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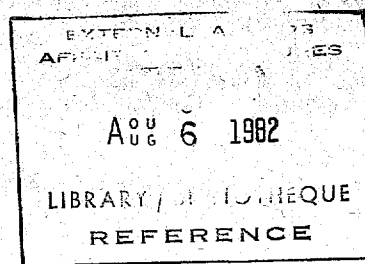
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International Canada

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The best United Nations we have

by William H. Barton

On June 7 of this year the United Nations General Assembly convened in Special Session to consider what can be done to reduce the distinct possibility of nuclear doomsday and to divert the enormous expenditure of resources for armies and armaments to more constructive and productive purposes. During the four weeks of debate upwards of one hundred and fifty presidents, prime ministers or foreign ministers are speaking, a sheaf of resolutions are being adopted, and agreement is being reached to meet again five years from now — assuming, of course, that we haven't blown ourselves up in the meantime.

That Session exemplifies the strengths and weaknesses of the United Nations in this, the thirty-seventh year of its life. On the one hand, the Session provides a forum for the nations of the world to come together to articulate their desire for peace and to try to agree on mechanisms to negotiate measures of disarmament and arms control. On the other, it demonstrates once again that the organization has no corporate powers to take action, except to the extent that the members states agree that it should do so. And since there is no agreement on real progress, the arms race goes on as if the Special Session had never been called.

From the human point of view it serves as a rallying flag for the thousands of concerned individuals in every country of the world to demand that governments bring a halt to the suicide race for more and more arms. But it also shows how ineffective the UN is in touching the much larger mass of people who remain apathetic, cynical, disbelieving or even hostile.

Thus the question of whether or not the Special Session is useful is a highly subjective one, calling for value-judgments which in a larger sense must be called into play when attempting to assess the UN itself as an institution and to determine what we should reasonably expect of it.

UN is its members, that's all

The fact is that Canadians have always had difficulty in recognizing the United Nations for what it is. In the public mind, and all too often in the speeches of our politicians, we attribute to it a corporate identity which it does not possess, and seek to hold it to account for its inability to take positive action when international peace is threatened, or some other critical development arises which in our view calls for international action. The reality is that it is, in effect, a standing diplomatic conference of member states, and its accomplishments are entirely dependent on

the degree of common purpose which develops on any particular issue. Common purpose, of course, means more than the simple act of voting in the same way, it encompasses also the commitment of resources necessary to turn words into deeds. In that respect no member is in a position to cast the first stone.

These are difficult times; we are locked in the most severe economic recession since the thirties, with devastating consequences for all, but especially the developing nations; great power relations are at a low ebb; there are wars, threats of wars and violent social upheavals in Asia, Africa, Europe and the Americas; basic human rights and the rule of law are under heavy attack. Can the UN fulfill its useful role as envisaged in the Charter as nations seek to cope with these problems, and can we as supporters of the goals of the United Nations Charter help to see that it does?

To answer these questions we must look at the UN and see it for what it is. The organization came into being with one enormous advantage — a Charter which sets out the universal goals of mankind — peace, economic and social advancement, the dignity of the person and the rule of law. In this sense it reflects the aspirations of mankind; but it also reflects the reality that we live in an age when the concept of the sovereign nation-state is supreme. Each nation exercises the power at its disposal to the best of its ability in an effort to achieve its purposes. The United Nations is not an embryo world government; it is a centre for harmonizing the actions of nations in the attainment of their common ends. Unfortunately, these common aspirations set out in ringing language in Article I of the Charter, are given widely differing interpretations and priorities by the different countries.

The UN of today, like every other polity, national or international, has been shaped by its history. When it first came into existence it reflected the common goals of the victorious allied powers in the Second World War. There were only fifty member nations and most of Africa and Asia were colonial appendages of European powers. As the war drew to a close the Allied unity of purpose began to

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break down, and the hostilities generated by Soviet moves to dominate Eastern Europe became preeminent. The first decade of the UN's existence made it a cockpit for cold-war rhetoric. The Security Council was paralyzed by a steady stream of Soviet "Nyets."

Membership explosion

An important element in these developments was the make-up of the organization at that time. The membership during the whole of that period had grown only from fifty to sixty, and only four nations (Egypt, Ethiopia, Liberia and South Africa) came from the African continent. Voting power in the General Assembly lay primarily in the hands of the developed Western nations, although the Latin American group occasionally gave evidence of a degree of independence which presaged the future attitudes of the non-aligned group. The central concerns of the Western nations were the maintenance of peace in the face of the new and awesome threat of nuclear annihilation, and the strengthening of Western concepts concerning human rights and the rule of law. Their efforts in the direction of economic and social justice were modest, and exemplified by the establishment of the specialized agencies and support for their programs. Technical assistance formed a very small component of these activities and the idea of UN involvement in such matters as trade policy and the economic rights of the Third World was not acceptable to most members.

The period from 1956 to 1960 was tremendously important for the United Nations because the number of members jumped from 60 to 100. Almost all of these new



The author presiding at a session of the Security Council

members were from the Third World, including twenty from Africa. This influx marked the beginning of the shift of voting power from the developed nations to those from Africa, Asia and Latin America. It also flagged the advance to preeminence in the UN of issues of primary concern to this Third World, in particular the end of colonialism and apartheid, a new deal economically, and the withdrawal of Israel from the occupied Arab lands in Palestine.

In the last twenty years the membership of the UN has grown to over 150 and the developed world, including both the Western nations and the Soviet bloc, has become a small minority. This increase in the membership is, of course, simply a reflection of a major change in the world geopolitical situation. During that time the political and ideological boundaries between the major power groups have changed very little, but for the rest of the world, which thirty years ago was largely made up of a few colonial empires, there has been a metamorphosis. We now have a hundred or more new nations.

To each his own UN

Thus, the historical evolution of the organization has shaped the UN of today. The more powerful nations, and particularly the permanent members of the Security Council, see the UN as simply one of a number of agencies through which they pursue their national interests. These interests may or may not be altruistic and in support of the general benefit of the international community. For them, the UN may be a useful tool, a nuisance to be railed against, or an obstruction to be brushed aside, depending on circumstance. The other nations of the world, lacking the same capacity for independent action, are perhaps for that reason more attracted to collective solutions, especially when they offer alternatives to the hegemonistic interests of the great powers. They would, in varying degrees, like to see the UN play a more central role. The weaker and poorer nations rely heaviest on the UN, because by making common cause they can dominate the agendas and voting patterns in the General Assembly and subsidiary organizations, as well as in the Specialized Agencies, and utilize them as platforms to support causes for which they lack the economic, military or technological power to implement.

The consequence of this situation is that differences between the major powers and their allies are rarely brought to the UN unless one side or the other wishes to utilize it as a means of demonstrating wide international support, or unless some agreement has been reached which the parties wish to make global, or unless the issue is transcendent, such as nuclear disarmament. On the other hand, the major concerns of the Third World, especially the situation in the Middle East, apartheid and colonialism in southern Africa, and the need for a new international economic order, are brought up in every possible way on every possible occasion and debated at great length and repeated to the point that even their protagonists don't really listen to what is being said.

This leads inevitably to the question, "Is a UN which is regarded as a sideshow by the great powers and has been turned into an echo-chamber for the unreal aspirations and one-sided political views of the Third World, worth keeping? Is it irrelevant and incapable of meeting the need for a centre to harmonize the actions of nations?"

To this the answer must surely be that as an organization to fulfill the goals of the Charter it is indeed an imperfect instrument. But for all that, it is indispensable and if it were to vanish we would have no choice but to invent something to take its place. The last thirty years has seen an end to colonialism and the appearance on the world

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stage of over one hundred new states, most of them economically disadvantaged and with political institutions which are weak and uncertain. These changes were accompanied by a multiple increase in the complexity of international relations impinging on every aspect of our lives. Whether it be the law of the sea, commodity agreements, radio frequency assignments, public health standards or any of a thousand other problems requiring international agreement, we rely on UN-associated institutions to bring them about and make them work.

The first purpose of the United Nations is to maintain international peace and security. It has a very mixed record in its efforts to attain this goal, but who can gainsay that on many occasions it has risen above contentious debate to provide an institutional mechanism and peacekeeping forces to prevent or stop hostilities. Time and again it has proven its value as a locus for negotiations between parties involved in disputes or even active hostilities. Who can dispute the fact that it provides the only global platform to urge an end to nuclear madness?

Majorities do count eventually

But what about the dimension represented by acrimonious political debate — the kind which led the American Ambassador, Mrs. Kirkpatrick, to say that such debate frustrated the goal of conflict resolution? The logic of Mrs. Kirkpatrick's position would dictate dispensing with those debates, which might grant temporary relief to those who don't want to listen but would do nothing to solve the underlying problems. She would no doubt insist that argumentation as it is conducted at the UN doesn't solve them either. But is that really an accurate perception? There are two dimensions to this question, cause and effect.

As to cause, governments no more than people are ever willing to give up strongly-held positions or vested interests, unless or until they become convinced that their interests would be better served by a shift. Since emotions as well as logic are usually involved in this process, it is certain to be long and painful. But shifts do take place, and the interminable arguments that go on year after year in the UN undoubtedly contribute to those changes.

As to effect, who can say that the thirty-year stalemate in the UN over the Middle East did not help to influence President Sadat to seek reconciliation with Israel, or that at some other time in the future it won't play a role in promoting wider agreement? Who is to say that sooner or later the pressure of world opinion, as expressed repeatedly and forcefully at the UN, will not lead the Russians to find a way out of Afghanistan? And who would deny that constant pressure in the General Assembly has had a significant influence on the attitude of Western nations toward colonialism and apartheid, which has certainly changed substantially over the past two decades? Who could pretend that Western responses to the demands of the Third World for a new international economic order, limited although they may be, have not been stimulated by pressure in the UN? All of this is to suggest that we need to be more understanding of the forces that shape such debates and more patient in our expectations that they will some day come to an end.

Patience and understanding, of course are passive virtues. If the UN is to continue what can we as Canadians do by way of active and positive measures to make it a more effective institution? First and foremost we should show the new Secretary General that we support him, both in the political dimension of his role and in the mammoth task he faces in his attempt to gain control over and rejuvenate an unwieldy and hidebound secretariat. He should be invited to Canada and encouraged in the course of consultations to provide strong leadership in dealing with the issues confronting him. We should re-examine our own role for areas of undesirable passivity. We have been active in furthering negotiations on a new international order, in the area of human rights, and the law of the sea, but are we doing all we can in support of arms control and disarmament, or in lending our good offices to help resolve disputes in some of the world's trouble-spots?

Equally important, is enough being done to help improve understanding by Canadians of the relevance to them of the UN, which, with all its flaws, is a mirror of our faltering efforts to overcome the unhappy legacies of history and learn to live and work together for the common good? Its shortcomings are our shortcomings, and we should never forget that hard fact.

This year marks the election of a new Secretary General who comes from the developing world. It also marks on the one hand a recrudescence of the cold war and on the other the Second Special Session on Disarmament. It marks a serious world economic recession and renewed efforts to move toward a new international economic order. It marks challenge and opportunity. What will be our response? □

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The UN Disarmament Conference and Canada

by Robert W. Reford

The prospects of success for the Second United Nations Special Session on Disarmament (UNSSOD II) have increased substantially in the last six months, and this can be attributed almost entirely to public pressure rather than government policies. It is still unlikely that the world will be any less armed when the session is over at the end of July. There will probably be no new agreements for specific measures to reduce or control arms. But there does seem to be a real chance that the groundwork will be laid for future action.

There are signs too that opportunities are open to countries which have both the political experience and the technical expertise to put forward constructive proposals. Canada is such a country. It has been a member of every United Nations (UN) negotiating group on disarmament since the organization was established. (The UN has traditionally used the word "disarmament" to cover all questions relating to the control, regulation or destruction of armaments. The experts differentiate between "disarmament" and "arms control.") In some special fields such as chemical warfare and the identification of underground nuclear tests, Canadian scientists are recognized as among the world's leaders.

The chance for the smaller powers to contribute has arisen because the two superpowers, the United States and the Soviet Union, have yet to resume a serious dialogue in the field of strategic arms control. After a year and a half in office, the Reagan administration is still eyeing the Kremlin warily, while Leonid Brezhnev seems to be trying to size up the President. So far, they have done little but put forward ideas which they were virtually certain would be rejected.

As this is written, it is not even sure whether the two leaders will both attend UNSSOD II and if they do, whether they will meet, formally or informally. They will, perhaps, have a real summit in October.

General Assembly in special session

UNSSOD II will be a session of the General Assembly, and the Assembly is designed to provide an opportunity for general debate and the exchange of ideas.

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Its resolutions are not binding though they have behind them the weight of a majority of the nations of the world. However, since it is concerned with one special subject, this session could serve as the occasion to announce the successful negotiation of some international agreements on disarmament or arms control. One of the disappointments of UNSSOD I in 1978 was that this did not happen. Unfortunately, there is little evidence that it will happen this year either. Of course, UN member-states have their own concerns which they will certainly voice at a session of the General Assembly. Thus, one can expect to hear vigorous debates on the policies of Israel and South Africa, and the need for a new international economic order, even though at times these may seem rather remote from disarmament. No doubt the Falkland Islands will be brought up as well.

The preliminary agenda for UNSSOD II contains one item couched in language which obviously represents an attempt to take account of everyone's special concerns. It calls for a general debate, including:

"Review and appraisal of the present international situation in the light of the pressing need for specific generally agreed measures to eliminate the danger of war, in particular nuclear war, halt and reverse the arms race and to achieve substantial progress in the field of disarmament, especially its nuclear aspects, taking due account of the close inter-relationship between disarmament, international peace and security, as well as between disarmament and economic and social development, particularly of the developing countries."

UNSSOD I

The first special session produced a Final Document which is remarkable. Its 129 paragraphs include an introduction which discusses the relationship between disarmament and security; a declaration of principles for disarmament; a program of action listing specific steps that should be taken; and recommendations concerning UN machinery for disarmament debate and negotiation. Its greatest accomplishment was that it was adopted by consensus. In other words, none of the 149 member-states present was prepared to vote against. Some may have had some reservations about some sections, but these were subordinated to what was considered more important, the approval of what amounted to a new charter for disarmament.

The ultimate objective, of course, is general and com-

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plete disarmament. In the Final Document of UNSSOD I the following priorities are set out:

1. Nuclear weapons.
2. Other weapons of mass destruction, including chemical weapons; conventional weapons, including any which may be deemed to be excessively injurious or to have indiscriminate effects.
3. Reduction of armed forces.

While negotiations towards these ends have continued, agreement has only proved possible on the third one. A treaty, opened for signature in 1981, contains three protocols which provide for the banning of:

1. Incendiary attacks on cities and other areas of concentrated civilian population, even when they contain military targets.
2. Booby traps attached to the sick or wounded, food and drink, kitchen utensils or toys, and at grave sites and medical facilities.
3. Weapons that scatter fragments made of materials such as glass or plastic which do not show up on x-rays.

This is only a modest achievement. It is far from adequate in the eyes of anyone who wants to see arms controlled and reduced. The fact that this is all the world could agree to is one reason for the current public pressure on governments for the steps such as a freeze on the development, production and deployment of nuclear weapons.

However, the negotiations took place when the international scene featured such events as the invasion of Afghanistan, the American hostages in Tehran and the Solidarity crisis in Poland. It showed once again that agreements are still possible in times of tension.

Strategy of Suffocation

Prime Minister Pierre Trudeau addressed UNSSOD I and put forward a "strategy of suffocation" for the nuclear arms race. He said his primary concern was the "technological impulse" behind the development of strategic weapons. The nuclear arms race, he argued, began in the laboratory and thus it was important to deprive it of the oxygen on which it fed. He proposed these four measures:

1. A comprehensive test ban to impede the further development of nuclear explosive devices.
2. An agreement to stop the flight-testing of all new strategic delivery vehicles.
3. An agreement to prohibit all production of fissionable material for nuclear weapons purposes.
4. An agreement to limit and then progressively to reduce military spending on new strategic nuclear weapons systems.

The Prime Minister has said this is still Canadian policy, but he could well tell UNSSOD II how disappointed he must be that nothing has been done. The negotiations among the United States, the Soviet Union and Britain for a comprehensive test ban (CTB) have dragged on, with verification the ostensible stumbling block. Canadian seismologists have shown that it is possible to distinguish between earthquakes and underground nuclear tests, except very small ones. The real reason for the lack of progress

must surely be that the nuclear powers do not want to stop testing.

Flight testing came into the news in the spring with word that Canada had agreed, in principle, to let the United States carry out flight-tests of cruise missiles at Cold Lake, Alberta. This appeared to be in conflict with the strategy, but the official justification was that no "agreement" had yet been reached to stop flight-testing.

Canada has introduced resolutions in the General Assembly on ending production of fissionable materials, but there has been an apparent lack of interest among nuclear and non-nuclear nations alike. Nothing has been done to reduce military spending.

UNSSOD II

At the time the Prime Minister put forward these ideas, there seemed a real chance of progress in controlling the arms race. Since then, however, the second Strategic Arms Limitation Talks agreement (SALT II) has never been ratified, even though the two superpowers are both



behaving as if it were in effect. Détente has become a dirty word, and the Reagan administration has put emphasis on arms buildup rather than arms control.

Under these circumstances, there seems little prospect that any specific new agreements can be announced at UNSSOD II. At the same time, the general public in both North America and Europe has become increasingly restless at the lack of progress and is starting to put pressure on governments. This pressure has taken various forms. In Canada, many cities and towns will be voting in the next civic elections on a world referendum in favor of disarmament. In the United States, there are proposals for a freeze on the development, production and deployment of nuclear weapons and for a policy of "no first use" of nuclear weapons.

If it is true that the prime objective of a government is

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not to be removed from office, the politicians will have to pay greater attention to the disarmers and arms controllers, at least in the countries which have democratically-elected governments. This growing groundswell of public opinion has created a climate which opens up a real opportunity for UNSSOD II to lead to positive steps.

Opening for Canada

It goes without saying that Canada should continue to press for a revised SALT, a comprehensive test ban, and a chemical warfare treaty. It should strongly oppose a renunciation of the agreement limiting anti-ballistic missile installations to one for each superpower. These issues have been debated over and over, and they remain important. But there are new areas which need attention. Among them:

1. Anti-satellite weapons (ASATs)

Reconnaissance satellites are a tremendously important element of what are called National Technical Means of verification. In other words, they enable the superpowers to know what the other is doing and to challenge an apparent violation of SALT. They are also important for communications. The development and deployment of weapons which can destroy satellites will obviously create an element of mistrust, and that will not help maintain deterrence. Through the United Nations, a treaty has already been negotiated banning weapons of mass destruction from outer space. Perhaps this can be amended to ban ASATs as well.

2. Destabilizing weapons

ASATs by their nature would disturb the current rough nuclear balance between the two superpowers. Other developments which would be destabilizing include:

- cruise missiles, which are small and easy to conceal;
- improvements in anti-submarine warfare which would make missile-carrying submarines vulnerable;
- greater accuracy of inter-continental missiles.

Canada could propose a study to define what types of technological developments and weapons would be destabilizing and which might enhance security. This in turn could be used as a guideline for things that should be banned, either by formal treaty or informal understanding.

3. The Arctic

In 1959 the twelve nations with interests in the Antarctic signed a treaty which effectively established it as a demilitarized area. There are obvious differences between the North and South poles. The Arctic is all sea and ice, and on the shores of the Arctic Ocean, the Soviet Union has at Murmansk its largest naval base. A demilitarized zone North of the Arctic circle is probably unrealistic, but it might be possible covering the area beyond the territorial sea.

The Scandinavian countries have been considering proposals for the Nordic nuclear free zone, though this was dealt a severe blow when a Soviet submarine apparently carrying nuclear weapons ran aground near Sweden's ma-

nor naval base. Last year Leonid Brezhnev said he would consider including some part of the Soviet Union in such a zone. Canada could well take the initiative in calling a conference of experts to examine all aspects of these ideas.

4. Disarmament and Development

There is a linkage here which needs greater attention. It is easy to say that lower military spending by countries like Canada should lead to large foreign aid programs. Yet the developing countries are today the major buyers of conventional arms. Is this because they are afraid of a superpower? Or a neighbor? Or because the armed forces are required to keep order at home? Or for considerations of national prestige?

The question of how a nation or a region perceives its security, and how this can be enhanced is an important one. We have seen agreements on what are called Confidence-Building Measures (CBMs) at the Conference on Security and Cooperation in Europe (CSCE). They have taken the form of reports of impending military maneuvers and the exchange of observers at these exercises. The CSCE review conference in Madrid is considering how to build on the existing CBMs. Steps should be taken to see what kind are needed for other regions.

Canada's policy

External Affairs Minister Mark MacGuigan told the Secretary-General (in April 1981) that Canada hoped UNSSOD II would give the highest priority to:

- a) continuation of the SALT process;
- b) conclusion of a multilateral Comprehensive Test Ban treaty;
- c) conclusion of an agreement on the prohibition of chemical weapons and their destruction;
- d) the evolution of an effective non-proliferation regime based on the Non-Proliferation Treaty; and
- e) the promotion of concrete measures to limit and reduce conventional forces.

These are admirable objectives, as far as they go. However, in today's world, there is an opportunity to be more imaginative, even adventurous. A country like Canada is well qualified to re-examine our entire approach to security. In addition to exploring the other road that arms control and disarmament can provide, perhaps we could work with like-minded nations on such things as peace-making (as well as peace-keeping) and procedures for settling disputes such as third-party mediation.

When our more powerful colleagues are still searching for an agenda, it gives a splendid opportunity to suggest things we would like to see them talk about. Perhaps they will announce at UNSSOD II their agreement to start START (Strategic Arms Reduction Talks, as President Reagan calls them). If we can prod them into talking about what has previously been "untalkable," it may be an accomplishment. □

Canadian attitudes on disarmament

by Don Munton and Michael Slack

The survey was conducted during March and April by the Canadian Institute of International Affairs (CIIA). It asked a range of questions about current international problems, particularly arms control and disarmament, of the Institute's 3000 members across Canada. The results reported here are based on a preliminary analysis of approximately 500 returned questionnaires. (If this were a random sample of Canadians the results would be expected to be accurate within plus or minus 5%, 95 time out of 100.) The CIIA does not itself take policy positions; these results thus reflect only the collective views of the survey respondents. The Institute's members, while likely more interested in international affairs than the average citizen, probably do not hold views markedly non-representative of Canadians as a whole.

By the time the Second United Nations Special Session on Disarmament (UNSSOD II) began in early June, the threat of nuclear war had re-emerged as the dominant international concern of Canadians. Some see greater military strength as necessary for security. Many more support actual reductions in the nuclear arsenals of the superpowers. And there appear to have been in recent decades some significant shifts in the perceptions held of the United States and the Soviet Union by at least a key segment of the Canadian public. Deteriorating East-West relations, the lack of progress in arms control talks, and even the precariousness of world peace are now blamed, not on the USSR alone, but on both superpowers.

These are some of the general, and often surprising, findings of a recent opinion survey. An earlier poll conducted in late 1980 found that Canadians saw energy and resource shortages, the danger of nuclear war, and world hunger as the three most important current international problems. Each was mentioned by slightly more or slightly less than 20% of those sampled. Only eighteen months later, in answer to the same question, fully 35% of the CIIA respondents select the danger of nuclear war as the most important problem. Almost 60% indicate it is one of the three most important. (See Table 1.) No other single problem is even close. Despite pervasive conditions of high unemployment and high interest rates, the "weakness of Western economic systems" is a poor runner-up with only 16% of respondents ranking it first.

Another indication of increasing concern about a nuclear holocaust can be found in answers to the question

"Are the chances of a nuclear war breaking out greater, or less great, than they were ten years ago?" In a 1971 Canadian Gallup poll, about one in every six (17%) responded "greater." In a 1975 poll, one in every three (33%) said the same. In the current CIIA survey, it was three out of every five (59%). And, while about one-half of the respondents were saying "less great" in the early 1970s, today less than one in ten say this. (The current survey's results actually compare quite closely in this respect with some recent Gallup polls using the same question, and also compare with recent surveys in the United States.)

Not surprisingly, the vast majority in the current survey believe East-West relations have deteriorated. Almost one-half (48%) agree that East-West relations "have worsened in recent years and are likely to continue to deteriorate through the 1980s." About one-third (34%) agree that relations have worsened but that this is not likely to be a long-term trend. Fewer than one in five (18%) believe there has been no significant change.

Arms control or disarmament

In this climate it might be expected that arms control and disarmament questions would be regarded as important. They are. Almost three-quarters (73%) of those surveyed rate arms control and disarmament measures as very important. Over 90% believe them to be important to some degree. Moreover, and perhaps more surprisingly, arms reduction is overwhelmingly preferred to increased arms as the best road to security. When asked whether Canada's security would be enhanced if Western arms levels were "increased somewhat," maintained, or "reduced somewhat," almost three-quarters (73%) choose the third of these alternatives. In contrast, but one in five (22%) believe security would be enhanced by increased arms. Only a very small group (4%) prefer maintaining existing levels. To the extent these attitudes are shared by the Canadian public at large, such results imply a powerful undercurrent of support for measures at least as strong as

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the "nuclear freeze" proposal currently being debated in the United States. (According to various US national opinion surveys that proposal is similarly supported by between two-thirds and three-quarters of Americans.)

Three additional general points must be noted if the foregoing results are to be seen in proper context. The first is that those surveyed, while favoring arms control and disarmament, nonetheless regard measures in this direction as unlikely. Almost 90% are pessimistic or very pessimistic about the prospects for arms control. Almost all

MOST IMPORTANT INTERNATIONAL PROBLEMS

	Ranked first by (%)	Ranked in top three by (%)
Danger of nuclear war	35	58
Economic weakness of Western states	16	45
Poverty of developing nations	14	49
World hunger	7	22
Energy and resource shortages	5	20
Population growth	4	22
Pollution	3	22
Human rights	2	15
Wars now being fought	2	9
Refugees	1	6

TABLE 1

(97%) similarly regard the prospects for disarmament. Many observers of the current international scene would consider such consensus judgments not as pessimistic, but merely as realistic.

Perhaps in part because of this pessimism, but also presumably because of felt threats, few of those surveyed support unilateral Western disarmament. Nine out of ten disagreed or strongly disagreed with the notion that "the West should disarm even if the USSR does not." The reductions desired, clearly, are mutual reductions. Concerns about the possibility of nuclear war apparently do not override concerns for deterrence.

Some trade, others disarm

A third point which needs noting is that the Canadians surveyed here seem to believe that arms control and disarmament is largely up to the superpowers. They apparently do not generally regard such measures as a primary Canadian responsibility or their achievement as being within Canadian capabilities. Despite the importance most respondents personally attach to arms control and disarmament, they do not believe the Canadian government regards them similarly. Only about one in four (26%) rate such measures as very important. This discrepancy, however, does not appear to be a matter of strong concern. When asked to rate a number of foreign policy issues in terms of importance to Canada, the CIAA survey respon-

ents overall rank controlling the arms race well behind trade agreement negotiations and the protection of our oceans and management of fisheries and other resources. Four out of five (80%) regard trade agreements as very important. Almost as many (77%) give the same priority to ocean protection and resource management. About one in every two respondents regards controlling the arms race as a very important foreign policy issue for Canada.

Interestingly enough, approximately the same number (54%) give this high priority to collective defence arrangements such as NATO. When asked directly the vast majority (86%) oppose Canadian withdrawal from NORAD and NATO. Moreover, most (74%) agree that Canada should maintain its existing defence arrangements although not have its own nuclear arsenal. (Indeed, the same number of respondents would oppose Canada acquiring nuclear weapons even "for national security reasons" in the event of significant nuclear proliferation.) A clear majority (54%) nonetheless believe Canadian conventional forces should be larger, and a near majority (46%) want to see the size of Canada's military presence in Europe maintained while one in three (36%) want these forces increased. In short, Canadians surveyed here apparently do not see a paramount responsibility for their country in arms control and they support its continued, even stronger, contribution to the Western alliance.

Discussions at the current United Nations Special Session on Disarmament were expected to cover a wide range of measures and proposals. Most of these are so complex and technical that they are well understood only by a relatively few experts. It is doubtful that most Canadians ever give much if any thought to the issues involved. A relatively interested and well-informed group, however, should be able at least to provide a meaningful indication of what they regard as the priorities, even if they do not possess a detailed knowledge of the intricacies.

Real reductions beat treaties

When provided with a list of twelve proposals (see Table 2), those surveyed here select two clear priorities. The largest proportion (60%) believe a reduction in American and Soviet nuclear weapons is a "highest priority." Almost as many similarly rank a general ban on chemical weapons. No other proposals gained a majority consensus. It is interesting to note that respondents who regard an actual reduction in US-USSR nuclear weaponry as a highest priority are twice as numerous as those who so regard a SALT II treaty. A substantial proportion thus apparently finds the SALT agreement form of limitations and ceilings on arms stockpiles as being insufficient. This interpretation is borne out by the fact the only one in seven (14%) respondents thinks that a new SALT agreement would "greatly reduce" the danger of nuclear war.

A variety of possible measures falls into the second tier, along with a new strategic arms limitation treaty. Approximately one-quarter to one-third of those surveyed also give highest priority to reducing the supplying of conventional weapons to Third World countries, reducing national defence budgets, banning the testing of new missile systems, and general disarming through the United Nations. (Combining the rankings for the two highest priority categories does not alter the above order significantly, al-

though it does not move a SALT II agreement closer to the first-rank measures.) In a third tier of priorities come reductions in the nuclear weapons of China, France and the UK, reductions in the level of conventional arms in both Eastern and Western Europe, a ban on all nuclear exports, and unilateral Western initiatives to begin reducing arms with the purpose of inducing reciprocal reductions by the USSR. Unilateral Western disarmament was not given any significant support.

These results suggest the group of Canadians surveyed here has a fairly clear set of priorities in the area of arms control and disarmament. To summarize, the problem of nuclear war is seen first and foremost as a problem arising from the nuclear arms race between the two superpowers. The apparent solution, therefore, is to stop and reverse the current buildup. Preventing or at least lessening the risk of a war by chemical weapons is, according to these Canadians, also a paramount concern. A general ban on chemical weaponry, to supplement the existing agreement which covers only the use, not the production of these weapons, is also sorely needed. Other arms control measures such as banning missile tests, reducing non-superpower nuclear arsenals, banning nuclear exports, and cutting conventional weapons, are for most respondents secondary but desirable. Unilateral disarmament is not favored at all. Even unilateral reductions aimed at inducing reciprocal Soviet reductions are not favored by many although they attract more support than simple unilateral initiatives.

Fault line shifts

Given the emphasis on superpower mutual arms reductions it is useful to look further at some additional relevant findings. Those surveyed were asked whether they thought the USSR, US, or both countries were holding up arms control and disarmament talks. Most (83%) say "both." Small minorities point to the USSR (13%) and US (3%) individually. A striking point here is that when this same question was asked of Canadians in the early 1960s, in a national survey by the Canadian Peace Research Institute, the results were much more in one direction. Then slightly less than half (47%) said "both" and almost as many (43%) pointed to the USSR alone. (A follow up question as to who was more responsible for the holdup asked of those who responded "both" produced parallel results in 1962 and 1982; in that survey approximately 40%-45% pointed to the USSR while the same number insisted it was "both equally.")

The results from a related question reinforce the recent tendency to apportion the blame for the lack of progress in talks. Respondents to the CIIA survey were also asked whether they thought Soviet and American leaders genuinely wanted disarmament. With respect to the USSR, 57% say no, 21% say yes, and another 21% indicate they do not know. With respect to the US the results were surprisingly close: 64% no, 20% yes, and 15% don't know. Thus about as many doubt American leaders' interest in disarmament as doubt that of Soviet leaders. Again these results regarding the US stand in marked contrast to those obtained in the 1962 poll. Then only 29% of the Canadians surveyed believed American leaders did not want disarmament and fully 60% thought they did.

To the extent these two surveys are generalizable and

comparable, they suggest substantial numbers of Canadians may in the last two decades have changed their views of both superpowers at least as regards arms control and disarmament. In the late 1960s and early 1970s period of East-West détente, perhaps not surprisingly, there appears to have been fostered a greater public acceptance of the need to deal with the communist world as represented by the USSR, or, in short, of the need for co-existence. This change is most evident in the 1962 and 1982 surveys' results on two further questions. In the former poll, 27% agreed with the statement that "no disarmament agreement should be signed with Russia as long as it remains Communist," while 65% disagreed. In the current survey, only 6% agreed with the same statement and 93% disagreed. The fact that one adviser to President Reagan has been quoted expressing views very close to this statement suggest a substantial gap between these Canadians and the current US administration.

The notion that "the West should take all steps to defeat Communism, even if it means risking nuclear war," found agreement with 42% in 1962 while a slightly larger percentage disagreed. In contrast, only 6% in the recent survey agreed with the same statement and 94% disagreed. Even allowing for the fact that the 1962 survey was conducted in the wake of the Cuban missile crisis, and may have captured for some a particularly hawkish mood, the

POSSIBLE INTERNATIONAL ARMS CONTROL AND DISARMAMENT MEASURES

	Ranked as a highest priority by (%)
Reduction in US and USSR nuclear weapons	60
General ban on chemical weapons	55
New SALT II treaty	33
Reduction in conventional weapons trade to Third World	33
Ban on testing of new missile systems	30
General and complete disarmament via the UN	27
Reduction in national military budgets	25
Reduction of conventional arms in Europe	19
Reduction in nuclear weapons of China, UK and France	19
Unilateral arms reductions to induce reciprocal reductions	16
Ban on all nuclear exports	15
Unilateral Western disarmament	2

TABLE 2

shift in these attitudes toward the USSR seems significant. It might be noted however that not all attitudes have changed; the proportions approving and disapproving of unilateral Western disarmament, for example, are virtually identical in the two surveys.

An equally if not more significant shift appears to have taken place in attitudes toward the United States. As observed above those surveyed in recent months seem much more skeptical than did Canadians in the 1960s about claims that it is Soviet intransigence which is responsible for the lack of progress in negotiating arms control and

The UN, disarmament and Canadians

disarmament. They also strongly tend to ascribe mutual (though not necessarily equal) blame for the waning of détente. When asked to choose between blaming the USSR, the US, or both, almost two-thirds (64%) of the respondents in the CIIA survey agree that "both US and USSR policies have undermined détente." About one in four (28%) points to the Soviets and one in twelve (8%) to the Americans. The questionnaire also asked whether the USSR, US, and China were each content with or were trying to increase their areas of influence. While a vast majority (90%) believe the USSR is trying to increase its area of influence, a considerable majority (78%) believe US is as well. Most (56%) think China, on the other hand, is content with its current area of influence, while 44% think it too is expansionist.

These rather surprisingly negative, perhaps increasingly negative, views of the US are further reflected in additional questions on the degree of confidence felt in the ability of the US and of the Reagan administration in particular, to deal wisely with present world problems. A majority (58%) express little or very little confidence in US ability, while about one in three (36%) express very great or considerable confidence. (This result corroborates the pattern of a decreasing confidence in the US over recent years reflected in recent Canadian Gallup polls.) When asked about confidence in the Reagan administration specifically, respondents in the recent survey are even less positive. Almost two-thirds (63%) express little or very little confidence and only one in five (21%) expresses very great or considerable confidence.

Perhaps even more striking are the responses of a sizable minority to the question on the CIIA survey which said: "Looking ahead to the next year or so, which country do you think will be the greatest threat to world peace?" Long asked by the Gallup poll, this question has tended to produce varying results. During the 1950s the most commonly seen major threat was the USSR. During the late 1960s, with the influence of the Vietnam war, it was China. And during the 1970s the focus tended to shift back on the USSR. The possible answers provided on the CIIA questionnaire were China, Soviet Union, and "other." A bare majority (51%) chose the USSR. Less than 1% of the respondents chose China. Even more surprisingly, 21% explicitly wrote in, under "other," the United States. It seems clear that at least part of the more negative perception of the US shown here is an evident concern or antipathy by some towards the military and security policies of the current administration in Washington. It should also be noted that recent US polls suggest large numbers of Americans are becoming similarly concerned about these policies. For example, a recent survey conducted by Time Magazine, found that one in every three thinks Reagan's policies are increasing the threat of nuclear war.

Push for peace, but in two directions now

In general, the Canadians surveyed here remain committed to the principles and policies of détente despite deteriorating East-West relations, harsh new rhetoric, and new senses of threat. When asked how important it is in East-West relations that Canada continue to pursue a long-term goal of détente, seven out of ten (70%) said it was very

important. This figure was approximately twice the number who similarly rated the other options provided, including maintaining a policy very consistent with other Western countries and building up Canadian military capabilities along with those of other Western countries.

It would be extremely difficult to summarize adequately the numerous, diverse, and sometimes paradoxical findings from this preliminary analysis of the recent CIIA survey. There can be no question though that, overall, the Canadians surveyed here are much concerned about the dangers of nuclear war, strongly advocate actual reductions in the vast nuclear arsenals of both superpowers, and support the negotiation of agreements covering a range of problems from chemical warfare to conventional arms sales. As befits a reasonably well-informed segment of the populace of a lesser power on the international scene, they also agree on the need for multi-lateral alliance ties and collective defence arrangements and on the need for maintaining if not increasing Canada's military contribution to its own and to that collective defence. At the same time there is also evidence of a substantial degree of support for East-West détente and of disquiet, at the very least, regarding some of the rhetoric and policies currently being pursued by the leader of the Western alliance.

If the results from the present survey can be generalized, and if historical context can be applied, they suggest, at a very general level, a public mood and outlook very compatible with a traditional Canadian foreign policy role as a moderating liberal conscience of the Western alliance. This role was perhaps more prominent at the time of Dulles than of détente, but it may be undergoing strengthening once again in the so-called "post-détente" era. If so, it may well be buttressed or even forced a little by the sort of public attitudes apparent in the present survey. Canadian diplomats in the 1950s played the moderate tune, usually quietly, when the practical international political realities seemed to permit. But, given the Cold War mood of the times, their pursuits did not enjoy the same degree of public support such efforts would seem to have today. Therein lies both a potential advantage and a potential difficulty for Canadian policy-makers in the 1980s. The advantages in general of a supportive public are obvious. The difficulties, if more occasional, may be troublesome. They will arise from the public's traditional obstreperousness in accepting the officially-felt need for flexibility and compromise in pursuing sometimes conflicting goals and in dealing with allies. Indeed such a case may already have arisen. Recent controversy over the use of Canadian territory to test a new weapon system, which represents a substantial increment both to US national capabilities and to the arms race, may well have been fueled by the sort of attitudes which the present survey suggests are now prevalent among Canadians. □

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Do sanctions work?

by Margaret Doxey

On four occasions in the last three years, Canada and other Western countries have resorted to sanctions by placing restrictions on normal political, economic and cultural relations with other states. The most recent and extensive set of sanctions was adopted in the wake of the Argentinian occupation of the Falkland Islands on April 2. Canada banned arms sales to Argentina immediately and on April 12 followed the example of the European Economic Community members by embargoing all imports from Argentina as well as prohibiting new Export Development Corporation credits to that country. The British government, of course, had already severed diplomatic relations with Argentina, frozen its assets in Britain and barred all imports of Argentinian origin and dispatched a naval force to the Falkland Islands. Sanctions were also directed at Iran during the 1979-80 Tehran hostage crisis; against the Soviet Union following its invasion of Afghanistan in December 1979; and against both the Soviet Union and Poland after General Jaruzelski imposed martial law in Poland last December. The United States adopted a mediatory role between Britain and Argentina but in the other three cases it took the lead in imposing retaliatory measures, chivvying its allies to follow suit. In none of these cases, however, were Western governments under any formal obligation to react, whereas the comprehensive international sanctions against Rhodesia (now Zimbabwe) imposed by the Security Council from 1966 to 1979 and the arms embargo against South Africa ordered by the Security Council in 1977 were mandatory for all UN members.

As a general rule and for good reason governments are reluctant to disrupt established patterns of foreign trade and investment on political or moral grounds. It is obvious that economic sanctions are double-edged in effect and can carry considerable costs for those imposing them; nor does the record show that they have been particularly successful in bringing rapid changes of heart and policy on the part of target states. Canada's position is similar to that of other western powers: we are prepared to limit or ban sales of strategic goods to governments with whom we are not on friendly terms, and to adopt condemnatory stances on certain moral lapses, but we prefer to trade in peaceful goods with all countries, regardless of political considerations, unless ordered not to do so by the Security Council.

How then can one explain the flurry of "voluntary" sanctioning in recent years? It is the purpose of this article to focus on the multiple roles played by sanctions in inter-

national politics by looking closely at the motives which prompt states to impose them and at some of the foreseen and unforeseen consequences which may follow.

Why sanctions?

It was part of the original UN philosophy that aggression and other threats to the peace should be met by a firm, collective response. While the use of military force remains optional, diplomatic, economic and other non-military measures can be made compulsory by Security Council resolution — provided none of the five permanent members casts a veto. But from 1945 onwards consensus on international wrongdoing and appropriate measures to deal with it has been extremely rare at the UN, fractured as it is by East-West and North-South cleavages. One can safely predict inaction in almost every case. Most recently, Argentina was called upon to withdraw from the Falkland Islands by the Security Council, but the Soviet Union and China abstained from voting and sanctions were not imposed. Even Iran's flagrant violation of time-honored international law protecting diplomatic personnel and property escaped mandatory sanctions thanks to a Soviet veto. Nevertheless, stalemate at the UN does not rule out the possibility of some international response to wrongdoing and it is realistic to expect that where governments see their interests threatened they will resort to self-help. They may also seek — or even demand — support from friends and allies. The UN Charter confirms the "inherent right of individual and collective self-defence" to meet armed attack. Additional legitimation for retaliatory measures may be provided by a Security Council vote of censure (even if it stops short of ordering sanctions), by General Assembly condemnation and recommendations for sanctions, or by support from a regional body such as the Organization of American States (OAS).

It is clear that the US was directly harmed by the Iranian government's failure to protect American diplomats and that Britain's interests are adversely affected by Argentina's invasion of the Falkland Islands. But what is the basis for US-led sanctions against the Soviet Union on account of Afghanistan or Poland? Self-help is not an ade-

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International sanctions

quate explanation; in these cases sanctions are justified as defending accepted international norms and principles in respect of aggression and human rights on behalf of the international community. The problem is that perceptions of right and wrong may differ from country to country and because there is no central authority to review state behavior, pronounce on its acceptability and sponsor an appropriate collective response, the whole process becomes haphazard. Rules are vague and subject to contrary and conflicting interpretation; responses are unpredictable and often uncoordinated; results are uncertain and sometimes unwelcome.

Recently, the denial of technology and financial sanctions have been advocated on the grounds of efficacy, but in the long run it is hard to prevent the dissemination of knowledge, while the freezing of assets and suspension of loans and credits can produce unwelcome effects for the sanctioning group even if they do put significant pressure on the target.

It might seem useful, given the regular use of the veto, to argue that "world opinion" is reflected in a Security Council resolution blocked by one negative vote. This was the argument made by the United States over the Soviet veto of sanctions against Iran. But would the argument hold if the veto were cast by the United States to block sanctions against Israel? And in cases where internal policy becomes the occasion for sanctions, as in South Africa or Poland, is it because these are the worst cases of their kind? Or are these the cases on which some — or most — members of the international community are prepared to back censure with positive measures? If so, what prompts action in these cases and inaction in others?

Sanctions as policy tool

Close analysis of the objectives of those resorting to sanctions identifies three "targets" rather than one — and a cluster of goals relevant to each of them. One expects sanctions to be directed to the wrongdoer to reverse the offending policy or, less ambitiously, to make its continuation more costly and to deter further action of the same kind. Alternatively, the sanctions may be, intentionally, little or no more than gestures of disapproval, for a government imposing sanctions will also have its own public to consider. The object here may be to display competence and strength of purpose in defence of national interest and national honor or to show adequate (but not excessive) support for principles, preferably in a collective framework. Thirdly, there is a wider audience in the world at large — which may include allies of the sanctioning government. Here too, there will be a drive to display and confirm ability to defend national interests and deter future challenges. For super-powers however, there will also be a leadership role. Where they determine that principles are being disregarded, and elect to uphold them through positive measures, they will expect their allies to back them up and will exert pressure if they appear to be dragging their feet.

Satisfying and reconciling these objectives will present dilemmas to policy-makers whose propensity to choose high impact measures, which are likely to be the most costly and possibly the most risky, will be lower where their own country's interests are not directly affected. Gestures

may be considered adequate for satisfying one or more of the above audiences; the Minister of External Affairs described Canadian sanctions against the Soviet Union over Poland as symbolic rather than "substantial in effect." But what if a major ally has a different perception of the priority of the issue and/or the appropriate response? The United States' calls for sanctions over Iran, Afghanistan and Poland produced the unedifying spectacle of the Western alliance in disarray, with the pressure for conformity from Washington seeming at times to be as heavy as the weight of the sanctions themselves. A British Minister explained to a House of Commons committee that the alternative to imposing sanctions on Iran was not to do nothing but to "go back and give the President of the United States a slap in the face." And Britain expected and is now getting more than neutrality from the US in response to Argentina's seizure of the Falklands.

Other complications include the possibility that the message sent to the target, which is presumably aimed at its population as well as its government, is misunderstood or censored; or that the sanctioning state's domestic "audience" supports a stronger set of measures than is justifiable or prudent. Public disagreement of the kind which surfaced in Canada and other Western countries over President Carter's proposed boycott of the Moscow Olympics presents further difficulties. Not only may these three audiences (themselves composed of many different elements) call for different responses to the behavior of other states, but other interests must also be considered. Foreign policy on any one issue is not made in a vacuum; wrongdoers may also be allies and economic interests may be too strong to jeopardize. In a wider context the overriding objective may be to avoid a major war.

Telling a win from a loss

Given this wide range of objectives, predictions of success (or failure) for particular sanctions can be simplistic and misleading. And their consequences, at home and abroad, may be quite different from those expected. In the first place the target government also has a domestic constituency to whom it must appear competent and vigorous. In fact sanctions may stiffen governmental and public resistance. Economic hardship can be blamed on economic sanctions and adaptive and evasive action can help to reduce their impact. Cuba under OAS/US sanctions, Rhodesia under UN sanctions, Iran, the Soviet Union and, thus far, Argentina, have all displayed these reactions. (In the case of Rhodesia the consolidation of public opinion was limited to the white minority.)

Blockade, where feasible, brings war very close but without it trade can probably continue by using suppliers and markets not affected by sanctions or by disguising the origin and destination of goods. A sophisticated network of routes and transactions can be built up which is very hard to monitor or control as the Security Council Sanctions Committee discovered in the Rhodesian case. Non-governmental groups eventually ferreted out the information that "swap" arrangements — to which the British government turned a blind eye — were ensuring that Rhodesia received the oil it needed from South Africa. A British blockade of the Mozambique port of Beira from 1966 to 1975 was a farce.

Within sanctioning states some groups will suffer disproportionately: producers, exporters, importers. The Polish crisis brought no reimposition of the United States grain embargo, in spite of the Reagan administration's harder anti-Soviet line, because United States farmers would be hurt. Nor have the West German and French governments been willing to cancel their gas pipeline contracts with the USSR as a contribution to collective sanctions. And when chrome from Rhodesia seemed essential to the US in the 1970s, the embargo was lifted in technical violation of the Security Council order. There is also the strong likelihood of counter-measures by the target which can raise costs for sanctioning states; limiting sanctions to import embargoes to protect export earnings will only work if the target does not retaliate in kind — as Argentina has done.

Thirdly, economic sanctions can harm innocent parties whose economies are linked with the target (the fate of Zambia while Rhodesia was under UN sanctions). They can also have "ripple effects" which disrupt the international economy and undermine international confidence. Freezing assets and denying loans and credit interfere with the delicate balance of international trade and payments. Earlier this year, despite sanctions, the US government had to meet Polish liabilities to Western banks and there were worries over the destabilizing effects on Arab confidence in Western financial institutions when Iranian assets were frozen. The "ripple" effects of an Argentinian default could be very serious and Canadian banks would be among the sufferers. Recession is a reality in many industrialized countries and deliberate acts of policy which jeopardize jobs, undermine confidence and retard recovery need to be very carefully considered.

Willingness to resort to sanctions should reflect the

value placed on defending an interest or a norm and the estimated costs of the measures to be used. On the other hand, willingness to defy sanctions will reflect the value placed on the offending act or policy and calculations of capacity to survive weighed against the costs of succumbing to pressure. Political as well as economic costs will be relevant on both sides and political will could prove stronger in the target whose government may have more to lose by bowing to international pressure. And political judgment on all sides may be defective.

Assessment of the actual impact of sanctions is complicated by ignorance of what the situation would have been if they had not been imposed as well as by the effects of other factors operating alongside them. Thirteen years of UN sanctions against the Rhodesian regime, which denied international recognition and ostensibly severed trade and communications, were one element among many making the survival of the regime more difficult. But guerrilla warfare, the loss of Portuguese and (to some extent) South African support, and Commonwealth pressure on Britain not to settle for less than majority rule, were more significant than sanctions in the long run. And those sanctions had the added legitimacy of Security Council backing.

Sanctions against the Soviet Union were not expected to bring withdrawal from Afghanistan; even less could they hope to detach Poland from the Soviet sphere of influence. According to the US administration they were intended to indicate no "business as usual," echoing the policy adopted by Washington twenty years earlier of making it more costly for the USSR to support Castro because of US sanctions on Cuba. A problem with such sanctions is to know when to lift them. If they are "official," they cannot just fade away; if they remain in place, do further crises bring inevitable intensification?

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Canadian trade policy in the 1980s

by Keith A.J. Hay

It is now one hundred and three years since Prime Minister Sir John A. Macdonald announced Canada's National Policy and set the country off on a curious mix of protectionist and free trade policies. Over the last century, Canada has veered only slightly from this pragmatic path, espousing freer trade as the long-run objective while improving temporary trading restraints or reluctantly surrendering modest fractions of existing protection levels. Much of the hesitation to move resolutely toward liberalization can be traced to nation-building considerations and anxiety that freer trade, especially with the US, would inevitably lead to both economic and political domination. Even today there is within Canada a broad range of opinion on trade policy which debate it from entirely different viewpoints. Moreover there is no political consensus on trade policy within federal political parties and therefore no definable policy distinctions among them.

Free trade has been traditionally advocated by Canada's neoclassical economists. Numerous public documents, including the Economic Council's *Looking Outward*, 1975, a string of publications from the C.D. Howe and Fraser Institutes, and the Canadian Senate Committee Report on Foreign Affairs, 1979, have advocated freer trade, especially with the USA. Their arguments find favor with academics, but have failed to catch the public's imagination. At the same time, the Science Council of Canada in a variety of reports in the last half of the 1970s has been "looking inward," advocating establishment of world product mandates, enhanced research and development subsidization, the assignment of specialized production roles for Canadian subsidiaries, and sustained or even increased protection for manufacturing industries. These protectionist arguments have been combined with the foreign ownership issue by such organizations as the Committee for an Independent Canada and the recently organized Canadian Institute for Economic Policy.

The policy outcomes during the 1970s were as complex and multi-directional as the arguments advanced by academics, institutes, businessmen and government agencies for and against them. For instance, during the GATT Tokyo Round of Multidirectional Trade Negotiations (MTN) it was widely recognized that Canada was com-

mitted to both lowering tariffs and dismantling non-tariff barriers. Agreeing to revise the Canadian customs valuation system was perhaps the single most important commitment to freer trade made by Canada in the last fifty years. Moreover Canada's General System of Preferences contains no volume limits and is therefore clearly more liberal towards third world exporters than any other among the Organization for Economic Cooperation and Development (OECD) nations. On the other hand, during the 1970s, there has been a proliferation of Voluntary Export Restraint (VER) agreements, requested by Canada of other countries (mostly matching in item and origin those previously arranged between the USA and offshore suppliers), and a discernible shift toward more nationalistic foreign investment policies. These latter are not strictly speaking "trade policies," and even though they only marginally bear on the international exchange of goods and services, they are often typified as the leading edge of Canadian protectionism.

The working of the Foreign Investment Review Agency (FIRA) from 1975 to 1979 was viewed domestically as no more than a minor hurdle to foreign capital inflows. The proportion of proposals disallowed by Cabinet fell from 13.0 percent (1974-75) to 4.1 percent (1977-78), averaged 7 percent in the following two years, and then started to climb in 1980-81. Following upon the 1980 Liberal return to power on a platform that included a strengthened and expanded FIRA not only did the turndown rate jump to 10.7 percent (1980-81), but at 12.8 percent the proposed withdrawal rate doubled the average of the previous three years. A slowdown in processing is indicated by the presence of 312 unresolved cases at the year-end of 1980-81, compared with an average of exactly half that many in the previous three years, even though the number of applications remained close to the 1977-80 average. This harsher policy has been unpopular on both sides of the Canada-USA border, and the government is now backing away from many of its more contentious aspects.

A similar argument should be made about the National Energy Program: the worst is over. Most of the "enforced" sell-offs by foreign energy corporations have now gone through, and many of the Canadian corporate incursions into the US stock market have been consummated or repulsed. The seven major purchases cost \$5.9 billion. In retrospect, Canadian corporations moved too precipitously and spent too rashly, often getting less for more. In the light of persistently high interest rates and depressed

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oil prices, many of these "Canadianization" efforts look like very poor business decisions, let alone economic errors. Meanwhile, the federal government has concluded tax-sharing agreements with all the energy provinces save Newfoundland and can therefore begin to unbend in its attitude towards the Canadian activities of foreign energy corporations.

In sum, the high water mark of Canadian investment and energy nationalism was reached in 1980-81 and the trend now is towards a pragmatic approach in which fewer perceived "benefits" can be marginally added, but at much reduced "costs" in international tension. The 1982 minerals policy reflects none of the recent investment nationalism. On the other hand, while FIRA and NEP are not strictly "trade policy" issues, the Canadian stance on these subjects since 1980 has highly colored the North American environment of international commercial irritants by both sides and has swung strongly against the USA. Even the Japanese and the European Community have perceived a Canada turning in unto itself.

Trade policy environment of 1970s

From an economic development standpoint, the seventies were a difficult decade for Canada, marked as they were by sluggish growth in traditionally strong resource sectors, impaired competitiveness in medium-technology manufacturing, and a public policy preoccupation with employment creation. There was an overriding concern to generate enough jobs to absorb the fastest growing labor force in the industrialized world. Taken all together these factors inhibited the pace of necessary structural change in the economy.

Moreover, policy makers had well-founded concerns about Canada's cyclical vulnerability in a world of growing economic interdependence. They foresaw that as industrial adjustment occurs, the number of stable and growing sectors would likely decrease, resulting in fewer but more internationally competitive industries. In this sense, Canada's "portfolio" of high income generating industries would eventually be narrowed, increasing dependence on this remaining set and thereby levering up the "risk" of instability arising from shocks generated outside the Canadian economy. This was an ominous prospect for an economy that needed to increase rapidly and to sustain its levels of employment in the face of burgeoning labor supply. Not surprisingly, then, Canada's 1970s trade policies featured the familiar principle of making haste slowly towards the freer trade goal while applying expensive short run force-feeding to a number of elderly as well as infant Canadian industries.

To a great extent the employment targets of the 1970s have been met. Most members of the post-war baby boom are already in the labor force and the prospect of skill shortages is in sight for mid-decade. With a switch in labor priorities it is now possible for policy makers to turn aside from earlier expensive growth-inducing policies to those measures which will improve efficiency and market responsiveness in the Canadian economy.

Policy prospects for 1980s

Even if Canada is entering the 1980s with its industrial economy in better shape than during most of the 1970s,

there are still several important policy constraints to be considered. The implementation during the 1980s of the measures agreed upon in the MTN GATT Tokyo Round will further liberalize the international trading system and create greater interdependence among the world's traders. In turn this will leave less scope for national macro-economic and external payments policies to get out-of-step. Attempts to run against the tide will cause dislocations. For example the USA on one hand, with high interest rates, strong dollar, and awkward inflation, and Japan on the other, with low interest rates, weak yen and modest inflation, are set on courses which must lead rapidly to trade frictions, beggar-thy-neighbor responses, and mounting commercial irritants. Even Canada's long-term tool of independent management — the floating exchange rate — can now do little to increase the elbow room for "Made-in-Canada" monetary and fiscal policies. Moreover, at the federal level Canada can no longer afford increments to budgetary deficits arising from industrial bail-outs and make-work programs. Thus the degree to which Canada can initiate and sustain its "own" macro- or even micro-economic policies in the 1980s is likely to be considerably less than was the case as recently as 1975.

Fortunately for the Canadian economy, there are a number of global factors and local parameters which should favor Canada's trading stance as the decade unfolds:

1. The terms of trade for products in which Canada has a comparative advantage, namely energy, minerals, forest products, cereal and fishery products, are expected to improve as recession ends and offer substantial prospects for real growth.
2. An over-valued exchange rate will abate to a more realistic level, leaving Canadian higher-technology manufactured goods more competitive and facing reduced import pressures.
3. The public policy environment is shifting from one of coping with slow decline in major sectors to one of managing growth. Although current levels of unemployment of around nine percent are still unacceptably high, the slowing of labor force expansion, coupled with strong demand for labor, particularly in Western Canada, and later in the decade in Atlantic Canada, means that unemployment will become a more regionally specific public policy problem than hitherto.

The key to Canada's economic prospects will be energy-led development. Major projects in Western and Atlantic Canada, most of which are hydro-carbon or hydro-electric related, will require \$300 to \$400 billion of investment over the next twenty years. These huge resource investments will also result in the growth of complementary activities in the manufacturing and service sectors, not only in the geographical peripheries of the country, but also in the central provinces of Ontario and Quebec.

What are the implications of these developments for Canadian trade policies? First, on the export side, the chronic Canadian problem of being the only major trading country without free access to a large market (the Canadian market is one-tenth the size of the US or the EEC, and one-fifth the size of Japan) will be mitigated by a new-found acceptance of concentrating on resource-related products which have a comparative advantage and consequently

Trading predictions

relatively easy access to hungry world markets. In the earnings sense, resource-led export growth will make the achievement of external market penetration by manufactured goods less critical, and allow Canadians to take a more considered approach to improving terms of access.

The dangers here are two-fold. First, reduced pressure to find markets for finished products may result in public indifference and a tendency towards a certain isolationism from international events. Second, Canada's economic stability will be threatened by the ever-growing world stringency in resources, requiring industrialized nations to seek them in countries like Canada, Brazil and Australia.

On the import side, it means a growing ability to resist protectionist pressures in order to free-up scarce labor resources for more productive activities. Consequently it will be possible to concentrate on the adjustment of traditional industries to lower levels of output but on a more competitive basis. To achieve this, more attention will have to be devoted to insuring effective labor training and trans-provincial mobility. Concurrently there must be efforts to end or reduce funding for problem industrial sectors, while increasing assistance to high growth industries.

These arguments should not be taken to suggest that Canadian trade policy for the eighties will be marked by complacency. Rather, they suggest that Canada will have enough breathing space to develop a strategic, coordinated approach to trade policy without being forced into more of the *ad hoc*, band-aid and stopgap interventions of the recent past.

Impediments to improved trade performance

Notwithstanding the relatively more favorable outlook for the eighties, Canada still suffers major handicaps in competing internationally. Since 1979 the continuing sluggishness of the economy plus persistent current account deficits have shifted government attention to greater consideration of measures to improve Canada's trade performance; to some extent in terms of import replacement, but largely in terms of export promotion.

The domestic impediments to exporting from a Canada base have been well documented over the years. The main ones are:

1. There is too high a risk to size and management expertise for most Canadian-owned firms to have a major export presence. Put another way, even when production scale economies can be realized, few Canadian firms can achieve scale-economies in international marketing, especially overseas.
2. There are frequent restrictions imposed by multinational firms on product and marketing mandates. In those relatively few cases where world product mandates have been granted by parent companies, Canadian subsidiaries have been very successful. For instance, Pratt and Whitney Canada has two-thirds of the world market for small aero-turbine engines. But even then the multinational parent plays a key supporting role in the marketing effort.
3. There is a quite rational tendency for *Canadian*

multinationals to shift production to local foreign markets in order to overcome offshore tariff and non-tariff barriers, or to offset the risk of special border action. For instance, one of Canada's largest multinational corporations, Massey-Ferguson, undertakes only about one-eighth of its total production in Canada.

4. There are very high entry costs to hi-tech growth industries such as aerospace, nuclear power and telecommunications. With increasingly intense international competition, most industrialized and industrializing countries are intent on investing in and developing these same growth industries.

5. To participate successfully in these industries requires either major and on-going government involvement or big business presence. One of Canada's largest hi-tech companies, Northern Telecom, is however small by world standards.

Search for solutions

Potentially there are four possible trade policy strategies: (i) unilateral policy change; (ii) bilateral agreements; (iii) trading bloc membership; and (iv) multilateral trade negotiations. Although from time to time there have been some unilateral actions, the Canadian search for mechanisms to gain market access and expand international trade has generally followed two paths: multilateralism and bilateral agreements.

Canada's record in multilateralism has two sides. On the one hand, Canada has been a great believer in multilateralism, on the premise that greater gains can be made for a relatively small economic power in a multilateral forum, where the Canadian interest is likely to be consonant with one of the other major players on each issue, rather than on a bilateral basis where bargaining strengths are inherently unequal. On the other, Canadian governments have a long history of intervention in the economy either directly, or indirectly through Crown corporations, as a means of assisting the development of Canadian industry, and in recent times this intervention has been focused on exports. This intervention has the effect of creating non-tariff barriers, and weakens our multinational claim.

The recently-concluded Tokyo Round MTN will result in tariff reductions among industrialized countries averaging forty percent by the end of the phase-in period in 1987. Once these barriers are down, roughly four-fifths of Canada-USA trade will be duty free, a proportion which the GATT determined in 1960 as constituting "free trade." Major inroads into problems of non-tariff measures, such as customs evaluation, anti-dumping and countervailing duties, technical standards and government procurement have also been made. However, there still remains some unfinished business in the multilateral context, in particular with respect to some of the MTN codes. But regardless of Japanese initiatives planned for the 1982 summit it may be judged unlikely that another major multilateral round will occur during the balance of this decade. The Reagan administration has been pushing the idea of further multilateral negotiations on investment flows and trade in services, but it is difficult to recognize support for these initiatives among America's trading partners, particularly Canada. Therefore the progress towards major multi-

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"International Canada" is a paid supplement to *International Perspectives* supplied by External Affairs Canada. "International Canada" was published by the Canadian Institute of International Affairs and the Parliamentary Centre for Foreign Affairs until February 1982. In its present form, it continues the mandate to provide a comprehensive summary of Canadian government statements and political discussion on Canada's position in international affairs and a record of Canadian adherence to international agreements and participation in international programs. Each issue of *International Perspectives* carries "International Canada" covering two preceding months. The first supplement covered only March 1982 and appeared as part of the May/June issue of *International Perspectives*. This July/August edition carries "International Canada" for the months of April and May.

Bilateral Relations

U.S.A.

Alaska Gas Pipeline Delay

The Canadian government announced the collapse of one energy megaproject and the delay of another on April 30, blaming international conditions for the withdrawal of US investment commitments. The announcement of the collapse of the \$13.5 billion Alsands oil-sands project, followed by the announcement of a two-year delay in the \$35 billion Alaska Highway natural-gas pipeline, prompted lengthy debate in the House of Commons the next week, including a twenty-three hour session beginning the evening of March 3.

Canada had been mounting a "diplomatic offensive" to head off the predicted pipeline delay previous to the April 30 announcement. National Energy Board and pipeline officials had been in Washington a week earlier to seek continued US government commitment to the project. External Affairs Minister Mark MacGuigan wrote to US Secretary of State Alexander Haig April 23 urging US government support for the privately-financed US portion of the Alaska pipeline. The *Globe and Mail* April 29 reported that the "public exchange of letters, coming as pipeline sponsors [met] in Salt Lake City with the three US Alaska gas producers, is seen as open pressure on the producers to keep the project on track."

After the April 30 announcement of the two-year delay, the government continued to express optimism about Canada's plan for energy self-sufficiency by 1990 (*Globe and Mail*, May 4). The *Globe and Mail* May 22 reported that Northern Pipeline Agency Chairman Mitchell Sharp, returning from a Washington visit, said that he expected changes in the US partnership before the pipeline went ahead.

Garrison Project

A US court ruled in May that the US Interior Department is not bound by a Carter administration agreement

which held the North Dakota Garrison Diversion Project dormant while environmental studies were being done. Manitoba opposed the US project on the grounds that it could have serious environmental consequences as a result of introducing new organisms into the water system. The project would move water from the Missouri River in North Dakota into the Red River watershed. Although the US had said that it would take precautions to prevent damage to Canadian waters, Canadian opponents predicted the project would affect all pure water in Manitoba (*Globe and Mail*, May 8).

Reports to the Canadian Senate during May indicated that there was a possibility that the US would decide to direct the water south from North Dakota instead of north to Manitoba. South Dakota farmers were reported unhappy about the proposal because they feared the pollution of their waterways.

Energy Policy Exchange

Canadian Ambassador to the US Allan Gottlieb delivered a "diplomatic cuffing" May 10 to a US economist who said that Canada should be punished for an energy policy that "wrecked their markets and expelled efficient United States companies." Paul MacAvoy, a Yale University economist, had written an article published in the *New York Times* May 9 entitled "Canada's Self-destruct Energy Policy." Mr. Gottlieb told the Chicago Council on Foreign Relations that Mr. MacAvoy's article was "pure fantasy," full of errors of fact and misinterpretations of Canadian policy. Mr. Gottlieb's text, also distributed in Washington, was part of a campaign to clear up what the Canadian Ambassador calls "bad information spreading in the US among people who don't have the facts" (*Globe and Mail*, May 11).

Canadian Embassy in Washington

In the House of Commons May 14, Prime Minister Trudeau defended the estimated cost of building a new

Canadian embassy in Washington. Mr. Trudeau had been asked by Jack Shields (P.C., Athabaska) to consider postponing the construction of the \$38 million embassy at "this time of economic difficulties." Mr. Trudeau justified the expense, saying that the planned embassy would make Canada's diplomatic operations in Washington more efficient and effective. The Prime Minister had been under attack in the House since late April when it was revealed that Cabinet had overridden the advice of a selection committee in choosing an architect for the new Canadian embassy in Washington.

US Ambassador Speaks Out

Newspaper reports between April 21 and April 28 charged Paul Robinson, US Ambassador to Canada, with being loose-lipped, patronizing and hawkish following several speeches and press conferences during that week (*Globe and Mail*, April 21; *Toronto Star*, April 24; *Citizen*, April 28). A second wave of criticism levelled at the US envoy began after a May 11 speech to the Canadian Club of Hamilton. Journalists and politicians joined "a growing chorus of Canadian critics" in challenging Mr. Robinson's suitability for his post (*Citizen*, May 13).

Statements made by Mr. Robinson at an April 20 meeting of the Calgary Chamber of Commerce and at a later press conference were quoted in the *Globe and Mail* April 21. Mr. Robinson mentioned the "unfortunate condition of the Canadian Armed Forces relative to her NATO allies." He said, though, that Canada's recent budget plans to increase defence spending were a "step in the right direction," which he hoped would continue. (*Globe and Mail*, April 21).

NDP external affairs critic Pauline Jewett (New Westminster-Coquitlam) raised the matter of Mr. Robinson's comments on Canadian policy in the House of Commons April 22, asking the Canadian government to complain to Washington about the diplomat's behavior.

John Miller, the managing editor of the *Toronto Star*, editorialized in his front-page report of a speech given by Mr. Robinson at the Canadian Press annual dinner meeting April 21. According to Mr. Miller, Mr. Robinson's speech was "insulting to this country, riddled with historical inaccuracies." Mr. Miller was referring to comments made by Mr. Robinson which dealt with the "peril and danger" of implied Soviet military superiority. Mr. Miller approached Mr. Robinson after the speech, and was told by the Ambassador to "shove off, kid" in response to a question about the perceived Soviet threat (*Toronto Star*, April 24).

Government reaction to some of Mr. Robinson's statements came from Defence Minister Gilles Lamontagne on April 27. The *Citizen* April 28 said that Mr. Lamontagne told reporters after a House of Commons External Affairs and National Defence Committee that the Ambassador "should know better than to criticize the country he is in." The *Citizen* reported that Mr. Robinson has also attacked Canada's metric conversion program, saying it could adversely affect Canada's trade with the United States.

The furor surrounding Mr. Robinson resurfaced after a speech he gave to the Canadian Club of Hamilton May 11. The *Citizen* May 12 reported that Mr. Robinson told the Canadian Club that he believes that Canada spends too

much on social services, but Americans are pleased that Canada has increased its military spending eighteen per cent. Mr. Robinson liked the November 12 budget for two other reasons; it did not extend the National Energy Program and it did not expand the Foreign Investment Review Agency, the *The Citizen* reported.

Mr. Robinson's comments again aroused Pauline Jewett. In an NDP press release, Miss Jewett was quoted as saying: "The Ambassador interferes too much in Canadian affairs, has too many opinions, is insulting and patronizing to this country and its people." In calling for Mr. Robinson's resignation, Miss Jewett said that he "is unable or unwilling to learn the rules of diplomacy or understand his role in Canada. It seems the only message he can understand is his message to a *Toronto Star* reporter, 'Shove off, kid!'"

External Affairs Minister Mark MacGuigan was asked by NDP leader Ed Broadbent in the House of Commons May 13 what action the government was prepared to take to ensure that these incidents involving the US Ambassador do not happen again. Mr. Broadbent pointed out that two former US Ambassadors to Canada had stated that they did not believe in using a public forum to criticize Canadian policies. An Ambassador's role, when he has differences with the government of a country, is to express those differences through "quiet, diplomatic channels," ex-US Ambassador to Canada William Porter had been quoted as saying in a May 13 *Citizen* article.

Mr. MacGuigan's response amounted to a "mild rebuke" (*Globe and Mail*, May 14). Mr. MacGuigan told the House of Commons: "There are some instances which, from time to time, could be considered borderline. In those cases, by and large, I think it is better that those be dealt with, as long as they are borderline, by the normal political and free speech process of this country."

A report in the *Toronto Star* said that Mr. Robinson denied in a May 28 telephone interview that he had criticized Canada's spending on social services. Mr. Robinson also said that he believed it was proper of him to urge Canadians to spend more on national defence, according to the May 29 *Star* article.

Acid Rain: Criticism of NEB Decision

A National Energy Board (NEB) approval of an Ontario Hydro request to sell coal-generated electricity to the US prompted both federal Liberal and Opposition spokesmen to argue that the federal Cabinet should not give approval to the sale. The multi-million-dollar sale of electrical power to Jersey Central Power and Light, a subsidiary of General Public Utilities (GPU), was approved by the NEB April 27. A certificate issued to Ontario Hydro by the NEB authorizes the construction and operation of a 300-kilovolt, direct-current interconnection to run 103 kilometres under Lake Erie from Nanticoke, Ontario, to a site near Erie, Pennsylvania (NEB news release, April 27). The sale must be approved by federal and provincial cabinets before it is finalized (*Globe and Mail*, April 28). Environmental spokesmen opposed the decision on the grounds that acid rain would be increased because Ontario does not have sufficient acid rain controls. Acid rain is causing environmental and structural damage in large parts of eastern North America.

Three press releases critical of the NEB decision were issued April 27 by individual Members of Parliament from both sides of the House, one of them from Environment Minister John Roberts. At the public hearing on the Ontario Hydro application, Mr. Roberts's department had argued against the project's approval. At the time of the approval, Mr. Roberts said, "I support the export of surplus Canadian electricity to our American neighbors. Exports should be conditional upon the use of adequate pollution controls. I deeply regret the inadequate recognition given by the NEB to the airborne pollution implications of the project, despite the availability of conclusive scientific evidence on the serious impacts of acid rain and the need to reduce SO₂ emissions." The Environment Canada press release stated that Mr. Roberts will be explaining to his Cabinet colleagues the need for an assessment of the adequacy of the control measures before the export licence is approved.

A press release from the office of Ron Irwin (Lib. Sault Ste. Marie; Parliamentary Secretary to Secretary of State for External Affairs) stated that the NEB recommendation was "dangerous, environmentally unsound and economically naive." "The Board has totally ignored the fact that Ontario Hydro is one of the worst emitters of sulphur in Canada, that the increase alone from the transaction is 100,000 tonnes annually and that the witnesses called by Ontario Hydro were unable to answer important questions about real damage that can be expected to our forest, fish and crops." The press release pointed out that "Ontario is embarking on a double standard with a vengeance," since the Ontario government is critical of the lack of US emission controls. The approval of the project undermines the efforts of Canadians to press for US controls, the press release stated.

Progressive Conservative Environment Critic Tom McMillan (Hillsborough) issued a statement April 27 which said that the NEB decision "flies in the face of strong representations made by the federal Department of Environment that Ontario Hydro's plans will greatly increase acid rain-causing emissions. In the event the Cabinet confirms the Board's decision, the [Environment] Minister should resign since his moral authority on the acid rain problem will have been completely destroyed."

The *Globe and Mail* April 30 reported that further political repercussions could result if the Cabinet approves the electricity sale. An aide to US Democratic Representative Toby Moffett told reporters that US politicians, like Mr. Moffett, who are fighting for tougher acid rain controls, will be hampered if the project goes ahead. He was quoted as saying, "The political climate would not be favorable to acid rain legislation if there was an action by the Canadian government which appeared to omit strict acid rain controls."

Prime Minister Pierre Trudeau was questioned in the House of Commons May 27 by George Hees (P.C. Northumberland) regarding Cabinet consideration of the NEB recommendation. Mr. Trudeau told Mr. Hees that the matter had not yet come before full Cabinet, but that the ministers responsible for the environment and energy were discussing the matter with the intention of "bringing a joint position to Cabinet." Mr. Hees told the Prime Minister that the

government should face up to its responsibility to convince the US government and the people of Canada that it is willing to adopt the same anti-pollution measures it has been so strongly urging the US to adopt.

International Joint Commission Decision

A Seattle utility company was ordered April 28 to delay its plans for a year to raise the height of the Ross Dam on the Skagit River south of the Canada-US border. The raising of the dam by Seattle City Light to generate electric power for that city would result in the flooding of 5,000 acres of the Skagit Valley in a prime wilderness area in B.C.

The decision was made by the International Joint Commission (IJC), a Canada-US agency which investigates and helps settle boundary, lake and river disputes, after three days of discussions in Ottawa. In its ruling, the IJC said that it will appoint a mediation board to try to negotiate a settlement between the province of British Columbia and Seattle over the next year. The IJC decision stated that appropriate compensation in the form of money, energy or any other means should be made to Seattle for the loss of a valuable and reliable source of electric power if the Ross Dam project is not completed.

Concern over Canada's representation on the IJC was the subject of questions and debate in the Senate April 29 and May 6. Canada had only two commissioners on the Committee due to a vacant seat at the time of the ruling, while the US had three.

Similar concern had been expressed April 23 in a press release issued by Ray Skelley (NDP Comox-Powell River). Mr. Skelley noted that Canada has fallen short of its obligations to the IJC, and must fill the vacant seat to insure equal representation on upcoming environmental disputes.

Chemical Pollution

Canadian environmentalists say that an agreement approved April 30 between the US government and Hooker Chemicals and Plastics Corp., located near Niagara Falls, NY, represents "the death warrant for Lake Ontario in ten or twenty years." The *Globe and Mail* May 1 reported that under the agreement, about 80,000 tonnes of toxic chemicals will be left to leak from a dump site into the Niagara River and then into Lake Ontario. Four million Canadians obtain drinking water from Lake Ontario.

Environmental groups such as Pollution Probe had received the support of Environment Canada officials in the year-long effort to prevent the chemical dumping decision (*Globe and Mail* May 1).

Bar Associations Want Dispute Mechanisms

"The leaders of the Canadian Bar Association (CBA) and the American Bar Association (ABA) have re-affirmed their commitment to CBA-ABA recommendations covering trans-frontier pollution and the arbitration of Canada-US treaty disputes," a Canadian Bar Association press release May 20 stated. The announcement followed a May 15 meeting of leaders of the CBA and ABA in Chicago. A joint statement issued by CBA President Paul Fraser and ABA

President David R. Brink said that "the need for a recognition of the rule of law and application to the relations between states is ever more apparent. If the United States and Canada, bound by long ties of common interest and friendship and sharing similar domestic legal traditions, cannot demonstrate that the law may be used to resolve legal disputes, it can hardly be expected that the rest of the world will follow a similar course." The press release stated that both the CBA and the ABA agreed to urge their governments to give serious study to the recommendations. If implemented, the recommendations would ease access to domestic courts in both countries to deal with trans-frontier pollution, and create a mechanism for the arbitration of disputes.

Canada-US Relations Conference

"Growing strain" in Canada-US relations was the subject of a meeting between "thirty-seven political, corporate and academic heavy-weights" from both countries who gathered in Toronto for three days in early May (*Globe and Mail*, May 6). The group participated in talks about offshore boundaries, US monetary policy, Canada's National Energy Program, the Foreign Investment Review Agency, environmental issues, and other points of contention between the two countries. Participants from both countries talked about furthering mutual understanding regarding US "protectionist" and Canadian "nationalistic" policies which have created tension on both sides of the border. Many of the participants suggested that a yearly summit meeting between the Canadian Prime Minister and the US President would be a good platform for ironing out any diplomatic creases, according to the *Globe and Mail* article.

The *New York Times* May 9 reported that the meetings were organized by the Columbia University Graduate School of Business and by an international federation of accountants and management consultants whose partners detected growing tensions between the US and Canadian clients recently.

Broadcast Law Dispute

A six-year-old Canadian broadcast law was attacked by US trade official William Brock, who wanted the US to retaliate with a similar law. In May Mr. Brock accused Canada of being intransigent on a dispute involving Canadian tax laws which denies Canadian income tax deductions for advertising carried on US radio and television stations but aimed at audiences north of the border. The 1976 law was "designed to keep advertising revenues in Canada and to help develop Canada's film and broadcast industries and protect and enrich Canadian culture" (*Globe and Mail*, May 15).

On May 14, Mr. Brock urged US senators in Washington to pass a law which mirrors the Canadian law. Washington Republican Senator Slade Gordon said that such a law "would send a strong message to the Canadian government and to our other trading partners that we will not tolerate trade practices which prevent American businesses from competing in the world marketplace" (*Globe and Mail*, May 15).

In a speech to the National Press Club in Washington May 19, Mr. Brock again expressed his discontent with the Canadian tax laws, calling such trade conflicts between Canada and the US "just as stupid an exercise" as the war over the Falkland Islands (*Globe and Mail*, May 20).

US Complaints to GATT

The US is considering asking the Council of the General Agreement on Tariffs and Trade (GATT) to examine Canada's National Energy Program legislation and the Canada Oil and Gas Lands Administration. The US government claims these policies discriminate against foreign investment, according to a *Globe and Mail* report May 12. Canada's Foreign Investment Review Agency is already being examined by GATT as a result of the US allegation that it violates the international trade rules established by the GATT.

The US administration has been critical of Canadian policies which promote Canadian control of industries. This attitude exists in the US Congress, which has been examining proposed bills that call for "bilateral sector-by-sector retaliation against countries whose trade laws are less open than those in the US" (*Globe and Mail*, May 20).

Bombardier Subway Contract

Bombardier Inc. of Montreal signed a letter of intent May 18 to supply the Metropolitan Transportation Authority of New York City with 825 subway cars valued at one billion dollars. The *Globe and Mail* May 19 reported that Bombardier said that the transit authority based its selection on the company's ability to fill the order within the required period of time, its ability to conform to specifications and competitive pricing. Another factor mentioned was the provision by Canada's federal Export Development Corp. to provide a low-interest loan to the purchaser. If signed the contract will create 15,000 man-years of work over five years in La Pocatière and Valcourt, Quebec. A *Citizen* report May 19 called the agreement of intent "the largest-ever Canadian manufacturing export contract."

On May 25, newspaper reports said that an unsuccessful competitor for the contract, Budd Co. of Troy, Michigan, intended to take legal action to block the Bombardier contract. On May 27 it was reported in the *Citizen* that the US Senate Finance Committee had taken up the case of Budd Co. A US Senate Committee hearing May 28 into the transit contract was part of an inquiry into whether Canada's interest rate subsidies were "actionable under US countervailing duty law." Under US trade law, "the government could slap a penalty levy on the imported Bombardier car components if the commerce department or the US International Trade Commission ruled that the Canadian loan to New York included a subsidy and Budd suffered financial injury as a result" (*Citizen*, May 27).

On May 29 it was reported that the US government officials at the hearing warned that they will press legal sanctions against the proposed purchase "unless the Canadian government backs away from a pledge to finance part of the deal with a cut-rate loan." Deputy Secretary of the US Treasury R.T. McNamar called Canada's credit terms "pure folly," and said the deal was in violation of an

OECD accord. He told the Finance Committee, "I do not know how Canadian taxpayers look at this, but I would find it hard to justify such a subsidy out of the American taxpayer's pocket." The export subsidy, valued at \$288 million, was questioned by opposition members in the House of Commons May 19.

Lumber Exports

A US senator's statement to the US Senate Committee on Finance regarding the importation of Canadian softwood prompted NDP forestry critic Lyle Kristiansen (Kootenay West) to express concern about what he called "unjustified remarks." An NDP press release April 23 quotes Mr. Kristiansen as saying that Republican Senator Bob Packwood of Oregon had misrepresented the tone and content of a US International Trade Commission report to which he had privileged access. Senator Packwood had charged that Canadian lumber imports to the US were increasing, even though the report, which is based on US Department of Commerce official statistics, clearly stated that US softwood imports from Canada dropped steadily from 1978 through 1981, Mr. Kristiansen said. The US inquiry was considering recommendations to impose import restrictions on Canadian softwood.

In the House of Commons April 22, Mr. Kristiansen demanded of Minister of International Trade Ed Lumley that the government "move to protect Canada's legitimate interests in the forest sector and correct the public misunderstandings which are being created by widespread US reports of Senator Packwood's remarks."

The subject of the US inquiry into the importation of Canadian lumber was raised again in the House of Commons May 27. In response to a question, Mr. Lumley told the House that the government had monitored the US hearings very closely, and that information presented "shows there is no evidence that Canadian firms were dumping in the US." The US hearings closed without recommendations, leaving the decision to the US administration and politicians.

Trucking Dispute

US truckers say they can't get into Canada as easily as Canadian truckers enter the US, the *Globe and Mail* reported. The April 2 article says that US trucking companies have asked the US Interstate Commerce Commission to consider their problems before registering Canadian truckers. Until 1980, when US trucking rules were being liberalized, most freight trucked between the two countries was transferred at the border. According to the *Globe and Mail* report, more than 400 Canadian companies have taken advantage of the US deregulation policy which allows the operation of single-line services between Canadian and US points.

The *Financial Post* (April 2) said that the US truckers want Canadian entry controls relaxed to match their own. Under Canadian regulations, US carriers seeking an operating licence must first satisfy the demands of the Foreign Investment Review Agency (FIRA) and then, like domestic truckers, prove to provincial transport boards that their services would benefit the public (*Financial Post*, April 2).

The *Globe and Mail* (April 2) reported that several Canadian trucking companies say there is no discrimination against US carriers seeking to do business in Canada.

US Auto Workers' Concessions

An agreement made by the US United Auto Workers (UAW) union to trade off wage and benefit demands for job and income security has "driven a wedge between the Canadian and US sections of the union" (*Globe and Mail*, April 16). The Canadian auto workers say they won't "march backward" to give cost relief to auto companies who have suffered because of "high level incompetence." Instead, the Canadian UAW want the federal government to introduce legislation to enforce a minimum of eighty-five percent Canadian content in automobiles imported from overseas. The union takes the position that job security rests on government measures to stimulate the economy, not in the sacrificing of wages. (See this issue, BILATERAL — Japan.)

Only fifty-two percent of the US auto workers supported the concessions agreed to in April. The Canadian UAW intends to fight against any wage and benefit concessions when they go to the bargaining table in the fall (*Globe and Mail*, April 26, May 10, 12 and 20).

Rapid Transit Contract

Ontario's Urban Transport Development Corporation (UTDC) signed a contract April 23 to build a rapid transit system in Detroit's downtown core (*Citizen*, April 24). Ontario Premier William Davis was reported to be "jubilant" when he announced the \$110 million contract in the Ontario legislature on April 23, while opposition spokesmen were reported skeptical. Liberal opposition leader David Peterson said that the technical soundness of the system has been questioned by experts, and NDP deputy leader Jim Foulds pointed out that Detroit has a poor credit rating, the *Citizen* reported (April 24).

Telesat Anik D Satellite

Telesat Canada's twenty-four-channel Anik D 1 communications satellite was officially delivered to Telesat Canada by its builder, the Canadian firm Spar Aerospace on May 18 near Ottawa. "The biggest commercial spacecraft ever put into orbit by Canada" is due to blast off from the Kennedy Space Center in Florida August 12, atop a NASA Delta rocket (Telesat news release, May 21). On May 3 the Canadian Radio-television and Telecommunications Commission announced the approval of a deal to lease six of the satellite's channels to a US firm which will "provide data communications services to business and industrial customers, video conferencing and broadcast services to clients in the US." The deal is expected to be worth at least ten million dollars a year (*Globe and Mail*, May 4).

Offshore Technology Conference

Canada's offshore technology was displayed between May 3 and 6 in Houston, Texas. Thirty-one Canadian firms

promoted their products and services, covering the complete range of offshore hydrocarbon exploration and production activity, at the Offshore Technology Conference (External Affairs press release May 3).

Minister of Energy, Mines and Resources Marc Lalonde addressed the conference May 4. His speech focussed on Canada's National Energy Program, which Mr. Lalonde felt had been misunderstood by US investors.

Forest Fire Fighting Agreement

External Affairs Minister Mark MacGuigan announced May 7 that an agreement had been reached between Canada and the US authorizing the direct exchange of forest fire fighting resources among participating departments and agencies of the two countries. Individual Canadian provincial and federal agencies will deal directly with US agencies in exchanging fire fighting resources as the need arises without having to go through complicated channels of approval each time. The agreement involves all provinces except P.E.I., Quebec and Newfoundland, who had chosen to opt out of the federally-sponsored agreement.

Ocean Ranger Inquiry

The cause of the February 15 sinking of the oil rig "Ocean Ranger" was not established during an eight-day US inquiry into the disaster which claimed the lives of all eighty-four crewmen. The "Ocean Ranger" was an American-owned oil rig drilling off the coast of Newfoundland. The inquiry, held in late May in Boston, was attended by two of the Canadian Commissioners who are part of a Royal Commission looking into the disaster. The Royal Commission, set up by the Canadian and Newfoundland governments, is not expected to start hearings until October 1982. The US inquiry will continue its investigations in New Orleans in June 1982 (*Globe and Mail*, April 21; *The Citizen*, May 3).

ALGERIA

Construction of Training Centres

The Minister of State for International Trade, Ed Lumley, announced April 15 that three Montreal firms have been invited by the Algerian government to construct and provide technical and education equipment for thirty-five vocational training centres in Algeria. According to an External Affairs press release, the value of the contracts is about \$125 million, with materials and equipment to be supplied by various companies across Canada. Financing for the training centres will be provided by the Export Development Corporation.

Canada-Algeria Joint Commission

The Minister of State for External Relations, Pierre De Bané, was in Algeria to chair the Second Session of the

Canada-Algeria Joint Commission between April 19 and April 21. The main objectives were to examine bilateral cooperation in economic exchanges and to explore the possibilities of expanding cooperation in scientific and technical areas. Both Canadian and Algerian representatives were reported pleased with the mission, which included negotiations for cooperation in professional training and tourism. Algeria is Canada's most important trading partner in Africa and the Middle East (External Affairs press releases, April 19 and 26).

Wheat Agreement

The minister responsible for the Canadian Wheat Board, Senator Hazen Argue, announced April 20 the signing of a long-term grains agreement with Algeria. The three-year agreement involves the sale of between 500,000 and 700,000 tonnes of durum wheat and a possible 100,000 tonnes of bread wheat annually. Total value of the deal is estimated at close to \$500 million, according to a press release from the office of Senator Argue. The agreement provides a fifty percent increase in the maximum and minimum amounts of grain to be delivered to Algeria annually.

ARGENTINA

Candu Reactor

The Canadian government stood firm during April and May against repeated opposition to its contract to complete work on a Candu reactor in Argentina and to ship nuclear fuel to that country. Opposition MPs registered their concern about the possibility that Argentina would use the nuclear fuel for weapons development as Argentina continued to defend its occupation of the Falkland Islands, and demanded that Canada breach the contract.

Argentina's refusal to sign a 1968 UN Nuclear Non-proliferation Treaty, its refusal to comply with UN resolutions demanding the withdrawal of forces from the Falkland Islands, and the military government's human rights violations led concerned Canadians to speculate that Argentina could not be trusted not to use nuclear fuel to build nuclear weapons (*Calgary Herald*, May 15, *Citizen*, April 17 and 23, *Globe and Mail*, May 27 and 29).

The official government position was to conduct business-as-usual with Argentina with respect to Canada's nuclear export contract, while maintaining sanctions against imports from that country. There were seventy-one Canadian specialists in Argentina putting the finishing touches on the Candu reactor near Buenos Aires, due to start up next year. Three thousand uranium fuel bundles were scheduled to be shipped to Argentina in early June.

Opponents to Canada's fulfilling of the contract believed that Canada should embargo the fuel exports, and recall the Canadians working on the Candu reactor in Argentina. According to opposition MPs, this would thwart or impede any Argentine attempt to start up the reactor and convert its spent fuel for the purpose of nuclear weapons

development. A cancellation would also register support for Britain, which was fighting Argentine forces on and near the Falkland Islands.

The government position was that if Canada breached the nuclear power contract, Argentina would not be bound by its obligation to use Canadian nuclear technology and fuel only for peaceful purposes. The government also argued that such a move would jeopardize any future contracts between Canada and Argentina, and make other prospective buyers of Candu reactors skeptical of Canada's reliability.

In the House of Commons May 26, Mark Rose (NDP, Mission-Port Moody) reported that the Council on Hemispheric Affairs, a Washington-based human rights research group, had a day earlier condemned Canada's decision to continue supplying Argentina with nuclear fuel, calling the decision "cynical economic opportunism" and "irresponsible and reckless."

External Affairs Minister Mark MacGuigan announced May 28 that Canada would insist upon tougher safeguard rules in any future sales of nuclear material to Argentina. He told reporters that the new rules will include a ban against using any uranium — even non-Canadian uranium — for weapons, according to the *Citizen* May 29. The announcement does not affect the current contract.

On May 31 Donald Munro (P.C., Esquimalt-Saanich) told the House of Commons that Saint John dockworkers had refused that day to load nuclear bundles which were to have been shipped to Argentina. His motion to commend the dockworkers failed to get the required unanimous consent.

AUSTRALIA

Visit of Australian Prime Minister

Australian Prime Minister Malcolm Fraser visited Ottawa May 19 to talk with Prime Minister Pierre Trudeau about the economic concerns to be presented at the Versailles Economic Summit in June. During their talks, the two Prime Ministers focussed on broad multilateral, economic and political problems.

BELGIUM

Visit to Belgium

External Affairs Minister Mark MacGuigan visited Belgium May 18 and 19 to talk with the Belgian Ministers of Foreign and Economic Affairs. The Belgian Minister of Foreign Relations, Mr. Léo Tindemans, is also the President of the Council of Ministers of the European Economic Community. Mr. MacGuigan and Mr. Tindemans discussed

bilateral and foreign policy issues, including Canada's relationship with the European Community.

CAMEROON

Canada-Cameroon Mixed Commission

The First Joint Session of the Canada-Cameroon Mixed Commission was held in Yaoundé, Cameroon, between April 28 and 30. Canada's interests were represented by an official delegation headed by Minister of State Serge Joyal. An official trade mission of sixteen Canadian businessmen accompanied the delegation.

The Commission was co-chaired by Mr. Joyal and Cameroonian Minister of Economy and Planning, Mr. Bello Bouba Maigari. Official discussions focussed on the assessment of recent commercial and cultural exchanges between the two countries. Both delegations were reported pleased with the results. Further identification of priority sectors took place, resulting in a mutual commitment to future cooperation. Four agreements, totalling six million dollars, were signed during the visit.

An invitation to Cameroonian President H.E. Ahmadou Ahidjo to visit Canada was extended and accepted during the Canadian visit. Mr. Ahidjo was in Ottawa between May 25 and 29 on an official visit.

CHINA

Trade

Trade between Canada and China was the subject of bilateral talks during the last week of April. China's National People's Congress member Xu Dixin was in Canada during that week to talk to Canadian government officials, exporters and importers. China, Canada's seventh largest trading partner, would like to increase sales of textiles, machinery and processed foods to Canada, according to a May 1 *Citizen* article.

A three-year wheat sale agreement with China worth \$2.25 billion was reported May 6 in the *Globe and Mail*. The agreement replaces a previous three-year agreement which expires July 31.

EGYPT

Nuclear Agreement

An agreement which "allows the initiative of cooperation" between Canada and Egypt in the development of nuclear energy for peaceful purposes was signed in Ottawa May 17. Minister of Energy, Mines and Resources Marc Lalonde signed on behalf of Canada and Egyptian

Minister of Electricity and Energy Mr. Maher Abaza signed on behalf of Egypt. Mr. Abaza was in Ottawa on a week-long visit to Canada. According to a Government of Canada press release May 17, the agreement "paves the way for cooperation in such areas as the possible supply of CANDU reactors to Egypt, the supply of uranium to be used as fuel, the implementation of joint nuclear research projects and the application of nuclear energy to fields such as agriculture, industry and medicine." In addition, the agreement facilitates exchanges of experts, technicians and specialists related to the development of nuclear energy.

On May 12 the *Globe and Mail* reported that the intention to sign the agreement represented "the first indication that Ottawa had reversed its long-standing ban on selling nuclear technology to the politically unstable Middle East." The *Globe and Mail* article stated that anti-nuclear groups condemned the move, and had accused Ottawa of taking unnecessary risks in an attempt to prop up the ailing domestic nuclear industry.

EL SALVADOR

Report of Unofficial Election Observers

Progressive Conservative MPs Sinclair Stevens (York-Peel) and Robert Wenman (Fraser Valley West), who visited El Salvador as unofficial election observers in late March, appeared before the House of Commons Subcommittee on Canada's relations with Latin America and the Caribbean April 27. The observers engaged in debate with sub-committee members who were not of the same opinion that the elections were free and fair.

Four members of the sub-committee had returned to Canada and released a statement March 2 which said that in their judgement, the electoral process in El Salvador was gravely flawed. During the April 27 meeting, Mr. Stevens told the members that "the flaws you referred to were perhaps misunderstandings or misinformation." Both sides questioned each other's findings and viewpoints until "temperatures reached the boiling point" during an exchange between Pauline Jewett (NDP, New Westminster-Coquitlam) and Mr. Stevens (*Globe and Mail*, April 28).

FRANCE

Visit of French Minister of State for External Trade

French Minister of State for External Trade, Michel Jobert, was in Canada in early April to talk about expanding trade and investment flows between France and Canada. In a *Financial Post* interview published April 3, Mr. Jobert pointed to Canada's banking laws as an impediment to trade and investment. Canada has had a trade

surplus with France in the past two years (*Financial Post*, April 3).

St. Pierre & Miquelon

French Senator Marc Plantagenest, who represents the islands of St. Pierre & Miquelon, wrote in the Paris daily *Le Monde* that he fears that the French islands off the coast of Newfoundland could become "the Falklands of the North Atlantic" (*Globe and Mail*, April 20). Although Mr. Plantagenest said it was "hardly likely" that Canada would invade the islands, he noted geographic similarities between the Falklands and St. Pierre & Miquelon. The French islands fall within Canada's economic zone, and oil and gas deposits have been found in the area. According to a *Globe and Mail* report (April 20), Mr. Plantagenest suggested that the political status of the French islands be changed to take them out of the sphere of the European Economic Community, removing a major stumbling block to a negotiated settlement on the boundary waters. Presently, the islands are considered part of the EEC and Canada fears that fishing fleets of common market countries would have access to the area, Mr. Plantagenest was quoted as saying (*Globe and Mail*, April 20).

Visit of French Premier Mauroy

According to media reports, French Premier Pierre Mauroy was successful in his expressed attempt to "navigate between the maple leaf and the fleur-de-lis while trying not to make waves" during a visit to Canada between April 22 and April 27.

Mr. Mauroy's itinerary included visits to Ottawa, Toronto and Moncton before ending his trip in Quebec. There he visited Chicoutimi, Montreal and Quebec City. Economic cooperation was the focus of Mr. Mauroy's talks with businessmen and federal ministers. He also met with premiers and francophone groups from Ontario, New Brunswick and Quebec. Prime Minister Trudeau stated April 24 that relations between Canada and France had not been "especially affectionate" since 1967, the year when Charles de Gaulle shouted "Vive le Québec libre" in Montreal (*Citizen*, April 24). Mr. Mauroy's visit was devoted to making relations more realistic and normal (*Toronto Star*, April 24).

Discussions between Prime Minister Trudeau and the French Premier touched on areas such as telecommunications, aeronautics and energy with the aim of increased industrial cooperation and a doubling of trade between the two countries (*Citizen*, April 24). The fishing rights dispute involving the French islands of St. Pierre & Miquelon and Canada over the overlapping 200 nautical mile economic zone was discussed by Prime Minister Trudeau and Mr. Mauroy, leaving both leaders "optimistic that a solution is within reach." Talks are expected to intensify during the next few months (*Citizen*, April 24).

The cultural and language ties between francophone Canadians and France were acknowledged by Mr. Mauroy in his visits to Quebec and with francophone groups in Ontario and New Brunswick. He spoke of continuing and strengthening France's special relationship with Quebec,

without becoming involved in Canada's internal difficulties (*Citizen*, April 24). Several agreements between France and Quebec were signed by the French Premier and Quebec Premier René Lévesque. The biggest contract was signed between Hydro-Quebec and the French consortium Pechiney Ugine Kuhlmann. The 25-year contract is for a proposed aluminum smelter in the Trois Rivières area, which, contingent upon a feasibility study, will produce 220,000 tonnes of aluminum annually. The contract includes a guarantee that hydro rates for Pechiney will not go up more than ten percent a year for the first twenty years (*Globe and Mail*, April 26).

During a luncheon attended by 200 businessmen in Montreal, Mauroy explained the goals of the economic summit to be held in Versailles, France, in early June. The main challenge will be to strengthen the solidarity among the economies of the western world. Mr. Mauroy especially directed criticism at US high-interest-rate policies which he said have resulted in a slow-down in investment, companies in financial trouble, and a relentless increase in unemployment (*Globe and Mail*, April 27). Western leaders, including Prime Minister Trudeau, will be attending the summit to discuss a global economic recovery program.

GREECE

Official Visit to Greece

Governor-General Edward Schreyer and Minister of State for External Affairs Pierre De Bané visited Greece late in May. Mr. De Bané announced from Athens May 19 that Canada will increase exports of military hardware and technology to Greece. The Greek Defence Minister will be in Canada in June to discuss the arrangement, which is reported to be a move to decrease Greek dependence on US-supplied military hardware (*Globe and Mail*, May 20).

HONG KONG

Trade Centre

A Toronto firm won an international competition to design a US\$350 million trade centre in Hong Kong. The *Globe and Mail* May 18 stated that the complex could be of importance in negotiations with China for the renewal of the British colony's lease, which expires in 1997.

HUNGARY

Power Station Contract

The "first major breakthrough by a Canadian company into the Hungarian market for industrial goods" was made by Velan Inc., of Montreal, according to an April 21

External Affairs press release. Velan Inc., manufacturers of a wide range of valves, won the contract to supply a special type of valve required by a nuclear power station to the Hungarian Power Investment Company. The agreement is valued at approximately \$5.6 million.

INDONESIA

Contracts for Road Building Equipment

Canadian Commercial Corporation, a contractor on behalf of Canadian companies, will award forty contracts worth approximately \$15 million to twenty-three Canadian suppliers of road-building equipment on behalf of the Government of the Republic of Indonesia. Minister of Trade Ed Lumley announced April 26. The equipment will be used for highway construction on the Northwest coast of Sumatra, according to a Department of External Affairs press release. Financing is from a loan from the Canadian International Development Agency (CIDA) to the Government of Indonesia.

IRAQ

Ambulance Contract

The Iraqi Minister of Health awarded a contract on May 17 to Paul Demers et Fils Corp. of Beloeil, Quebec to supply 200 ambulances to Iraq. An External Affairs press release that day stated that the four million dollar agreement is in addition to a previous contract awarded to the same company to supply 350 ambulances to Iraq.

JAPAN

Auto Import Quotas

A one-year agreement on Japanese car imports to Canada expired April 1 with no extension or replacement. Recent negotiations between Canada and Japan had been unsuccessful (See "International Canada," March 1982, in *International Perspectives*, May/June, 1982), leading interested parties in April and May to express concern for the Canadian auto industry.

The Toronto *Star* reported April 24 that Pierre Deniger (Lib., Laprairie) and David Weatherhead (Lib., Scarborough West) told the House of Commons Standing Committee on Finance, Trade and Economic Affairs April 23 that since they did not believe that Canada would get a voluntary agreement from Japan, International Trade Minister Ed Lumley should impose quotas or other measures to control Japanese auto imports. According to the *Star* report, Mr. Lumley said that he would wait for a "specific

unequivocal 'no' to Ottawa's request for new, voluntary import restrictions, to include trucks, before pushing measures which might cause Japan to retaliate by imposing tougher barriers to Canadian imports.

The *Globe and Mail* April 26 reported that Ontario Treasurer Frank Miller supported the United Auto Workers and industry representatives who wanted Japanese autos to be limited to fifteen percent of the Canadian market. The auto workers also wanted Japan to increase its imports of Canadian auto parts until April 1984. After that date Japanese auto exports to Canada would have to meet Canadian content requirements.

The Consumers Association of Canada announced May 12 that import quotas on Japanese cars were not in the consumer's interest. As well as causing prices to increase on Japanese cars, reduced supply would "also violate the principle of consumer choice," a press release from the association stated.

Mr. Lumley met with Japanese Minister of International Trade, Shintaro Abe, following the OECD meeting in Paris May 10, to press for bilateral agreements respecting trade. As well as being exporters of large numbers of automobiles, Japan maintains strict import barriers which have effected Canadian exports such as lumber. Although Mr. Lumley was not able to negotiate an agreement with Japanese representatives at the Paris meetings, he told the House of Commons May 17 that "some progress was made." Pressed for details by Derek Blackburn (NDP, Brant), the Trade Minister said that "if the hon. member wants a positive conclusion to the negotiations, I do not think that this is the place to discuss them." Mr. Lumley said that the Japanese had indicated at the OECD meeting that they would announce further import liberalization measures prior to the June Versailles Summit.

Those announcements came May 28. A news release from the Embassy of Japan included a statement by Japanese Prime Minister Suzuki asking Japanese businessmen to "extend a welcoming hand to foreign manufactured goods and investments." Measures for the further opening of the Japanese market include a relaxation of import restrictions such as import quotas on certain items, and a reduction or elimination of 215 import tariffs, covering a wide range of industrial and agricultural products.

The announcements did not pacify opposition MPs. A letter from Derek Blackburn to Prime Minister Trudeau May 31 said: "Because of the deep crisis in the Canadian auto parts industry, which I remind you is the largest auto employer in our country, I urgently request that you take the toughest possible stand in a face-to-face bilateral meeting with Japanese Premier Suzuki during the Versailles Summit. Specifically, I request that you demand eighty-five percent Canadian content on all Japanese cars and trucks or if the Japanese again refuse, a fifteen percent quota on Japanese imported cars and trucks." Mr. Trudeau responded to such demands in the House of Commons the same day by saying he did not want to promise to take that kind of protectionist attitude, but was happy to take notice of the questions.

Further debate in the House of Commons May 31 centered around reports that the shipment of Japanese cars into Canada had been almost halted because of tougher Canada Customs inspections off the west coast.

Regarding the customs delays, Benno Friesen (P.C., Surrey-White Rock-North Delta) said that "the guerrilla tactics adopted by the government are an amateurish and chicken-hearted reaction to the [International] Trade Minister's total inability to negotiate with the Japanese." Ed Lumley later told the House of Commons that "until such time as we arrive at a satisfactory settlement we feel there is no alternative, and therefore we have asked Canadian Customs to strengthen customs procedures at the point of entry. That is not something we want to do, as we had hoped to arrive at a mutually satisfactory decision. Unfortunately, that has not happened to date."

MEXICO

Nuclear Energy Bid

A possible sale of Candu nuclear reactors to Mexico may be jeopardized by austerity measures announced by that country late in April, the *Globe and Mail* reported May 17. On April 21, Mexican Ambassador to Canada Agustin Barrios Gomez had said that the measures will not affect the nuclear energy program, but later reports from observers in Mexico differed. One explanation was offered by a West German Minister, who told reporters that "No decision has been taken, but my assumption is that the entire nuclear program will be delayed," after meeting Mexican President José Lopez Portillo (*Globe and Mail*, May 17). Canada is prepared to lend Mexico the necessary funds to make the nuclear reactor sale. Atomic Energy of Canada has already spent between ten and twenty million dollars in bidding to develop nuclear plants in Mexico, the *Globe and Mail* article said.

In the House of Commons May 19, Mark Rose (NDP, Mission-Port Moody) disputed Canada's policy of financing foreign nuclear megaprojects. He called the Mexican bid "just another in the long list of fruitless mega-write-offs of the taxpayers money." On May 31, Prime Minister Trudeau told the House of Commons that he does not consider the Mexican contract bid lost or doomed by the Mexican government's decision to postpone the date of decision of a nuclear reactor.

POLAND

Canada's Policy

The Progressive Conservative Party attacked Prime Minister Trudeau in the House of Commons twice during May for taking only "mild and ineffective measures" against the military government in Poland.

On May 4, Geoff Scott (P.C., Hamilton-Wentworth) moved that "this House censures the Prime Minister of Canada for his approval of martial law in Poland." On May 17, Progressive Conservative External Affairs critic John Crosbie (St. John's West) presented a motion that "this

House resolves, since both the Canadian and Polish governments signed the Helsinki Accord, the Canadian government is morally and legally obliged to defend human rights now suspended in Poland; moreover, that the Canadian ambassador to the United Nations raise the issue of Poland at the United Nations debates; that the Canadian government, using moneys put away for Poland, finance a national or international delegation of accountability to verify whether indeed Canadian food exports to Poland are reaching the people; and finally, that the Canadian government replace the present symbolic and ineffective sanctions with more meaningful ones and therefore implement a full range of trade, diplomatic and cultural sanctions against Poland and the Soviet bloc until the state of war is lifted in Poland and human, citizen and trade union rights are reinstated."

Later in the House May 17, Prime Minister Trudeau responded to a question by Mr. Crosbie about the government's alleged lack of support for the repressed Polish Solidarity movement. Mr. Trudeau explained that Canada's policies are intended to help the people of Poland. He explained that "while on one hand we condemn the [Polish] government, the use of martial law and the slowness in the reconciliation process, we attempt to help the people of Poland. That is why, in the food area for instance, we have extended very large credits. We are reluctant to do what the hon. member seems to suggest, namely, using punitive measures against the government, because that would really be a burden on the backs of the Polish people." Canada had also suspended academic exchanges with Poland, restricted movements of Polish diplomats and refused to extend commercial credits for goods other than food as a protest against martial law.

ROMANIA

Visit of Governor-General to Romania

Governor-General Edward Schreyer visited Romania between May 11 and 14 to discuss economic cooperation between the two countries, particularly in the nuclear energy field (*Globe and Mail*, May 11). Romania had received a Canadian Export Development Corporation loan to finance the purchase of two Candu nuclear reactors. The purchase of a third reactor was discussed during talks between Mr. Schreyer and Romanian President Nicolae Ceausescu. Mr. Ceausescu may visit Canada this fall (*Globe and Mail*, May 17).

THAILAND

Amnesty

A broad amnesty granted by the King of Thailand May 5 has resulted in the reduction of prison sentences for three of the nine Canadians serving time in Thai jails. All three

were convicted of drug possession (*Globe and Mail*, May 8 and 13).

TURKEY

Attempted Assassination

A Turkish diplomat was attacked and shot twice in Ottawa on April 8 by an unknown assailant. In an External Affairs press release, External Affairs Minister Mark MacGuigan condemned the terrorist act. An organization called the Armenian Secret Army for the Liberation of Armenia claimed responsibility for the attempted assassination of the diplomat, Mr. Kani Gungor.

Armenian Demonstration

A demonstration outside the Turkish Embassy in Ottawa attracted about 1,500 Armenians on April 24 (*Citizen*, April 26). The Armenians charged Turkey with "genocide" in the 1915 occupation of Armenian territory in which much of the Armenian population was killed. The demonstration was to enlist support for the Armenian nationalist demand for the return of Turkish-occupied territories.

CLC Protest

Dennis McDermott, President of the Canadian Labour Congress (CLC), called upon Canadian trade unionists to observe May 1, the international Labor Day, by appealing for the release of fifty-two Turkish trade union leaders. In a CLC press release (April 30) Mr. McDermott was quoted as saying that the Turkish union leaders were jailed for "attempting to change the constitution by force" after martial law was proclaimed in Turkey in September 1980, and face the death penalty if convicted. The CLC joins Amnesty International in encouraging Canadians to protest directly to the generals in Turkey.

USSR

Expulsion of Soviet Trade Representative

A Soviet trade representative, Mr. Mikhail N. Abramov, was expelled from Canada after allegedly trying to purchase from a Canadian businessman, and illegally export, fibre-optic and other restricted high technology products. An April 1 press release from the Department of External Affairs stated that "it was pointed out to the [Soviet] Embassy that this is the third such incident in the last four years." These incidents "only serve to raise questions as to the sincerity of the Soviet Government officials in the repeated statements that they wish to improve relations with Canada and develop a useful and mutually profitable working relationship," the statement said.

It was later revealed that the Canadian businessman

was Elton Killan, president of Northumberland Cable Co. Ltd., of Petitcodiac, N.B. Mr. Killan had cooperated with an RCMP security service investigation (*Globe and Mail*, April 3).

Fibre-optic technology involves the transmission of a signal by passing light through a glass fibre. Certain fibre-optic materials and related technology cannot be exported to eastern bloc countries without federal government approval, according to terms agreed upon by NATO (*Globe and Mail*, April 3).

The Embassy of the USSR in Ottawa responded to the action in a press release on the same day, calling the accusations absurd and groundless. The press release stated that Mr. Abromov "has never attempted any illegal procurement of any items of high technology [whose export] is restricted by Canadian law. Equally groundless are accusations that he tried to suborn a Canadian citizen with an alleged offer of large financial payments."

According to the Soviet Embassy statement, Mr. Killam had approached Mr. Abromov with an offer to sell the Soviet Union outdated telecommunications technology, which was refused. The Soviet Embassy concluded that the events surrounding Mr. Abromov's expulsion were

a "carefully planned, crass provocation, seeking to cast a shadow over the activities of a Soviet official" and "to whip up the spyomania campaign." Along with the press release, the Soviet Embassy provided copies of letters between the two men, which it says refute the statement that Abromov was engaged in activities incompatible with his official status.

WEST GERMANY

Exhibit in Berlin

A multi-disciplinary presentation of Canadian art and culture is scheduled to be held at the Akademie der Künste (Academy of Fine Arts) in West Berlin between Dec. 5, 1982, and Jan. 30, 1983. An April 21 External Affairs press release stated that the project is the most ambitious undertaking of its kind mounted abroad by the Department of External Affairs. Along with the Canada Council, External Affairs will coordinate the presentation of visual and performing arts, film and literary readings.

Multilateral Relations

UNITED NATIONS

Law of the Sea

The United Nations adopted a Law of the Sea treaty April 30 after nine years of "the most intensive negotiations in UN history" (*Citizen*, May 1). The Treaty was passed by a vote of 130 to 4, with 17 abstentions. The US, Israel, Turkey and Venezuela voted against the treaty. Abstaining countries included the USSR, Britain and several European countries.

The terms of the Treaty include the legalization of 12-mile territorial and 200-mile economic zones, the establishment of fishing and shipping rights and oil and gas offshore drilling rights. The Treaty also begins to establish a regime for developing deep-seabed mining of nickel, cobalt, copper and manganese (*Citizen*, May 1). This provision was supported by Canada, as it establishes production ceilings which will protect Canadian nickel mining concerns in Sudbury and Thompson.

An editorial in the *Globe and Mail* (May 10) stated that "Canada played a significant role in the lengthy negotiations and Canadian diplomats did an excellent job for their country." Canada was represented by Law of the Sea Ambassador Alan Beesley, who believes that Canadians

have reason to be happy with the main features of the complex agreement (*Citizen*, May 1). For Canada, the treaty "puts an international stamp on Canadian sovereignty in Arctic waters and recognizes our guardianship role over Atlantic salmon," according to the *Globe and Mail* (May 10). Canada will also benefit from the 200-mile fishing zone provision and the rights given to countries over oil, gas and other resources on their continental shelves.

Some opponents rejecting or abstaining from the vote did so in disagreement with the proposal for an international seabed mining authority which would consider seabed minerals to belong to the global community. Since many of the opposing countries are considered major industrial powers, it has been speculated that some may seek a "mini-treaty" to serve their interests in deep-sea mining (*Citizen*, May 1; *Globe and Mail*, May 10). The Law of the Sea Treaty is expected to be signed at a final conference in Caracas, Venezuela, in December 1982.

Namibian Contact Group

Canada's role in a United Nations-sponsored contact group which is working to facilitate the independence of Namibia was questioned during the Canadian Conference in Solidarity with the Liberation Struggles of the People's of

Southern Africa which was held in Ottawa May 7 to 9. At the conference, South West African People's Organization (SWAPO) chief negotiator Hedipo Hamutenya accused Canada of taking part in an alleged US-South African plan "aimed at ensuring continued illegal South African control of Namibia" (*The Citizen*, May 10). Canada, along with the US, Britain, France and West Germany, formed the contact group in 1977 to negotiate South Africa's withdrawal from mineral-rich Namibia. At the Ottawa conference, Mr. Hamutenya repeatedly charged that the contact group had been supporting South African interests by proposing an electoral system for Namibia which would block SWAPO from obtaining the two-thirds majority required for constitutional change, the *Citizen* reported.

NDP foreign affairs critic Pauline Jewett (New Westminster-Coquitlam) asked External Affairs Minister Mark MacGuigan in the House of Commons May 11 to explain why Canada has not protested what she viewed as the unreasonable electoral proposals suggested by the US and South Africa. She told the House that the electoral systems proposed were "contrary to what we should be pressing for in the contact group." SWAPO is only willing to accept a one-person, one-vote electoral system. Mr. MacGuigan responded by saying that while there have been difficulties finding an acceptable electoral system for Namibia, there has been no bargaining in bad faith "on the part of South Africa, and of course not on the part of the United States."

Parliamentarians for World Order

A delegation of five Parliamentarians for World Order, which is a UN-based organization representing twenty-six countries concerned with world peace, released proposals in early May at the end of a week of meetings with government officials in Moscow and Washington. The parliamentarians' chairman, Canadian MP Douglas Roche (P.C., Edmonton South) presented a formal report to the United Nations Secretary-General Javier Perez de Cuellar. The report called for a freeze on production of nuclear weapons by the United States and the Soviet Union, followed by negotiations toward global arms reductions.

UNSSOD II

Canada's position to be taken to the United Nations Special Session on Disarmament between June 7 and July 9 was widely debated in Canada during April and May as disarmament issues became more prominent. (See this issue, POLICY-Defence.) Prime Minister Trudeau and other government representatives will attend the session, along with civil servants and a delegation of fifteen representatives of various non-government organizations that have been active in the disarmament debates (*Toronto Star*, May 8).

Canada's disarmament ambassador, Arthur Menzies, will represent Canada in international negotiations. A *Toronto Star* report May 8 described Mr. Menzies' job as the coordinating of various government policies while keeping in touch with the "views of a growing number of Canadians who are concerned about disarmament." Mr. Menzies said in the *Star* interview that the Canadian government can

only work behind the scenes to "try to influence the two superpowers to get back to the bargaining table and to have confidence in each other."

ORGANIZATION FOR ECONOMIC COOPERATION AND DEVELOPMENT

Regional Development Meeting in Stockholm

Canada joined other Organization for Economic Cooperation and Development (OECD) member countries in Stockholm, Sweden on April 17 to discuss informally regional development policies. Herb Gray, Minister of Industry, Trade and Commerce and Regional Economic Expansion represented Canada and co-chaired the one-and-a-half day meeting (Industry, Trade and Commerce news release, April 19).

Ministerial Meeting in Paris

Allan MacEachen, Deputy Prime Minister and Minister of Finance, and Ed Lumley, Minister of State for International Trade, attended a meeting of the Council at Ministerial Level of the OECD on behalf of Canada in Paris May 10 and 11. The meeting provided an opportunity for finance and trade ministers from the OECD member countries to review the world economic situation and to identify the main elements of appropriate policy responses (External Affairs press release, May 3).

In a speech delivered at the meeting May 10, Mr. MacEachen focussed on the economic recession facing the industrial world. The way to strengthen economies without undermining the fight against inflation is through a reduction in real interest rates in the United States, MacEachen told other OECD ministerial representatives. He said that Washington should reduce its federal deficit so that interest rates in that country can come down, and in turn assist all governments in resisting the pressures for import protectionism resulting from rising unemployment.

Figures released on May 7 had shown Canada's unemployment rate at a post-depression record high. Mr. MacEachen attacked US interest rates in the House of Commons that day, saying that there are limits to what other countries can do "while the key economic solution rests with the main economic partner we all have," the United States.

COMMISSION OF THE EUROPEAN COMMUNITIES

Seal Ban Resolution Questioned

In response to a resolution by the European Parliament March 11 to recommend to the European Commission that the EEC ban seal product imports, the Canadian Government May 17 proposed to the European Commission

that the subject be referred to international experts. A news release issued May 17 by Fisheries and Oceans Canada states that the document on which the European Parliament's resolution was based was found by Canadian experts to be seriously flawed. "The document fails, in particular, to take adequate account of available scientific information concerning the two principal questions on which criticism of the seal hunt is based, i.e. the status of the seal populations and killing methods used in the hunt," the news release stated. The proposal to the European Commission suggests that these questions be referred to the International Council for the Exploration of the Sea and that a special group of experts be established. The Canadian Government maintained that Canada's management of the seal hunt is among the strictest and most humane in the world.

In the House of Commons May 18 Minister of Fisheries and Oceans Roméo LeBlanc said that the "European vote was very much the result of misinformation and misunderstanding. . . good information will solve this matter, not emotion and photography." (See "International Canada," March 1982, in *International Perspectives*, May/June 1982.)

INTERNATIONAL FEDERATION OF HUMAN RIGHTS

Montreal Conference

Delegates from the human rights commissions of nineteen of the twenty-five countries belonging to the International Federation of Human Rights joined non-government delegates from thirty countries at the University of Montreal for a three-day meeting May 22 to 24. The federation passed resolutions to lobby government and para-government organizations to support provisions for international investigations into "disappearances," to support an international charter of rights for prisoners, and to support the creation of a United Nations working group to study the problems of native peoples who wish international recognition as independent nations (*Globe and Mail*, May 25).

AMNESTY INTERNATIONAL

International Labour Day

Amnesty International, Canadian Section (English Speaking), issued an appeal to trade unionists to honour International Labour Day (May 1) by applying pressure on governments who have imprisoned trade unionists. In a

press release May 1, special appeals were requested regarding three "Prisoners of Conscience" in Argentina, South Africa and Turkey. Amnesty International also provided a list of eighty-five trade unionists and workers in twenty-four countries whose cases it has taken up. Amnesty International urged actions such as appeals through letters and telegrams to the government authorities responsible.

Anniversary

The House of Commons unanimously applauded Amnesty International May 28 on the occasion of the organization's twenty-first birthday. The House wished Amnesty International many more years of success in its work to free prisoners of conscience, to halt torture and execution and to seek fair trials for political prisoners.

AGREEMENTS

Tin

Minister of Trade Ed Lumley announced April 21 a Cabinet decision to sign the Sixth International Tin Agreement. Like the previous agreements, its objective is to achieve a long-term balance between world tin production and consumption, and to prevent excessive fluctuations in the price of tin (External Affairs press release, April 21).

VERSAILLES ECONOMIC SUMMIT

Prime Minister

Prime Minister Pierre Trudeau met French President François Mitterand April 17 in Vancouver to discuss the agenda for the seven-nation economic summit to be held in June in Versailles, France. During April and May Canada's hopes for the summit become clearer as economic events in Canada emerged as part of the larger global recession. The government repeated its view that a lowering of US interest rates is crucial for a world economic recovery from the largest recession in decades. Canada, the US, France, West Germany, Italy, Great Britain and Japan will be represented at the meeting of the government leaders. Mr. Trudeau told reporters May 26 that "to me, the most important thing that can happen at the summit is the creation of a climate of confidence" which would put people back to work in other countries and in turn alleviate unemployment in Canada as investor confidence is renewed (*Globe and Mail*, May 27).

Policy

FOREIGN

Falklands

As the British fleet approached the Falkland Islands during April, Canada continued to condemn Argentina's April 2 invasion and continued occupation of the British-owned islands. Canada had hoped for a peaceful settlement of the territorial dispute between Argentina and Britain, but supported Britain's "defensive" actions, which led to armed conflict during May after negotiations between Britain and Argentina, and mediation efforts had failed.

Canada's non-military support of Britain included a decision in early April to place an embargo on Canadian export of military equipment to Argentina. On April 12 the Canadian government also banned all imports from Argentina and suspended export credits to that country. An April 13 External Affairs press release stated that the Canadian government's "principal concern is to contribute to ensuring respect for the United Nations Charter and for the rule of international law, consistent with its conviction that force should not be used to settle territorial disputes."

During May, Canada continued to support Britain as fighting broke out around and on the Falkland Islands. Britain's use of force was considered a justified defensive action against Argentine aggression. The invasion of the islands violated international law and the continued occupation violated UN Resolution 502. On May 15 it was reported that Prime Minister Pierre Trudeau made his "clearest and strongest statement of support for Britain since the beginning of the Falklands crisis" (*Globe and Mail*). Mr. Trudeau had clarified Canada's position at a May 14 press conference. Previous statements made by the Prime Minister regarding the use of force to settle the dispute had been interpreted by the media as not completely supportive of Britain's attempts at re-occupation of the islands. Mr. Trudeau told reporters that Canada is "one-hundred percent behind the British."

The nature of Canada's support for Britain was questioned in the House of Commons throughout the conflict. On May 21, P.C. external affairs critic John Crosbie (St. John's West) asked External Affairs Minister Mark MacGuigan to explain exactly what Canada had done to assist Britain. Mr. MacGuigan replied that "We have met every request which Britain has made of us. We have engaged in extensive consultations with the United Kingdom. . . . We have been in very close consultation with the Secretary-General of the United Nations, and we have made offers of service and offers of facilitation. We gave tentative approval to a peace initiative by Peru, which was stillborn, overtaken by events and by actions of the Secretary-General before it became operative." Canada's commitment to a contract to supply Candu nuclear technology and fuel to Argentina for

peaceful purposes was repeatedly challenged by opposition members throughout April and May. (See this issue, BILATERAL-Argentina.)

Prime Minister Praises Peaceful Sinai Withdrawal

Prime Minister Pierre Trudeau congratulated both Egyptian President Mohamed Hosni Moubarek and Israeli Prime Minister Menachem Begin on their countries' participation in the peaceful withdrawal of Israeli troops from the Sinai desert. In separate letters to the two leaders dated April 25, Mr. Trudeau expressed admiration for the commitment both countries and the United States had shown toward reaching the goal of peace in the Middle East.

Trudeau on World Morality

Prime Minister Pierre Trudeau approached global problems from a philosophical position in his address to graduating students at St. Francis Xavier University in Antigonish May 2. He spoke of the need for a "code of international morality appropriate to the modern world of disorder and insecurity." Tracing the beginning of the erosion of old values back to Copernicus, Mr. Trudeau said that Canadians have not equipped ourselves for the global challenge facing the world. The unique challenges of a modern world cannot be met with the "moral void characteristic of the new age [which is] the root cause of a very troubling awareness that, in our international relations, something is always eluding us. We have not taken hold of our moment in history. We have not seized control of our era." Mr. Trudeau told the students. He urged them to embrace the moral imperative demanded of this age to help forge an organic global society not terrorized by the threat of nuclear war.

Global Food Issues

"Canada and Global Food Issues" was the topic of an April 6 speech given by External Affairs Minister Mark MacGuigan to the Canada Grains Council in Winnipeg. In the address, Mr. MacGuigan discussed the growing relationship between Canada's foreign policy and aspects of food production, trade and global food security.

Mr. MacGuigan pointed out that the basic objectives of the World Food Conference a decade ago — to increase food production in countries where it is most needed; to broaden effective distribution, consumption and nutrition; and to build a better food security system to avoid disruptive wide price swings — still haven't been met. Mr. MacGuigan sees the primary factors working against those objectives as political, not economic or technological.

Mr. MacGuigan criticized the European Economic Community (EEC) for employing policies to maintain internal grain prices well above international levels. Mr. MacGuigan stated that an even greater problem exists from the EEC's use of export subsidies in third markets, which "leads to reduced incomes for producers, such as our own, who rely on the world market for their returns."

Mr. MacGuigan went on to mention areas in which grain trading has been affected by Canada's foreign policy. He stated: "While we recognize that sanctions or embargos generally have a limited economic impact, Canada will not back away from a significant challenge to global stability."

Progressive Conservative Party Policy

Progressive Conservative Party MP Douglas Roche (Edmonton South) was replaced by Sinclair Stevens (York-Peel) as a member of the House of Commons Standing Committee on External Affairs and National Defence. A *Globe and Mail* article May 5 said that Mr. Stevens conceded that his move onto the Committee was directly related to his known views on Central America. Mr. Roche had returned from a visit to El Salvador previous to the recent elections there with the opinion that the elections would not be fair and should not be held. This caused "uneasiness and distress" to the Conservative Party, according to the *Globe and Mail*. Mr. Stevens and fellow Conservative Robert Wenman then travelled to El Salvador as representatives of their party to witness the March 28 elections, and returned with the opposite opinion. Mr. Stevens believes his views are in line with ninety percent of the Conservative caucus, as opposed to the ten percent who would be inclined to side with Mr. Roche, the article said.

P.C. External Affairs critic John Crosbie responded to the *Globe and Mail* article with a letter to the editor published May 10. He denied implications made in the article that Mr. Roche, who was out of the country at the time, had been "supplanted or removed." Mr. Crosbie explained that Mr. Roche wished to give priority to other issues. In his letter, Mr. Crosbie clarified another difference between his party's views and those of Mr. Roche. "His views on international issues are not always the same as the views of our party or of our caucus. As an example, both he and Walter McLean (Waterloo) supported the minority report with respect to the subject of security and disarmament, while our party supports the policies expressed and the recommendations of the majority report. Specifically, we support the concept that the United States should be permitted to test Cruise missiles, without nuclear armaments, in Canada as recognition of the United States role in our defence and in recognition of our role in NATO."

The P.C. Party's official views on foreign policy were among the subjects discussed at their policy conference in Toronto May 13 to 16. A report on the conference in the *Globe and Mail* May 15 said that delegates took a "hard line" against the Liberal government's "nice guy stance" on foreign affairs. On defence policy, the background paper stated that "The P.C. Party believes that it is critically important that the serious and harmful neglect of the military by the current Liberal government be redressed. The Armed Forces must be given a more definitive and con-

temporary policy direction and a higher priority than what they are presently accorded."

Appointments

External Affairs Minister Mark MacGuigan announced May 12 the appointment of David M. Miller to the posts of High Commissioner to Kenya and Uganda, Permanent Representative to the United Nations Environment Program and to the United Nations Centre for Human Settlements in Nairobi (External Affairs press release, May 12).

DEFENCE

Security and Disarmament Reports

A report was issued by the House of Commons Standing Committee on External Affairs and National Defence in early April which made recommendations for a Canadian position on security and disarmament to be taken to the United Nations Special Session on Disarmament (UNSSOD II) between June 7 and July 9. A dissenting group of six members of the Standing Committee, including members of all three federal parties, issued a "Minority Report" shortly afterwards, in which they advanced alternative recommendations.

The official report examined statistics, testimony and policies related to defence and disarmament. The seventh chapter dealt with a Canadian position they recommended be presented to UNSSOD II. A House of Commons press release identified the major recommendations as: "strong support for urgent negotiations and agreements on strategic armaments and intermediate-range nuclear forces in Europe; the pursuit in UNSSOD II of rapid progress towards improvement in world political conditions; the establishment of confidence-building measures and crisis-management systems; and the negotiation of effective and verifiable measures of arms control and disarmament including a comprehensive test ban; prohibitions on chemical weapons; the prohibition of weapons for outer space; a verifiable ban on new weapons based on new scientific principles or new technologies; and regional force reductions under a Medium-Range Ballistic Missile agreement and similar accords."

Aspects of the Committee report were "vigorously" opposed by the six signatories who issued the dissenting "Minority Report." They declared that "we find grave deficiencies both in its analysis of the effects of the nuclear arms race and in its proposals for action by the Canadian government." The "Minority Report" urged Canada to press for a "Strategy of Suffocation" at UNSSOD II, to include four main elements: a comprehensive test ban to impede further development of nuclear explosive devices; an agreement to stop the flight-testing of all new strategic delivery vehicles; an agreement to prohibit all production of fissionable material for weapons purposes and an agreement to limit and then progressively reduce military spending on new strategic nuclear weapons systems.

The official Committee report had rejected these pro-

posals. The majority view of the Committee had rejected the concept of a nuclear arms freeze, or "even a pause to allow negotiations to catch up with nuclear arms developments." Instead, it supports the concept of non-use nuclear weapons.

On April 29, both NDP leader Ed Broadbent and Pauline Jewett asked the House of Commons to support the Minority Report on Security and Disarmament, urging that Canada put humanitarian commitments over NATO ones by not allowing Cruise missile system testing in Canada. The position taken in the minority report was that further development of the Cruise missiles would "only stimulate the Soviets to develop one of their own." By denying the tests, Canada would be registering a protest against the arms race.

In the House of Commons on May 4, Doug Anguish (NDP, The Battlefords-Meadow Lake) made a motion that, in light of the UN Special Session on Disarmament (UNSSOD II) in June, "the government not allow the testing of the Cruise missile in Canadian territory so that we will be removed from the nuclear arms race and can act as a mediator between countries in the world which wish to work toward a freeze and abandonment of nuclear weapons." Pauline Jewett made a similar motion in the House May 20, urging that the government promote global survival by "pressing for a nuclear weapons freeze and a no-first-use pledge at the UN next month, and an end to Cruise missile test plans in Canada." The May 20 motion corresponded with a demonstration in Ottawa and a Congress of Canadian Women petition with 79,000 signatures to be presented at the UN in June.

As well as parliamentary opposition to the missile testing, demonstrations and petitions throughout Canada during April and May served to notify the government that strong public opposition to even symbolic participation in the arms race exists. The largest demonstration, in Vancouver April 23, attracted 30,000 people, a volume which "outstripped the anti-war demonstrations of the late 60s and early 70s" (*Toronto Star*, April 26). Several petitions were tabled in the House of Commons favouring global disarmament.

The *Toronto Star* May 29 described the official positions of the federal Liberal, Conservative and New Democratic parties. The Liberal and PC parties are opposed to a nuclear weapons freeze while the Soviet Union is believed to have an advantage over the western alliance, although the "Minority Report" was supported by members of all three parties. The NDP argues that there is rough parity now between the two major power blocs in the world, and so this is best time to move toward a nuclear weapons freeze. The NDP officially advocates Canada's withdrawal from the North Atlantic Treaty Alliance (NATO) and the North American Air Defence Command (NORAD). (See Cruise Missile Testing, this issue.)

Cruise Missile Testing

Protest against the government's proposal to test unarmed US cruise missiles over Alberta continued during April and May. (See "International Canada," March 1982 in *International Perspectives*, May/June 1982.) Opponents of the proposed testing had said that any agreement to test

the missiles, which they believe would have "first strike capability" in a nuclear war, is contrary to Canada's nuclear-free stance. External Affairs Minister Mark MacGuigan had defended the proposed testing on the grounds of Canada's need to support NATO commitments.

On April 23 NDP foreign affairs critic Pauline Jewett (New Westminster-Coquitlam) proposed a review of Canada's foreign affairs policies. She told the House of Commons that, internationally, the government has "made a great deal of the fact that Canada has insisted upon there being no nuclear role for Canadian forces in Europe. In other words, they have proudly said time and time again that Canada is non-nuclear. On the other hand, they have found no inconsistency whatsoever in Canada being involved in the creation of the guidance system for the new Cruise Missile," even giving substantial grants to Litten Industries, which is involved in the manufacture of the guidance system.

A motion the same day by Bill Blaikie (NDP, Winnipeg-Birds Hill) called on the Prime Minister to "show that he is serious about his nuclear suffocation strategy by cancelling Cruise missiles testing in Alberta."

The government's position regarding the Cruise missile testing was questioned April 26. External Affairs Minister Mark MacGuigan responded to a question by Miss Jewett by telling the House of Commons that "there is a framework agreement under which various kinds of arms tests will be able to be established under joint Canadian-US control; tests which may take place on Canadian territory. The negotiations on that agreement are going forward. An agreement may or may not be reached before UNSSOD II. With respect to the sub-agreement under that framework agreement which would authorize tests of the Cruise Missile, we will not be going forward with that agreement before UNSSOD II. I might add that even if we did, and if there were a general disarmament agreement at UNSSOD II, that would take priority over any bilateral agreement we had with another country."

A speech made by Prime Minister Trudeau May 16 to an audience at Notre Dame University in South Bend, Indiana, was "welcomed" by Miss Jewett. She viewed Trudeau's words in favour of disarmament as a "shift away from the government's recent rough talk on cruise missile tests and the threat of the Soviet missile arsenal," the *Globe and Mail* reported May 18. Miss Jewett told reporters: "I would say that generally he is trying to move into a more creative role for Canada to play in the world in ending the nuclear arms race." (See Prime Minister on Arms Control, this issue.)

Prime Minister on Arms Control

Prime Minister Pierre Trudeau told an audience at Notre Dame University in South Bend, Indiana that the key to slowing down the arms race is to bridge the gap between East and West. Mr. Trudeau argued in his May 16 speech that "fears are rooted in the perception that both sides may be prepared to contemplate using the ultimate weapon in order to achieve pre-eminence... nations arm out of fear for their security and will disarm only if they are convinced that the threat to their security has diminished." He said that we should not link non-military objectives, such as

human rights, with disarmament. "The Soviets threaten us militarily, not culturally, not politically and certainly not economically. Consequently we should not seek to link non-military objectives with disarmament," the Prime Minister stated.

Canada's policy is to seek to "improve our defensive position by preparing to introduce new intermediate range weapons in Europe, while at the same time pursuing arms reduction negotiations," Mr. Trudeau told the audience. This technique, adhered to by NATO allies, is called the "two track" approach.

Anti-missile Weapons

Six new frigates being added to Canada's navy will carry anti-missile weapons. Defence Minister Gilles Lamontagne announced May 10: "At the moment we have no capabilities of eliminating an attack by missiles," he told reporters. The announcement came a week after the sinking of the British HMS *Sheffield*, which was attacked by a wave-skimming Argentine anti-ship missile in the South Atlantic (*Globe and Mail*, May 11).

Further discussion of Canada's naval capabilities took place during May as battles around the Falklands demonstrated the vulnerability of warships, especially those with aluminum superstructures. Mr. Lamontagne told P.C. defence critic Allan B. McKinnon in the Commons May 26 that he did not think that any of Canada's ships have complete superstructures of aluminum, but that it would be "appropriate to look into the matter very seriously" when contracts for the new frigates are awarded this fall.

Research

Canada will spend proportionately more on domestic security and national defence research this year than at any time in recent history. Background papers tabled by Science Minister John Roberts in Parliament late in April show that the over-all projected amount to be spent on security research has increased more than twenty-four percent in 1982 over 1981, to \$164 million, according to a *Globe and Mail* article May 4.

TRADE/ECONOMIC

Gas Exports

The Canadian gas industry welcomed a federal decision, announced May 14, to ease gas export tests. The *Globe and Mail* May 15 reported that in its decision, the National Energy Board (NEB) "dropped the stiffest of three tests to determine the amount of surplus natural gas available for export." A reserves formula, replacing the current reserves test, becomes the means of determining the maximum amount of surplus gas for export, "under the new procedures.

The NEB decision improves the likelihood of approval for producing companies, who reportedly wanted to export

about 300 billion cubic metres of gas over the next twenty years to the US and Japan, when they appear before the NEB in July (*Citizen*, May 15). It was reported that thousands of wells in Alberta had been "shut-in" for lack of markets.

Energy Minister Marc Lalonde announced May 15 that the new surplus determination procedure "appears to offer both assured protection for future Canadian natural gas needs, and could have a positive impact on providing new opportunities for natural gas exports in the near future" (*Globe and Mail*, May 15).

Mr. Lalonde announced further measures to help the oil and gas industries May 31. The measures include lower federal energy taxes and higher oil prices to help the energy industries through a world recession which had "depressed industry confidence and weakened the investment climate," Mr. Lalonde told the House of Commons.

Footwear Quotas

Opposition MPs in the House of Commons repeatedly asked the government to reinstate import quotas on leather footwear during April and May. The government had lifted global quotas on leather footwear on November 24, 1981, and is being blamed by opposition MPs for the lay-off of an estimated 7,500 Canadian workers in shoe-related industries since the quotas were lifted. Minister of Industry, Trade and Commerce Herb Gray told the House of Commons May 13 and May 19 that the matter was being examined by Cabinet.

Dollar

The Canadian dollar fell to a fifty-year low May 28 after a "dismal week on the foreign exchange markets." The dollar dropped nearly a fifth of a cent that day to 80.40 cents (US). The *Ottawa Citizen* reported May 29 that three weeks earlier, "amid persistent rumors that the Canadian government was considering devaluation, the currency fell below 81 cents (US) for the first time since last summer."

Trade Surplus

Figures released by Statistics Canada in May showed that March 1982 was the twenty-third consecutive month in which Canada's exports were greater than its imports. Canada's total trade surplus was \$3.41 billion during the first quarter of 1982 compared with a surplus of \$2.76 billion the previous quarter. The Statistics Canada figures were released "amid an array of gloomy news about the economy" in early May (*Globe and Mail*, May 10).

Foreign Banks

The *Globe and Mail* reported May 15 that the large increase over the previous nine months of foreign banks in Canada has made the Canadian financial system more competitive. Some of the recently chartered foreign banks have asked the federal government to raise their capital allocations, having already hit their asset ceilings, the *Globe and Mail* reported May 12.

Minister of Finance Allan MacEachen announced May 27 that "letters patent establishing the fifth group of foreign bank subsidiaries under the Bank Act" were issued that day. The ten new banks brought the total number of foreign bank subsidiaries in Canada to fifty-seven.

Grain Exports

Senator Hazen Argue, the minister responsible for the Wheat Board, announced in his annual report that Canada exported a record \$5.6 billion in grain during the 1980-1981 crop year. The figures represented a forty-four percent increase over the previous record (*Globe and Mail*, May 5).

Singapore Trade Exhibits

Participation in Singapore trade exhibits during 1981 have been largely responsible for 145 Canadian companies "breaking into" South East Asian markets. An External Affairs press release May 5 stated that during 1981, Canadian firms participated in nine trade shows and four industry missions in Singapore in a campaign initiated by federal trade officials. Canadian companies will continue to exhibit in Singapore trade shows through 1982.

Fishing Industry

A meeting of the Fisheries Council of Canada in Halifax in early May heard speeches which identified several reasons for the ailments facing the Canadian fishing industry (*Globe and Mail*, May 4). Some of them were international. Tariffs against Canadian fish are one cause of concern, according to Council president Kenneth Campbell. The Council believed that international cooperation in marketing would be desirable, although it frowned on direct government involvement, the *Globe and Mail* stated.

The Fisheries Council also heard a report by George Jasper of the Canadian Fishing Co. Ltd. of Vancouver concerning the falloff in European salmon sales. The *Globe and Mail* article said that poor sales of B.C. salmon in Europe followed the discovery of dangerous bacteria in US salmon exported to Belgium. Canadian fishing industry representatives went to Britain during the first week in May to resolve the uncertainties caused by the scare which had led British health officials to review their position on canned salmon imports from all parts of North America. Better marketing techniques and tougher quality control would boost Canada's international fish sales, the Council was told.

AID

CIDA Speech

The Canadian International Development Agency (CIDA) helped launch International Week (May 3-9) in Montreal with a call for solidarity among all people working to increase cooperative exchanges with developing coun-

tries. In a speech at Complex Desjardins in Montreal, François Pouliot, Director General of CIDA's Francophone Africa Division, explained that CIDA's priorities have shifted away from economic infrastructure projects toward health, education and human relationships programs. Mr. Pouliot stressed that CIDA's new emphasis is on projects supported by non-governmental and institutional organizations, according to a CIDA press release on May 3.

Disaster Relief

Figures released by the Canadian International Development Agency (CIDA) on April 30 show that Canada contributed \$26.7 million to humanitarian and emergency relief efforts in the fiscal year ending March 31, 1981. This represents a twenty-seven percent increase over the previous fiscal year.

A CIDA news release May 3 stated that Canada is providing \$85,000 for disaster relief in Bolivia, Morocco and Tonga. The funds will be made available to the League of Red Cross Societies through CIDA.

CIDA news releases May 21 and May 25 announced the approval of a further \$150,000 for disaster relief. Fifty-thousand dollars will be provided to give emergency relief to flood victims in the People's Democratic Republic of Yemen. One-hundred-thousand dollars will be provided for water-system repairs in Tonga, which was hit by a cyclone March 2 and 3.

IMMIGRATION

Refugees

Canada's refugee intake policy was described to the Standing Committee on Labour, Manpower and Immigration by Employment and Immigration Minister Lloyd Axworthy April 1. Canada has responded, and will continue to respond to the international problem posed by increasing numbers of refugees, Mr. Axworthy said. He stated that the level of refugee intake for 1982 will be 14,000, originating as follows: Eastern Europe, 6,000; Indo-China, 4,000; Latin America and the Caribbean, 1,000; Africa, 500; Middle East, 400; other world areas, 100. There is also a contingency reserve of 2,000. Mr. Axworthy told the Committee that in 1982, the main problem areas will continue to be Eastern Europe and Latin America.

Mr. Axworthy stated that there are at least 50,000 Poles in refugee camps in Europe, mainly in Austria. Private sponsorship of the Polish self-exiles will increase the numbers set by the Canadian Government. Austrian Minister of the Interior Edwin Lanc, who was in Ottawa April 20, told reporters at a press conference that he hopes Canada will move to ease the plight of the refugees in Austria who have been waiting nine months or more for resettlement (*Globe and Mail*, April 21). Mr. Axworthy announced the same day that Canada was considering ways to expedite the processing of Poles waiting to come to Canada from the refugee camps. Mr. Axworthy said that Canada might

send a special task force of immigration officers to Austria to help with the backlog of applications.

An editorial in the *Ottawa Citizen* April 23 described the lengthy procedure facing a Pole wishing to immigrate to Canada from Austria. This procedure, involving interviews, a security check, medical tests, and waiting for a seat on an aircraft, takes a year or more, the editorial said. Twelve thousand Poles had applied through the four immigration officers in Vienna.

The immigration procedures had not been smoothed to the satisfaction of the Progressive Conservative Party by May 20. A motion read by Mr. Joe Reid (P.C., St. Catharines) in the House of Commons on that day asked the government to "strip the red tape and delaying bureaucratic tactics so as to admit to this country a greater number of Polish refugees from Austria, and within a much shorter period of time."

Mr. Axworthy's earlier-mentioned report to the Standing Committee on Labour, Manpower and Immigration also included a restatement of Canada's commitment to accept applications from refugees from El Salvador in the US facing deportation from that country.

The *Globe and Mail* April 27 reported that the interviewing of Salvadoran refugees in the US had begun in Canadian consular offices. It was reported that fifteen Salvadorans interviewed in Dallas, Texas, have been accepted by Canada. A further one hundred refugees had applied and were waiting for approval at the time of the newspaper story.

Restrictions

A temporary restriction on selected workers coming to work in Canada was announced April 29 by Employment and Immigration Minister Lloyd Axworthy. He said that the restriction is in response to Canada's current unemployment problem. Excluded from the restriction are those with pre-arranged employment.

Newspaper reports (*Citizen* and *Globe and Mail*, May 1) stated that the announced measures, which became effective May 1, could delay the entry of about 12,000 foreign workers for six months. The newspaper reports also quote figures released by the director of the federal Government's job-monitoring agency which show the flow of foreign workers into Canada had been dropping steadily since September 1981. The director, Dave Neuman, said this is because the number of jobs advertised abroad has fallen, restrictions have been raised, and the desire of foreign workers to come to Canada is down.

Mr. Axworthy announced further measures May 6. A press release from his office outlined measures to protect

Canadian artists and entertainers by extending the "validated job-offer" requirements to foreign performers appearing in filmed or video-taped productions in Canada.

Immigration and Refugee Symposium

Employment and Immigration Minister Lloyd Axworthy represented Canada at a symposium on immigration and refugee policy in Washington, D.C., April 21. The conference was sponsored by the German Marshall Fund of the United States. Other countries represented included the US, Britain, France, Australia and the Federal Republic of Germany. The symposium provided a forum for immigrant and refugee-receiving countries to exchange experiences regarding policies and their administration.

SCIENCE

Science Council of Canada Report

Canada is falling behind in the international race to exploit new computer technology, according to a Science Council of Canada report entitled "Planning Now For an Information Society. Tomorrow is Too Late," released May 18. A *Globe and Mail* article May 18 states that the report "paints a stark and unusually dramatic picture of the consequences that will befall the country if the micro-chip and telecommunications technologies of the future are not given more government encouragement."

The Science Council report predicts the consequences for Canada should the country continue to lag behind others in the above-mentioned areas: "Many sectors of our manufacturing industry would be rendered obsolete. Our trade balance, already precarious, might never recover. Structural unemployment could lead to permanent joblessness for many Canadians, a decline in living standards and, for some, emigration. The personal privacy and integrity of Canadian citizens could be compromised in ways and on a scale never before seen in an independent, democratic country; indeed, our cultural and political sovereignty would be permanently jeopardized."

Questions directed to the Government May 18 regarding government policy toward the encouragement of computer technology as a result of the Science Council report were met with replies that more funds for computer research and development are being made available consistent with the federal government's economic strategy.

For the Record

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II. List of recent press releases of the Department of External Affairs

- No. 4 (January 21, 1982) Windsor Company in \$12.5 million Trinidad and Tobago Contract.
- No. 5 (January 26, 1982) Canada-France Terminological Link Inaugurated.
- No. 6 (January 26, 1982) World Court Constitutes Gulf of Maine Chamber.
- No. 7 (January 29, 1982) Maxwell Cohen Sworn In as Canadian Judge Ad Hoc on Gulf of Maine Chamber.
- No. 8 (February 5, 1982) Conference on Security and Co-operation in Europe, Madrid, February 9, 1982.
- No. 9 (February 5, 1982) Secretary of State for External Affairs to Visit Brazil, March 7-13.

International Canada, April and May, 1982

- No. 10 (February 5, 1982) Official Visit of the Minister For External Relations to Tunisia and Morocco from February 8-16, 1982.
- No. 11 (February 5, 1982) Canadian Marconi Company Awarded \$41.7 Million in Contracts Through the Canadian Commercial Corporation.
- No. 12 (February 8, 1982) CAE Electronics Awarded Multi-Million Dollar Flight Simulator Contract.
- No. 13 (February 10, 1982) Canadian Minister of Trade Visits Kenya.
- No. 14 (February 11, 1982) Snowshoes for U.S. Army.
- No. 15 (February 12, 1982) Canada Becomes a Full Member of CITELE.
- No. 16 (February 12, 1982) Minister of Trade signs \$15 million Development Line of Credit Agreement with Zimbabwe.
- No. 17 (February 12, 1982) Agreement for Earth Station in Swaziland.
- No. 18 (February 12, 1982) Canada-Tunisia Bilateral Commission Meetings February 8-10, 1982.
- No. 19 (February 12, 1982) Conclusion of the Eighth Session of the Canada-Tunisia Bilateral Commission Meeting.
- No. 20 (February 16, 1982) Increase in Canada-Morocco Economic Relations.
- No. 21 (February 18, 1982) Transport of Oil Through Head Harbour Passage.
- No. 22 (February 18, 1982) OECD Ministerial Meeting of the Manpower and Social Affairs Committee Paris, March 4-5, 1982.
- No. 23 (February 19, 1982) Diplomatic Appointment: J. Russell McKinney (56) born in Summer Hill, New Brunswick, to be Ambassador to Mexico.
- No. 24 (February 23, 1982) Canadian Response to the Situation in Poland.
- No. 25 (February 25, 1982) Canada Contributes \$150,000 to Programme to Combat Piracy Against Vietnamese Refugees.
- No. 26 (February 26, 1982) Canada-India Air Agreement.
- No. 27 (March 2, 1982) AGRODEV Canada Inc. to Manage Inner Mongolia Agricultural Project.
- No. 28 (March 2, 1982) Litton Contract For Navigation Systems Worth Additional \$60 million.
- No. 29 (March 5, 1982) March 8 — Commonwealth Day.
- No. 30 (March 9, 1982) The Canadian Delegation to the Resumed Eleventh Session of the Law of the Sea Conference.
- No. 31 (March 12, 1982) Costpro Standard Overlays — New Product for Reducing \$54 million of Export Documentation Costs.
- No. 32 (March 12, 1982) The Secretary of State for External Affairs to Attend Ministerial Meeting on the Caribbean Basin Initiative New York, March 14-15, 1982.
- No. 33 (March 15, 1982) The Garrison Diversion Project.
- No. 34 (March 13, 1982) Varian Canada Inc. Awarded \$1.7 million U.S. Navy Contract.
- No. 35 (March 16, 1982) Ministerial Mission to Promote Canada-Japan Relations.
- No. 36 (March 18, 1982) Japanese Ministry of International Trade and Industry Investment Mission to Canada.
- No. 37 (March 18, 1982) Canadian-Japanese Third Country Insurance Arrangement.
- No. 38 (March 18, 1982) Fourth Meeting of the France-Canada Joint Commission on Scientific Co-operation, March 17-18, 1982.
- No. 39 (March 19, 1982) Afghanistan Day.
- No. 40 (March 22, 1982) Nova Scotia Company Wins \$1.1 Million U.S. Army Contract.
- No. 41 (March 22, 1982) Educational Services Agreement Signed between Canada and Bahrain.
- No. 42 (March 23, 1982) The Honourable Pierre De Bané, Minister for External Relations, Addresses a Dinner Meeting of The Canadian Institute of International Affairs on Canada and la Francophonie, Moncton, March 23, 1982.
- No. 43 (March 23, 1982) Thai Engineering Contract Major Breakthrough for Canadian Firms.
- No. 44 (March 23, 1982) Major Canadian Exhibition in Japanese Food Fair.
- No. 45 (March 25, 1982) Situation in the West Bank and Gaza.
- No. 46 (March 26, 1982) Canadians Successful at Music Fair in Germany.
- No. 47 (March 26, 1982) Visit of the Secretary General of ACTC.
- No. 48 (March 29, 1982) Official Visit to Canada of Mr. Michel Jobert, French Minister of State and Minister for Foreign Trade, March 30-April 3, 1982.
- No. 49 (March 30, 1982) 1981 Canada-Belgium Literary Award to Belgium Writer Jacques-Gérard Linze.
- No. 50 (March 30, 1982) Implementation of the Royal Commission Report on Conditions of Foreign Service.

Canada

lateral gains in trade which has already been set in motion for the 1980s is unlikely to be further supplemented.

Special problems for Canada

Although successive multilateral reductions in trade restrictions have opened up markets for Canada, the numerous safeguard provisions under the GATT and those taken extra-legally by major trading partners remain among the main impediments to exporting. By way of example, country risk for an American industrial firm whose export exposure is only say ten to twenty percent of its production is clearly much lower than for a comparable Canadian firm whose export exposure must be seventy to eighty percent in order to achieve similar economies of scale and specialization in production and marketing. The paradox for Canada, therefore, is that while multilateral reductions in trade barriers improve potential access to export markets, they also significantly increase the risk to firms seeking to exploit that access from a Canadian base. This occurs in essentially two ways. First, increased access comes at a price, often in the form of wider safeguard provisions and other loopholes that make it easier to close off disruptive imports — success breeds its own potential penalties. Second, even without the threat of safeguard action, incremental investment decisions to exploit new export markets are inherently high risk because those markets are less well known and costlier to service.

Moreover, the export opportunities afforded by the MTN are perceived to involve a measure of cost and risk which the generally conservative Canadian business community is often unwilling to incur. This is attested to in the recently submitted private sector report on Canada's export strategy for the eighties, known as the Hatch Report. There are a few institutional proposals, but Hatch recommends all manner of export subsidies to induce the Canadian business community to develop a more aggressive stance in export markets. The Canadian Government has adopted few of the Report's expensive proposals. In further subsidizing export finance, the Canadian treasury cannot hope to compete with our large overseas trading partners.

Given that the subsidy route is not a viable answer, especially as a long-term proposition, the Canadian government has devoted some attention in recent months to the concept of a National Trading Corporation. With the return of the Liberal government in 1980, a Parliamentary Committee was established to examine the feasibility of a government-sponsored trading corporation. The final report tabled recently recommends a joint public-private sector organization. It would engage in both exporting and importing, and provide a marketing arm for Canadian manufacturers, particularly for those smaller Canadian-owned companies that would not otherwise engage in international trade. Aside from glossing over the paramount problem of managing contingent risk in such a semi-government organization, the report has little to excite the interest of the private sector. This is, in part, because the Canadian exporting community already has at least 300 private sector trading companies of varying success available to it who are not anxious to be undercut by a government or quasi-government agency. The principal problems remain small marketing scale, lack of skilled market de-

velopers, and poor access to flexible export-import credit instruments.

The US has taken a somewhat different approach, and this is a good example of the differences between our two political cultures. The US Congress is actively considering legislation that would allow commercial banks to establish trading companies. This legislation, known as the Heinz Bill (The Export Trading Company Act, 1981 [S.144]), stands a good chance to pass this session of Congress and has excited some jealousy among Canadian bankers. By contrast, the recently-passed revisions to the Bank Act explicitly prohibit Canadian banks from engaging in international trading activities.

To trade and trade-off

From the foregoing discussion, one can draw the following broad conclusions. First, from a Canadian perspective, the multilateral framework has probably gone as far as it can usefully go for the foreseeable future. Second, traditional federal and oft-times provincial government support for both import and export competing industries is not effective unless it is both substantial and ongoing. No Canadian governments (except perhaps Alberta and Saskatchewan) can afford to sustain these requirements.

Superimposed on these two conclusions is another disquieting observation concerning the emerging international environment. The stability of broad-gauge trading relationships that the GATT system was successful in nurturing during much of the post-war period has suffered a series of major shocks in the last ten years which do not augur well for the future international trading environment. These include the Nixon *Shokku* of 1971, the OPEC embargo of 1973 and oil price increases of 1974 and 1979, the Iranian crisis and related seizing of Iranian assets, the US-led embargo of grain and high technology goods exports to the Soviet Union and the Polish financial crisis. It is small wonder, therefore, that many governments have grown increasingly inward-looking and protectionist. This trend is particularly disturbing for Canada which now directly relies on exports for more than thirty percent of its gross national income.

Central to Canadian trade policy for the eighties are the objectives of not merely *improving access* to markets but also *assuring security of that access*. Security of access, and its corollary *security of supply*, are not generally objectives which can be met on a multilateral basis. Indeed, it seems likely that they can most appropriately be negotiated bilaterally. For Canada, therefore, the eighties should be a decade of enhanced bilateralism. This may go against conventional wisdom that Canada can best meet its objectives multilaterally, but remember that we live in a world which is perhaps even worse than second best for an economy with Canada's peculiar industrial mix. Moreover, Canada's relative bargaining positions will change given its favorable resource base. As an example of this, Japanese interests have recently lent Dome Petroleum, the major explorer for hydro-carbons in the Beaufort Sea, a multi-hundred million dollar interest-free loan in exchange for the *hope* of receiving some oil and gas resulting from successful exploitation. This is not to suggest that Canada could or should trade off its energy wealth for preferred access to export markets, but security of supply in excess of Canadian needs provides

Trading predictions

leverage in a resource-hungry security-conscious world.

It should be emphasized that the negotiation of special bilateral arrangements is not alien to past Canadian trade policy. It has ranged from broad framework agreements such as "the contractual link" with the European Community to bilateral trade agreements (largely with developing and socialist bloc countries), to special bilateral contractual obligations, e.g. Canada's agreement to purchase certain quantities of crude oil from Mexico in exchange for technical assistance, to specific sectoral agreements such as the Canada-US Automotive Products Agreement (the "Auto-pact") and the Canada-US Defence Production Sharing Agreement. The common objective in all these agreements is to provide greater certainty and security to bilateral relations.

It seems likely that bilateral arrangements will become more important, for these reasons:

1. There appears to be substantial scope for marriage between Canada's resource wealth and foreign technology and expertise, with governments acting as brokers either informally or through specific arrangements.
2. There are major bilateral opportunities with the Newly Industrializing Countries which should be key growth markets for Canadian capital goods and their associated services; at the same time the NIC's are destined to become major suppliers of consumer goods to Canada.
3. There is little scope currently for anything resembling true bilateral free trade between Canada and the US, given respective political directions, US demands for "reciprocity," and the related complexities of negotiating a balanced package. But there are further possibilities for mutual agreements on a sectoral basis, for instance in petrochemicals, transit equipment and primary textiles. Indeed, some or all of these might be traded off against the current auto agreement.

Bilateral arrangements would have to involve concessions on Canada's part with respect to import access, whenever they are placed on the table. Although such concessions are likely to cause difficult adjustment problems in the short-term, especially during a recession and particularly on a regional basis, they could produce long-term benefits for the Canadian economy in terms of the

efficiency of allocation of scarce capital and labor resources.

"Trading bloc" alternative

Finally, there is the continually tantalizing prospect, though last-ditch alternative, that Canada could gain market access and security by joining a trading bloc. Indeed, the old Commonwealth Preference system presented some opportunities of this type and market positions built up under these arrangements are still important to Canadian overseas trade. But the Commonwealth Preference is finished, replaced by EEC tariffs around the British market and Lomé Convention exclusivity in many Commonwealth developing countries. Dreams of a North Atlantic trade tie-up are long past, with only special arrangements left as possible options. Yet there are still some trade bloc temptations to be scrutinized, although they are hardly more than fall-back positions for the second half of the 1980s, if other initiatives fail and world trade turns sour.

The US Trade Agreements Act of 1979 in Section 1104 suggest study of possible trade agreements in the northern portion of the western hemisphere, principally USA-Mexico-Canada. On the face of it, Canada and Mexico have little to offer each other, if much to grant to the US, but there may be some aspects of such a relationship which could reward Canada. A potentially more fruitful trade grouping for Canadian membership would involve the Pacific Rim countries; the five advanced (Australia, New Zealand, Japan, Canada, US), the five ASEAN (Philippines, Indonesia, Malaysia, Singapore, Thailand), and perhaps one or two others such as Mexico, Hong Kong and South Korea. Certainly the balance of power in such a grouping might better suit Canada, and this region includes Canada's fastest growing international trade markets. However, at the moment only Japan, Australia and South Korea seem to favor rapid movement in this idea, with the USA especially reluctant to forego a multilateral approach, and ASEAN concerned that all its hard-won successes might be swept away in a larger trading bloc.

To sum up, for Canada the age of multilateralism in trade policy is ending, and future progress in obtaining international market access and security more likely lies in a variety of bilateral endeavors, or just possibly in the more difficult to negotiate complexities of a trading bloc. □

Beyond Dialogue

by Ernest Corea

A southern perspective on North/South by a man who has lived in both the North and the South. Ernest Corea was Editor of the *Ceylon Daily News* and foreign affairs specialist of the *Straits Times Group*, Singapore, before coming to Canada to work with the International Development Research Centre. Between 1978 and 1980 he interrupted his work at IDRC to serve as Sri Lanka's high commissioner in Ottawa. He recently left Canada to become his country's ambassador in Washington.

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Two Chinas, one world

by Gordon F. Boreham

While China can be said to have the longest continuous history of any nation on earth, there is no escaping the fact that there are two Chinas today. One is the People's Republic of China on the mainland, the other is the Republic of China on the island of Taiwan. One is ruled by the Chinese Communist Party, the other by the Kuomintang or National People's Party. One is a socialist state, a managed economy founded on the principles of Marxism-Leninism with some modifications to meet Chinese reality, the other a mixed capitalistic economy based on the principles of Dr. Sun Yat-sen. One is still an economically backward country as well as a developing country, the other qualifies for the accolade of newly-industrialized country. One is now "recognized" as a nation by most of the world, the other diplomatically discredited.

What is life like in the two Chinas? How did Mao Tse-tung's administration rebuild and expand the wartorn mainland economy after it took over in 1949? How did Chiang Kai-shek's administration deal with similar problems on the small mountainous island of Taiwan. What are the prospects for a peaceful reunification of China? Is sovereignty association a better alternative? Is Taiwan likely to declare independence as a political entity? What is the current state of Sino-American relations?

To know modern China, it is necessary to understand the Chinese character. As will be brought out by this survey of contemporary China, the Chinese are strongly drawn to history and tradition, names and concepts, numbers and slogans, symmetrical patterns and ever-recurring cycles, mediation and compromise. This helps explain some of the key notions in Chinese society: the idea of change within tradition; the view that theory can be imposed on reality; the belief that leaders rule by heavenly right (it survives in the personality cult); the concept of "face." Above all, it helps to account for the Chinese contempt for obvious facts. Seen in this light, words do not mean what they say in China. Symbols and catchwords mask secrets. Everything must be interpreted and all interpretations are dubious.

People's Republic of China

It has been almost thirty-three years since the Chinese Communist Party gained control of mainland China. During this period, the world's most populous country has made remarkable progress (though not steadily) on almost all fronts — agriculture, industry, transportation, communications, education, public health, sports, and on the international scene.

As partial evidence of this fact, mainland China today is the world's largest producer of grain, tobacco and cotton textiles and is a leading producer of jute, hemp, coal, steel and petroleum. In 1943 it had less than 128,000 kilometres of roads. Today the Communist government claims 890,000 kilometres, of which perhaps twelve to fifteen percent are paved. In education, enrollments in primary and secondary schools, and in universities and other institutions of higher learning are large in proportion to the population, compared with pre-communist days. Gains in the medical and public health fields are perhaps the most impressive of all. By the mid-1960s many infectious and parasitic diseases which had ravaged China for generations (cholera, bubonic plague and smallpox) were eradicated, and others (malaria, tuberculosis and venereal disease) confined. The improvement of general environmental sanitation and the practice of personal hygiene, both in the cities and in the rural areas were also remarkable. Life expectancy at birth is sixty-four years, a very high level for a low income country. Until very recently, mainland China remained largely a closed society so far as the West was concerned. But this is changing. Since 1976 China's foreign trade has been accelerating at an unprecedented pace and its antipathy to foreign borrowing, foreign investment and foreign aid has been softening. Indeed, a new proletarian worldview seems to be emerging. But this cannot be taken for granted.

Some examples might help make this reservation more precise. In their first year of rule the communists declared that "current policy is to control capitalism, not to eliminate it." They offered forgiveness and friendly cooperation to the rank and file officials of the Nationalist government and to China's bourgeois industrialists. They provided meaningful jobs for intellectuals and even tolerated minor political parties. This "mild" policy soon started paying off. By March 1950 China's hyperinflation was under control and by October ninety percent of the country's railway lines were back in service.

As the economy began functioning the first steps towards transforming "the new democracy to socialism" were taken. Under the Land Reform Law of 1950 land was seized from landlords and wealthy peasants who owned more

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Two Chinas

than they could farm themselves and redistributed among poor peasants and agricultural laborers who owned little or none. By the end of 1952 more than one hundred million acres of land had been confiscated and redistributed among some 300 million peasants. As many as two million landlords and others lost their lives in the ensuing tumult.

By 1952 production had been restored to pre-1949 levels, and the transition to socialism was accelerated. Industry and commerce were nationalized and planned industrial development began with the First Five Year Plan (1953-57). In a series of stages, family farming of privately-owned land was replaced by agricultural cooperatives, whereby land was collectively owned and worked, and the harvest shared among members and the state. The party and government asserted complete control over the arts and education, and Marxism became the official doctrine of all cultural and intellectual life. During the period 1953-57, the Chinese economy grew at an estimated annual rate of nine percent and the country's industrial sector was at least twice as large in 1957 as it had been in 1952. Even so, the Chinese leadership realized that they would need increased cooperation from non-Party intellectuals if they were going to turn China into a world power. Accordingly, political controls were relaxed in China in the spring of 1957, under the slogan "Let a hundred flowers bloom, let a hundred schools of thought contend." As it happened, a storm of criticism quickly spread all over the country. Alarmed by the growing ferocity and expanding scale of the protests, Mao Tse-tung clapped the muzzle back on the media. This repression was followed by the "anti-rightist" campaign of 1957-58, which served mainly to widen the gap between the Party and the intellectuals, and to make the latter thoroughly intimidated and disillusioned.

Great Leap Backwards

A dramatic shift toward more radical policies culminated in the "Great Leap Forward" program of 1958-60. Launched under the slogan of "surpassing Britain in industrial production within fifteen years," output targets for 1958 were revised upward again and again. Each county was encouraged to establish "five small industries" with the aim of both decentralizing and accelerating production. Steel making was to become everybody's business. Over peasant resistance, agricultural cooperatives were consolidated into larger "people's communes," and communes were also created in cities. These communes were designed to provide the "human capital" for China's rapid industrial growth and to combine economic, cultural, political and military affairs, formerly managed by local governments, into one all inclusive organization, operating under the slogan "Let politics take command." The relatively free labor market was replaced by a widespread system of job assignment. After posting a respectable record of growth during 1958, output dropped about twenty-five percent over the next two years. Bad planning, bad management, bad techniques and bad weather were responsible for the conspicuous failure of the Great Leap Forward. China's grain output dropped dramatically. According to Sun Yangfang, a leading Chinese economist, Chairman Mao's farm policy produced immediate famine and a doubling of China's death rate. The statistics cited by Sun in the Chinese journal *Economic Management* point to ten million

starvation deaths in 1960, the worst year, and perhaps twenty million during the 1959-62 famine. Beginning in 1961 urban communes were abolished and rural communes were reduced to more manageable size. In addition, the peasants were allowed to maintain some private plots for growing vegetables or raising pigs or poultry to sell on the open market.

Then the Cultural Revolution

By 1963 farm production had been restored to pre-leap levels, but factory output did not recover its earlier peak until about 1966. At that point the industrial sector was plunged into the turmoil of the Cultural Revolution, and it did not recover from that crisis until about 1969. Experts were pushed aside in favor of decision-making by the masses; according to one Chinese official, some eight million workers lost their jobs between 1966-69. Higher education was disrupted for several years under the slogan "Destroy the old to establish the new" and when schools reopened education was politicized at the expense of professional proficiency. Material incentives for workers were disparaged and ideological motivation extolled. Roving bands of youthful Red Guards so disrupted the process of government and industry (though not of agriculture) that the People's Liberation Army had to be called in to restore order.

Beginning in 1969, the regime dispatched more than ten million "educated youths" from the cities to the countryside, often to the most remote regions of the country. This move was designed to ease urban overcrowding and unemployment and route the remnants of the Red Guards. Throughout the early 1970s the struggle continued within the Party between radical ideologues and advocates of moderate, pragmatic policies. Meantime, however, little, if any, economic expansion occurred between 1972 and 1976. Hundreds of thousands of officials and others were damned as rightists or sentenced to labor camps. All cultural activity came to a standstill. And then Chairman Mao died in September 1976. On month later the moderates purged the radical faction associated with Mao's wife, Chiang Ching. "The Gang of Four," as they were labelled, was imprisoned and so were several thousand of their supporters. More than 100,000 political prisoners were released by the new leadership, which also permitted limited relaxation of intellectual, political and economic controls. In March 1978 the new leaders unveiled an ambitious ten-year development plan intended to bring China into the front rank of industrial nations by the turn of the century.

Like Chairman Mao's "Great Leap Forward", Vice-Chairman Teng Hsiao ping's "Four Modernizations" goals were too ambitious. In June 1979 the government put forward a new program calling for three years of adjustments before attempting any ambitious increases in overall output. And Chinese policymakers have recently announced a plan that will maintain the austere stance beyond 1982.

Reversal or Cycle?

Like Mao's One Hundred Flowers movement, this so-called new Democracy movement was negated in the summer of 1979. First the government closed down the wall in Peking used as a billboard for protest posters. Then the

authorities moved in on "underground" editors and warned foreign correspondents stationed in the capital to end their contacts with dissidents and cease writing about their works. Zhing Ming, a daily newspaper in Hong Kong, which was critical of China's new modernization policy, was forced to cease publication in July. A British student at Fudan University accused of writing blasphemous political slogans (in jest, he praised the Gang of Four) was ordered out of the country. Even the People's Liberation Army was reminded that "the party commands the gun."

Like Mao's 1957-58 "rectification" campaign to wipe out the conservative elements in the Party, the new leaders have recently called for a full-scale political purge of leftist radicals still in official positions. In commenting upon this proposal, the party newspaper *People's Daily* said that "Cadres (persons in authority) must be evaluated as to whether they are politically reliable, and their political records must be examined." In short, their support of Teng Hsiao ping's reform policies will be a major factor in whether they keep their posts.

On the basis of these developments it would appear that there is substantial evidence to support the hypothesis that all the changes of direction in the Chinese Communist Party line since 1949 have been only "tactical" changes — "modifications in quantity, not quality, variations in amplitude, not changes in basic orientation," as noted sinologist, Simon Leys, has written.

Mainland Summary

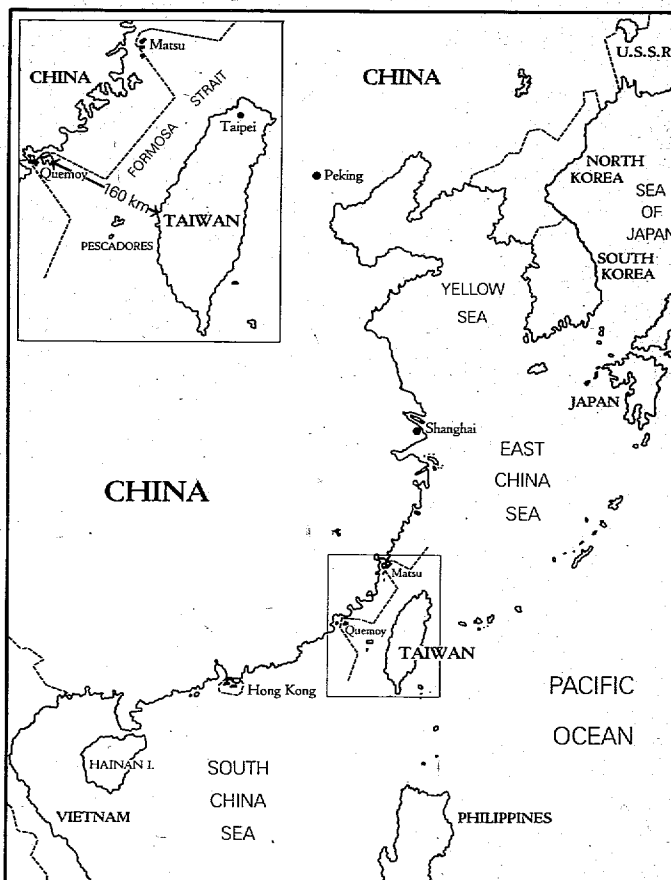
Of course, it is only fair to say that a good many of the changes that have occurred in China since 1978 are distinctly promising. The government has relaxed restrictions and is giving support to individual businessmen, self-employed laborers and vendors. It has disparaged the "iron-rice bowl" system (guaranteed lifetime employment no matter how ill-suited the worker) and extolled material incentives. It has taken some steps to decentralize decision-making (the job responsibility system), to allocate more resources to agriculture, and to increase returns to "peasants." It is carrying out a mass birth control program. It has moved to reorganize and upgrade its financial system. It is releasing an unprecedented quantity and quality of economic data. It is establishing a whole body of commercial law. It is buying machinery and equipment on credit and borrowing funds (from the IMF, the World Bank, foreign governments and private banks) to finance its modernization programs. It is accepting outside offers of disaster relief. It is attempting to streamline the country's unwieldy bureaucracy, which currently numbers about twenty million men and women. (It has started with the upper hierarchies of government.) And it is revising its constitution — again. (China has produced three constitutions, in 1954, 1975 and 1978.)

The picture that is presented by these facts is one in which China, while remaining an authoritarian and an ideological state, is making tremendous efforts to improve the lives of her people. Whether these measures pay off in terms of higher living standards will depend on whether the new-wave leadership can restore the country's sense of discipline. China today is struggling through an identity crisis as it tries to decide what it is or ought to be.

Taiwan, island province of China and seat of the Nationalist government, lies 160 kilometres off the coast of

mainland China. It consists of fourteen islands of the Taiwan group and sixty-four islands of the Penghu group. The province has a total area of 35,964 square kilometres with limited physical resources and a population of approximately eighteen million, of which two million are called mainlanders.

When Generalissimo Chiang Kai-shek's government retreated to Taiwan in 1949 with an armed force of about



600,000, it was immediately faced with the fundamental problem of patching up a war-damaged economy (during World War II, US bombers severely damaged the industrial installations and rail and road network the Japanese had constructed from 1895 to 1945, when they controlled the island) to make certain that there would be enough material goods to share with the seven million native-born Taiwanese. The ensuing strategy was based on Dr. Sun Yat-sen's "Three Principles of the People." Although never precisely defined, these principles urged (1) nationalism — in the sense of national independence, (2) popular sovereignty — in the sense of a government "of the people, by the people and for the people," meaning democracy, and (3) the people's livelihood — in the sense of social welfare or social justice. Sun's measures for improving the people's welfare were land redistribution and control of private enterprise.

From 1950 to 1962, the Nationalists redistributed 580,954 acres to peasant families, under the slogan "Land to the Tiller." As a reward for their "voluntary" cooperation in this move, landlords were partially paid in the stocks of Taiwan's new growth industries. In the event, land reform resulted in the most productive farming area in South-

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east Asia. Today Taiwan produces eighty-five percent of its food, and eighty-one percent of its farmers own all or part of their fields.

After the establishment of a good agricultural base, the government then led the effort to change the emphasis of Taiwan's economy into a more industrial one by upgrading the transportation system, restructuring the financial system, encouraging private investment, promoting research and development, and emphasizing the importance of labor-intensive industries for export purposes. That this development strategy was a highly successful one is obvious, for Taiwan's gross national product (after adjusting for inflation) has been growing at an average rate of more than nine percent a year since 1953. Per capita income reached U.S. \$2,278 in 1980, the fourth highest in Asia after Japan (\$8,906), Singapore (\$4,390) and Hong Kong (\$4,290), and 9.3 times higher than that on the mainland (\$246). Taiwan's wage scale is second only to Japan's, its unemployment rate is officially estimated at only 1.4 percent and according to government figures, the income distribution in Taiwan is one of the most equitable among all of the developing countries throughout the world (in 1979 the highest twenty percent of the country's income receivers received only 4.2 times that of the lowest twenty percent). Taiwan's two-way trade in 1981 reached a record high of U.S. \$43.8 billion. On a per capita basis, Taiwan's total trade exceeds that of the People's Republic by sixty times. Even in absolute terms, Taiwan's trade still tops that of the mainland by three or four billion dollars.

To complete the argument it is necessary to mention that the United States provided about \$1.5 billion of economic aid to the Nationalist government between 1950 and 1965. This figure does not include the more than two billion dollars charged in the same period to military aid, but in part channeled to the civilian economy. In 1965 Taiwan was judged capable of guiding its own economic future and US economic assistance was terminated.

Taiwan — economic success story

It is also highly relevant for the present discussion to note that the market mechanism is permitted to solve most of the basic economic problems of production and distribution in Taiwan, but there is a large public sector, and there is considerable reliance on central planning. The Taiwanese approach to planning is to identify a number of major growth-inducing projects and set about these. Beginning in 1972 "Ten Major Construction Projects," ranging from an impressive steel mill and shipbuilding complex in Kaohsiung to a modern petrochemical complex and nuclear power plant, were completed in six years at a cost of nearly seven billion dollars. In March 1980 the Council for Economic Planning and Development announced a new series of "Twelve Major Projects." These projects, which are well underway, include the round-the-island railway, expansion of the steel mill, two more nuclear power stations, and large agricultural development projects, and more harbor and highway development. Careful, step-by-step development is the rule in Taiwan, and it's working.

Speaking generally, the people of Taiwan are well-fed, clothed and housed, and modern appliances like televisions, refrigerators and air conditioners are commonplace throughout the island, while a sizable number of families

also own automobiles and other luxury items. Because the nine years of compulsory school attendance required of all Taiwan's children has given the island's population a literacy rate of ninety percent, both fine and the applied arts are thriving in the Republic. Chinese traditions, philosophies and religions are also alive and well.

This bright picture is partially clouded by the fact that the Kuomintang government, while democratic in form, is authoritarian in substance. Effective power in Taiwan is wielded by President Chiang Ching-kuo (the late Generalissimo Chiang Kai-shek's son and successor), the Executive Yuan (Branch), the security services, the military and technocrats. Other yuans exist (covering legislative, judicial, and regulatory functions), other nominal "national" political parties exist (Young China and the China Democratic Socialist), other administrations exist (a "provincial" government for administering Taiwan and local governments for administering counties), but they do not normally interfere with the established channels of power. It should be added that most of the top positions in the Kuomintang party and a vast majority of seats in the Legislative Yuan are held by mainlanders. This is changing. But it remains.

In consequence, there is relatively little political activity in Taiwan, the press is not very critical and does not oppose government policy with any vigor (publications are occasionally banned), public demonstrations against the government are proscribed, labor unions are controlled by the Kuomintang and strikes and lockouts are outlawed, universities and colleges have limited academic freedom, and scholars are expected to keep their critical observations about the government within well-understood limits.

These restraints, as well as those controlling currency movements, interests rates and foreign trade, are imposed in the interests of "national security." As President Chiang explained in an interview with the Far Eastern Economic Review in 1981: "We are continuously stalked by the enemy. To assure our survival and development and also to keep alive the freedom hopes of the mainland people, we must continue to struggle, persevere and sacrifice."

Leaving aside the damaging consequences of economic and political controls (which appear to be wearing thin), Taiwan's prospects are bright. Although only twenty countries have full diplomatic relations with Taiwan today, the Nationalist government has "substantive" relations with nearly 150 countries. According to Euromoney Magazine, Taiwan's international standing as a credit risk improved from thirty-fourth in the world in 1980 to twentieth in 1981. Recently, Banker's Trust became the twenty-fourth foreign bank to open a branch office in Taipei. And the government is guiding the economy towards more technology-intensive industries and the export markets of the future — computer equipment and software, advanced electronic instruments and components. Taiwan has great faith in its ability to carry through this strategy and it seems likely that its self-confidence is justified.

Reunification issue

We can best approach the problem of unification by noting that the goal of every Chinese government since the Ch'in dynasty (221-206 B.C.) has been to erect a feared, respected and united China. And if the history of that

troubled land suggests anything, it is that China's present leaders, both on the mainland and in Taiwan, believe that they have secured Heaven's mandate to effect the rebirth of China as one great united nation — free, prosperous, prestigious and serving the cause of world peace and human progress. Regrettably, the septuagenarian rulers of that divided country cannot agree on the means, and a rapprochement is nowhere in sight.

In the city of Taipei, periodic peace gestures from Peking are belittled as either a sham to hoodwink the free world or a trick to drive wedges between the people and the government and pave the way for military invasion. In the autumn of 1981 Peking outlined a nine-point program calling for peaceful unification and talks between the Chinese Communist Party and the Kuomintang. Peking offered Taiwan trade, travel and postal links with the mainland, financial aid, and a "high degree" of autonomy after reunification. Concerning autonomy, it proposed that Taiwan be established as a "special administrative district" after China is reunified and said that the island province would be allowed to maintain its political and social systems and also keep separate armed forces. As usual, Peking's peace statement was flatly rejected by Taipei as a Communist strategy to seize Taiwan without the use of force. But this time the Kuomintang leaders went to great pains and considerable length to explain the reasons for their rejection of Peking's latest peace plan.

Here, as in all important affairs, they turned to history and cited:

1. The Chinese Communist Party's record of treachery in the 1920s, the 1930s and again in the 1940s.
2. The 1949 Communist Chinese take-over of Tibet promising a regimen of broad autonomy, which was ruthlessly swept aside the very next year.
3. Communist aggressions in the Korean and Vietnamese wars, the 1962 attack on India, and ongoing infiltration and subversion in Southeast Asia and Latin America.

Predictably, the Nationalists concluded that the Chinese Communists could not be trusted. They similarly dismissed Peking's offer of renewed and expanded trade as a "Communist trap" to undermine the Taiwanese economy (through possible embargoes for political reasons), and weaken their resistance to the oppressive regime on the mainland (by creating vested interests among Taiwanese exporters and traders). Nationalist authorities also condemned the unification statement because the terms held out to the people of Taiwan (e.g. a mixed economy, government by popular election) were denied to the people of the mainland. In the end, they declared that the reunification of China must be conducted under the constitution of the Republic of China, under the flag of the Republic of China, and must be based on the implementation of Dr. Sun's Three Principles of the People. And they stressed that the Taipei government would "Never negotiate with the Chinese Communists."

Taiwan's options

In a recent interview with National Geographic Magazine, President Chiang said: "There is no change in our

policy. We have confidence and resolve that we will restore freedom to the mainland. This is not a question of power against power. It is a matter of two systems, two sets of attitudes and two completely different ways of life." In the meantime, the Nationalist regime tries to keep the Taiwanese people sealed off from the mainland not only physically but also mentally. Listening to mainland radio and the possession of communist literature are severely punishable under Taiwan's stringent sedition laws. Foreign publications arriving in Taiwan sometimes have articles about mainland China ripped out. Visits to the mainland by Taiwanese, even with relatives, is strictly forbidden, carrying a three-year jail term. Similarly, Taipei bans any trade



Counting Chinas. The author at work and play

with Peking although two-way indirect trade (using third-party traders) via Hong Kong and elsewhere is known to be considerable. Smuggling on the Formosa Strait has also become a lucrative sideline for some Taiwanese fishermen. Of course, when weighed against Taiwan's annual trade of forty-four billion dollars, the commerce with mainland China is not significant. It is only fair to say that a good many outsiders believe that the Taipei government's policy of self-isolation is overly fearful, unduly cautious and possibly self-defeating.

Apart from reunification, which seems to be impossible right now, the Nationalist government could declare independence, making Taiwan a nation, not a province of China. Given Taiwan's current performance and prospects, this is clearly a viable option. But the idea is abhorrent to the Kuomintang government. They are pledged to recover the mainland — by proving that their path is better than communism. This is the mission of the Republic of China. Independence would involve a demeaning loss of face for

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the present leadership. This helps to explain why the so-called Taiwanese independence movement is considered seditious. Court action, following an anti-government riot in the southern city of Kaohsiung in December 1979, appears to have broken the back of this movement, which the authorities describe as communist-instigated. Also deserving of mention is the possibility that independence might invite military intervention from the mainland. So much for the second option.

Sino-American political relations

China-US political relations have changed significantly through the years, but are still not clear. In 1954 Washington and Taipei signed a Mutual Security Treaty and the American government recognized the Kuomintang as the "sole legitimate government of all China." Then, after Taipei was ousted from its United Nations seat in favor of the Peking regime, President Richard Nixon and Chinese Premier Chou En-lai signed the so-called "Shanghai Communique" in February 1972. While this document affirmed that there is only one China and that "Taiwan is a part of China," it did not identify which government — that in Peking or that in Taipei — had the rightful claim to both parts. Seven years later, on January 1, 1979, the United States withdrew recognition from Taipei and transferred it to Peking. Shortly thereafter the US Congress passed the Taiwan Relations Act, which provides for the sale of US defensive weapons to the Nationalist regime. But the mutual defence pact that had protected Taiwan and buoyed her economy for a quarter of a century was allowed to lapse on January 1, 1980. In June 1981 Sino-American relations reached a new plateau when the U.S. administration decided to remove its former ban of arms sales to Peking. As President Ronald Reagan explained, the move was "a normal part of the process" of improving relations between the two countries. Since then the sounds coming out of Washington and Peking have been distressingly discordant.

On July 5, 1981, two weeks after a visit to Peking by US Secretary of State Alexander Haig, China warned the United States, in an authoritative article in an official Chinese quarterly magazine, that if they did not modify or repeal the Taiwan Relations Act, Sino-American relations could be damaged and China might have to resort to force to retake the island province. Three days later, the official Hsinhua News Agency criticized the Reagan administration for a "stupid and ludicrous" statement on Taiwan (White House spokesman, Larry Speakes, in an apparent slip of the tongue referred to the "Taiwan government") and accused the United States of opposing the Third World in order to support its "four old friends." Taiwan, South Korea, South Africa and Israel. The following week the same agency reacted strongly to an editorial in *The Wall Street Journal* that called on the United States to upgrade relations with Taiwan, terming that island "Free China." Citing the "out-and-out old line imperialist tone" of the US newspaper's editorial, Hsinhua said: "If anyone tries to ignore China's sovereignty over Taiwan, making insolent remarks and acting flippantly, he must remember that the one billion Chinese people are not to be bullied."

In December 1981 the U.S. administration proposed a sixty million dollar sale of military spare parts to Taiwan. Peking took immediate exception, pointing out that US

arms sales to Taiwan at the current level of roughly \$700 to \$800 million a year was a violation of Chinese sovereignty, and warned that it was prepared to downgrade the Sino-American relationship. In April 1982 Peking accepted with "strong protest" the sale on condition the United States temporarily halt plans to send arms to Taiwan. Peking avoided carrying out its threat to downgrade relations with Washington by conceding the US distinction between military spare parts and weapons. But it made clear that its relations with Washington were at a crossroads.

Three observations are worth stressing here. First, Peking's current leaders view the Taiwan issue as a matter of principle, one that affects the sovereignty and integrity of the nation. Second, mainland China did not hesitate to bear the consequences of a break with the Soviet Union during the 1960s. Third, when the Netherlands agreed to build two submarines for Taiwan in 1981, Peking reacted to the US \$250 million deal by downgrading relations with that country to *chargé d'affaires* level.

In summary, from a global perspective, US arms sales to Taiwan make sense, but they could unravel Sino-American relations — relations that were established only after long and painstaking efforts by the two countries. Thus, it would seem to be the most obvious kind of self-interest for these countries to come up with an acceptable solution to the Taiwan issue. But it is clear that Mao Tse-tung's heirs are not going to be pushed. The danger of the present stalled situation, however, should be apparent to all.

Conclusions

The existence of two Chinas is an undeniable fact. It is a matter of two different principles, two different systems and two different life styles. On the one hand, the People's Republic of China is a large, underdeveloped country with backward agriculture, primitive industries, overcrowded cities, a low level of per capita income, a severe shortage of jobs, and high hopes. On the other hand, the Republic of China is a small, densely-populated island state, with one of the fastest-growing economies in Asia.

If reunification of the two Chinas happened tomorrow, the united China's GNP would surpass US \$300 billion (a level second only to Japan in Asia), its two-way foreign trade would exceed US \$80 billion, and its foreign exchange reserves (excluding gold) would be more than US \$10 billion. We know, of course, that it won't happen. But an economy that size would generate enormous benefits for its citizens. Those are high stakes.

Needless to say, a peaceful reunification of China on mutually-acceptable terms would remove the main obstacle to the further development of Sino-American relations. In any event, American relations with both mainland China and Taiwan remain ambiguous, a problem which, if unresolved, has the potential to damage US strategy to contain Soviet influence in Asia.

For a variety of reasons, therefore, most observers are convinced that developments in mainland China — potentially the biggest market in the world and a nuclear power of growing strength — bear close scrutiny. Similarly, it would be a mistake to overlook Taiwan. With its continuing economic growth, many foreign businessmen are anxious to stake out a market share there no matter what Peking or their own governments may think. □



Parents and Children

by Neill McKee

Erasmó Escala looks like a typical street in the older part of Santiago, Chile. However, its buildings house a curious mixture of organizations — the Jesuits, the National Soccer Association, a bureau of the Chilean air force, a national trade union, and CIDE, the Centre for Educational Research and Development.

A private foundation, established in 1964, CIDE has managed to survive three political eras in Chile, and today it is operating a large number of educational programs throughout the country and in neighbouring Bolivia and Peru. It has survived because it stays out of politics and sticks to what it does best: educational research. CIDE is not an academic "ivory tower", however. The old mansion that houses its many small offices buzzes with activity. Its staff are involved in vocational training, modular mathematics for adults, mental health programs for the unemployed, youth leadership programs, an accounting course for small farmers, preschool programs — the list goes on.

There are three main dimensions to CIDE's work: research, development and diffusion. In the words of its director, Patricio Cariola, "We try to keep the cake and eat it too. We want to be good conceptually, intellectually and scientifically, and at the same time keep our feet very much in the development process of poor groups, campesinos, and (remain involved) in the whole Chilean education process."

Near the town of Osorno, 900 kilometres to the south of the sunny Santiago valley is the site of one of CIDE's most innovative programs. To get there is an overnight train ride into a different world.

When the sun shines on this land it looks almost like something out of a Bavarian fairy tale: rolling green hills with curious fences and vaguely familiar trees; Mapuche Indian people, making their way with wooden carts along gravel roads; lush pastures dotted with placid, holstein cattle. But when it rains, as it does much of the time in the

Osorno region, the land is transformed into a quagmire. The bright green shades of the hills fade and the peasants huddle in their isolated shacks for a little warmth.

Land of little comfort

The rain brings out the truth, for this is a land of little comfort. It is a region with a history of conflicts: wars with Argentina and class struggle. During Allende's time, some of the farms were seized by militants opposing the socialist leader's relatively moderate policies. After the coup, the people began to fight among themselves and they became badly disorganized. Unemployment is high in the region and "chicha", a crude local alcoholic drink, is the release mechanism. But alcoholism is only a symptom of much greater social illness. The gulf between the "haves" and the "have-nots" is so wide that you cannot see one side from the other. Besides, the rain brings a nearly permanent mist to this region.

In an area where the death rate is 135 for every thousand live births, one might expect that those children who do live would be nurtured and cherished. However, the problems are so many and the individual plots of land so small that children are often viewed as a debit, not a credit. Communication between the children and their parents is often only rudimentary, and reserved for the basics of living. There is little room for praise or encouragement, for teaching, or for showing affection. The children, who must often trek miles over muddy paths to attend school, are usually inadequately prepared. The drop-out rate is high. Ignorance and apathy might appear to have a good future here in the 10th region of Chile.

The great educator and activist, Paulo Freire, considers apathy to be the main enemy of education and development. "Apathy", he says, "is the internalization of the oppressor." Freire's influence in Latin American development is immeasurable. He regards education as a continu-



Father and daughter learning together near Osorno, Chile.

ous process, a tool that can raise the people's consciousness and make them feel responsible for their own condition and the development of their community.

The writings and actions of Freire have a lot to do with the orientation of CIDE's programs. Several years ago CIDE began an experimental new program aimed at bridging the gap between parents and children by educating parents in the rearing of children, and involving them in the children's education. In doing so, the researchers hoped to focus the people's awareness on the broader implications for the well-being of the community, both for the present and the future. In Spanish, the parents-and-children program is called *Programa Padres e Hijos*, but it quickly became known simply as PPH.

In 1978, armed with experience gained in other parts of the country, CIDE's researchers brought PPH to the mist-shrouded hills around Osorno. First, CIDE trained 10 general coordinators who underwent a two-week training course near Osorno. They were full-time personnel, responsible for 44 learning centres in different parts of the region. Another 100 people worked as volunteer coordinators, helping to organize the program and enrolling parents and children. CIDE estimates that 6000 people were directly involved or affected by the program in the region.

PPH operates in units. For instance, the first of 12 units is on general child development. The parents are shown pictures of a well nourished and a poorly nourished child, and other images suggesting poor hygiene or lack of

affection. These are the conversation starters. The coordinators are taught to raise the question of how the family can help the child learn. Gradually the parents begin to speak of their own situations. Worksheets on the same issues are taken home to the children.

There are 35 sets of worksheets, developed by child psychologists, for children ages 4 to 6. Parents use them to help the children learn at home. The worksheets contain material on basics such as learning to write, counting, and speaking properly. They also bring out issues in nutrition, hygiene, sex education, and emotional and social problems such as alcoholism and lack of affection between parents and children. Manuals for the parents are provided with the worksheets. These give exact instructions, and an orientation. Each of the worksheets has clearly stated objectives. For example, one includes a cartoon drawing of a father asking a child to compare two saucepans, their likeness and differences. An explanation for parents reads: "With these games the child learns to concentrate and to pay attention."

Next, the parents return to the centres for workshops in which they discuss the problems again, and sometimes they make simple materials for the children. These materials lead to further interaction with the children and then the parents return for another session where they are asked to think of community actions that might help solve the problems. This is followed by more worksheets and then a fourth session which is a summation of what they

have learned. Then they move on to the next unit. The whole program takes two years.

The most important element in this process is the dynamics of the group. The coordinators only guide the discussion, encouraging people to talk about their own problems and then to draw conclusions.

Radio provides continuity

In an unimpressive building on a side street of the town of Osorno is an organization that is perhaps as important as the coordinators' work. This is "The voice of the coast", a one-kilowatt radio station that sometimes seems more like a post office or a community centre. This radio station was set up by Capuchin missionaries from Holland.

One of the services operated by the station is the Radio School Foundation for Rural Development, known by its Spanish acronym, FREDER. FREDER is a partner with CIDE in the south of Chile, and without its services the PPH program would have been much more difficult to implement. For the last few years the scattered households on the hills west of Osorno have been united by at least one thing, FREDER. The people consider the station to be theirs. Besides running instructional programs over the airwaves, the station operates a community service which takes the place of telephones. Messages are left in alphabetical slots in FREDER's reception room by people wanting to communicate with isolated friends or relatives. Announcements of an urgent nature, such as illnesses and deaths, are broadcast. So are important community events and communications between different communities. If the FREDER flags and T-shirts displayed in the communities are any indication, it is a popular service.

Perhaps one of the most valuable contributions of FREDER to the project is continuity. PPH has completed its two-year program in the first 44 communities and has moved on to new ones. FREDER still has a presence in the original project area. People can still relate to it. In fact, one of the criticisms of the project has been that the centres should have been called "FREDER centres" since the radio is the institution which remains.

That criticism and a host of other issues are discussed in a report on the project by Dr. Howard Richards of the University of Indiana. Richards helped to start the original PPH project in 1972, and returned to evaluate the program near Osorno in 1980. The study was funded by the International Development Research Centre of Canada (IDRC) and Richard's report, entitled *The Evaluation of Cultural Action*, is to be published this year.

This report is no orthodox piece of work. It will cause some educators and social scientists to jump for joy, others to pull their hair out in despair. For Richards displays from the start a determined disregard for many of the established practices of research evaluation. And he writes in a style that is clear, almost devoid of jargon, and is often as entertaining as any good novel.

From the beginning he sets out to tell the reader what the study is *not*. It is not a systematic evaluation of PPH — a rigid cost-analysis that would measure the "efficiency" of the system. Many social scientists, he says, are "prisoners of the problematic" for whom "efficiency cannot possibly not be a good thing." Evaluating the PPH project in the usual systematic way would be like wearing contact lenses

when you shouldn't. You would be "blind to the way the world would look if you were not wearing them".

The social scientist who comes to evaluate PPH with the usual systems approach will first ask for the objectives of the program, the desired outcomes. At this point she might return home, write a negative report and collect her fee, for nowhere in the project documents can one find a clear statement of objectives, Richards cheerfully admits. The social scientist might pack her bag because she believes that "every program should be efficient". But efficiency is measured by cost per desired outcome, and if the desired outcome is unknown, the program cannot be efficient. And if it is not efficient it cannot be a good program.

Measuring "non-objectives"

The problem, as Richards points out, is the loose participatory framework of the project itself that does away with the traditional division between researcher and subject. The subjects are not only aware of the research, they are encouraged to participate in it. In such a project the objectives are generated by the people as the program gathers momentum. But the conventional systems approach to evaluation would ignore these objectives; because they were not specified from the outset, they could only be considered "non-objectives".

These non-objectives would include the parties and dances which Jorge Zuleta, the PPH Osorno coordinator has termed "spaces of joy" in the peasants' otherwise hard life. But these are only the emotional peak of a mountain of PPH activities: community fundraising events such as sports tournaments, bazaars, raffles and craft activities such as knitting, textile painting, embroidery, making children's clothes, woodwork and sisal weaving. In addition PPH fosters such activities as making a community first-aid kit, organizing funerals, singing and composing songs and poems, aiding old people or needy neighbours, planning and building a community centre and repairing a school or chapel. The PPH committees have also begun to take grievances to the authorities — for example the lack of health clinics in their communities and the broken-down bridges.

The key to determining if PPH is cost-effective, says Richards, is the study of attitudes. "If attitudes change, it is," he states simply. And the key to determining if attitudes have changed is something that Richards and the staff at CIDE call the "illuminative approach" to evaluation. It is a long and complex process that involves a great deal of participation by the research "subjects".

The first step was to elect 10 "informants" from each community. These people travelled to Osorno where they were interviewed as many as seven times each. From these interviews, a "verbal image" of the project was built up. This image was then taken back to community meetings where it was reviewed by the others. The people were asked to verify whether or not their communities participated in the "non-objectives" mentioned above. They were also asked to verify some of the less tangible statements of the informants which were abstracted from the interviews. For instance: "One learns (through PPH) in what form to give food to a child, and one learns to take advantage of legumes and fruits that perhaps the peasant has mistakenly disregarded." All but one of the 44 PPH centres agreed with this statement, and in this case no centres

offered amendments or explanatory comments. In this democratic fashion, a final "verbal image" of PPH was achieved.

This approach to verifying the verbal image is what social science theoreticians have called "triangulation". The idea is taken from the technique used by surveyors and astronomers to determine facts they cannot measure directly. We cannot measure the distance between the earth and a star directly but can measure the distance

lems of their communities. The objectives on the worksheets are achieved but perhaps more important are the objectives that the people generate themselves. Using the systems approach to analyzing PPH, these achievements would not only be ignored, but the voluntary time taken to build such peasant organization would be added to the "input" or "cost" side of the program. This is what Richards means by the "large, perhaps incommensurable distance between the numbers on the dial of an efficiency measure



Radio FREDER staffer interviewing PPH coordinator for Parents and Children Project.

between two points on earth and the angles which the lines form between these points and the star. By geometric calculation we can then determine the distance between either of the points and the star.

Richards goes on to say, "By analogy we can think of the various pieces of information we can assemble about PPH or some other social reality as 'sightings' that 'determine' whether facts we cannot check directly are true. In the triangulation portion of the evaluation of PPH we test the verbal image provided by the people who participated, using a variety of methods to 'get a fix' on the realities the image ostensibly portrays".

Evidence of success

Did attitudes change? Through the process of "triangulation" the evaluation report presents strong evidence that they did. There is evidence that alcohol consumption has been reduced in PPH communities. People are more concerned with the welfare of their children and the prob-

and the peasant women sloshing 8 kilometres in the rain to attend a meeting"

In spite of its achievements, the program was not an unqualified success. One of the main problems was the inability to work PPH into the existing system. Some of the committees are not allowed, even today, to use their own schools for meetings. Many teachers, employed by municipal authorities, are wary of any involvement with a program that promotes community organization, afraid that it might be considered too "political".

Yet there is a sense that something important has happened in the 10th region of Chile. The Parents and Children's Project appeared at a time when it was needed. Old values, that had been suppressed but not forgotten, were revived. People are willing to speak their thoughts again. Perhaps the mists have lifted a little from the hills west of Osorno.

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Zimbabwe at two

by Clyde Sanger

The second anniversary of independence — April 1982 — seemed a good moment to revisit Zimbabwe from Canada. Enough time had gone by to let the effervescence settle and the euphoria of that occasion vanish. (Sadly, Bob Marley, the visiting star of those celebrations, has gone also.) Time to ask many questions. Had the government of Robert Mugabe, which in April 1980 was still newly arrived from exile in Mozambique and Zambia, got into stride? What sort of pace was it setting and in what direction? If it was hastening towards a socialist goal, were the 200,000 whites (many of whom had fled the socialism of postwar Britain) packing up to leave? The long struggle for independence had produced several splits among the African nationalists and many talented politicians had not ended up in the winning party. Were their talents being used in other ways? How much change had already come in Zimbabwe's social life, in the business ranks and the professions?

The second anniversary followed a few days after the Easter holiday weekend. On Easter Saturday we were sitting on a hillside twenty miles out of Harare (formerly Salisbury) in the shade of msasa trees and talking the afternoon away with old friends. One can be forgiven some nostalgia at a time and place like that.

The house was a modest one: two rondavels made of fieldstone, thatched and joined together with a straight wing of bedrooms — the traditional design of a Rhodesian farmhouse. The host, Enoch Dumbutshena, is equally modest. He gestures towards the valley, with cows munching by a stream, and towards the three small hills beyond and he says: "My friends laugh at me for buying a view." He and Miriam have it to themselves. A mile beyond the hills is the old Arcturus goldmine, part of the glitter that brought Cecil Rhodes's "pioneers" to this land ninety years ago.

Enoch is the first black lawyer to be appointed a High Court judge. Twenty-five years ago, when we first met, he was selling insurance on commission because he had been too involved in politics to remain a teacher. I first saw Great Zimbabwe, those mysterious drystone ruins, in his company. And I remember him, too, explaining with patience and dignity about spirit mediums and the throwing of bones to an Australian woman broadcaster who kept talking about "witch doctors." He remained a teacher at heart.

At the age of thirty-eight Enoch decided to study law and went to England. (I have a faded photo of him shivering in the snows of Derbyshire.) He practised for some years in Salisbury, but the atmosphere, after Ian Smith made his Unilateral Declaration of Independence (UDI) in

1965, became too oppressive. He escaped by walking for days through the bush to Botswana, climbing trees at night to avoid animals; and he set up practice instead in Zambia. He briefly entered politics in 1979 but, when Robert Mugabe's Zimbabwe African National Union (ZANU) swept all of Mashonaland in the 1980 elections, Enoch vanished from parliament and then was soon afterwards appointed a judge.

Enoch Dumbutshena has other visitors on Easter Saturday. George Nyandoro arrives, full of the same boisterous laughter as used to accompany the dire prophecies he made when he and Robert Chikerema revived the African National Congress in September 1957 and recruited Joshua Nkomo as its President.

Some fruits of independence

I remind George how he had said, on the day he launched Congress, "Our rivers will flow with blood," and he replies, "Well, they did, didn't they?" Resistance to white rule had run in his family for three generations: his grandfather, a paramount chief, was a leader of the 1896 rebellion.

He and nearly everyone else under Enoch's trees have suffered for their politics. George and Chik and Michael Haddon, a mining engineer, had all been imprisoned for four years. George, an accountant by training, now heads a paper and printing firm that makes most of the country's supply of toilet rolls. Chik is trying to move into the meat wholesale business, and his wife has ideas about a plastic design for a thermal food container.

There is nothing in this narrative resembling life in a Marxist state, for sure. Zimbabwe may over the years indeed become a socialist state. But what distinguishes its citizens today, besides a deep enjoyment of peace, is business enterprise and a resilience in recovering from the devastation of a seven-year guerrilla war.

The scars of that war have faded but not vanished. The remarkably successful exercise of monitoring the cease-fire from December 1979 to the elections in February 1980, and

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Zimbabwe

of controlling 22,000 guerrillas in assembly points with a tiny (1500-strong) Commonwealth force alongside their own commanders, has been well documented. (Most fully by Professor Henry Wiseman of the University of Guelph in his book *From Rhodesia to Zimbabwe: the Politics of Transition*.) The crisis in military terms came a year later, when a beerhall brawl led to factional fighting within three battalions of the new national army, whose units were made up equally from ZANLA (Mugabe) and ZIPRA (Nkomo) guerrillas who had operated separately from Mozambique and Zambia.

Establishing order

After the three mutinous battalions were disbanded, the national army was more deliberately built up of four brigades, three of them trained by a British military mission and one by North Koreans. There are still setbacks: during April a large group of army defectors was roaming near the Zambezi escarpment and raiding communities for food. But the smooth integration of the four brigades, and the discipline they have in general shown, have amazed both foreign diplomats and most of Zimbabwe's 200,000 whites who feared the consequences of "freedom fighters" coming to power.

The integration of politicians is seemingly trickier than that of soldiers. Prime Minister Mugabe has had difficult times with both Ian Smith, who remains unreconciled to change, and with Joshua Nkomo who, as the senior nationalist leader, never fully accepted a lower rank in the coalition formed at independence. But by April 1982, the second anniversary of independence, Mugabe had shown his political skill by chipping important sections off the main blocks of Nkomo's ZAPU and Smith's Republican Front (RF). For, having dismissed Nkomo and two other ZAPU ministers in February, he promoted three ZAPU MPs to the Cabinet. And, having engineered a breakaway by nine of Smith's twenty-member caucus he brought two of these RF rebels into the government. One of them, Chris Anderson, formerly Smith's Justice Minister, has special responsibility for the public service; in particular, this bright lawyer will be busy maintaining the morale of white civil servants who remain in key posts. Meanwhile, Nkomo is now sixty-five and Smith who is sixty-three recede into the shadows.

Three great challenges

For the two-year-old government of Robert Mugabe the largest tasks ahead lie in the fields of land resettlement, rural health services and mass education. The three are mutually supportive, because hundreds of schools and clinics are needed in order to keep on the land young people healthy and skilled enough to increase its productivity. Yet these sectors compete for the larger slices of a limited budget.

The government is determined that the resettlement program — of buying large farms from white farmers and turning them into small holdings or cooperatives for the landless and unemployed — should not simply involve land redistribution but should significantly increase food production. This is certainly an attainable objective, for much of the 18 million hectares (46 million acres) that had been alienated to white farmers since the 1930s was under-used

and a farmer with a holding of 1200 hectares (3000 acres) might well concentrate on a tobacco crop covering no more than 35 hectares.

An increase in productivity among African farmers is also necessary, since Zimbabwe's population of 7.7 million is increasing at one of the fastest rates in the world — at least 3.4 percent a year, and the census in August will give more accurate figures. It is also crucial that redistribution does not, even temporarily, reduce to any extent the agricultural production in the "commercial sector" (the non-racial term applied to the former white block of 5500 farms), because even in 1980, when the maize crop from peasant areas had doubled under Mugabe's price incentives, four-fifths of the marketed crops was still being produced on these white farms.

The size of this undertaking in resettlement is immense, dwarfing, for example, the land purchase scheme of 1.5 million acres in Kenya's "white highlands," which Britain financed with a mere eighteen million pound loan in the mid-1960s. During the Lancaster House conference British Foreign Secretary Lord Carrington made it clear that it was beyond Britain's capacity to fund resettlement in Zimbabwe but that Britain would join an international effort.

This was the origin of the Zimbabwe Conference on Reconstruction and Development (ZIMCORD), held in March 1981 to seek pledges of more than 1,223 million Zimbabwe dollars for rural development. (One Zimbabwe dollar equals roughly one-and-a-half Canadian dollars.)

By then the Zimbabwe government, with United Nations and other help, had completed the human resettlement of some 1.4 million refugees who had fled from the war in rural areas either to neighboring countries or to the cities. It had also produced a statement of economic policy — *Growth with Equity* — which reassuringly balanced egalitarian principles with talk of price stability and "dynamic efficiency"; and it provided impressive documentation about dryland and irrigated projects for the seventy delegations (from forty-five countries and many agencies) that took part in ZIMCORD. The conference was a remarkable success for Economic Planning Minister Bernard Chidzero, who raised in commitments more than his target figure. Canada's contribution at ZIMCORD was to pledge fifty million Canadian dollars, much of it in the provision of road-grading vehicles and in aerial and geophysical surveys.

The actual progress in land settlement has, however, been slow so far although it is starting to pick up speed. By April 1982 only 757,540 hectares had been acquired by the government at a cost of fifteen million Zimbabwe dollars. A senior official in the Ministry of Lands, Resettlement and Rural Development, however, cited a figure of 162,000 families to be settled on nine million hectares during the period to July 1985. If land pressures are to be relieved in the former "tribal trust lands" in eastern and southeastern Zimbabwe, where ZANLA guerrillas found their strongest support because of land hunger, the scheme has probably to reach that vast size.

New agriculturalists

Quantity is only the first problem. A meticulous process of valuation and bargaining with white farmers on a "willing buyer, willing seller" basis has slowed down ac-

quisition. The government also wants to ensure adequate water supplies and a road system before settlers move in. There were misunderstandings when application forms for potential settlers were distributed through the fifty-five new and inexperienced district councils: in some places women (who are literally the backbone of agriculture) were told they could not apply, and in parts of Matabeleland there was apathy. Lands Minister Moven Mahachi says: "We are gradually overcoming these problems."

He himself had experience on a series of cooperatives run by Anglican missionaries (from St. Faith's, Rusape, on to Cold Comfort Farm) that were often the target of previous governments from the 1950s. Now cooperatives in various forms, some involving communal living and working together on a "core estate," but all including individual smallholdings, are the favored instrument for resettlement. Didymus Mutasa, another St. Faith's graduate and now Speaker of the national assembly, calls them "the spearhead of Zimbabwe's socialist structure." What the government will not support, anyhow, is the wholesale transfer of large estates to individual Africans, as happened in Kenya. The aim is to provide peasant families with 400 Zimbabwe dollars net income a year. And the individual holdings will be no more than twelve acres of arable land or else enough to carry sixty head of cattle.

The longer-term future, according to another Minister, lies in big dams and large-scale mechanization; and forty-five sites are already marked out for such projects. The ZIMCORD papers speak of the development of the Sabi Valley over fifteen years with the construction of the Condo Dam and irrigation of 70,000 hectares — at the cost of more than 500 million Zimbabwe dollars. Although peasant families would farm there (growing everything from citrus and sugar to vegetables), it worries Zimbabweans of the "small is beautiful" school by resembling too much the long-established white estates at Triangle and Hippo Valley in the lowveld towards the Limpopo.

Working at education

Meanwhile, a group of model schools for some 8000 refugee children has been launched on former white farms under the Zimbabwe Foundation for Education with Production (ZIMFEP) whose patron is President Canaan Banana. The principle of linking academic studies with productive work, and of teaching young people ways to become self-employed, has been adapted from the work of Patrick van Rensburg with the Serowe brigades in Botswana. The model schools that are strongly supported by outside agencies — those, for example, in Shamva and West Nicholson backed with Scandinavian and Lutheran funds — are forging ahead.

The greatest leap has been taken in formal school enrollment. The primary school population has more than doubled since 1979 to 1.9 million this year, and high school enrollment has trebled to 218,000. All kinds of devices are being used to meet shortages of school facilities and teachers: "hot seating," or double-shift classrooms, and primary school teachers being trained on the job through a four-year "distant education" course. The shortages are bound to become more acute as the policy is pursued of finding high school places for eighty percent of primary school leavers (at present the percentage is twenty). The curricu-

lum is being revised, not only to add productive activities but also to give it a scientific base; and some North Korean advisers are helping in this area.

Trying to keep healthy

Health services were in Rhodesian times focussed on the curative needs of an urban population, and delivered through large city hospitals, despite the fact that eighty percent of the population live in rural areas and could benefit most through preventive care: women through simple maternity services, for example, and children through reducing measles, whooping cough and diarrhea, as well as through improving nutrition.

So the ministry is now organizing two-month training courses for village health workers (VHWs), chosen by their own community, while traditional birth attendants are being taught hygiene and sterilization methods. This primary level of care has its base in health centres and clinics that are now being built in every district. But, as one provincial hospital administrator pointed out, it is important for a VHW first to provide some treatment for the visible ills in a community if he or she is to win their confidence for talk of nutrition and disease prevention. Also, expenditure on the big-city hospitals has not decreased and the new costs of rural services are being covered by foreign aid.

Two years of Zimbabwe — not bad

Zimbabwe, it can be seen, has all or nearly all the problems of any other newly-invented country. It has to build up an efficient public service, inculcate a spirit of national unity, set credible goals of economic and social development and form a foreign policy in a world of rivalries. In Zimbabwe's case these problems are aggravated by the distortions of a dual economy of urban whites and rural blacks, and by the wastage of a long war. It is also stuck in the front line of the continuing black-white struggle in South Africa, which spills over in acts of sabotage (pylons were expertly sundered outside Harare on Good Friday morning) and could swamp the country in an invasion.

Yet I would dare to say that Zimbabwe has made a better start to independence than most states in Commonwealth Africa. It has had the advantage of being able to learn from their mistakes. The long years of UDI produced hundreds of graduates with experience of many countries; now they have to apply the best of that experience at home.

Zimbabwe is unlikely to waste its assets in Pan-African pace-setting, as Kwame Nkrumah did in Ghana. It can avoid the worst internal splits, having neither Nigeria's awkward structure of three powerful peoples nor Uganda's problem of the Baganda people in the country's heartland being at odds with the ruling party. It has put more emphasis on developing the country's basic asset — the fertile land — than has its neighbor Zambia, and is doing so in a more egalitarian way than Kenya and can offer farmers more incentives and services than Tanzania. It is maintaining a more open, self-critical society than Malawi.

Zimbabwe's leaders and people are tackling their many problems with verve and imagination, and they deserve to succeed. □

Book Reviews

Canada and the United States

by Anthony Westell

Canada and the United States; Dependence and Divergence by The Atlantic Council Working Group on the United States and Canada; Willis C. Armstrong, Chairman and Rapporteur, Louise S. Armstrong, Co-Rapporteur, Francis O. Wilcox, Project Director. Foreword by Kenneth Rush, Chairman, The Atlantic Council of the United States. Cambridge: Ballinger Publishing Company, 331 pages.

This is a book about Canada by Americans, and the purpose is to advise the US government on policy towards Canada. For Canadians, therefore, it is an opportunity to see ourselves as others see us, and to gain at least an idea of what to expect from Washington over the next few years.

The results are reassuring if not particularly enlightening. We appear to be a reasonably sensible country struggling through difficult times, and the general advice to the US government is to watch carefully, negotiate often, refrain from interfering, and hope for the best.

The Atlantic Council of the United States was formed some twenty years ago to promote closer ties among Western Europe, North America, Japan, Australia and New Zealand — which surely should make it the "Atlantic and Pacific Council."

As the current Council chairman, Kenneth Rush, explains in his Foreword: "In 1979, the Atlantic Council of the United States decided to undertake a foreign policy study of the implications for the United States of trends that may be anticipated in Canadian affairs during the next ten or fifteen years. We believed that such a study could lay the groundwork for US policy by identifying the bilateral and multilateral issues where friction is most likely and where co-operation is most essential. We invited a working group of forty-five members to undertake this important task, which began in March 1980."

The moving spirits appear to have been Willis C. Armstrong, a former US Ambassador in Ottawa and Assistant Secretary of State and still a State Department consultant, and Louise S. Armstrong, also a former foreign service officer. Both of course are well known in the Canada-US studies community.

Seven members of the working group prepared position papers, and these make up the bulk of the book. In the main, they are well-informed and balanced accounts of the

relationship and of current and anticipated problems. Although they attempt to peer into the future, some are already out of date in some areas. For example, the studies were prepared before the constitutional settlement, before the Ottawa-Alberta energy pact, and before the federal government backed off its commitment to expand the scope of FIRA.

Nevertheless, the studies should persuade any thoughtful US policy-maker that we are not about to seize US assets, nationalize the energy industry, join the Third World, or fall apart as Quebec and the West separate. Professor Howard H. Cody of St. Thomas University, New Brunswick, writes thoughtfully about the future of Canadian federalism and predicts further decentralization. Edward F. Wonder, of International Energy Associates, contributes a notably well-balanced review of energy relationships, warning that the United States cannot look to Canada for more oil but should help us to achieve self-sufficiency because that will reduce world demand. Gary C. Huffbauer and Andrew James Samet, of the International Law Institute at Georgetown University, discuss investment relations and point out that the United States as well as Canada is concerned about foreign capital and control and has policies to deal with it. They conclude that further nationalistic actions in Canada will strengthen a growing opinion in the United States that more should be done about foreign investment, so that the US may wind up with its own version of FIRA — not a consummation devoutly to be desired, in this reviewer's opinion. One FIRA is quite enough. John M. Volpe, of the US Chamber of Commerce, suggests an early-warning system through which the two governments could notify each other of actions likely to affect trade relations. He writes off a move toward free trade as a non-starter, which may be premature. Annette Baker Fox, of Columbia University, who is to teach at Toronto next year, surveys cross-border environmental issues. And Douglas J. Murray of the US Air Force Academy provides a careful but perhaps optimistic view of the defence relationship.

The most controversial of the studies is Alfred O. Hero Jr.'s review of trends in Quebec and the implications for US policy. Some members of the working group doubted the wisdom of publishing anything on a matter of such sensitivity to Canadians, but they need not have worried. Mr. Hero's sympathy for Quebec nationalism is well known and it is no surprise to find him forecasting a significant devolution of powers to Quebec and to other provinces over the next couple of decades. He is from Louisiana and

interest in French culture may be the father of his analysis — although he is always worth reading.

The working group drew upon these studies to form its opinions and to make policy recommendations. Given the balance of the good sense and the research, it is logical that the recommendations are calm and conventional and not worth repeating here in detail. Washington is urged to review this, to negotiate that, to watch with care, to protect this interest and promote that, mostly within the existing bilateral structures.

This reviewer was jarred only by some of the incidental language of the Council's conclusions. To say that Canadian policy toward the United States swings between "extreme nationalism and professions of close and friendly association," is a wild exaggeration. Canadian policy has never been close to extreme nationalism, and it is troubling that Americans can harbor such a misconception. Again, the Council suggests that Prime Minister Trudeau's agenda includes "government direction of the economy," which would be laughable if it were not so foolish.

One can hope that US readers will be more influenced by the detailed studies and by the cautious policy recommendations than by some of the curious bees buzzing in the Council's bonnet.

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The Israeli foreign office

by Sidney A. Freifeld

Destination Peace: Three Decades of Israeli Foreign Policy
by Gideon Raphael. Stein and Day, \$16.95, 403 pages.

A note on the cover says simply that Gideon Rafael was born in Germany in 1913, studied at the University of Berlin and emigrated to Palestine in 1934. This leaves the reader to wonder what there was in his upbringing that endowed him to become — in Canadian terms — a combination of O.D. Skelton, Hume Wrong and John Holmes in the development of the Israeli Foreign Service, in which he rose through the ranks to the top post of Director-General of the Ministry, and at other times held ambassadorships to the United Nations, London, Brussels and the EEC, while all the time serving as wide-ranging troubleshooter for his country. Nor do we learn how Rafael, whose mother tongue was presumably German and adopted tongue Hebrew, was able to prepare in English such an elegantly written, indeed exhilarating, book on the art of diplomacy, the infighting of Israeli Cabinet politics with warts-and-all sketches of the leading players, together with a perceptive and surprisingly frank analysis of Israeli

foreign policy and practices during three turbulent decades since the State's foundation.

From his analysis it can be inferred that Israeli foreign policy has been more tactics and less strategy, mostly designed to forestall confrontation and minimize crises. Governments seem more certain about what they *don't* want in the short run than about long-term goals; they usually respond defensively to the moves of others and seldom take calculated initiatives themselves. Only Ben-Gurion emerges from this book as a leader with a clear vision of where he was steering his country and what route he would follow to get there.

Perhaps inevitably, a nation under seige from birth will turn first to its generals to act and react, rather than to its diplomats. But, Mr. Rafael suggests, the generals' decisions may not always be wise, especially if taken with little or no Cabinet debate. All too frequently the Foreign Ministry is passed over by the Defence authorities and the Prime Minister's Office. When guerrilla raids from Jordan became intolerable during 1968, the decision to respond by attacking Karameh caused Foreign Minister Abba Eban to argue that the target was unsuitable, the scale exaggerated and the political risks disproportionate. In Rafael's view, the operation was more of a boost than a blow to the terrorists, failed to stop the attacks into Israel, and "irrevocably implanted the Palestine problem on the international agenda." In this instance at least, the Foreign Ministry knew what was going on. On another occasion during the 1970s, Israeli forces operated in Lebanon for two days without anyone in the Foreign Ministry knowing about it. Nevertheless, while on balance, Rafael is a dove, his book does supply abundant evidence to justify many actions of the hawks. His account of the antecedents of the 1967 war will prove of especial interest to Canadian readers.

Pandit Nehru once asked Rafael how Israel, with one two-hundredths India's population, could find so many suitable persons to head diplomatic posts, a problem bothering him in India. Rafael surprised him in responding that many of his ambassadors came out of kibbutzim rather than diplomatic schools. "The man from behind the plough who was familiar with the intricacies of modern rural economy, who understood how to . . . negotiate with hard-headed bankers and thick-skinned bureaucrats, who had innate intelligence and human culture, was at least as good ambassadorial timber as the professional diplomat reared in the precincts of academic exclusivity. Some of our best people had a background of both. They were . . . educated in the ways of other nations and imbued with the knowledge and sense of the history of their own people. Most . . . swiftly acquired their professional polish, others remained rough diamonds, attractive and valuable in their own way."

Mr. Rafael is never self-serving in this book, one of the most absorbing and readable on Arab-Israeli questions to be published in years.

Sidney Freifeld retired from the Department of External Affairs in 1975, after three decades in the Canadian Foreign Service.

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International perspectives. --
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There are two sides to every coin ...

Since taking office in 1978, Prime Minister Pieter W. Botha has initiated many reforms; reforms so dramatic they have caused a split within the ruling National Party. Yet, little positive mention is made abroad of this progress.

In 1981, for instance, a far-reaching Bill was introduced to remove any remaining discriminatory aspects from labour relations. Dynamic developments also have taken place in sport, in the creation of government-recognized unions for Blacks, in equal pay for all professionals in government service, in the elimination of job reservation, in education for Blacks, in sharing of recreational and cultural facilities, in bringing about wage parity, in effecting equal business and urban property rights and in creating new housing and township development.

The Government of South Africa is committed to a course of reform. Get the facts. Discover the other side of the coin.



*The Krugerrand —
symbol of stability in a
changing world.*

Embassy of the Republic of South Africa

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