe droughts, while at the same time, sudden cloudbursts cause floods in other parts, bringing havoc in their wakes. Such natural disasters are now assuming greater "killer potential" and uprooting a large number of people from their natural habitats, especially in the Third World. A report entitled *Prevention Better than Cure* (1984) by the Swedish Red Cross, shows a quantum jump in disaster events each year from the Sixties (39.3) to the Seventies (54.7). In India alone, 60,000 people were killed between 1960 and 1981 in disasters. It has been especially noticed that nations with severe deforestation, erosion, overcultivation and overgrazing are the most prone to natural disasters.

The catalogue of environmental damage is dismal but real. Sustainable development is the only effective remedy for halting the swelling hordes of environmental refugees. For this, however, conservation of the environment is a *sine qua non*, without which any development is a misnomer. It urgently calls for greater international cooperation and coordination, both at regional and global levels, to meet this unprecedented environmental challenge. New environmental sensitivity must guide policy-making as well as the allocation of funds for our developmental goals. The developing nations have to take concrete steps to check the still-unabated depletion of forests and other natural resources. At the same time, developed nations have a vital role to play. They must take measures to ensure that their activities (e.g., huge industrial clusters, giant oil carriers, radioactive waste dumping, nuclear tests) and this affluence do not worsen the already critical global environment. In fact, they should come forward to join hands, in the combined drive to preserve our endangered "common ecological heritage" on this small planet. As the great nations are immersed in their mindless nuclear arms race, proxy wars and power rivalries, and as millions are facing starvation, we must realize that the environmental holocaust is on the way. Our own survival is now at stake. Only wiser counsels can divert us from this self-propelled suicide. □

## **Book reviews**

### **Down on the farm**

by David Kirk

*Canadian Agriculture in a Global Context: Opportunities and Obligations* edited by Irene Sage Knell and John R. English. Waterloo, Ontario: University of Waterloo Press, 1986, 229 pages, \$17.50.

This volume of papers is the first of two which have been generated by a May 1985 conference of the same name sponsored by the Centre for Foreign Policy and Federalism at the University of Waterloo and Sir Wilfrid Laurier University. Of the fifteen authors of the twelve papers plus preface, eleven are based at six universities across Canada, three are specialists in Agriculture Canada, CIDA, and the United Nations secretariat, and one is now a consultant with wide experience in international and NGO development work.

All are informed and thoughtful and what they have to say is worth reading. The promised second volume from the conference, if of the same standard and not too repetitious, should compound the value of this work. It touches many bases in an extremely complex and soberingly important area.

These articles examine agricultural policy and export market potential in three major markets for Canadian grain and oilseeds: China, USSR and Eastern Europe, and Japan. There are two global overviews — one from an international and one from a Canadian perspective. Two highlight conservation issues, one is Canada's resource base, the other is international, with passionate emphasis on the ecological threat posed by the progressive disappearance of the world's tree cover. Another traces the long postwar experience of US barter and barter-like trade in farm products and their impact on Canada's trade and trade policies. One broadly reviews agricultural and

food issues internationally in food security, trade and Third World development, including the international institutional framework. Another article examines Canada's export potential and competitiveness. One discusses Canadian farm policy with special attention to federal and provincial policies and relationships. Another reviews agricultural relations among developed countries (which involves the emergence of the EEC as an agricultural exporter) and Canada's interest and role in them.

What are we shown in this book? Little that is new but much that is unresolved: currently, far less food than is required to meet the nutritional needs of massed millions of the world, yet more food for sale than there are commercial markets for, with prices depressed; magnificent technological achievements and potential, yet frightening threats to the ecology of the agricultural resource base. Heavy-laden words spring to mind: poverty and

## Book Reviews

plenty; productivity and plunder; economic growth and social upheaval; food security and burdensome surpluses; stabilization and subsidies; strategic planning, debt and balance of payments; trade expansion and self-sufficiency; trade, aid and development.

As a food exporter of significant proportions in a world context, and of major proportions in relation to our domestic agricultural production (40-50 percent of the whole), Canada's interests are bound up in the global issues and situations and are always at risk (as current problems make clear), both in the short and long term. Canadian policies must reflect this fact, as well as more purely domestic considerations, thus adding to the complexity of regional, federal-provincial, marketing, regulatory, conservation and expenditure policy.

Read the book. All these elements are touched on and more. There are high policy challenges here, domestic and global, that, though of a nature that do not at all lend themselves to sweeping or simple solutions, and are awash in controversy, cannot be ignored.

*David Kirk is former Executive Secretary of the Canadian Federation of Agriculture, now retired in Ottawa.*

## Agricultural problems in Africa

by Kate B. Showers

*Africa's Agrarian Crisis: The Roots of Famine* edited by Stephen K. Commins, Michael F. Lofchie and Rhys Payne. Boulder, Colorado: Lynne Rienner Publishers, 1986, 237 pages, US\$23.00.

This uneven collection of essays is the proceedings of a seminar series held at the University of California at Los Angeles in the spring of 1983. Scholars and administrators from various American universities and the US Department of Agriculture were asked to treat general topics such as the regulation of rural

markets and rural development and economic stabilization or to present case studies of specific nations: Kenya, Tanzania, Ghana, Liberia and Morocco.

The best of the essays evaluate information about conditions at the farm level which influence production decision-making, and relate these to national policies or programs. Robert H. Bates's discussion of "The Regulation of Rural Markets in Africa," Biswapriya Sanyal's examination of "Rural Development and Economic Stabilization, Can They Be Attained Simultaneously?," Stephen K. Commins's analysis of "Peasants and Rural Development in Liberia," and Rhys Payne's essay on "Food Deficits and Political Legitimacy: The Case of Morocco" are examples of this kind of scholarship. Although Michael F. Lofchie's introductory "Africa's Agricultural Crisis: an Overview" has an extremely pessimistic tone, his review of the factors affecting African national economies is useful, particularly his discussion of the often overlooked variable, "Donor Impact."

Unfortunately, these informative presentations are offset by five extremely weak essays in which gross aggregate statistics are analyzed in support of existing Western policies and thinly veiled political opinions. Crop production depends upon farmers, and farmers respond to ecological and social as well as economic and political factors. Therefore, it is not realistic to expect to make an accurate analysis of production, or producer response to policy, using aggregate continental, regional or even national data. The weakest of the essays in this collection are Raymond F. Hopkin's "Food Aid: Solution, Palliative, or Danger for Africa's Food Crisis," in which annual totals of food imports for all sub-Saharan nations are analyzed as a unit with conclusions drawn as to the net positive effect of food aid throughout the African continent, and John Shao's invective against the state of Tanzania. It is difficult to understand why such essays should be included in a volume which otherwise represents acceptable levels of scholarship, unless they are meant to serve as examples of how policy analysis ought not to be done.

The good essays in this volume should be read and discussed, for important concepts and issues are raised.

It is a pity that the volume includes such poor samples of scholarship.

*Kate Showers is an Ottawa agronomist who worked for many years in Africa.*

## Small, southerly and warm

by Tom Sloan

*Vulnerability: Small States in the Global Society, being the Report of a Commonwealth Consultative Group. London: Commonwealth Secretariat, 1986, 126 pages, £5.00.*

"Small is beautiful. . . but. . . small is also weak and fragile and vulnerable and relatively powerless." With these words, Commonwealth Secretary Shridath Ramphal in 1984 launched the work of a 14-member group, headed by Chief Justice P.T. Georges of the Bahamas. It culminated in the present report, dealing with the status of the Commonwealth's most fragile members. The two Canadian signers were political scientist Elisabeth Mann Borgese of Dalhousie University and Geoffrey Pearson, Director of the Canadian Institute for International Peace and Security.

The objects of sympathetic scrutiny are thirty-one nation states, ranging in population from 7000 (Tuvalu, in the South Pacific) to 2.3 million (Jamaica), with all but two well under the one million mark.

While they are spread all over the globe, the countries have at least three things in common: they are all recently independent former British colonies; they are all poor; and they are all heavily dependent on foreign trade. For the most part they depend on one or a very few export items, subject to the wild fluctuations of the world commodity market.

The report starts from two premises: that, regardless of its size and location, every independent state has the right to demand respect for its sovereignty from others; and that, because these states are small — in most cases

tiny — they could find it hard to preserve their independence.

While it rejects the idea of special international status for micro-states, the report is critical of the insensitivity both of large and powerful neighbors and of international financial institutions, such as the World Bank. Where it is possible — the Caribbean being the best example — the group urges the governments concerned to create their own regional, cooperative institutions.

There is the occasional grandfatherly admonition: a “discreet” foreign policy may turn away the wrath of a superpower neighbor” (Pace Grenada), and states are told to beware of the siren song of foreign military aid, especially bases. But the advice is well meant and disinterested.

In a world infatuated by fantasies of nuclear war and the labyrinth of East-West relations, it is refreshing to read a book dealing with the real problems of real, if small, peoples who want to live to themselves in a world at peace.

This does not mean a lack of interest in others. Almost all the thirty-one states are members of the United Nations. Perhaps, as the report suggests, they have, from their own perspective, some wisdom to offer in discussions of the world order — if anyone would listen.

*The Great Escape: An Examination of North-south tourism* by E. Philip English. Ottawa: The North-South Institute, 1986, 89 pages, \$9.50.

This is a bittersweet look at the effects of the rapidly growing industry of moving tourists from developed countries to the hotels and beaches of the Third World. Canadian economist E. Philip English takes essentially a “Yes, but...” approach to the alleged benefits of mass tourism in the North-South context. It may be of some help, but it is not a panacea.

Among the problems: much of the money — perhaps 50 percent — stays at

home, for tour agencies and air transport; and when the tourist does arrive, much of the rest goes to foreign-owned firms catering to his needs. In some countries, because of poor planning, the building and financing of tourist facilities may actually hurt the interests of most local inhabitants for the benefit of a wealthy few. In cultural terms, the author suggests that perhaps “tourism encounters are too brief and superficial to have any positive repercussions.” Even if unintentional, the flaunting of wealth and strange customs, in the face of poverty and tradition, is perhaps not the best way to promote international brotherhood.

Despite misgivings, Mr. English is not a total naysayer. In several areas tourism is bringing and has brought economic benefits and it could have more yet. He suggests that, to enhance the experience on both sides, tourists should be given more information on their destination — especially when, for example, those travellers constitute a captive audience on a charter flight. In addition, the building of more small, comfortable, local hotels, could help local entrepreneurs.

Of course, Mr. English has no illusions about most tourists, for whom the main attraction of a southern trip is escape, rather than immersion in a local culture. And neither does he believe that, in most cases other than the tiniest destinations, tourism can or should replace economic diversification. Nevertheless, he points out the increasing popularity of specialist tourism, such as scientific and archaeological, which draw a special kind of visitor. And he notes that in some cases proceeds from tourism have enabled governments to expand social services for their communities.

As long as it is placed in a context of more general economic development, the author concludes that tourism can provide a valuable source of foreign exchange, jobs, and tax revenue without undue disruption. And, “in a small but significant minority of cases, it may yet promote international understanding.”

*Tom Sloan is a freelance writer living in Ottawa.*

## Women must be people too

by Naomi Griffiths

*Women in the Third World: A Historical Bibliography* edited by Pamela R. Byrne and Suzanne R. Ontiveros. Santa Barbara, California: ABC-Clio, 1986, 152 pages, US\$28.00.

*Women in the World, 1975-1985: The Women's Decade (Second, Revised Edition)* edited by Lynne B. Iglitzin and Ruth Ross. Santa Barbara, California, ABC-Clio, 1986, 484 pages, US\$37.50.

ABC-Clio Research Guides are, in the words of their publisher, “a new generation of annotated bibliographies that provide comprehensive control of the recent journal literature on high-interest topics in history and the related social sciences.” One can almost always nitpick about such enterprises and demonstrate superior and esoteric learning by pointing out the existence of a seminal article that has been overlooked. Instead let me say at the outset that these guides in general, and the ones listed at the head of this review in particular, are extremely useful. One can always cite omissions but what one has in *Women in the Third World* is an extensive, carefully prepared, well-indexed bibliography that should prove invaluable as a research tool. The editors have set themselves a particular task and succeeded admirably.

The case of the book edited by Iglitzin and Ross is very different. Their aim was to produce a book which would reflect the “latest social science scholarship” concerned with the development, during the decade since International Women's Year, of what they see as “a world-wide awareness of the social, political, economic and cultural concerns of women.” They have brought together eighteen essays and presented them with an introduction entitled “The Patriarchal Heritage Revisited.” The essays themselves have been gathered into three sections, each with its own introduction. Part One is entitled “Industrial Democracies”;

## Book Reviews

Part Two: "Developing Countries"; Part Three: "Communist Countries." The book is well footnoted; there is an extensive index and the biographical information on the various contributors is succinct and informative.

In many ways the work is admirable. The introductory essay on "The Patriarchal Heritage Revisited" is a clear presentation of what the author has termed the patriarchal model of the socialization process. The essay by Joelle Rutherford Juillard on "Policy Impacts and Women's Role in France" shows a sensitive awareness to the political particularisms of that society. The article by Mary Cornelia Porter and Corey Venning entitled "Italy and Ireland: Women, Church and Politics in two Catholic Countries" is one which raises a number of questions about the pervading influence of established religious beliefs. One wonders, however, if the aim was to understand relations between church and state in a Catholic context, whether the comparison should have been Spain and Italy, rather than Ireland and Italy. If, on the other hand, there was a wish to understand the impact of Christian institutions upon the state, it might have been better to compare an avowed Protestant environment such as the Republic of South Africa with a Catholic state. In fact, one wonders why the comparison made was not that of Northern Ireland and the Republic of Ireland.

Behind this criticism lies a sense that however many merits this work has, it is a book that has also a sad lack of imagination. The editors, for example, point out in their introduction that the authors of the essays "span a wide range of countries and ethnic origins." They go on to say that "Many of the authors, while residing now in the United States, are native to or were raised in, the countries of which they write." As a migrant-Canadian, one who had a childhood in another country, I would consider that my outlook on the land and culture I left would be considerably different from that of someone who still lived there. This lack of imagination about the impact of migration is indicative of the conventional tone of the essays.

Let me emphasize that this is a valuable collection of writings, well put together and intelligently presented. It is also without passion or flair. The article on India by Neela D'Souza and

Ramani Natarajan entitled "Women in India: the Reality" is an example of the strength and weaknesses of the volume as a whole. On the one hand it contains quantities of reliable and shocking information. The discussion concerning the sex ratio in India is lucid and well-documented. It is not, however, a discussion which makes much attempt to go beyond the fact and the obvious generality. The defence of course is the constraint of space. Yet one hopes that, somehow, there could have been some reference to the broader framework of the community.

What is missing from this essay, and from the rest of the book, is any consideration of what the societies in question must do to ensure that the next generations exist, are educated and survive to a better world. The absence of the discussion of the necessities imposed by childbearing and rearing for both parents left me feeling that this work should have yet another subtitle: views of middle class American academics. The work is so very good, so finely structured and yet it lacks the sense that the fight for women's rights is not a fight for women to become honorary males but a fight for those people who are women to define what shall be the feminine and to have that definition seen as vitally important for all peoples as is the definition of the masculine.

Naomi Griffiths, a historian, is Dean of Arts at Carleton University in Ottawa.

### NATO: divisive national interests

by George Kamoff-Nicolosky

*Semialignment and Western Security* edited by Nils Ørvik. Beckenham, England: Croom Helm Ltd., 1986, 286 pages, £19.95.

The issue of alliance cohesion has been the subject of extensive research both in the Soviet Union and in the West.

The 4-volume *Warsaw Pact: The Question of Cohesion* (ORAE/DND EMP 39 March 1986 by T. Rakowska-Harmstone *et al*) analyzed the impact of historical, ethnic, linguistic, religious, economic and military factors on the unity and effectiveness of the pact. *The Atlantic Alliance: Past Imperfect, Future Conditional* (1982) by John Patterson examined the evidence regarding disunity in NATO. Such studies are essential. Internal differences within the opposing military groupings must be understood and their impact assessed before alliance effectiveness can be measured.

The introduction by Nils Ørvik of Queen's University to *Semialignment* sets out the past, present and future difficulties in NATO. National self-interests and constraints preclude total adherence to Alliance doctrine, strategy and armaments. The issues of nuclear deployment and use, limitations on defence expenditure, shortfalls in manpower allocations and other national prerogatives are reviewed to determine their impact on NATO. Denmark, Greece, the Netherlands, Canada and Norway are examined in detail. Professor Ørvik warns that the conclusions are influenced by personal value judgments as "all the scholars engaged [in this research project] have different backgrounds, personal perceptions and orientations."

Denmark is described as a "half-hearted partner." The argument to support such a view is well made by Carsten Holbraad. Security guarantees provided by NATO are constantly measured against the risks of Alliance membership. Greece "From compliance to self-determination" is covered by Constantine Melakopides. He develops the Greek view that NATO supports Turkey rather than Greece. The Alliance, therefore, is itself a threat. The Netherlands is assessed by Ruud Koole and Paul Lucardie. It was described by Water Laquer as a country with neutralist and pacifist tendencies. In fact "Hollanditis" is applied to NATO countries with similar views held either by government or by opposition parties and groups.

Canada is covered by Christopher Rose, who deals with "Government Policy Towards NATO," and by Hugh Thorburn, who covers "The New Democratic Party and National Defence." The Canadian chapter is prefaced with



the explanation that Rose provides the historical record of government policy whereas Thorburn's coverage relates to the more "idealistic" qualities of the NDP, a party never yet in power and therefore more idealistic than practical. The Canadian approach to NATO is described as "laggard and parsimonious." The low level of defence expenditure, the poor state of equipment and the inadequate manpower are cited as evidence of semi-commitment. Verbal support for the Alliance is not reflected by government action. The NDP approach is equated by Thorburn to semialigned status. Continued membership support has fluctuated, but total opposition to nuclear weapons remains firm.

Nils Ørvik deals with NATO under "Deterrence versus Nonprovocation." The coverage is extensive. The Norwegian policy based on a "calculated risk" permits the government to adhere to a semialigned status. "No provocation to the USSR" is the key to Norwegian defence.

The book closes with two separate conclusions. The first by Ørvik holds that "the semialigned still seem almost frivolously unaware of the relationship between military power and their national security." Ørvik's view is that peace "can never come free of charge," and his contention that nations which renege on Alliance commitments should not rely on outside support in times of crisis is well made. The second conclusion provides the views of the other authors. It holds that semialignment augments the capacity for "sober reflection" and a return to détente. The proponents fully recognize that the "American superpower [might] cease consulting the small members" and act unilaterally.

The views presented in this excellent book may well be provocative and unpalatable to many readers. Documentation supports the conflicting assessments. In consequence, this book should be placed on the compulsory reading list not only for students but also for all personnel dealing with NATO issues. Professor Ørvik and the collaborating authors must be commended for the depth of their research and their informative presentations.

*George Kamoff-Nicolisky is a consultant on global strategy in Ottawa and a former member of the Department of National Defence.*

## Solutions or resolutions

by Clyde Sanger

***International Conflict Resolutions: Theory and Practice*** edited by Edward E. Azar and John W. Burton. Boulder, Colorado: Lynne Rienner Publishers, 1986, 159 pages, US\$30.00.

***Rainbow Warrior: the French Attempt to Sink Greenpeace*** by the Sunday Times *Insight* team. Toronto: Key Porter Books, 1986, 302 pages, \$12.95

Canadians have made a reputation in peacekeeping operations and are trying to distinguish themselves in the technical business of verifying arms control agreements. We are pleased when others refer to Canada as "the peaceable kingdom." But what have we done to advance the science (or is it an art?) of actually *making* peace and resolving conflicts, rather than sending troops to stand for years in a buffer zone between belligerents? Not many names leap to mind: Norman Alcock is one, and maybe Geoffrey Pearson's Institute will fulfill the claim of its title and contribute to "international peace and security."

Here, anyway, with its genesis at the University of Maryland, is a short book to inspire Canadians in this direction. Six of its seven authors are academics — American, British and Australian — who acknowledge that studying international relations is "like working in the pathology department of a hospital. . . recording mainly horrid facts." But they go on to claim that recent years have "brought evidence of a breakthrough towards means of resolving conflicts between nations, even protracted conflicts, in place of trying to manage them by threat, force or peacekeeping measures." With some sixty conflicts continuing between smaller states, before you count the tensions between the superpowers, the arrival of these "semi-optimistic" activists is welcome.

Michael Banks sets the stage by sketching in bold terms the theories of international relations since World War I. The period of *realism* in the 1940s and 1950s was "an intellectual disaster

zone," but he is excited by the emergence of *pluralism* in the 1970s. Pluralism to him means holding a general view of the world and not being "imprisoned," as foreign policy analysis has been, by the "assumption that states are the principal actors in the international system."

This is a central theme of the book, that power lies not with so-called nation states: fewer than twenty UN members are genuine nation states, these authors say. Rather power lies with "identity groups," who may cohere more because of language, race and religion than because of shared territory. Also they note that protracted conflicts are primarily over non-negotiable values, rather than over interests that can be traded.

This begins to sound hopeless; and indeed the seventh author, a veteran US diplomat (Ambassador John W. McDonald) points out that the potential for conflict multiplies if you dismiss nation states in favor of communities and an "inter-communal level" of problem-solving. But the six, who include a sociologist and a psychiatrist, stick to their line. Professor Groom contributes a sensible chapter on problem-solving. Define the problem, he says; break it into manageable parts; find goals that require cooperation, like tourism in Cyprus; use a facilitator. And so on. Their book at times reads like the bestseller *Getting to Yes* by Harvard's Roger Fisher — but translated back into academic language. An important difference is the emphasis they place on the role of a third party, which should be a panel of resource people rather than a mediator or judge. And they give examples of workshops — scholars mixed with practitioners — which addressed and sometimes eased disputes from Malaysia to Lebanon. It is a stimulating book, with more fresh thoughts than this review can convey.

In *The Rainbow Warrior* the investigative team of the London weekly do their all-too-thorough job on the disgraceful plot of the French external security service, the DGSE, to destroy the flagship of the Greenpeace campaign against nuclear testing in the Pacific. The single stone this team fails to turn is the one sheltering President Mitterrand; and one has to assume he was not privy to the plot, although his close friend and Defence Minister Charles Hernu sank to the bottom over it. The tale ties in with the other book



in illustrating "identity groups" within or transcending nation states (the DGSE versus Greenpeace) and showing how a facilitator — the UN Secretary-General — could help resolve a minor conflict between New Zealand and France.

*Clyde Sanger is a freelance writer in Ottawa and the author of the soon-to-be-published book Ordering the Oceans: the Making of the Law of the Sea (University of Toronto Press).*

## Canadians with arms

by Dan Spry

***The Mechanized Battlefield: A Tactical Analysis* edited by J.A. English, J. Addicott and P.J. Kramers. Toronto: Pergamon-Brassey's, 1985, 192 pages, US\$30.00.**

*The Mechanized Battlefield: A Tactical Analysis* must surely be required reading for all combat arms officers. This book will, I hope, cause many hot discussions, indeed arguments, lasting late into the night. As one of the decreasing numbers of World War II survivors, I read and enjoyed this very useful publication by the Combat Arms Training Centre, Gagetown, New Brunswick. Great credit is due to the speakers and participants who made the Officers' Development Study Session so very pertinent to the training of the Canadian Forces for a war every sane person hopes will never be fought.

It is regrettable that the air element was not included in the study. However, the professional officer will gain much from this book and its resulting discussions and will, one hopes, bring into the verbal battles the very great influence the air effort brings to the battlefield.

I was interested in the confirmation of Canadian Army experience in World War II that the infantry platoons and sections need increased automatic firepower, particularly when fighting dismounted. This weakness was, at that time, further aggravated by

the shortage of properly trained reinforcements, resulting in companies fighting with 3-man sections and 16-man platoons. Through sleight-of-hand, and some skulduggery, most platoons "found" extra light machine guns, but often found themselves with too few men to carry the ammunition.

I was glad to see mention of digging by the infantry. Experience taught us not to get separated from a shovel. The portable, breakable entrenching tool was far less effective. The experienced infantryman developed an ability to make a slit trench quickly into a home-away-from-home.

The tremendous influence of modern vehicles, weapons and instruments brings to the modern infantry many advantages, and the resulting complexity will require the most carefully selected and trained manpower. Maintenance and replacement of men and machines must surely present extremely difficult problems.

In this brief review space does not permit comments on all of the many fascinating subjects covered at the Officers' Development Study, as reported in *The Mechanized Battlefield*. However, readers should not forget that in any battle all the gadgetry in the world can be wasted if the users do not have proper training and the will to win.

*Dan Spry is a retired Major-General from the Canadian Army living in Ottawa.*

## A Canadian book on Poland

by Stefania Szlek Miller

***Sisyphus and Poland: Reflections on Martial Law* edited by J.L. Black and J.W. Strong (Carleton Series in Soviet and East European Studies, Volume 9). Kingston, Ronald P. Frye & Co., 1986, 191 pages, \$16.95.**

As the editors acknowledge, most of the eleven chapters in this volume were prepared "during the martial law

period and reflect feelings and analyses which were then current." This study, therefore, does not examine the entire 1981-83 martial law period. There are also major thematic omissions in the three areas that are covered: Poland's domestic situation; the impact of martial law on East Central Europe; and the West's reaction to Polish events.

The most serious omission is the lack of analysis of Canada's position. L.T. Voore's informative account of her duties as an officer in the Canadian Embassy in Warsaw from 1979 to August 1981, and subsequently as the Polish Desk Officer in the Department of External Affairs, does not include an analysis of the substantive issues and decisions involved in Canada's reaction to martial law or to US initiatives to impose sanctions against Poland and the Soviet Union. This is unfortunate in that the other three contributors to the section, "Western Perception," present arguments that are relevant to Canadian foreign policy. Richard Pipes argues that the US position "demonstrated, at considerable commercial and other cost to itself, that moral principles and politics are not incompatible." Richard T. Davies disagrees with this assessment and harshly condemns US allies for weakening NATO's response to Soviet and Polish violations of human rights. Paul Marantz concurs with Davies, but argues that "punitive economic sanctions" are ineffective in influencing Soviet policies. Marantz, however, fails to support his conclusion that "positive inducements" as practised by the West during the 1970s were more effective.

The five papers which deal with Poland's domestic situation focus on the historical, social and religious dimensions. The authors on the whole are very sympathetic to the aspirations of the Polish reform movement, and V.C. Chrypinski provides a good account of the role of the Roman Catholic Church following the declaration of martial law. What is missing, however, is a dispassionate analysis of the Polish government's justification of martial law, its reactions to domestic and external pressures, and the type of policies that were instituted to address Poland's serious economic and political problems.

The two articles which deal with the broader implications of the Polish case on East Central Europe are bal-

anced in tone, but neither author could explore all the facets of this topic. Skilling compares the "Two Interrupted Revolutions" — the 1968 Czechoslovakian and the 1981 Polish cases — and forecasts a long period of political instability resulting from the suppression of the reform movement in the latter case. R.A. Remington provides an analysis of the effects of martial law on the Warsaw Treaty Organization and its strategic objectives vis-à-vis NATO. She concludes that military rule in Poland may lead to the possible "inadvertent legitimization of the Polish army as the vanguard, not of the workers, but of the [communist] party."

*Stefania Szlek Miller is in the Department of Political Science at McMaster University in Hamilton.*

## Views on Canadian energy

by Glen Toner

*Canada's Energy: International Aspects, the report of a CIA Working Group. Toronto: Canadian Institute of International Affairs, 1985, 101 pages, \$9.00.*

This CIA Working Group is a blue chip collection of energy industry chief executive officers, Presidents and Vice-Presidents. While there are three well-known academics among the twenty-two group members, none of them has contributed to this volume of fifteen brief essays. Not surprisingly then, the book reflects the type of critique of government energy and fiscal policy and the sort of policy recommendations that one would expect to emanate from corporate head offices.

The book provides useful, if brief, introductions to the technical dimensions of several energy sources (heavy

oil, oil sands, LNG, coal, uranium, natural gas) plus discussions of transportation, industrial benefits, technology, regulations, finance and economics.

The stated purpose of the study is "to examine the ways in which foreign capital, technology, equipment, and management skills — and the expansion of export markets — can assist in the further development of Canada's energy resources." The operational premise of the authors is that foreign capital and export markets are largely responsible for the low prices and assured energy supplies Canadians take for granted. Indeed, these are the only "international aspects" assessed by the papers. The overall argument of the essays is that Canada will continue to need foreign capital and technology and access to foreign markets in order to maintain Canadian energy self-sufficiency, to develop its energy resources efficiently for national use, and to obtain maximum economic rents from the export of surplus quantities.

These very issues of self-sufficiency, efficiency and rent-sharing have, of course, been the focus of serious domestic policy disputes over the past fifteen years. Hence, the unstated objective of this volume is to contribute to the creation of a political environment which favors greater autonomy for the private sector by reducing the role of the state in the energy field. The group's policy recommendations include: the guarantee of long-term favorable fiscal and regulatory regimes; the assurance of substantial financial returns through, for example, taxation moratoriums on high cost projects; prior authorization of long-term export licences; concentration of industrial benefits policies on major items of equipment; Canadianization objectives which emphasize Canadian control, not Canadian ownership, and guidelines which allow the transfer of foreign holdings from one foreign company to another.

Since these articles were written, the Mulroney Conservatives were elected and much of what the industry authors propose has become policy. Clearly, their arguments about the importance of foreign capital and export markets have found resonance among Tory policy-makers. Consequently the volume, even if already dated in many respects by changes in the international energy markets, represents an articu-

late expression of the market-oriented philosophy of the Canadian private sector in the energy field.

*Glen Toner is an Economist at Carleton University in Ottawa.*

## Into space, Canada!

by Brian Meredith

*Canada, the United States, and Space edited by John Kirton. Toronto: Canadian Institute of International Affairs in association with the Canadian Studies Program, Columbia University, New York, 1986, 124 pages, \$13.00. This volume emerges from a conference sponsored by the publishing organizations at the University of Toronto in July 1985, and is the edited version of papers presented there.*

Knowledgeable Canadians, Americans, Europeans and Japanese compared notes at this exercise seeking to focus on the civilian activities of Canada and the US in space. The introduction describes it as deserving an investment of intellectual energy and public support well beyond the emotional enthusiasm that marked the debate of the Strategic Defense Initiative.

Under examination was whether and how Canada could and should join with the Americans in such essentials as the space station, an earth resources satellite and a space-based mobile communications satellite system. And would Canada move beyond its traditional strengths in space science, communications satellites and earth stations, into such realms as earth-imaging satellites, military surveillance and other pursuits of a full-fledged space power?

This conjures up an alarming array of concepts that must be faced today, and this group of expert papers provides a valuable review of them. Space is a many-splendored-thing these days, and very very expensive. The CIA has made a valuable contribution.

*Brian Meredith is a retired international public servant living in Ottawa.*

# Letters to the Editor

Sir,

In his thoughtful review of *Canada and the Conference on Security and Cooperation in Europe (International Perspectives May/June 1986)*, David Lord dwelt on the conference rather than the Canadian participation and assessment. A reader might mistakenly conclude that the Canadian negotiators shared his negative appraisal of the conference outcome, and also his view that for Canada it was "at best a lot of hard diplomatic slogging. . .to even play a marginal role."

In fact the Canadian diplomats believed that the Helsinki Final Act (1975) represented a triumph for mankind, and that the Soviet Union had been conceded nothing of consequence. Moreover, Canada's role, in the eyes of the Canadian negotiators, was anything but "marginal." Rather they saw themselves as the most effective of the hard-line delegations in maintaining Western solidarity and squeezing every possible concession out of the Warsaw Pact participants.

I have never heard of a Canadian delegation that was more cohesive, spirited, innovative and tough. Having

served in External for a few years during the time Canada specialized in playing a moderator role, I was startled by the combative tone of many of the communications in the files, and by my interviews with the Canadian negotiators.

Why the apparent reversal in roles from alliance moderator to alliance militant? Partly it was opportunity. The Americans, concentrating on their bilateral talks with the Kremlin, were not taking the CSCE seriously. The Germans seemed confused by conflicting instructions from Bonn. The French, clearly the Western leader on some issues, often angered their allies by playing their own games with the Soviets. A partial vacuum in leadership thus existed, which the Canadians helped to fill.

Partly the role shift resulted from a determination to regain Canada's standing among its European allies, standing that had been seriously damaged by Trudeau's unilateral cut in our forces based in Europe. Our diplomats made the most of the Geneva session of the CSCE (1973-5) to demonstrate that we were ardent and effective

champions of West European interests and hence useful participants in future European conferences. In negotiating about borders, for example, the Canadians were at times more German than the Germans; Bonn was also grateful for Canada's leadership in the family reunification issue. Furthermore, Canadian politicians saw in Canada's active, tough diplomacy an excellent means to placate Canadians of East European background, many of whom had been offended by Trudeau's apparent indifference to human rights in the Soviet bloc.

Even if one shared Lord's skepticism about the ultimate achievement of the CSCE, it should be recognized that the Canadian role in negotiating the Helsinki Final Act served admirably the goals that the Canadians had set for themselves. I am uneasy about the shift in roles, but I doubt whether the files will reveal many cases where Canadian conference diplomacy has been as skillful or successful.

Peyton V. Lyon  
Ottawa

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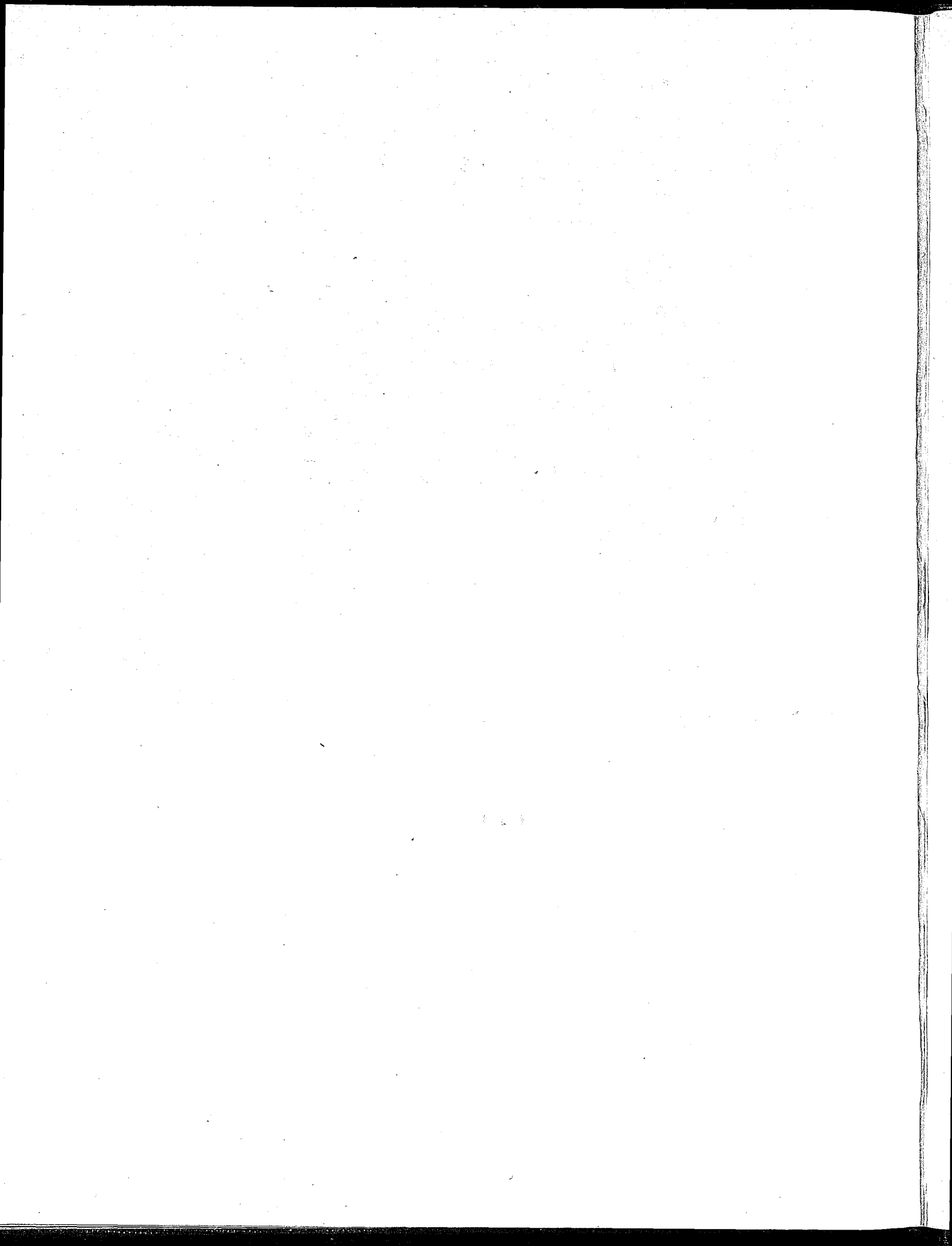
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