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Contents *January/February 1981*

Sharing the Continent

Reviving the Third Option

by Allan Gotlieb and Jeremy Kinsman

Canadian foreign policy is determined by a view of the world shaped by national interests. There is strong emphasis on the need to find solutions for the great, global problems of the North/South dialogue and the growing tension between East and West. But the greatest foreign policy challenge is the relationship with the United States. It always has been.

The United States is the only country where the importance of the relationship is imposed on us. We do not have to work to promote the content of the relations. The interaction between the two countries is vast and complex. The management of border questions alone is sufficient to make relations with the United States a priority with any sovereign Canadian government.

The mere mention of three current border issues is enough to demonstrate the truth of this statement — fish, the environment, communications. Each of these raise complex questions that defy easy solution.

— Whose fishermen will catch what, where and when? Canada has argued for the joint management of this vital resource. That call has been resisted by East Coast fishermen in the United States. They would prefer to take a risk with the future. Canadian fishermen cannot afford to take that risk.

— Environmental issues are becoming critical. Acid rain is the subject of current headlines, but the range of difficulties is as wide as the border itself. A roster of geographical place names is enough to call serious environmental problems to mind — Garrison, Eastport, Juan de Fuca, the Great Lakes.

— Communications problems multiply with the growth of technology. Where is the border for air waves? Who owns the content of broadcast material? What controls are needed?

There is a host of such issues of direct day-to-day impact on the Canadian public. Many of them, such as the three mentioned above, are irritants to the relationship. The careful and continuous management they require presents a challenge to administrators. But they are not the whole relationship between the two governments. If they were, Canada-U.S. relations would be one constant day-to-day struggle.

The relationship goes far beyond these conflicts and irritants over border issues. It encompasses the deepest structures of the Canadian economic system and of the continent itself. The interests of the two countries are not always the same on these large questions, but this is compensated by a recognition on both sides of the sense of long-term interdependence between the two countries which gives the complex relationship a much deeper character.

Long-term strategy

This depth calls for more than a day-to-day approach to the the management of the relationship. It requires a long-term strategy, though not an adversarial strategy. The two countries are not adversaries. They are deeply and fundamentally very friendly to one another. The type of strategy that is needed is one that provides for the realization of Canadian economic development objectives. This does not mean a document or a White Paper that declares this objective. It means a coherent approach on the part of the government in pursuing Canadian interests vis-à-vis the United States. It also means ensuring that Canadian planning is done on the basis of valid assumptions.

This is not a call for a dirigiste approach or for undue emphasis on interventionism. The economic dynamics are those of the private sector and they are the basis of the relationship. Much of the substance of economic cooperation and interchange between the private sectors of the two countries takes place on its own terms. Nor does a coherent approach mean a fully comprehensive examination of all aspects of the relationship. But it does mean that relations with the U.S. must be considered in terms of Canada's own economic development and with a view to providing a more secure framework for private sector activity.

Government is responsible for the general health of the economy, and for its sound future development. There are two main areas of application in any view of Canadian economic development to meet the opportunities and challenges of the 80s: resource development in the West, and the Maritimes, as a basis for social and industrial development; and structural adjustment and development in Central Canada. Since the U.S. is crucial to both areas of endeavour, Canadians have to assess the implications of two basic facts: the U.S. takes 70 percent of our exports and U.S. ownership capital has a predominant place in our economy. In other words the terms of access to the U.S. market are vital to Canada and many basic investment and other decisions in the Canadian economy are taken by managers of U.S. based corporations. Thus Canadian

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economic development depends to a large extent on the economy and well-being of another country.

These facts, however, provide leverage to both countries. While the U.S. market is vital to Canada, many Canadian exports are vital to the U.S. While U.S. based interests have great influence over the nature and pace of economic development in Canada, they also have a high stake in participating in Canadian development in a manner which is as creative and productive as Canadians feel they have a right to expect.

While the two governments do not run the economic relationship in a day-to-day sense, they are necessarily involved in a general way. The nature of the Canadian economy and society has required government involvement to channel aspects of long-range development in beneficial ways. Similarly, it is axiomatic that the benefits of development have to be worked at by Canada. They will not fall out of a free trade, free investment, free-for-all continental economy. This is not an option for Canadian development. Benefits for Canadian industry, however, do not necessarily mean a cost to U.S. private interests, but Canadian policy needs to adopt a strategic approach to succeed. How do we use the levers we have? How do we use our strengths to compensate for our weaknesses? How do we serve the interests of all the country and not just a part? The answers to these questions are the basis for planning for the relationship with the United States.

Canadian vulnerability

It is going to be a difficult and dangerous world in the 80s and 90s. Canadian vulnerability to its swings, shifts, and shocks, calls for the development of instruments which give the national interest some increased discretion over developments. This is what the Canadianization part of the National Energy Program intends to do. The U.S. government understands this clearly. In President Ronald Reagan's inaugural address, speaking of neighbours and allies, he said "we will not use our friendship to impose on their sovereignty, for our own sovereignty is not for sale." This is the point. It is a matter of sovereignty — not in the legal sense, but in the discretion over the securing of national interests which, inevitably, are not identical for both countries.

Suggestions that have been made by various political representatives in the United States for the development of continental policies range from functional cooperation in technical areas to continent-wide policies for resources, food and technology. There may well be functional benefits from a continental approach in a few select fields such as environmental control — although these should be examined closely. On the other hand, continent-wide policies in such areas as energy and resource management could lock Canada more closely into another country's interest and future while reducing the freedom to manage our own interest and future. Yet, because of the different nature of the two economies, the economic interests are not identical and separate national attention and management are called for.

The Third Option remains valid as an assumption of Canadian foreign policy even if it no longer needs to be cited as a constant point of reference. The Canadian emphasis on bilateral relations with economic partners, based on Canadian economic development objectives, which Secretary of State for External Affairs Mark MacGuigan recently spoke of is, in effect, an updating of the Third Option policy. It recognizes the prime importance of the relationship with the U.S., but stresses the vital need for coordinated Canadian policies to develop key relationships with other countries as well.

In reviewing, or re-visiting the Third Option, a decade after its introduction, one is struck by its misinterpretation over time. Basically, it was rooted in the need for a domestic economic strategy — "a long-term comprehensive strategy to develop and strengthen the Canadian economy and other aspects of our national life and in the process to reduce the present Canadian vulnerability". That is the exact language of the option as used in Mitchell Sharp's paper setting it out (see *International Perspectives*, Autumn 1972 special issue).

It was never meant to shift exports from the U.S. to somewhere else. It states clearly that the "United States would almost certainly remain Canada's most important market and source of supply by a very considerable margin". It did, however, seek diversification of Canada's foreign relationships and greater balance in other ties. Key bilateral relationships elsewhere in the world needed to be developed more effectively as a counterweight to the U.S. but also to provide new opportunities for development. It was not diversification for its own sake — but to add new weight to our relations.

The option has been called a failure because it did not lead to a general diversification of export growth. This is true in one respect — the European Community, where the commercial relationship with Britain declined in importance. On the other hand, the relationship with the Federal Republic of Germany, grew both in quantity and quality. In fact, in 1980 the Community took almost $8 billion of Canadian exports. This marked a dramatic recovery in Canada's share of world exports and underscored the continuing importance of the Community for Canadian interests. The Third Option is not the basis for Canada seeking closer relations with Europe — these are merited on their own.

Japan overtook Britain as Canada's second largest trading partner in 1972. Since then, trade with Japan has more than tripled, accompanied by a $2 billion surplus, though the quality of manufactured and further processed goods exported does not accurately reflect Canada's industrial and technological capacities. Canada is seeking an economic partnership with Japan and not just a trading relationship. This has not yet been achieved in an adequately balanced form.

The 1980's present new opportunities for strength-

ening Canadian partnerships abroad. Exciting prospects emerge from the growing importance of the newly-industrialized countries — Brazil, Mexico, Venezuela, Algeria, Saudi-Arabia, South Korea and those of the Pacific region. Along with the U.S. itself, these are now the high growth markets for our capital goods. The concentrated long-term development of bilateral relations with these countries is a basic emphasis of Canadian foreign policy for the 80s. Diversification is taking place. The new emphasis on bilateral relations with these high-growth partners to promote the substance of long-term economic relationships in our political interest, is meant to give greater body to the basic policy of the last years, in the light of the circumstances of this decade.

The Third World provides a frame of reference. The Third Option cannot be judged as if it were a finite act. It is a policy direction — not away from the U.S. — but towards other key areas of the world, where relations need to be developed on the basis of steps to strengthen the Canadian economy in the specified direction. Some important economic steps were taken to strengthen control over the Canadian economy and reduce its vulnerability — Petrocan, FIRA, Bill C-58 on the economic underpinnings of the broadcasting system. Economic downturn and the crisis in national unity over Quebec may have forestalled attention to others. The U.S. Government has been able to accept these steps quite easily in principle, even if particular applications ran against the grain of specific interests from time to time.

National economic development objectives are becoming clearer in Canada. Despite differences with the provinces on questions of jurisdiction and obvious differences in regional perceptions of short- and middle-term interests, a consensus is probably obtainable on basic Canadian development objectives. Government priorities are emerging on the economic development of Western Canada, the promotion of industrial adjustment in Central Canada, economic expansion of the Atlantic provinces, Canadianization of the energy sector, productive human resource policies, and the need to emphasize productive investment expenditures over subsidization.

The priority in foreign policy becomes the development of an external framework that facilitates the accomplishment of these objectives. Closer and stronger bilateral relations need to be pursued with several countries. Above all this objective requires the successful management of the U.S. relationship to which it is intimately linked. Whether this approach is called the 'Third Option' or the 'basic strategy', its realization is in Canadian interests — and in the interests of the U.S. as well. While there are basic differences in the make-up of our respective economies, to a large extent our economic problems are shared. The economic indicators in Canada relate to those of the U.S. and some of our structural adjustment experience is pretty much the same.

This being said, it is important for the U.S. to ceive accurately the extent to which Canadian nomic policies are directed to distinctive structural tures of the Canadian economy some of which are q different from those of the United States. It is n matter of different political philosophies: it is a q tion of different policy needs.

This is not clearly perceived by the public in U.S., or by legislators in Washington, at present. W polled not long ago with the question of whether or Canada and the U.S. should adopt a formal continen energy policy, 78 percent of U.S. Congressmen ag and only seven percent disagreed. When informed nadians were asked what they thought, 63 percent agreed. This is but one example of how a potential icy conflict can arise.

Damaging conflict can certainly by avoided, bu must be recognized that, however friendly Canadi and Americans may be, the politics and the econo realities of the two countries require different proaches to economic development. Although the ba primacy of the private sector is a common value of two economic systems, business interests often n representation at the government level. There will many occasions in the future when respective natio interests on specific bilateral issues will seem di gent in the short-term. U.S. policy-makers accept t as a natural state of affairs in a mature relationship has nothing to do with mutual friendship.

This fact of life makes coherent central mana ment of the relationship with the United States vita important. Issues cannot be dealt with piece-meal. T Canadian export price for natural gas cannot be set a vacuum. The U.S. factor is a constant backgrou presence for Canadian economic development de sions. In order to deal with that presence credibly a effectively, Canadian policy needs a consistent stra gic approach which will require some departure fr the past.

In the past, we have generally taken a function somewhat decentralized approach to relations with U.S. In most respects this makes sense. The ov whelming bulk of the economic relationship is priv in nature and doing just fine. Some basic Canadian terests are with the provinces. Although this may re force a natural tendency to decentralize, it also mands better central management as the relations become more complicated.

This decade will see development decisions greater scale and scope than ever before. Their signi cance to U.S. interests will make them important governments in both countries. They cannot be ha dled along functional lines alone, or in terms of th local impact alone. They need strategic attention at t political level if Canadian interests are to be serv and if the relationship is to be as predictable, cohere and reliable as both countries should expect.

Another break with the past concerns linkage. have generally opposed it, tending to treat each bil

eral issue on its merits alone, and keeping bilateral and multilateral questions separate. This was partly because we judged that the bigger partner could always "outlink" the smaller.

It may still be true that outright linkage is not in Canada's interest. On the other hand, it may be, particularly within very broad sectors. Moreover, leverage can be brought to bear on specific issues by keeping legislators and others who are conscious of particular benefits from Canadian trade, investment, tourism, etc, informed of Canadian interests in other areas where they have influence. More directly, care can be taken to ensure that immediate issues are seen in the context of the long-term, broader picture of respective interests.

A third break with the past might be in the area of institutional structures for the conduct of relations. Generally Canada has avoided reliance on bilateral mechanisms. A major exception has been the International Joint Commission (IJC), the oldest mechanism of its kind. The IJC was established to deal with specialized problems, especially the management of boundary waters, and has found new relevance in a period when pollution across the frontier, whether borne by air or water, is a matter of growing public concern. It continues to serve us well. Other mechanisms are less the focus of current attention. The Permanent Joint Board on Defence functions smoothly, but in the background. Joint defence questions are not the subject of acute controversy they were for a previous generation. Some mechanisms, such as the the Canada/U.S. Joint Ministerial Economic Committee, have not worked at all.

We have been wary of specific sectoral arrangements. Over the years, the balance of advantage to the partners from the defence production sharing arrangements and the autopact have been much debated. Still, it may be useful to look at new possibilities. Joint issue management groups might assist in the efficient conduct of some aspects of relationship. Although joint management is rarely possible, the Fisheries Treaty does call for it in relation to that important resource and the consultative mechanism on energy established in 1979 has been useful in understanding basic policy objectives. Further possibilities for closer arrangements economic sector by economic sector should never be ruled out, particularly since little scope exists for improvement on the tariff side, as most of our trade with the U.S. is already duty-free.

Another technique of importance is the projection of Canadian policy interests to the U.S. Congress and on public opinion. Congressional relations have only been worked on seriously in the last five years. There probably has to be even more attention paid to this area in the future, if only because of the activity of Congress itself. The foreign policy role of the Senate, which has always been great, has taken on renewed significance since the war in Vietnam.

The previous practice in Washington was to deal primarily, if not exclusively, with the Adminstration. Although congressional contacts need to be stepped up (as do our public affairs programs in general), the Administration must remain the basic *interlocuteur valable* — it is the Administration's responsibility. Moreover, the Administration has considerably greater impact on Congress than we ever could.

It remains important, however, that specific issues between the two countries not be managed in Washington from the standpoint of regional U.S. politics, but are given the importance that foreign policy issues have to receive. The fisheries-boundary treaty has been treated as such a regional political problem and the effect has been to hurt the international relationship. On the other hand, our own representation in the U.S. is plugged in regionally — for trade, politics, investment, and public opinion. There are 14 Canadian consulates and consulate-generals in the U.S. staffed by some of Canada's most senior foreign service officers. They have high-intensity programs, to get the Canadian view, and Canadian interests across. They are in some respects the most important day-to-day instruments of all.

In conclusion, the Canada-U.S. relationship will become even more complex and in some respects more difficult. It is already one of the most complex bilateral relationship there is. This is a natural product of events and circumstances in the two countries. The important thing is that it be managed properly. From the Canadian point of view, the management has to be strategic on the basis of longer-term objectives.

Things have changed from a decade or two ago, because the societies have changed in both countries. There is less concern now with U.S. interference in Canadian affairs. It is recognized that this is not the issue, as it sometimes seemed to be in the sixties, after the notion of a perfectly harmonious 'special relationship' of identical interests had ceded to the obvious differences in developmental needs in the two countries.

Today, U.S. interference in Canada is not the issue. On the other hand, there are vital connections between the two economies which give decisions in one country great importance over the other — and it is a fact of life that these links are central to Canadian development. Trade policy objectives need to recognize this as a basic given. There is interdependence involved which is the basically important identity of interest.

It used to be that because of the great strategic role the U.S. played in the world, Washington assigned to relations with Canada a sort of secondary, backwater, quality. There was nothing intrinsically wrong with that. It was friendly and probably helpful. But it does not apply any longer. The world is too unpredictable a place for a relationship with so much substance in it to be given anything but primary attention. Its management is a strategic imperative, for both sides — which is why, despite the complexities and difficulties, it is likely to succeed.

Acid rain — silver clouds can have black linings

by Don Munton

Acid rain seems to have emerged suddenly and out of nowhere as a major issue in Canadian-American relations. It has become, an observer remarked, one of the most "corrosive" problems in the bilateral relationship. Indeed, environmentalists and even some Canadian officials are beginning to use the terms "unpremeditated chemical warfare" and "environmental aggression".

Although acid rain has only recently attracted considerable scientific attention, many aspects of this complex environmental problem have been observed for decades and some for centuries. It was well recognized at the time of the Industrial Revolution that coal burning and industrial processes produce extensive air pollution. The high acidity of rain around industrial centres was discovered by the late 1800s. Scientific evidence of the long-range atmospheric transport of some substances was provided in the early 1900s. The general assumption which prevailed until the 1970s, however, was that the harmful effects of these air pollutants, such as acidic rainfall, were localized and the distant effects negligible.

Scandinavian research

The scientific research largely responsible for challenging that assumption first emerged in Sweden and Norway during the late 1960s. Based on data from a network of precipitation sampling stations in Europe, these studies showed that the acidity of rainfall and the extent of the affected areas was increasing in Europe, especially in Scandinavia. The researchers traced the problem using meteorological data to often very distant emissions of sulphur and nitrogen oxides. The effects, though still unproven, were deemed to be far from negligible. There were warnings of serious damage to lakes and rivers, fish and other aquatic s cies, plants and trees, soils, buildings, and of possi dangers to human health. Although a number of sci tists had for some time been probing various aspects the acid rain problem (particularly Eville Gorham Nova Scotian working in the United Kingdom), Scandinavians were the first to provide hard evide of a worsening, long-range emission transport p nomenon.

Air pollution issues are not unknown in Canadi American relations. One of the landmark cases in ternational environmental law grew out of the disp during the 1920s and 1930s over "fumes" from large smelter at Trail, B.C. A long-standing prob has existed in the Detroit-Windsor area, where ab 90 percent of the smoke and air pollutants come f the United States side of the border. Neither of th issues, though, prepared the public or policy mak for early perception of, or action on, acid rain. Rat North American scientists and officials appear to h become aware of the problem only as the result of dia reports on the Scandinavian studies, a 1969 Sw ish initiative within the Organization for Econo Cooperation and Development to establish an acid r research program, and a background paper prepa by Sweden for the 1972 Stockholm conference.

Government attention

Scientific studies and substantial government tention and research funding in Canada and United States were slow in coming. The first men by a Canadian government official of long-range tr port of air pollutants, as a Scandinavian problem, pears to have been made by then Fisheries Mini Jack Davis in late 1969. Some early Canadian rese was done in 1970-71 but it focused on heavy metal osition, not on acidity. The first relatively compre sive article on acid rain, *per se*, in a North Amer

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scientific journal appeared in 1972. Almost two decades behind the Europeans, a precipitation sampling network was established in Canada in the mid-1970s. A parallel network in the U.S. was later created.

Events at the political level, though, did not await the results of the scientists. In a June 1977 speech, federal Environment Minister Romeo Leblanc called the acid rain problems in North America an "environmental time bomb." He also said he expected negotiations with U.S. officials on a bilateral agreement to begin "within weeks". Exactly the same forecast was repeated by a senior Environment department official in February 1978. Although some preliminary talks had been held in the interim, progress was minimal. American officials appeared hesitant, no doubt fully expecting their country would be shown to be the dominant source of the emissions that produce acid rain.

Pressures of a different sort for talks were created in the fall when Congress passed a resolution requiring the State Department to negotiate toward an air quality agreement with Canada. The key figures behind this unexpected move were a small group of border state Congressmen whose constituents were concerned about possible air pollution from local sources in Canada. In particular, the concern was focused on two coal-fired power plants being built just across the boundary line in southern Saskatchewan (Poplar river project) and northwestern Ontario (Atikokan project). On November 16, 1978, the State Department dutifully, albeit perhaps a little reluctantly, sent a diplomatic note to Ottawa proposing "informal" discussions begin on an air pollution agreement.

The Congressional action and subsequent U.S. note were understandably welcomed by the Canadian side. Although the specific underlying American concerns differed from those of Canada, the initiative, as one Canadian official put it, "played right into our hands." Exploratory meetings of officials were held in December 1978 and in June 1979. The May 1979 election of a Progressive-Conservative government also created another impetus. The new Environment Minister, John Fraser, began a campaign of his own to publicize the problem of acid rain and to speed up talks with the United States. In July the two governments issued a rather general statement of principles on which a formal agreement might be based. Fraser made a follow-up visit to Washington. But the contents of such an agreement remained uncertain, both in political and scientific terms.

The one achievement of the early discussions had been the decision to establish a bilateral group of government scientists to discuss scientific research into long-range transport of air pollution. Notably, the much and justly honoured International Joint Commission (IJC) was not given any role or responsibility. This decision reflected in part a belief that an IJC study might take too long to complete and, in part, a concern over how the increasingly environmentally oriented Commission might handle the problem or use the new responsibilities. The governments, as usual, were unwilling to relinquish much control over an important issue.

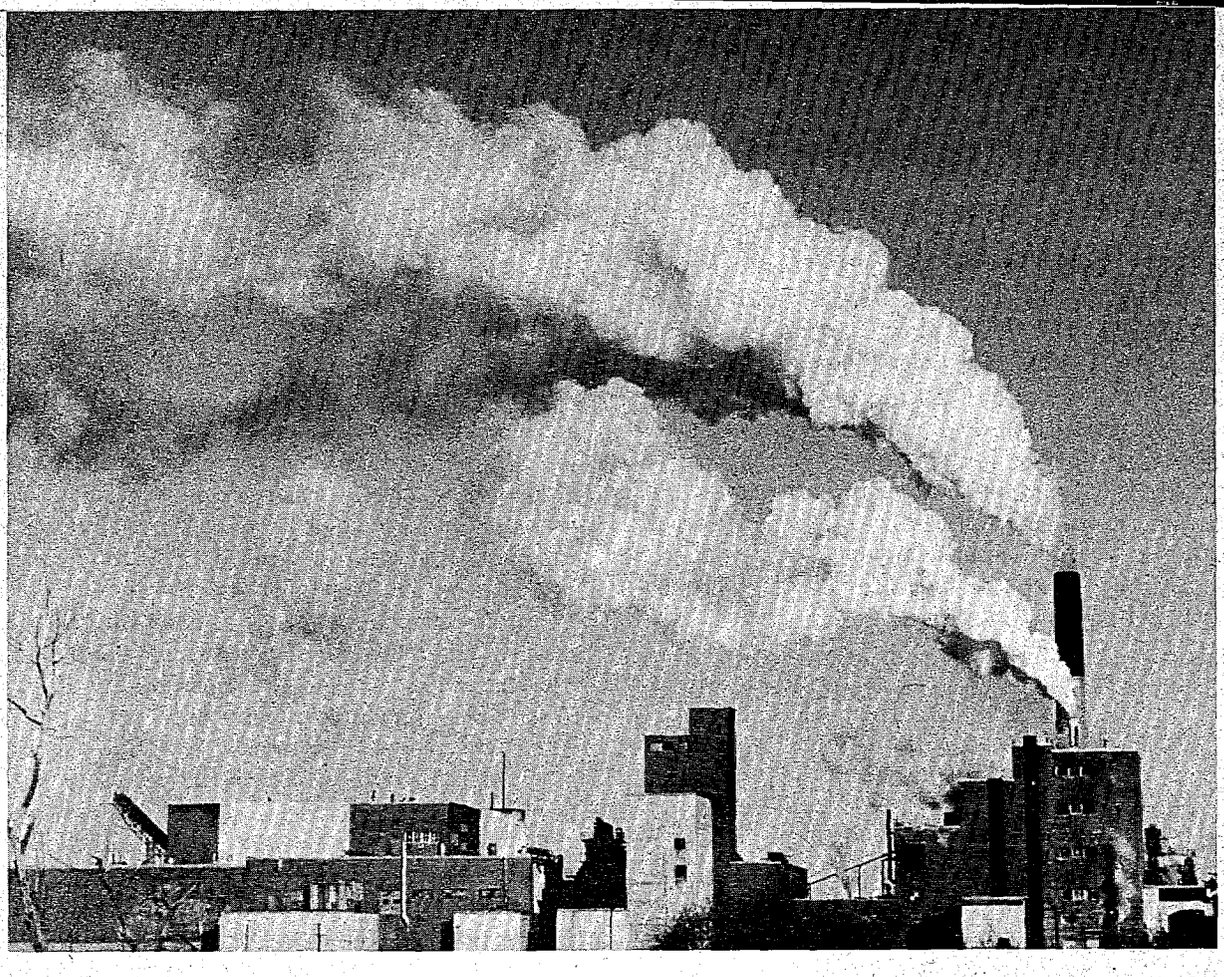
The bilateral Research Consultation Group (RCG) held two formal meetings — in July 1978 and then again the following March. As suggested by the name, it had been operating as a forum for the exchange of scientific information and comparison of research activities. In 1979, perceiving the desirability of a joint statement on the problem, the governments requested the RCG to produce an overview report which could be made public. The report was released in October 1979, perhaps timed to coincide with a major "action conference" on acid rain organized in Toronto by environmental groups. The RCG report represented a fairly comprehensive and objective compilation of existing scientific knowledge. It confirmed what was already well accepted — that the U.S. produced about four times the transboundary acid rain than Canada did. The conclusions, the scientists stressed, were preliminary and that the whole problem of acid rain had to be studied much more thoroughly.

On November 13, 1979, Canada, the U.S. and 32 European countries signed an agreement calling for the reduction of air pollution and specifically the reduction of transboundary, long-range transport.

This resolution represented one result of considerable pressure from Scandinavian countries on their neighbours. It also reflected the political resistance put up by the major polluting states as it did not commit its signatories to undertake specific reductions. Environment Minister Fraser and U.S. Environmental Protection Agency (EPA) head Douglas Costle agreed at this meeting to accelerate their own negotiation timetable for a bilateral agreement. Further meetings in early 1980 discussed the form and content of such an agreement, and found the Canadians pressing for firm American commitments on the emission of sulphur and nitrogen oxides.

Then came a sudden change in the political climate. Documents leaked in Washington showed that the Carter Administration was about to propose to Congress a $10 billion program to assist in converting U.S. power plants to coal. Canadian officials had long expected and were worried about such a shift, but were particularly upset by the lack of environmental provisions in the proposal to ensure that the conversion process did not result in substantially increased emissions and more acid rain. Carter administration officials subsequently confirmed the conversion would in fact have both effects.

Despite the psychological setback, official-level talks continued and were encouraged by John Roberts who became Environment Minister when the Liberal government was returned to power in February 1980.



Environment Canada photo

The genesis of Acid rain: sulphur dioxide and sulphuric acid are emitted into the atmosphere by industrial pollutants and automobile exhaust. After condensation, the chemicals fall with the rainwater, endangering lakes and aquatic life.

Roberts met with Costle in April and again in June when both delivered hard-hitting speeches to an air pollution conference in Montreal. This meeting, following on the heels of an official meeting a few days earlier, finally led to a procedural breakthrough.

It was agreed the two governments would formally establish a technical-level working group structure to lay the ground work on the various aspects of an eventual agreement. A more senior coordinating committee to which the five groups were to report would evolve into formal negotiating teams within a year. An official Memorandum of Intent was eventually signed on August 5, 1980. It specified these procedures, outlined certain features of the agreement, committed both sides to negotiations and also called for vigorous enforcement of existing air pollution standards in the interim.

Working groups

Members were named to the joint working groups in the early fall and they began assessing the scientific and technical questions of emission controls, atmospheric modelling and environmental impact. In November, the second report of the Research Consultation Group was completed and released to the public. The report was issued only after political "negot tions" over whether reference would be made to more speculative and particularly sensitive scienti findings about the human health effects of air pol tion. The new document largely confirmed the findi of the first report concerning "serious environmen consequences." Particularly emphasized this time w the deleterious effects of acid rain on some agricultu and forested areas.

At the time of writing, the preliminary repo from most of the joint working groups were schedu for release early in 1981. Despite the anti-environm tal control bias of the new conservative Reagan adm istration, the planned formal negotiations were s scheduled to begin in June 1981.

The slow progress in these discussions tends to o scure the fact that the two countries have essentia maintained the differing positions with which they gan their lengthy consultation process. Concerns Canadian officials focus mainly on the continental a rain problem and on securing a reduction in emissio originating from the United States. As in the case water pollution in the Great Lakes, Canada's les contribution means that any unilateral Canadian fort to control acid rain would be relatively ineffecti

American officials remain understandably more concerned than their Canadian counterparts with the relatively localized trans-boundary effects of near-border developments like the Saskatchewan Poplar River and Ontario Atikokan power plants and specific major sources such as the Inco smelter plant outside Sudbury, Ontario — the largest single source of sulphur dioxide in the world. They would like the Canadian federal and provincial governments to commit themselves to tough emission standards for new sources of air pollution such as those in effect in the United States. American officials are also pressing for improved bilateral procedures regarding "prior notice and consultation" on the air quality effects of planned development and for access by American citizens to Canadian courts in pollution matters similar to that offered foreigners under existing U.S. laws. If no notable shift has occurred in the U.S. position, American officials now seem to be more concerned about and willing to deal with the acid rain problem. It is still not a first priority among U.S. environmental problems, but it is increasingly recognized as a serious issue.

It is almost certain a bilateral air quality agreement will eventually be concluded. The process will not be an easy one — the associated pollution control costs will be very high and the opposition from polluters will be substantial. It does seem highly unlikely that the two governments, having come so far, would decide to end the negotiations or even be able to adjourn them in failure. Therefore, the important question is not whether there will be an agreement, but whether it will be a tough and effective one or essentially a promissory note. The signs are not good.

Pollution control

On the Canadian side such an agreement will require, as the Americans have often pointed out, better control of existing sources of pollution and more stringent regulations and controls on new sources. Under existing constitutional arrangements, these measures would have to be implemented by the provinces. Federal and provincial officials have been meeting for some time to discuss control strategies and to work toward a federal-provincial accord. Despite recent announcements of future emission reductions by such major polluters as Inco and Ontario Hydro, setting the "Canadian house" in order will not be an easy task.

On the U.S. side, the prospects seem even gloomier. The bulk of present acid rain-producing emissions come from old, coal-fired electrical generating plants in the Ohio valley and the northeast. In operation before the U.S. federal Clean Air Act came onto being, most plants remain virtually unregulated and uncontrolled. The EPA is restricted in what it can do about these sources under existing federal statutes. Moreover, any such moves would be strenuously resisted by the influential power utilities and coal mining companies involved and most of the governments of the states in which they operate. The prospects also seem dim for any improvement or tightening by Congress of the current laws. Indeed, concerns have been expressed on numerous occasions recently by EPA officials and environmental groups that Congress will be heavily pressured to weaken rather than strengthen the Clean Air Act when it is reviewed in 1981.

Some officials involved are looking to the possibility of a new, significantly mobilized coalition of forces to counteract such pressures. One element in this coalition would be northeastern and New England states which are most affected by long-range transport and acid rain. Another element might be those of coal-producing states — such as Pennsylvania — which have a reasonable record of controls but are being severely affected by neighbouring states' emissions. A third element might be a rather odd-seeming collection of conservation and recreation associations, sportsmen's groups like the politically powerful National Rifle Association, agricultural interests and forestry interests. Whether such a political coalition will come together and prove effective, however, is highly uncertain.

Contentious issues

It is virtually inevitable, even if some sort of an agreement is reached within the next few years, that acid rain and the broader problem of the long-range transport of air pollution will remain contentious and difficult bilateral issues for a long time. The 1972 and 1978 Great Lakes Agreements did not result in the removal of the Lakes' water quality problems from the Canadian-American political agenda. Rather, these Agreements have secured a seemingly permanent place for this evolving issue. The same result is likely in the case of acid rain and long-range transport. Moreover, scientific understanding of the physical and chemical phenomena involved and their ecological effects is still relatively limited. In particular, the highly sophisticated computer models needed for rational policy making to forecast the effects of alternative emission control strategies are only now being developed and tested. As these are improved and the relevant scientific knowledge expanded, policy measures adopted by both countries and bilateral commitments exchanged between them will probably undergo revision.

Although science is of increasing importance in international relations, even an abundance of scientific evidence remains a poor match for a determined political opposition. The high economic stakes involved in the acid rain problem have ensured the pre-eminence of politics in the matter. The strong opposition to strict air pollution emission reductions will not disappear as the result of initial control measures. Nor will most polluters accede willingly to such regulations. The political battles over acid rain, both domestic and bilateral, are only beginning.

Canada's investment capital moves south of the border

by Anthony Westell

While the rush of Canadian corporations to establish themselves in the United States market has been widely reported, the implications have not been much analyzed or understood. *Maclean's* magazine, for example, in a report on Canadian investment in the U.S. described the entrepreneurs as "The New Imperialists." But that is not the case. Imperialists seek to impose the power of one nation on another, while Canadian businessmen are busily engaged in erasing national distinctions and continentalizing the economy.

An increasing number of Canadian businessmen now look to the North American continent rather than to Canada alone as their natural sphere of operation. Some have reached the limits of expansion at home and are seeking new markets to conquer in the United States. Others are attracted by the free enterprise business climate in the United States. A few are drawn almost reluctantly into the U.S. market by the need to compete with U.S. and Canadian corporations already operating on a continental scale. Whatever the motives, the movement of Canadian corporations into the U.S. has political and economic implications. It is creating new economic links between the two countries at a time when the Liberal government in Ottawa is seeking to move in another direction, that is, towards less dependence on the U.S. market. It is demonstrating that Canadian capital and management can compete successfully with Americans, helping to overcome the conventional Canadian inferiority complex which says we are too small, too cautious, too inexperienced to deal with the legendary American capitalists.

Describing the attraction and challenge of the U.S. market, Robert C. Scrivener, then Chairman and Chief Executive Officer of Northern Telecom, said in 1979: "It is next door, we speak the same language, and our business cultures are almost identical." "Seattle is virtually a suburb of Vancouver," remarked Jack Poole, President and Chief Executive Officer of Daon Development. Thomas R. Bell, President and Chief Executive Officer of Dominion Textile, tells his shareholders: "The size of the corporation is now such that we can no longer pursue opportunities only in the Canadian market."

One of the difficulties in describing Canadian investment in the U.S. is to obtain accurate figures. Many commentators use the statistics published annually by the Bureau of Economic Analysis in the Department of Commerce in Washington, D.C., but on examination these turn out to be hopelessly inadequate. The figures are merely a spinoff of numbers gathered to report the U.S. balance of payments, and they reflect mainly the actual flow of capital into the United States.

Direct investment

Most Canadian entrepreneurs borrow in the U.S. much of the money which they wish to invest in the United States and these transactions do not show up in the balance of payments figures. A major 'benchmark' study by the Commerce Department in 1974 reported Canadian direct investment in the United States at $5.177 billion, but found that assets controlled by Canadian corporations in the U.S. totalled $23.856 billion. For what it is worth, the Bureau now reports that Canadian direct investment in 1979 totalled $6.974 billion, up $794 million from 1978, but the assets controlled are obviously much larger. For example, when the Canadian Institute of Public Real Estate Companies reported last year on a survey of investment in the United States by six major developers, it said that they had acquired U.S. assets totalling $1.5 billion with an investment of only $100 million in Canadian funds. To take another example, Domtar has assets in the U.S. of about $70 million and reports that it has financed them by issuing U.S. debentures. The company expects to continue to finance each U.S. operation in the same way.

Another measure of Canadian activity comes from the Office of Foreign Investment in the U.S., established by Congress to try to get a handle on foreign activities but given very few powers. The Office clips newspapers for reports of foreign investments, moni-

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tors the files of federal and state agencies, and gathers whatever other public information is available. The agency cannot put a value on many of the transactions, it notes, and obviously a lot of private deals go unrecorded. With these reservations, it is worth recording that in the years 1974-78, the agency reported 352 Canadian investments and was able to put a figure on 198 of them, of $3.9 billion. The remainder were probably small fry. Final figures for 1979 are not available at the time of writing but a preliminary estimate is that Canadian investments worth $2.146 billion were reported—a very high figure by the standards of previous years.

They cannot take account of the fact that a significant part of the funds flowing from Canada into the U.S., particularly in the real estate field, actually originate in Europe and are not under ultimate Canadian control. Similarly, some Canadian companies invest in the U.S. through subsidiaries in other countries, particularly the Netherlands, which offers a favourable tax break to off-shore investors. Curiously, the Canada Development Corporation which was set up as an instrument of Canadian nationalysm, and which was thought to have scored a great nationalist coup when it took control of Texas Gulf in the United States, actually holds this U.S. corporation through a subsidiary in the Netherlands. Canadian Pacific Enterprises, to cite another example, has established a subsidiary in the Netherlands to hold U.S. subsidiaries.

From all these data, only estimates of the level of Canadian activity in the United States can emerge. The *New York Times* suggested in a 1979 article that taking into account unreported private investments, the Canadian stake in the U.S. may now approach $20 billion. The U.S. Under Secretary for International Trade, Robert Herzstein, said in a speech on U.S.-Canada trade last June that Canadian direct investment in the U.S. had risen from $3.3 billion in 1970 to about $20 billion in 1980. Asked about the source of his figure, he replied that it was a mistake and offered instead the 'official' estimate of $7 billion. But he was probably closer to the truth the first time.

Real Estate

The largest, most visible, and therefore most publicized form of Canadian investment in the U.S. is in real estate. Among the 10 largest developers in the U.S., five are Canadian and they put their names proudly on skyscrapers in Manhattan, shopping plazas in Westchester County, office and home developments in Florida, Texas and California—indeed throughout the Sun Belt states. Hardly a week goes by without a paragraph reporting a new project by Cadillac Fairview, a new purchase by Olympia and York, a development by Genstar or Daon or Nu-West or Campeau or a less well-known Canadian real estate corporation. Canadians are studying proposals to redevelop that most American piece of property, Times Square in New York, building condominiums on the West Coast, putting up homes near Atlantic City to profit from the gambling boom, and developing suburban housing—and the shopping plazas to serve them—all over the United States.

The Office of Foreign Direct Investment noted 85 real estate deals by Canadians in 1978, totalling well over $1 billion in value and accounting for perhaps 75 percent of all Canadian investments. The total value of Canadian real estate holdings in the U.S. now runs into several billion dollars, nearly all of it financed by money borrowed in the U.S. According to Michael Galway, Executive Director of the Canadian Institute of Public Real Estate Companies, the major Canadian corporations moved into the United States when they ran out of things to do in Canada. Having developed the major Canadian cities, they had a surplus capacity and they saw the opportunities for expansion in the U.S. market. As national corporations in Canada, with the support of national banks, they often found themselves in the United States in competition with much smaller U.S. developers depending on the support of local U.S. banks. Often it was no competition. As shrewd managers, they noted also that the projected rates of population growth were higher in the west and south of the U.S. than in most other areas of North America and they concluded that that was the place for a real estate developer to be. The 1974 downturn in the U.S. shook out many local developers but the large, better financed, and more diversified Canadian companies were able to survive and take advantage of the opportunities in the U.S. market.

A.E. Diamond, Chairman of Cadillac Fairview, now the largest real estate developer in North America, has said that expansion into the United States is natural and logical for a company that has reached the size in terms of assets and human resources that his has, and now has to go beyond Canada to maintain its growth momentum. He sees in the U.S., growing markets in which there is less government involvement than in Canada and where the citizens have more spending power than in Canada. He believes that the U.S. operations of his company, and of many others in Canada, may well grow larger than their Canadian operations, but he emphasizes that he is committed to remaining a Canadian corporation. Angus MacNaughton, of Genstar, expresses the continental outlook when he says that there is no more problem in managing operations in Newport Beach or in San Francisco from Montreal than there is in managing operations in Calgary or Vancouver. Jack Poole, of Daon Development, adds, "I really don't believe that nationality is a factor at all. Americans are not afraid of anybody."

The second largest sector for Canadian investment in the U.S., after real estate, is manufacturing. While many major Canadian corporations have for years had

U.S. subsidiaries, there has been a clear trend in recent years for Canadian businessmen to see their future in continental terms. The leader among the Canadian manufacturers in the U.S. is Northern Telecom which rivals Cadillac Fairview as the largest Canadian investor south of the border. Former Chairman Scrivener stated Telecom's reasoning in clear terms: "No matter how we projected the Canadian telecommunications market, we could see no way in which we could afford, on returns from the Canadian market alone, the enormous and continuing Research and Development costs that will be required to establish a viable, profitable position in these new technologies. We saw that we could not even expect to hold our share of the Canadian market against foreign competition. It appeared to us that even if we took the total Canadian market (and we have not), we would still end up in the 1970s as a relatively small Canadian company unable to keep up with the technological advances of others. . .Instead, we concluded we must expand our markets and go international to find the revenues we needed to support the R & D costs required to permit us to go as fast as, or faster than, the multinational companies that we faced, or would be facing, in our own domestic markets."

Northern Telecom's major international thrust has been into the United States because, "it is the largest single telecommunications market in the world. The California market is bigger than the whole of Canada. Quebec is only half the market for Ohio. It is the most open market in the world and the most competitive." Northern Telecom's objective, according to Scrivener, was to do more business in the U.S. by 1982 than it will be doing in Canada. Sales of equipment manufactured in the U.S. jumped from $129.9 million in the first half of 1978 to $346.1 in the first half of 1979. Sales of products manufactured in Canada were $526.6 million in the first half of 1979.

"As tariffs in Canada and the United States are likely to be substantially reduced over the next decade, Domtar is assessing the future competitive situation for its existing facilities so as to position itself to function more effectively in the years ahead," the company told its shareholders in 1977. What this meant, in part, became clear the following year when Domtar Gypsum America was formed to take over the Kaiser Cement and Gypsum Corporation, of California, in a $34.5 million deal. For its money, Domtar got gypsum wallboard plants near San Francisco and Los Angeles, a wallboard paper mill near San Francisco and a gypsum mine—actually an island of solid gypsum—in Mexico. It is now engaged in a $50 million program to expand production by some 30% and to build a new wallboard plant at Tacoma, Washington. The company serves markets in California, Arizona, Nevada, Oregon and Hawaii. Other divisions of Domtar own a rock salt mine in Louisiana, and lime quarries and kilns in Washington and Pennsylvania. The 1979 report showed assets in the U.S. of $69.9 million and operating profits of $32 million.

Positive climate

The reason for expansion in the United Sta says L. Srebrnik, Manager, Market Economics, Co rate Business Development, is that, "Domtar has a nificant market share in virtually all product li which we now manufacture and domestic investm opportunities are relatively limited. . .growth oppor nities for Domtar could be in the United States." Th is another reason, he adds: "a more positive busin climate in general is perceived to exist in the Uni States." Domtar is continuing to invest and diversify Canada but Srebrnik comments, "currently, Dom would be best described as a Canadian company w subsidiary interests in the U.S. However, in the lon term, Domtar is gradually evolving towards a m continental outlook though still based in Canada."

Explaining the corporate development strategy the Molson Companies, President and Chief Execut Officer J.T. Black says the sort of business in which wants to invest ". . .will likely be of a marketing or d tribution nature, and of medium as opposed to hi technology. It will be a leader in its particular field business which produces high quality products or se ices, and in all probability international in scop Those were certainly the criteria in the $60 milli purchase, in 1978, of the Diversey Corporation of C cago. Diversey produces and markets chemicals a specialty products, primarily cleaning and sanita compounds. It has plants in 32 countries and mark its products in more than 100 countries. In April, M son enlarged the Diversey empire by paying about $ million for B.A.S.F. Wynadotte Corporation, of N Jersey, also a producer of chemical specialities. A tional Canadian brewer until a few years ago, Mols now sees itself as a "company based in Canada with i ternational outlook."

Burns Foods Limited of Montreal has only a sm investment in the U.S.—two small plants in Oreg freezing fruit and corn for supermarkets and the fa food industry—but it is looking for other U.S. opport nities. President and Chief Executive Officer A.J. Child explains, "we have not outgrown opportuniti in Canada, but it is wise to hedge against political a economic problems in Canada by expanding across t border."

Dominion Textile expanded into the U.S. mark five years ago and recently announced a $24 millio three-year plan to increase output at Swift Textiles, Columbus, Georgia, a major producer of denim for ans and other uses. President Bell told shareholde last year, "looking down the road, some years into t future, trade relations with the United States a likely to be liberalized to a more significant degr than at present and taking such events into accou expansion outside Canada must form part of the int

rated long-range policy decisions designed to protect the corporation's earnings." This was quickly followed by the announcement that Domtex had bought the Linn-Corriher Corporation, of North Carolina, a yarn spinning and dyeing company, for $21.5 million.

Canadian-based subsidiaries

Canadian Pacific Enterprises (C.P.E.), formerly C.P. Investments Ltd., had long had substantial interests in the U.S. through its Canadian-based operating companies. For example, Cominco's U.S. subsidiary produces fertilizers, metals and electronic materials; Algoma Steel has coal mines in Virginia and iron ore properties in Michigan; Dominion Bridge does more than 60% of its business in the U.S. and is seeking aggressively to expand there. In addition, C.P.E. paid $22 million for the Syracuse China Corporation, of Syracuse, N.Y., which is a large supplier of chinaware and tableware to the growing food service industry in the U.S. If that seems an unlikely enterprise for a corporation usually associated with heavy industry and resources, William Moodie, then President of C.P.E., explained to shareholders in 1979 that investment in the relatively stable consumer section of the U.S. economy was protection against the cyclical swings in the resource sector. He added significantly, "still another of its advantages (that is, the investment in Syracuse) is its location in the United States, where we think conditions are more favorable at present than everywhere else . . we are also influenced by the generally better understanding in that country, by government and the population as a whole, of business objectives and business achievements."

Noranda Mines Ltd. has a range of investments in the U.S. and a variety of motives for going there. Entering the primary aluminum business in the 1960's, it was more economical to jump the tariff wall and to produce in the U.S. than in Canada. "In the case of paper mills," said Chairman and President Alfred Powis, "the raw materials are in Canada, the market is in the United States, and the tariff is negligible on pulp but steep on paper." In fact, Noranda's paper mill in Maine receives pulp by pipeline from Noranda's mill in New Brunswick. "Mines are where you find them," said Powis, "and geology is no respecter of political boundaries." Noranda is developing mines in the United States to produce copper in Arizona, cobalt in Idaho, lead-zinc-silver in Utah, gold in California and Alaska, and phosphate in Florida. Powis adds that Noranda's manufacturing operations in the U.S. are generally an effort to use Noranda's technology to crack the U.S. market in circumstances in which it has outgrown opportunities in Canada. He too finds cheaper labour and capital, lower construction costs and a larger market in the U.S., but he also complains of more expensive energy and stifling regulations. For him Noranda is "primarily a Canadian corporation with a continental outlook and international investments."

It is usually easier to obtain information from large public corporations of the type mentioned above than from the small private businesses, but in 1978, Professors Isaiah A. Litvak and Christopher J. Maule surveyed 25 small and medium Canadian businesses which had established subsidiaries in the U.S. Reporting their findings in an article in *The Business Quarterly*, they said that the major reasons these companies established in the United States were the desire to maintain or increase market share; the opportunity to achieve faster sales growth in the United States than in Canada; the difficulties of reaching the U.S. market from Canada because of tariffs, transportation costs or nationalistic purchasing policies; and the desire to diversify the product line and markets. A surprising 21 of the smaller businesses also mentioned superior technology as a reason for entering the American market.

Publishing and communications

Canadian entrepreneurs are visible in many other sectors of the U.S. economy, and some of the activities are quite surprising. Canadian law prevents Americans from owning Canadian publications, but Canadian publishers have growing interests in the United States. Torstar, for example, which is a leading spokesman for Canadian nationalism in its daily, the *Toronto Star*, is currently buying U.S. magazines through its immensely sucessful publishing subsidiary, Harlequin Books. Southam Inc. maintains the principled position that "newspapers should be owned and operated within each country," but G.L. Meadows, Vice President for Corporate Development, says, "we would like to invest in other communications businesses providing there is a proper reason for so doing. We do not prohibit investment in other countries." In fact, its wholly owned subsidiary, Coles Book Stores, is expanding rapidly in the United States to take advantage of the large market and its marketing know-how. The Thomson empire, of course, knows no national boundaries, and at last count it owned 67 dailies and five weeklies in the United States. Canadian cable television companies are already well established south of the border and are competing briskly for new franchises.

Political posturing

American investment in Canada has been the cause for public debate and political posturing for years. Despite the pressure of nationalist groups and the promises of successive governments, not much has been done to control it, probably because the internationalization of business and the recognition of economic interdependence between countries has become increasingly obvious to all except the most extreme nationalists. Canadian investment in the U.S. and in other countries is now also becoming a matter for anxious discussion both in Canada and in the U.S., where there is talk of establishing a FIRA-like mechanism,

but it is merely further evidence of the worldwide trend toward internationalization of business activities. Governments may huff and puff but are not likely to try to do much about it. After all, one of the reasons which Canadian businessmen cite for investing in the U.S. is that there is less government interference there; if the Canadian government were now to try to discourage investment abroad, it would be merely further incentive to the businessmen to transfer more of their investments abroad, out of reach of Canadian regulations. The positive view of Canadian investment abroad is that it will eventually bring home profits which will at least help to offset the profits which foreigners send out of Canada. Perhaps more importantly, mature Canadian corporations with extensive operations abroad will be in a better position to compete with foreign corporations in Canada, and even to repatriate some business activities.

In conclusion, it becomes harder to maintain the fiction that we operate in Canada an economy distinct from that in the United States which—when we h dealt with the temporary problem of foreign capita can be made to reflect different social values and to velop according to different economic priorities. T truth is that we operate in a continental, or inter tional environment which leaves little room for cre ing a distinctive Canadian economy or society. through investment and other activities abroad, Ca dians can hope to influence the international envir ment in which we live. The sooner we recognize th for better or worse, we share not only a continent w the United States, but also an economy, a popular c ture, and a society, and that nothing is likely to cha the situation, the sooner we can set about creat with the United States the binational institut which will give us a more influential voice in the de opment of the continent. The refusal to recognize interdependence and the pretence that we can so how regain economic sovereignty condemn us to a icy of drift.

Sharing the continent

Defence procurement contracts and industrial offset packages

by W.M. Dobell

The most expensive defence procurement contract in Canadian history — for the purchase of the new fighter aircraft (NFA) — was signed by the Canadian government last year. Although the winning fighter plane, the F-18A, had not surmounted all its aeronautical problems by the end of 1980, negotiations between the prime contractor, McDonnell Douglas of Missouri, and prospective Canadian sub-contractors proceeded apace. The subcontracting to Canadian companies of industrial offsets to defence procurement has become a major element of government policy. It was not always so.

The Minister of Agriculture of 30-odd years ago allegedly voted in Cabinet to purchase the aircraft carrier *Bonaventure* from the British on the unfounded expectation that they would reciprocate with a tinned meat and cheese contract. That illusory offset was not a contractual obligation. During the 1950s, industr offsets did not matter if Canada designed and manuf tured even the most sophisticated military hardwa This strategy, however, depended on export markets permit extended production runs and low unit cos Without such markets the world producer strategy c lapsed. It was buried with the 1959 demise of t *Arrow* project.

Industrial offsets are the contracts placed in Ca ada by foreign corporations to offset the employme and foreign exchange lost to Canada as a result of t external procurement of major defence equipme They may or may not be distributed regionally. T four *Mackenzie* class frigates were laid down in fo different shipyards from 1958-60; the two *Annapo* class frigates were laid down in two shipyards in 19 and the four *Tribal* class destroyers were laid down two shipyards in 1969. These industrial contracts we regionally dispersed by the government, but they we not industrial offsets. Canada can still design (but longer within the Department of National Defence

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self) and construct frigates, though not at a price which would bring them export markets. Uncompetitive costs would still be the norm with production concentrated in a single shipyard; the regional dispersal merely adds to these costs and sacrifices the opportunity for quality improvement through series production.

Industrial benefits

Paul Hellyer, Defence Minister during the mid-1960s, introduced a heavy emphasis on industrial benefits in defence procurement. He attributes the present prosperity of Canadair Ltd. of Montreal largely to government direction in connection with the 1964 CF-5 procurement. The cost of assembling the CF-5 at Canadair was 30 percent higher than direct purchase; even so, it was the cheapest aircraft available. Unfortunately, few in National Defence below the Minister shared his views as to its adequacy. It is a light attack, ground support aircraft, an activity in which Canada has not been much involved. It could be, and was, partially adapted to other purposes, but it remains the classic Canadian case of the arbitrary precedence of industrial benefits over defence priorities.

The long-range patrol aircraft (LRPA) contract of 1976 reflected the first formal assessment of the linkage between defence procurement and industrial benefits. It did not include a contractual obligation to small sub-contractors. The airframe and engines of Lockheed's *Orion* were combined with the listening system, radar and computer of Lockheed's *Viking* to produce an updated anti-submarine warfare (ASW) aircraft christened the *Aurora*. Part of the offset package was firm, part depended on wing construction for future *Orions* only half of which were then on order, and a great deal depended on Lockheed's uncertain business prospects in the 1980s and early 1990s and on the competitiveness of Canadian suppliers. Despite its unpredictability, this was a more continuous production and employment benefit than then Supply and Services Minister Jean-Pierre Goyer's notion of stripping and refitting the aged *Argus* aircraft at Canadair in Montreal.

The serious industrial benefits alternative to Lockheed was Boeing, more commercially than defence-oriented, but a far healthier and more prosperous company. The project evaluation team scored its 707 higher on all counts except cost. The Department of Industry, Trade and Commerce (IT&C) was doubtful that superior industrial benefits warranted a $370 million additional capital expenditure, however, and Maritime Command of the Canadian Armed Forces disliked the tripled fuel costs. Thus, the offset factor played a considered rather than a determining role in the LRPA award.

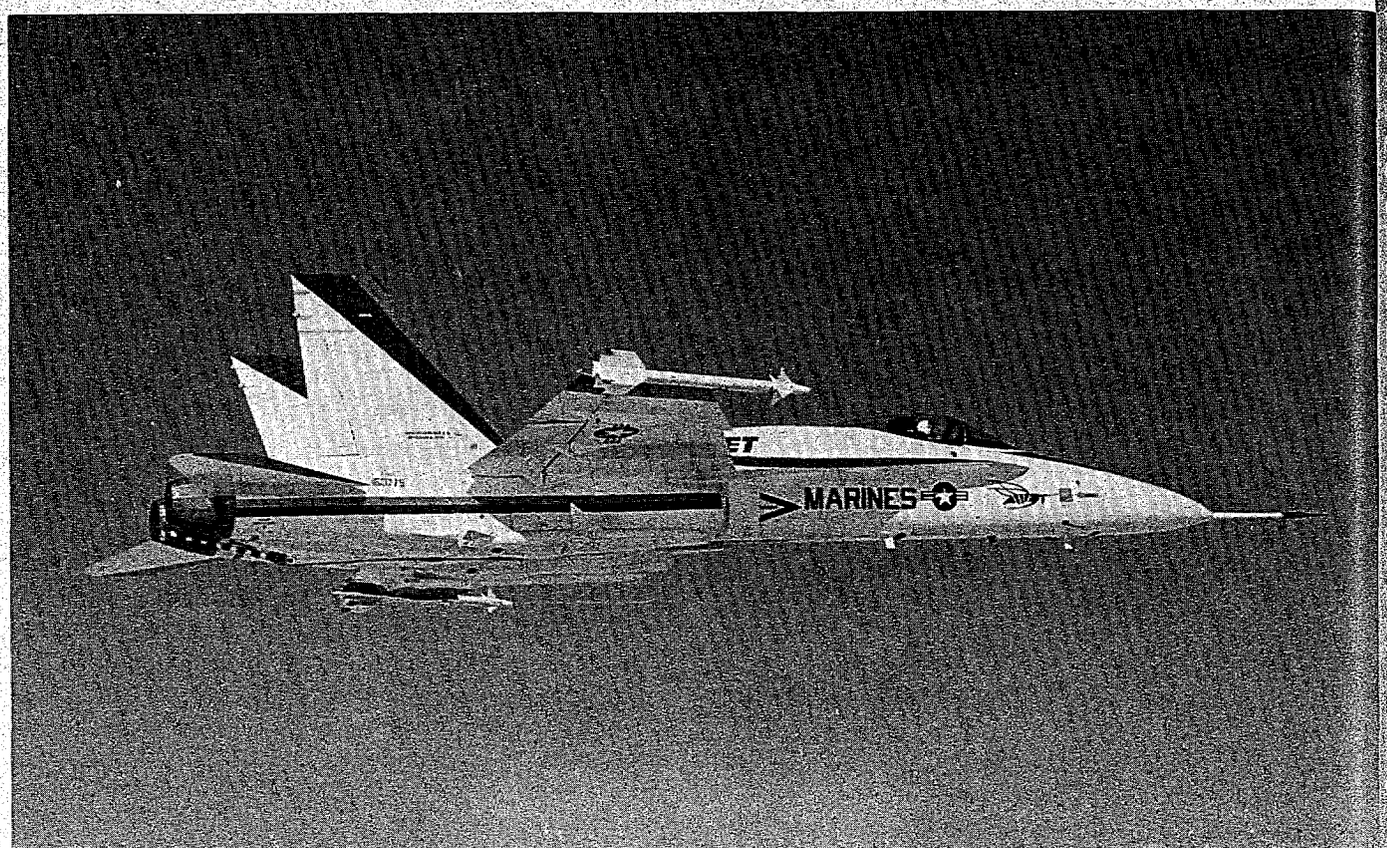
Sometimes, a procurement offset relates more to trade and investment than to production and employment. Such is the case with so-called Third Option deals, negotiations undertaken with major industrial powers other than the United States in the hope of developing a more equal external trade and investment relationship. The purchase of the *Leopard* tanks from West Germany was undertaken in 1976 as a means of building onto an existing NATO military connection broader political and economic linkages with the European Community. Thereafter, the British, German and Italian heads of government suggested to Prime Minister Trudeau that he give preferred consideration to a European Community plane in the NFA competition. The *Tornado* consortium was accordingly invited to bid. Much to the annoyance of the British High Commissioner to Canada, however, it was not amongst the two finalists announced in November 1978.

The *Tornado* industrial benefits package was satisfactory, except that it was not assessed as fully realizable by the government project team assembled to analyze the NFA program. General Dynamics with its F-16 was rated lower, yet short-listed, and the F-14 placed bottom on industrial benefits and eliminated. The first two of the three front runners on industrial benefits, the prototype F-18L and the F-15, were also dropped, leaving the McDonnell Douglas F-18A as the other finalist. Only the two cheapest aircraft already receiving U.S. government commitments and support survived the elimination round, indicating that cost was more critical than industrial benefits or performance in assessing eligibility for the final stage.

Offset packages

Both firms encountered problems in calculating offsets. McDonnell Douglas advertised that every wing for more than 1,100 DC-10s and DC-9s flown by 65 airlines was built in its Malton, Ontario plant. When it claimed over a half billion dollar offset credit for continuation of existing production, the project team disallowed most of the claim, but allowed offset credits of $645 million on the newer DC-9 Super 80, stretch DC-10 and military KC-10. McDonnell Douglas also sought premature offset credit for sub-contracting the inertial guidance system of the new American cruise missile with Litton Systems of Toronto. The cruise missile is also contracted to General Dynamics, and it was earlier agreed that whichever company won the NFA competition could use the credit to cover any offset shortfall. Westinghouse, which manufactures the F-16's radar, advertised the Canadian job creation that would flow from production of key components. Yet its bold Churchillian headline, "Never has so much been put in so small a space for so little money", rhetorically highlighted the restricted space that precluded possible later substitution of the requisite all-weather radar.

Northrop, principal sub-contractor of the F-18A, sought a preliminary injunction against McDonnell Douglas when it discovered that the latter was offering Canadian offset production parts for F-18As that would be sold to other customers, a breach of its contract with Northrop. This dispute was later settled. On



McDonnell Douglas photo

The controversial McDonnell Douglas F-18A, shown here in a demonstration flight carrying U.S. markings, won over its chief competitor, the General Dynamics F-16, to become the main fighter aircraft of the Canadian Armed Forces air command.

the other hand, General Dynamics never entirely overcame the impression that its advertisements, such as its boast of a 20,000 new jobs and $2.8 billion benefits package, incorporated more interpretative liberties than the norm. An unofficial report from the evaluation office was leaked, presumably because it judged the General Dynamics bid unsuitable and its negotiating techniques distasteful. Although the company knew that its offset package was assessed as inferior to that of McDonnell Douglas, it advertised nine days before the formal selection announcement that the dollar value of the new work it was offering was over four times that of the McDonnell Douglas offer.

That kind of negotiating technique was directly responsible for the public release by the Government of a 38-page analysis and evaluation of all industrial benefits offered by both finalists. Industry Minister Herb Gray, who personally ordered the declassification and release of the document, put the economic impact on Canada of the winning package at $3.263 billion against $2.618 billion for that of General Dynamics. This was using the project purchases/Canadian sales basis of comparison, favoured by McDonnell Douglas and by IT&C. General Dynamics submitted an investment-multiplier basis of comparison, generous estimating the spinoff effects of new investment. Usi this technique on both companies, IT&C still p McDonnell Douglas ahead, $3.68 billion to $3.5 billio

The report included quality assessment data of t respective offers as of early March 1980, also favouri McDonnell Douglas. A last minute improvement in t General Dynamic bid slightly invalidated the compa ative quality figures, and the Minister omitted spec ics on this category. Gray stressed that the proje team judged the McDonnell Douglas industrial ben fits programme to be superior in quantity of purchas of aerospace and non-aerospace goods and services; i vestment in new Canadian facilities; transfer of a vanced technology from the United States to Canadi firms; technological advancement opportunities; qua ity of purchases and technological transfers; expo marketing assistance for Canadian products; prom tion of tourism in Canada through the company's vac tion packages; and regional distribution and risk.

The Air Industries Association of Canada e pressed satisfaction that its pressure to put at least percent of the offsets into high-technology busine

which had not been done in the earlier *Aurora* contract, had been successful. On the other hand, the Association, which had openly advocated the assembly and testing of the NFA competition winner in Canada, raised no objection when the Government waived this stipulation. The minimum requirement to discharge Canadian commitments was set by National Defence at 130 aircraft. Had the Government sacrificed numbers of aircraft by insisting on the costlier Canadian assembly and testing, the margin of sufficiency would not have been achieved. (Australia is paying the requisite premium for this feature with its NFA purchase, since alternative ways of achieving national content are fewer than in Canada).

The Government was not only concerned with the industrial benefits component of the NFA procurement, but with the spread of that offset programme across the country. This was an aspect omitted from the LRPA contract, but ignored neither by Ministers nor by political opponents. Allan McKinnon, speaking two months before he became Defence Minister in the 1979 Progressive Conservative Government, objected that British Columbia, with 10 percent of Canada's population, paid its full share of national taxes but had received only one-third of one percent of the offset benefits of the LRPA contract.

The fact that Boeing owned an aerospace component plant in Winnipeg was generally presumed to be connected with Defence Minister James Richardson's interest in promoting the 707 in the LRPA competition. The Minister was occasionally referred to as 'Mendel Rivers' Richardson, after the American Senator who loaded his home state with defence industries. Although Boeing lost out, Sperry Univac Canada Ltd., as a direct result of a Lockheed sub-contract, opened a Winnipeg plant to make digital magnetic tape units. When Lockheed announced in 1975 that a large part of a prospective Lockheed LRPA contract would go to Canadair, Edward Schreyer, then Premier of Manitoba, criticized the federal government decision to purchase Canadair, a company he argued which would have gone out of business 20 years earlier if it had not been force-fed by Ottawa. In his view, Manitoba was entitled to five to six percent of the aerospace work going to eastern Canada.

The Lockheed announcement had been intended to placate Supply Minister Goyer, and thus undermine the option of re-fitting the *Argus* at Canadair. Goyer was reputed to have been instrumental earlier in securing overhaul work on CL-41s for Canadair rather than for CAE Aircraft Ltd. of Winnipeg; in reversing a 1974 commitment of Richardson's to grant CAE an overhaul contract on military 707s; and in conveying to the CAE a very distinct impression that its prospects of receiving two future government contracts would be much improved by not resorting to legal action against the Government over what he had done. Goyer's warning induced a certain pause for thought on the part of CAE. Eventually, however, it took the case to the Federal Court of Canada in 1980, characterizing its status in the mid-1970s as that of a pawn between Goyer and Richardson.

Quebec's position

The LRPA contract was signed four months prior to the 1976 election of the Parti Québecois Government (PQ) in Quebec; the NFA contract was signed less than six weeks before the May 1980 sovereignty-association referendum in Quebec. The proximity of the latter two events thus afforded an opportunity for injecting the contract issue into the referendum debate. Picking up Goyer's self-appointed role as promoter of Canadair, Premier René Lévesque depicted the F-16 as the natural aircraft to afford employment to the Quebec aerospace industry, an industry comparable in its economic and manpower impact to the automobile industry in Ontario. That analogy implied that recent federal assistance to Ford and forthcoming support of Chrysler in Ontario ought to be balanced by a federal commitment to recognize the aerospace industry as centred in Quebec.

The federal dilemma was thus starkly raised: to commit $750 million to Chrysler in Ontario but reject the F-16 with its large Quebec offset package would appear as a raw deal for Quebec, either casual neglect or deliberate descrimination. During the next month it was Gray's task to reduce the analogy to negligible dimensions. A much more limited sum to Chrysler was one way. Some method other than a grant or loan, the means chosen to help Ford in November 1978, was another. These calculations dictated some immediate commitment to Chrysler without foreclosing the possibility of later additional assistance, a guarantee rather than a direct cash flow, and a minimum dollar commitment. The $200 million guarantee announced in May 1980, but effective only in 1982, adequately met these diverse criteria.

Minimizing one side of the ledger was part of the game; maximizing aid to Quebec was another. The government announced the imminent construction of the $100 million Complexe Guy Favreau, an office and residential project to be located in the PQ stronghold of east-end Montreal. A protracted heavy subsidization of the domestic energy price is advantageous to the federal position in Quebec, so a pre-referendum negotiated settlement with Alberta involving higher energy prices was inadvisable. Extension of the natural gas pipeline eastward to Quebec City and then northward to the separatist-inclined Lac St. Jean region was announced in the final week of the referendum campaign. Bombardier Ltd. was offered $100 thousand to submit a production proposal for the manufacture of 2,800 M35 logistical support trucks, the total cost of which was estimated at $235 million in 1980 dollars. Despite the evaluation of different options since 1977, however, the omission of a commitment to award a firm contract

and of any reference to a delivery schedule left the impression of a premature and calculated announcement.

A news release was issued by IT&C stating that Canadair would be building the *Challenger E*, a stretch version of the successful corporate jet aircraft. Secretary of State and Communications Minister Francis Fox, representing a Montreal suburban riding, questioned whether the investment and market to support the 5,000 job project would still be forthcoming if Quebec chose to separate. He also warned that the economic benefits for Quebec in the NFA package would disappear if Quebec rejected the federal option. A Radio Canada newsman reported that Quebecair was to be granted the right to buy Nordair, an acquisition it had been seeking for months. The report was not corroborated by any federal announcement, but the rumour circulated widely. Once the referendum was over and the constitutional package became the new issue, Ontario's concern over the ownership of Nordair entailed continual postponement of any decision on the company.

Project evaluation

The most potentially compromising setback to the impartiality of the project evaluation principle was administered by the Defence Minister. Second only to the NFA procurement in urgency and cost, the selection of two finalists for the contract definition stage of a frigate replacement program was already overdue. The Minister is keen to strengthen the growing reputation of procurement through project evaluation. However, moved by the exigencies of the Quebec referendum campaign, Maurice Lamontagne promised that "Quebec shipyards will be favoured, since there are two which require assistance."

Two consortia had a large Quebec component, one led by Pratt & Whitney and the other including Vickers Canada of Montreal and Davie Shipbuilding of Lauzon. The Minister's comment might have implied that the consortia involving Saint John Shipbuilding & Drydock, the Department's preferred bidder, would not be short-listed. Although all groups had the opportunity to adjust their consortia to conform to the government's increased Canadian control and content requirement, each of these three satisfied these criteria. The Vickers & Davie group, not the Saint John, was ultimately dropped. The integrity of the project evaluation withstood the strain. The direction of the program is towards the victory of a single consortia, though with a decision 18 months in the offing, a reversion to dispersed construction is not entirely foreclosed.

The heavy pre-referendum emphasis on employment and production commitments for Quebec requires further consideration in relation to Gray's estimate of April 1980, based on the project team assessment, that McDonnell Douglas offered the best deal for Canada as a whole, and for its various regions. According to the evaluation report, on a sales/purchase value basis the McDonnell Douglas bid represented $1,573 million Quebec and General Dynamics $1,472 million, b figures exceeding the promised benefits to Onta The team assumed that Canadair would be likely build the forward fuselage rather than McDonn Douglas' own plant at Malton, at times listed as $2 million. Canadair has been heavily involved in abortive F-16 bid, but the Defence Minister stron encouraged Canadair to bid on several specific s contracts for the F-18A. McDonnell Douglas of M souri was also sufficiently pleased at winning the o all contract that it could afford to be generous ab not favouring its Canadian subsidiary. The proj evaluation team evidently assumed new priorities b for Canadair and the McDonnell Douglas parent c pany.

If these assumptions are valid and Canadair m ufactures the forward fuselage, then the McDonn Douglas industrial benefits are superior to the Gene Dynamics offer in both provinces, and in Quebec o Ontario. If not, the F-18A package would be superio Ontario over Quebec, and the F-16 package superio Quebec over the F-18A. In either case, the evaluat report interpreted the General Dynamics offset figu for the rest of Canada as higher than the McDonn Douglas figures. Gray's claim that the McDonn Douglas industrial benefits package was the best d for each of the regions in Canada is thus overwhel ingly true in Ontario, possibly marginally accurate Quebec, but marginally inaccurate outside of cent Canada. An updated comparison of effects for the t corporations in 1981 is, of course, impossible, si only McDonnell Douglas continued sub-contracting gotiations.

One cannot fairly conclude an assessment of linkage between Canadian defence procurement a national industrial benefits without paying tribute the relative proficiency of the evaluation proc gained in a very brief spell of years. The LRPA c tract offered an initiation process; the NFA contract troduced the three new factors of regional industr benefits, of small sub-contracting and high technol offsets; the frigate contract may permit sustained warding of the most efficient shipyard rather than direct subsidization of the least. Over a number years, the project evaluation system may lead to so rationalization of the shipbuilding industry and structuring of the aerospace industry. Neither aim h to this point been integral to the goals of the Depa ments of National Defence or of Regional Economic pansion. Industrial restructuring was not part of NFA contract, though IT&C might have wished tha were. The project evaluation system is not yet a fi model and probably never will become one, but it is ing observed with respect from abroad. Canada m not have the lead exclusively to itself in this new in vative procedure, but no other country is clearly ahe of it.

For the Record

External Affairs Canada / Affaires extérieures Canada

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No. 106 (December 18, 1980) Findings of a National Survey on ... tudes on Foreign Aid.

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Entered into force for Canada, January 1, 1981

Agreement on Government Procurement

Done at Geneva, April 12, 1979
Accepted by signature by Canada December 30, 1980
Entered into force for Canada, January 1, 1981

The following Declarations by the Government of Canada were
posited December 30 and 31, 1980:

DECLARATIONS OF NON-APPLICATION

The following declarations apply to Canada's acceptance of
Agreement on Government Procurement with respect to
European Economic Community. (a) The Department of
Post Office is included in the Canadian list of entities on the
derstanding that, should it cease to be a Government Dep
ment, the provisions of Article IX, paragraph 5(b) of the Ag
ment on Government Procurement would not apply.
Government of Canada does not, therefore, accept the decl
tions of the European Economic Community concerning the
nadian Post Office.

(b) The Government of Canada will apply the Agreemen
the European Economic Community on a provisional basis u
such time as the European Economic Community applies
Agreement definitively with respect to Canada.

DECLARATIONS UNDER ARTICLE IX, PARAGRAPH 5(b)

The Department of the Post Office is included in the Canad
list of entities on the understanding that, should it cease to
government department, the provisions of Article IX, p
graph 5(b) of the Agreement on Government Procurem
would not apply.

Note to our readers

In a move seen as an attempt to gain support for his government's recent constitutional reforms, South Africa's Prime Minister P.W. Botha called a surprise general election in January. The country will go to the polls on April 29 1981. The two articles that follow, one analyzing the economic interdependence of southern African states and the other assessing the recently implemented constitutional reforms, were written before the election announcement.

Hope for Southern Africa in growing regional ties

by Gordon F. Boreham

Africa, a land that has been called by some anthropologists "the cradle of mankind", is in a state of greater turmoil now than at any other time in its modern history. Politically, it has superseded South America as the continent of coups, assassinations and authoritarianism, and is a domain of often capricious and conflicting ideologies. Economically, much of it is worse off than in the colonial era. Militarily, it is a growing arsenal of weapons mainly held in ill-trained and irresponsible hands. In brief, one does not have to be very perceptive to hear the apocalyptic hoofbeats of famine, pestilence, war and death in Africa today.

There are, however, some hopeful portents. There is slowly taking shape in South Africa a constructive and immensely promising movement to create closer cooperation in economic and other areas between the independent sovereign states in the southern African region. Nine other countries in southern Africa have created a new economic bloc of their own to uplift the area's welfare and reduce their economic dependence on the Republic of South Africa (RSA).

Meeting with Botha

South African Prime Minister Pieter Botha's meeting with leading businessmen at the Carlton Hotel in Johannesburg on November 22, 1979 must be regarded as the major catalyst for the changes now taking place in the RSA. In his address, Mr. Botha called for a voluntary grouping of all those nations that are centred in the southern part of the African continent in order to strengthen and improve existing economic cooperation and combat common military threats such as foreign invasion, insurgence and terrorism. As a practical step in the implementation of his vision of a "geo-economic community of interests", Botha undertook to reduce government spending and taxation and interference in the marketplace, as well as to deregulate price, rent and foreign exchange controls. The purpose of these proposals was to release more capital and skilled manpower for the creation of new income and jobs by the private sector. The Prime Minister also promised to open certain industrial and trading areas to all population groups.

In brief, Mr. Botha correctly linked the growth of private enterprise, the easing of obstacles to self-employment, and his new policy for regional cooperation, generally known as the constellation of southern African states, as essential parts of a coordinated development strategy.

Pretoria conference

The first step towards a new regional dispensation was taken on July 23, 1980 when Prime Minister Botha and the leaders of the three ex-homelands — Bophuthatswana, Transkei and Venda — agreed to:

1) create and develop a number of regional growth points which could serve as balancing growth poles against the four large metropolitan areas within the RSA. (The four existing growth points cover four percent of the Republic's surface area but account for 80 percent of industrial production.)

2) establish a multicultural development bank with membership open to all the countries of Southern Africa, as a vehicle for mobilizing resources for development in close association with the private sector;

Dr. Boreham is Professor of Economics at the University of Ottawa. He has travelled widely in southern Africa, returning recently from a five week visit during the autumn of 1980.

3) institute a small business development corporation to help promote small business enterprises and create more job opportunities;

4) accelerate the geographical consolidation of the so-called 'homelands' within the borders of the RSA. (Mafeking, a White town in the Northern Cape famous for its long siege by the Boers during the Anglo-Boer War of 1899-1902, was incorporated into Bophuthatswana on September 1, 1980);

5) reduce the use of direct economic controls, and give as much scope as possible to the mobility of labour, capital, technology and entrepreneurship.

An obvious implication of these agreements is that everybody within South Africa's boundaries depend on the same single economy for their material welfare. In other words, the ten homeland areas, as they now exist as dots over the map of South Africa, cannot be developed separately. In fact, there is not even a question of a return flow of Black people from the area of Whites, Coloureds and Indians back to the national states. Accordingly, the Pretoria summit marks a watershed in the annals of South Africa.

Ciskeian independence

Another major step forward in the formulation of a constellation of states was the October 1, 1980 decision by the Ciskei, one of South Africa's smallest tribal homelands, to ask for independence on the basis of a confederal agreement. Endorsing this decision, Dr. Piet Koornhof, the South African Minister of Cooperation and Development, said that the White areas of Berlin, East London and King William's Town and the Black areas of Mdantsane, Zwelitsha and the rest of the Ciskei will be promoted as a corridor of common economic development in which all of the population in the region can share. Koornhof also said the South African government was committed to equalizing salaries based on the principle of equal work and on compulsory education for all the peoples in South Africa.

Although the Ciskei is one of South Africa's smallest homelands, more than 500,000 voters took part in a referendum on December 2, 1980 to say "yes" or "no" to Ciskeian independence. The referendum, which was monitored by four independent observers, including John Sears (President Ronald Reagan's campaign manager), produced an overwhelming "yes" vote.

While the constellation planners envisage the eventual creation of an area of peaceful social and political evolution and economic prosperity for all those people who live under the Southern Cross, the current thinking in South Africa is to start the building process from the core — South Africa and the independent and non-independent homelands first — and work to the periphery: the former British High Commission Territories, now called Botswana, Lesotho and Swaziland (or BLS countries); Namibia, Zimbabwe and Mozambique; Malawi, Zambia, Tanzania and so on. Apparently, South Africa believes that it must get its own house in order before meaningful discussions with leaders of other African countries can take place. This may be due to the fact that the attitude of the Organization of African Unity (OAU) and the so-called 'frontline states' to the constellation scheme is one of outright hostility.

Social reforms

Recognizing the need to open up economic, social and political opportunities to all of the people within South Africa first, the Botha government has introduced a number of labour and social reforms in the last few years, notably the extension of trade union rights to Black workers (including the migrant workers from the tribal homelands), the opening of apprenticeship training to all racial groups, the elimination of statutory job reservation, the abolition of legally enforced racial discrimination in work places, the removal of restrictions on racially mixed sports in schools (mixed race sport clubs have been allowed for many years), the repeal of the permit system of admission to restaurants and other public places (219 restaurants, clubs, drive-in theaters and cinemas have been opened to all races so far).

In addition, the government intends to lift all restrictions in the Group Areas Act which prevent Blacks, Coloureds and Indians from conducting and relocating their businesses wherever they wish. Furthermore, three new bills which may soon become law will remove some residence restrictions on urban blacks and prepare for self-governing black municipalities. Black people who have jobs and accommodation in urban areas will not have to suffer the indignities of the pass system. Prime Minister Botha has acknowledged that Section 16 of the Immorality Act (which forbids sex across colour lines) and the Mixed Marriages Act (which bans marriages between the four racial categories) are not necessary for the survival of the White nation and should be abolished.

Discrimination is therefore a drag on South Africa's social order. It prevents full participation of Blacks, Coloureds and Indians in the economic system. It limits the legitimate aspirations of all racial groups and is a contraint on further economic growth within the RSA. Accordingly, it constitutes a major barrier to the constellation building process or the concept of a broader confederation of states. For without the free flow of labour (and capital), no meaningful regional cooperation will be possible. By its recent actions, the South African government indicates that it understands that internal reforms designed to bring about justice and human dignity constitute its greatest support for the concept of a broader constellation of states.

In December 1980, the Small Business Development Corporation was inaugurated. It is a joint venture of the state and the private sector, with the government putting up half of the 100 million Rand capital. Its functions include the financing of small

repreneurs among all sections of the population in outhern Africa through the provision of share and ban capital. The newly created Manpower Foundation lans to train 700,000 management, professional men nd women and skilled workers over the next five ears. A multiregional development bank will be aunched early in 1981. These institutions are inended to play a key role in the building of a constellaion of states.

A brief overview of existing forms of economic and echnical cooperation between South Africa and other states in the region is essential in order to assess the hances for wider regional cooperation. To start with, a ree interchange of goods exists between the RSA and he BLS countries. The four countries together form a ustoms union and apportion the revenue from the ommon pool. The Transkei, Bophuthatswana and Venda are associate members. All these countries, with Namibia, (but excluding Botswana since 1974) all within the Rand Monetary area. Among other hings, the monetary agreement between these seven ountries provides for free access to the South African money and capital markets.

South African mines as well as agriculture and construction services have attracted hundreds of thousands of unskilled Black workers from all over southern Africa for many decades. In June 1978, 327,051 foreign workers were registered as employed in South Africa; the true figure is estimated to have been at least half a million. The remitted earning of these migrant workers represent a sizeable addition to the incomes and foreign exchange reserves of the countries concerned (especially Lesotho and Mozambique).

No less than seven of the 11 countries of southern Africa are land-locked. Consequently, they are heavily dependent for their imports and exports on South African rail, road and shipping facilities. Conversely, the Mozambique harbour of Maputo handles about 17 percent of the total volume of South Africa's imports and exports. Air transportation links between the Republic and other states in the region are also expanding.

Regional ties

Close regional ties are being maintained in respect of water and power supplies. Designed to supply power in bulk to the RSA, the huge hydroelectric project at Cabora Bassa on the Zambezi River provides cheap power and water for industrial and agricultural purposes in Mozambique. Similar multipurpose hydroelectric schemes are located on the borders between Angola and Namibia (i.e. the Ruacana and Calueque projects on the Kunene River) and between Zambia and Zimbabwe (i.e. the Kariba project on the Zambezi River). Though widely vilified as bastions of colonialism, these projects could prove of inestimable value in promoting industry and agriculture throughout the entire region.

Other examples of cooperation between South Africa and her neighbours are the Southern African Regional Commission for the Conservation and Utilization of the Soil and the Southern African Regional Tourism Council. Bilateral forms of technical cooperation include: the Onderstepoort Veterinary Research Institute which produces vaccines for the combating of many fatal animal diseases in Africa; the South African Bureau of Standards; the Council for Scientific and Industrial Research; and the various agricultural marketing boards.

Notwithstanding repeated demands for international trade sanctions and boycotts against the regime in Pretoria, established trade links exist between South Africa and at least 20 African countries. In fact, there is hardly any country in Africa to which RSA does not send goods from time to time. Moreover, the steady increase in South Africa's trade with Africa during the past decade has increased dramatically in 1980. In October, *Business Week* reported:

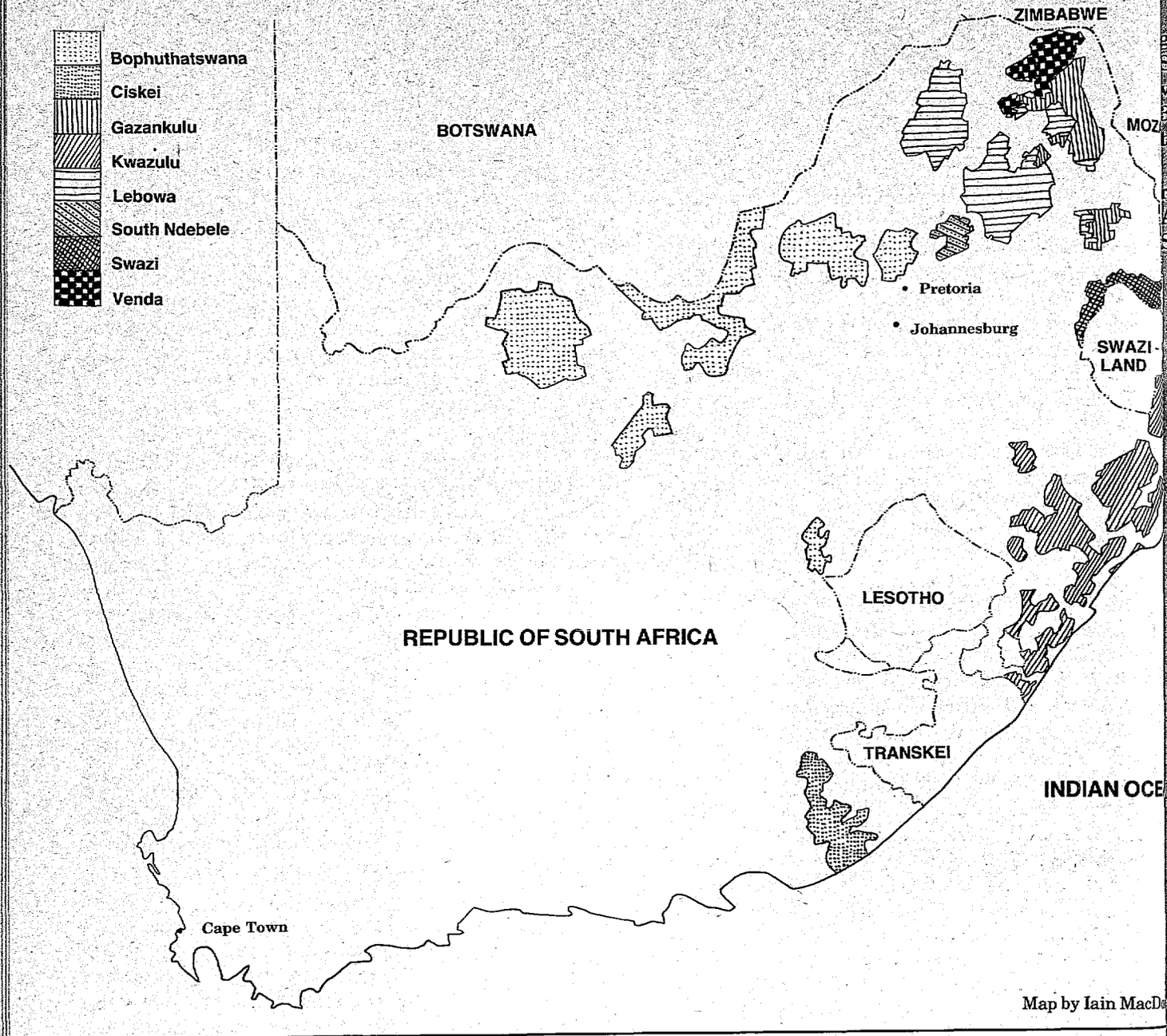
"Last year, South African exports to black African areas outside the Rand currency bloc. . .grew by 39 percent. So far this year they are running 75 percent ahead of 1979 and will reach 1.3 billion U.S. dollars by the year end, accounting for 10 percent of South African exports." (That figure compares with only seven percent a year ago). . ."Further intensifying the impact of these statistics is the fact that black Africa — labelled the 'hungry continent' by the United Nations Food and Agricultural Organization (FAO) — now gets much of its grain from South Africa."

In regards to food production, Kenya, Zambia, Mozambique, Zimbabwe, Zaire, Malawi and Mauritius purchased hundreds of thousands of tonnes of maize (corn) and wheat from South Africa in 1980.

Parenthetically, published figures on trade between South Africa and the rest of the continent do not reflect the actual situation since much of the RSA's trade with Africa is channelled through third countries (using double invoicing and false certificates of origin). Some observers claim that the real trade figures may be twice as high as the official ones. Be that as it may, it is clear that the RSA exports much more to Africa than it imports. As *Business Week* remarked: "Black African states find incentives to buy in quicker delivery, a quicker return on scarce foreign exchange, lower freight costs, and often in products designed for specific African conditions."

Constellation structure

The superstructure for a constellation of southern African states (including the ten national communities in RSA) is already in place: an interlinked road, rail and air system; joint participation in water and power projects; established financial ties; a modest Customs Union Agreement; increasing labour mobility; substantial two-way trade; border straddling big businesses; and technological assistance, especially in mining and agriculture. Yet, the independent Black states out-



Shaded areas on the map represent the self-governing Black National States within the Republic of South Africa.

side traditional South Africa have flatly rejected the Republic's offer of wider regional cooperation in the economic and technical spheres.

Anticipating South Africa's constellation offer, Angola, Botswana, Mozambique, Tanzania and Zambia convened the Southern African Development Coordination Conference (SADCC) at Arusha, Tanzania, on July 3, 1979. The Conference, which was attended by an impressive array of industrial countries (including Canada) and international agencies, set as its long-term objectives: the reduction of economic dependence on South Africa; closer links among the black ruled states to create "true and equitable regional integration"; the mobilization of resources to promote national, inter-state and regional policies; and joint action to obtain international help for economic liberation.

These states assembled again in Lusaka, Zam in early April 1980 in an effort to plan a more coher development strategy; Lesotho, Malawi, Swazil and Zimbabwe also attended. The nine Black south African states met again in Salisbury, Zimbabwe September 11, 1980 and allotted themselves spec tasks. For example, Zimbabwe was asked to desig food security plan; Zambia a development scheme; Mozambique a transportation strategy; T zania an industrial integration policy; Swazilan manpower development program; and so on. The day conference closed with the admission that member countries had not been able to take any "p tive steps" towards their main aim — economic di

gagement from South Africa. The fourth meeting of SADCC was held in Maputo, Mozambique in late November 1980. A number of specific proposals to some 30 industrialized countries and international organizations were made during that week.

Although not directly related to the problems of regional interdependence and closer union in southern Africa, last year's Brandt Commission report on North-South development concluded:

None of the important problems between industrialized and developing countries can effectively be solved by confrontation. This demands a new perception of mutual dependence of states and people. Development means interdependence, and both are preconditions of human survival.

From this, it would seem to follow that regional groupings in southern Africa are an indispensable prerequisite for the economic progress of individual states because, taken in isolation, their economies offer too narrow and weak a basis for vigorous economic development.

There can be no question that the countries of southern Africa recognize the desirability of closer regional union. There is no doubt that serious efforts are being made to provide meaningful channels for its realistic expression. This movement must be sustained and gather momentum to ensure movement towards a new order in southern Africa. In general terms, this can be done by relying more on marketplace forces. The reason for this is plain enough: by reducing the range of issues that must be decided by politicians and bureaucrats, a free enterprise system promotes the separation of economic power from political power and in this way enables the one to offset the other. Thus, in practice, an impersonal market separates economic activities from political ideologies and protects people from being discriminated against in their economic activities for reasons that are irrelevant to their productivity — whether these reasons are associated with their opinions, religion, colour or ethnic background. Put another way, in a free market economy, the individual citizen finds his own place in society, his own moral, ethical and cultural values and can gain personal progress for personal effort.

A distinguished South African industrialist, Harry F. Oppenheimer, has gone so far as to argue "that racial discrimination and free enterprise are basically incompatible, and that failure to eradicate the one will ultimately result in the destruction of the other". As already mentioned, South Africa has broken new ground in this connection; now she must move ahead.

Unconvincing venture

Despite the long-term goal of 'economic liberation' and reduced dependence on South Africa, the SADCC does not present a threat for the RSA. Quite the contrary. It is better, after all, to have prosperous neighbours than poverty-stricken ones. However, it is difficult to foresee success for this economically unconvincing venture which envisages the spending of several billions of dollars in infrastructures alone over the next decade.

To place matters in perspective, the nine Black southern African states have five times the land mass of South Africa and twice the population of the Republic, but their combined Gross National Product is less than half of South Africa's and their per-capita incomes hover around one-third to one-quarter of the RSA's per-capita income. Only two of these states, Malawi and Zimbabwe, have consistently managed to feed themselves. Of the nine, Zimbabwe, Malawi, Mozambique and the BLS countries are interconnected with the South African economy to a far greater extent that they are with each other's economies. Not surprisingly, one delegate at the first SADCC conference concluded: "This plan limits natural and regional development, weakens the independent southern African states and provides the RSA with economic leverage against them." An expert on Africa, Dr. Michael Clough, warned the delegates at the Salisbury conference that states breaking economic ties with South Africa could seek the not very viable alternatives of getting outside countries to pay for their losses. Nevertheless, as had been proved in Zambia and Mozambique, this would fall far short of the losses incurred by economic separation.

What the impact of these remarks means is that without South Africa's expertise and capital it would take the 'group of nine' decades to achieve the economic freedom they desire. This seems to imply that closer formal links between a restructured South Africa and its Black neighbours should come about relatively easily once all sections of South African society have shown themselves capable of creating a socio-political order in which the various races and ethnic groups enjoy maximum scope for their well-grounded hopes while sharing responsibility over matters of mutual interest.

'The winds of change' are blowing with increasing intensity in southern Africa. White South Africa has recognized that a strategy of survival entails far closer involvement with all races both within and outside the Republic. Economic facts are beginning to compel Black African politicians to reassess their priorities. Thus, the possibility of a new and broader alliance between all the neighbouring countries in southern Africa is not altogether far-fetched. What is needed, however, is a degree of mutual respect and a willingness to share opportunities equally among the diverse racial and ethnic groups within the region as a whole. In any event, it is no exaggeration to say that current efforts to create closer regional ties in southern Africa are far and away the most hopeful signs of change on the subcontinent since the introduction of South Africa's "separate development" policy in the 1948 general election.

Reforms in South Africa: more rhetoric than substance

by Heribert Adam

Since the South African administration of Pieter W. Botha replaced a corruption-tainted rival faction in 1978, its rhetoric has been one of reform. Four main categories can be distinguished to evaluate the reasons for, as well as the limits and implications of the recent policy shifts in South Africa: (1) labour relations (2) township organization (3) Bantustan planning and (4) constitutional and administrative changes.

In the view of most Blacks in South Africa, successive White governments have been merely engaged in the politics of suspense. Promises of Apartheid's death are now more than ever, dangled before its disillusioned victims. Nonetheless, crucial policy shifts have taken place in industrial Apartheid. Increased politicization of labour relations demanded different responses. A booming economy could not simultaneously cope with a threatening unemployment rate and a serious shortage of skilled labour. Indeed, the greatest brake in the economic expansion remains the shortage of skilled personnel, traditionally confined to whites only. In the entire country, there were only 50 Black artisans in 1980 and a negligible portion of Blacks received technical training at a higher level. The high inflation rate results partly from the inflated wages which the scarce White skilled workers command.

While employers who have long lamented this situation have called for state action as a remedy, the government, however, acting on the Wiehan recommendations, has left it to employers and unions to introduce better training facilities. The much acclaimed Wiehan report still recommends segregated training for White and Black apprentices. It is generally recognized, however, that the few Black in-service training centres are inadequate. Nor can recently relaxed immigration laws, which fuel the frustrated aspirations of blacks, cope with the bottlenecks. Whether the announced tax incentives for the training of blacks will result in an improvement and thereby a strengthening of the bargaining power of Black labour remains to be seen.

Despite the acceptance of the Wiehan proposal for official recognition of Black unions, Pretoria remains hostile to the Black trade union movement. This became evident when, shortly after the announcement of the Wiehan recommendations, the government prohibited all donations to the major coordinating body, the Federation of South African Trade Unions (Fosatu). Johannesburg's city council refused to negotiate with the unregistered union of 10,000 striking municipal workers in July 1980, opting instead to deal with an in-house union. State intervention on the side of the employers in a strike remains the rule. Despite their legal protection, reprisals against union organizers continue. Statutory regulations are simply bypassed by workers as well. An Institute of Race Relations survey of labour unrest in 1979 revealed that only one of approximately 50 strikes reported that year was legal. The same pattern continued throughout the next year. The much heralded, albeit restrictive, new labour legislation so limits the bargaining power of workers that attempts are made to subvert the carefully designed control system ignoring its stipulations. Even the Minister of Manpower utilization, Fanie Botha, now exhorts employers to "deal with whatever leadership group holds credibility among the workers."

A few far-sighted businessmen would like to see integrated unions rather than a divided working class as Marxist analysis would suggest. In the South African context, racially separate trade unions would politicize wage conflicts and escalate strikes into racial confrontations which are feared more than the potential strength of an integrated union movement. Industrialist Harry Oppenheimer has expressed this preference most emphatically: "I do think, however, that it's important to try, so far as possible, to draw a distinction between racial problems and industrial problems, as

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to do that it's very desirable that trade unions should be Black and White, mixed. You shouldn't have White trade unions and Black trade unions, because this clearly is going to impart racialism into the industrial scene in a much more dangerous way than it's been up till now."

Indirect rule

Now, more than ever before, Pretoria sees the need to replace direct domination with indirect rule. In Bantustans and particularly in the restless townships, Blacks must administer and police themselves. With this aim, government has conceded unattractive leasehold rights to urban Blacks and abandoned their so-called "sojourner status". Given the new policy of consolidating the difference between impoverished Blacks in the rural periphery and more secure township dwellers in the industrial centres, it is not inconceivable that they will be finally granted freehold property rights. This would allow the financing of more autonomous black municipalities through property taxes rather than liquor sales and employer levies as at present. Turning over the profitable liquor operations and other administrative services from the White boards to a Black bourgeoisie would also constitute a substantial reward and incentive to the collaborating class. In short, the development of Black urban micro-economies with a residential, commercial and industrial tax base in place of the present underdeveloped dormitories has now acquired a high priority among private as well as government planners. If, for example, an informal sector economy could develop in Soweto, particularly through site and service schemes in the housing area instead of the present unattractive and insufficient rental schemes, the economic and social structure of the township would indeed be altered. Such structures, the planners hope, would then form the basis for economically more viable, Black-run city states, linked to established urban centres.

However, there is still disagreement on two issues: (1) How much of the initial capital infusion or infrastructure development should come from the private or the public sector; (2) whether Black businessmen should have exclusive control over the revamped ghettoes, engage in partnerships with White capital or allow the unrestricted infusion of that capital into the townships. It is conceivable that soon the Central Business District of Johannesburg would be opened for Black traders with similar access of White merchants to Soweto. Since White capital holds all the advantages of economies of scale and managerial skill, a subordination or even retardation of an emerging Black bourgeoisie would be the likely outcome of this new competition. Moreover, this would further impede the politically desired emergence of a black middle class.

It is because of these built-in structural inequalities that the intended conservative "urban insiders" will likely turn out as the most frustrated and militant part of the Black population. This has been confirmed in the history of political activism but it is likely to be aggravated as a consequence of more direct competition between disadvantaged Blacks and relatively privileged Whites. The latter bring their history of domination into a new situation of so-called equal opportunities which are, however, unequal. Even if all statutory discriminations were to be scrapped, even if all expenditures for education were equalized together with equal pay for equal work, Blacks would still live with structural Apartheid.

3) **Economic hegemony**

In terms of regional foreign policy, Pretoria now promotes a "constellation of states". The independent southern African states together with the Bantustans will, it is hoped, form a collaborative union under Pretoria's overwhelming economic hegemony despite ideological differences. Dependency and impoverishment, together with internal political instability among South Africa's neighbours, may well lead to the realization of this imperial dream, whether openly or secretly.

In line with these external ambitions, there is domestically a move away from ethnic-based economies to regional development which downplays political boundaries. Not only did the "homelands", independent or not, fail to add to overall stability as the policy once proclaimed, they are now officially recognized as economic disasters. For Pretoria, it is still important to foster their status as legally sovereign satellites for reasons of Black citizenship. For only the creation of new states allows the government to impose a new citizenship on urban Blacks. This fiction alone justifies the denial of political rights in the urban centres in line with international standards and, at the same time, permits the White minority to define itself as a legal majority of the citizenry.

Nevertheless, this denationalization of South Africans of Transkei/Xhosa, Tswana and Venda ancestry created strong resentment, in addition to being a violation of international law which prohibits involuntary deprivation of citizenship. Above all, it serves as a deterrent for other "homelands" to request independence. At this juncture, Pretoria decided to modify the terms of future independence negotiations, first applied to Ciskei. While still acquiring a new citizenship, whether they want it or not, displaced Blacks are now also promised an "associate" South African citizenship or at least internationally acceptable travel documents.

At the same time, there is a new readiness to allocate some White controlled land and towns to the new development regions, jointly administered by Bantustan and White authorities. Under this "Mafeking solution" the White population would not have to relocate and would not be bought out, as under the previous policy of Bantustan consolidation. The cost of consolida-

tion, as understood on the basis of the 1936 Land Act, would run to 6.000 million Rands, or the equivalent of three years of military expenditure. A departure for this Verwoerdian concept, so it is argued, would not only save costs but would also make the new units of a confederation of states more viable and acceptable. If this concept is taken seriously, there is in theory no limit to the partitioning of Black dominated areas and the crucial test of this policy will be in Natal.

4) The constitutional and administrative changes of the Botha government continue the trend of increasing executive discretion. The government can now bypass the White parliament and even the Nationalist party caucus as never before. The jurisdiction of the still relatively independent courts was drastically curtailed long ago. Now, as a result of the Schlebusch Commission Report, the Senate was abolished, a 60 person "President's Council" of nominated Whites, Coloured and Asians created in its place and the twelve additional members were nominated for seats in the new unicameral legislature. A proposed separate advisory "Black Council" was dropped because of objections by Bantustan politicians. These reforms were justified by the need to overcome opposition within the Nationalist Party to rapid racial policy changes, The new institutions would be based on the basis of inter-racial consultation which would not impinge on sensitive White traditions.

President's Council

The debate focused above all on the new President's council. Its supporters describe it as "the most important instrument for negotiation yet to have been created in the country." However, the much heralded institution not only excludes Black Africans, but is boycotted by the majority Coloured Labour Party and the White Opposition Progressive-Reform party alike. In any case, the Council only holds advisory power to the White Cabinet. The essential features of the still-born body are that it co-opts a few non-White individuals from the less important middle-groups who can air opinions but are not in a position to negotiate on their behalf. If they were able to negotiate, they would have no mandate to be representative of any tested constituency, save themselves. Moreover, the personally respected and honourable community members lose their credibility by their act of collaboration. In addition, they deepen the suspicions among the excluded Africans on the one side and privileged Coloureds and Asians on the other.

By participating in the Council, the non-White members delude both themselves and their sponsors and confuse consultation with negotiations. In the long-run, only the revolutionary movements will therefore accumulate legitimacy on behalf of the majority whose conservative or moderate section has deprived itself of credibility by being perceived as willing objects of manipulation. Thus, any future real negotiations and corresponding institutional arrangem will have been discredited in favour of confronta and seizure of power.

The response to the constitutional changes, gether with the streamlining of the upper bureaucr means that the Botha faction has consolidated its trol over the National Party and administration. institutionalized, expanded patronage system rew loyal allies and excludes opponents who in the were more protected by civil service traditions. At same time, the members of the seven planning com tees and various councils possess far better pers qualifications than their more ideologically orie predecessors. Technocratic efficiency and personal alty have become the criteria for senior level appoi ments.

Whether such an extension of executive po eventually amounts to an abolition of White dem racy altogether remains to be seen. The voices wh advocate a temporary phase of "enlightened auth tarianism" in order to implement reforms spee seem to increase in South Africa. Some analysts, s as Breytenback of the South Africa Foundation, for ample, suggest a "Sobhuza option", the Africanizat of what previously has been called "de Gaulle s tion". It is, however, doubtful whether Prime Mini Botha or any of his potential successors (Viljoen, Sch busch, Malan) would ever acquire the legitimacy suppress conservative Afrikaner dissent without s ous resistance.

Political instability

Already there are warnings from all sides of White political spectrum that the ease with which Botha administration tampered with the stable cons tutional traditions may well contribute to greater litical instability in the future. Nevertheless, with powerful state machinery under its control and w White English-speaking support on the increase, Botha faction would easily cope with a more conser tive splinter party on its right.

Nationalist technocrats now carefully plan tainment strategies by institutionalizing consultat and even "concessions" which do not jeopardize over White control. These social engineers, however, fail realize one important precondition for acceptance of commodation by those who have been subordinat the process of reaching accord is even more import than the actual result. Concessions granted unilat ally are always suspected of manipulation. Only justments in which the subordinates particip through representative leaders and genuine negot tions will prove successful in finding mutual acce ance. Such inter-racial bargaining in its various for has not yet started in South Africa. The *Ad hoc* en neering of appeasement and co-optation of moder dissent is no substitute for negotiations between equ parties.

Poland's social tensions erupt in labour crisis

by Teresa Rakowska-Harmstone

What is happening in Poland and where is it likely to lead? The question, triggered by the events of the summer of 1980, cannot be answered, except sequentially, in terms of the developments of the last 35 years and in the context of the country's long history.

On July 1, 1980, the Polish government tried again, as it had unsuccessfully in the past, to raise meat prices in order to reflect real costs and to reduce the amount of costly food subsidies. In response, a wave of strikes (illegal under communist systems) engulfed Poland. Sporadic at first, the number of strikes increased and affected all parts of the country by early August, including the Baltic shipyard, which was the centre of the workers' revolt of 1970. The sporadic and unrehearsed nature of the strikes ended on August 16 when, in an unprecedented move, an Interfactory Strike Committee was established in the Lenin Shipyard of the Baltic port of Gdansk to represent that shipyard as well as 20 other striking units. The new coordinated strike effort spread with the establishment of other interfactory strike committees.

Poland's economy was brought to a standstill and both the party and the government were forced to negotiate with new labour leaders in order to avoid an imminent economic collapse. By August 30, the government capitulated. Its representatives signed agreements with the three crucial interfactory strike committees: two with shipyard workers on the Baltic coast (the Szczecin Agreement and the Gdansk Agreement), and one with the mine workers of Silesia (the Jastrzebie Zdroj Agreement of September 2). The three agreements all raised the same key issues, but the 21 demands incorporated in the Gdansk Agreement and signed on behalf of the workers by Lech Walesa, the newly emerged leader of the movement, became the basis for country-wide settlements. The signing of the agreements was a great victory for the workers and marked the emergence of an independent trade union movement in Poland, a phenomenon without precedent in a communist country.

The remarkable gains of the strike phase of the movement (July 1-August 30, 1980), were made possible by a unique combination of unusual characteristics that gave strength to the free union movement. The demands reflected not only standing economic grievances of the workers but also deep-seated political frustrations of the society as a whole. This guaranteed the movement country-wide, mass-based support, that found its expression in the new union's name: "Solidarity". The workers' leaders displayed exceptional maturity and restraint as well as organizational skills, which prevented violence and allowed for the coordination of demands and strike efforts. The latter was facilitated by active support given to the strikers by professional intelligentsia and dissident groups, the most of important of which, the Committee for the Defence of the Workers (KOR), acted as the factory committees' public information agent, a coordinating link, and a political advisory body.

Common misconceptions

Before commencing the discussion of the forces currently at work, one should turn, for a moment, to the genesis of these events and to the most common misconceptions that accompany their discussion in the West. The first common assumption is that economic problems are at the basis of the unrest; Poland is in an economic crisis and the demands are of an economic nature. While this is true enough, economic problems are only a symptom and a result of deep-seated political problems, as should become clear from further discussion. The second misconception is that it is only the workers who are demanding reforms and new freedoms. Again, it is symptomatic that it is the workers who carry the ball in what is supposedly a "workers' state"; but behind the workers there is a broad coalition of all social forces and social classes in the country. The third, and in my opinion, the most damaging misconception is the assumption that the communist Polish government is accorded legitimacy by the Poles and that somehow the Polish United Workers Party

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(PUWP) speaks on behalf of the Polish people, even though it is conceded that the party's interests are subordinated to the interests of the Soviet Union. It is also conceded that there is a broad range of political dissent in Poland.

The problem in Poland since 1945 has been that the political system which was adopted in the post-war settlement has never been acceptable to the majority of the Polish people and, notwithstanding the provisions of the Yalta agreement, it has never been tested in free elections. The system is not acceptable on two basic grounds. First, because it has been imposed through the instrumentality of Russian military occupation (the Russians are historically the Poles' hereditary enemies). Secondly, because it is totally incompatible with the Polish political culture. Marxism-Leninism's supposed internationalist but in fact Russian-stamped character is directly in conflict with Polish nationalism, a dominant feature of the Poles' world view.

The Roman-Catholic religion is an integral part of the Poles' national identity; it is in conflict both with Marxism-Leninism's professed atheism and with Russian orthodoxy. The great cultural divide between Western and Eastern Christianity has separated the Poles (as well as the Czechs, Slovaks and Hungarians) from the Russians since the 10th century. The Roman Catholic Church in Poland has been the one independent social force that the party has never succeeded in controlling, even during the darkest days of the Stalin period, because it commands the loyalty and the mass allegiance of the Polish people. Finally, the Poles' political behaviour has historically been shaped on highly individualistic lines, distrustful of any authority, at times bordering on anarchy. It does not fit the required communist collectivist model.

Political scientists recognize five basic political crises which contribute to the political instability of a country. Currently, Poland suffers from four of them: the crisis of legitimacy, the crisis of participation, the crisis of distribution and the crisis of penetration. The fifth, that of identity, does not affect the Poles, but their national cohesion and clear-cut sense of national identity actually contribute to instability given the nature and origins of the political system.

The sources of the legitimacy crisis have been discussed above; its existence has been validated by the sad record of continuous failures in economic, social and political life since 1945, because the party and the government have been unable to generate either political loyalty or support for any of its policies and any of its goals. Skeptics who doubt the record of failures are referred to assessments made by each new leader about his immediate predecessor: then PUWP First Secretary Wladyslaw Gomulka's criticism of Bierut's failures, and his successor Edward Gierek's scorn for Gomulka's sorry record. Currently, Stanislaw Ka review of Gierek's policies contrasts sharply with favourable image of the former leader dissemin only recently by the Polish media (headed by the u tunate Mr. Szczepanski, whose predilection for l living made him a symbol of his patron's corrupt Gierek's image of success nevertheless, has been u tically accepted by many Western commentators.

The flavour of popular perceptions can be glea from a fragment of a satirical monologue by a former in a Warsaw cabaret during the closing da 1980:

"And if Mr. Jaroszewicz (Prime Minister under Gie made a mistake every day for ten years, our achi ments in many areas reached the level of the fifties ther immediately preceding Albania or immedia following Albania. The level of the fifties! Or th years gone to the dogs!"

In the societies where the "leading role" is served exclusively for the communist party there participation (if defined in terms of accessibility autonomous social groups in the political proces which priorities are established and values alloc A crisis of participation emerges when social gr begin to demand such access. Such a crisis has present in People's Poland in a more or less acute since its inception. Added to this has been an accele ing crisis in (economic) distribution, underscored abortive attempts at reforms, and the beginning crisis of penetration. The latter is evident in a prog sive decline of government's overall organizational pability — to make the society behave in a desired and to prevent a broad spectrum of "deviant" be viour, which has ranged from religiosity to the for tion of dissident groups; from drinking and absen ism to stealing and cheating.

Earlier revolts

The basic incompatibility between the system the society, and the latter's rejection of the party its policies, have manifested themselves in wave open resistance five times in the past 35 years, forced a change of leadership three times. Each wave carried a greater momentum.

The 1956 workers revolt in Poznan was a cata in the transfer of power within the PUWP from the credited Stalinist "Muscovite" faction to the openly nationalistic "Native" faction led by Wladys Gomulka. Soviet intervention at the time was rowly averted by the perception, conveyed to the So leaders, that the Poles (including the army) would sist, but that Gomulka's leadership presented threat either to the system or to the Soviet allianc period of greater freedom and limited reform follo decollectivization of agriculture was its major and during feature. Other reforms were rescinded and doms were curtailed, resulting in stagnation and

ense social alienation.

The second wave came in 1968 with unrest among students and intellectuals, centred in Warsaw, who demanded greater intellectual freedom. Brutal suppression followed, and the blame for the unrest was placed on the Jews in order to divert dissatisfaction and to justify a resurgence of offical anti-Semitism.

An increase in food prices in 1970 triggered a major wave of demands and unrest among workers, focused on the Baltic shipyards. Many casualties resulted from the suppression of the 1970 strikes. The resulting shock waves led to the removal of Gomulka and his replacement by Gierek, a Silesian party leader with a reputation for pragmatism and efficiency. Hopes for reform accompanied the change and many promises were made but few materialized. As Gierek's gamble to finance accelerated economic development by using Western credits backfired, popular dissatisfaction, disappointment and alienation mounted.

A new wave of unrest came in 1975-76. In 1975, intellectuals mobilized to oppose constitutional amendments designed to bring the Polish Constitution in line with other bloc constitutions under Soviet pressure for bloc integration. The opposition centred on the proposed new articles spelling out the "leading role of the communist party", the "socialist character" of People's Poland, and the explicit recognition of the Soviet alliance and a common foreign policy. The resistance caused some modification in the form but not necessarily the substance of amendments adopted. The following summer, the government's new attempt to increase meat prices brought another outburst of workers' strikes and riots mostly in and near Warsaw. Police repression which followed became the catalyst of a new and formidable alliance between the workers and the intellectuals, as the Committee for the Defence of the Workers (KOR) was formed and commenced activities. This, in turn, stimulated the emergence of other open, albeit, illegal opposition groups. Other social forces joined in support: the church and increasingly, the peasants.

Thus, in the latter part of the 1970s, conditions developed without precedent within the Soviet bloc: a civic society, based on a coalition of all major social forces, emerged totally outside existing political structures. In the four years between the summers of 1976 and 1980 — when the fifth and most formidable wave of unrest engulfed Poland — the party and the government was not able either to regain full control of the situation or to establish even a minimum dialogue with the people. A secret public opinion poll conducted in Poland by *Paris Match* between September 29 and November 12, 1980 (with a sample of 510 Poles of all ages, regions and professions) revealed that only three percent of the sample would vote Communist if free elections were held; the largest number of respondents opted either for a Christian Democratic (34 percent) or for a Socialist party (27 percent).

In terms of communist orthodoxy, Polish politics were characterized by major anomalies from the outset. An autonomous Catholic church survived persecutions, and its growing power forced the party to consult the Episcopate at critical points. The election of Karol Cardinal Wojtyla of Krakow as the first ever Polish Pope further enhanced the importance of the church. A massive but peaceful turnout of the people who greeted Pope John Paul II on his first return visit home in 1979 unequivocally demonstrated where popular loyalties lay.

Since 1956, agricultural land has remained largely in private hands despite the government's discriminatory policies aimed at increasing the size of the socialist sector. Poland alone in the bloc also has had the experience of workers actually being able to force a change in party leadership; the perception of having this power undoubtedly played a role in the behaviour and policies of Solidarity's leadership. In addition, the late 1970s saw a mushrooming of broadly differentiated political groups, illegal but organized openly and circulating publications outside the state censorship system; some 40 "free" periodicals (written, typed and distributed in most difficult conditions) appeared in 1980; of which about 20 were regular publications, mostly for a specialized audience such as intellectuals, workers, students, peasants and others. These organizations have on the whole been harassed but tolerated by the authorities, either because they have proliferated or because the party prudently refused to fabricate new martyrs and found it easier to keep tabs on dissidents who operated in the open; it is probably a combination of both reasons. The events of 1980 added free trade unions to the list of anomalies. At the same time, they have built up political momentum beyond any past pressures; its "ripple effect", in Poland and within the Soviet bloc, may be pushing the situation beyond tolerable limits. What these limits are is not clear. Their final determination, for geopolitical and strategic reasons, rests with Moscow.

Confrontation

The three agreements signed by the Polish government ended the first round of the confrontation. The second round — for the implementation of the demands — started in September 1980 and is continuing because key demands (all embodied in the 21 points of the Gdansk Agreement) are incompatible with basic principles of communist systems.

The first set of demands concerns the establishment of independent self-governing trade unions within the meaning of the International Labour Organization conventions nos. 87 and 98 (ratified, incidentally, by the Polish communist government), with the right to strike and to bargain collectively. The demands for trade unions independent of party control have punctuated the history of communist states, beginning with the so-called 1921 Workers' Opposition in

Soviet Russia, but have always been suppressed because of its incompatibility with the "leading role" of the communist party. Their existence in Poland now is a *fait accompli*, as embodied in the 12 million strong "Solidarity" union. But Solidarity's survival in the long run depends on the introduction of new labour legislation as well as on a meaningful economic reform; both are among the commitments the government undertook when signing the agreements but both remain within the realm of promises despite much discussion.

Agreements notwithstanding, it took almost three months to register "Solidarity" and to have its charter approved by the courts, i.e. to legalize its existence as a body separate from and independent of the official party controlled unions. The registration controversy evolved around a key phrase — the "leading role of the party"— the code word for party control. The Gdansk Agreement made a reference to it as part of the constitutional system, but it was omitted from Solidarity's charter when it was submitted for registration to Warsaw Province Court. The court refused registration unless the phrase was inserted. Solidarity appealed to the Supreme Court which, under a threat of a general strike (the union by then numbered some 10 million members), reversed the lower court's decision on November 10, 1980, and registered the charter as submitted. In a compromise arrangement, a separate statement was appended to the charter by the union repeating the general commitment to the constitutional framework and the party's role within it. This was another victory for Solidarity, but a struggle for other necessary legislation promises to dominate its activities in 1981. An overall relaxation of censorship has taken place, but it remains subject to arbitrary action by the authorities.

The third set of demands contains a number of economic provisions to benefit the workers and measures aimed at abolition of special privilege of the communist "New Class". Here, implementation has been easier despite existing economic problems, but the demand for free Saturdays approved in all three agreements, was not honoured by the government because of economic costs. At the time of writing (late January 1981) Solidarity agreed to work one Saturday out of every four after a threatened work stoppage forced the government to negotiate.

In light of the past experience of unfulfilled promises, Solidarity is determined to force through its demands arguing, with justification, that the sooner the government acts on its promises the sooner a sense of normalcy and improved productivity will return to economic life. This determination appears to be shared by the people, regardless of the threat of Soviet invasion (invoked by PUWP and by Moscow). In the *Paris Match* poll, 41 percent of respondents felt that an invasion was possible, and 24 percent felt it was certain. Yet, 66 percent declared that they would resist if the Soviets intervene. In the meantime, ripple effects of workers' actions and demands have affected other social gr... Peasants and farmers stage demonstrations and s... in order to be allowed to organize a Rural Solid... the demand that the original Solidarity has now i... porated into its own list. Intellectuals and creative... ists have been acting on an assumed greater freed... expression as have most official media. One read... hears opinions and sentiments that have not bee... ticulated openly for many years. Professional and... dent groups talk unionization; everyone talks re... As the time of writing, thousands of striking stu... in Lodz demanded the abolition of compulsory ins... tion in Marxism-Leninism — a major heresy. No... these demands are acceptable in the context of com... nist orthodoxy; neither to the PUWP because it u... cuts its *raison d'être*; nor to the Soviet Union, as... senior partner and ultimate guarantor of the bloc... thodoxy; nor to the "fraternal" parties which feel th... selves vulnerable. The key question asked is: can... tide be turned and at what cost?

Support for Solidarity

What, then, are the forces marshalled against... idarity and social groups which support it? What w... ons do they have at their disposal? On the dom... front, it is the PUWP supported by the state secu... the militia and the ubiquitous "New Class" party, s... and economic bureaucracy — an overgrown... largely parasitic element whose privileged positio... pends on the preservation of the status quo. E... within this group, repeated voices for reform have b... heard, particularly at the national level. Polish Ar... Forces are counted on the side of the government... statements in the military press indicate, but if... government were to ally itself with the invading "... ternal" forces, it is uncertain whether the conscript... diers and some of the officers would remain loya... they were deployed against other Poles.

The PUWP has always been among the weake... the bloc parties. Its leadership was the most fact... ridden and hardly noted for liberal tendencies of... kind characteristic of the Hungarian and Czechoslo... party, the latter prior to the 1968 Soviet invas... Sources in Warsaw report that it was the leader of... so-called "liberal wing", Stefan Olszowski, who s... gested in late August that the army be used to s... press the strikers; the suggestion is said to have b... rejected by the Minister of Defence on the ground... the perceived unreliability of the soldiers. The resh... fling of the PUWP leadership on August 24 and S... tember 5, which removed Gierek and his "Silesian... fia", did not seem to bring any of the seco... rank leaders, known to be reform-minded, into the P... itburo.

Perhaps the lessons of Czechoslovakia (it was... Czechoslovak party which led the "Prague Spring"... forms) have been well absorbed in Poland. Stanis... Kania, PUWP's new First Secretary who was pr...

...usly in charge of security, military and church-state affairs, appears to be trusted by Moscow. Secretary Leonid Brezhnev's congratulatory telegram on Kania's assumption of the PUWP's leadership characterized him as a "great fighter for Poland, for socialism, for the leading role of the party, and for the Soviet alliance". Soviet wishful thinking aside, these are hardly the attributes to qualify Kania to lead a reform of the system away from orthodoxy or to respond in good faith to the demands of the workers. A communiqué after Kania's first visit to Moscow said the meeting with Soviet leaders reflected "great harmony" and "frank exchange of opinions", the latter probably referring to blunt talk on both sides about the limits of the possible.

Under Kania's leadership, the record of PUWP's behaviour since the signing of the agreements conveys a picture of consistent resistance to demands, with concessions made only under duress and designed to be minimal, and of consistent delay and subversion tactics in the implementation of concessions made. This appears to have been the case with all the demands whose adoption would carry political implications. The record of bad faith is less noticeable in responses to purely economic demands and to the demands directed at abolition of privilege and eradication of corruption. The party's tactics follow a well-known injunction of Lenin, who instructed his followers, when faced with a superior force, to retreat but to regroup immediately and to push on again from new positions wherever and whenever possible. The tactics appear to be designed to wear Solidarity out and to break up the great alliance of social forces which made its success possible in the first place. Having said that, however, it should be noted that the party finds itself caught between massive popular pressure for reforms on one side and the threat of a Soviet invasion if the change goes too far on the other, with little room to manoeuvre and a collapsing economy in the background.

Party tactics

The PUWP's tactics appear to be designed to achieve the following specific aims:

1. To force Solidarity to fight step by step for the implementation of each one of the demands with the only effective weapon the union has at its disposal: the weapon of strike action. This carries several long-range negative implications for the union. It aggravates the already disastrous economic situation and provides ammunition to the party which blames the union for the state of the economy, which may eventually erode Solidarity's popular support. It saps the momentum of the struggle and forces Solidarity's leadership into delays and compromises which in turn undercut its control over more impatient local branches and the more radical elements within.

2. To drive a wedge between the workers and intellectuals and dissidents and thus to break up the key element in last summer's victorious alliance. Dissidents, particularly the KOR group, are a special target of vociferous propaganda. They are accused of "anti-socialist", "counter-revolutionary" sentiments and of being tools of "imperialist NATO circles". When harassed by the police, workers are told their problems are all the fault of the intellectuals who first use workers and then leave them to their fate. This propaganda line has had little effect; Solidarity has consistently protected key dissidents with the strike weapon thus ensuring the maintenance of the alliance.

3. To weaken the support of the church for Solidarity and its actions. The Episcopate is approached for consultation on the grounds that it constitutes the one moderate element as contrasted with excessive demands of the workers which can result only in disaster. The party also seeks cooperation with lay Catholic elements. An appointment of a Catholic deputy in the Sejm (the Assembly) to the position of deputy Prime Minister appears to be a case in point.

4. To induce Solidarity to back away from its key demands and to bolster all of the above aims by invoking, at strategic points, the threat of Soviet invasion.

Strike weapon

The repeated use of the strike weapon has been counterproductive in the context of the truly disastrous economic conditions: the servicing of the $21 billion foreign debt takes the bulk of Polish foreign earnings; productivity is low and declining; there are enormous food shortages. All of these have been aggravated by the seven months of labour unrest. The people realize that once Solidarity's demands are met, conditions will improve, and the party has had little success in trying to undermine Solidarity's support among all of its allies and the populace at large.

Overall, the rhythm of the struggle has been clearly in favour of the union and the reforms it spearheads, even though each concession has had to be wrested from the party at great cost of continuous strikes and threats of strikes. Solidarity's victory would be assured if it were not for the context of Poland's "alliance system" as it is euphemistically called in Solidarity-PUWP exchanges. Ultimately, it will be the Soviet reaction, or lack thereof, that will determine the future of the free trade union movement in Poland and its repercussions at home and abroad.

The Soviet Union's reaction to Polish events has shown their extreme unease. It has been clear, from past history as well as from current statements, that the direction of reform demands is totally unacceptable to the U.S.S.R.; but it has been equally clear that the challenge could not have come at a worse time. The Soviet Union has been mired in Afghanistan since December 1979; it is facing a new and hostile Reagan administration in the United States; its economy is in decline and thus in need of injections of Western trade and technology. The Soviet reaction has been cautious. The first step was to isolate its own citizens from the

Polish infection. The Soviet Union resumed the jamming of Western broadcasts (Voice of America, BBC, Deutsche Welle) on August 20, after a respite of several years. In September, the Polish border was closed to the U.S.S.R., Czechoslovakia and East Germany. Official statements made it clear that the Soviet Union condemned "anti-socialist" elements supported by "Western imperialists" which fomented trouble in Poland. Lenin had no use for the so-called free unions, they stated. Secondly, Soviet divisions were placed in position all around Poland in readiness for an invasion, if needed, but also to give substance to warnings that "fraternal assistance" may be forthcoming if things get out of hand. Loud sabre rattling used for blackmail indicates the extreme reluctance of the Soviets to actually use the invasion weapon. At the same time, consultations took place with the new PUWP leaders, who were obviously given a period of time and a degree of latitude (both difficult to estimate but in all probability quite flexible), to put their house in order with a minimum of destabilization.

Despite attempts to isolate Poland, the ripple effect greatly concerns the Soviet as well as some other East European leaders. The U.S.S.R. fears the Polish example will affect the stability of its western republics (the three Baltic republics and Ukraine in particular — which are ridden with national and civil rights dissent) and of the ideas it may give to Soviet dissidents and workers as well as to other eastern bloc people. The East German and Czech leaders also fear domestic repercussions, a fear that is shared by the Romanians. The Hungarians, who have pursued their own brand of cautious reform rather successfully, seem to be less concerned, even though a group of Hungarian dissidents was stopped at Budapest airport from going to Warsaw. There is a nagging perception in communist circles that if the mention of Polish reforms is allowed to develop, it will be the beginning of the end of the "socialist world system".

Invasion threat

The temptation to intervene must be enormous in Moscow; the stakes are high because of the danger of infection and because of the strategic and military importance of Poland as the key piece of real estate between East Germany (and Western Europe), and the Soviet Union. Yet, the costs of an invasion are prohibitive and obviously there is a hesitation whether or not the Soviet Union can really afford it. It is generally assumed that the Poles will resist with the inclusion of at least some army units. Thus, an invasion would require major force commitment (difficult in view of Afghanistan and other Soviet deployment needs against NATO and on the Chinese and Iranian borders); it will incur high losses and may spark a broader conflagaration. The extent of negative fallout in Soviet relations with the United States and Western Europe cannot estimated but may be extremely high. It could ca enormous economic costs for the Soviet Union. Ne tive fallout elsewhere would also be considerable. T burdens on the Soviet economy will multiply as it sumes the costs of an invasion and occupation of economically bankrupt and hostile Poland. Domes repercussions of the resulting economic shortages co pled with lingering effects of the Polish "infection" al enter into consideration.

The Soviet Union undoubtedly has the capabili to intervene and will be willingly assisted in doing by other Warsaw Pact members, especially by two Poland's nearest neighbours. It is, in fact, quite like that Soviet leaders may yet decide to do so if a perce tion emerges that their core interests are at stake. Bu given the probable costs, they are undoubtedly pr pared to tolerate a substantial amount of deviatio providing the PUWP remains in at least nominal co trol when the dust settles: i.e. that the facade of t "leading role of the party" will have been maintaine and provided the deviation does not spread. If PUW loses control — if it either collapses or gives in total to reforms — a decision to intervene may become im perative from Moscow's point of view. Kania and oth Polish communists told a fellow Warsaw Pact leader meeting in Moscow on December 5, 1980 that "Polan was, is, and always will be a socialist country", an were told in return that they can firmly count on "fra ternal solidarity (ironically the word is the same i Russian as in Polish) and support of member states the Warsaw Pact".

Weakest link

If current trends continue, the Soviet Union wi eventually be the loser regardless of whether or not invades Poland; forces for change cannot be stoppe and their intensity is enhanced by suppression. It is i this context that Poland is the Kremlin's "weakes link". Viewing the situation through ideological lens es, the worker's revolt against the "workers" state, an a victory of nationalism over the internationalist prin ciple conclusively explodes Marxist-Leninist myths. In power terms, it knocks a key piece off the allianc board and underscores the futility of an empire base on force.

Editor's note: At press time, events in Poland ar changing rapidly. Another shake-up in Poland's lead ership took place in early February with the resigna tion of Premier Jozef Pinkowski, appointed by Gierek during last August's strikes. He was succeeded by for mer Defence Minister General Wojciech Jaruzelski who became Poland's fourth premier in one year. Meanwhile, attempts to create a farmer's trade union "Rural Solidarity", received a setback when Poland's Supreme Court refused to accept its application for rec ognition as a union.

Book review

Fraser's 'scrutable' Chinese

by Brian L. Evans

This book is ample testimony that, given half a chance, a sensitive, alert, witty reporter can make the "inscrutable Chinese" scrutable. It has been called 'a classic', 'an insider's book', an example of the 'gosh gee' school of China reporting. It is all of these things. The strength of the book lies in the freshness of John Fraser's approach. Unjaded by any previous appointment to a communist country, bored by the Pekingologist approach to the minutia of Chinese political life, Fraser, a reporter from the Arts section of the Toronto *Globe and Mail*, actively sought opportunities to find out more about those areas of which he knew most.

The choice of Fraser for the Peking bureau of the *Globe and Mail* was nothing short of inspired. He arrived on the scene just as the Chinese began to realize the new freedom in the Arts coming in the wake of the capture of the Gang of Four, and when full scale criticism of what had immediately gone before was officially sanctioned. Moreover, Fraser, as he readily admits, had the great good luck to be in China when the rules governing Chinese contacts with foreigners were relaxed. That he took full advantage of the opportunity is a measure of Fraser's quality as a journalist. We are each in his debt for making his own story available.

If the freshness of Fraser's approach is the strength of the book, it is also its weakness. It has led him into some pseudo-sinology which someone who admits of such a newness to the China field might well eschew. To be sure, he has followed an excellent guide, Simon Leys (Pierre Ryckmans), but where a Leys, summoning up years of study and observation, can skewer figures such as Guo Moro and Han Suyin, Fraser's tongue-lashing of these two, and of others, has a hollow ring, appears a little self-serving and amounts to, in football jargon, 'piling on'. In his dismissal of Guo, Fraser is just as guilty of the uncritical acceptance of official handouts as those Toadies whom he scorns. He becomes the retailer of the type of personal slander which he later decries when it is directed against a friend. Han Suyin may well be accused of hypocrisy for using her China connection for self-enrichment, but she is not the first, nor is she the last.

The first half of the book has a certain "sourness" to it. Fraser is generally appalled by official Peking, by the foreign diplomats, academics and reporters. He is frustrated, as were his predecessors, by the control of news and the Xinhua pablum dished out every day. He acquires the standard set of prejudices against the system which have become the luggage of all Western journalists permanently posted in Peking: the Information Department is not there to inform, diplomats play games and are evasive, visiting reporters get the big interviews and leave the locals with the crumbs. Indeed, the first half of the book might well be retitled: *John Fraser: Portrait of a journalist, by the Chinese.* Yet it was just a few of those crumbs from the table of a visiting journalist which Fraser turned into a feast. As a result, the last half of the book lives up to its title.

Fraser's feast was not set at the Great Hall of the People but at a wall; not even the Great Wall, but a rather low and sometimes smelly one. The wall was called Xidan, and the occasion was the reprise, in the fall of 1978, of the incident which had taken place in Tienanmen Square in April 1976. The groups who had been crushed for their protests in 1976 were now being encouraged to express their views in posters on Xidan wall. Whether one views Xidan as part of the political orchestration leading up to the exchange of recognition between the United States and China, the loosening of a safety value on pent-up frustrations of citizens with rising "democratic" expectations, or something else, it is impossible to dismiss it as a minor phenomenon. Fraser, because of his becoming a participant in the movement, and because of his closeness to the story, cannot solve the problem for us. He does, however, gives us the raw material. Fraser becomes a candle around which the more adventurous moths flirt, making themselves all the more visible to everyone concerned.

Naively, perhaps, Fraser expected a more positive response from the authorities than Xidan received. He wonders why the leaders of the country, whose own revolutionary spirit had been captured decades before

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in the pages of Edgar Snow's *Red Star Over China* (curiously dubbed by Fraser as an "old potboiler" "now considered to be out of date"), cannot see themselves in the Xidan activists. One is tempted to answer, it is precisely because they do. . .

Or to paraphrase the old saw about Napoleon III, the leadership in China, having arrived in a coup, was not about to depart in a Xidan. That they would regard Xidan as such a threat is further evidence to Fraser of the wicked capriciousness of the regime. To others it may appear as part of the on-going, delicate, process of re-establishing the credentials of the Communist Party as the leaders of the country, and the credentials of the post-Mao leadership as the leaders of the Party. As Fraser's book attests, although the leaders have made it virtually impossible for another Xidan to take place, they have taken seriously many of the criticisms and suggestions made on the wall.

The information garnered through the friendsh which Fraser established as a result of the events Xidan give an authenticity to his descriptions of life the People's Republic. Some might try to dismiss it an attempt to describe a room by peering only throu the keyhole. But other works, such as B.M. Froli *Mao's People*, and Hugh Thomas's *Comrade Edi* along with the materials openly offered by the Chin government itself, more than uphold Fraser's accou That Fraser finds it necessary to reiterate that the C nese are human, just like us, is in itself shocking. I evidence of the strict control of information and of c tact on the one hand, can combine with the old myt of inscrutability on the other, to block the simple h man desire for understanding.

Fraser, John *The Chinese: Portrait of a People*. Toro and London: Collins, 1980. Published in the Uni States by Summit Books.

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CANADA

Hidden resources from the Sea — a challenge for the Eighties

by Bob Stanley

Every fisherman has a story about "the one that got away". A less familiar tale, though, is about the millions of fish that are "thrown away" — when they could be feeding the people of the developing nations.

The Food and Agriculture Organization's (FAO) Fourth World Food Survey, published in 1978, reports that "dietary energy per capita" fell during the first half of the '70s. There had been, said the report, "no real progress" toward improving the world food situation, and the number of undernourished people in the developing countries had risen by 1978 to an estimated 450 million.

Given such facts it seems barely credible that as much as 20 million tonnes of edible fish was dumped into the coastal waters of some of the world's poorest countries during that same year — and that the dumping continues. Incredible perhaps, but true nonetheless. How it happens, why, and what can be done about it, make an instructive tale.

First it is necessary to know a little about shrimp trawlers. The classic shrimp trawler is a small, powerful craft. It usually has a crew of only four, it has refrigerated holds with a capacity of up to 30 tonnes. It is designed exclusively to catch shrimp — the large tropical shrimp that expensive restaurants call prawns. Properly run it is a very efficient and very profitable vessel. Most trawler fleets are owned by large American and Japanese companies.

The large shrimp the trawlermen prize are to be found in the warm shallow tropical waters off the coasts of much of Latin America, Africa, and Asia. Nocturnal bottom feeders, they are scooped up from the mud by specially designed trawl nets. Unfortunately the net also scoops up fish by the tonne — it has been estimated that the average catch contains between 10 and 30 percent shrimp, the rest is fish. The shrimp, destined for the export market, will fetch ten times the price of fish. So the unwanted fish — now dead or stunned — are shovelled over the side to become food for sharks and seabirds.

The problem is not just economic, however. There may be as many as 100 different species of fish in that net, some of them virtually unknown to consumers. They vary in size, in chemical content (white or oily flesh), a very few may even be poisonous. And the quantity caught will vary, depending on the location, time of day, and the seasonal outflows of rivers that affect the shrimping grounds.

Sorting the by-catch fish at the pilot plant in Georgetown: the plant provides work for 100 people.

Thus, it is not surprising that estimates of the quantities involved vary widely. The U.S. National Academy of Sciences, for instance, says the amount is between five and 21 million tonnes of marketable fish. The reason for the wide variation is that word "marketable". In the developed nations only a few select species are acceptable to consumers. In tropical coun-

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tries almost any edible fish would be considered "marketable".

Shrimp are plentiful off the coast of Guyana, on South America's Caribbean shore, and about 200 trawlers operate out of the port capital, Georgetown. Every year the fleet throws away 200,000 tonnes of "by-catch" fish. Or they used to until 1973, when the government obtained a "gentleman's agreement" from the trawler operators to bring in at least one tonne of by-catch fish per trip. Simultaneously the government banned all imports of fish, thus ensuring a ready local market for the by-catch, and incidentally saving a good deal of foreign exchange.

For one man that action was another step in a long campaign. In the 1950s Guyanese fisheries expert W.H.L. 'Bert' Allsopp had witnessed the waste first-hand aboard shrimp trawlers in the Gulf of Mexico. When he first raised the issue, he says, "it was considered too intractable a problem" either for nations or the FAO.

But for Allsopp, who knew something about the hunger in his own country, "the waste of food was too catastrophic to be ignored." So he began a campaign in Guyana to popularize the under-utilized species. By the early 1970s Allsopp had left FAO to head the fisheries research program at Canada's then newly-formed International Development Research Centre (IDRC). One of the first research proposals he handled came from Guyana.

Allsopp still felt strongly that the waste of fish from the shrimp trawling operation was altogether unacceptable. "This was a research program to show what could be done," he says, "to prove the point by using the by-catch fish as a source of food to replace supplies which are no longer available because of the country's ban on all fish products imports. The main objective was to provide food fish immediately and once it was clear that these products could be made and used then other aspects of the entire problem may be progressively attacked."

With IDRC assistance a pilot fish processing plant was established, to be run by the state-owned Guyana Food Processors Corporation under its director Fred Peterkin. The plant began producing traditional favourites such as saltfish and smoked fish, as well as producing new products such as fish sausages, pickled fish, even fish jam. By 1978 the trawlers were asked to double their quota of by-catch, and by 1980 the pilot plant was processing over 20 tonnes of fish each month, as well as supplying fresh and frozen fish for the local markets.

One particularly important product developed on the project is minced fish, made in a flesh-and-bone separator from the smaller or less-known fish. Dried and salted and sealed in plastic bags, this product has been shown to last four months without refrigeration, making it ideal for shipping to the remote interior communities. Recipes for using the minced fish are handed out at cooking demonstrations at rural fairs.

Allsopp has proved his point, but he is still not s isfied. IDRC support is due to end in December, and wants to ensure that the promising beginning mad Guyana doesn't end there. "It is important to see th things get to an operational stage instead of just maining a nice little pilot project," he says.

In September, Allsopp and Peterkin were in Wa ington to tell the by-catch story at an Inter-Ameri Development Bank (IDB) round table on the use non-traditional fishery products. They also showe 13-minute film produced by IDRC on the Guy project. The IDB subsequently approved a (U.S.) million loan for new shrimp boats, of a type that will better able to handle the by-catch, and improved sh plant facilities.

A great deal more is needed in order to really gin tapping this huge food resource, says Peterkin. present the boats off Guyana are bringing in the equ alent of two days' by-catch on each three-week trip the existing boats could be equipped with deck stor tanks, and a refrigerated collector ship assigned to fleet, the amount of fish landed could be increased times over. Ultimately, though, the solution is to design the trawlers, but that is for the future.

In the meantime there is an urgent need for m information about the fish species. "There have b very few surveys looking at both fish and shrimp," s Allsopp. "We need data analysis to show the variati in the catch. It's a big job, and it's not easy beca every trawler captain fishes in his own little place wants to keep his catch a secret. And there are m other aspects to be investigated."

But finally things are moving. Similar researc underway in India and Thailand. Britain, Denma European Economic Community, and the Comm wealth Secretariat have all indicated an interest. A in January Fred Peterkin of Georgetown was in C ada to present his project to the Canadian Confere for Fisheries Research, and for discussions with Canadian International Development Agency. In U.S., a seminar is being planned by the Massachus Institute of Technology. "It is an opportunity for c crete action," says Allsopp. "The challenge of the should be met by groups such as these, because will be in the '80s what oil was in the '70s."

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Contents *March/April 1981*

Recap of UN Special Session on international development

by Jacques S. Roy

The 11th Special Session of the United Nations General Assembly held August 25 to September 15, 1980 had two objectives: (a) launch the global negotiations and (b) adopt the International Development Strategy for the third United Nations Development Decade. It failed in its first objective because the negotiations were not launched and did not quite meet the second as consensus agreement on the text of the strategy was reached but its adoption was deferred. Thus, another important attempt to make some progress in the North-South Dialogue would seem to have been a failure more than a success. However, bearing in mind that a new international economic order can only take shape gradually, the 11th Special Session cannot be assessed only on the basis of results achieved during the meetings but on its contribution to the long term process. In that context, the session helped clear the air on some important issues.

The points of contention during the discussions on the global negotiations and the international development strategy were quite different; so were the methods of negotiating. We will pass them in review, consider the role of the participants and draw some conclusions.

Over the years, the North-South dialogue has been conducted in a large number of places but the main focus has been the United Nations in New York. A particular system of procedures has developed there which is different from that used, for instance, at the United Nations in Geneva or at financial institutions such as the World Bank. In addition, most if not all debates at the UN in New York are extremely politicized and, for instance, it is difficult to have discussions on economic subjects on the basis of economic arguments: generally the political aspects take precedence.

To avoid these constraints and in a search for more efficient ways of proceeding, different formulas have been attempted: e.g. the Conference on International Economic Co-operation in Paris, the 'Manley' Summit in Jamaica. The departures from the traditional way of doing things are resented by most of the developing countries because (a) few are invited to take part and (b) they cannot maintain the political pressure applied in New York. As a result, the New York UN forum remains the favourite one for the great majority of the developing countries.

This preference for the New York UN forum became the main issue in the discussions for the launching of the global negotiations. From the outset, the Group of 77 (underdeveloped countries) focussed its attention on the procedures for the negotiations and tried to ensure that the New York UN forum would have an all-embracing role allowing it to indicate to specialized institutions such as the World Bank, what results were expected from them. Most Western countries were prepared to give a wide mandate to the UN in New York one that would enable it to have supervisory responsibilities on the whole negotiating process but would nevertheless preserve the mandates of the specialized institutions. This was not enough to meet the requirements of the developing countries and the gap between the two positions appeared unbridgeable. Nevertheless, compromises were made on both sides and at various points towards the end of the session, agreement seemed within reach. But every time this was so one side or the other wanted to clarify the meaning of the words in the procedural paper or the interpretation of its key paragraphs and this created new difficulties. The Special Session was extended twice in the hope that agreement would be reached. When it became clear that no language could adequately cover the concerns of some countries and there was not enough time before the beginning of the General Assembly to make further progress, the failure of the Session was admitted.

These difficulties with procedures reflect the complexity of the issues dealt with in the North-South dialogue. In a period of widespread economic stagnation some Western countries are very concerned about too rapid changes in a number of institutions, especially

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Recently appointed Canadian ambassador to Saudi Arabia, Mr. Roy was Canadian spokesman in negotiations for the International Development Strategy and at the UN Special Session.

the World Bank and the International Monetary Fund. Many significant changes are taking place in these institutions, but they are not sufficient to meet the requests of some developing countries. By giving too broad a mandate to the UN global negotiations conference in New York, where the majority control is in the hands of the Group of 77, these countries including particularly the United States are worried that changes will be dictated to the financial institutions that will be detrimental to their interests. For them, the best way to prevent such development is to make certain that the mandate given to the global negotiations conference does not allow it to interfere in the affairs of the financial institutions.

Procedures

When the Assembly Chairman opened the Special Session, he established an *Ad Hoc* Committee under the chairmanship of the Canadian Ambassador to the United Nations, Michel Dupuy. In turn, Ambassador Dupuy set up two working groups, one responsible for the global negotiations and the other for the International Development strategy.

The global negotiations working group tried very hard to produce a paper on the procedures to be followed during the global negotiations, but when it appeared the group was no longer able to make further progress, Ambassador Dupuy convened meetings of a very small group composed of representatives of the Group of 77 and of industrialized countries. Before these meetings could take place, the spokesman for the Group of 77 had to convene a meeting of his group to obtain a mandate for the points under discussion. As the interests of the countries of this group are often quite divergent, it is generally very difficult for them to reach agreement. For that reason, their spokesman is forced to be very rigid in presenting the Group of 77's point of view, as he knows that if agreement with the other groups is not possible within the parameters of his negotiating mandate, it will be a long process to obtain new instructions.

For the industrialized countries, the process is quite different. Some countries and particularly France maintain that the New York UN forum is political and that each sovereign country should have the right to speak with its own, distinct voice. This principle was adapted to meet the requirements of political consultations amongst the countries of the European Community where these countries seek a common position and speak through a single spokesman. This development adds an interesting dimension to the consultations amongst themselves to establish a common position.

Once they have reached one, they then meet with the other Western industrialized countries but with a certain rigidity in their approach as they try not to deviate from their already established common position. Within the group of industrialized countries, no attempt is made to reach a common position as the French and a few others do not want this process of consultations to go further than an exchange of views. Therefore when the industrialized countries meet with the Group of 77, they speak with many voices (i.e. one for the European Community and one for each of the other countries) while the Group of 77 speaks with only one voice. This system enables the Group of 77 to profit from it and allows them to play on the apparent differences in the group of industrialized countries.

This was often evident in the restricted meetings called by Ambassador Dupuy, where on the one hand the spokesman for the Group of 77 adhered to a very strict line, while the representatives of the Western industrialized countries spoke with many voices.

At the very beginning of the Special Session, countries of the Group of 77 made it clear that their main objective was a firm commitment on the part of the industrialized countries to spend 0.7 percent of their Gross National Product (GNP) on official development assistance (ODA) by 1984. This presented a major difficulty for the Canadian delegation, because Ottawa had not yet decided on its level of expenditures in that field. In his address to the Session on August 26, 1980 the Secretary of State for External Affairs, Dr. Mark MacGuigan, was therefore not in a position to indicate what commitment the Canadian government would be prepared to accept.

Overseas Development Assistance

In the negotiations that followed, the Canadian delegation had to ask for special understanding. The Group of 77 countries acknowledged our problem, but just barely as they did not want to let us off the hook and thereby weaken their negotiating strategy. Fortunately for Canada, the Session was extended and the deadline for meeting the commitment was changed from 1984 to 1990. The extension gave enough time to the government to take a decision on ODA and at the closing session on September 15, Dr. MacGuigan was able to announce that the government had decided to reverse the trend of the last few years under which Canadian ODA was declining as a proportion of GNP. He stated that ODA would once again move upwards and would reach a level of 0.5 percent of GNP by the middle of the decade. Thereafter, the Canadian intention was to accept the need to reach an ODA level of 0.7 percent of GNP by the end of the decade and to employ its best efforts to reach that objective.

Other points of contention related to international and financial issues and to energy. On the first issues, the Group of 77 countries wanted to pursue in the international development strategy the same aims they

wanted to achieve in the global negotiations, namely, that the international financial institutions should accept changes that would give them favoured treatment. It was recognized, however, that without an agreement on the mandate for the global negotiations conference on that very point, it was not possible to define what changes should take place through commitments in the international development strategy. Consequently, vague formulations were selected to cover these issues. On the question of energy, the industrialized countries wanted a commitment on the security of supplies from the Organization of Petroleum Exporting Countries countries. However, those countries were not prepared to concede anything. After much probing, it became evident that energy questions could not be discussed usefully in the context of the international development strategy, and industrialized countries, albeit reluctantly, accepted language that did not meet their wishes.

Procedures

The procedures followed in the negotiations for the international development strategy were along the same broad lines as those adopted for the global negotiations. There was, however, a very important difference. While most of the crucial meetings in the global negotiations were restricted to a very small number of participants, the meetings for the international development strategy were opened to all countries. Since the points of contention in each set of negotiations were quite different, it is difficult to say whether the negotiating method used was a factor in the results achieved. The fact remains that for the international development strategy, the spokesman for the Group of 77 was surrounded by many representatives of his group who generously gave him him advice. This enabled him to obtain continuous support from this group in the evolving discussions. In the restricted meetings of the global negotiations, the Group of 77 spokesman was very often the only one of his group that was present and this may have led him to take more rigid positions that would have otherwise been the case.

The role played by the countries of Eastern Europe and the Soviet Union at the Special Session was virtually nil. They maintained the position they have developed over the years for their lack of involvement in the North-South dialogue and for the extremely low percentage of GNP going to ODA which they explain along the following lines: The main responsibility for the provision of ODA lies with the Western industrialized countries as colonial powers; (b) they continue to exploit them through the brain drain, the repatriation of profits accruing to companies investing there, etc; (c) they are their main trading partners and profit from it. These arguments no longer impress the developing countries and they try, albeit to no avail, to have the socialist countries change their posture. As the North-South dialogue goes on, it can be expected that developing countries will become increasingly dissatisfi with the passive role played by the socialist countr in the dialogue. It is also expected that pressure w mount to obtain a change in their position. China d not belong to the Group of 77 and therefore has a d tinct voice. During the Special Session it was genera supportive of the Group of 77 and critical of the So Union.

The United States was once a major provider of velopment assistance but is now very close to the b tom of the list of the 17 Western industrialized co tries of the OECD Development Assistance Co mittee. Prospects for an improved performance are promising. This is unfortunate as the consequences that record affect not only the United States but Western world generally. Even with a low percenta of its GNP going to Official Development Assistan the United States remains the main aid donor in ab lute terms and this, coupled with its superpower sta gives it a very important role amongst the Western dustrialized countries.

This role is not, however, as positive as it could Many industrialized countries would like to m faster in the North-South dialogue and, for instan would accept more meaningful changes in the inter tional financial institutions. The United States, ho ever, has a virtual veto power on what these countr would like to do. In using that veto and in taking a ge erally hard line in the North-South dialogue, t United States has become one of the least respons countries of the Western world to the demands of t developing countries. By the same token, they do n provide the type of leadership that other Western co tries would like it to play in the dialogue.

Stagnant economies

The Special Session proved that rapid progress the North-South dialogue cannot be expected. A time of stagnant economic activity in the countries the Western world it is very difficult for these co tries to make the extra efforts required to solve pr lems that are nevertheless enormous in their mag tude. However, even when economic conditions st improving, the process of change will continue to slow because the methods used to negotiate are n conducive to rapid results. New methods are requir and the forthcoming North-South mini-Summit, due take place early this summer, may provide the beg ning of a solution. Much goodwill shall be requir from all sides, though, to make any meaningful brea through.

As will have been noted, the difficulties encou tered at the Special Session were mostly of a pro dural nature. When the substance of the subjects is a dressed and important interests are at stake, t discussions promise to be very long and arduous deed.

Editor's note: *This issue of* International Perspectives *is given over entirely to a discussion of development or 'North-South' issues. In presenting this material, we are diverging from our usual editorial policy in two ways. First, we are devoting an entire issue to one subject area rather than to a variety of topics in order to provide our readers with a body of opinion on North-South issues in advance of the major round of summitry that will focus on these questions later this year. Secondly, five of the articles are based on a series of lectures delivered in Ottawa late last year by the Secretary-General of the Commonwealth, the former president of the OECD Development Centre and three leaders from Latin America, Africa and Asia. The lecture series was sponsored by the International Development Research Centre on the occasion of its tenth anniversary. Despite our normal editorial policy of avoiding "speech" material, we considered this unique presentation of views on the South deserved wider dissemination than it would otherwise receive. The limitations of space demanded considerable reduction of some of the material, but the message and analysis remain unchanged.*

The North-South dialogue

Global management required for new economic order

by Shridath S. Ramphal

The 1970s was a decade of false dawns and failed efforts — ten years littered with the wreckage of innumerable meetings and the debris of dashed hopes. What was needed most in a new and more dangerous era was a consensus on the nature, character and structure of global relationships and agreement on the bases of human survival as we approach the 21st century.

But the people of the world lost successively throughout the 1970s. Consensus eluded the efforts of the Sixth and Seventh Special Sessions of the United Nations, the CIEC, UNCTAD IV and V, UNCSTED, the Committee of the Whole in New York and, in a disturbing carry-over of the frustrations of the seventies into the eighties, the 11th Special Session of the General Assembly on development. The failure to achieve consensus at the Special Session was perhaps the most serious. The dialogue in New York did not become polarized between strident demand and mute response. It polarized instead between a much diluted claim for a global dialogue of change and an unyielding triadic refusal to even contemplate a sharing of power.

It is this issue of the sharing of power, management and responsibility that lies at the heart of the present stalemate. It is doubtful whether any good purpose would be served by glossing over the question or pretending that the dispute centred on other issues. We need not be surprised that power sharing or the relinquishing of privilege, should cause difficulty. It has always done so in human history. To understand the selfishness and the contradictions of human nature is one thing; to acquiesce in their supremacy is quite another. 'Understanding' facilitates an approach that seeks not merely to condemn but to encourage those who seek to stem the tide of progress, to convince and to convert them to the cause of change, to show why it is futile to try to hold back the dawn, why its prospects should not frighten, why it could in fact usher in a better day even for those who held sway in the unreal light of night.

Governments and people everywhere, but especially in the rich industrial societies, must be convinced of the urgency of the need for change. The old postulates of power are no longer the primary elements of human existence. We have begun the transition from an era of dominance and dependency to one of interdependence; from a world governed by a small directorate of the strong to one whose future must be determined by negotiation and by consensus with the many who are weak; from a world in which sovereignty was a sword to one in which it must increasingly be used only as a shield. This transition must be made swiftly. As the old premises of global order fall away we court the

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Mr. Ramphal has been Secretary-General of the Commonwealth since 1975. He is a former Foreign Minister and Minister of Justice of Guyana.

danger of instability, disintegration and chaos unless we erect the new order in time. The danger is upon us. Until the new order is in place we face a global economic, social and security crisis.

The state of crisis cannot be doubted. Economic prediction may be a particularly cautious science, but there is a depressing unanimity to the forecasts emanating from such eminent monitors of the world's economic weather as the World Bank, the International Monetary Fund and the Organization of Economic Co-operation and Development. Nor is it only instruments of the rich which issue these warnings. The people from public life in rich and poor countries who were drawn together in the Brandt Commission and the eminent professionals of the Commonwealth Group of Experts, have come to similar conclusions. Perhaps it is best summed up in the Brandt Report's Assessment that: "At the beginning of the 1980s the World community faces much greater dangers than at any time since the Second World War."

Early warning gives us the best chance of averting danger. To signal pending disaster is not to promote pessimism or peddle doom; it is to increase the chance of survival. It is, therefore, not only right but necessary to be realistic about the reality and the gravity of the crisis in the world economy. Unless the international community takes the emergency measures that the crisis calls for, the current forecasts for the next few years, depressing as they are, will turn out to have been understated. The consequences will be disastrous — and not just for some abstraction called the "world economy", but for the hundreds of millions of people whose destinies are on the line.

Absolute poverty

The World Bank, in its third annual world development report, has noted the possibility that the number of people in absolute poverty (at present estimated at 780 million) will actually increase during the 1980s. Without rapid growth, the report adds with cool detachment: "many developing countries will find it hard to maintain political stability". In other words, what lies ahead for the poorest countries is massive human misery and social disintegration. Who can doubt the implications of this for others besides the poor. Like an earthquake whose dispassionate shock waves rock rich cities and poor villages alike, the economic tremors now being signalled will leave no people unharmed. One-fifth of the human race cannot be condemned to squalor and degradation, to hunger and illiteracy, to disease and perpetual penury without placing in jeopardy the destinies of the other four-fifths.

Our senses tell us that the world has changed; that interdependence is a reality and not a myth or slogan; that the era of adversary power politics is passing and the era of negotiation and global compact has begun; that co-management of the world economy for the benefit of all is the only road to salvation for any. Yet, in the North and the South, some masochistic compuls makes us defer consensus on change. History will surely say of human efforts in the 1970s: "They what needed to be done, but did not summon the will do it". Must that also be history's verdict of the 1980

At the heart of the status quo are immense disp ities in the human condition that mock our claim to lightenment and morality. "In the North, ordina men and women face genuine economic problems uncertainty, inflation, the fear if not the reality of employment." But, as the Brandt Commission knowledged, "they rarely face anything resembling total deprivation found in the South". The wretch ness of absolute poverty bears no comparison. Ev more to the point, it bears no ignoring. We no lon live in a world of separate, scattered, unconnected co munities whose fortunes can be disengaged and wh misfortunes need not impair the prosperity or tra quility of the more favoured. Rich countries and poor our world community, like rich and poor within tional societies, need each other for survival and nee therefore, to have each others needs fulfilled.

These needs are not confined to the charitable lief of indigence. Quintessentially, they relate to t structures of global economic relationships and rangements. Evidence of the inadequacy of these str tures is all around and demands the attention of t major countries who have assumed responsibility the management of the international system.

The spasmodic economic turbulence of the 197 has carried over into the early eighties in what i creasingly looks like a sustained depression. Grow rates of the industrialized countries are not likely return to 1960s levels in the foreseeable future. T projected growth rate of just one per cent this year over two percentage points below the already low ave age of 1970-78 — means a loss of output of over $1 billion. Cumulatively over the period of the recessi the loss of output and income is staggering.

Rising external debt

Oil-importing, middle-income countries face risi and onerous levels of external debt incurred largely meet persistent deficits in current payments. The mi ror image of their now crippling debt burden is t over-exposure of the world's commercial banking sy tem. The only hope these countries have is to ear enough from their exports to pay their debts and the oil bills and to contribute to the flow of world trade and jobs in industrialized countries — by sustainin their import of specialized manufactures. Yet risin protectionism threatens their future in particular.

In considering the oil-importing, low-income cou tries, words such as 'threatens', 'dangers' and 'imm nent' are inappropriate. The crisis is here and now. Fo some it has reached catastrophic proportions and ha taken the most cruel form of hunger and starvation The world is not yet alive to the agonizing situatio

faced by these people. It does not hear of their perils because they do not have a voice in the international system commensurate with their needs and interests. Many are now simply being overwhelmed by external events. Countries in sub-Saharan Africa with some 175 million people will soon have a negative per capita growth rate.

The current payment deficits of the oil-importing developing countries, which is expected to reach the new peak of $69 billion in 1980, is projected to rise further to about $80 billion in 1981. Even this estimated deficit is premised on severe cut-backs and reduced growth rates for many countries which cannot obtain additional financing. Some countries will have manageable deficits only because they have had to substitute grim deprivation for financing of their basic needs. The instant adjustment that the lack of adequate international machinery is imposing on them amounts to compulsory accommodation with starvation.

New protectionism

The crisis is worsened by the new protectionism. Protectionist barriers are a particularly savage expression of beggar-my-neighbour behaviour with the most damaging consequences for global growth and accord. Protectionism runs counter to the very principle of comparative advantage which developed nations have steadily held out as a major factor in economic growth. At a time of economic hardship and resource constraints it prevents developing countries from earning their way and nullifies the hard won gains of their earliest stages of industrialization. Worse, it leads even the least doctrinaire Third World country to question the good faith of the North and erodes any confidence they may have in a process of incremental improvements within the existing order of economic relationships. A stand against protectionism is not a surrender of national interests. Apart from denying the longer term benefits of a global division of labour along the lines of comparative advantage, protectionism forfeits the major anti-inflationary impact that imports from developing countries can make within heated Northern economies.

The recent Jenkins study on the cost and consequences of the new protectionism to Canada issued by the North-South Institute in Ottawa renders a service of major importance in demonstrating not only how much these policies hurt Third World products but how penal, wasteful and counterproductive they are in terms of the rich countries. Such policies also hurt the less well-off in the rich countries as well as the poor people in underdeveloped countries.

1980 was not only the year of the failed Special Session on Development it also saw the end of the first "decade of disarmament". During the decade global expenditure on arms climbed from $180 billion in 1970 to $500 billion in 1980, with the higher expenditure leading to greater insecurity and to mounting fear, mistrust and suspicion throughout the world community. All this despite the fact that the evidence of our time confirms the limitations of military power, while at the same time urban violence, terrorism and the swollen tide of refugees underline how powerless societies can stand even in the midst of power. Yet the arms race quickens, its nuclear excesses bringing us ever nearer to extinction.

The achievement of the 0.7 per cent target for Overseas Development Aid (ODA) requires an increase in aid equivalent to about five per cent of military expenditure in developed countries, both east and west. A freeze at the 1980 level of military expenditure could provide sufficient resources to reach that target in one year. Development could be spectacularly advanced, not just by lowering the world's expenditure on armaments, but by simply not increasing it.

The linkage between disarmament and development is even closer. The decline from detente is dangerous for the world; but for the Third World it is calamitous for it implies as well a decline in the prospects for development. It imperils not only East-West but North-South relations. But the situation is even worse. We could truly be in a cycle of disaster with East-West tensions retarding development and North-South disparities threatening peace.

North-South and East-West are now inextricably linked. Failure on either front is mutually dangerous. Success on either can be mutually reinforcing. Development is of direct concern to the poor; but, in truth, it concerns us all, rich and poor alike. We cannot, as some would have it, leave development for more tranquil times. Coming to terms with its challenge now may have become a precondition of more tranquil times in the future.

There are some general requirements if the 1980s are to become the decade of development that the 1970s was not. Progress is needed at the wider levels of detente. There must be movement away from the adversary politics of the era of power and a greater accommodation with the more promising, if sometimes more exacting, era of interdependence. There must be an easing of tensions — both East-West and North-South — with developing countries no less than developed playing their part in creating an environment propitious for peace and development.

There is also need for some more specific aids to progress. Successive failures of the dialogue are blamed in the South on the lack of political will in the North and in the North on the extravagance of the demands made by the South. Is the character of the negotiating process not at fault? Is it conducive to enlarging understanding at the highest levels of policy-making? Does it help in summoning political will and promoting mutual accommodation? It seems sometimes as if success will have to come not because of, but despite, the

dialogue. Many participants in the dialogue have recognized the need for new techniques of conference management, for a new style and format for global negotiations and, in particular, for much more political interaction.

The political actors are unquestionably the ones best equipped to forge consensus; yet more often than not they are barely allowed to try. It is true that they occasionally come on stage to play star roles; but it is almost invariably to read lines scripted by officials trapped within the confines of policy inscribed in musty files or ingrained in the mystique of the status quo. They read their set pieces at each other and depart, leaving negotiation proper to the same officials, for whom the ministerial utterance becomes renewed endorsement of the well-worn wisdoms. Positions become harder through reiteration and rigidity breeds rigidity. There are meetings galore, and forests of paper, but they allow little scope for the meeting of minds at the political level and little opportunity for those with final authority to talk with each other across the divides of interest and the divergences of policy. The process itself reduces the prospects for exploring where interests may converge or where policies might be modified to reciprocal advantage.

Commonwealth experience

My views are strengthened, of course, by the Commonwealth experience. Indeterminate, intangible, and ephemeral Commonwealth ties that do not bind are yet real enough to make things happen that otherwise might not. But they do not happen by chance. We have worked hard at improving our Commonwealth capacity to do business together with a better prospect of success.

Our dangerously troubled global society must be encouraged likewise to seek out new ways of dialogue and to supplement conventional, and increasingly ineffectual, processes of negotiation with new methods of consensus building, with approaches to international consultation that are more political and less bureaucratic and are made more fruitful through the selective use of summitry. It is not suggested that summitry is a panacea for the world's ills or a means to dissolve all conflicts of interest — but political actors must play more leading roles on the global stage. They are the people with the licence to change their lines. And there is a greater prospect of them doing so if they speak directly with each other, listen to each other and understand each other better.

There is a need to work for at least the limited, informal, North-South summit that the Brandt report has recommended. When that is accomplished there will be a further need to work for success at the summit in the hope that it will summon the political will necessary, but so far lacking, to lift the dialogue from the low road of confrontation to the high road of consensus. But all our hopes must not be invested in a summit or even in a process of summitry while other opportu ties for consensus building are allowed to pass.

For middle powers like Canada, a major and on ing opportunity exists in exerting influence wit northern councils to raise the quality of collective p icy on North-South issues. It is important that Cana ans not remain inactive, leaving senior partners make the running on group positions and acco modating themselves at each turn to the lowest level response. Canada's own tradition of enlighten policy-making summons it to play an activist and in vative role; so does southern expectation based on th tradition. Canada's decision to resume movement t wards accepted targets for Official Development Ass tance has been a message of hope to the Third World is also seen as a harbinger of other progressive me sures.

There is an expectation in the Third World th Canada will use its influence with more powerful n tions to encourage a more balanced view of global cha lenges including the potential of poverty to subve global order. North-South and East-West are not pa allel axis — and countries in the middle rung are pe haps better placed to discern the points of contact.

Canada can also play a role in encouraging cou tries of the socialist bloc whose arguments that th are without blame because they are not responsible f the present order of economic relationships are wea ing thin. The eastern bloc may not have been around create the present order but they are happy enough benefit from it in their relationships with the Thir World and even with the First World. They too have duty to respond to the intimations of an interdepe dent world.

In the South, where each failure in the global n gotiating process deepens distress, the solidarity whic Canadians can offer is among the few gleams of hop The South looks to Canada for support in lowering th threshold of international response to the need for s cial and economic justice world wide.

Social consciousness

Over the several millenia of man's existence, h has progressively extended the horizons of his soci consciousness, fashioning and adapting his institu tions, to reflect and support his consciousness. The f cus of loyalty has moved over time from family to trib to nation. Identification with a larger group ha brought with it concern for the welfare of those withi the group, wider cooperation and progress toward equity in relations among them. The nation state, th institutions of participatory government and the provi sion for public welfare through progressive taxatio are refinements of this long evolutionary movement i human history.

It is a process which must continue, and will con tinue, unless man commits the final policy of pressing the button to achieve his own destruction. In the un

folding of that process we must now acknowledge and respond intelligently to the reality of the human society. As the concept of one world comes to signify more clearly a single human entity rather than an aggregation of states we shall understand better the need to trim the edges of sovereignty and merge our national loyalties into our global negotiations. The time is at hand for this perception to inform our conduct. Already developments in many fields are calling for measures of global management. In food, in energy, in the environment, in population, in finance in global security, the mutual needs of nations have grown to the point where the reflexes of nationalism must no longer be allowed to act as a restraint on international management for the good of all.

We must now find a way of giving practical recognition and institutional expression to the wider loyalty that our instinct of human solidarity dictates and our technological progress has made both possible and necessary. Some of the measures we have devised to promote equity and justice within nations must be given a global reach. Within our separate societies, either the instinct of compassion or calculations of prudence have led us to share resources so that the weak have the protection of the strong. We have come to accept that nationally the protection of the weak cannot remain merely a function of charity or a gift of those who care; that it must be an obligation on those who have and a right of those who need. We have equally come to accept that all within our societies have a right to share power in our systems of government and in the management of national affairs.

We have still to acknowledge, however, that the world's poor have a right to a share of the world's wealth. We are far from conceding to them the right to share in the management of global relations. We do not accept in our societies a third class citizenship; we must not allow in our global society a Third World that is always third.

We face, in these early years of the eighties, a global economic, social and security crisis. If we ignore that crisis — for it is one inter-related crisis — it is at our peril. More than 40 years ago, at another time of crisis, historian Arnold Toynbee exhorted his generation to action and against surrender to a darkening fate in words that are as apposite now:

> The dead civilizations are not dead by fate; and therefore a living civilization is not doomed inexorably in advance to join the majority of its kind that have suffered shipwreck.... We are not compelled to submit our fate to the blind arbitrament of statistics. The divine spark of creative power is instinct in ourselves; and if we have the grace to kindle it into flame, then the stars in their courses cannot defeat our efforts to attain the goal of human endeavours.

In that divine spark of creative power, we have not only the grace but the wisdom to kindle it into flame.

The challenge is to search for justice and dignity

by Gamini Dissanayake

At a time in human history when the world is deeply troubled by sounds of discord and divisiveness; when so many in the human family continue to stagger under the burden to hardship and deprivation; and when the inventiveness of man is so often transformed into a threat, rather than nurtured as a hope, there is perhaps no greater cause than than the effort to build a better world.

There have never been instant solutions to complicated problems. If we can identify some common ground, if we can try to lay our fingers on the more fundamental issues as they concern us, then we would be able to reach out towards an inner core of understanding. As the German poet and dramatist Goethe said: "The question to ask is not whether we are perfectly agreed, but whether we are proceeding from a common basis of sentiment". Sentiment is an emotion, an instantaneous reaction much more important than economic theory or strategy, because if we base our actions on a "common basis of sentiment", we would be able to reach our objectives, although theoretically the obstacles may appear to be insurmountable. This common basis of sentiment must be derived from discerning and comprehending a broad sweep of practical realities as an essential step in our progress towards attainable possibilities.

Two of those realities are crucial. First, the degree and extent of human deprivation endured by people across vast tracts of what are now commonly described as the countries of the South is ugly and intolerable but eradicable. Second, if attempts are not mounted with a due sense of urgency — both domestically and internationally — to eradicate deprivation, the resulting social explosion will incalculably damage the fabric of international society. Each of these realities is as important as the other. In moral terms, the fact that grim poverty co-exists with conspicuous opulence is unconscionable. Whatever set of beliefs one brings to bear on an examination of the disadvantages that afflict more than two-thirds of the world's population the "common sentiment" of all men of goodwill can only be revulsion. For who but the cynical and unfeeling can accept a situation which restricts part of the human family to marginal living while opening vistas of ease and comfort to the other? Who but the totally uncompassionate can tolerate a structure of relationships which provides one segment of the human family with the luxury of choice, while denying to the other the option of creativity? Who but the wantonly selfish can take pleasure in perpetuation, side by side, of advantage, progress and stagnation, hope and despair?

The moral imperative alone is strong enough to serve as a basis for condemning the world's inequities. Let us remember too that the acceptance of institutionalized disadvantage will not and cannot be permanent among those worst affected. One does not have to dig deep into history to find examples of the "wretched of the earth" revolting against the wretchedness imposed on them. Examples from contemporary record abound. Every such revolt, while initially a matter of domestic concern, sooner or later affects the global equilibrium. The moral imperative and the strategic imperative thus intersect, making development in all its dimensions as important as a moral issue as it is political, diplomatic or strategic. Few see this correlation. Pope John XXIII understood and stood in awe of it before many others did. He synthesized the issues into a single sentence of great clarity when he said almost two decades ago that "development is the new name for peace". The agony of deprivation is a starting point of turbulence, and the peace and security of mankind urgently require that the agony must abate.

In Sri Lanka, three decades after independence, the country was almost ripped apart by an uprising, the magnitude of which, historically is too early to

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evaluate. A generation of informed young men and women were in revolt. 17,000 young men and women were put in prison. Thousands lost their lives. A democratically-elected government was nearly toppled, and an emergency declared by the government to bring the situation under control was kept in force for six years. The rule of law, the normal process of justice was abrogated. What were these young men and women fighting for? They were fighting to realize a better society — in their perspective, a "better world" — because they felt that the democratic process had been too slow. That revolt, which took place in 1971, shocked our leaders who had forgotten the lesson of history that the "wretched of the earth" can and do assert themselves. The very systems which they strive to eliminate re-emerge in forms a hundred times more vicious, but then it is too late to do anything because those who ride the back of the tiger very often end up inside. Those are the contradictions of development. We have choices to make and the developed countries of the North also have choices to make. It is the manner in which we harmonize our choices and relate our priorities so that what is important to us is also viewed the same way by Canadians, that will guide and influence human destiny.

Growth in dignity

The task of redesigning and redirecting a people's life towards growth in dignity is, of course, primarily a domestic responsibility. President J.R. Jayewardene of Sri Lanka told the first meeting of the Group of 77 at Algiers in 1967:

> Our first task is to help ourselves. We must as far as possible, by our own efforts, develop our own economies to secure the maximum benefits for our people from our own resources. . .the national income must also be equitably distributed so that the standard of living of our people increases, bringing benefits not to a few, but to many.
>
> In seeking to fulfil this task, every country gains from international understanding, international support and an international policy environment which is both benign and realistic. The world's "development community" therefore has an important contribution to make in defining and influencing the destinies of peoples in developing countries, whether in Sri Lanka, Asia or elsewhere, and in understanding our hopes and aspirations.

To think of development only in terms of theory, to think of development only in the realm of ideas is dangerous and unrealistic. A brilliant performance by the financial managers of developing countries in 'managing' their economies and showing projections of growth might win them high praise from international agencies, but such a performance is meaningless unless its impact on the human condition is both positive and tangible. The establishment of a high internal rate of return on an irrigation project brings happiness and a sense of satisfaction to the economist but the real "rate of return" in land development has to be calculated in terms of how quickly a project will alleviate poverty, hunger, sickness and unemployment.

While in the developed West the fundamental rights to worship, to move, and to publish are very real and constitutionally entrenched, in the Third World those fundamental rights take second place to another fundamental right — freedom from hunger. This is not a right that can be entrenched by experts who may be reacting to crisis management.

Former U.S. President Gerald Ford once said that he expects the average age of an American towards the end of the century to be 70, principally because of better food, vitamins, recreation and all manner of things which will sustain and develop the human being physically and emotionally. The very same vision of the next century, we are told, spells gloom for the Third World. Former World Bank President Robert McNamara has said that he sees the Third World going through the untold hardship of mass hunger and deprivation in the years to come. Two billion people, a little more than half the population of the world, live in the hundred poorest nations of the world. This is a factor which haunts our generation.

Gotama the Buddha, whose teachings or Dhamma, continue to inspire, influence, or condition much of Asia, set the goal of "Right to livelihood' before his followers. The phrase is rich in meaning, carrying overtones that apply equally to philosophy as to economics. It requires, for instance, that men and women must be given the fullest opportunity to use, nurture, and improve their creative faculties; that they should be assisted to conquer egocentricity by working cooperatively with others in society for the attainment of common tasks; that their endeavours ought to be directed at producing a quantity of goods and services capable of meeting society's real needs; and that balance must be achieved between opportunity, performance, need and acquisition. Great powers of analysis are not required to demonstrate that these economic and social implications of a teacher-philosopher's creed anticipated, by several generations, questions such as "basic needs" and productivity of growth versus social justice", which some of today's international agencies consider inventions of their own.

To some, 'Right to livelihood' might seem an unattainable ideal. Historical research has established, however, that the ideal was indeed reached, and as a matter of everyday living, in Asia's past. "Shramadana" (or productive self-help) and "gotong royong" are being revived in South and Southeast Asia today. They are being revived not as experimental oddities but as parts of deeply-rooted social and economic tradition. The revival of the internal, social and economic dynamism of the past, while overcoming the domestic and international inequities of the present and planning for the creative possibilities of the future, is a

complex problem to be grappled with. Nevertheless, it is one politicians, development-planners and development-administrators in Asia live with, sleep over and dream about. It would be less than honest to deny that some of our dreams turn into nightmares. We are hampered by lingering remnants of our colonial past; diverted from time to time into grappling with non-developmental issues that form the life-blood of politics; constrained by international trends and tendencies; and frequently thwarted by a mismatch between plans and resources. Nevertheless, we continue to dream of, hope for, and work towards the creation of societies that are just and righteous in the balance they maintain between expectation and achievement. A better world, with fewer international disadvantages and disparities, is part of our hope.

When the phrase 'Third World' was introduced to international politics by a French political scientist in the mid-1950s, it was used to describe those nations which refused to be drawn into the policy of international confrontation pursued by mutually hostile blocs. There was a certain dignity attached to the phrase then, because it acknowledged that a number of small and newly-independent countries had the courage to chart their own course in often-troubled international waters. A 'third way' was possible in world affairs, the phrase implied, which enabled peoples who had only recently emerged from one form of bondage to escape the heavy hand of submissiveness to the momentum of bloc rivalry. Unfortunately, the phrase has gone down into common use as a symbol in global shorthand to capsulate conditions of backwardness — as opposed to the comfort and overall superiority of the "First World". The comparison is implied and inescapable, though rarely acknowledged. The widely prevalent connotation of "third rate" or "third class" should not apply to the "Third World".

The extent to which the countries of Asia, and other countries described as belonging to the "Third World", have struggled in the post-colonial period to overcome the effects and after-effects of colonialism, is not to be denigrated either. Robert McNamara said countries now described as developed required a much longer time, at a comparable phase in their own development, to achieve the same rate of social and economic growth as developing countries did in the past 30 years: "It is a very impressive record. Indeed, historically, it is without precedent. Never has so large a group of human beings — two billion people — achieved so much economic growth in so short a time."

The achievement is all the greater when it is seen that the foundation for prosperity in the North was laid in the "heyday of colonialism" from 1850 to about 1950. During that time, per capital income in the North grew at an annual average of almost two percent. In the South, it grew at an annual rate of approximately 0.1 percent.

Today, we bear no malice to our former colon rulers and we readily acknowledge those benefits th left behind. Economic history helps to explain how w the inequities of the past interact with the present, keep poor countries poor, despite their best efforts. T age of political liberation has not brought us econom liberation, because the levers of international ec nomic power continue to be manipulated in dista capitals. Our quest for economic liberation is thus less than a logical and inevitable continuation of o struggle for political freedom.

A wide range range of activities — including r source sharing, international trade, science and tec nology transfer, and monetary management, for i stance — impinge in a direct and real way on the liv of our people. The creation of a new global econom equilibrium, thus, is not a matter of visionary zeal, b a workaday issue with important implications for hu man welfare and progress in our countries. Current a rangements ensure that we have to produce more buy less from abroad for what is vital to our domest development efforts. They ensure that however ha we run, we stay within the same circle. Today, in a co text where the terms of trade are against us, we ha to export 20,000 lbs. of tea to pay for the same bul dozer which we bought by exporting a thousan pounds, 20 years ago. So we are importing inflation to gether with bulldozers.

Transformation

As with political parity, the transformation fro dependence to true economic interdependence can b brought about either through violent change or negoti ation. To delay or stall the negotiating process is to in vite turbulence and dislocation. It can be claimed, un doubtedly, that despite the failures in the North-South negotiations, some successes have been chalked up The Conference on International Economic Coopera tion (CIEC) focussed attention on debt relief and led to debt-forgiveness in some $5 billion. UNCTAD IV se cured agreement on the establishment of a Common Fund, whose Articles of Agreement have since been adopted. UNCTAD V alerted the world to the plight of smaller, resource-sparse countries. The recently concluded 11th Special Session of the UN General As sembly produced a framework for development strat egy in the 80s and a renewed pledge of enhanced re source transfers. The question then is not whether progress has been made in negotiation, but how fast it can and must be made if the world is to escape the per ils of confrontation.

A time frame for negotiation can be set in relation to objective political and economic conditions in both the South and the North. Any time frame, however methodically it is calculated, will be destined to re main notional until the most appropriate form of global negotiation has been found. The selective-group of the CIEC has shown up as many flaws as the mega-

conference model of the UN's Committee of the Whole. The latter has been inappropriately nicknamed COW, inappropriate because a cow is usually productive.

The world is poised to move towards another model, that of negotiation-by-summitry: The Commonwealth Heads of Government meeting scheduled to be held in Melbourne, Australia; the mini-summit of 25 or so countries, proposed by the Brandt Commission, to be held in Mexico City in the autumn of 1981; and the 'big seven' powers economic conference to be held in Ottawa in July, will all concentrate on development issues. There is a certain attraction, but also a certain danger, in the process of summitry. A summit that succeeds is usually a spectacular success. A summit that fails is usually a spectacular failure. Potentially, a summit is the appropriate place for North-South decisions to be made, for the process of power-sharing requires consent at the highest levels of authority. On the other hand, should a summit meeting fail to produce a true 'marriage of minds', the countries represented could well find themselves locked into inflexible positions from which there can be no escape in the foreseable future.

When ambassadors disagree, ministers or heads of government can step in, to resolve the differences. Unfortunately, the buck cannot be passed in the opposite direction. Given these imponderables, it is clear that the whole field of global negotiation, encompassing training for negotiation, urgently deserves study, analysis, and thoughtful proposals. While urging that such studies be undertaken in an effort to sharpen and strengthen the process of global negotiation, more narrowly-focussed initiatives are needed which could, in a relatively short time, make a direct impact on the lives of the people. These initiatives should not be considered substitutes for global negotiation. On the contrary, if they are properly selected and effectively pursued, they could both inspire and buttress the global negotiating process. Food, energy and technology transfer are areas in which accelerated, collective action is both desirable and possible.

Rhetoric to action

These are not the only areas in which collective international action can and should be mounted without delay. They hold promise of movement from rhetoric to action. In stating a case for joint sectoral action, this could also be sustained by global action. One sustains the other. In a situation where the human condition dictates a sense of urgency, it is practical and realistic to fractionalize major issues into their component parts and work collectively to solving them, never forgetting that the ultimate intention is to put them all together in an interlocking global composite.

One of those interlocking components is the domestic intentions and capacity of developing countries themselves. The quest for international partnership if it is not accompanied by a parallel domestic dynamic, will make little or no difference to the lives of people most affected by disadvantages and disparities. A South-North compact will be ineffectual if it involves only power-sharing between and among elites. It is the responsibility of developing countries, therefore, to construct domestic structures designed to make maximum advantage of international arrangements, and to share the product of domestic and external gains equitably.

In Sri Lanka, our development strategy involves the creation of a system of government and administration that combines the imperatives of parliamentary democracy with those of development; the replacement of import-substitution in industry by import-substitution in agriculture; the redirection of food subsidies, except in the case of the very poor, from the consumer to the producer; a nationwide housing program with housing starts concentrated in village areas; the establishment of new, rural-oriented credit and investment institutions; the allocation of industry to the private sector, both local and foreign, under state monitoring and a giant river basin development program.

The Accelerated Mahaveli Ganga Development Program aims at a 40 percent increase of the country's land under irrigation, the voluntary resettlement of 140,000 landless rural families in the newly-fertile farmlands, massive generation of employment, increased productivity that will turn us into a "surplus country" and the increased development of hydroelectricity. To do this, work is in progress on the trans-basin diversion of 1,000 cubic feet per second of water from our major river, the Mahaveli Ganga. Our program combines the requisites of 'growth' and 'basic needs' in an exemplary manner.

Economic self-interest

Economic self-interest simply demands that the North cooperate with the South, in building new economic and financial arrangements to replace those post-World War II arrangements which worked well for the North up to a point, but are now dysfunctional. The so-called crisis that afflicts some developed countries is not really a crisis at all. The refusal of stagflation to respond to established remedies does not constitute a crisis, but offers proof of the need for innovation and inventiveness. Oil price shocks, if nothing else, have demonstrated that vested interests cannot be preserved indefinitely. Transnational operations have made autarchy irrelevant. What is left but faith and hope in a symmetrical North-South compact?

Similarly, political self-interest requires that the North respond to the South's demand for economic liberation no less than it did to the struggle for political freedom. Some years ago, Canadian Senator Dandurand told the League of Nations that Canadians "live in a fireproof house, far from inflammable materials". There are no fire proof houses in today's world. Anarchy, as a response to continued economic depriva-

tion, will affect us all, North and South, East and West. How much wiser it is to prevent chaos than to blind oneself to its possibility?

The South will not wait indefinitely for responses, whether at a global or sectoral level, from the North. There is a growing feeling of impatience among many developing countries, leading to renewed thoughts of 'delinking' — getting out of the global system, and concentrating purely on South-South relationships. This will create some hardship, initially, but will preserve the self-respect of the poor. Additionally, it will 'punish' the rich by denying them access both to commodities and to markets. This feeling, which bites deeply into the economic and political self-interest of the North, must not be underestimated.

Finally, there is the moral factor, which in my view is the most important. A commitment to human freedom in the widest sense of the word is the strongest cement in the 'global village' A world afflicted by disadvantages is potentially a world of discord. Differences can be papered over, but patchwork wilts and cracks, exposing the ugliness beneath. We can attempt to ignore the ugliness, and all that it implies for millions of human beings. We can acquiesce to it, rationalizing our lack of compassion, until circumstances overtake us against our will. We can attempt to talk to each other to death, in the expectation that human hope can be dimmed and snuffed out by delay. Or we can begin to search anew for universal justice and dignity. In the villages of Asia, Africa and Latin America, the fate and fortunes of millions will turn on how people in positions of trust and responsibility react to those choices. For those millions today, there is but one choice: hope. Can we fail them? Dare we?

The North-South dialogue

Africa: permanent underdog?

by Adebayo Adedeji

Africa today presents a remarkable paradox: it has, on the one hand, an increasing population of mostly young, energetic people, eager to learn and to work but without jobs, sinking gradually into poverty and despair, and, on the other hand, a staggering regional endowment of resources. The missing factors are not simply know-how, self-confidence and the will to cooperate but the lack of purposeful, single-minded development-oriented determined leadership needed to engineer the socio-economic transformation of the country with a minimum of delay.

Africa is the heart of the Third World. Her problems and perspectives are symptomatic of those of the entire Third World. Africa must wrench herself from her present state of underdevelopment, and transform her economy into a dynamic, self-sustaining one, before we can say with confidence that Africa need not always be the economic backwater of the international economic system.

As President Shehu Shagari of Nigeria put in a statement to the 35th session of the United Nations General Assembly last fall: "Africa bears the scars of a long history of spoilation and deprivation, of the ravages of slave trade and foreign aggression, and of both political and economic injustices. The current crisis in the world economy is wreaking havoc in Africa. For some areas of the Third World, the ongoing negotiations may mean growth through effective participation in key international markets and institutions, but for most of Africa these negotiations are about survival itself. The very existence of some of our nations is being critically threatened by adverse economic forces and natural disasters." The economic transformation of Africa is therefore central to the socio-economic resurgence of the Third World.

Although one of the characteristics of underdevelopment in Africa is the paucity of statistical information and the poor quality of what is available, the impact of planned development and economic growth on African individuals since the beginning of the first decade of political independence in the 1960s can be measured to some extent. The World Bank classified the 43 African countries on which statistical information was available in 1977 as follows: 27 were low-income countries with Gross National Product (GNP) per inhabitant of less than U.S. $360; 15 were middle-income countries with GNP per inhabitant of between $360 and $3,500; and only one, the Socialist Peoples Libyan Arab Jamahiriye, was a capital-surplus oil exporter — with per inhabitant gross national product $6,680 in 1977. The growth rate of GNP per inhabitant for the 43 countries ranged from -0.9 to 7.8 percent per annum between 1960 and 1977. During the last seven years of this period, it ranged from -3.6 to 9.9 percent per annum. In fact, between 1960 and 1977, seven countries recorded negative growth rates while between 1970 and 1977, 15 countries recorded negative growth rates. The growth rates of 26 of the countries declined between the two periods from 1960-1977 and 1970-1977. In other words, the situation worsened between 1960 and 1977.

A greater part of the poor performance which the GNP has exhibited has been due to the poor performance of the agriculture and food sector. Indeed, over the past two decades, the situation in that sector has deteriorated rapidly. Today, each person in the region has, on the average, considerably less access to food than was the case ten years ago. Average dietary standards have fallen below nutritional requirements. The annual growth rate in agricultural and particularly food output has consistently been lower than the annual population growth rate in many countries of the region. In fact, of the 38 countries for which information is available, only ten improved their food production in 1976-78 period compared to 1969-1971 period. Yet agriculture still accounts for about 40 per cent and more of the gross domestic product in 21 of the 38 countries. The situation in industry, including mining, energy and manufacturing, is no better. This is despite the fact that the continent is noted for its mineral and energy resources.

The ultimate purpose of development and economic growth is to improve the lot of individuals. Such an improvement depends not only on the availability of goods (agricultural and industrial products) but also on such important services as health, education, housing and participation of workers in the development process. There is no doubt that significant progress was made between 1960 and 1977 in the field of education, particularly in primary education in an encouraging number of countries. But the situation still leaves much to be desired.

Despite figures which fail to distinguish between recipients of health services and the quality of services received, the health situation did improve a bit. There

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were fewer persons per physician and per nurse in 1977 than in 1960 in almost all the countries on which information is available, though health facilities and personnel were still concentrated in the urban areas.

While life expectancy has increased, the average is still low in comparison with the other parts of the world. In fact, the unweighted average life expectancy for 38 African countries on which information is available for 1978 is 47 years against 39 years in 1960, an increase of 20.5 percent in a decade. This improvement has implications for population growth and labour force increase and the analogous requirement for jobs. The number of children and youth in the population is increasing, which has serious implications for dependency ration and productivity in the economy. Similarly, the average annual growth rate of the labour force and the projected increase in unemployment is bound to affect females more than males.

Another result of the type of development and economic growth in the past two decades has been the unprecedented rate of urbanization. While Africa remains the least urbanized part of the world, it is the most rapidly urbanizing region. This has serious implications for rural-urban migration, urban population growth and the housing, health, water, electricity and transportation problems, land use and urban ecology, the nature between town and country class structures and the labour market, squatter settlements and employment and social amenity problems.

One surprising feature of exports and imports over the past two decades is the persistence with which we have clung to the western world in general and the former metropolitan countries in particular. Moreover, exports remain dominated by fuels, minerals and metals. Other primary commodities, mainly agriculture and food products, dominate the external trade of 20 of the 38 countries. Similarly, most imports consist of machinery and transportation equipment. In effect, there have not been significant structural changes in the components, destination or provenance of trade. This is disturbing in light of balance of payments, related debt services, external public debt and international reserves. Meanwhile, expenditure is increasing on the so-called invisible factors such as shipping, banking, travel, and consulting services. When some countries do achieve a surplus in merchandise exports and imports, it is wiped out by debits on the invisibles payments. Therefore, external public debt has continued to pile up while international reserves have declined.

It is clear that performance over the past two decades has not been satisfactory either for Africans or for their trading partners. The picture, however, while not encouraging is far from being dismal. To ensure a more satisfactory performance in the years ahead, we must examine those specific factors which have been responsible for recent trends.

Since agriculture and food constitutes the largest sector of most African economies, not only in terms of output but also of employment, why have they been stagnant in Africa? In answering this question, one must isolate such *force majeure* as drought and flood (of which Africa has had its share, particularly in the Sahelian countries) and concentrate on the measures under the control of governments. Of these, the most deficient have been price and investment policies which have discriminated against farmers. Similarly, support services, including extension capital and credit, marketing and information, have not been quite effective.

However, it is now widely accepted that the modernization of the agriculture and food sector depends on the critical factors that initiated and supported the "Green Revolution", namely, improved seed varieties, fertilizer, irrigation and capital. Unfortunately, the revolution has not yet come in Africa. While the costs of fertilizer, of construction of irrigation works and of obtaining capital have been increasing at an alarming rate, the problem of high yielding seed varieties (taking into account climatic conditions of Africa, the characteristics of the soil and the related methods of cultivation) remains to be solved. It is true that research and development constituted the foundation of the "Green Revolution". But it is also true that for such research and development to be useful, it has to be "area specific". Whatever else we may say, tropical agriculture is circumscribed by ecology.

Crop damage

The Brandt report stated that "most African countries, but especially the Sahel zone (as well as Sudan, Ethiopia, Somalia and Tanzania), have much of their farming within semi-arid tropics where vapotranspiration is exceedingly high and rainfall can vary by 40 percent from year to year. . .Without irrigation and water management, they are afflicted by droughts, floods, soil erosion and creeping deserts, which reduce the long-term fertility of the land. Disasters such as drought intensify the malnutrition and ill-health of their people and they are all affected by endemic diseases which undermine their vitality".

Similarly, "farmers' crops are in constant danger of being devoured by insects and pests. Nature is host to thousands of species that are hostile to the endeavours of farmers. . ." said Theodore W. Schultz in his 1980 Nobel lecture. The generally backward technology of cultivation can also be attributed to the high incidence of diseases (especially trypanosomiasis) that kill draft animals; the poor soils and scanty and uncertain rainfall that have discouraged land-intensive, settled agriculture in many parts of the region and problems of irrigation stated a 1978 World Bank report.

Finally, Andrew M. Kamarck, in the 1979 FAO review, concluded that "the proper contrast is not 'North-South' but 'rich temperate zone-poor tropics' . . .The refusal to recognize the different conditions faced by countries in the tropics, first by the colonial powers

and then by the newly independent governments, led to inadequate research and the use of wrong technologies. In fact, the refusal to perceive and appreciate the real difficulties and the real assets of the tropics is probably one of the worst hangovers of the cultural imperialism of the colonial era".

While the agriculture and food sector has contributed largely to the poor performance, industry, including energy and manufacturing, has not played that role which it has played in the development process of the developed countries by providing inputs to itself and to other sectors. The hope placed on industry to provide jobs has not been fulfilled. Industry has also failed to spearhead the initiation and sustenance of indigenous technology relevant to the development problems facing African countries. The fact that industrialization has been based on an import-substitution strategy, making Africa more dependent on external sources for real factor and financial inputs, has been one of the causes of the balance of payments problems.

This situation has resulted from the way development efforts were started. Instead of relating the goods to be produced to the raw materials available and their capacity to sustain the industrial process, the plan was to import-substitute final goods for which we had to import the raw material, capital services (such as those of technology, managerial, technical and marketing manpower), financial, insurance and shipping services. Some deleterious effects resulted from this approach: (i) payment for the raw materials and services required had to come out of the meagre earnings derived from the export of agricultural and mineral resources — whose prices in the nature of things are unstable; (ii) the available raw materials from the agricultural and mineral sectors were neglected; (iii) available cheap energy sources were not developed; and (iv) manpower and technology development was not related to available raw materials. The price being paid for this mistaken strategy is enormous. Consequently, African countries are littered with heterogenous collections of high-cost industries, often of quite trivial significance. It is now recognized that linkages within the industrial sector are as important for its vitality as linkages between the industrial and other sectors.

Perspectives for year 2000

Not only are the forecasts for the immediate future gloomy, but the perspectives of development and economic growth in Africa up to the end of this millennium are heart-rending and continue to give cause for increasing uneasiness. Very bleak prospects are foreseen for Africa in global projections of the world economy. Indeed, if these projections are to be believed, if the prognostications come true, the 1950s and the 1970s may by the end of the century appear in retrospect to have been a golden age for Africa! Ridiculous as this may sound, it is not far from the realm of possibility if the present mix of public policies persist. According to the World Bank, much will depend on the policies pursued by industrialized countries, the capital-surplus oil exporters and the developing countries themselves. It is beyond doubt that adjustments by African countries to the energy and balance of payments problems will be difficult.

The OECD's *Facing the Future* study believes Sub-Saharan Africa, together with South Asia, are the areas of the Third World that present and will continue to present over the next two decades, the most acute problems of poverty. It goes further: "The probable acceleration in population growth, the weakness of its economic and political structures and the absence of any counterweight to foreign influence are the main obstacles to long-term development."

Projections by the ECA indicate that unless the orientation of the African economy changes, there is a danger that poverty and the attendant problems of political and social instability will become considerably worse in Africa in the next two decades.

Given these portentous prognostications, what can Africans and their governments do to avert the impending doom? Is Africa perpetually doomed to be the world's economic underdog with a backward and greatly underdeveloped economy operating on the periphery of the international economy? Africa has the capacity and the capability to change the tide of her economic fortune in her favour and to emerge from her present economic doldrums and lay the foundation of an internally-generated, self-sustaining and self-reliant process of development.

Today, there are 50 politically independent African States. While it is true that for some countries, independence has been won on a platter of gold and that a number of the new states were set up within a neo-colonial framework by the departing colonial power, it is also true that the whole independence movement constitutes one of the revolutions of our time.

The lesson of history is clear. Given the leadership of a few countries (in this case Ghana, Guinea, Nigeria and Kenya), the other countries were determined not to be left out. This is what in Schumpeterian terms one can call entrepreneurial innovations being followed by imitative swarm-like reactions — all leading to a higher level of development through a process of creative destruction. What has been lacking in socio-economic development is two or three African countries that have managed to achieve a breakthrough or are on the verge of achieving one.

The second lesson from our political experience is the involvement of the masses in the struggle. For many countries (such as in Zimbabwe) where a fight including armed struggle was needed to wrench independence from the colonialists, there was mass mobilization by the nationalist parties. The anticolonial struggle though long and bloody was waged with such unity of purpose and determination that the achievement of independence became a question of time as the

colonial powers could not break the spirit of the nationalist movements and the unflinching support it had received from the masses. Finally, the international climate of opinion was generally favourable — anticolonial and pro-self determination.

The extreme vulnerability of the African economies, the deepening economic crisis or series of crises and the disenchantment with the international economic system including the growing belief that it is colonial and exploitative are all factors which are making an increasing number of people wonder whether the struggle for economic emancipation must adopt and adapt some of the strategies and tactics of the nationalist movements. Consequently, there is increasingly widespread acceptance by African leaders that the continent has no choice but to adopt a development strategy based on achieving an increasing measure of self-reliant and self-sustaining development (or what the OECD Interfutures study termed 'self-centred' development) based on the internalization of development, distribution and consumption.

There is also a growing awareness that this kind of development can only take place if the following conditions are satisfied: (i) the democratization of the development process; (ii) the initiation of a process of dealienation, (iii) the creation of the right political and social environment; (iv) the recovery of self-confidence by the peoples of Africa in themselves; and, (v) the willingness to achieve effective and meaningful intra-African cooperation. In order to bring about the socio-economic transformation of Africa, the governments need to mobilize the entire population, release the latent energies of the people and galvanize such energies by interaction with material resources through the application of technology.

Plan of Action

As the ECA Conference of Ministers responsible for Economic Development put it in the *Plan of Action for the Implementation of the Monrovia Strategy for the Economic Development of Africa* submitted to the Economic Summit of the Assembly of Heads of State and Government at the Organization of African Unity (OAU) held in Lagos in April 1980:

> The first point the Conference wishes to emphasize is that the region is not resource poor either in respect of minerals or of arable land, of forest or of fishery resources, of animal or of energy resources and that it is fully capable of feeding its own population even if it exploits only the potentialities of its enormous river and lake basin systems. Its rural populations have proven themselves highly adaptable to innovation in crops, cultivation practices, the use of improved seeds and other inputs, new marketing systems and so on. It has, however, had fastened upon it an economic system which inhibits the range of natural resources it utilizes, which puts it in the straitjacket of producing what it does not consume and consuming what it does not produce and of exporti raw materials at low and in most cases declini prices in order to import semi-finished and finish products at high and rising prices. No program f economic liberation can succeed which does n strike at the heart of this system of subjugation a exploitation. The region's resources must be appli first and foremost, to meet its own needs and pu poses.
>
> As far as African countries are concerned, th have to go back to first principles of development a economic growth: knowledge of natural resourc which underlie all development efforts; knowledge the population and its dynamics as the basis for facto of production; distribution and consumption; develop ment of technologies appropriate to the use of these r sources; establishment and management of releva institutions for organizing production and distributio and providing the necessary factors of production a distribution; and acceptance of the relevance of polit cal and social stability.

These ideas form the basis of the Strategy for th Development of Africa in the Third United Nations D velopment Decade. They were formulated and adopte by the Conference of African Ministers of Developme and Planning at its meeting in Rabat, Morocco i March 1979, and subsequently named the *Monrovi Strategy for the Development of Africa* by the Organiza tion of African Unity at its meeting in Monrovia, Libe ria in July 1979. After adopting the Strategy, th Heads of State and Government directed that thei Ministers of Development and Planning should trans late the strategy into practical terms in the form of a implementable *Plan of Action.* At their meeting i Addis Ababa in April 1980 the Ministers recommende the *Plan of Action for the Implementation of the Monro via Strategy for Africa to the Heads of State an Government* for approval at their extraordinary meet ing devoted to the discussion of economic problems o Africa in Lagos, Nigeria the same month. The *Plan o Action* was adopted as the Lagos Plan of Action for the Implementation of the Monrovia Strategy for the Economic Development of Africa.

Some have called the Strategy and Plan unrealistic and overambitious. Others have tried to interpret them to suit their own interest and have invariably distorted them. Nevertheless, both the Strategy and Plan, if used consistently as the general framework for action at the national, sub-regional and regional levels, will enable Africa to lay the foundation of a sound and dynamic genuinely African economy.

The objectives and programmes contained in the Strategy and the Lagos *Plan of Action* can be achieved. There undoubtedly are difficulties and costs involved, especially when the task is the orientation of the concept of development and economic growth in the face of widespread poverty and rising expectations with re-

CLC Special Feature

The CLC and the North-South

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Prepared by the International Affairs Department of the Canadian Labour Congress

The Canadian Labour Congress (CLC) is the central trade union body in Canada. There are some 90 trade unions affiliated to it with a combined membership of 2.3 million.

The CLC has always been very active in international affairs and has taken positions on all major international issues. This involvement has been undertaken through its membership in various multilateral trade union organizations, its bilateral contacts with the trade unions of other countries, and its involvement in the work of the International Labour Organization.

The CLC has taken a leading position, both internationally and domestically, in stressing the need for a new international economic order (NIEO). The prominence of the CLC was recognized by Willy Brandt when he set up the Independent Commission on International Development issues and appointed Joe Morris, at that time the President of the CLC, as a member. When the Brandt Commission made its report last year, the CLC was one of the first organizations to welcome it and urged that its conclusions be put into practice.

The basic premise of Canadian trade union policy towards the NIEO is that it must not be geared to improving the life styles of corporate or government elites, in global corporations or developing countries, rather it must bring about full employment, rising real living standards, and a fair distribution of income and wealth both within and between nations. If a brief statement of this goal had to be offered, it would be Brandt's "Peace, Jobs and Justice", or "Economic security and social justice for all". These words are taken from the first manifesto of the International Confederation of Free Trade Unions. Though the aims of the ICFTU are international, they clearly have their origins in the national experiences, the struggles for economic security and social justice, of the affiliated national trade union centres. The nature of the commitment, for such it is, of free trade unionism to the NIEO cannot be understood if this national dimension is lost sight of.

The new global distribution of wealth, among and within nations, which is clearly called for, will require many changes of institutions and behaviour. There will have to be reform of the world's trade arrangements, especially in commodities where compensator financing and assured supplies are necessary. Multilateral trade negotiations should be used to bring an end to the progression of duties by degree of processing, to encourage the growth of manufacturing industry in the Third World, which will in turn require a fund to provide adjustment assistance when participating developed countries make necessary and liberating changes in their own industrial structures. The GATT treaty should oblige governments to protect workers interests, in countries such as Canada by anticipatory adjustments, and in developing countries by the rigorous observance of fair labour standards.

Monetary system

Reforms of the international monetary system should establish a link between drawing rights and development assistance, strictly manage capital flows instituted by multinational corporations, and effectively recycle petro-dollars. Real resources must be transferred to finance development, with the assistance target of 0.7 percent of the GNP being surpassed by Canada. Debt-rescheduling should not be unrelated to the nature of political systems. Transfers of technology, freed from packaging and as appropriate as possible, should be facilitated. The aim of technology importation being industrialization, this should provide useful employment and not simply increase urbanization problems. It has to be made relevant to the needs of the rural poor.

A code of conduct has to bind legally the multinational corporations, for which there remain few alternatives as vehicles for technology and resource transfer. Development priorities have to be oriented to the needs of people both with respect to material benefits and the application of labour standards, and here guidelines should be sought from ILO and especially from the conclusions of the World Employment Conference.

Just as the ILO provides for trade union representation, so should the United Nations, where such representation is quite inadequate, especially as the support of trade unions is critical to the implementation of any new international economic order. The CLC does not see the NIEO as some international treaty. It has to be a series of undertakings, obligations, relationships, and opportunities, originating in different places and impacting in different ways.

There are some demands of pressing concern to trade unions which have not yet been taken up by

many governments. The first concerns the GATT treaty. The CLC has long been on record as favouring trade liberalization. It is very concerned, now that such a great proportion of international trade consists of intra-company transactions, lest freer trade primarily benefits the multinational companies. The CLC is promoting the adoption of a Code of Conduct for MNC's, but with respect to GATT, we do want 'fair' trade, and, at the same time, are proposing that a Social Clause be added to the GATT treaty.

This has two aspects. The first is concerned with the prevention of exploitation in the process of trade liberalization and expansion. By this clause contracting parties would recognize that efforts for the promotion of world trade should serve the purposes of full employment, social security, better levels of consumption, and the highest levels of accident prevention and health protection. The trade unions call for internationally co-ordinated manpower, regional, and industrial policies on the part of the Contracting Parties, who would be required to maintain full income and social benefits for displaced workers and to observe fair labour standards in practice, in declarations, conventions, and agreements.

As specific yardsticks for fair labour standards, the UN declaration of Human Rights and in particular the ILO instruments, including of course, recognition of the freedom of association and trade union rights are proposed.

The second aspect is unalterably connected to the first. It concerns adjustment, particularly to the economies of the industrialized countries. The nature of the connection was clearly spelled out by the CLC President when he told the 1976 Sub-Committee on International Development of the Standing Committee on External Affairs and National Defence that "the CLC cannot envisage *any* sacrifice, whatever the level of adjustment assistance, merely to increase the well-being of a transnational corporation or an elitist group in a developing country. Any development assistance or trade reform which seeks to avoid the opposition of the CLC has to be "people oriented". It has to increase the well-being of the population as a whole, and it has to protect newly industrialized workers, not exploit them".

On this understanding, the CLC was at that time convinced that preparations should be initiated to be ready to facilitate a necessary adjustment of our economy. We proposed to the Sub-Committee that a committee representing the major government departments, tee representing the major government departments, industry, and organized labour be set up and consider domestic adjustments commissioning a programme of studies into the prior implementation of adjustment assistance in Canada, especially the General Adjustment Assistance Programme, main General Incentive Programmes, and the Textile Policy.

The CLC was gratified when the Sub-Committe on International Development referred to our proposa as logical and attractive, and expressed its hope tha the federal government would come to the same co clusion. Similarly, the CLC hoped that it would act o the second of our proposals concerning the GATT So cial Clause.

Here the CLC wanted the contracting parties t accept the principle that whenever a sectoral disequili brium can be foreseen, they should apply anticipator adjustment assistance with income protection and em ployment for the workers. It wanted them, of course, t co-operate fully on industrial policies and compil trend information.

This could be done in a number of ways, and two o them specifically concern GATT. In the Social Claus itself, the CLC calls for the setting up of an Interna tional Commission on trade and employment, com posed of representatives of governments, trade union organizations, and employers' associations. This woul report annually on the effects of trade and investmen on world employment, report on social problems, par ticularly those caused by the invocation of Article 19 and general examine the application of the Socia Clause. The Parliamentary Task Force on North-South relations recently endorsed our proposal for a Social Clause, and we hope that the Canadian governmen will now act on it.

International Reconversion Fund

The other GATT mechanism would be the estab lishment of an International Reconversion Fund. This would be based on the adoption of common principles to guide the adjustment policies in industrial countries, and would call for the creation of a Fund to assist these countries in financing their adjustment programmes.

Contributions could take into account a country's gross income, its income per head, and the share of developing country manufactured imports in the national market, and it could cover a given proportion of the adjustment costs. In this way, countries most reluctant to open their market would be financing the openness of other countries. These two mechanisms are not exclusive, nor are they exhaustive.

Another way in which the needs of co-operation and supervision could be met is through the International Labour Organization, the standards of which are, of course, of paramount importance in the field of fair labour practices. It is encouraging to the CLC that the ILO is now turning its expertise and objectivity on the part played by multinational corporations in employment generation and maintenance, and income distribution. This is being done through research studies and meetings of experts, and through the implementation of its Tripartite Declaration on Multinationals.

The CLC was interested to note that the ILO has said, in its Third World Employment Report, that good

izenship is in the multinationals' own interests as so is the creation of a climate of confidence where the les are known in advance and strictly observed. The LC has long been an advocate of a Code of Conduct for ultinational Corporations, and in October 1975 in- oduced a Charter of Trade Union Demands for the gislative control of multinational companies at the orld Congress of the ICFTU. The reasons for having ternational conventions and agreements on co- eration between governments are crystal clear in eas such as taxation, capital movements, interna- onal price-fixing, and social responsibilities. Interna- onal action is also important to bolster any control easures to be applied by small countries whose na- onal budget could be less than one-tenth of the an- ual turnover of a multinational corporation.

ode of Conduct

The CLC proposals for a Code of Conduct, specific nd legally binding, have been put before the OECD nd the UN Commission on Transnationals. They over the need for full disclosure of information, job rotection for workers, an end to competition in incen- ves, a fund for the development of host country in- rastructures, bans of price-fixing and deliberate nderproduction, and proration of tax obligations.

The proposals would also see an end to the Paris onvention of 1883, which effectively limits technol- gy transfer and would try to stop cash flows for ma- ipulative or speculative purposes. The multinational orporations now clearly dominate world trade, the ulk of which is now a transaction between two parts of he same corporation, and there can be no new interna- ional economic order without effective international ontrol. This is clearly in the interests of developing ountries, their populations anyway, but their reac- ions to these proposals have not yet been encouraging.

In fact, the CLC saw the World Employment Con- erence of the ILO as vital to this goal. The CLC came o this conclusion not just because, due to the repre- entation afforded to trade unions and the employers, here is often less conflict and acrimony present in the work of the ILO, but because the ILO was, for a long ime, alone in concentrating very clearly on the acute need for redistribution of income and wealth.

The emphasis on re-distribution within the devel- ped countries is an area where trade union goals might not be shared by the governmental spokesmen for the NIEO. The Director-General of the ILO put for- ward a strategy of relieving poverty, focussing on basic needs, as the hope for a better world. This he believed o be a much better approach than increasing gross na- ional products and waiting for some form of 'trickle down'.

In support of this approach, which the CLC whole- heartedly endorses, the ILO maintained that in the ab- sence of major re-distribution, it will take sustained growth rates of as high as 12 percent annually to end absolute poverty in most developing countries by the end of this century.

How many economists would now like to suggest that such growth rates are more than marginally pos- sible? On the other hand, the ILO felt, in 1976, that in countries with highly egalitarian distribution, much lower growth rates would be necessary, and an empha- sis on basic needs and proper re-distribution could achieve the century-end goal with growth rates as 'low' as 6 percent. There are much more realistic.

Obviously, much would depend on how the re- distribution is carried out, so what the CLC is looking for is acceptance, particularly by the Group of 77, of the importance of re-distribution as an essential element of the NIEO, and acceptance of the importance of trade union participation in the development process.

Only to a very small extent has progress been made in the second of these. 80 percent of the world's unemployed and under-employed are to be found in the rural and traditional sectors, and trade union efforts to organize them have often met with official resistance, taking the form of violence and repression in far too many instances.

It is necessary that the new international eco- nomic order benefit the workers and not those who would exploit them. During the past few years of eco- nomic recession and unemployment, the governments and employers, of both developed and developing coun-

International affiliations

The Canadian Labour Congress has affiliations with several international organizations, among them:

—the International Confederation of Free Trade Unions (ICFTU), with a total membership of 70 mil- lion, provides technical assistance to trade unions in developing countries.

—the Trade Union Advisory Council, which presents its views to the Secretariat and to meetings of the Or- ganization for Economic Co-operation and Develop- ment.

—a prime mover for the establishment, in 1980, of the Commonwealth Trade Union Council.

—CLC affiliates are members of 16 international trade secretariats representing specific industrial sectors.

—with the assistance of the Canadian International Development Agency, the CLC is involved in several bilateral technical and socio-economic projects with trade unions of developed and developing countries.

—Singapore-based CLC representative, carries out projects with the Asian Regional Organizations of the ICFTU.

—prepares leadership development projects to assist trade union members in Latin America and Africa.

—Shirley Carr, Executive-Vice President of CLC, is a member of the Governing body of the International La- bour Organization.

tries, have searched for scapegoats for the failure to meet the legitimate expectations of the working people for economic security and justice. The trade unions have been one of the first targets of those who did not want to consider alternative policies. In many countries there have been efforts to weaken or repress the trade union movement in the name of development. Some economists and theorists have argued that trade unions hold back the economic development of countries and that either governments or corporations are better able to interpret the interests of the working people. Such views have been disproved by the fact that trade unionism continues to take root and grow in developing countries.

In order that the importance of the trade unions was recognized as an integral part of the development process, the ICFTU held a World Conference on the Trade Union Role in Development in New Delhi from March 18-20, 1981, and the CLC was proud to have a major hand in its funding. Over 200 delegates from trade unions in Africa, Asia, Europe and the Americas gathered to consider the issues raised in the Brandt Report and their role in national development and the North-South dialogue. This Conference produced a final statement of intent which is set out below.

The CLC and the ICFTU will continue to urge the governments to recognize the mutuality of interest between the North and the South and the need for a new international economic order. They will continue to express the views outlined above in every available fora.

The CLC will be hosting two international trade union meetings during the next few months and the issue of development and the role of trade unions will be prominent on the agenda of those meetings. In May the CLC will be the host for the Tenth Congress of ORIT (the Interamerican Regional Organization of Workers). The problems faced by trade unions in the Americas are among the most serious in the world. The governments of many countries repress the trade unions and kill many of the trade unionists. Many of these difficulties are a result of the present international economic system.

Prior to the meetings of the heads of governments of the seven summit countries, the CLC will host a meeting of the trade union leaders from the seven participating countries. The CLC supported the initiative of Prime Minister Trudeau to have the Ottawa summit meeting focus on the North-South issue. The CLC and the trade unions were shocked that the communiqué of the Venice summit of June 1980 had only one sentence on the Brandt report and the CLC and the other union movements have been active in lobbying their governments to discuss this issue. At the trade union summit in Ottawa, the trade unions of the developed countries will present a statement on the international economic situation and the need of the seven summit countries to prepare for the discussions on North-South issues which will take place in October in Mexico City with the leaders of the developing countries.

Main elements of a Global Program for Balanced Development

i) The recognition of the role of trade unions in the creation of a new economic and social order based upon the principles of freedom of association and the right to organize and bargain collectively.

ii) Reform of the international monetary system, including a massive transfer of financial resources to developing countries, interest rate 'disarmament' and multilateral recycling of the oil surpluses.

iii) A global energy programme composed of a monitoring system for oil stockholding, greater stability in oil prices and supplies, an energy fund to enable developing countries to import essential oil supplies at preferential prices, improved energy conservation, accelerated exploration, investment in alternative energy sources and more efficient use of fossil fuels especially coal.

iv) A genuine transfer of technology to the South in order to build up a large scale investment in production by both bilateral and multilateral measures.

v) Coordinated measures by industrialized countries to bring about full employment growth in real incomes, higher Official Development Assistance, structural adjustment to the new world pattern of trade and the control of inflation.

vi) A much greater emphasis in developing countries on programmes to satisfy basic needs and invest in human development as well as increased industrial and agricultural output with the objective of bringing about self-sustaining growth and large sale job creation.

vii) A reduction in protectionist trade barriers coupled with stronger public policies backed by an International Reconversion Fund aimed at the adjustment of investment and employment and the introduction of a just and impartial social clause in the GATT based on ILO instruments.

viii) A comprehensive programme on commodities including finance for the processing of raw materials in developing countries.

ix) An effective UN Code of Conduct on Transnational Corporations (TNC) which regulates the role of TNC's in development ensures that full involvement of trade union and incorporates the existing ILO Declaration of Principles and Multinationals and Social Policy.

ard to the basic needs of life: food, clothing, shelter, ealth, safe drinking water and education. Yet, no ther viable alternative is available if Africa is to cheive those objectives which Africans have set for hemselves: independence, reduction of mass poverty, elf-reliance at the national, sub-regional and regional evels, sovereignty over natural resources, holding our estiny in our own hands and being masters in our own ouse and equal and equitable participation in the anagement of international relations and institu-ions.

Mistakes and blunders will be made. But we shall earn from them. Our past efforts in planned develop-ment and economic growth were not properly focussed n the essential factors of self-reliant, self-sustaining nd endogenous development. Our present predica-ment, whether in the area of improving the standard of iving of our people or in stabilizing our external politi-al and economic relations, is a result of the bank-ruptcy of past policies. If we are to achieve the objec-ives we have set ourselves, including effective articipation in the birth and the sustenance of a new nternational economic order, we have no alternative ut to reorient our development and economic growth olicies.

African interdependence

There is no question of Africa turning its back on he rest of the world. It is a matter of changing the resent relationship of dependency into one of true it-erdependence. In this task, the point of departure hould be the OECD countries in general, and Western urope in particular. Whether we are talking of trade, id, technical assistance or political, social and cul-ural intercourse, our greatest contact has been with he Western world. The steadily growing association with centrally-planned economies of Eastern Europe nd China has not changed that fact. At first glance, he continuation of the association does not appear to e in the best interest of the new path Africa has cho-sen for itself. This is particularly so when one considers he reluctant Western respnse to the call for a new in-ternational economic order. In recalling the positions of the Western world at UNCTAD IV and V, at UNIDO III and the 11th Special Session of the United Nations General Assembly, one feels increasingly sceptical about the sincerity of their intention to assist in at-tacking mass poverty.

In the West development and economic growth have meant the organization of productive and distrib-utive enterprises in all fields by nationals and national enterprises for the purpose of producing and distribut-ing goods and services for the satisfaction of the needs of their people. When entrepreneurs in the West talk about producing for the market, they invariably have in mind their own domestic market. When they ven-ture into foreign markets, their main aim is to sell with a view to procuring those goods and services which they do not have at home. But such goods and services do not constitute the bulk of their activities and when the external markets are no longer viable, they fall back on the domestic markets. In Africa the situation is reversed. We do not have a fall-back posi-tion. The goods and services which we produce at pres-ent are complementary to those of international mar-kets. This trickle-down approach to development and economic growth does not serve our purpose.

Self-reliance

There must inevitably be a change in the present arrangements. If the objectives of self-reliance and self-sustaining development are to be achieved, more use has to be made the agricultural, forest and mineral resources at home. They demand more use of our en-ergy resources at home. Unfortunately, these are the very resources that interest the western countries who would rather see us continue to export them than use them for diversifying and industrializing our econo-mies. Well-meaning but misguided Westerners com-plain that Africa should not try to industrialize when industrial capacity of Europe is under-utilized. They believe that if Africa wants to procure Western tech-nology, it must pay exhorbitantly for it. Such views are reminiscent of colonial economic policy.

The diversification and industrialization of the Third World in general and of Africa in particular would not mean the end of the prosperity of the West. Indeed, a dynamic African economy would have benefi-cial effects on the Western economy by relieving the West of the present burden of giving aid and technical assistance, subsidizing loans, guaranteeing export credits and providing various arrangements for the en-try of the goods and services from developing countries into foreign markets. A lot of benefits normally accrue from the effort devoted by friends to become independent and self-reliant. The United States and Canada did this for Western Europe and Japan after the Sec-ond World War. What prevents the Western World as a whole from doing it for Africa?

The greatest constraint on the development and economic growth of Africa is the critical and inade-quate production and distribution capability. This shortage runs through the whole gamut of the produc-tion and distribution process — from entrepreneurs to research and development personnel, from managers to highly-skilled engineers, marketing specialists and project analysts. These are areas where quick profits are not to be realized. Therefore, the West, and indeed the rest of the world, need to concentrate their assis-tance on those areas that require the long gestation pe-riods before the product can be finished, but in which the products are usually catalytic once they are out. Assistance is needed in research and development rele-vant to tropical conditions not only for agriculture and food but also for industrialization since machines and

equipment are affected by climate. Assistance is needed in the establishment and maintenance of laboratories; in the provision of places for formal, informal and on-the-job training, particularly in institutions of excellence with relevance to African problems; and in establishing institutions and institutes in Africa at the national sub-regional and regional levels as well as in running effectively those already established. It is ridiculous for the West to suggest that such assistance will only be forthcoming after present economic difficulties have been overcome.

Eastern European role

What is the responsibility of our friends of the centrally planned economies of East Europe? While it is true that these countries have only been in effective contact with Africa in the past 20 years, this cannot be used to justify the argument sometimes put forward that Eastern Europe was not responsible for the present economic predicament of Africa and, therefore, cannot be called upon to assist in rectifying the situation. This is an untenable argument, unbefitting the very countries that have played a crucial role in assisting nationalist movements in achieving political independence. Surely, these countries did not support our political struggle in order to see us perpetuate our colonial economy with its high level of underdevelopment and economic backwardness.

Accordingly, we would like to see the U.S.S.R. and its allies play a more active role in the initiation and sustenance of self-reliant, self-sustaining and endogenous development and economic growth processes in Africa. Indeed, we would like to benefit from their experience in rising from a low-level and rural economy to internationally recognized industrial powers. In particular, we would like to benefit from the facilities available for the training of scientists and technologists in natural resource exploration, evaluation, exploitation and development. We would also like to see a liberalization of trade. It is true that exchange of goods for goods may sometimes be necessary. But it is also true that excessive dependence on such an approach makes it difficult for African and other developing countries to explore various sources for the acquisition of urgently-needed goods and services. Similarly, insistence on payment by African countries in hard currencies of the West slows the development rates of these countries since they have to export to the countries of the West and Japan to earn such currencies before they can then import from socialist countries. In effect, what is needed is flexibility in trading arrangements between African countries and socialist countries.

In general, our approach to international relations with the centrally-planned economies of Eastern Europe is going to be guided by the same principle that will guide our future economic relations with the West, Japan, China and the rest of the world — namely, the relevance of the goods and services available from them to the achievement of the goals of self-reliance, self-sustainment and effective attack on mass poverty. Therefore, the assistance which will be welcomed will be that which will enable us to upgrade our production and distribution capabilities.

There are six critical areas to the role that the international community can play in Africa. They are:

(i) international effort to enable Africa to achieve effective sovereignty over its natural resources;

(ii) support for the physical integration of Africa through full cooperation in the implementation of the United Nations Transport and Communications Decade for Africa, 1978-1988;

(iii) cooperation to achieve a breakthrough in manpower development in Africa;

(iv) decolonization of Africa's monetary management and the setting up of an African monetary system;

(v) respect for Africa's political independence and the elimination of manipulation of the African economy by outside powers with a view to frustrating the achievement of national and regional economic objectives, and;

(vi) acceptance by the entire international community that Africa's continued economic backwardness constitutes a danger to world peace and stability and consequently an international agreement to provide Africa with the wherewithall to achieve a new national and regional economic order by the year 2000.

Because Africa is an integral part of the Third World, the implementation of the Lagos *Plan of Action* has implications for the whole Third World. It must, above all, lead to the intensification of Third World economic cooperation. Africa's commitment to such cooperation is not merely a political gesture. It goes beyond the calculation of gains. It is an integral part of the historical process of forging unity among the peoples of the world. There is no Third World region with which the people of Africa do not have ethnic and cultural ties and affinities — not to mention similarities — in geographical and ecological conditions and a common colonial heritage.

At this juncture, one is naturally pensive and doubtful about much outside help. However, with African countries pulling up their socks, determined to make the sacrifices needed for the achievement of these objectives and with their leaders providing the political will without which they cannot be achieved, the necessary external assistance should not be late in coming. With the objectives achieved, Africa will not remain forever the underdog of the world. Since African problems constitute the heart of the Third World's problems, the Third World will not always remain at the periphery of the international economic system.

Latin America calls for new partnership arrangement

by Enrique Iglesias

In 1948, the year the Economic Commission for Latin America (ECLA) was created, Executive-Secretary Raul Prebisch made a significant contribution to the analysis of underdevelopment. It was concept of the 'centre-periphery' and it had a major influence both on the theoretical framework and on the political framework. Dr. Prebisch, who tried to come to grips with the origins of underdevelopment, the idea of looking to the external relations of Latin America proved to be a very useful instrument of analysis. At that time, he said one of the roots of underdevelopment lay in the structural relations between developing and developed countries.

According to the centre-periphery analysis, inequality results when greater industrialization occurs at the centre in the North at the expense of the periphery, or underdeveloped region in the South, which increasingly devotes itself to the production of primary goods. This is the basis for the lack of progress in rectifying the imbalances in opportunity between North and South and the basis of an unequal partnership in the world. This specialization in the world leads to an unequal exchange between nations and a permanent trend toward the deterioration of the terms of trade, that is to say, the price of industrialized goods rise higher and more quickly than price of commodities. That is the basis of unequal exchange and, therefore, the roots of one of the major causes of underdevelopment in the modern world.

This analysis became the basis of a new approach to development in Latin America. Starting from that, ECLA promoted the concept of industrialization as an instrument of progress and of diversification, and, therefore, as access to the technological progress. Since the world was closed at that time, import-substitution was adopted as one of the major instruments for achieving industrialization in Latin America.

Not everybody in Latin America agrees with the usefulness of that approach to industrialization. It has been the subject of much controversy and discussion. Everyone would, however, agree on some of its results. One is that the original idea has had a tremendous influence on the theoretical framework of underdevelopment and has also had a very strong impact on the political approach of the United Nations (UN) towards the negotiation of a new international economic order.

The first implication was basically theoretical. Starting from the centre-periphery concept, the so-called dependence theories emerged. They were very fashionable some years ago and are still considered to hold credence as an explanation of the economic imbalances in the world. For many intellectuals, the types of dependence between North and South are one of the major roots of under-development. Dependence on industrialized countries was and is believed to be a major obstacle to development and, to some extent, an instrument to preserve the status quo.

This highly controversial theory underlined the necessity of understanding underdevelopment in terms of the international relations of the Third World. It also paved the way for the work of the UN over the last 25 years. The creation of UNCTAD in 1964 was the first response from the United Nations toward a global look at the unequal relations between North and South, and its first contribution to a new international economic order. Prebisch was put in charge of the effort.

Together with this UN approach, the Third World increasingly became a unified concept in the political sense (marked by the banding together of the Non-Aligned nations). In the meantime, the scenario for global negotiations which has prevailed since was set up in UNCTAD took root. As a result, there has been a stratification of the negotiations in the political fora into fixed political categories emanating from the original scenario developed in 1964.

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Today, we have to ask ourselves whether these two instruments — the theoretical and the political — are still valid. Does what happened in the last 20 or 25 years permit the continued use of the two categories or do the major changes that have occurred in both the North and South demand a revision for the 1980s. There have certainly been major changes — not only in the North and in the South but also in the structure of North-South relations. Recognition of these changes is essential to taking a fresh approach in the 1980s, either in the theoretical field or in the political field.

Expansion of economic power

In the first place, there has been a multipolarity in the expansion of the economic power in the North. As a result, there is no longer a single power leader in the North. Indeed, the new sources of organized power in the North are not only present today, they are prevalent. The European Community, Japan, the socialist countries, are all major actors who have access to power.

A second change is that the South no longer believes that expansion and progress are unalterable constants. Experience has shown that progress cannot be counted upon as an unlimited force in the modern world. Profound crises are in one way or another hitting every country of the world. Stagflation and the raising of questions about the quality of life in the North challenge the idea, as it was perceived in the 1940s, that steady growth can continue almost infinitely and endlessly.

At the same time there has been an apparent strengthening of interdependence at all levels. This is one of the more striking features of recent times. Financial relationships, investment relationships, dispersion of technology, participation in technology and every source of communication, are spreading. Interrelationship and interdependence are phenomena which have been perceived by every nation and accepted.

On top of this, and perhaps the most important element, is the fact that the Third World now has a new 'presence' in the North. For the first time, statistics show that the Third World is becoming an important partner in the progress of the North. In terms of trade, 35 percent of the sales of the United States go to the Third World, 44 percent of the sales of Japan go to the Third World, 20 percent of the sales of the European community go to the Third World. In all, the value of exports from North to South increased by 30 percent in 1979. Even taking out the inflationary component, the rate of growth in real terms was substantial. In manufactured goods to the oil-importing countries (the oil exporting countries are excluded here) the expansion represents 50 percent of the total trade with the North. In global terms, the balance of export manufactured goods which was $40 billion in favour of the North in 1973 is now $150 billion, meaning jobs are being created by exports to the South from the North. The financial markets reflect a similar pattern. Of $20 billion borrowed in the Euro-dollar markets in 1973, eight billion were directed to the developing countries. In 1978, out of $70 billion, $27 billion were borrowed by the developing countries.

Thus, for the first time interdependence makes sense in the North. For decades, the South saw interdependence as really meaning its own dependence on the North. Now interdependence is a two-way street on which dependence is not only a feature of the South but also of the North. There is an increasing acceptance that the development of the South and the return of growth in the North will be closely connected as the world moves into the 1980s and approaches the end of the century.

The rate of growth of developing countries during the 1950s was almost two percent. It increased to 3.5 percent during the 1960s. Income per capita increased three percent. Not a bad performance altogether, but when considered globally, a little misleading. In fact, development in the Third World has to be examined in terms of three different groups of countries. First, there are the so-called least developed countries. These have the largest populations and have experienced the least growth. Thus they tend to have the most serious problems in areas such as malnutrition. As a result, the worst effects of underdevelopment hit the majority of the people in the Third World.

Second, are what appear to be a new type of country. This category encompasses the 25 so-called newly industrialized countries. Most of the Latin American countries are in this category, as well as some countries in the Far East and in Africa. These newly industrialized countries are breaking the traditional pattern of their relationship with the rest of the world. They are beginning to diversify their exports, and to import more and more sophisticated technologies. They are becoming the real partners in the development of the North. As a whole, they are in the intermediate stages of development, and differ from the traditional notion of underdevelopment. These countries, to quote the Brandt report :

> cannot accomplish these changes suddenly; but since the 1960s, many developing countries have moved towards strategies to promote exports and to offset disadvantages due to the insulation of their domestic markets. A number of countries which have introduced export-oriented policies have been able to exploit their comparative advantage in world markets. They include some Latin American countries with a fairly long history of national independence and some island and city state economies which were from the outset obliged to rely on export demand. Once industrialization has taken root, it is not only in the labour intensive industries like clothing or leather products, but also in moderately capital-intensive industries like electronics, steel and ship-

building, that they can become highly competitive in world markets.

The third group is the OPEC countries with their dominant role in the energy market today. This countries provide the developed countries with major markets for expansion. They also have an excess liquidity that plays a crucial role in today's financial markets. Therefore, 20 years after OPEC's creation, its members have become a new force in the world every field almost overnight and as such have to be classified as another group within the developing world.

When we look to the behaviour of these three groups in recent years, one major characteristic must be emphasized — their admirable unity. There is no question that their situations differ, yet they have more or less the same sort of motivation. This is an extremely important element to keep in mind when we consider new forms for the 1980s.

As for the socialist countries, the other partners in world negotiations, they have become increasingly involved in trade with the West, in financial relations, in the purchase of technology, but their position in terms of participation in international negotiations is still very detached. They consider that they do not participate in those traditional schemes and that they should reserve their position for bilateral negotiations rather than the multilateral approach.

Transnational corporations

Thus, changes in the North and the new scenarios in the South, are reflected in one way or another in North-South relations. In the first place, it is quite clear in today's relationships as compared to those of the 1950s, that every country has come to realize that whatever happens outside its borders affects in one way or another its own internal options. It is also realized that one can no longer speak of developing countries merely as producers of raw materials and demanders of concessional aid. Now, one speaks of developing countries participating in the manufactured goods markets, participating as borrowers in the financial market, participating as major landing grounds for transnational corporations, thus dramatically changing the nature of the relationship. In the 1950s, when countries in the South went to negotiate in the United States, in Canada or in Europe, it was clear that the major agents were basically governments (and, by extension, official agencies and some international organizations). Today, the most important partners are banks, private bankers and transnational corporations.

If the agencies of communication between North and South are changing drastically, the nature of the problem is also changing. In the past, concessional aid was the only concept discussed. Now, with the current emphasis on protectionism, we hear of such concepts as the re-allocation of industry and the absorption of technologies. As the agenda has changed drastically, so too must the way we approach it.

The traditional concept of dependence is becoming more obsolete and it is no longer sufficient to consider relationships in that light. Ideas must be changed and adapted to accommodate the tremendous dynamism of interdependence. Indeed, the traditional division between the North and South is not very relevant. (What do North and South mean, for instance, in the case of food? Food producers are both located in the North and South. What do North and South mean when we speak of energy?) The complexity of modern relations demands that the traditional categories of dependence be changed. As one researcher at ECLA, José Medina Echavarria has said, perhaps it is time to revise deeply the concept of dependence to include the new complexities in which we come from a unilateral hegemonistic form of dependence to a much more multilateral relationship in North-South relations.

Recent years have shown, in the first place, that there are new opportunities for the South in its relation with the North, and these must be exploited. At the same time, there is a general conclusion that the pattern of give-and-take negotiations conceived years ago, must aim for the mutuality of interests. In order to achieve this, some basic temptations must be avoided. In the case of the developed countries, there are two temptations that create limitations on the capacity to negotiate. First, some in the North consider that perhaps breaking the unity of the South would be, in the long run, a good business. The other temptation is to say, "First, let us settle our own problems and then let us look to the South."

Both temptations are risky and in many ways, basically political ones. The idea of differentiation — of dividing the South and creating 'Northerners' out of the newly industrialized countries — is politically wrong. In the first place, the newly industrialized countries are not developed countries. Latin American countries are not developed countries, although their economies are improving. In spite of successes in their economic indicators, they cannot consider becoming part of the North. They still have tremendous pockets of poverty, inequality, and injustice. 75 percent of their exports continue to be primary commodities. Therefore, to think that the newly industrialized countries have reached the stage of being almost developed countries and therefore able to split from the South and negotiate with the North, would be a dramatic mistake, both for the North and the South.

In order for the North to conclude fruitful negotiations, the South must be considered as a single entity, while recognizing the differences between countries. To do otherwise would only achieve transitory advantages and would not lead to really solid negotiations in the long run.

A similar temptation can be found in the South. The South can play an active role in settling the major problems of Northern economies. The South can and

should play a very active role in the dynamics of the North, becoming more a partner in common development and in a common process of dynamism. But it would be a mistake for any country in the South to believe it could better act alone rather than rely on lengthy and difficult multilateral negotiations. Some countries in the South could try to navigate their way in discussions with the North without too much commitment to international negotiations. There is no country in the Third World rich enough, big enough or capable enough to go it alone.

A second temptation for the South is to abandon the effort to find accommodation with the North. Some thinkers believe that a solution for the South is to 'delink' and try to develop without the North. More and more, the world is showing that interdependence is valid for everybody. To not make the effort at finding a common strategy would be a major mistake for any country. It would also be completely unrealistic.

What we in the South favour are the proposals of the United Nations and of the ECLA, namely, the construction of a new international economic order based on three major pillars:

(1) acceptance of the idea of mutual benefit, (2) a realistic approach to the problems of the less-developed countries, and (3) a real development of South-South cooperation as an integral part of the new international economic order.

The first of these pillars, the idea of mutuality of interest as a basic ground of negotiations is not widely agreed to. Some people become nervous, and with good reason, about the idea. Mutuality of interest is sometimes understood as some sort of homogeneity of interest between North and South — an idea that would have us forget that there are basic differences between the two. North and South are not equal partners. Therefore, to believe that mutuality of interest is an easy category is a mistake. It will take a long time to work even if the parties involved try to reach the idea of common interest between the North and the South. But we must try.

Industrial complementarity

The first approach is to have a clear identification of areas in which this concept of mutuality of interest can really make sense for the dialogue between the North and South. For instance, there is industrial complementarity. It is quite clear that the South can complement and supplement the North in its industrial dynamism. There is an industrial capacity being developed in the Third World that makes sense to the North and can become an engine of growth for the industries of the North. But in order for countries to be able to produce more, they must export in order to import more. Therefore, the idea of protectionism should be revisited and put into this perspective of common interest.

Another area of complementarity is the recycli of financial resources. One of the major challenges the coming years will be how to go about recycling r sources to permit the South to overcome the difficulti in the balance of payments and, therefore, to contin to be active trade partners with the North.

Similarly, energy is another area of potential co plementarity, not only in the sense of more supplie but also in the sense of a common approach to a globa investment scheme. More and more, energy becom the responsibility of the international community as whole. Investment should be a global responsibility which by sitting together, North and South can di cover and approach mutuality of interest.

The second pillar is the reaffirmation of the mor commitment to the less-developed countries. It is quit clear that no matter what can be achieved by mutua ity of interest, it cannot cope with the problems of th most seriously underdeveloped countries in the world Therefore, the transfer of resources, the recycling o funds, food aid, etc., continue to be very important. Ai for the least developed countries must go hand in han with mutuality of interest. Otherwise, a split in th Third World will be the result which would be politi cally and economically dangerous.

South-South cooperation

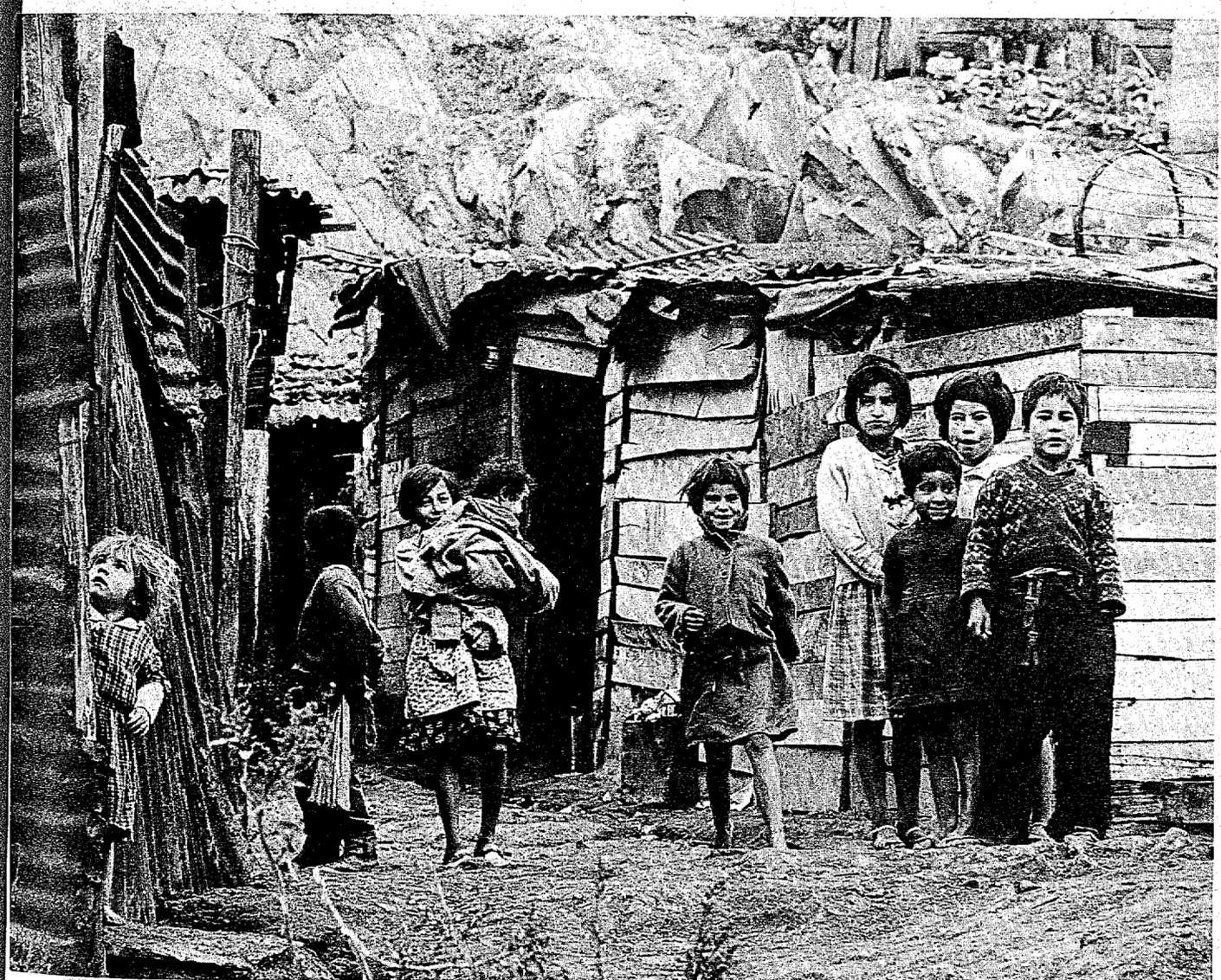
The third pillar is South-South cooperation be tween the countries of the developing world. The should continuously exploit their common potentiali ties through integration, cooperation and all forms o complementarity within the areas of the South.

The search is underway at the UN for ways to con struct a new approach to negotiations — how to select issues in a practical and pragmatic way, how to select issues with a global approach. In other words, whereas we cannot sit down and negotiate everything, we must try to select carefully those issues that make sense together and that promote a new technique of negotiations, a fresh technique with good possibilities of putting together the elements and making them work.

Latin America is keenly interested in the promotion of this sort of dialogue. The situation there has changed in the last quarter century as the subcontinent has demonstrated its vigourous capacity for mobilization of productive forces. Today it has five times the production it had in 1950. In the 1950s, only seven percent of Latin American exports were manufactured goods; last year 27 percent of its exports were manufactured. In 1979, Latin America captured $24 billion in the financial market (most from private sources); in 1960, the Alliance for Progress thought that one billion dollars a year was enough to change the nature of the problems in Latin America). There is an effort to embrace the most sophisticated technologies and to develop new types of association with transnational corporations and private firms.

The major task for Latin America is to build up the internal market through regional and international cooperation. In Latin America, an internal market exists which is expected to reach almost 300 million people by the end of the century. With this tremendous potential, the region is seeking a pragmatic mix of the major catalysts which would permit it to become an active partner in the world — but not alone. It is very different to think of Latin America linked to the world alone than it is to think of Latin America strengthening its internal capacities to cooperate and then becoming solidly united to move in the world as a force that is good both for Latin America and for the rest of the world.

There are profound changes in the world that force us to revise and to rethink many of our categories of analysis — the theory of dependency, the type of relations between North-South. Internationalization is a major force in the world, not always positive, but it is a reality we must face. Our responsibility is to attempt to strengthen our capacity to work toward this internationalization. Together with national efforts to rethink our priorities, we must continue doing our best to move into a new international economic order where equal partners are better than the division into First, Second and Third Worlds. A joint effort must be made in order to move ahead under the new concept of a new international economic order in which moral incentives go hand in hand with mutual interests. It is not a question of asking only for moral ideas as a basis for moving ahead; it is a question of identifying, together with our responsibilities, the capacity of moving together to achieve the goals that will be useful in this fascinating adventure of the construction of the new world.



The Latin-American dichotomy: in spite of vigorous growth, one-third of the population still lives in conditions of extreme poverty.

UN Photo

Solutions without precedent for a world without precedent

by Paul-Marc Henry

The complex question of the relations between the industrialized countries of the northern hemisphere and the developing countries of the southern hemisphere has been falsified from the outset by a series of dichotomies that are not only dialectically and economically artificial, but also politically inaccurate. The term 'North-South' presupposes on both sides a non-existent homogeneity, a permanent community or alternatively conflict of interests which cannot be observed in the real world. The term has nevertheless become established and has furnished a label for a series of encounters and confrontations at all levels and in every institutional context, global or regional, whether under the aegis of the United Nations or not. The term has gained acceptance because it corresponds, if not to objective reality, at least to a subjective perception perpetuated in the public mind by powerful networks whose orientation appears irreversible.

At a basic level, it is possible to confuse this perception with that of the relationship between wealth and poverty, or a least certain manifestations thereof. Incidentally, the term "poor countries" tends to be confused with "the least-developed countries". Here again, there is an all-pervading confusion, since the undeniable hallmarks of poverty and impoverishment are equally visible in the 'rich' countries, such as the United States and in countries with rapid industrialization, such as Brazil or India. As for the geographic affiliation with the northern hemisphere, no one dares maintain that the Soviet Union and its socialist allies regard themselves as being on the "northern" side in the North-South dialogue whereas according to the most obvious criteria, the Soviet Union is an industrial superpower and that its view (specifically on the industrialization of the countries in the tropical and equatorial zones) it bears no similarity whatever with that of those countries with a free market economy. It is quite clearly very difficult to classify China in terms of this dialogue, while Japan, an industrialized superpower located in the temperate zone of the northern hemisphere, exercises the greatest reserve in the North-South confrontation, never missing an occasion to reaffirm its historical and geopolitical solidarity with the countries of Southeast Asia, which by definition belong to the "southern" zone.

Paradoxically, the confrontation as opposed to the dialogue between the countries of the West and those of the South, is most apparent at the most abstract political level: in the context of the General Assembly or in major conferences organized under the aegis of the United Nations.

This confrontation is neither artificial nor dialectical. Its roots are to be found in a fundamental reality that goes far beyond the oft-quoted awareness of an unbridgeable 'gulf' between Western countries and the rest of the world. It is essentially a rejection, albeit an ambiguous one, of a certain system of power and control of financial and technological means, the ownership of which offers the only opportunity for peaceful development and material progress of that majority of the planet's population that lives in the southern zone.

There has in recent years been a great deal of talk about a new international economic order, the conditions and imperatives of which have been the subject of detailed analyses, most recently in the report of the Brandt Commission. The current theory (the one on which the preparatory work for the third decade is based) holds that it is precisely the North-South dialogue which will provide, through ongoing cooperation, the means of arriving at the gradual development of this new order. Implicit in this concept is the assumption that a degree of peaceful co-existence, together with a certain level of communication and commerce, facilitated by modern methods of communication, make possible an increasingly intimate peaceful interface between political entities with different historical origins and cultural backgrounds, notwithstanding a degree of competition over access to and control of re-

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Mr. Henry, a former President of the OECD Development Centre, is now Chairman of Euro Action —ACORD, a consortium of European volunteer aid agencies. Other positions he has held include Deputy Director of the United Nations Development Program and Under-Secretary for Africa and the Middle East in France's Ministry of External Affairs.

newable and non-renewable natural resources. The point of departure for this optimistic view is to be found in the fact that it is precisely in northern zones that a significant proportion of humanity has been able to liberate itself more or less completely from the constraints of history and environment and attain a degree of physical and spiritual freedom. The point here is not to reject the assumption out of hand but to examine all its implications.

Seen from the outside, the northern countries, which claim allegiance to the free market economy, appear essentially as consumer societies professing the ideals of a democratic society. During the past decade, it has been possible to assert that the most ambitious goals of the European and American reformers, the spiritual heirs of the Age of Enlightenment, have, by means of the free play of market forces, full employment and the extension of social security from the cradle to the grave to all — young and old, men and women, been achieved and even exceeded. In truth, it would be difficult to go much farther in the redistribution of the Gross National Product, even though there continues to be residual inequalities. The fact is that our society has begun to have doubts about itself. Its intense technological creativity is confronted by obstacles of all kinds which are diverting it into methods of defence rather than the creation of new wealth. In broad cultural terms, it has become the subject of increasingly vociferous internal protest, related to its inability to guarantee full employment for its own young people. The question therefore arises as to whether this protest from within and — let us not flinch from the word — the crisis of the western development model constitute a positive or negative factor in the "searching reassessment" which the present world economic system is undergoing, based as it is on the inequality of income and consumption.

Global development model

A global development model, including global consumption and production objectives, even if subdivided into regional sub-systems, presupposes a certain concept of fairness, if not equality, in the distribution of renewable and non-renewable resources, not only amongst nation-states, but also amongst the groups of individuals of which the states are made up. It is admittedly possible to envisage the establishment on a national or international scale, if necessary by force, of an authoritarian order based on the opposite system: a more or less hierarchically legitimized, institutionalized inequality, in some cases by Divine Right. We must realize that, until the very recent dawning of the technological era, inequality was in the nature of things and the ultimate task of the established order was to make it acceptable to the most disadvantaged classes, in other words to the vast majority, whose consent to the necessary disciplinary framework was more or less freely given. Our own *fin de siècle* is characterized by two fundamentally related phenomena which dominated the North-South debate: on the one hand, science and technology claim to be able to provide the key to development on a scale which will increase the level of consumption of a constantly expanding world population beyond the mere subsistence level and bring some alleviation of intolerable inequalities. The masses themselves refuse to accept a pre-established order which condemns them and their descendants to inexorable servitude.

In this context it is impossible to deny the political intensity of the masses' demand for greater equality, or quite simply for their right to life. This demand may assume a variety of sometimes contradictory forms, including the straightforward rejection of Western models of consumption and production, while it is undeniable that Western-type consumer goods, if not the lifestyle itself, represent the deepest aspiration of these same masses and particularly of the rising generation which constitutes an absolute majority. It is nevertheless the most immediate manifestation of the problems which all governments, be they Western, socialist, Asian, African or American, must confront. The accelerating trend towards interdependence and the standardization of consumption models has been pushed far beyond a fallback position and a second line of defence by the economic play of free market forces and ongoing competition between nations. The masses seem condemned to headlong flight in ceaseless pursuit of goals which tend to transmute into quantitative values objectives which, beyond mere subsistence, are essentially qualitative. Western thought has shown the way in casting loose from its moorings and breaking the shackles of experience to embark upon the consignment to voluntary oblivion of a past dominated by the spontaneous, the irrational, the organic and the limited and a voyage towards a radical transformation of human societies finally liberated from chance and necessity.

The most telling evidence of this emancipation from natural constraints appears in the proliferation of quantified scenarios and predictions of the future, dominated by concepts based on the indefinite expansion of production and consumption. Despite this facade of logical rigour, complete with analytical tools and methods, including mathematical models, the model is no more than a mental image which is not necessarily logical, accurate, or objective. It is an image which in fact expresses, in language which may pass for mathematical rigour, a certain view of the world, a certain attitude to the mastery of space and time, a certain, more or less subconscious reaction towards changes either taking place or looming (such as rising energy prices), a certain attitude towards the future and the various alternatives and which is born of fear and apprehension rather than of hope. In the final analysis, such models quantify production and consumption as a function of existing systems: they fail to

question the value systems and problems of motivation which are the determining factors affecting production itself.

At the very moment when the West, through the great international financial and banking institutions, is asking those countries whose indebtedness is increasing at an accelerated pace to "rationalize" their economic and financial policies (which in practice means limiting their consumption). We must recognize that this rationality no longer seems self-evident in those Western countries from which it originates. In fact, this rationality concerns only a relatively limited number of people who are capable of understanding and mastering the logical operations made indispensable by the scale, complexity and continued development of information-based supertechnology. Technology is in effect the ultimate expression of these concepts of rationalization and tends progressively to eliminate the uncertainties by reducing the spread of probability. The masses in the West are becoming consumers and spectators rather than direct producers, without the power to control, to influence or to correct a process that dominates them. Within Western society, the passive agents of technological civilization are decreasingly motivated to apply and perfect it: this is particularly true of the young people, whose alienation is reinforced by unemployment.

Cultural dualism

For a variety of differing reasons, the super-industrialized systems, including the socialist countries, are experiencing a spectacular decline in growth rates, persistent inflation and widespread under-utilization of productive capacity. Everywhere, real purchasing power is tending to reach a ceiling while the cost of essential products and services is rising spectacularly. It would appear that the criteria of technological rationality and free competition have ceased to coincide with the fundamental requirements of the human condition. In terms of peace-keeping, both external and internal, the rational spirit, expressing itself in an efficient administration, has up to now succeeded in keeping leashed the dogs of war. Recent events, however, indicate that in the most materially-advanced societies a real social and cultural dualism is appearing which finds its ultimate expression in opposition to the dominant scientific and technical culture. The phenomenon of the counter-culture has roots that are deeper and more individualized than a mere cultural episode born of the whim of fashion.

A vast area is developing as a function of psychological and operational space derived from the concept of the rational. This area serves as a more or less clandestine, geometric refuge outside the institutions created by the rational system. In the cultural as in the economic field, we are dealing with a paraculture, by means of which many people are able to reinforce the freedom and individual qualities of their internal universe. The counter-culture represents ultimately a negative commitment in the form of a rejection of the real world which, taken to its limits, becomes synonymous with violence and terrorism. The greatest danger threatening the magnificent edifice of Western economic and social rationality is represented by an increasingly evident convergence between alienated and parallel systems, true anti-systems, and a power system that exploits them cynically. The purpose would be to develop the hold enjoyed by certain groups and classes over what remains of the economic surplus in a system of production that has lost its dynamism and its fundamental attraction, namely the use of technology to produce more and better goods to meet the needs of the consumer. Terrorism is more than just a symptom, it is a cultural at least as much as an economic phenomenon. It is international and intercontinental and does not respect the frontiers between the North and the South. At a time when liberal cosmopolitanism seems incapable of solving, by means of the free play of market forces and in freedom and respect for human rights, the problem of extending worldwide an equitable system of production and distribution, the deniers rediscover universality in a destructive rejection. It is quite simply absurd to project for 10 or 20 years, scenarios for growth based on the assumption of peace and physical non-aggression, when examples of internal catastrophes within nation-states are growing increasingly numerous. Leaving aside actual warfare, it is clear that the signs of disorder heralding chaos are more frequent and are physically and politically destructive.

A number of countries in Asia, Africa and Latin America have already reached the critical point at which the forces of social and economic destruction and erosion counterbalance and ultimately overwhelm the positive factors, which are functions of investment in the labour force and in scientific and management capability. The traditional societies' extraordinary powers of resistance have been sapped irremediably at the grassroots by the destruction of the natural systems of production and exchange, which have not been replaced effectively by other larger-scale systems. The truth of the matter is that, with a few rare exceptions, these societies were not competitive. Under the combined pressure of a desire for consumption unleashed by the universalization of the Western model and unprecedented population pressures, they were granted neither the time nor the means to achieve a durable transformation while preserving their cultural identity.

We have now reached the heart of our subject: Is there a North and a South in terms of relatively homogenous groupings characterized by a certain type of development in historical terms and a certain type of relations in the immediate perspective? The answer is no. Everywhere one sees societies caught in the floodtide of evolution, none of which seems capable of mas-

tering completely the multiplicity of factors affecting its own transformation. The Western model of production and consumption cannot be extended on a worldwide scale by means of democratic institutions and the free market economy alone. The transfer of wealth alone is merely a temporary palliative, even though it meets certain requirements for justice and brotherhood. It does not, however, in any way represent progress in the direction of rationality of production and distribution, unless the entire planet is regarded as one great system that can be governed in an authoritarian manner, which is obviously neither desirable nor possible.

It is time to reexamine national and regional development policies to the extent that they are oriented towards the achievement of certain models and quantitative objectives. We must reexamine certain projects to reshape societies, bearing in mind those factors which are fundamental to development, such as the use of time, space and non-renewable resources and the management of renewable resources in terms of their underlying philosophy. No development project is culturally neutral: each constitutes a cultural choice and no project involving a society can be separated from its cultural context. It is impossible to ignore or to reject as peripheral the desire of peoples to preserve their own identity or the respect for the individual. All those who have, at the national or international level, ignored these basic truths have failed or will fail in their attempts to justify the power they wield in the name of the economic and technological progress that they are bringing to their people, whose self-appointed mentors they are. Such fundamental developments as the demand for equality and dignity transcend immediate economic considerations. If they are not understood by those in power at the national and international level, who are still imbued with an ideal of social progress and spiritual development, they will be appropriated — as they already are being — by rulers fascinated by the exercise of power, knowing no limits other than their own passions and their own violence.

One would have to be blind, or at the very least, dangerously myopic, not to see that the Middle East, Africa and Latin America have embarked upon a true economic, social and cultural revolution, one that cannot be channelled by technocratic manipulation or by redistributing purchasing power by means of a barely-disguised worldwide inflation. In the case of the West and, for different but ultimately convergent reasons, the Soviet bloc, it would be quite simply tragic if they were to entrench themselves in conservatism with regard to their own societies, protected by a super-technological globalism and a sophisticated defence apparatus against external threats and led by elites deaf to domestic protest.

Far more than a mere financial and economic responsibility, the most advanced countries have a moral and technical responsibility towards those nation-states that are underequipped and undertrained in the areas of science and human resources. It is too easy to believe that it is enough for the major consuming countries to have a positive attitude to the products and services from countries which are underequipped but nevertheless rich in untapped markets of potential consumers. It is, however, by no means certain that in social terms the so-called 'poor' countries will accept over the long term a model which favours exports at the expense of domestic market, and which gives rise to a growing distortion between the dominant classes, whose interests and knowledge are ultimately an integral part of the dominant external system, and the dominated classes, who are reduced to a new form of economic and cultural servitude. In practice, the export-oriented model, despite having the great merit of stimulating productivity in the sectors concerned, is based on the patently absurd hypothesis that the domestic markets in the rich countries are capable of infinite expansion and a new international division of labour can be established through the play of free market forces alone by means of the transfer of industrial capacity. Furthermore, it presupposes that the Western consumption model will, in the final analysis, serve as a benchmark for the world economy. We know, however, that this model is itself being questioned for cultural reasons having to do with motivation and for objective reasons involving the availability of raw materials and energy resources.

Mobilizing local resources

One alternative that has been proposed is that of "endogenous" development, based essentially on the mobilization of local resources of all kinds by peoples who are masters of their own destiny, working within the ecological constraints of their own environment to establish original economical cultures and means of production. This should not be confused with a desire for a straightforward return to traditional methods and a rejection of the technological contribution of modern society. It is essentially a desire to reorient concepts of thought and research towards satisfying the basic needs of a growing, and increasingly young, population. The criteria of economic and political competition cannot achieve this reorientation by themselves. On the contrary, in the North and in the South, it is illusory to talk of alternative methods of production and the use of alternative energy sources if there is no conception or preparation in social and political terms for the profound implications of these choices for industrial technology. It is first, and foremost, a question of scale. It is true that in certain deliberately protected systems, small-scale units using adapted (not necessarily traditional) technology with low input in terms of technology and energy but with relatively high investment of intellectual and manual labour on the part of the producer, can achieve high performance

and in a limited area satisfy essential needs for food or clothing.

It is nevertheless difficult, if not impossible, to make use of such units in the attainment of large-scale national objectives in a world where economics and politics are dominated by merciless confrontation. We might observe empirically that those countries in the southern zone which are undergoing rapid industrialization, such as India, are already capable, in terms of quantity as well as technically, to satisfy the needs of their own population with regard to a number of relatively sophisticated consumer goods, (such as in the areas of transportation, communications and culture), even though they have not resolved the question of the purchasing power of the masses or achieved significant progress in a fairer distribution of incomes. Significant progress has been made, particularly in Asia, but it is threatened in its very foundations by the growing impoverishment of the masses who are socially uprooted and spiritually deprived of their culture, except perhaps in purely religious terms.

Faced with the crisis in its own institutions and the mortal threat posed by an economy capable of producing but no longer of employing (and living only from systems of income redistribution whose effect on individual initiative, and even on the enjoyment of life and the belief in progress is increasingly paralyzing) the superindustrialized North can no longer proclaim with any conviction a humanistic message containing simultaneously a production ethic and an ethic of justice in freedom. Even within the northern grouping, Asian countries such as Japan, despite their acceptance of certain basic Western values, are developing different systems with unmistakable traditional, cultural foundations, whatever their technological manifestations. The Soviet bloc countries, despite the immense natural resources controlled by the Soviet Union, are grappling with fundamental problems of motivation, including aspirations to freedom, which no bureaucratic or police apparatus can really control. Both groups are incapable of guaranteeing the maintenance, let alone the improvement, of the standards of living already attained as a result of the unprecedented technological explosion that has characterized the postwar world.

The southern countries, on the other hand, not only have not had the time to develop valid systems for their own survival but can at best envisage the relative stabilization of their demographic situation in two or three generations. Under such circumstances it is difficult to see how common operational (let alone institutional) systems could be established through consensus on a worldwide scale, based on an undisputed system of exchange, currency and mutual guarantees, comparable on a worldwide scale to the social security systems in existence on the national level. We must presumably resign ourselves to a political, economic and social pluralism which will function, at best, on the basis of constant compromises, or at worse, will progress by means of brutal and costly adjustments, for which the poorest and least educated masses will necessarily pay the price.

Defeatism and complacency

Faced with a task of this magnitude, the worst dangers are defeatism and its opposite, complacency. Defeatism consists of the view that the political and moral impasse, if not the economic and social one, that appears to confront Western Europe and North America is perceived as a terrifying abyss by an underemployed younger generation. It is bound up with the accelerated cultural alienation of the average Westerner, reinforced by the influence of the mass media, and will lead ultimately to sterilization of the creative capacity of the West.

Complacency, on the other hand, can survey the immense material and social progress achieved by the West since the beginning of the 20th century, despite two enormously destructive wars, the main victims of which were Europe and Asia (far more than the Americas or Africa). Complacency may be either socialist or capitalist. It may be based on an excessively optimistic view of man as the agent of his own progress, or of societies and institutions as ever perfectible, if not incorruptible. Seen through Western eyes, both defeatism and complacency are essentially ethnocentric: this trait goes as far as the use of the term 'civilization', which, when used by the West, including also its relations with the Africa, Asiatic and Amerindian worlds, views itself as such.

Europe, the United States and Canada are in the process of reaching (sooner than they think) the economic and technical limits which are inexorably imposed on the policy of the infinite growth of consumption. Whether we talk of space or energy, the prime movers of all material dynamism, the ceiling has already been reached in Western Europe and will soon be in North America and the Soviet Union (despite the immense resource potential of the Arctic). Under these circumstances, what plans can the Western world formulate for its own societies and for succeeding generations? What message can it bring to non-Western societies? Does it have anything else to say, other than a desperate desire to maintain a standard of living and level of consumption beyond the physical capacity of the renewable and non-renewable resources of its own ecological space? Or, by default, to embroil the rest of the world, through its own contradictions, in a suicidal holocaust?

While the North is the keeper of the secrets of universal death which would make possible the disappearance of the entire human race, it is also the master and essential dispenser of scientific knowledge and technological capability. Its vast power is moreover, constantly growing as a result of the permanent migration of the best brains from the countries of the South, who

devote themselves in the end to serving the global system controlled by the North. The less-developed countries do not need inflation-fuelling resources or the transfer of technology that does nothing whatever to meet the essential needs of the billions of people living in the tropical and equatorial regions: what they do need is a genuine unreserved cooperation with Western science and technology in solving the problems of production and of the conservation of those resources which are essential to the survival of the progress of the masses of humanity who are at present undernourished, undereducated, inadequately housed and lacking in social services, and to the millions of unemployed young people condemned to life on the margins of society and to spiritual degradation. As the possessors of technological power, Western and Eastern Europe, together with North America, have a duty to subject the evolution of their own technology to critical examination with regard to its relationship to cultural expression and essentially its respect for the identity and the autonomy of the individual.

Democratic ideal

Real answers must be given to the pressing demands of developing countries threatening to fall one after the other into the abyss of civil war and dictatorship, who are searching for the key to material and spiritual survival in a world where the technological options are in the final analysis, guided by the whims of power. The democratic ideal should be the guiding force behind the solutions proposed by the societies who are the heirs of the great democratic aspirations of the nineteenth century. If we agree with Spanish philosopher Ortega y Gasset that "the European standards which down through the centuries have demonstrated their effectiveness and their fertility, are not the best, but for the moment they are without a doubt definitive (in global terms), in that there are no other, it is now essential to go beyond them and sire others". Europe and America alone cannot sire these new values. They can participate in a dynamic way in cultural pluralism on a continental scale, spurred on by the desire for peace on this planet. What is needed is not some eclectic exercise in rearranging the Western world's concept starting with its component elemements, but a modification and transformation through the integration of elements from different and even antagonistic cultural origins. The scientific and technological system must discover a linkage with different cultural systems, not only of European origin but also those of Asia, Africa, and the Americas. In this context, Japan and India are showing the way, and there are others. We must accompany them in all humility and with our hearts full of hope.

Should this reintegration, which can only be achieved on the basis of what Roger Garaudy has felicitously termed "a permanent dialogue on civilization", not come about, the instruments of power and control which have been developed by Europe and America will inevitably be turned against them and against the democratic ideal. This is the real signficance of the North-South dialogue and, potentially, of its failure.

We must work for the solution to this gargantuan problem through a mixture of humility, pragmatism and optimism. Seen from macro-political or macro-economic perspectives, the North-South dialogue appears to have reached an impasse. Nevertheless, all who are involved at the grassroots level, working with the responsible organizations and the local populations in the demanding but exhilarating task of their own progress, know that there exists in fact a continuing dialogue. They know that this is a task that must be forever begun anew, the positive results of which can nonetheless be measured on a regional and continental scale.

A world without precedent demands solutions without precedent. The real North-South dialogue is taking place in thousands of fruitful contacts, in the development of a common language as a vehicle for the smooth exchange of technological and cultural messages, and not in a confrontation at the summit, where the forces of progress and mutual understanding are necessarily subordinated to the imperatives of power-dominated geopolitics.

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Book Review

The Soviets and the Third World

by L.J. Black

In contrast to editors of many symposia, W. Raymond Duncan has taken care to direct his contributors towards unifying themes, the result of which is a collection of essays which make a better whole than its individual parts. The book is divided into three interrelated sections: the first includes five essays addressed to global issues such as nuclear proliferation, and questions of military intervention. The five pieces which make up the second section deal with Soviet strategic objectives and policies in various regions: the Middle East, Africa, South Asia, Southeast Asia and Latin America. A final part is made up of one essay on the dilemma faced by those in the U.S.S.R. who have to decide upon the primacy of interdependence and/or security as keystones in foreign policy-making. The book has an index and contains short resumés about its contributors.

The mutuality of Soviet and American interests, even where their reasons for it differ, is featured in part one, where G. Duffy points out that Soviet vulnerability, real or perceived, assures its adherence to the "non-proliferation" of nuclear weaponry; and B. Jancar shoes that Soviet environmental policy towards the developing nations also parallels that of the United States. Closely related essays by H. Desfosses on the U.S.S.R. and Third World population problems, and R. L. Paarlberg on the U.S.S.R. and world food systems are interesting, if somewhat speculative. They both demonstrate clearly that the vagaries of domestic population and agricultural trends continue to confound Soviet posture towards the Third World. The final article in section one is very ambiguously written (beginning with its title), and is generally unsatisfactory. Its quite useful historiographical information on the Soviet perception of military intervention stands almost as if in a vacuum, with little real application to definable Soviet policy.

The second part of the book is much easier to deal with because its contributors refer more to the specifics of Soviet policy. It opens with a fine piece on the Middle East by R.O. Freedman, who illustrates very well the "low-level" of influence wielded by the U.S.S.R. in its client states of that area, and the reactive nature of Soviet policies there. Along with the editor's own essay on Latin America, this is the best piece in the collection. In keeping with the weakness of Soviet influence in Africa, A.J. Klinghoffer's piece on the impact of the Angola War is short and to the point. Although he overstates the obvious too often, Klinghoffer raises some noteworth issues, one of which is the degree to which the Cubans are "independent actors" in Africa. R.H. Donaldson finds inconsistency in Soviet policy even in South Asia, that is, the region stretching from Afghanistan to Bangladesh, which is second only to the Middle East in importance to Soviet policy-makers.

Regional strife and nationalism

Just as they do in the Middle East, Soviet leaders have to take regional strife and indigenous nationalism into account, and find themselves with client states that are far from submissive. In contrast to the situation in the Middle East, however, the People's Republic of China complicates the Great Power competitive interference which takes place in South Asia. Thus, the U.S.S.R. has had to cater to India and continually must ponder the degree to which it should sponsor that country's communist party. S.W. Simon raises

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the same issues for Southeast Asia, where the U.S.S.R. tries to maintain a policy with Vietnam as its centrepiece in the face of opposition from China, the U.S., Japan and, more importantly, the ASEAN countries with which the U.S.S.R. would like to have closer dealings. Together these last two essays clarify Soviet policy in Third World Asia very well, though their authors might have addressed themselves more to a question raised indirectly by the first section of the book: will Soviet policy become even more selective as its own population and economic problems increase, thereby giving Afghanistan-type solutions priority over the need to retain the confidence of non-aligned states in general, India in particular?

In his interesting piece on the U.S.S.R. and Latin America, Duncan analyzes Soviet policy on four levels: opportunity, perception and policy limitations, and the implications for the U.S. on Soviet policy. This is one of the few essays in the collection in which the American variable gets satisfactory attention. Here too, Soviet pragmatism is stressed; and the notion of "building communism" which has stoked so many fires of reaction in the U.S. is demonstrated to be low among Soviet priorities in Latin America. Perhaps this article should be recommended to Ronald Reagan's policy advisers!

The concluding piece by Walter J. Clemens Jr., comes back to issues raised in Duncan's introduction, and outlines the strengths and weaknesses of four distinct tendencies of thought in Soviet policy: autarkic, or inward-looking; aggressive political and economic concentration on carefully selected Third World countries; advocacy of detente and trade with the West; and, more recently, an emphasis upon global considerations. Clemens concludes, hardly surprisingly, that the question of interdependence and/or security is "likely to remain a dilemma for western as well as Soviet leaders for years to come."

Duncan's opening remark to the effect that a study of Soviet foreign policy risks early obsolescence is well-taken, and makes one wonder why in pondering the future no contributor took into account the potential offered by a Reagan presidential victory. Indeed, it would be an interesting exercize to compare these essays to relevant items in a book published this year by P. Duignan and A. Rabushka (eds.), entitled *The United States in the 1980s*.

Collectively, Duncan's contributors show and overwhelming preference for the notion that the Soviet Union has few well-defined long-term projections for the Third World; moreover, there is an implication throughout that increasingly it may well be the Third World tail that is wagging the Soviet dog in policy projections.

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I. Press Releases

No. 8 (January 29, 1981) Visit of the Minister of Foreign Affairs of Venezuela, Dr. José Alberto Zambrano Velasco.

No. 9 (February 2, 1981) Diplomatic appointments.
William A. Bauer to be Ambassador to Korea. He replaces Derek H. Burney.
André Couvrette to be Ambassador to Sweden. He replaces Kenneth C. Brown.
Jacques S. Roy to be Ambassador to Saudi Arabia. He replaces William Jenkins.

No. 10 (February 5, 1981) Canada provides $3.75 million in relief for Kampuchean people.

No. 11 (February 6, 1981) Joint communiqué on the occasion of the visit to Canada of the Foreign Minister of Venezuela, His Excellency Dr. José Alberto Zambrano-Velasco. February 4-7, 1981.

No. 12 (February 11, 1981)Diplomatic appointment.
Alan W. Sullivan to be Ambassador to Ireland. He replaces A.E. Ritchie.

No. 13 (February 13, 1981) New York show-case for Canadian artists.

No. 14 (February 13, 1981) Appointment to the Board of Governors of the International Development Research Centre (IDRC).

No. 15 (February 23, 1981) Patrick Reid to be Commissioner General for Transpo '86.

No. 16 (March 2, 1981) Agriculture Ministers' Conference of the Agency for Cultural and Technical Co-operation (ACCT). Paris, March 2 and 3, 1981.

No. 17 (March 5, 1981) Secretary of State for External Affairs to attend summit meeting in Vienna and pay official visit to Hungary.

No. 18 (March 6, 1981) March 9 — Commonwealth Day

No. 19 (March 6, 1981) Iran — Lifting of Canadian sanctions.

No. 20 (March 6, 1981) East coast fisheries and maritime boundary settlement agreements.

No. 21 (March 9, 1981) Canada and Australia sign nuclear cooperation agreement.

No. 22 (March 9, 1981) The Canadian Delegation at the tenth session of the Law of the Sea conference.

No. 23 (March 11, 1981) NORAD agreement renewal.

No. 24 (March 24, 1981) Death of Marcel Cadieux, former Under-Secretary of State for External Affairs.

No. 25 (March 23, 1981) Canadian Government Economic Assistance for Poland.

No. 26 (April 1, 1981) International Conference on Assistance to Refugees in Africa. Geneva, April 9-10.

No. 27 (April 2, 1981) Canada and the USSR settle claim for damages caused by *Cosmos 954*.

No. 28 (April 3, 1981) Opening of Regional Passport Office.

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80/31 National Information in the Global Environment. An Address by Pierre Juneau, Deputy Minister of Communications, to the Harvard University Program on Information Resources Policy, Cambridge, Massachusetts, U.S.A., November 11, 1980.

80/32 Canada's foreign policy has strong Pacific dimension. A speech by the Honourable Mark MacGuigan, Secretary of State for External Affairs, at the Pacific Rim Opportunities Conference, Vancouver, November 19, 1980.

81/1 New Thrust to Canada's relations with countries of the Commonwealth Caribbean. A speech by the Honourable Mark MacGuigan, Secretary of State for External Affairs, to the inaugural Plenary Meeting of the Canada/CARICOM Joint Trade and Economic Committee, Kingston, Jamaica, January 15, 1981.

81/2 Bilateral approach to foreign policy. A speech by the Honourable Mark MacGuigan, Secretary of State for External Affairs, to the Empire Club of Canada, Toronto, Ontario, January 22, 1981.

81/3 Human rights and International legal obligations. A statement by the Honourable Mark MacGuigan, Secretary of State for External Affairs, to the Federal-Provincial Ministerial Conference on Human Rights, Ottawa, February 2, 1981.

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Ottawa, March 9, 1981
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Ottawa, February 16 and 17 1981
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With effect from February 9, 1981

Portugal

Agreement between Canada and Portugal with respect to Social Security.
Toronto, December 15, 1980
Instruments of Ratification exchanged at
Ottawa, March 30, 1981
In force May 1, 1981

Rwanda

Exchange of Notes between the Government of Canada and the Government of Rwanda constituting an Agreement relating to Canadian investments in Rwanda insured by the Government of Canada through its Agent, the Export Development Corporation.
Kigali, January 30, 1979
Instrument of Ratification deposited by
Rwanda at Kigali, December 29, 1980
Entered into Force December 29, 1980

United Kingdom

Exchange of Notes between the Government of Canada and the Government of the United Kingdom concerning transport assistance by Canadian Armed Forces to election observers in Rhodesia.
London, March 7 and 10, 1980
Entered into force February 9, 1980

United States

Exchange of Notes between the Government of Canada and the Government of Canada and the Government of the United States of America constituting an Agreement renewing the Agreement of March 29, 1977 concerning the establishment of mini-LORAN-C stations in the vicinity of the St. Marys River in Ontario and Michigan.
Ottawa, November 24, 1980 and December 5, 1980
In force December 5, 1980
With effect from October 1, 1978

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Canada's Instrument of Ratification deposited at London on February 19, 1981
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Special feature presented by the International Development Research Centre.

Veteran journalist and broadcaster Peter Stursberg recently returned from a visit to the People's Republic of China. While in Peking, he conducted a two hour and twenty minute interview with China's Vice Premier Huang Hua, at the Reception Hall of the Foreign Ministry. During his posting in Ottawa as China's first Ambassador to Canada (1970), Huang Hua frequently met Stursberg, who was then a newscaster for a local Ottawa television station. Mr. Stursberg is now teaching a communications course at the Canadian Studies Centre, at Simon Fraser University. His recent works include four books based on interviews about the Diefenbaker and Pearson years in power.

Interview with Huang Hua:

Restructuring Chinese policy in the wake of Chairman Mao

by Peter Stursberg

China is in a period of economic retrenchment or consolidation, which does not augur well for increased trade or any further joint ventures at the present time. However, Vice Premier Huang Hua gave his assurances that there was no change in China's "Open Door Policy", as he called it, and said that there could be co-operation between Chinese and Canadians, with mutual benefit to both, depending upon "what comes out of the current readjustment".

At any rate, he understood that discussions were going on between Alberta and Heilung Chiang (Heilongjiang) in China's Northeast with respect to a cattle ranching joint venture, and other plans were being considered.

In an exclusive interview, the Foreign Minister, who is also Vice Premier, admitted that China had made serious mistakes in trying to modernize too fast; he blamed them not so much on the Gang of Four (the radical faction including Mao Tse-tung's (Mao Zedong) wife Jiang Qing, deposed by the current leadership in 1976 and sentenced last winter for alleged crimes committed during the Cultural Revolution) but on ultra-leftists within the communist hierarchy. He was also revealing in his evaluation of the place of Mao Zedong in the present order of things; he accused the late Chairman of launching the 1966-76 Cultural Revolution which caused "great and unnecessary chaos", but asserted that "Chairman Mao's merits were primary and his errors secondary."

There was no doubt that Huang Hua was acting as a spokesman for the Politburo in giving me this most explicit analysis of China's present policy; he was expressing the new Party line which has only just been worked out. In fact, he said as much when he spoke of the great debate that had been going on for years.

It was centred on the fundamental question of "what is the truth?" "What are the criteria for judging truth?" Marxism and Mao Zedong thought, he said, represent a scientific theory that is in accordance with the laws of social development. The debate also revolved around the following theme, as he put it, "whether the social practices of millions of people constituted the sole expression of truth."

There were the usual attacks on Lin Biao (China's Defence Minister, killed in 1971 while escaping China after his alleged involvement in an attempt to overthrow Mao) and the Gang of Four exploited these mistakes, distorting the theory and policy of the Communist party and bringing about great damage to the country. They made use of Chairman Mao's prestige to take over the party and urged brutal methods and persecuted large numbers of cadres and intellectuals...

"In order to eliminate the leftist cultural ideas (the influence of Lin Biao and the Gang of Four) we had to get a clear picture of what is right, and what is wrong — that is: 'what is the truth'? "

Chairman Mao's thought and Chairman Mao's role were elements in this great debate, Huang said, and added: "During his life, Mao Zedong made outstanding contributions to the integration of Marxism with the realities of China and the Chinese people. Chairman Mao's thoughts also included the works of Zhou Enlai (the late Premier), Zhu Deh (commander-in-chief during the 1945-49 liberation war), Peng Tehhuai (commander during the Korean war), Deng Xiaoping (the current Vice-Chairman) and others. However, it must be pointed out that Mao's role was outstanding and could not have been replaced by anyone else.

Xinhua photo

China's Foreign Minister and Vice Premier Huang Hua.

"It was as a result of his ability of summing up Marxism and formulating policy that Mao Zedong won the war against Japanese aggression and against the Kuomintang (Chiang Kai-shek's Nationalist forces). A new China was founded. If it were not for Mao, there would be no new China. This is not an exaggeration but a statement of fact. This is our view with regard to Chairman Mao now, and we shall stick to it, we shall hold to it, in the future."

At the same time, the Vice Premier tempered his praise of Chairman Mao with the statement that he was not exempt from making mistakes. "Even in the early days, Mao made mistakes but he was close to the people then, and he made investigations and corrected these mistakes. However, during his later years, he was not prudent and modest enough. He launched the Cultural Revolution and caused great and unnecessary chaos. Lin Biao and the Gang of Four and their counter-revolutionary cliques made use of Mao's mistakes; they pushed them to excess and caused great damage in the ideological and political fields as well as in the industrial fields, and particularly in production."

Summing up, Huang Hua said that Chairman Mao's merits were primary and outweighed his demerits which were secondary. Turning to the great change that I had noticed on this visit to China, which was one of the questions that I had submitted, the disappearance of the pictures of Chairman Mao from public display, the foreign minister said:

"We have taken down the portraits of Marx and Lenin and other revolutionary leaders, but we have not taken down all of Chairman Mao's pictures. The phenomenon of his portraits and his statues being seen everywhere throughout the country came about during the Cultural Revolution. It was one of the excesses of the Cultural Revolution. The Party has now adopted resolutions banning birthday celebrations or the naming of streets after leaders in order to prevent this cult of personality.

"At the time of the Cultural Revolution, Chairman Mao seemed to deprecate this (mass worship of himself) as he was quoted as complaining to (the late American author and journalist) Edgar Snow, in a conversation in 1970, that his portraits and statues had to endure the long darkness of night and the rigour of winter.

"It was Lin Biao who gave the four titles to Chairman Mao by which he was known during the Cultural Revolution. They were: Great Leader, Great Teacher, Great Commander and Great Helmsman. During the 1970 conversation with Snow, Mao said that he would only accept one of these titles, that of Great Teacher. He was a teacher by profession.

"After the downfall of the Gang of Four, the Party leadership decided that no portraits of leaders would be displayed, but that the portrait of Chairman Mao in front of (Peking's) Gate of Heavenly Peace, T'ian An Men, would remain. This demonstrates the respect the Chinese people show to the great contributions that Chairman Mao made to the Chinese Revolution. This is a fair evaluation. However, the portrait of Hua Kuo-feng (Mao's successor as Chairman) will not be displayed."

The Vice Premier did not comment on the way that Mao's body has been preserved and is on display in the Square of Heavenly Peace. Some Western observers told me that they had heard that the old leader wanted to be cremated as Zhou Enlai was, and his ashes scattered across China. However, he had come to represent too much to too many for such a wish to be granted. He belonged to the masses, it was argued, and a mausoleum was erected across the square from the Gate where is portrait hangs. We joined the river of humanity flowing this building and around the crystal coffin in which an aged Mao lay, his lower half covered by a red flag with the hammer and sickle showing. I wondered how the Soviet flag could be there but was told that it was the flag of Communism. It was an impressive and awe-inspiring experience. No emperor of China had ever had such homage paid him.

"In our view," Huang Hua said, "Mao's thoughts are a summing up of the thoughts of Chairman Mao and his closest comrades-in-arms. They represent, to us, scientific analysis and truth. Mao's erroneous ideas are not part of Mao's thoughts as a political and philosophical system. We think that such an approach is in accordance with reality. What is wrong and what is right can only be tested through social practice.

"It would be quite wrong to relegate the guiding role that Chairman Mao's thoughts had in the Chinese Revolution. The Chinese Revolution will make further advances and will enrich and develop Chairman Mao's

thoughts through our experience. Mao's thoughts are not static."

As for Chairman Hua Kuofeng, who has not been seen in public recently, Huang confirmed he was still Chairman of the of the Party's Central Committee, but went on to say:

"After the Third Plenary Session of the (11th Congress of the Communist Party), we abolished life-long tenure for high ranking cadres. Now the leadership has to be elected by the Congresses, in other words, the Chairman has to be elected. This should be regarded as a normal practice after the revival of the democractic process in China: some will be re-elected and others will not.

"However, people are not used to seeing personnel changed in China and have interpreted them as a sign of instability and a power struggle. But I can assure you the reverse is true. The political situation is becoming more and more stable as most of our current policies have won the support of the people. In fact, the situation now is the most stable that it has been since 1960."

Mistakes of modernization

In his frank admission of the mistakes made recently by the government in trying to modernize too fast, Huang Hua pointed out that there had been other occasions in the past when they had gone ahead too quickly with disastrous results. There was the Great Leap Forward of 1958 when agriculture was neglected for backyard steel furnaces; they had just about recovered from this when the Cultural Revolution struck; by the mid-seventies, the depredations of the Red Guards had been overcome, and there was a return to prosperity when "something similar to 1958 happened in 1978" with the renewed demands for quick results which found their expression in the huge contracts signed for machinery and capital goods.

"There have been great changes in the 31 years since 1949," the Vice Premier said, "We have now got a comprehensive industrial base and our restructured agriculture has shown remarkable progress in improving living standards.

"However, we remain backward economically. The degree of mechanization in agriculture is low. Most work is still done by hand. We have less cultivated land per capita than Canada, the United States or even India. Eighty percent of China's population or 800 million people, live in the countryside. The people's living standards are low. We must improve them by the socialist method of developing our productive capacity.

"In 1958 (during the Great Leap Forward), we tried to advance too quickly. We were too anxious for quick results. We set production targets too high. We carried out economic development by cutting down people's consumption. Capital accumulation accounted for 33 percent of the Gross National Product, which was too high a figure.

"As a result of this high percentage of accumulation, our living standards were held down, and our educational and social welfare projects delayed. We overemphasized heavy industry while failing to support light industry and agriculture. This resulted in a big imbalance in our country's economy.

"We were always too anxious to bring about instant results, and failed to consider the actual situation existing in China. For instance, after 1949 we carried out nation-wide agrarian reforms; we organized mutual aid teams and elementary cooperatives. They helped to raise agricultural productivity. These were effective measures and were well received by the people. We wiped out exploitation and starvation.

"Then, there was a nation-wide move to organize advanced cooperatives, and some areas skipped the stage of mutual aid teams. Finally, in 1958, the people's communes were set up across the country. They were huge. The peasants were organized to work as a unit in these communes. But they were too large — they went beyond what would be accepted by the peasants and what we had the management capabilities to operate. We've had to step back."

The commune is made up of production brigades and production teams, and the solution, according to Huang, for this unwieldy organization, was to make the smallest element — the production team — the basic accounting unit. So that, it could be said that the peasants were back where they were before the communes were organized, although the communes remained in being. The Vice Premier asserted that, during the Great Leap Forward, they were guided by the ideas of the ultra leftists within the party, and at first the growth rates were high, but he went on to say:

"In the end, it (the Great Leap Forward) brought difficulties and even crises. Agricultural production dropped. There were shortages of food, and a big financial deficit. In order to overcome the 1960 difficulties, policies were put forward that emphasized the readjustment of the economy. (It was at this time that China entered into the first wheat deal with Canada.) There was a return to prosperity in the mid-sixties.

"However, no change took place in the ideas of the Left; they still sought instant results. During the Cultural Revolution, we over-emphasized food grain production which caused losses and reduced the welfare of the peasants. At that time, the small plots in the communes for the private use of the peasants were done away with. This angered the peasants and resulted in reduced production.

"In the urban areas, some private economic enterprises were merged into collectives and became state owned enterprises. Many lines of useful trade were thus denied. Then, we made the mistake of promoting production forces which were beyond our capabilities."

Once again, the government had to mount a rescue operations, and by the mid-seventies, the economy had been pretty well revived. In the interview, Huang Hua

dealt mainly with the deleterious effect that the Cultural Revolution had on production, but he did not charge the Gang of Four with discriminating against artists and writers and intellectuals generally. These people had been rehabilitated now, and some of them were in positions of importance.

"China's cultural life", he said, "has never been better. Chairman Mao's pronouncement that 'a hundred schools contend and a hundred flowers bloom' is being carried out in the real sense of the word."

By 1978, when the Vice Premier indicated that the Great Leap Forward mistakes of 1958 were repeated, neither Lin Biao nor the Gang of Four, nor even Mao Zedong could have been responsible as they were either dead or behind bars. But there were the leftists who still sought instant results.

"Something similar to 1958 happened to the economy in 1978," Huang said. "We demanded quick results again and put up a host of new enterprises and factories. In 1978, the closed door policy, or the economic autarchy of the Gang of Four was changed, and we were able to negotiate with foreign countries for the supply of machinery and the construction of plants. But we went ahead too fast. Because of the demand for quick results by the leftists, China undertook 22 giant projects (most of them under contract with Japanese or Western firms) which drastically increased funds for capital construction and the budget deficit.

"Thus, we continued to repeat the same mistake of over-emphasizing heavy industry, and accumulation over consumption. After the Third Plenum in 1978, we decided on the restructuring and adjustment of the economy. This year (1981), we cut back capital construction funds from 50 billion yuan ($37.5 billion Canadian) to 30 billion yuan ($22.5 billion Canadian).

"The construction of certain enterprises will have to be stopped or postponed, or will have to be switched to other products. This will have an impact on the living standards of certain workers who will have to have job training to make them available for further development in the future. "We now lay emphasis on light industry. We have reduced funds for heavy industry, so more will be available for light. This policy has already yielded good results. The growth rate of light industry exceeded that of heavy industry recently. On the whole there are enough goods in the market now, although there are still some shortages.

"There must be a balance between expenditures and revenues. We signed contracts with Western countries (and Japan) which stated that we would pay cash shortly after the machinery and equipment were delivered. But we don't have the money and we don't want to finance the purchases by borrowing, not at the high interest rates that prevail today. That would mean that we would fall into the dilemma of a lot of developing countries who are deeply in debt. So, we must stop, reduce or postpone some of these projects. And consultations are now going on concerning this."

There is some confusion over what is happening to these contracts. Just recently, a newspaper headline said that China would honour its deals. However, the report did not bear out the headline as it quoted a top Communist Party official in Peking as saying, "We welcome cooperation with foreign countries but we should act according to our capability." Huang Hua made it quite clear that China would not go into debt over these projects. Consultations are going on, as he said, and if suitable financing can be arranged, then some of them might go ahead, probably on a reduced scale.

The new policy of retrenchment, or readjustment and consolidation, was having a salutary effect on the country, the Vice Premier said:

"In agriculture, the changed policy of responsibility for agricultural production has yielded good results. The system now links the peasant's income with the income of his production team or his household working unit. Of course, this goes against the principle of equalization of all incomes in a commune, and means more pay for those who work more.

"We are also discouraging people from working on one crop only. We want to diversify the agricultural economy. All these policies have been remarkably effective as grain production has shown big jumps in the last two years. In Honan, in the flooded Huang Ho (Yellow River) valley, the peasants used to live on relief, but now they have surplus food grains to sell to the State.

"We think the current policy is the right one. We will be able to find a road of Socialist construction in China that is correct. Thus, we shall formulate a complete line on economic development so that the Four Modernizations can be realized by the end of the century. By that time, we hope that China will be fairly well off. (The Four Modernizations policy aims to improve performance in Agriculture, Industry, Science and Technology and National Defence).

"The current readjustment and restructuring policy may last longer than the Five Year Plan which began this year and which is aimed at improving the country's infrastructure, the railways, roads, ports, etc. We have raised the prices paid for agricultural products in the rural areas, and in the urban areas, there have been two pay increases as well as increases in the bonuses. We are determined to improve the people's living standard on the basis of increased production."

At the end of the interview, I asked Huang about the ultra-leftists whom he blamed for the mistakes in the modernization program. He indicated that they were still a force to be reckoned with although they were being eliminated. Now that the Gang of Four has gone, the main political struggle in China is between the impatient leftists who want quick results and the more cautious pragmatists within the Communist party who are responsible for the present policy or retrenchment and readjustment.

Vietnam's rule over Kampuchea threatens regional stability

by Stephen Orlov

On Christmas day, 1978, 100,000 Vietnamese invaded Kampuchea (previously known as Cambodia). Six months later, the world community faced a famine and refugee catastrophe of staggering proportions. The conflict has sparked heated debate both in Canada and in the United Nations. Should the government of Democratic Kampuchea, with Pol Pot's blood-stained image, still retain its seat in the UN General Assembly? How should famine relief be distributed? Is the aid still necessary? Some claim the conflict is just a regional dispute of no concern to Canadians. Others say that it is basically a proxy war between two communist giants — China and the Soviet Union — to be fought out amongst themselves.

Although the mammoth international relief effort has checked the mass starvation of 1979, the threat of famine still hovers over Kampuchea while the battle terrain of a new war gradually expands across much of the country. Attempts to resolve this third Indochina conflict must take into account the history of the region, but within the context of the newly emerging international realignments of the 1980s.

Vietnamese leaders have put forward three reasons to justify their actions in Kampuchea: first, to help a popular government consolidate victory over Pol Pot's genocidal regime; second, to defend Vietnam's territorial sovereignty from aggression by Pol Pot's army; and third, to stem Chinese expansionism. Hanoi denied its troops were in Kampuchea, until the Phnom Penh regime it helped install during the 1978 invasion 'invited' military help into the country. That claim is as difficult to accept as the Soviet Union's contention, a year later, that it was asked by Hafizullah Amin to intervene in Afghanistan. If Vietnamese leaders were genuinely concerned about genocide under Pol Pot, why did they praise his regime until 1978? Why do they now refuse to negotiate with Prince Norodom Sihanouk (the former Cambodian ruler who was deposed by Lon Nol in 1970) who provided the Vietnamese with sanctuary bases and supply routes so crucial in their war against the American army?

Many Khmer Rouge cadres under Pol Pot undoubtedly carried out a coercive and bloody rule from 1975 to 1978. However, recent UN estimates of the Kampuchean population and the lack of verifiable information lead many specialists to question whether it amounted to a genocide of millions. The current escalation of the guerrilla war would suggest that the Khmer Rouge still have the cooperation of a sizeable proportion of the peasantry. If human rights violations justified invasions, perhaps Hanoi itself would be concerned in light of the Boat People tragedy. Indeed the magnitude of death and destruction that the Vietnamese invasion itself created created in Kampuchea by the Vietnamese invasion itself, renders such an argument meaningless.

It is hard to believe that Pol Pot's poorly-equipped 70,000 man army represented a serious threat to Vietnam's territorial sovereignty. Having defeated both France and the U.S., Vietnam maintained a well-equipped standing army of 600,000 troops with an additional armed militia numbering well over a half million. Even if Pol Pot's forces initiated the border skirmishes which began in 1975, two years of military occupation far exceeds an act of self-defense.

Rejection by Khmer Rouge leaders of China's advice on several key issues (ie., not fighting Sihanouk's government in 1968 and negotiating with Henry Kissinger in 1972) contradicts Hanoi's claims that they are "tools (in) Peking's search for hegemony in Southeast Asia." Although Pol Pot's regime did accept Chinese aid from 1975 to 1978 (perhaps 40 percent of the amount China earmarked for Vietnam during that period), its foreign policy bordered on self-isolationism, if not xenophobia, with little evidence of dependency on Peking. Also, Hanoi's own attempts to normalize diplomatic and economic relations with Washington, including negotiations with American oil companies for off-shore drilling rights, raise serious doubts that Vietnamese leaders opposed the improvement of Sino-American relations out of ideological convictions.

Mr. Orlov, who toured northern and western Kampuchea last summer, teaches at the Dept. of Humanities of John Abbott College in Quebec.

By 1977, Sino-Vietnamese relations were still cordial and were improving. In June, General Vo Nguyen Giap, then Vietnam's Defence Minister, toured military installations in southern China — certainly a strange move by the Chinese if they then harboured aggressive designs against Vietnam. The turning point came in December, 1977 when several Vietnamese divisions launched a major incursion into Kampuchea, only to be turned back one month later. Hanoi had sought additional military aid, but China cut assistance to Vietnam by half, limiting the $300 million in aid to non-military projects. The Soviet Union, with little influence in Phnom Penh, was willing to fill the gap for Vietnam.

In the spring of 1978, harassment policies forced 250,000 ethnic Chinese to flee from northern Vietnam into China, while those in the southern region boarded boats to escape the country. Peking terminated its aid to Hanoi shortly after Vietnam joined the Soviet sponsored Council for Mutual Economic Assistance (COMECON) on June 29, 1978. Soviet arms shipments were stepped up during the late summer and clashes on the Sino-Vietnamese border escalated. A Vietnam-Soviet Union friendship treaty, which constituted a military alliance, was signed in November. On December 2, Heng Samrin's front was formed, followed by the Vietnam's invasion of Kampuchea 23 days later. Sino-American relations were normalized on New Year's day 1979 and in February, China launched its month-long punitive military attack against Vietnam.

While Vietnamese leaders may have felt threatened by China, there is little evidence to substantiate Chinese intentions of aggression against Vietnam before the Vietnam-Kampuchea conflict erupted in December 1977. The chronological record suggests that the deterioration of Sino-Vietnamese relations was more a result than a cause of Vietnamese aggression in Kampuchea.

Indochinese federation

Over the centuries, Vietnamese annexation of Kampuchean territory (much of the present-day southern Vietnam) created hostility between the two peoples. The role of Vietnamese as functionaries in the French colonial administration of *Cambodge* further sharpened those traditional antagonisms. The distrust between Kampuchean and Vietnamese communists can be traced back to the 1930s, when the Vietnamese-led Indochinese Communist Party declared "Cambodia has no right to a separate Communist Party" and proposed the eventual formation of an Indochinese Federation. (Hanoi claims to have dropped the federation proposal when the Indochinese Communist party was officially dissolved in 1951.)

Whatever the label, a de-facto Indochinese federation dominated by Vietnam now exists. Hanoi has failed to 'Khmerize' the war as over 200,000 Vietnamese troops occupy Kampuchea. The Phnom Penh regime remains an appendage of Hanoi. Each Kampuchean and Laotian province falls under the administrative rubric of a "sister province" of southern Vietnam. The Pathet Lao leadership, unlike the Khmer Rouge, never forced the Vietnamese troops to leave their country after the war ended in 1975. Well over 50,000 Vietnamese troops, a larger force than the entire Laotian army, and thousands of Vietnamese advisors now dominate Laos. The 1977 treaty officially established an open border between the two countries. Ten percent of the Laotian population have sought refuge in Thailand, including high ranking communist officials. Perhaps as many as 500 party cadres were arrested several months ago, charged with "sympathizing with China." For many Laotians, Kampuchea is now a test case measuring how well Vietnam will fare against a stubborn guerrilla resistance.

Economically, Vietnam has much to gain from control of Kampuchea: large areas of extremely fertile soil, off-shore oil in the disputed border region west of the Brevie Line, and the construction of the long-discussed Mekong hydro-electric project on key river points inside Kampuchea. Effective control of Indochina would make Vietnam the power in Southeast Asia. This is principally why the dominant sector of the leadership in Hanoi chose to invade Kampuchea.

While Vietnam's moves to colonize Indochina are evidence to refute claims that Hanoi is reacting defensively to counter a Chinese threat, they likewise negate the charge that Vietnam is operating as a Soviet puppet. One could say that a harmony of interest exists between Vietnam's goal of regional domination and Soviet ambitions for global expansion. Nevertheless, Vietnamese leaders now find themselves increasingly dependent on the Soviet Union. Over 5,000 Soviet military advisors reportedly are stationed in Vietnam. Hundreds of Soviet advisors, tanks and MIG planes were used in the invasion. The most recent estimate sets Soviet military aid to Vietnam during the first nine months of 1980 at one billion dollars, a rate of four million dollars a day. Without that aid, Vietnam could not maintain its occupation of Kampuchea.

Some 90 Soviet naval vessels had docked at Vietnamese ports by March of last year. Soviet technicians installed a sophisticated eletronic listening post in the former U.S. naval base at Cam Ranh bay to monitor foreign ship movement. Whether Hanoi calls it a military base accord or not, the fact remains that 16 Soviet ships, including four combat surface vessels and two submarines, are presently stationed in that port. Four of those ships, including the aircraft carrier *Minsk*, recently ventured into the Gulf of Thailand.

Reports indicate that Soviet nuclear powered submarines armed with missiles are now positioned just east of the Straits of Malacca. The Japanese Defence Agency reported spotting Soviet TU-95 long range electronic reconnaissance planes and TU-95F anti-submarine patrol planes in Vietnam. From air bases in

in Cam Ranh bay, Soviet planes are only two hours from the Straits of Malacca and have repeatedly violated regional air space, triggering an official complaint from Bangkok. Soviet TU-95D long-range reconnaisance aircraft have left DaNang air base on missions over Kampuchea, the Gulf of Thailand and the South China Sea. Inside Kampuchea, Soviet technicians are helping to construct air bases in Kompong Chhnang, Battambang, Siem Riep and Phnom Penh. In August 1980, nine MIG-21 planes were stationed in Siem Riep. Naval facilities are being constructed in the port of Kompong Song. SAM-2 and SAM-3 missile bases installed in Kampuchea are reportedly aimed at targets in Thailand.

At this point, Vietnam is too bogged down in Kampuchea to consider an invasion of Thailand, although future border incursions, similar to the attacks in June 1980 and January 1981 cannot be ruled out. As one Thai diplomat put it, "It's now at the stage of political intimidation." The question is what will happen once Vietnam consolidates its control over Indochina? If Hanoi, on the back of a Soviet military alliance, wins in Kampuchea, not only does Thailand lose its buffer, but the other Southeast Asian nations and Japan must confront the Soviet-Vietnamese military machine from a position of weakness.

In Southeast Asia agreement on the Kampuchea issue paradoxically spans the political spectrum. Both the ruling regimes on the right and the major communist parties on the left agree on one point: Vietnamese aggression in Kampuchea, aided by the Soviet Union which has global strategic interests, represents a serious threat to the independence of all countries in the region. If the independence of Kampuchea is not restored, we could witness a qualitative shift of political alignement in Asia and the Pacific that directly affects the security of all western countries, including Canada. A political solution to the conflict must be found.

Compromising the irreversible

What then is the basis for a resolution of the conflict? Vietnam continues to assert that the situation in Kampuchea is "irreversible." The thrust of Hanoi's diplomatic manoeuvres, as embodied in the Vientiane proposal last summer, has been to shift world attention away from its troops in Kampuchea to the Thai border. By turning the conflict into a dispute between Bangkok and Phnom Penh, necessitating negotiations, Hanoi would gain de-facto recognition of the Heng Samrin-Pen Sovan regime.

One compromise rumoured in Washington and Bangkok last spring suggested that the United States support UN recognition of the present Phnom Penh regime, normalize its diplomatic relations with Hanoi and grant economic aid to Vietnam. In return, Hanoi would pledge respect for Thai sovereignty and withdraw some of its troops from Kampuchea. Thus, Soviet leverage on Hanoi would be undercut, thus reducing the Russian presence in the region, and Thai security would be ensured.

Several problems arise from this approach. First, Kampuchea's independence is sacrificed along the way. Second, how reliable are the oral assurances of Vietnamese leaders, considering their broken promises never to invade Kampuchea or attack Thailand? Third, while some Vietnamese leaders are concerned about their growing dependence on the Kremlin and undoubtedly would prefer playing off Washington against Moscow (as they did earlier with the Chinese and Russians) such a balancing act requires an international climate of relative big-power stability. Yet trends in the global military balance of power between Moscow and Washington indicate that Soviet-American tensions will sharpen as time goes on. Despite candidate Ronald Reagan's references to improving ties with Taiwan during the election campaign, Sino-American relations are of a strategic nature. Hanoi realizes that Peking will not stand by watching Vietnam engulf the Indochina peninsula. Vietnam's occupation of Kampuchea requires additional military hardware and pressure on China's northern border. In the final analysis, as long as Hanoi views that occupation as "irreversible," its dependency on the Soviet military alliance must grow.

Sihanouk

Norodom Sihanouk has suggested various plans over the past two years. Considering himself an acceptable diplomatic compromise, he first proposed negotiations to the Vietnamese. Yet the Vietnamese objective in Kampuchea is not to defeat the Khmer Rouge, *per se*, but to control the country. In the final analysis, Sihanouk is his own man. The prince then looked to the U.S., a highly unlikely candidate for direct action in Indochina. More recently, he has asked "whether or not China is ready to intervene militarily?" Yet, according to Sihanouk that would bring the Khmer Rouge back to power. Thus, by implication, nothing can be done. In any case, China probably will not directly intervene again unless the Kampuchean resistance appears on the verge on being destroyed, as it seemed in February of 1979. At this point, it seems unlikely.

Two common themes emerge from all of Sihanouk's proposals: first, his hope of convening a Geneva-type conference which, as in 1954, would consolidate his power in an independent country; and second, his total reliance on outside powers to force a negotiated settlement. These two points are nonetheless contradictory, especially given the present international situation. Neither France's recognition of Sihanouk as head of an independent state in 1953, nor the subsequent Geneva conference a year later would have come about if not or the fact that French troops were facing

military defeat by communist guerrillas.

While there was considerable debate in Washington as to whether American troops should replace the French in Indochina, President Dwight Eisenhower won the 1952 election on a platform of ending the war in Korea. China was also anxious to disengage and withdraw from Korea and avoid another military conflict on her southern border. Moscow was equally prepared to compromise on Indochina in exchange for a French parliamentary veto of Washington's plans to rearm Germany under the then proposed European Defence Community. In a certain sense, Geneva marked the beginning marked the beginning of a 20-year post-war period of relative "peaceful co-existence." While near head-on crises did emerge and the arms race escalated, the countervailing balance of power precluded a high risk of outright war between the U.S. and the U.S.S.R.

It was within this context that Sihanouk was able to manoeuvre brilliantly before and during the Geneva conference. His message to the French and Americans was "choose me or the communists"; his message to the Vietminh and their supporters was "leave Cambodia and disarm the Khmer guerrillas or face American military bases on your border." The situation today is far different than in 1954. One big power has already been defeated in Kampuchea and the other, via Hanoi, has just arrived. This reflects global trends. Detente is no longer fragile. It has cracked, leaving little room for Sihanouk to manoeuvre.

Without military pressure inside Kampuchea, Hanoi will not negotiate. If Sihanouk's forte has been diplomacy, albeit under favourable conditions, his primary weakness always has been a complete incapacity to organize, command or control an army. This is precisely the strongpoint of the Khmer Rouge. Despite their past policies, Khmer Rouge guerrillas have been able to mount effective resistance. It now appears that Vietnamese troops cannot crush their army; yet neither can the Khmer Rouge force Vietnam to withdraw unless they significantly broaden their front. Both Son Sann's Khmer Sereika troops and remnants of Sihanouk's near-defunct Moulinaka front are now cooperating with Khmer Rouge guerrillas in military operations against Vietnamese patrols. Sann's front is not yet an effective fighting force, but he does command considerable political support among city dwellers. While joint operations in the field reflect a distinct trend, they do not constitute organizational unity. Unless Sihanouk allies himself with the armed resistance, he will not be able to eventually assume the key role of unifying and independent Cambodia, which probably only he can play.

A political solution to the conflict should be based on the Kampuchean people's right to national independence and self-determination, as reaffirmed in the UN resolutions of November 14, 1979 and October 22, 1980. Its framework should be comprised of four component parts: withdrawal of Vietnamese troops, democratic elections, UN supervision, and guarantees that Kampuchea will not threaten its neighbours.

Sihanouk's rule, although authoritarian, was not void of electoral practice. While Kampuchean peasants may focus more on personalities than theoretical programmes, they have little problem associating leaders with past experiences. The projected "election" Hanoi is to stage in Kampuchea, will provide little choice for the people. The UN should look to the positive experience of Zimbabwe in ensuring adequate international supervision of elections. Beyond this, UN troops should remain in Kampuchea to oversee the transfer of power, including the military, to the elected government. That government would occupy the seat now held by Democratic Kampuchea in the General Assembly.

Vietnam must have concrete guarantees that Kampuchea will be free of foreign military bases and will not be used by China or any other country to attack its territory. UN observers should be stationed on the Kampuchea-Vietnam border and the Vietnam-China border. Once peace is restored, the industrialized countries should provide extensive reconstruction aid to both Vietnam and Kampuchea, preferably through UN agencies. Continuation of this aid would depend on adherence to the provisions of the negotiated settlement.

Correct or not, some Kampuchean leaders view their conflict with Vietnam within a historical context of centuries. If UN troops and foreign aid are not adequate guarantees of electoral compliance, the perceived threat of Vietnam again invading a divided Kampuchea provides added incentive. The initial problem is to have Vietnam negotiate a withdrawal. At this point, Hanoi is not willing to participate in an international conference on the conflict, as called for in the October 22, 1980 UN resolution. Yet intermediary steps can be taken to encourage a settlement based on the UN resolutions and to deal with the immediate problems.

Although some black marketeering still exists both on the Thai border and in Vietnamese-controlled regions, the famine relief operations must continue with additional UN supervision. Despite recent claims by the Phnom Penh regime that additional emergency aid is not required because the famine threat has dissipated, the most immediate problem remains the health of the Kampuchean people. This is not the first time such claims have been made by Vietnamese and Phnom Penh officials. During the worst period of mass starvation, Pen Sovan, the Defence Minister and real strongman of the Phnom Penh regime, said in a 1979 *Pravda* interview, "no one is dying of hunger in our country." After initially refusing UN emergency assistance for fear it would find its way to the resistance, his regime proceeded to stockpile much grain, which prompted repeated criticisms from top UN aid officials.

During the past year, Phnom Penh has been propping up its new currency on the sale of the donated rice.

Some recent reports estimate that perhaps a third of the crops have been planted. Yet how much will be harvested and how will it be distributed? With Vietnam itself facing an estimated two million ton grain shortage in 1981 and receiving perhaps only half of the million tons Moscow provided last year, can we expect the 200,000 Vietnamese troops in Kampuchea to be fed from Hanoi's own stock?

After the Vietnamese attack on the border last summer, some aid officials advocated termination of the land bridge relief operations from Thailand on the grounds that some aid ended up in the hands of the Khmer Rouge guerrillas. This rationale amounts to a double standard. In the capital most aid is distributed by Phnom Penh or Vietnamese officials with their respective troops receiving a share. If the land bridge relief operations are discontinued, over a million Kampucheans would face imminent starvation.

The Canadian government's position in favour of Democratic Kampuchea retaining its seat in the UN is the correct one to take. It is not based on an assessment of the internal policies of that government. On more than one occasion, External Affairs minister Mark MacGuigan condemned the human rights record of the Pol Pot regime. Rather, this position, accepted by a 2-1 majority in the General Assembly, is based on upholding the fundamental principles of independence and national sovereignty which are the very cornerstones of the UN charter. The fact remains that Democratic Kampuchea was the *de jure* government when the Vietnamese invaded.

The UN should act on human rights violations. However, recognition in the General Assembly never has been, nor necessarily could be, based on the human rights record of a regime. Those who feel this position unjust should propose debate on changing official UN policy and establishing a mechanism to screen all countries. Holding up the Khmer Rouge regime to a different standard from the rest would be an unprecedented move that objectively legitimizes aggression. In the final analysis, the act of replacing a national government, however unjust that regime may be, should be principally the affair and responsibility of the people of that country. There are few, if any, instances in history when a foreign invasion has bettered the lives of a people.

The argument that control should be the sole criterion for recognition should not apply to colonial regimes, as that in Phnom Penh. Moreover, the escalating guerrilla war itself negates Hanoi's claims that the Phnom Penh regime is in firm control and that life is returning to normal in the country. The vacant seat formula that Moscow and Hanoi lobbied for during the UN proceedings merely would open the door for defacto and eventually official recognition of the Heng Samrin-Pen Sovan regime.

Pressure of economic sanctions should be placed on Vietnam and the Soviet Union to negotiate a settlement. While some economic aid may filter down to the Vietnamese people, in the long run, it strengthens the conviction and capacity of the Hanoi leadership to occupy Kampuchea. The immense poverty and human suffering presently endured by the Vietnamese people, while rooted in the devastation of the past war, can never be alleviated unless the government in Hanoi is forced to shift its priority from aggression abroad to reconstruction at home.

The new war in Kampuchea is not simply a conflict between Khmer Rouge and Vietnamese communists; its essence is one between an entire nation and a colonial army of occupation. Kampucheans say that the very survival of their nation is at stake. For both humanitarian and political reasons, Ottawa must make a strong commitment towards ensuring the restoration of Kampuchea's independence. Some may prefer a more neutral stance. There are no indications, however, that present Vietnamese leaders are any less stubborn than their French or American predecessors. This is not the Cold War rhetoric of the 1950s; 30 years have passed and the world is not the same. Although the Kampuchea-Vietnam conflict may indeed be centuries old, in light of the present international situation, it assumes a particular significance beyond the scope of a regional confrontation. Its outcome will have a direct bearing on the maintenance of world peace during this decade.

Update: New developments have occurred since this article was written. Prince Sihanouk announced earlier this year that he was willing to meet Khmer Rouge leaders to negotiate the formation of a national coalition opposed to Vietnam's occupation of Kampuchea. Khieu Samphan, the Khmer Rouge Prime Minister, travelled to Pyongyang, North Korea on March 10 to meet with Sihanouk. Although expected differences between the two emerged during this round of talks, negotiations are expected to continue during the year.

A presidential election was held in Kampuchea early in May. The Vietnamese-backed regime claimed the results indicated a re-affirmation of the leadership of Heng Samrin. Although the regime claimed it had gained "legitimacy" by the high percentage of votes cast in Samrin's favour, the unsupervised ballot counting and controlled list of candidates caused world opinion to question the credibility of the vote count. Finally, a special UN conference on Kampuchea is slated to be held in New York beginning in July. The conference will discuss the implementation of the 1979 UN resolution which called for a withdrawal of Vietnamese forces from Kampuchea.

The United States

Economic shift to Sunbelt reflected in foreign policy

by Stephen Sandelius and Charles R. Foster

"There are two Americas. One is the America of Lincoln and Adlai Stevenson; the other is the America of Teddy Roosevelt and General MacArthur. One is generous and humane, the other narrowly egotistical; one is modest and self-critical, the other arrogant and self-righteous; one is sensible, the other romantic; one is good-humoured, the other solemn; one is inquiring, the other pontificating; one is moderate and restrained, the other filled with passionate intensity."

A decade and a half ago, William Fulbright, then chairman of the Senate Foreign Relations Committee, developed the metaphor of two Americas to explain the opposing strains in U.S. foreign policy. This schizophrenic Janus, he said, has viewed the world at times as a sphere for cautious cooperation, at others as a realm for big-stick crusading. Today, some would argue that these competing historical outlooks have another base — a geographical one — and that recent shifts in American foreign policy manifest less a resurgence of conservatism across the land than, more fundamentally, the emergence of a new nexus of political power in America — the Sunbelt.

The political influence of the Old South and the new Southwest is hardly new. In 16 out of the 18 years since the death of President John Kennedy, the White House has been occupied by a native of the Sunbelt. Still, during the same period, the making of foreign policy has been dominated by the elites of the East Coast establishment. Today however, so the argument runs, the effects of regional demographic and economic trends are becoming apparent in foreign policy as well.

Is there evidence for a shift of power in America? And if so, what effects might this have on U.S. international relations? As a popular media term, the Sunbelt typically encompasses the rim of southern states along the Atlantic and Gulf coasts stretching from Virginia around to Arizona, often up to Northern California. Usually included are bordering southern states such as Arkansas, Oklahoma and Tennessee. As such, the Sunbelt takes in the lion's share of the Old South and spills over into the Southwest, overlapping conventional regional divisions. This is the area, along with Washington, Oregon and some of the Rocky Mountain states, currently experiencing most of America's demographic and economic growth.

The results of the 1980 census show that in the past decade the population of the Sunbelt grew by more than 22 percent, four times the rate of the rest of the population. The biggest gainers were Texas, Florida and Arizona, with increases of 27, 43 and 53 percent, respectively. About half of the region's growth is due to higher birth rates than in the North; the rest comes from migration. This is a significant reversal of the historical pattern of migration from the South to the northeastern and northcentral cities since the war. Between 1940 and 1960, the South lost nearly 3.5 million people to regional migration while the northern industrial core gained more than two million. The 1960s marked a turnaround and the 1970s a dramatic surge in the opposite trend, more than compensating the South for its earlier losses. Blacks, once a major component of the northern flow, are now returning south.

The sun exerts a strong attraction on the migrants, as does a perceived better environment. California, Arizona and Florida are popular retired areas: one fifth of Florida's immigrants since 1970 have been over the age of 65. Overall, however, the elderly compose only about five percent of the newcomers. Most, like migrants in general, are younger — 23 is the peak age, better educated and more highly skilled than the population as a whole. In the majority of cases they are moving to keep a job or to look for a new one.

There is therefore a direct link between population trends and economic ones. Nearly one half of the expansion of non-agricultural employment between 1970 and 1977 took place in the southern regions. The rate of increase there was 25 percent compared to six percent in the northern industrial zone. Between 1968 and 1978, factory employment in the Northeast fell by

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800,000 while the South and West gained, respectively, 800,000 and 300,000 such jobs. In Florida, the rate of increase in manufacturing jobs was 29 percent above the national average, 23 percent in South Carolina, 34 percent in New Mexico and 40 percent in Arizona.

The Sunbelt and other peripheral areas had experienced lagging development since the middle of the last century when industrialization took root in the North. By 1930, per capital income in the South was half the national average. Within a decade the trend had reversed itself; the Sunbelt was on the upswing. Manufacturing gained on agricultural employment and agricultural production itself was modernized. By the 1950s, the position of the industrial North was eroding. Historically dependent on maturing sectors, burdened with obsolete plants and equipment, the northern cities began to encounter financial difficulties as more talented and mobile workers migrate south, leaving large numbers of poor in inner cities. With the recent economic downturn, these problems have worsened dramatically. (The Northeast is somewhat of an exception, having re-geared its industries to take advantage of the growth in high technology sectors.) The Sunbelt, as well, is weighted down with maturing industries dominated by low wages and high labour intensity, but the problem there is generally less acute. Moreover, the growth leaders are largely in more dynamic sectors like energy, chemicals, aerospace and defence.

Whereas migration is major factor in demographic trends, the regional shifts in employment are due largely to the differences in birth and death rates of firms. The direction of business migration is clearly southward, but the actual transfer of firms account for but a tiny fraction of job losses in the North and gains in the South. The rise of employment in the Sunbelt comes primarily from the mushrooming of new firms. In either case, the result is the same: business is flourishing on southern soil. Land is cheap, resources are close at hand, and the clement climate cuts energy expenses.

Business

More important for the growth of firms, however, is a less tangible meteorological factor, the so-called business climate. Of the top ten states ranked for business hospitality by a location consultant firm, seven were in the Sunbelt. Labour supply is a main consideration. Southern wages are lower; unionization is half the national rate. All but three states have right-to-work-laws. The expansion of highway networks has allowed employers to tap formerly remote rural labour supplies, and education and immigration have helped improve the level of skills. Local governments have also done their best to attract business by subsidizing worker training, minimizing regulation and offering tax and credit subsidies. (Despite the debatable effectiveness of such incentives, most other states have felt obliged to follow suit with similar recruitment programs.)

The relative increase in primary factor costs over the past decade has been brought forth by Walt Rostow, originator of the "take-off" theory of development, to explain the rise of the Sunbelt. Taking his cue from the theories of Russian economist N.D. Kondratieff, Rostow argues that the upswing in prices for food and energy since 1972 has in effect reversed the terms of trade for regions like the Sunbelt whose resource endowments make them net exporters of these products. As historical patterns would have predicted, capital has responded to the "energy crisis" by moving in to develop the region, at the expense of older industrial centres.

Lastly, federal expenditure patterns dating from the New Deal have also favoured the region. Higher levels of federal spending on infrastructure and the concentration of military bases in the South have had the effect of siphoning-off tax revenues from the North. While the relative spending differences have in the past few years declined, they have expanded in absolute size with the growth of the government budget. This has in turn provoked a growing number of regional special interests to pressure the government for a redress of the imbalances in light of worsening economic conditions in the North.

While the Sunbelt states as a group continue to suffer from below-average per capita incomes, they are steadily bridging the gap. Already Virginia, Florida and California have crossed the great income divide. Whether this trend will bring only a gradual convergence of incomes or instead propel the Sunbelt into the lead is still unclear. There is evidence of a slowdown in both economic and demographic growth in recent years. As development proceeds and southern wages rise, the relative advantages of business relocation are likely to diminish.

Divergency theorists, on the other hand, are wont to stress underlying structural changes in the economy and see the Sunbelt as championing technological developments to take the lead in dynamic sectors. Rostow predicts that the upswing in resource prices will prevail for some time, providing a solid base for Sunbelt growth. Certainly the surge in population and employment builds momentum of its own, stimulating the expansion of construction and services, which, in turn, creates new markets for industry.

The North is combatting the trend, vowing to rise again. But whether the various regional coalitions will prevail on lawmakers to reverse the decline is questionable. As yet, no comprehensive regional policy exists to coordinate or redirect federal spending; and with overall economic growth declining, regional development presents government with the dubious option of robbing St. Petersburg to pay St. Paul. In fact, the

Presidential Commission for a National Agenda for the 1980s proposed a policy for facilitating current regional trends and concentrating resources in the areas of new growth, recognizing however, "the traumatic consequences for a score of our struggling largest and oldest cities." Moreover, the Reagan administration's cutbacks in development projects and social services are likely to hit the high unemployment areas of the North hardest, despite official claims to the contrary.

Whatever the outcome of this war between the states, the shift of economic strength to the Sunbelt is likely to continue, albeit at a slower rate, in the near future. This would suggest a growing influence of regional perspectives on national policies.

In 1970, 59 of *Fortune* magazine's top 500 firms were headquartered in the Sunbelt. By 1980, the number had climbed to 84, indicating a growing regional redistribution of corporate power. Robert Cohen, however, has argued that such shifts have more apparent than real impact on the corporate power structure, due to the continuing dominance of financial and legal support institutions in "the old and traditional Yankee capital, New York City." Although some spread of these institutions to southern metropolises has occurred, corporations in these areas remain tied to credit and services originating in the Northeast. Sunbelt corporations and banks are less active abroad, as well.

This regional provincialism may, however, be a significant characteristic of the Sunbelt. Houston and San Francisco can be expected to give less importance to East Coast ties to Europe, concentrating instead on continental connections to the south and north. There may be tensions in Sunbelt's relations with the coincidental shift of economic power to Western Canada. Both these growth regions are also eyeing the Pacific and the Far East for expanding markets. In fact, the prospect of expanding trade with continental Asia and the fear of losing out to the Canadians no doubt contributed commercial support to the recent reorientation of America's China policy. Sunbelt firms will also benefit from more liberal energy incentives and increased defense spending and will push for further moves in these directions. With Sunbelt congressmen dominating defense subcommittees, they could well be successful.

The demographic shift has added to the Sunbelt's concrete political clout as well. In 1960, the Northeast

and Northcentral regions enjoyed a combined 41 vote margin over the West and the South in the House of Representatives. Population movements reduced that margin to 12 votes in 1964 and gave the West and South an absolute lead of for votes in 1972. According to the 1980 census results, the congressional reapportionment of 1982 will add a full 13 votes to the Sunbelt camp, with an additional five votes accruing to Pacific and Mountain states — an important shift of strength to the distinctive outlook of the region.

Two studies of the southern outlook in foreign affairs undertaken in the mid-1960s revealed a marked divergence in attitudes from the rest of the country. Alfred Hero found Southerners to be generally less informed on world affairs, suspicious of the influence of smaller, independent states in international fora, and reluctant to provide large-scale economic aid to developing countries. This was not, however, an isolationist stance, since the Southerners also tended to favour a strong defence posture and overseas military presence. They were, Hero wrote,

> more inclined to consider military power the major aspect of our national security and a crucial instrumentality in effectuating our objectives abroad. . .If Communist influence should seem to advance further, Southerners in growing numbers will demand more uncompromising reactions toward our opponents.

Senator Fulbright's distinction between the America of Teddy Roosevelt and that of Adlai Stevenson was taken up again by Charles Lerche in his study of southern views on America's role in the world. Examining the congressional voting records of the South, Lerche compared two basic competing attitudes: the belief in strong, independent action, which he termed "unilateralist", and the emphasis on cooperative dealing with the world community, termed "multilateralist". The disruptions of traditional patterns of life in the South, he found, had tended to reinforce the dominance of the unilateralist view; and this was reflected in the votes of southern congressmen:

> The South's effect on Congressional action in foreign policy matters will therefore continue on balance to be a disruptive one, at least for the next several national administrations. Unilateralism, tending steadily toward ideological militancy, will speak for the major sector of Southern opinion and will for much of the time succeed in throwing Southern multilateralism on the defensive. If the solidity of the consensus in areas outside the South should ever be broken, this aberrant Southern trend may well become a major control over events instead of the digression it has remained up to the present time.

The parallels between these regional attitudes of the 1960s and the Reagan policies of the 1980s are striking. However, one cannot fail to take note of the social evolution which has continued in the South over a decade and a half, nor of the growing strength of less tradition-bound regions in the West. The expansion of the southern cities has furthered the representation of blacks in government at the local, state and national levels, often bringing more liberal impulses to the policy-making process, especially in the domestic sphere. Urbanization and migration have reinforced progressive attitudes that both Hero and Lerche made not of within the spectrum of southern public opinion.

Yet the conservative populist strength of the region persists, as Karl Kalus argues:

> The wave of support that President (Gerald) Ford encountered when he responded with bombs and Marines to the (May 1975) *Mayagüez* incident off the coast of Cambodia perhaps best expresses the populist sentiment. The heartland of this "healthy American popular sentiment" is the prairie lands of the Midwest and the South; but the Southwest and Pacific states have also incorporated much of it as well. Geographically this area corresponds exactly to the "Sunbelt", which has acquired increasing economic and demographic significance vis-à-vis the dominant Northeast in the seventies.

Unilateralist sentiment

A comparison of several recent key congressional decisions in foreign affairs and the voting record of the Sunbelt legislators illustrates the strength of the "unilateralist" sentiment in the region. None of the foreign economic aid appropriations which were passed by wide margins in Congress since 1978 would have been adopted in a Sunbelt House of Representatives. A Sunbelt Senate would have passed two out of three bills, but with much narrower margins than the full Senate. Significantly, foreign military aid received greater support in the Sunbelt Congress. Sunbelt legislators were relatively more reluctant to ban military intervention in Angola in 1976 or to break official diplomatic relations with Taiwan in 1979. The Sunbelt Senate would have blocked the ratification of the Panama Canal Treaty of 1977, as well.

Thus, there is some evidence, on a regional basis, for the "two Americas." The Sunbelt, building on the foundation of the Southern preference for a militarily strong and active world role for the U.S., constitutes the opposite pole to the liberal perspectives on foreign affairs centred in the Northeast. The Sunbelt will provide a solid base of public support for the foreign policy of the new administration. Given the probability that the new constituencies created in this region by the 1982 Congressional reapportionment will be largely conservative, this support is likely to remain reliable for some time.

Therefore, the crucial question for the future of the U.S. and the world will be the following: Will the "sunning" of America open this region to the perspectives of the other America or will the Sunbelt view prevail?

Controversial resolutions marked 35th UN Assembly

by J.F. Tanguay

The United Nations Organization can be considered the mirror of world politics. Wars, hot or cold, major events such as the hostage-taking incident in Iran, the presence of foreign troops in a sovereign non-aligned nation, a split in the Arab world, etc., all have an important impact on the atmosphere of the debates, and on the substance of resolutions and actions of the UN system as a whole in pursuing its main objectives: to maintain international peace and security, to develop friendly relations among nations, and to achieve intenational cooperation in solving problems of an economic, social, cultural or humanitarian character.

1980 marked the 35th anniversary of the founding of the United Nations (UN). It was appropriate that Canada, one of the 51 founding nations, played an important role in the celebration of this anniversary on October 24 at the UN headquarters in New York. Ottawa's National Arts Centre orchestra had the privilege of performing a concert for the General Assembly. This event, which Prime Minister Trudeau attended, symbolized and reaffirmed the high esteem in which Canadians hold the UN and the inspiring principles for which it stands.

Here in Canada, among many other observances of UN day across the country, Governor-General Edward Schreyer presented the Pearson Peace Medal to Dr. J. King Gordon on behalf of the UN Association in Canada. Dr. Gordon, a past president of the Association, served for 12 years in the UN Secretariat, notably as Secretary-General Hammarskjold's director of information on the Congo peacekeeping operation (the first Pearson Peace Medal was awarded in 1979 to Paul-Emile Cardinal Léger of Montréal).

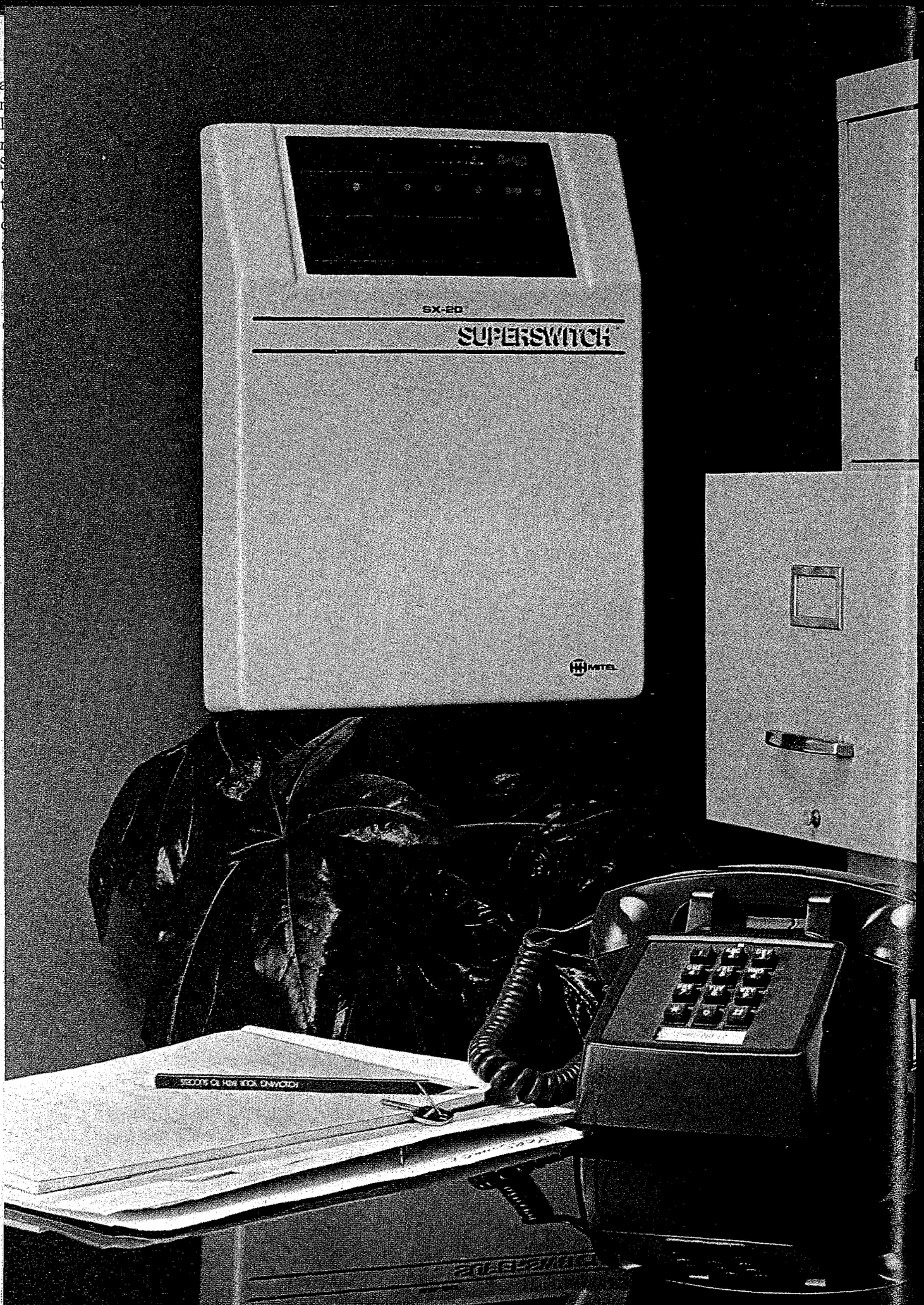
During this past year, a number of unusual political events occurred at the UN outside the framework of the regular fall General Assembly session. Two Emergency Special Sessions of the Assembly were held in 1980, under a procedure originating with the Korean War which had not been used for 13 years. The Sixth Emergency Special Session (January 10-14) dealt with Afghanistan and the Seventh (July 22-29) with the question of Palestine. The two Emergency Sessions were followed by the Special Session (the 11th) on development, which was held between August 25 and September 15 to assess the progress made through the UN system in the establishment of the new international economic order and, on the basis of this assessment, to take appropriate action for the promotion of the development of developing countries and international economic cooperation, including the adoption of a new international development strategy for the 1980, and the launching of a new round of global economic negotiations. (For a fuller account of the Special Session on Development, see the article by Jacques Roy in *International Perspectives* March/April 1981).

Following a Soviet veto, January 9, the Security Council in a procedural resolution immediately requested the General Assembly to take up the question in an emergency special session. On January 14, 1980, an overwhelming majority of the General Assembly condemned the grave breach of international peace which the Soviet invasion of Afghanistan a few weeks earlier represented. This resolution reaffirmed the fundamental principle of respect for the sovereignty, territorial integrity and political independence of members of the UN and called for immediate, unconditional and total withdrawal of foreign troops from Afghanistan. The vote on the resolution was 104 to 18 with 18 abstentions (Canada voted in favour).

Emergency session on Palestine

The session was requested by the Chairman of the Committee on the Exercise of the Inalienable Rights of the Palestinian People, in the light of the "continual failure of the Security Council to exercise its primary responsibilities", and was supported by more than 90 member states, mainly non-aligned and East Europeans. Israel denounced the convening of the emergency session as "illegal and preposterous" and as "premeditated emergency" promoted by those who were against the ongoing peace process. The United States also opposed the holding of the session.

Mr. Tanguay is director of the United Nations Political and Institutional Affairs Division of the Canadian Department of External Affairs.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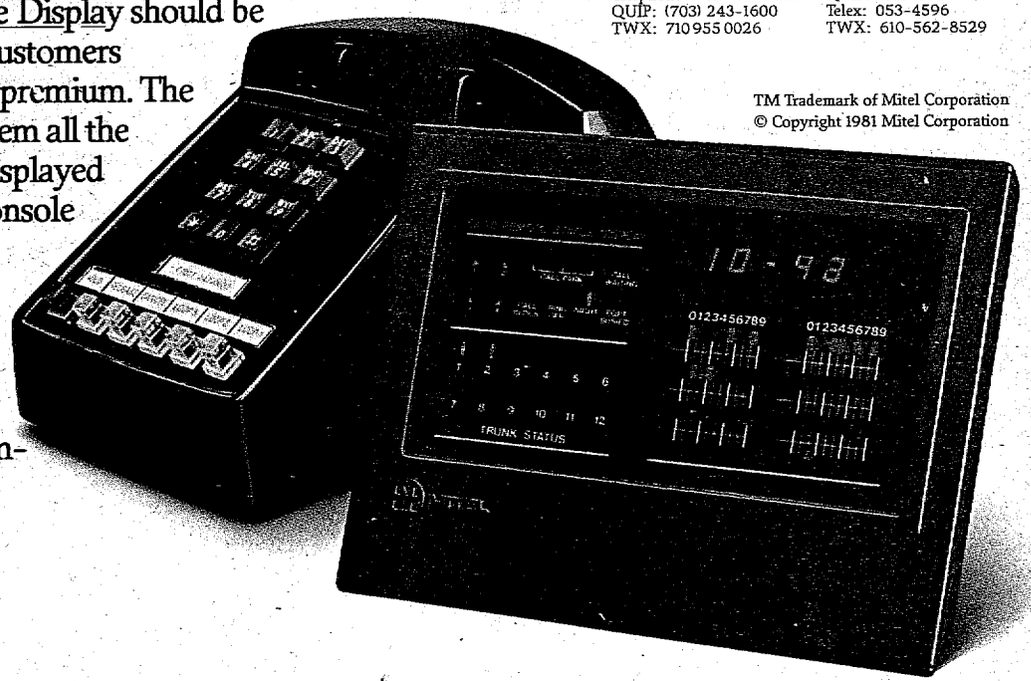

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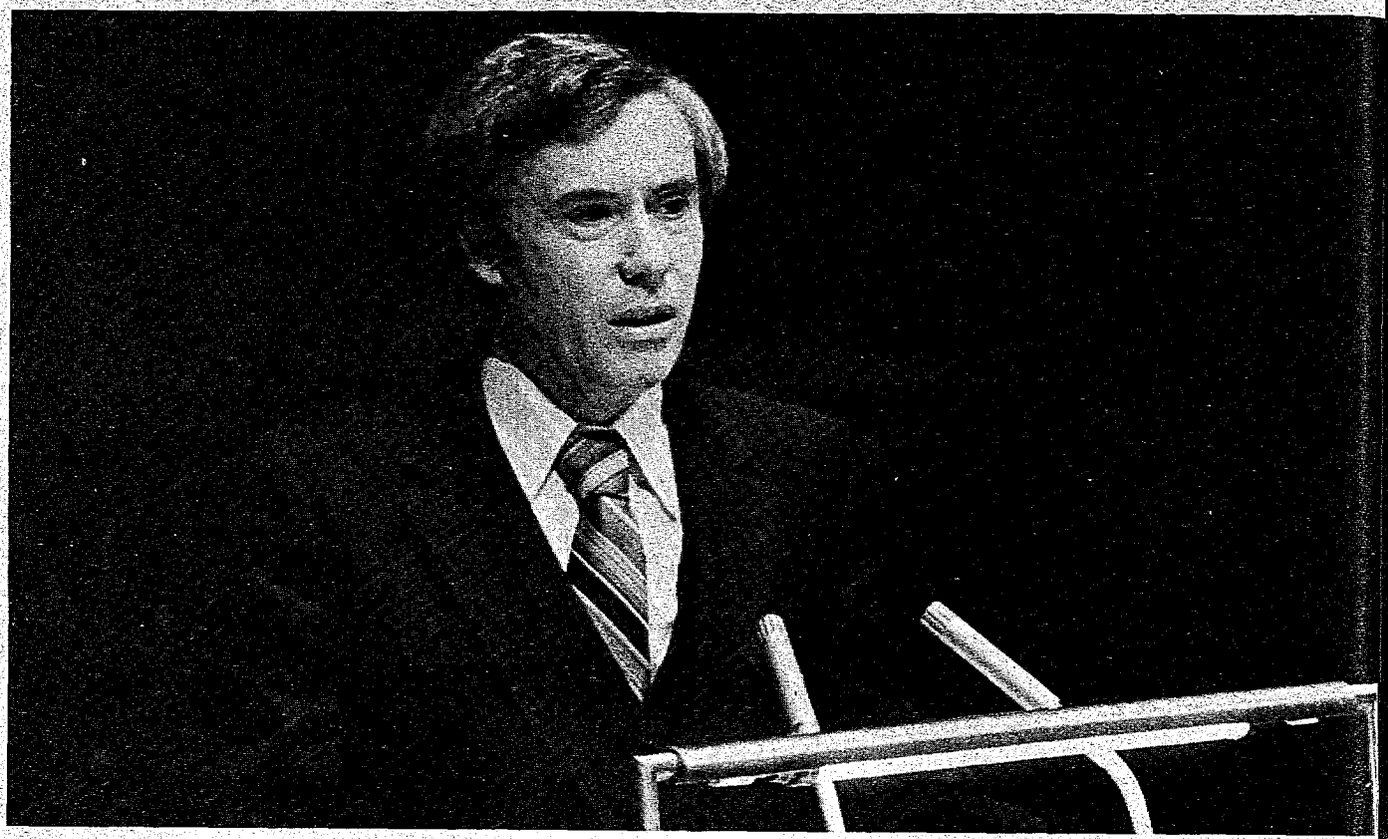

External Affairs Minister Mark MacGuigan addressing the 35th Regular Session of the UN General Assembly last September.

UN photo by Saw Lwi

The main resolution reaffirmed the inalienable right of the Palestinians to self-determination to establish an independent sovereign state. It also upheld the right of the Palestine Liberation Organization to participate on an equal footing in all deliberations on the question of Palestine. The resolution *interalia* called upon Israel to withdraw completely and unconditionally from territories occupied since June 1967.

The overall vote was 112 in favour, seven against (including Canada) with 24 abstentions. Canada and many of the other countries which voted against or abstained, while supporting legitimate Palestinian rights and concerns, took the view that the resolution was unbalanced in attempting to prejudge the outcome of negotiations for a comprehensive peace settlement.

Of a number of Security Council resolutions in 1980, the most significant concerned Jerusalem. By a vote of 14 in favour to none against (with the U.S. abstaining) the Council (in Resolution 478 of August 20, 1980) censured "in the strongest terms the enactment by Israel of the "basic law" on Jerusalem and (Israel's) refusal to comply with relevant Security Council resolutions". The resolutions determined that all legislative and administrative measures and actions by Israel which had altered or purported to alter the character and status of Jerusalem, in particular the recent legislation recognizing Jerusalem as the capital of Israel, were null and void and must be rescinded forthwith. It also affirmed that the legislation on Jerusalem was serious obstruction to the achievement of a comprehe sive, just and lasting peace in the Middle East. T Council called upon those states that had diplomat missions in Jerusalem to withdraw them from the Ho City. Within one month, the Netherlands and 12 Lat American nations had done so.

Explaining the U.S. vote, the then Secretary State, Edmund Muskie, said that the resolution w fundamentally flawed in failing to reaffirm the 19 Security Council resolution 242 as the basis for a co prehensive peace in the Middle East. He added that, the future of Jerusalem could not be determined unilateral action, the U.S. would not vote against t resolution. Because it was unbalanced, and in partic lar made no mention of violence against Israel or of legitimate security needs, the U.S. could not support

The Security Council also acted to renew the ma dates of the UN peacekeeping forces in Cyprus and the Golan Heights (in both of which Canada partic pates) as well as the force in Lebanon.

Cyprus continues to be an important preoccup tion for Canada which maintains a battalion in t peacekeeping force, UNFICYP. Canada welcomed t resumption of inter-communal talks on Cyprus after two-year gap on August 9. The talks between t Greek and Turkish language communities of Cypru are being held under the good offices of the U

ecretary-General Kurt Waldheim's personal repre-ntative, Hugo Gobbi. Since the first substantive eeting between the parties on September 15, slow ut steady progress has been madd on the following genda:

-the resettlement of Varosha under UN auspices;
-initial practical measures by both sides to promote oodwill, mutual confidence and the return to normal onditions;
-constitutional measures;
-territorial measures.

Both sides have undertaken to examine the mat-ers raised with great care and in the spirit of goodwill nd understanding.

The Committee on Disarmament met in Geneva in he spring and summer of 1980 to continue its role as he international community's main negotiating body n the field of disarmament. It continued its activities n a comprehensive test ban treaty, the cessation of the uclear arms race, assurances to non-nuclear-weapons tates against the use or threat of use of nuclear weap-ns, chemical weapons, radiological weapons, and a omprehensive programme of disarmament.

In other fora, the failure to reach consensus at the Nuclear Non-Proliferation Treaty review conference (see article by William Epstein on the NPT conference in this issue of *International Perspectives*) was to some extent offset by the successful negotiation of a new con-vention banning certain particularly inhumane con-ventional weapons. Canada and other Western nations joined the intensifying negotiations on the Indian Ocean as a zone of peace.

The newly independent nation of Zimbabwe, for-merly Southern Rhodesia, was admitted as the 153rd member of the UN on August 25, at the opening of the 11th Special Session of the General Assembly.

On March 11, 1980, the Prime Minister announced he appointment of Mr. Michel Dupuy, President of the Canadian International Development Agency and a career Foreign Service Officer, as Canada's Ambassa-dor and Permanent Representative to the UN (Editor's note: Mr. Dupuy was nominated Canada's ambassador to France in March 1981.) replacing W.H. Barton, who retired after a long and distinguished career in Cana-da's Foreign Service.

The 35th General Assembly

The Secretary of State for External Affairs, the Hon. Mark MacGuigan, led the Canadian delegation to the 35th General Assembly. Although the Minister had spoken twice during the Special Session on Eco-nomic Cooperation, his address on the theme "Chan-neling the Winds of Change into Collective Achieve-ment" was nevertheless his first to a full regular session of the General Assembly.

Dr. MacGuigan reaffirmed Canada's will to in-crease its aid programs to developing countries, and fo-cussed on the North-South dialogue. He condemned in very strong terms the *Apartheid* regime in South Af-rica and also reiterated the condemnation of Soviet ac-tion in Afghanistan. Canada's positions on the situa-tions in Kampuchea and Middle East were clearly stated.

The Minister also reaffirmed his confidence in the Office of the Secretary-General and "its unique value as an instrument for attenuating conflict. . . In the past 35 years, (Secretaries-General) have in fact often led the Organization into significant developments such as peacekeeping operations which improved our collective ability to manage conflict. Yet, there is a potential for further improvement to increase the Organizations's capability for mediation of conflict".

On disarmament, Dr. MacGuigan said Canada was "committed to braking the pattern of madness which spiralling rearmament represents". Finally, the Minister cautioned the world that "the emerging Law of the Sea Treaty will be robbed of much of its meaning without universality and durability".

At its regular fall session, the General Assembly adopted (by a larger majority than in January) an Islamic-sponsored resolution calling once more for Af-ghanistan's independence and self-determination. The resolution also expressed the hope that the Secretary-General would name a personal representative to ex-plore a political settlement based on the principle of the resolution, i.e. withdrawal of foreign troops so that the Afghan people can determine their own future without outside interference. The Secretary-General has designated Under secretary-General Javier Perez de Cuellar as his personal representative to pursue ne-gotiating procedures.

The General Assembly approved (also by a large majority than at the previous session) an ASEAN reso-lution calling for an early international conference to negotiate the withdrawal of all foreign forces, and the election under UN supervision of a government truly representative of the Khmer people. Again in 1980, the disputed Kampuchean seat was occupied by the repre-sentative of Democratic Kampuchea (formerly the Pol Pot regime) rather than its Vietnamese-backed rival.

In light of allegations concerning the use of chemi-cal weapons in Indochina and Afghanistan, the most significant arms-control initiative at the 35th General Assembly was a resolution establishing a Secretariat mechanism to investigate evidence of the use of such weapons anywhere in the world. Canada had an active role in the passage of the resolution, which received substantial support from the non-aligned in the face of strong resistance from the socialist group.

While there were many polemical resolutions, the Arab threat to press for Israel's expulsion from the General Assembly after November 15 never material-ized. Nevertheless, many one-sided, unrealistic resolu-tions orchestrated by the Palestine Liberation Organi-zation (PLO) and adopted by large majorities criticized again the Egypt-Israel peace agreements and called for

a PLO-led independent Palestinian state. For the first time, some of these resolutions described the 1967 Security Council Resolution 242 as "inadequate". Such forceful pressure tactics by the PLO irritated a number of countries, particularly among the European group and the non-aligned moderates.

Canada's position on Middle East issues retained the same overall balance as in the previous years. Canada continued to be one of the two or three countries most supportive of Israel, while showing more sensitivity toward legitimate Palestinian aspirations.

Among a number of resolutions on territories remaining under colonial rule, that on Belize drew the most attention. In line with Canadian policy emphasis on the Caribbean, Canada co-sponsored this resolution, which set a December 1981 deadline for the British-Guatemalan negotiations on the independence of Belize and referred to the UN as an element in guaranteeing Belize's territorial integrity.

Sometimes, the lack of General Assembly discussion of certain issues is more indicative of progress than any resolution would be. This was certainly true of the decision not to hold a debate on Cyprus as the 35th session. Hopes for progress on Namibia, at the all-party meeting (held in Geneva in January 1981) were also revealed in the Assembly's postponement of consideration of this subject until after the meeting.

The 35th General Assembly formally adopted by consensus the international development strategy for the 1980s passed on to it by the Special Session, and also inaugurated the Decade for Drinking Water and Sanitation. The real focus, however, was on efforts to launch the global negotiations, which resulted in substantial restraint on other economic issues in order not to upset the intensive discussions on this subject, in which Canada played a leading role. Unfortunately, despite significant progress full agreement could not be achieved during the session. The unresolved issues concern chiefly the relationship between the central conference to oversee the negotiating process and the existing specialized economic organizations, and also how to handle the sensitive questions of energy and finance.

The General Assembly considered a number of general human rights initiatives, designed to strengthen the institutional role of the UN in efforts to resolve situations involving gross violations of human rights wherever they may occur. Discussion of these issues and the vote on resolutions provided an indication of the limited extent to which the member states are willing, at the present time, to envisage enhancing the ability of the UN Secretary-General and Secretariat to respond effectively to human rights violations.

A Canadian resolution, designed to increase the exercise by the Secretary-General of his good offices, encountered substantial opposition from delegations either opposed to all human rights activity or apprehensive at radical departures in this area. A Canadian draft resolution on human rights and massive exodus was passed without a vote. A proposal for the upgrading of the UN Division for Human Rights to a Centre was not endorsed. Rather, the Secretary-General was invited to consider upgrading when he deemed it appropriate. Overall, modest human rights progress was made at this Assembly. It will be important to continue to seek an enhancement of the role of the UN in this field.

In light of the continued holding of American diplomatic hostages in Iran, a Nordic draft resolution sought to reaffirm the international legal protection of diplomatic and consular missions representatives. In intensive negotiations under Canadian chairmanship the resolution was strengthened with the addition of certain practical measures for this purpose, and was broadened to refer to officials of international organizations as well as national missions to these bodies. The final resolution was adopted by consensus, showing the unanimity of the international community on this question.

The General Assembly also adopted a resolution on international cooperation in the peaceful uses of outer space, which launched consideration of the legal implications of the use of nuclear power sources in space, in addition to the ongoing work on remote sensing of the earth from space and the use of satellites for direct television broadcasting.

It is always difficult to make an evaluation of any specific General Assembly as it must be situated in the context of the whole UN system. The UN generates a wide range of activities throughout the world and to be fair to the Organization, one should take a global view. The General Assembly is indeed one of the main organs of the UN system, but specialized complex matters are often detached from the General Assembly to be studied at conferences, committees and other bodies. During 1980, one could mention such conferences as the UN Decade for Women held in Copenhagen in July, the Committee on Elimination of Racial Discrimination, the spring and summer sessions of the Economic and Social Council (to which Canada was elected in 1980 for two years starting January 1981), the active preparations for the UN Conferences on New and Renewable Sources of Energy and on the Least Developed Countries, the two sessions of the UN Conference on the Law of the Sea during March and August, etc.

This represents only a small portion of activities on which reports were presented to the 35th General Assembly. If one adds to this impressive list of events, major conferences and activities generated by UN Specialized Agencies such as UNESCO, ILO, FAO, ICAO and others, one comes to realize that no matter how ineffective the UN might appear in settling some conflicts which make the headlines of the media, it still accomplishes a great deal in a calendar year and therefore deserves to remain one of the cornerstones of Canada's foreign policy.

Failure of review conference setback for non-proliferation

by William Epstein

The second review conference of the parties to the 1970 Treaty on the Non-Proliferation of Nuclear Weapons (held in Geneva from August 11 to September 7, 1980) did not live up to the worst fears of the nuclear-weapon-states or the best hopes of the non-nuclear-weapon-states.

The most important development at the conference, and the one that may have the greatest impact and repercussions, was its failure to adopt a final declaration, communiqué or substantive statement. This was due first, to the refusal of the 'Group of 77' (the approximately 120 developing countries of the Third World) to condone the failure of the nuclear-weapons-states (NWS) to implement the Non-Proliferation Treaty (NPT), in particular its provisions for nuclear disarmament in Article VI, and second, to the refusal or inability of the NWS to commit themselves to implementing Article IV.

At the 1975 Review Conference, where a final declaration was adopted, there were 96 parties to the NPT. In 1980, there were 115 parties, of which 75 participated at the conference. Some 50 states are not parties to the treaty.

While the Group of 77 had a majority of the participants, it could not muster a two-thirds majority for any substantive decision of the conference. Consequently, no decision could be taken except by consensus. An important difference between the two conferences was the basic approach of the Group of 77 countries. While their immediate disarmament objectives and demands in 1975 were rather far-reaching and included the adoption of protocols to the NPT, there was a general desire to reach a consensus and some hopes of pushing the NWS to live up to their obligations under the NPT. The 1975 conference was held only one year after India carried out its nuclear explosion and when fears of future horizontal proliferation were widespread; on the other hand, the 1972 Strategic Arms Limitations Treaty (SALT I) agreements were all in force and the Vladivostok accord of November 1974 had led to hopes of an early SALT II treaty. A combination of these fears and hopes led to the Group of 77 to a conciliatory approach in 1975.

In 1980, the hopes of the Group of 77 were dimmed by the failure to ratify the 1979 SALT II Agreements, the failure to achieve a comprehensive test ban, the erosion of detente and the renewed upward spiral in the nuclear arms race. They believed the NWS were not really interested in fully implementing the NPT. As a result, their immediate demands were considerably more modest and restrained than in 1975 but their insistence on achieving results was greater.

They felt that the Final Declaration of the 1975 conference had been largely ignored by the NWS and, indeed, that failure of the NWS to implement the disarmament provisions of Article VI of the Treaty had become even more pronounced. Their resentment and frustration was all the greater because of the added failure of the NWS to fulfill the promise in Article IV of the Treaty which provided that the parties should promote the peaceful uses of nuclear energy particularly for the benefit of the less developed countries. This led them to refuse to accept Inga Thorsson of Sweden as President of the 1980 conference and to instead support a candidate from their own group, Ismat Kittani of Iraq. They were also determined to insist on concrete and meaningful commitments by the NWS to abide by Articles IV and VI instead of accepting some anodyne or tranquilizing consensus declaration.

Position of main groups

Although the major attention of all participants in the conference was focussed on Articles IV and VI of the NPT, the conference reviewed all of the main articles of the Treaty and the respective Groups or main parties submitted their views on each of these. Two Committees of the Whole were established — one to deal with the provisions of the NPT relating to the non-proliferation of nuclear weapons, disarmament, and security assurances; and the second to deal with the provisions of the Treaty relating to peaceful applications of nuclear energy and safeguards against diversion.

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(Unlike the growing opposition in Western countries to nuclear power plants for the production of electricity, developing countries are showing a greater interest in nuclear energy).

The main work, however, was carried out in a number of informal working groups, created on an *ad hoc* basis, to attempt to reconcile the divergent views on the various articles of the NPT that were set forth in a large number of working papers in order to achieve a consensus on the text of the Final Declaration.

The Group of 77 pointed out that the NPT did not specifically ban indirect nuclear assistance by one non-nuclear-weapon-state (NNWS) party to another even if the latter was not a party to the NPT. As a result of the concern of the African and Arab states, the Group specifically called for termination of all nuclear assistance contracts with South Africa and Israel.

The U.S. and the other western powers opposed the singling out of these two states and urged that reference should be made to all the NNWS that might be acquiring a nuclear weapons capability, or that the reference should be made in general terms. The Group of 77 did not agree to either of these proposals. The U.S.S.R. and the Eastern powers went along with the Group of 77 but did not appear to feel strongly about the matter.

Peaceful uses

The implementation of the safeguards provisions of the NPT, and the provisions for nuclear cooperation in the peaceful uses of nuclear energy in Article IV, were the subject of complaints by the Group of 77 and a few other NNWS.

The Group of 77 charged that nuclear suppliers were not complying with supply agreements, retroactivity of conditions, demands for "prior consent" for re-transfer of supplies and interfered with sovereignty. The work of International Nuclear Fuel Cycle Evaluation and the establishment in 1980 of the Committee on Assurances of Supply by the International Atomic Energy Agency (IAEA), in which nuclear importers as well as exporters will be represented, served to alleviate some of the resentments and complaints of the developing countries, but they wanted their views fully reflected in any declaration or final document of the Second Review Conference.

Among the Group of 77 recommendations were:

1. All contracts relating to the peaceful uses of nuclear energy should be honoured and no threats to cut-off supplies to obtain re-negotiation should be made.
2. No unilateral conditions be imposed on cooperation in the peaceful uses of nuclear energy.
3. No non-proliferation conditions which go beyond the safeguards required by Article III should be imposed unless agreed to by the IAEA.
4. NNWS parties to the NPT and states subject to safeguards equal to those required under Article III should be provided preferential treatment.
5. Favourable national, regional, and international arrangements should be made for financing nuclear energy projects in developing countries.
6. A significant increase in nuclear technical assistance for the benefit of the developing countries, including the establishment within the IAEA of a Special Fund.
7. Negotiations should be undertaken within the IAEA Committee on Assurances of Supply of regional fuel cycle centres and an international fuel bank.
8. The promotion of the establishment of an effective regime for international plutonium storage and spent fuel management schemes, "without jeopardizing the promotion of the peaceful uses of nuclear energy".

The United States, the U.S.S.R. and the western and eastern groups demonstrated considerable flexibility and sympathy for the demands of the Group of 77. But they (except for some members of the European Economic Community) insisted on the need for full scope safeguards over all peaceful nuclear activities of the NNWS, whether parties to the NPT or not.

Some of the EEC countries, in particular West Germany, Italy and Belgium were wary of accepting categorical language in favour of full scope safeguards. Also, on grounds of commercial competition, they pressed for the extension of safeguards to the nuclear programs of the NWS. On the other hand, some of the developing countries were reluctant to agree to the latter because of the financial implications for the IAEA budget.

Nevertheless, during the negotiations there seemed to be growing general acceptance of the formula "full scope safeguards in exchange for full access to nuclear material, equipment and technology." There also appeared to be general acceptance of the idea that common internationally acceptable rules for collaboration should replace national proliferation criteria. Thus, Committee II almost succeeded in achieving a consensus text consisting of 43 paragraphs. No agreement, however, was achieved on the question of requiring full scope safeguards for NNWS that were not parties to the NPT. Brackets remained around the rather mild hortatory paragraph reading:

> The Conference urges that state parties to the Treaty participate actively in joint efforts with states concerned to adopt as a common requirement for the international exchange of nuclear materials and equipment, that non-nuclear-weapon-states not party to the Treaty accept the same safeguard obligations as have been accepted by non-nuclear-weapon-state parties to the Treaty.

Failure to agree on this paragraph allows non-parties to the Treaty to subject themselves to less onerous restrictions and rules than are parties. It was rumoured at the conference that although some of the Group of 77 insisted on the retention of the brackets around this paragraph, they did so with the encouragement of some Western European countries.

Article VI, dealing with disarmament, was the main bone of contention at the conference. The Group of 77 had elaborated a list of detailed comments and demands urging that the Final Document or Declaration of the Conference should:

1. Note that Article VI had not been implemented and had largely remained a dead letter.
2. Note that instead of a cessation there had been an intensification of the nuclear arms race. Between 1970 and 1980, the number of strategic nuclear warheads had increased from 5,800 to 16,000 and world military expenditures increased from $180 billion to $500 billion. In addition, little had been done to implement the nuclear disarmament provisions (paragraph 50) of the Final Document of the UN Special Session on Disarmament.
3. Express regret over the failure to bring the SALT II treaty into force.
4. Express deep regret that a comprehensive test ban treaty had not yet been concluded, and that multilateral negotiations for a comprehensive test ban treaty had not even commenced in the Committee on Disarmament (CD).

The Group also asked that the following recommendations should be included in the Final Document of the Conference:

1. A re-affirmation of the commitment to implement Article VI and the preambular paragraph calling for a comprehensive test ban.
2. The three NWS should give a joint undertaking to support the creation of an *ad hoc* working group on nuclear disarmament in the Committee on Disarmament which meets in Geneva.
3. Ratification of the SALT II agreements and the immediate start of negotiations on SALT III to provide for important qualitative limitations and substantive reductions of nuclear armaments, both strategic and medium range.
4. Pending ratification of the SALT II treaty, the U.S. and U.S.S.R. should make a solemn Joint Declaration committing themselves to abide by the Treaty as if it had already entered into force.
5. Multilateral negotiations for a CTB treaty should start in the CD at the beginning of 1981, and the three NWS should undertake to support the creation of an *ad hoc* working group on a CTB treaty in the Committee on Disarmament.
6. Pending the conclusion of a CTB treaty, the three NWS should proclaim an immediate moratorium on all their nuclear weapons tests.
7. All states, particularly the NWS, should ensure that the elaboration by the CD of a comprehensive program of disarmament will provide an effective framework for negotiations for general and complete disarmament.

The position of the Western powers was put forward in general and rather vague language which professed the same broad objectives as the Group of 77, but which contained little in the way of recommendations for concrete action or for establishing any working groups in the CD and no new proposals.

The position of the Eastern powers differed from the Western position because it stressed the danger of new technological developments in the nuclear arms race. It called for negotiations to end the production of all nuclear weapons and a role for the CD in obtaining the adoption of a CTB. It welcomed the progress made in banning radiological weapons and drew attention to the paragraph of the Final Document of the UN Special Session on Disarmament stating that nuclear disarmament would be facilitated by parallel progress in conventional disarmament and in strengthening the security of states.

Security

As regards security assurances to be provided by the NWS to the NNWS there were some differences of view. The Group of 77 favoured "binding security assurances" by NWS "in assuring and strengthening the independence, territorial integrity and sovereignty of non-nuclear weapons states". While welcoming the negotiations in the CD to assure NNWS against the threat or use of nuclear weapons, the Group held that the most effective assurance of security was nuclear disarmament and the prohibition and use of nuclear weapons. Pending this, the Group considered that the NWS "have an obligation to give binding assurances to all non-nuclear-weapon states against the use of threat of use of nuclear weapons."

The Western and Eastern powers state their determination to honour both their positive security assurances as contained in Security Council resolution 255 (1968), and their 1978 unilateral declarations of negative security assurances not to use or threaten to use nuclear weapons against NNWS, all of which the NNWS regard as inadequate.

While some differences of approach remained, the NWS agreed to accept language of the Group of 77 urging "all states, in particular the nuclear weapon states, to accelerate the negotiations in the Committee on Disarmament with a view to reaching agreement on effective international arrangements to assure non-nuclear-weapons states against the use or threat of use of nuclear weapons."

The strategy of the NWS appeared to be to show flexibility and make sufficient concessions with regard to matters relating to the peaceful uses of nuclear energy so that these might outweigh their inability to make concessions with regard to nuclear disarmament. Progress on Article IV was intended to compensate the NNWS for lack of progress of Article VI. However, it became apparent early in the conference that the strategy of the NWS was wrong and that the key to achieving a consensus Final Declaration was to make progress on Article VI rather than on Article IV. The countries of the Group of 77 are becoming convinced that net increased availability of nuclear energy (much

as they desire that) but only a halt and reversal of the arms race and its staggering military expenditures (now approaching the global sum of 600,000 million dollars a year) would provide any real opportunity for achieving their main goal — a new international economic order. But the NWS were unable or unwilling to make concessions on nuclear disarmament, and they had nothing to offer in this field. It soon became clear that a deadlock was developing. Since no group could muster enough votes to provide a two-thirds majority for any decision or resolution, it was obvious that there would either have to be a final declaration adopted by consensus or none at all. The U.S. and U.S.S.R. kept urging that some compromise declaration would be adopted by consensus. But they were offering no concessions on the crucial issues of nuclear disarmament, and the Group of 77 was in no mood to agree to any language that merely papered over the differences in order to achieve what they regarded as a "phony" lowest-common denominator consensus, as had happened in 1975.

A new idea was conceived during the last week of the conference that suggested a recess and reconvening of the conference at a later time. It was thought this solution was better than waiting five years for another review conference. It was hoped at the time that, with a new American administration, the SALT II treaty might be ratified along with the signing of a new CTB treaty and that the political climate would be so greatly improved that a reconvened conference could succeed in achieving a consensus.

The Head of the U.S. delegation, Ralph Earle, who had gone to Washington in an endeavour to get instructions for some concessions on new proposals, announced the U.S. was now willing to agree to support the establishment in the CD in 1981 of an *ad hoc* working group on a CTB, contingent on an overall consensus agreement on a Final Declaration by the review conference. The main actors again attemtped all night long under the chairmanship of the President to seek to draft a consensus declaration.

It became known that this one concession had gone to the U.S. Cabinet and the decision had finally been made by President Carter against the advice of some of his advisors.

When the leaders of the Group of 77 explored the scope of the concession, they learned that no specific time in 1981 had been set for establishing the *ad hoc* working group. In addition,it was only to discuss matters of verification such as the operation of the seismic network. It was also clear that there was no possibility of a moratorium on nuclear weapons testing pending the conclusion of a CTB treaty. Nor was there any possibility of setting up an *ad hoc* working group on nuclear disarmament, a proposal which the Soviet Union had supported. On the other hand, the U.S.S.R. was opposed to a Declaration committing it and the U.S. to abide by the SALT II treaty pending its ratification.

The leaders of the Group of 77 regarded this rather meagre U.S. concession as too limited and inadequate. Thus, no consensus was possible and the conference was expected either to recess for a year or to end without any Final Declaration.

The Group of 77 favoured a recess in the conference, hoping that the year's delay might create pressures on the new U.S. government to speed up its ratification of SALT and agreement on a CTB treaty. The Eastern group also supported a recess in the conference rather than its termination in failure, probably for the same reasons as the Group of 77. The Western group, however, was about evenly divided, with the U.S. and about half of the members opposing any recess, mainly on the privately stated view that the situation would not really change in one year and if anything, might even be worse.

When the plenary meeting convened for its last session, since there was no consensus for a recess, the President announced that the conference would end that day. In his closing statement and at a press conference, Mr. Earle put a constructive gloss on the work of the conference and blamed the "few" (the leaders of the 77 and Sweden) for "extreme positions indicating on an all-or-nothing approach" and of "intransigence". It was clear, however, to almost all delegations where the true blame lay for the failure of the conference.

What then did the conference achieve, if anything? And what are the consequences of its failure? On the positive side is the fact that there was almost unanimous agreement on the importance of the NPT. Only one or two countries such as Peru, warned that if the conference did not give satisfaction to the parties, especially the developing countries, those countries could seriously consider the possibility of denouncing the NPT.

Definite progress was made on many issues of the peaceful uses of nuclear energy, and there was wide acceptance of the need for having full scope safeguards on the nuclear energy programs of all NNWS including those not party to the Treaty.

Moreover, there was a most thorough and detailed examination of the implementation of all provisions of the Treaty and a narrowing of the differences. It seems clear that if a consensus could have been achieved on nuclear disarmament, the rest of the text of a Final Declaration could have been agreed on.

Even on nuclear disarmament, if the two superpowers had been just a little more forthcoming, it is possible that a consensus would have been achieved. But the year 1980 will not go down in history as a vintage year for any form of arms limitations. The NPT Review Conference, and indeed the NPT itself, are not immune to the general malaise.

Finally, it is possible that the conference may have provided some impetus towards the ratification of the SALT II treaty and the earlier completion of the CTB treaty. Even though the U.S. concession was contin-

gent on overall agreement on a Final Declaration, it would seem to be very difficult, if not impossible, for the U.S. to withhold its agreement to the setting up of an *ad hoc* Working Group of the CD on a CTB treaty. While it is likely that a reconvened conference in a year's time would have generated more pressure on the U.S. than a third review conference in five years, much will depend on the policies of the new U.S. Administration under President Ronald Reagan.

As for the consequences of the failure of the conference, it can certainly be said that there has been further erosion in the credibility and the viability of the NPT. The ending of the conference without any Final Declaration or other reaffirmation of support for the treaty and its objectives might weaken some of the political and psychological restraints that have inhibited the carrying out of any nuclear explosive tests by non-parties to the treaty who possess a nuclear weapons capability. On the other hand, it seems more likely that, apart from the NPT, the chief restraint on testing by any of the NNWS is the reluctance to incur the wrath of the superpowers in the absence of any real perceived need to "go nuclear". But if one or two NNWS countries do explode a nuclear device, it is more likely now that the NPT dam might burst.

Perhaps the worst consequence of the failure of the conference is the blow given to the already weakened hopes for halting the nuclear arms race. There is no doubt that the credibility of the commitment to disarmament of the two super-powers, and perhaps that of the U.S. in particular, has suffered. There is also little doubt that the momentum of the efforts for disarmament has also been slowed if not, indeed, set back for several years.

There are some participants in the conference, however, who hold a contrary view. They feel that if the Group of 77 had yielded to the superpowers for the minor procedural concession made at the eleventh hour by the U.S., its credibility and effectiveness in the entire disarmament effort would have been reduced. In particular, the Group of 77 seem to be convinced that the U.S. has now in fact lost interest not only in disarmament but even in arms control and that reaffirmations of the U.S. commitment to them are, at least for the present, more lip service than reality. By standing firm against superpower pressures, and by allowing the conference to fail, they hope that the superpowers will be shocked into re-examining their disarmament policies and redoubling their efforts to curb the arms race. That remains to be seen.

While the failure of the 1980 NPT Review Conference was a definite setback both to non-proliferation and to hopes for nuclear disarmament, there is still a chance that the situation may be salvaged and remedied. At the UN General Assembly session in the fall of 1980, the non-aligned NNWS, whose membership is very similar to that of the Group of 77, took the lead in pressing the same objectives they sought at the Review Conference. Under the leadership of Mexico, Nigeria, Sweden and Yugoslavia, they managed to regain much of the lost ground.

The General Assembly can take decisions by a two-thirds majority rule and is not bound by any consensus rule. Moreover, the Group of 77 or non-aligned states can usually muster some 120 votes out of the membership of 154. Hence, the activist countries among the non-aligned succeeded in having the General Assembly adopt a series of resolutions approving all the positions the Group of 77 had put forward at the Review Conference, in particular as regards nuclear disarmament. In addition, the General Assembly welcomed the establishment of the Committee on Assurances of Supply by the IAEA, and decided that a Conference on the Peaceful Uses of Nuclear Energy should be convened in 1983 in Belgrade. This conference is also likely to endorse the positions upheld by the NNWS.

It should also be noted that there are indications that the new U.S. Administration and the U.S.S.R. appear willing to resume the SALT negotiating process later in 1981. They and the U.K. will also continue their trilateral efforts to achieve a CTB treaty, with the likelihood of increased pressure and inputs from the other members of the Committee for Disarmament.

Nevertheless, despite these positive developments, the outlook is not encouraging. The mere adoption of United Nations General Assembly resolutions (which have the force of mere recommendations) does not ensure that they will be implemented. Because of opposition in the U.S. and lack of support from the other NNWS, there is considerable doubt whether a CTB treaty can be achieved in the foreseeable future. It may be delayed until after agreement on some new SALT treaty.

Finally, the two superpowers continue to maintain that their security depends on their possessing nuclear weapons and they continue to test new warheads and delivery vehicles and to produce increasingly sophisticated nuclear weapons to add to their already excessive stockpiles. So long as they pursue this endless and senseless nuclear arms race, it will be very difficult to persuade the NNWS that nuclear weapons are not also necessary or useful for their security.

Only if the two superpowers take the lead and demonstrate that they are really serious about preventing the vertical as well as the horizontal proliferation of nuclear weapons, is there any real chance of halting the further proliferation of nuclear weapons. They can best demonstrate the seriousness of their intentions by first achieving a comprehensive test ban treaty, by resuming the SALT process and then by complying with their 1970 commitment in the non-proliferation treaty to seek to halt the nuclear arms race "at an early date" and move on towards nuclear disarmament.

Nuclear energy: Latin America's alternative to oil dependency

by Stephen Handelman

Latin America has become a blue-ribbon market for the troubled global nuclear industry. Canada, the United States, the Soviet Union, Japan, South Africa, Italy, Spain and France are all, for their separate reasons, scrambling for a piece of the action. The new opportunities have also brought new dangers. In the changed competitive environment, many of the restraints associated with the international nuclear trade have taken second place to the aggressive promotion of sales.

This development has come about as a result of a peculiar confluence of trends. More than any other developing region of the world, Latin America runs on imported oil. At least 70 percent of the region's energy needs are supplied by oil imports. With few of the structural and political resources of advanced industrialized countries to fall back on, Latin Americans have been left exposed and vulnerable to the periodic oil price 'shocks' that have contracted the international economy since 1973. But the continent's still-untapped wealth of natural resources and its remarkable economic growth of the last few decades have also increased its stature as a market for foreign investment and trade.

As a result, the nuclear option — while it remains expensive in the short term — has become an important part of energy planning for the major countries of Latin America. Argentina and Brazil, with ambitious programs well underway, are leading the pack. Behind them, Cuba and Mexico are projecting major capital investments in the nuclear energy. Chile, Venezuela, Peru and Bolivia have all taken tentative steps to join the nuclear club, either through the purchase of research reactors or the development of uranium exploration programs.

The "nuclearization" of Latin America also presents a unique set of problems and opportunities. For Latin-Americans, it raises the familiar issue of dependence. The expansion of nuclear power goes hand-in-hand with increased imports of sophisticated hardware. Latin policy-makers are determined to avoid a situation that leaves them merely exchanging their reliance on foreign oil for a new reliance on foreign technology.

A somewhat different dilemma presents itself to outsiders. While it is in the interests of the other nations of the hemisphere to help Latin America maintain its economic health through the development of petroleum alternatives, the unstable politics of the region raises new anxieties about uncontrolled nuclear proliferation.

Latin America's interest in nuclear energy is not new, but the wealth generated by the growth of the last two decades has made Latin Americans uniquely situated to take advantage of the explosion in nuclear commerce. The new state of affairs was brought home to the rest of the world with the announcement of the 1975 nuclear deal between Brazil and West Germany. The agreement, originally valued at $4.5 billion but now estimated to be worth more than $40 billion, indicated both the strengths and weaknesses of the Brazilian economic giant. Flushed with success from a decade of unparalelled economic growth, Brazil discovered its economic "miracle" was held hostage to its total dependence on foreign oil. The nuclear package offered by West Germany gave Brazil the chance to secure a complete fuel cycle with guarantees of technological control. The desire for energy independence set a pattern that was to be repeated throughout Latin America. But the Brazilian deal never fulfilled its promise. Interestingly, the 1979 Three Mile Island accident in Harrisburg, Pennsylvania, helped as much as anything else to undermine Brazil's nuclear dreams.

A Brazilian government commission, noting that cracks had already appeared in some of the buildings going up to house the reactors and that the planned German models used the same basic design as the Harrisburg reactor, called for a re-examination of the nation's entire nuclear program.

The cost of new safety measures have added to the inflationary squeeze on nuclear power. In 1973, the estimated cost per kilowatt of installed nuclear power in

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While on leave from the Ottawa bureau of the Toronto Star, *Mr. Handelman studied nuclear issues at Harvard university. He was recently assigned to be the* Star's *European correspondent based in London.*

Brazil was (U.S) $485. In 1975, when the agreement was signed, it was $900. Now, estimates run from $1,700 to $3,000. At the high range, it means the cost of a nuclear reactor is about two-and-one-half times the price of an equivalent hydroelectric scheme. As a further complication, the much-advertised technology transfer has been blemished by reports of scandal and West German duplicity in retaining secret control over key parts of the package.

A major re-evaluation of the deal now appears likely. *Nuclebras*, the Brazilian state nuclear agency, laid off 600 of its 2,680 workers last year. Unofficially, the eight planned reactors have been cut to four, and opponents of large-scale nuclear projects are increasing in influence. One such opponent, Brazilian scientist José Goldemberg, has written: "Nuclear energy will have only a secondary role in energy production in Brazil; efforts to promote a widespread use of this form of fossil energy cannot be justified. . ."

Like Brazil, Argentina sees nuclear energy as a way of reducing its petroleum dependence. But it is far ahead of its neighbour in technological self-reliance. The first and (so far) only fuel reprocessing plant on the continent began operating outside Buenos Aires in 1968. Technical sophistication is not Argentina's only claim to prominence. The recent competition for Argentina's third reactor, Atucha II, illustrates a consummate skill in manipulating the nuclear industry.

Fierce bidding

Argentina awarded the $15 billion contract to West Germany's *Kraftwerke* Union (which had landed the Brazil deal) after a fierce bidding war. Atomic Energy of Canada Ltd. believed to the last that it has the inside track. Rear Admiral Carlos Castro Madero, president of the Argentine Atomic Energy Commission, admitted later his strategy was to "maintain competition between two possible suppliers, avoiding Argentine political or technological dependence on one of them alone." Castro Madero emphasized the point with informal assurances that of the six reactors planned, three could still be Canadian. While such promises may be comforting, they underline the kind of competitive pressures that have forced nuclear suppliers to come up with "sweeteners" — such as West Germany's offer of enrichment technology to Brazil — that can strain the international committment to safeguards on nuclear exports.

The next battleground for the nuclear industry is Mexico. France and Canada, among others, are actively in the game. Despite Mexico's emergence as an important non-OPEC oil producer, nuclear power is playing a significant role in domestic energy plans. A Mexican study estimates the country will need installed electrical capacity of 91,000 megawatts by the year 2000, and adds that for every 1,000 MW of nuclear power *not* installed by then, Mexico will be forced to use 1.8 million barrels a day of her oil.

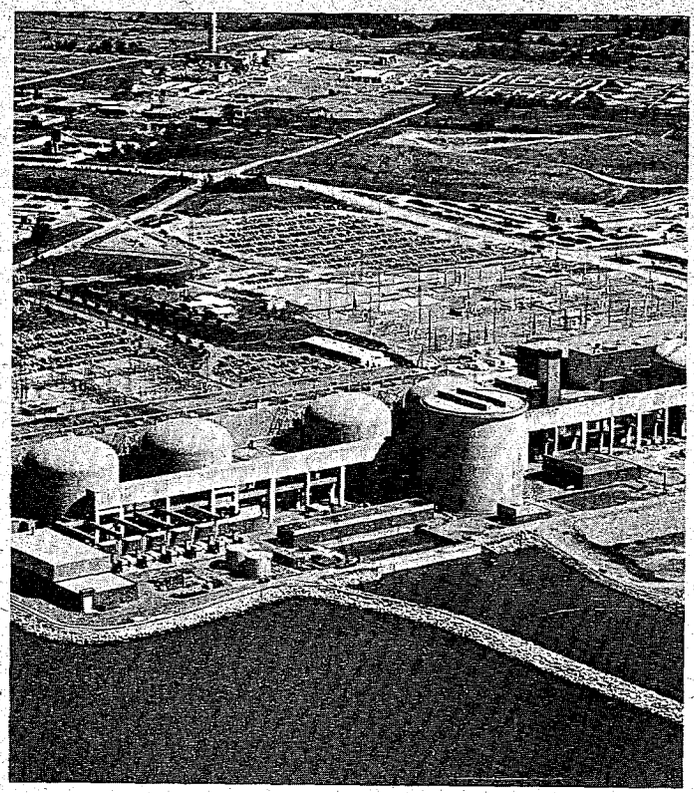
Mexico's overriding problem is to balance her oil wealth with other energy alternatives. Last November, Industry Minister José Andres Oteyza announced that oil exports would be held to 1.5 million barrels a day. Mexico is afraid that any open-ended attempt to satisfy the ravenous energy appetites of its North American neighbours will increase the vulnerabilities of its own economy. Mexican negotiators, borrowing a leaf from Argentina, are bound to be hard and manipulative bargainers. The game is already shaping up as a barter of nuclear technology for oil. Current plans are to install 20,000 MW in nuclear power by the end of the century.

For similar and perhaps even more obvious reasons, Cuba is anxious to develop nuclear independence. Four nuclear reactors are planned with Soviet help to provide a total installed capacity of 2,000 MW by 1985. Cuba's nuclear ambitions, however, have also been dampened by Three Mile Island. Data about safety standards of Russian reactors can only be surmised, but observers speculate that the Soviet-designed Cuban models would not include the backup cooling systems that managed to contain the Harrisburg leak and prevent a meltdown. Doubts about the new system's ability to prevent such an occurrence are likely to be a major constraint on Cuban nuclear planners. Needless to say, a nuclear meltdown would not only be devastating on a small island but it could affect an area that includes southern Florida, the Yucatan, Jamaica and the Bahamas.

Even a brief survey suggests that the search for nuclear power as an oil alternative in Latin America is subject to the same constraints of safety and cost that now operate in Canada, the U.S. and Western Europe. Selling in the Latin market is also complicated by national pride and Third World assertiveness.

The easiest response — and one that most nuclear exporters seem to choose — is to give Latin Americans what they want. Western governments find it productive to pay more attention to safeguarding jobs in their own troubled economies than to focus on the increasingly difficult task of establishing adequate nuclear safeguards. This is not necessarily as macchiavelian as it seems. It is now recognized by most students of the current non-proliferation regime that technical safeguards provide only a limited protection from the threat of nuclear weapons production. The technology for bomb-making is already so widespread that most countries can achieve the capacity for manufacturing even a small nuclear weapon while following the rules of the nuclear club. The only real barrier to nuclear proliferation, many observers suggest, is the political one.

Much of the fear of uncontrolled nuclear transfers to Latin America is derived from the traditional rivalry between Brazil and Argentina. Neither country has signed the Non-Proliferation Treaty and the military elites of both nations have openly discussed the



Nuclear generating station in Pickering, Ont.

Atomic Energy of Canada photo

merits of developing nuclear weapons (while arguing at the same time they would never do such a thing).

Could a nuclear war occur between the two? It is obviously impossible to make predictions, but Brazil and Argentina have now confounded the doomsday theoreticians by concluding a rapprochement. Then-Argentine President Jorge Videla visited Brazil last May — the first such visit by an Argentine leader in 30 years — to sign a far-reaching agreement to cooperate on nuclear energy development.

Argentina described the effort as the beginning of a joint "technology front," a regional nuclear body along the lines of Euratom (European Atomic Community). It is a move that will have a major impact. Argentina is already a key "third-tier" nuclear exporter in her own right, negotiating research and technology agreements with neighbours like Peru and Bolivia. A nuclear condominium between Argentina and Brazil would be designed to further strengthen Latin America's bargaining position in gaining nuclear technology concessions from major exporters.

The new complexities of the Latin American nuclear scene have thus shifted the emphasis of concern from inter-state nuclear conflict to the political uses of nuclear power. They are far from being reasons for Canada and other major exporters to relax. Nuclear energy is principally a government-sponsored activity. At one end of the spectrum, governments in the West are heavily subsidizing nuclear exports; at the other end, nuclear recipients are heavily subsidizing development.

Latin American military regimes have until now brooked little opposition to their economic development plans. But the pressures exerted by the Harrisburg incident on regimes as diverse as Cuba and Brazil indicate how porous national boundaries can be in a nuclear world. It is quite possible that increased government involvement in nuclear energy will force regimes to draw the lid even tighter on political debate and opposition, triggering in the process precisely the kind of domestic instability (leading to sabotage and terrorism) that makes nuclear technology problematic. As well, if the costly nuclear option tends to draw scarce resources away from other economic goals, it could widen, rather than narrow, the gaps between rich and poor in Latin America.

Human rights

The point, in fact, was recognized by former External Affairs Minister Flora MacDonald during the short career of the Clark government. In the fall of 1979, she tied the proposed sale of the CANDU reactor to Argentina to human rights. MacDonald told the *Toronto Star* in an interview: "The question of what we do in nuclear technology, where we export it and what conditions we place on it — what is the political stability of that country and what are the goals of that country — should be part and parcel of any condition of export." MacDonald's comments, and her subsequent speech to the United Nations General Assembly in which she labelled Argentine human rights violations as "crimes against humanity", were blamed for the loss of the CANDU sale.

As suggested earlier, the decision to cancel negotiations had more to do with Latin American political realities than with any hurt feelings caused by MacDonald. Nevertheless, the controversy exposed so much misunderstanding on both sides of the argument, that official circles in Ottawa still regard it as an embarrassing example of political bungling.

If there was bungling, it did not begin with the Clark government. Since the 1974 Indian nuclear explosion (with Canadian materials), Ottawa's sensitivities about nuclear trade have led to often convoluted shifts in policy. The present Trudeau government is not likely to come up with any more satisfactory answers as long as the issue is still fogged by polemics. Those who view the sale of nuclear technology as being little different, in moral terms, from selling Canadian wheat or lumber, will find themselves uncomfortable with arguments that attempt to stake out a higher ground.

There are no easy solutions. But an analysis of the nuclear prospects in Latin America suggests it makes economic and political sense for nuclear exporters like Canada to pay attention to the long-range consequences of nuclear trade. Flora MacDonald was on the right track.

Book review

Pelletier's Canadian Caper

by John Starnes

Despite the hyperbole used on the dust jacket to decribe its contents, the book is readable, interesting and entertaining, if not as exciting as one is led to expect. It is not difficult to understand why *La Presse* reporter Jean Pelletier was awarded the 1980 National Newspaper Award for "spot news" reporting. There are those, however, who may find some of the comments scattered throughout the book unfair and inappropriate. For example, to describe a "succession of Canadian envoys" in Washington as "lacking in dynamism and originality" is to reflect poorly, and quite inaccurately, on the likes of Hume Wrong, "Mike" Pearson, Charles Ritchie, Norman Robertson, Marcel Cadieux and "Jake" Warren.

The authors assembled a great deal of data. Presumably, at the outset, they were faced with problems of organizing and presenting it. They chose the kind of format so successfully used by *Washington Post* reporters Carl Bernstein and Bob Woodward in their 1974 book *All the President's Men.* From the point of view of marketing, their decision may have proven right, but one wonders if the format is entirely appropriate to the kind of story involved. It strains one's credulity to read quotations from numerous conversations between officials in External Affairs and others to which the authors could hardly have been privy.

One can understand the fascination of the authors with the intricacies of discovering 'the secret' and the byzantine manoeuvering which led eventually to its revelation. A little less attention to these prosaic aspects of 'investigative journalism' might have heightened the drama and the interest of the principal story — the harbouring of the six Americans and the engineering of their escape from Iran. While the escape may not have been "the greatest diplomatic exploit of recent decades" it certainly required courage, *sang froid,* imagination, good judgement and determination on the part of those involved and especially those on the spot in Teheran.

When considering 'the secret', two lines from Audran's operetta *La Mascotte* come to mind:

> " Entre nous, c'est qu'on appelle
> le secret de polichinelle. "

Polichinelle, the 'Punch' of old French puppet shows, told his secrets in 'stage whispers' to all the audience. It would seem that secret was no secret at all. Indeed, I first heard the story in Ottawa on December 27, 1979 from a journalist, in the presence of another journalist. The wonder, and the glory, is that it was not revealed earlier.

There are few secrets more closely guarded than the technical characteristics of the various cypher devices used by foreign offices to protect the information governments exchange with their representatives around the world. Only the *cognoscente* will appreciate how out of their depth the authors are in their attempt to convey expert inside knowledge on this score. They ought not to have made their attempt.

Without wishing in any way to detract from the exploit, which deserves all the praise which has been heaped on it, it is a pity the authors and other journalists who have commented on the escape from Iran have tended to treat it as unique in the annals of Canadian diplomatic history and to suggest a new breed of Canadian diplomat has been born. In fact there have been numerous occasions in the past 40 years when members of the Canadian foreign service, representing all grades, have carried out difficult, sometimes dangerous missions, with courage, quiet determination, good humour and distinction; in Africa, the Far East (espe-

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Mr. Starnes is a former Assistant Under-Secretary of State for the Department of External Affairs and former Canadian Ambassador to the Federal Republic of Germany, the United Arab Republic and the Sudan.

cially Vietnam), the Middle East, Europe and South America. Indeed, there have been those who lost their lives in the performance of such missions. A good point of departure for anyone seeking to describe some of these exploits might well be the unusual role played by Pierre Dupuy in un-Occupied France in the early 1940s, when he was Canada's representative in Vichy.

It is difficult, perhaps even unwise, to attempt to comment in any detail on those parts of the book which deal with the utterance of forged Iranian visas and various Canadian documentation ("credit cards, drivers licences, social security cards"), and Ambassador Kenneth Taylor's personal reconnaissance of likely areas in and around Teheran where U.S. helicopters might land. Even if these parts of the story are entirely accurate, one wonders about the desirability and the necessity of their publication. Given the xenophobia of the Iranians, publication of such information is hardly likely to assist the restoration of normal relations between Iran and Canada, which apparently the Canadian government seeks. Nor is it likely to help the lot of Canada's representatives in Iran if our mission there is ever re-opened.

Unfortunately, the authors have not explored the possible long-term effects of Ayatollah Khomeini's barbaric breach of the 1961 Vienna Convention on Diplomatic Relations. While difficult to foretell, Iran's actions could have profound effects upon the conduct of diplomatic relations in the future, not only between Iran and the United States and countries like Canada, but in more general terms. Countries like Canada, already faced with severe difficulties in maintaining a far-flung foreign service, could decide to close its missions in countries such as Iran, and maintain diplomatic relations by alternative means. In the case of Iran, this might be accomplished through dual accreditation from some neighbouring country like Turkey, or perhaps by the establishment of an Iranian Interests Section within a delegation accredited to an international body, say, in New York, Geneva or Vienna. In an age of increasing electronic inventions another acceptable alternative might be direct telecommunications links between the foreign offices of the two countries. None of these alternatives are likely to be considered immediately but, given recent events in Iran and elsewhere, they are increasingly to be looked upon as preferable to the maintenance of expensive and vulnerable diplomatic missions in certain countries.

Pelletier, Jean and Claude Adams. *The Canadian Caper*. Toronto: Macmillan of Canada, 1981.

CANADA

Stretching trees with stoves helps save Africa's forests

by Rowan Shirkie

The world's supply of wood — "the poor man's fuel" — is being used up so rapidly that there is a real danger the supply may run out even before fossil fuels are exhausted. The consequences for the entire planet could be disastrous, and perhaps irreversible.

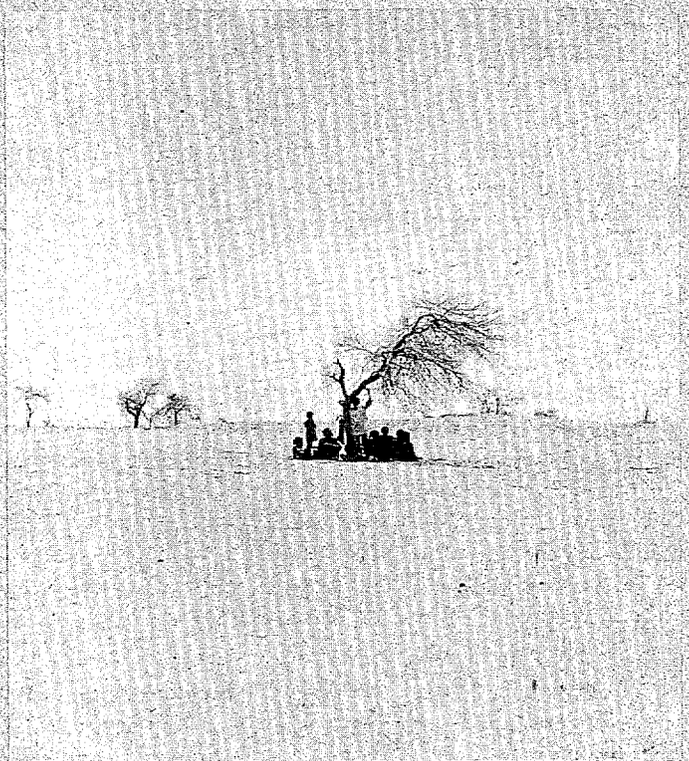
Deforestation results in soil erosion, loss of croplands, and eventually desertification. On a large scale it can also affect the climate over whole continents, changing rainfall patterns and causing droughts that simply intensify the problem of too many people cutting an ever-diminishing supply of wood. In some parts of Africa the ratio of wood cut to wood that grows back is estimated to be at least 5:2.

One part of the solution is to grow more wood, through reforestation programs. Another is to reduce wood consumption. In August experts from all over the world will gather in Nairobi, Kenya, to plan a global search for alternatives at the United Nations Conference on New and Renewable Energy Sources. One of the eight technical panels there will deal with fuelwood and charcoal, and recommendations for the development and introduction of more efficient fuelwood resource mangement techniques are likely.

But no matter what emerges from the Nairobi conference, an enormous volume of wood could be saved just by burning it more efficiently. In neighbouring Tanzania a charcoal cooking stove now being tested could make fuelwood supplies stretch three times as far to supply domestic energy for rural and urban householders in Africa.

Fuelwood accounts for 90 percent or more of all energy used in some African countries. The bulk goes for domestic cooking, usually burned with woeful lack of efficiency directly in open fires, or as charcoal. Only about 5 to 10 percent of the potential energy is used to heat the food — the rest goes up with the smoke or out the sides of makeshift, scrap steel stoves.

But a new charcoal stove now being developed at the University of Dar es Salaam's Division of Forestry, in Morogoro, uses clay insulation to reduce this waste dramatically. More heat is applied where it is wanted — under the pot. As a result, fuel savings of up to 50 percent are possible.



IDRC photo

Desertification in the Sahel region of Africa: too many people cutting an ever-diminishing supply of wood.

The traditional African cookstove, made mainly of scrap steel about 1 mm thick, measures about 25 cm on a side and is about 20 cm high. Its best feature is probably its ability to withstand hard use.

The new clay stove is modelled after one commonly used in some parts of Asia. It has three layers: an outer metal skin made from tin cans; a sandwiched middle layer of ash sealed in with cement; and an inner layer of burnt clay. With a handle attached, the clay stove looks very much like a bucket, except for a small

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Rowan Shirkie is associate editor of The IDRC Reports.

air inlet hole at the bottom and a fire grate halfway down the inside.

In early tests with the stove, researchers Romanus Ishengoma and Keith Openshaw fired up a traditional stove and clay stove with equal amounts of charcoal, gauging their efficiency by boiling a fixed amount of water and measuring the amount evaporated.

Satisfied with their testing, they issued a "clay stove challenge" at a local fair to anyone who could match their stove's performance with a traditional one. Seven days and eight challenges later, the clay stove stood unbeaten. It boiled more water, faster, and with less fuel.

With support from Canada's International Development Research Centre (IDRC), the two researchers are now expanding and refining their experiments. They are also examining other stove designs used in different countries, and comparing the common types of steel stoves used in Africa. What they are looking for is a way to combine the best of both worlds — the efficiency of the clay stove with the strength and local suitability of the steel one.

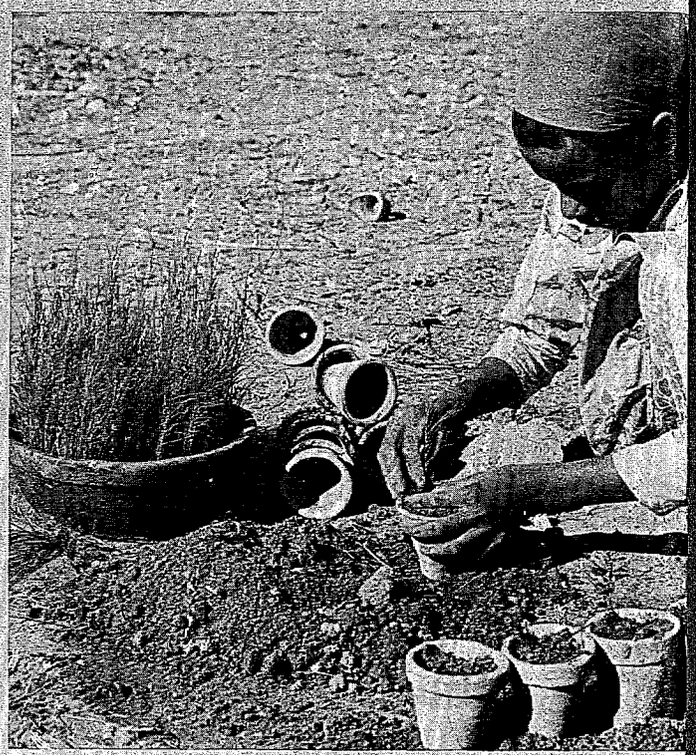
Improved efficiency

The Tanzanian team has already identified three features that may account for the improved efficiency. The first is, of course, the double-insulating effect of the clay and ash layers that minimize heat loss. Because of this top-to-bottom tapering shape, the clay stove also has a "self-stoking" action that concentrates heat in the middle. No fire stirring or rebuilding is required. A third feature of the clay stove is the larger air space left in the fire grate — 25 percent as compared to the 10 percent of the steel stoves — that allows for better lighting and burning.

The search for the unique combination of features that makes better wood stoves continues. A number of other designs are currently advocated for use in developing countries. All have merits, but they often require special construction techniques, materials, or fire management practices that limit their usefulness.

Thus the Tanzanian stove has a good chance of gaining popular acceptance. The basic stove is familiar, charcoal is easy to use, store, and transport, and it has about twice the heating value of wood. Over 40 percent of all urban households in Tanzania use charcoal for cooking, and the trend to charcoal use is likely to increase throughout Africa as "wild" fuelwood becomes scarcer and other fuels, such as kerosene, increase in price.

In widespread use, such simple stoves as Tanzania's clay stove could have an immediate impact far greater than all the current reforestation programs. They would reduce fuelwood consumption by half — saving millions of tonnes of wood, and tens of millions of trees.



IDRC photo by Neill McKee

Transplanting casuarina seedlings at a forestry nursery in Egypt: reforestation programs are the long-term solution.

IDRC in print and film

The International Development Research Centre is an autonomous public corporation established in 1970 by the Parliament of Canada to stimulate and support research for the benefit of the developing countries.

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Contents *July/August 1981*

Balance shifts in Mid-East with deployment of missiles

By Michel Vastel

Recent events in Lebanon have reminded the Western world that it was a serious mistake to leave Syria and the Soviet Union out of the March 1979 Camp David Accord. The deployment, in April, of a Surface-to-Air (SAM) missile battery in Lebanon's Bekaa valley was more than a Syrian reaction to the shooting down of two helicopters: the move was authorized, if not actually carried out, by the Soviet Union — which supplied the missiles.

History will tell if this was just the beginning of an escalation leading to the sixth war in 33 years between Israel and its Arab neighbours. (The War of Attrition between Egypt and Israel in 1969-70 is not mentioned in the Camp David Accord which cites the four major outbreaks of Middle East fighting since the independence of the Jewish state in 1948). Whatever happens, tension between Israel and Syria underlines the extent to which the Camp David Accord does not constitute a "Framework for Peace in the Middle East".

Camp David document

First of all, the Camp David document, signed in March 1979 by Egypt's President Anwar Sadat, Israeli Prime Minister Menachem Begin and witnessed by then United States President Jimmy Carter, completely ignores Syria, while dealing in its preamble with "the search for peace in the Middle East".

The Accord refers to three countries — Egypt, Israel and Jordan — and to the Palestinian people, as participants in negotiations on the resolution of the Palestinian problem "in all its aspects." No reference was made to Syria or to its forces stationed as "peacekeepers" in Lebanon. When referring to the "territorial integrity" and the necessary return of occupied territories to the Arab people, the Camp David Accord examines in great depth the possibility of "transitional arrangements" for the West Bank of the Jordan river and the Gaza strip, which were occupied by Israel during the June 1967 Six-day war. It makes no reference to the Golan Heights captured from Syria in 1967.

Mr. Vastel is Le Devoir's *Ottawa-based parliamentary correspondent. He interviewed several high ranking officials while on assignment in Israel this spring.*

It is only in the very last part of the Accord that the official text specifically mentions Syria and Lebanon. Almost in passing, the agreement states that "the principles and provisions of their peace treaty 'should' apply to peace treaties between Israel and each of its neighbours — Jordan, Syria and Lebanon. It is clear that, in the spirit of this Accord, as well as in its letter, some normalization of relations between Israel and Syria is not considered a necessary element of what is called "the framework for peace in the Middle East".

Possibility of war

Nevertheless, the Lebanese missile crisis has reminded the world that war is still possible in the Middle East, that it could start over the Israeli-Syrian border, and that the Arab world would, as in the past, unite against Israel. Indeed, the Peace treaty between Israel and Egypt, and the consequent withdrawal of Egypt from the "confrontation front", of hard-line Arab states opposed to Israel's existence, has dramatically changed the military balance.

President Sadat said in his November 1977 speech in the Israeli Knesset, that "a victory (in war) cannot be gained in the Middle East without the participation of Egypt". A few days before tension began to mount over the placement of SAM missiles in Lebanon, Israeli Foreign Affairs Minister Yitzhak Shamir said in an interview: "We do not foresee, now, any danger (a rupture of the Israeli-Egyptian peace treaty). Peace with Egypt is a stable peace and, we believe, (it will last) for many years. It is hard to imagine that there is the possibility of any war between Israel and the Arab world without the participation of the Egyptians".

Indeed, the absence of Egypt from the Arab battle front changes drastically the ratio of military forces in the Middle East. An analysis of these forces by Brig. General Yehoshua Raviv of the Centre for Strategic Studies in Tel Aviv concludes that "a comparison of the ratio of forces between Israel and the Arab states (excluding Egypt) in 1980 with the ratio of forces during the Yom Kippur War shows that the situation today is more favorable for Israel than that which prevailed in 1973. Should we consider the "worst scenario" (a maximum order of battle including Syria, Jordan and expeditionary forces from Iraq and the other Arab states)

and compare it with the situation during the Yom Kippur war, we obtain the following picture:

	Ratio of forces 1973	Ratio of forces 1980
Divisions	1: 2.3	1: 1.6
Tanks	1: 2.5	1: 1.8
Combat aircraft	1: 2.3	1: 1.7

Although one may think that such a ratio would dissuade the Arab States from engaging in any war with Israel, Israeli strategists do not agree. They argue that the situation, since 1973, has changed dramatically. The Arab states are now able to strike at Israel's rear, which was not the case in 1973. The number of *Scud B* medium range surface-to-surface missile launchers in the hands of the Arab states has increased by 566 percent since 1973. The *Scud B* missile is equipped with a conventional warhead. Its maximum range is about 270 kms and its speed is five times the speed of sound. Israel is equipping itself with *Jericho* type surface-to-surface missiles which have a range of 480 kms, and the *Lance* which have a range of 120 kms.

According to the London-based International Institute for Strategic Studies, Libya now has 30 *Scud B* launchers (it had none during the 1973 Yom Kippur war). The same situation applies to Iraq, which now has 12 launchers, and Syria, which has 36. This means that the military balance between Israel and the Arab states has entered a new era. When heavy artillery — and not missiles — were the mainstay of the armed forces of the region, it was possible for Israel to secure its "indefensible" borders established after the 1948-49 War of Independence by creating a sort of "no man's land" to serve as a buffer zone — hence the invasion of the Sinai peninsula, the West bank and the Golan Heights in 1967. In an age of *Scud* missiles, how far will Israel want to go to secure its borders? The signing of peace treaties may be one avenue and, for the present time, this has been tried successfully with Egypt. A similar arrangement with Jordan would move the "strategic border" of Israel with the "Confrontation front" to Libya and Iraq.

But Syria still poses the big question: a question that the Camp David discussions carefully eluded. The consequences of this gaping loophole in the so-called "framework for peace in the Middle East" are very serious indeed.

Tensions heighten

— The on-the-brink situation that prevailed between Syria and Israel this spring shows that peace is far from being achieved in this part of the World. As a consequence, the so-called 'theory of South-West Asia' which the Camp David Accord led the U.S. administration to consider is not yet workable: in this part of the world, the tensions are not over and there are still very strong possibilities that war will break out between Israel and the Arab states — a war which would disrupt oil supplies and shake the international monetary system.

Further to the missile crisis in Lebanon, Israel launched a surprise air attack in June to knock out the Iraqi Tammuz nuclear reactor at El-Tuwaitha, outside Baghdad. The world was shocked by this incident but the Arab front reacted quietly. This may confirm that the present military balance dissuades the confrontation front from engaging in open war with Israel. But it also underlines the fragility of the peace in this area. More than ever, relations between Israel and its neighbours constitute the focal point of South-West Asia. Given the hard line that Israeli and Arab leaders have decided to take, peace is far from being achieved.

Arms race

— Another misconception of the situation in the Middle East by supporters of the Camp David Accord is that the arms race is over in this part of the world. One could even argue that the situation will worsen in two ways. First, the lower the ratio of forces, the faster the race will go. In a situation where the ratio is 1 to 3, a minor change in either side — 1 to 3.2 or 1.2 to 3 — does not change the real balance: There is room to manoeuvre. In a perfectly balanced situation, however, any move by one side leads to an immediate move by the other side.

Second, the more sophisticated the weapons, the more "aggressive" the race for armaments. The era of conventional war in the Middle East — tanks and guns — will soon be over. With the deployment of missiles, Israel and the neighbouring Arab states have entered a new era. The next step everybody has in mind is nuclear weaponry. Israeli officers once said that "Israe will not be the first to introduce the nuclear weapons to the Middle East. . .but it will not be the second either." The attack on the Tammuz reactor will cause some delay but it will not put an end to the arms race.

— The third consequence is that the Camp David Accord did nothing to stop the use of petro-dollars to finance armaments. Obviously, the economic burden of such a race is heavier on Israel than on the Arab states given the resources of oil exports.

Thus, critics of Camp David may prove to be right. This is not to say that Camp David was a waste of time, but the present situation in the Middle East shows that

it was a very preliminary step. The Begin government has always denied that it was looking for a partial peace. But it did not make great efforts to move forward and prove that it was really looking for a comprehensive and global peace in the Middle East.

Even the Labour party of Mr. Shimon Peres does not give a clear indication that it intends to seek a global peace with all of Israel's neighbours. Although the Labour party talks more openly than Begin's *Likud* coalition of the "Palestinian problem" and of "options" which incorporate Jordan in the peace-process, there is absolutely no reference to the "Syrian problem", nor to an eventual return of part or all of the Golan Heights. It is clear that Israeli officials consider the 'Galilea finger' to be "indefensible" and do not intend to give up their military bases on the Golan Heights. Therefore, to protect itself, Syria has no choice but to move troops into Lebanon in order to increase the size of its battle-front with Israel.

Pressure needed

No party in Israel — and the June 30 election has not changed anything — offers a practical approach to establishing a necessary and peaceful equilibrium on the Israeli-Syrian border. The Reagan administration, just as the Carter administration that preceded it, has no solution to offer — and does not seem to be in a hurry to find one. Pressure must be placed on both sides, but it could start with Israel. The follow up to the Camp David Accord has been sometimes very slow and comes close to foot-dragging. There is no clear consensus in Israel for the necessity of establishing normal relations with all of Israel's neighbours. Even with Egypt, the peace seems to be only a military peace. 'Normal' relations should include trade, sharing of technology, exchange of programs for students, etc. The pace of the peaceful relationship has been very slow.

Even if Israel is right when it says that the solution of the Palestinian problem will not necessarily guarantee the peace in the Middle East, it is a first step which has to be taken. In that regard, the Israeli administration has a long way to go in normalizing its relations with the Arab people, in particular, those who live within its own borders, the Palestinian refugees living in the occupied territories and the Arabs of neighbouring countries. Part of the problem revolves around the question of whether Israel remains a western enclave in the Middle East or becomes more of an Eastern country "

As far as the Arab states are concerned, Jordan and Saudi Arabia must be brought to the negotiating table. And the influence of the Reagan administration may be important. As an Arab official in Bethlehem puts it: "Anything Americans want in the Middle East, they have it." An initiative to get Jordan and Saudi Arabia to start negotiations with Israel would be more useful to peace in the region than any sophisticated theory on the re-organization of the Persian Gulf.

Powder-keg

The border between Israel and Syria will long remain a detonator in a region which is, by itself, a powder-keg. The military build-up in this area has been incredible since the 1973 war:

— ground forces divisions have increased by 26 percent in Arab states and by 27 percent in Israel;

— the number of Arab tanks has increased from 6,000 in 1973 to 10,420 in 1980, a change of 74 percent. The number of Israeli tanks has increased by 65 percent over the same period of time;

— the total increase of artillery pieces approaches 2,500;

— surface-to-surface missiles, which did not exist in the region during the 1973 war, are now deployed in most of the states;

— the number of combat aircraft has increased by 44 percent to more than 2,000 in Arab states, and by 21 percent in Israel. With the exception of Egypt, the increase in the Arab air force has been 88 percent between 1973 and 1980. The number of helicopters has increased in the same proportion, especially due to a 180 percent jump in Iraq.

— SAM missiles, which caused some concern in Israel during the Yom Kippur war, have increased in Arab states by 252 percent.

— Libya and Saudi Arabia have considerably increased their naval forces to the point that it constitutes a real threat to Israel's Mediterranean supply route. It would not take very much to start a new war in this area. The stockpiling of sophisticated armaments in various countries is such that any war would be a prolonged one, even if an embargo were to be imposed on the supply of arms to the warring states.

Libya has a type of arsenal with more arms at its disposal than it can use. It could be expected to provide any country engaged in war — especially Syria — with new weapons or parts to replace losses in the early stages of the war.

Israeli officials are also very concerned that Saudi Arabia might acquire sophisticated American-built airborne radars — AWAC — to complement their F-15 aircraft armed with *Sidewinder* air-to-air missiles and with *Maverick* air-to-surface missiles. Says one Israeli official: "We will not wait until the Saudis know how to use their F-15s. . ."

This direct threat is taken seriously in the Arab world. But for its part, the U.S.S.R. is providing Syria with Tupolev-122 surveillance planes almost as sophisticated as the AWACs, and with *Sochoi-22*, one of the most advanced fighter planes.

The United States equips Saudi Arabia, the U.S.S.R. equips Syria and meanwhile, Israel goes on

with its own military build-up. It is of vital importance that the U.S. as well as the U.S.S.R. remain able to control the use of such military power.

Arab consolidation

Many observers have raised the spectre of such regimes — Syrian or Saudi — being overthrown and their sophisticated armament falling into the hands of some fanatical Ayatollah. One could argue that the same could happen in Egypt, to whom the Americans are selling as many modern weapons as to the Saudis. More important and more worrisome is the possibility that the arms in the hands of Arab states are suddenly consolidated. There has not been any war in the Middle East in which Syria and Saudi Arabia — not to mention Iraq and Jordan — were not united.

With regard to this tremendous military build-up, it seems essential to stop, while still possible, the search for nuclear weaponry currently underway in Libya and Iraq. The Europeans, especially France and Italy, bear much responsibility for this. France, which is particularly dependent on oil from the Gulf region, has offered almost any weapon Iraq has asked for. Says an old Israeli — "blood smells less than oil!" However, the Western countries, which are so concerned with stability and peace in a region so important for their supply of oil, should realize that a military build-up does not contribute to political stability.

If the Western countries do not make the necessary efforts to bring together Israel and the Arab states, then the rejection front will have what it wants most, namely, proof that the Camp David Accord did not constitute "a framework for peace in the Middle East".

Is it possible that the Reagan administration has decided to opt for the military solution by letting Egypt take over Libya (in the eventuality that a full-scale war erupts between the two antagonists) and encouraging Israel to takeover Syria — leaving Saudi Arabia to serve as the watchdog of the Persian Gulf? Could this be the Reagan-Haig way of responding to the Soviet invasion of Afghanistan? Have the Soviets known this all along? If so, this may be why they moved first — and so quickly — into Lebanon.

Earlier this year, some 30 graduate and undergraduate students, enrolled in an international reporting course at Carleton University's School of Journalism, went on an annual four-day working visit to United Nations headquarters in New York. The students were supervised by Professor David Van Praagh. The following three articles, two of which were written by students in the four-year journalism program, are based on interviews and briefings with representatives of the various UN missions.

United States holds the key to central issues at U.N.

by David Van Praagh

Cross New York City's First Avenue between 42nd and 48th Streets, walking toward the East River, and one enters a different world — the antiseptic world of the United Nations.

New York, throbbing to the uneven rhythm of individual human beings, contrasts sharply with the increasingly pre-arranged atmosphere of the 154-member international club upholding the supremacy of governments.

For roughly two decades the UN world and the world of the United States have drifted further and further apart. More and more newly independent, economically backward, racially sensitive nations have built an anti-Western majority in the General Assembly and in most of the specialized agencies. Members of the democratic minority — including Canada, whose representatives often have been more outspoken in their criticisms than U.S. diplomats — no longer harbour illusions about the UN. The biases of the new majority are clear, always present and often dangerous.

In the resolutions repeatedly passed against Israel, for example, there is more than a whiff of anti-Semitism. By often blindly supporting the Palestine Liberation Organization, the new UN majority has obstructed as well as ignored the Middle East peace process set in motion by Egypt, Israel and the United States. (Editor's note: Mr. Van Praagh's article was written before the Israeli raid on Iraq's nuclear reactor in June. The United States subsequently sided with the majority of the UN Security Council to condemn the Israeli action.)

One of Secretary-General Kurt Waldheim's close aids recently summed up what seems to be the first principle of an emerging UN creed this way: "Most governments can't worry about individual liberties when they have to think about feeding their people." Apart from slighting the UN Charter, which emphasized "the dignity and worth of the human person" when it was adopted soon after the Second World War, this facile defence rejects evidence that food and freedom are better assured when they are provided together.

Since the beginning of 1981, however, the gap between the U.S. and the UN — diplomats still say one when they mean the other — has grown wider and deeper than ever. Some of the hard-line, seemingly start-from-scratch foreign policies of the Reagan Administration threaten to obliterate limited but promising areas of agreement between Western powers and the Third World countries that dominate the UN with Communist backing.

Totalitarian vs. authoritarian

This can be healthy if a shot or two of realism is injected into attitudes at the UN that had been conditioned by soothing words from the Carter administration, especially former UN ambassador Andrew Young. With her distinction between 'authoritarian' governments and 'totalitarian' regimes, Jeane Kirkpatrick, Reagan's 'man at the UN', has shown herself to be "one tough lady", in the words of more than one impressed observer. Diplomats from many countries worry, however, that progress made in recent years toward resolving issues of common concern will be lost in an

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unnecessary welter of bitterness and suspicion between the two self-centred worlds.

One such issue is Namibia. For two-and-a-half years, the UN has been ready to oversee the independence of South-West Africa and its escape from South African control. A Western 'contact group' made up of Britain, Canada, France, the United States and West Germany has all but negotiated an end to the war between forces of the *apartheid* government in South Africa and Soviet-armed black guerrillas of the South-West Africa People's Organization (SWAPO).

But blatant UN support for SWAPO as opposed to other Namibian political parties gave South Africans an excuse to break off peace talks. And the inevitable UN drive for economic sanctions against South Africa was predictably vetoed by the U.S., Britain and France when it reached the UN Security Council.

Another issue in limbo is the Law of the Sea treaty. What was to have been the final session of the Law of the Sea conference, capping seven years of intricate negotiations between rich and poor nations, was due to be followed by the signing of the treaty in Caracas this fall. But agreement on how to exploit the world's seas with their rich mineral resources has been held up indefinitely by the Reagan Administration. At stake is not only the security of vital sea lanes but whether the seas are legally recognized as the "common heritage of mankind" or are open to seabed-mining companies from the U.S. and other advanced countries under no international rules. (Editor's note: see the article on seabed mining by Gene Hayden in this issue of *International Perspectives*.)

Both Namibia and the Law of the Sea are parts of larger questions on which it is understandably difficult to reconcile opposing interests. The bottom line in all southern Africa is race. The choice in world economic management is between gradual cooperation and growing confrontation. Ironically, however, on these and other issues, the Third World adversaries of the Reagan administration play down the human rights that have also gone out of fashion in Washington despite disavowals by Secretary of State Alexander Haig.

The Carter Administration's campaign for human rights was inconsistent. Ambassador Kirkpatrick, on the other hand, echoing or perhaps educating President Reagan, questions why a regime run by a racial élite should be considered worse than one run by a Marxist élite. It is a good question. But the point that seems to be missed in Washington as well as at the UN is that what counts most is the democratic spirit. Without that spirit, the UN has lost much of its meaning. If the Reaganites uphold the democratic spirit at the same time as they take a hard line on practical matters, they may have a better chance of winning the respect needed for further progress toward solutions.

For in another way the two separate worlds are alike. Before the Reagan Administration took office, most developing nations in the General Assembly voted twice with Western powers to condemn the Soviet invasion of Afghanistan and the Vietnamese takeover of Kampuchea. To many diplomats at the UN, this indicates that the international organization's potential is not entirely anti-Western or even anti-democratic.

Namibia may never gain its independence from South African domination unless its history as South-West Africa is recognized as part of the bigger problem of southern Africa and racial conflict. The Reagan Administration seems to have granted that recognition at the same time as the President has spoken in positive terms about the South African government. The fact is that the West cannot ignore *apartheid* — and black nations cannot disregard the West's strategic and economic interests in South Africa.

Some parts of the UN-sponsored "New International Economic Order" can never be accepted by Western nations, such as UN control over dispensation of aid funds and free transfer of productive technology. Neither can Western democracies ever give in to the drive by the new majority in the United Nations Educational Scientific and Cultural Organization (UNESCO) to obtain UN approval for licensing journalists and censoring their reports from developing countries. Even the U.S. stand against the UN bid to block promotion of non-human milk in poor countries, as unpopular as it is, is rooted in a belief in free enterprise.

There might be more give-and-take on economic issues if benefits to all nations, rich and poor, were considered in a magnanimous and democratic spirit. The Law of the Sea treaty may be more effective in the long run if the developed nations realize that seabed mining can be protected only by international law, and the developing nations understand that access to technology to compete does not come free.

The more immediate economic problem is how to ease the crushing burden on non oil-producing less-developed countries caused by skyrocketing prices charged by their Third World brothers. Even before the Republicans came to power in Washington, the North-South dialogue between industrialized and agricultural nations was at a virtual dead end. It may run off the track completely with the Reaganites cutting U.S. contributions even to the World Bank, about the only UN agency still controlled by the West.

The United States had expressed before the Ottawa summit conference of leading industrialized nations that it would not take part in creating an energy affiliate of the World Bank. The chances for an easing of the oil burden on developing nations in the immediate future cannot be counted as good. But sooner or later, perhaps at the summit meeting of rich and poor nations in Mexico City this fall, this central economic dilemma has to be faced. With survival of many nations at stake, a common approach may be the only one that can work, and that can lead to similar approaches to political and cultural problems dividing nations.

Reopening the Negotiations on the Law of the Sea Treaty

by Gene Hayden

For seven years, representatives of 152 countries have met at the United Nations in New York, Geneva and Caracas to plead, bluff and bargain in hopes of devising a universally acceptable law to rule the oceans and what lies beneath them. In 1980, after four tries, the United Nations Conference on the Law of the Sea (UNCLOS) completed work on a draft treaty convention, consisting of 320 articles and eight annexes, to govern 71 percent of the world's surface.

If an international Law of the Sea treaty comes into effect, it will be hailed as a major victory for global cooperation. For the first time Third World countries will have been active in formulating an international treaty. Alan Beesley, Canadian ambassador to UNCLOS, praised the conference as the "the decolonization of international law." He said the world may now have a constitution which reflects the voices of all countries, regardless of their level of development.

The benefits of a law of the sea treaty are more than just ideological. For many countries, an internationally accepted treaty provides tangible gains, and Canada is one of the major beneficiaries. Among its other advantages, the treaty would recognize Canada's rights to offshore resources of oil and gas. It would put into effect legislation for controlling maritime pollution which could threaten Newfoundland's $500 million dollar fish export industry. The treaty would also protect the jobs of thousands of Canadian miners by regulating the exploitation of seabed minerals. Not every government is satisfied with the provisions of the draft convention. For instance, the United States government fears the treaty will endanger its national security because the new law would restrict the movement of naval vessels near the coastlines of foreign countries. Advocates of the treaty, however, argue that it is in the best interest of the international community to adopt it. They say the failure of an international sea law could cause resentment on the part of many countries who believe the more powerful and technically advanced nations are using the oceans as if they owned exclusive rights to them. Confrontation on the high seas is an especially menacing possibility if a few industrially advanced mineral-consuming countries exploit the treasures of the seabed, without sharing the riches and without concern for land-based mineral producers.

It appeared hopeful as late as March 1981 that there would be a law of the sea treaty which would be signed in Caracas, Venezuela, in September 1981. But the delegates preparing to attend the 10th session in New York in March (the final one before Caracas) were disappointed to learn that U.S. President Ronald Reagan dropped Elliot Richardson from his post as head of the U.S. delegation to UNCLOS and dismissed eight other members of the delegation shortly before the 10th session was to begin.

James Malone, who replaced Richardson as head of the U.S. delegation, explained at a press conference that the Reagan Administration wanted to review the provisions of the draft convention before wrapping up negotiations. The 10th session of UNCLOS was not an ordinary meeting, said Mr. Malone, but one where "it was contemplated that all negotiations would come to a close." He added "In reality. . .we were faced with the problem of trying to decide whether the current text would be likely to prove acceptable to the administration and to our Senate as a legally binding treaty."

The delegates will be back at the negotiating table for further negotiations whenever the U.S. finishes its review. Some official sources have estimated the new U.S. delegation might take until 1982 to complete its assessment. The President of UNCLOS, Tommy Koh of Singapore, ended the 10th session April 16, a week ahead of schedule. A Canadian delegate explained that the U.S. attitude resulted in "nothing being accomplished in New York this time." Another session is scheduled for Geneva in August, but the likelihood of its achieving any progress appears bleak because the American delegation will be unable to participate actively.

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Moreover, there is a danger in re-opening debate on provisions that have already been agreed upon, said the Canadian delegate. "Everyone will start pushing for better terms for their countries," the delegate predicted. Ambassador Beesley has called the present draft convention "a series of brilliant political compromises." At a recent press conference, External Affairs Minister Mark MacGuigan warned: "If the Americans were to force reconsideration of some part of the compromise at the present time, then I think the whole structure would unravel and we would be in serious danger of losing more than 10 years work."

International Seabed Authority

If the draft convention is ratified by 60 countries it will become an international treaty. A treaty would set up an International Seabed Authority (ISA) to authorize and control seabed exploration, to issue licences to seabed miners, and to regulate the exploitation of the metalliferous nodules imbedded in the ocean floor.

The countries which would become signatories to the treaty would pay for the ISA by contributing a percentage of their Gross National Product, based on their ability to pay. The ISA would also be financed by obligatory payments from seabed miners. After paying for its operational expenses, the ISA would distribute its earnings among needy nations lacking the capital and technology to exploit the seabed and therefore the ability to benefit from the world's heritage by themselves.

The largest bone of contention in the UNCLOS committee on resources of the international area (established in 1973) is the rate at which the ISA should allow seabed mining companies to extract the nodules. Mining companies from the U.S., Canada, Japan, the Netherlands, West Germany and Belgium have formed five consortia: Kennecott Joint Ventures, Ocean Minerals Company, Ocean Management Inc., Ocean Mining Associates and Afernod have been preparing to mine the deep seabed. The earliest conceivable date they could be ready to set up operations is 1988.

As the world's leading nickel-producing country, Canada is one of many nations concerned about its land-based mineral industries and has expressed concern over losing its markets to seabed miners. Burt Munroe, an advisor to the Canadian delegation to UNCLOS and a member of the United Steelworkers Association wondered "if countries who are now consumers of nickel become producers, whom will we sell to?"

To ensure that seabed nickel would not flood the world market, the Canadian and U.S. delegations introduced jointly in 1978 a formula that puts a ceiling on the nickel extraction from the deep seabed. It allows seabed miners to produce 60 percent of the increase in the world demand for nickel for the first 20 years of commercial operations, after which time the restrictions would be removed. The Canadians were satisfied with this formula because it meant seabed nickel would be gradually phased into the market. In 1979 however, a floor formula was incorporated into the draft convention to serve as one U.S. delegate called "an insurance policy for seabed miners." The floor formula entitles ocean miners to produce 60 percent of a three percent increase in world nickel consumption, even if actual world demand falls below the three percent mark.

Colin Keys of the Canadian Mining Association said "the floor formula is ineffective because it could encourage overproduction when market demand is low." This worries land-based nickel producers. As one Canadian delegate explained, "It's very expensive to exploit the seabed so governments will probably subsidize operations. This means that in periods of low growth, cuts would have to be made in land production as that operates on a profit basis only."

"We would like to delete the production floor entirely, but we are fighting all the big guys like the U.S., the Soviets, and the European Community on this", said the Canadian delegate. "So we have reduced our objective to lowering the floor to 2.5 percent."

The Canadian position is supported by many poor developing countries whose economies depend on the export of minerals. Recently the U.S. delegation succeeded in weakening the solidarity among the land-based producer countries by promising development funds, as a compensation for lost markets, to some African countries. Moreover, a provision in the draft convention calls for measures to compensate for the losses to developing countries that would result from deep-sea mining.

"The form that compensation would take is not precise but this has affected the motivation of many Third World land-based producers," said a Canadian delegate. "They feel they are secure because they'll get something anyhow. And the Americans have worked with the Africans on a bilateral basis promising them big aid dollars. We are trying to convince the Africans that compensation measures are not substitutes for good industry but we have been accused, by the U.S. in particular and other countries, of trying to manipulate and influence developing countries."

According to a U.S. delegate to UNCLOS, Canadian fears are unfounded because there is little danger of the world increase in nickel output falling below three percent. He said U.S. calculations place the growth of nickel at 3.9 percent. Nevertheless, Mr. Keys of the Canadian Mining Association stressed that it is difficult to predict future trends. He estimated the demand for nickel could increase anywhere from 2.2 percent to five percent and believes the world growth in mineral demand is slowing down. In February 1981, Canada's Minister for Mines, Judy Erola, told the Sudbury local of the United Steelworkers Association that the "annual rate of increase in the consumption of nickel in Western countries has declined significantly,

from roughly six percent in the period from 1946-73 to approximately one percent in the more recent period 1974-79."

Canadian mining industry

Currently, Canadian mining companies are working at about 60 percent of their potential, according to the estimates of the Department of Energy, Mines and Resources (EMR). "They are only producing now to meet the demand," said Mr. Keys. Since the mid 1970s, Canadian companies have shut down several of their operations both in Canada and abroad. "They were too optimistic, the companies overproduced, no one could foresee the recession lasting as long as it did." Adverse market conditions coupled with increasing inventories of finished nickel products forced mining companies to cut back their production and consequently jobs, according to an EMR report. The report noted that some 4,400 miners were laid off in 1978. If the employment situation in the mining industry is precarious now, miners' unions worry about competition faced by seabed miners. About 50,000 jobs in Canada depend on mining minerals found in sea nodules. One aim of the Canadian delegation to UNCLOS is to protect these jobs, and this means ensuring markets for Canada's nickel, which is the lowest priced in the world.

It will cost between one billion and 1.5 billion dollars to extract 100 thousand tons of seabed nickel. 'If any company is going to invest that much money, they are going to be sure they make a sizeable return on it" said Mr. Keys. "Land-based producers expect a 15 percent rate of return on their investment. The rate has to correspond to the risk so seabed miners would have to look for at least a 25 percent return rate." That could translate into sea-mined nickel costing about $8 a pound, whereas land-mined nickel costs about $3.25 a pound to mine.

There is no stipulation in the draft convention that anyone has to buy seabed nickel. Nevertheless, land-based producers are not convinced that its high price will make the seabed nickel less competitive. The land producers fear that major nickel-consuming countries, such as the U.S., West Germany, France and Britain will be willing to pay the price to have their own companies mine the minerals so they will no longer be dependent on foreign sources of supply. "It all depends on how reliable they believe their sources of nickel to be," said Mr. Keys. Congressman John Breaux, a Democrat who is one of the leading advocates against any restrictions on seabed production, has stated "we (the U.S.) import 77 percent of our nickel, much of it from Canada, which is becoming much more nationalistic." The Canadian government has made clear in the international resources conference that it wants to continue exports of nickel to ensure the well-being of Canadian mining industries and to bring foreign currency into the country. Yet it is the kind of pretext Representative Breaux used to advance the interests of American mining companies which may encourage governments to subsidize seabed miners.

Nickel is a strategic material. The largest single use for it is stainless steel, followed by nickel plating and high-nickel alloys. These alloys are used in chemical, marine, electronic, nuclear and aerospace applications. One advisor to the Canadian delegation said he expects the U.S. government may be particularly interested in having its own source of nickel because "they have been doing a lot of talking about rebuilding stockpiles for strategic weapons."

Since many consuming countries, particularly the U.S. (the world's largest consumer of nickel), are interested in having their own nickel supplies, they are willing to support the demands of their adventurous mining companies. A U.S. State Department report notes the mining companies are demanding that since they invest about a billion dollars in a single seabed mining project, they should be guaranteed permission to mine that site. They want to be sure the ISA will allow them to exploit enough nodules to earn a fair return on their investments. They also want a promise that companies currently spending millions on deep seabed mining research will be given contracts by the ISA when it comes into being.

A highly placed U.S. delegate to UNCLOS has said in no uncertain terms that his government will never ratify a treaty that does not include at least a three percent production floor. "The Carter Administration opposed any further restrictions on production," he said. "You can imagine the Reagan administration won't be less fierce (about opposing production restrictions). There is no chance of making the floor formula more restrictive for seabed miners." There is even a possibility that the Reagan administration will demand that all restrictions on seabed mining be lifted from the draft treaty. While upsetting to land-based producers, the lifting of restrictions would please American mining companies which are lobbying Washington to be free of any production limits, said one U.S. official. "Miners all find fault with the treaty because it is not oriented to free enterprise."

Congressman Breaux, who praises the 1958 UN High Seas Convention which gives all nations and individuals the right to use the high seas, implies that the Convention entitles countries freedom to extract the minerals beneath the seas without restrictions. Production controls are not the only issue which turns Mr. Breaux and many mining companies against the draft treaty. Critics object to the transfer of technology regulations. All companies mining in international waters would have to submit to the International Seabed Authority a plan of the area they wish to exploit. the ISA would then reserve half of that area for the use of its own sea-mining company, which will be called the Enterprise. A provision in the draft convention ensures that the Enterprise will have access to seabed-mining technology. It stipulates that seabed

miners must sell their technology "on fair and reasonable terms and conditions" to the Enterprise if asked to do so. The surplus profit of the Enterprise will go to the ISA to be divided among underdeveloped nations.

A new clause, suggested by Brazil, was recently added to the draft convention. It caused a furor among many delegations from industrialized countries. In cases where the Enterprise allows one or more developing countries to mine a reserved area for it, the developing country or countries should be entitled to buy the technology of private companies working on the adjacent site.

A spokesman for the U.S. delegation said the U.S. does not want any of its companies to be forced to sell technology to another country. Although the U.S. Export Control Act prohibits U.S. nationals from selling any materials which could endanger U.S. national security, the official said the federal government opposes the transfer of U.S. technology to Marxist-oriented developing countries. "Brazil is foolhardy to press this clause," said the U.S. official. "It would be the first time a developed country agreed to a mandatory technical transfer to developing states."

But developing countries insist on the Brazilian clause, said Olvero De Soto of Peru, coordinator of the "Group of 77" underdeveloped countries on seabed matters. "Developing countries will not agree to a treaty which omits the clause," he warned. A Canadian delegate to UNCLOS said Canada is among those countries which would prefer to see the Brazilian clause removed.

International Nickel Company Limited (Inco) has invested in the Ocean Management Inc. seabed mining consortium, and Noranda Mines has invested in Kennecott Joint Ventures. Neither company wants to release its technical know-how to potential competitors, reasoned the delegate. There is, however, little the delegation can do to further the wishes of Canadian companies. "Our hands our tied," said one delegate.

The Canadians are not only caught in the spirit of bargaining as much as any other country. They are in the middle of the seabed controversy. Since they are looking to Third World countries to join them in opposition to a production floor formula, they do not want to alienate the Group of 77 by going against them on the Brazilian clause.

Potato-sized nodules

Although experts anticipate that engineers will find a way to mine the deep seabed, at this time nobody knows for sure whether it is really possible. Several mining companies have worked together on relatively small projects but there has never been a full-scale pilot test of deep seabed mining. "There has been nothing that approaches the commercial scale and no matter how good your plans are you just can't be sure," said Mr. Keys of the Canadian Mining Association. "You are talking about picking up potato-sized nodules five miles under water. Just think of a plane flying at 30,000 feet over a thick grey layer of cloud, trying to identify potatoes in a farmer's field."

In 1978 Ocean Management Inc. (in which Inco has a 25 percent interest) recovered in continuous operation about 700 metric tonnes of nodules from a depth of 5,200 meters. The nodules were picked up by a collector riding on the seabed which works like a vacuum cleaner. The collector was about two meters wide and it swept up the nodules and injected them into a three-mile pipe to the surface. A commercial mining site would have to produce some 5,000 to 10,000 tonnes of nodules a day to make a profit. In order to do that, the collector would have to be at least 20 meters wide, and this could not be dragged along the bottom, according to reports from the Ontario Ministry of Natural Resources. The Ministry's researchers estimated that a collector would have to move under its own power at a depth of five kilometers on top of a sticky, slimy sedimentary floor. No one knows how well such an apparatus could handle the mountainous range at the bottom of the sea. The 1980 report concludes: "The mining efficiency, the pick-up rate, of any such machines that have not even been built, is strictly speculative." According to several experts, deep-sea mining is a fact of the future. Conrad Welling, senior vice-president of the sea-mining consortium, Ocean Minerals Company, has said "Ocean mining is coming, there's no doubt about it. But it is a question of when."

Minerals are non-renewable and "there may come a day when we will run out of land ones," predicts Emile Vallé, of the Ottawa branch of the U.S. Steelworkers Association, although that will not happen for a long time. Mining companies will require millions of dollars to start operations on the deep seabed. Unless there is an existing international authority to grant these companies the legal right to mine in international waters, "no lending institution would finance the project," said the Group of 77's representative Mr. de Soto. There are too many risks involved in mining a site without having internationally recognized legal title to it.

To allow mining companies the chance to exploit the seabed before countries are ready to sign an international treaty, the U.S. Congress passed an act in 1980 that enables American companies to begin deep-sea exploits starting in 1988. A U.S. delegate to UNCLOS explained the act was meant to prevent mining industries from being so discouraged by the slow progress of the negotiations that they would cease their research into deep-sea mining.

The West German *Bundestag* also recently passed a bill allowing companies in the Federal Republic to mine the deep seabed by 1988. Similar legislation is being considered by France, Britain and Belgium. If there is no treaty by the time this kind of unilateral

legislation is put into effect, then the governments which passed it will be violating a UN moratorium adopted unanimously by the General Assembly in 1970 against unilateral exploitation. Congressman Breaux argues that the U.S. does not need a treaty: "In the absence of the (draft) treaty, many things dealing with navigational and territorial seas already have become international law." There is no need to regulate internationally deep-sea mining because its requirements of capital and technology limit the number of state which can engage in it. "There aren't going to be a great number of nations that are going to be doing deep-sea mining. It would be easy to make bilateral agreements with other developed nations such as Great Britain, West Germany and France."

Elliot Richardson, the former chief of the U.S. delegation to UNCLOS dismissed by the Reagan administration, told the *New York Times* he believes mining companies will not be able gain universally respected rights to exploit any area of the deep seabed by national action. "We can agree with Germany or Japan to each other's claims, but no other country would be required to respect them; seabed mining companies could face decades of litigation."

The United Nations

World Bank Energy Affiliate— an idea whose time may come

by Gayle Herchak

The United States' reluctance, so far, to participate in the World Bank's proposed energy affiliate has frustrated attempts to get the program off the ground. But judging by the enthusiasm the proposal sparked among both oil-producing and non-producing countries, the program is not likely to die on the drawing board.

Robert McNamara, former President of the Washington-based World Bank, introduced the idea of an energy affiliate last year, as a way to help developing countries find domestic energy sources. It is believed that if Third World nations develop their own sources of energy, they can reduce oil imports that have put many of them deeply into debt. According to the Bank, the developing countries in 1980 spent approximately $50 billion on oil imports. These imports draw heavily on the Third World's revenues. India, for example, last year spent almost 70 percent of its export earnings on oil imports.

McNamara's proposal, now promoted by his successor, A.W. 'Tom' Clausen, is supported by the major oil-exporting countries like Saudi Arabia and Kuwait, as well as most industrialized countries. In February 1981 a committee of World Bank members including the United States, Canada, West Germany, Japan, France, Britain, Brazil, Nigeria, India, Saudi Arabia and Kuwait met to study the proposal.

The United States was expected to contribute $250 million in paid-in capital to the $25-billion project. Yet, shortly after Ronald Reagan became President, the U.S. announced it would not participate in the program. One of the main reasons for its decision is thought to be the Reagan administration's commitment to an overall reduction in government expenditures. The 25 percent reduction in foreign aid announced by Secretary of State Alexander Haig will especially affect multilateral organizations such as the World Bank. (The United States currently spends less than .3 percent of its Gross National Product (GNP) on aid.)

Another factor contributing to the Americans' hesitation regarding the energy affiliate is the suspicion growing among 'Reaganites' that the World Bank essentially espouses the socialist doctrine among its client countries. With a staff of approximately 5,000 people, managing more that $12 billion in loans last year alone, the Bank is one of the largest and perhaps the most influential international organization in the world. It is responsible for providing financial assistance and economic advice to 100 developing countries with a combined population of some 3.5 billion people.

During his 12-year presidency, McNamara shifted the Bank's emphasis from programs and investments geared to maximize the rate of overall economic growth to those projects, primarily in agriculture, which would achieve a more equitable growth. A number of conservatives in the United States fear that the Bank, through such schemes, weakens the private sector in the Third World. American oil companies, in particular want the opportunity to explore for possible oil and gas reserves in the developing countries, something they may not have if Third World governments are given the same opportunity through the World Bank's energy affiliate.

Serious blow

The American refusal to participate in the energy affiliate dealt the proposal a serious blow, since the U.S. is the Bank's major contributor. Yet with countries like Saudi Arabia and Kuwait, (which each allocate more than 12 percent of their GNP to aid) which are strongly interested in the affiliate, it is possible the program could still get off the ground.

About the only stipulation these countries have placed on their possible participation is a demand for a stronger voice in the World Bank. While the U.S. is reluctant to agree to the restructuring of the voting system in the Bank — which now gives it the dominant say — it is believed that eventually the U.S. will be left with little choice but to go with the majority's view. With the major oil-exporting countries increasingly playing a larger role in the world financial community, the U.S. is losing its footing as a leading financier.

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There are a number of reasons, not entirely selfless, why certain countries want to direct their attention to helping the Third World find a solution to its energy problems. The industrialized countries want to see the Third World develop oil reserves wherever possible, believing that with energy development comes widescale industrial development and, therefore, general economic development. Nations such as Canada and West Germany view the energy affiliate as an investment in securing potential markets for their own products.

Canadian Prime Minister Pierre Elliott Trudeau promoted the affiliate proposal during recent official tours of African and Latin American countries and (at the time of writing) was expected to include the proposed energy affiliate plan on the agenda of the Ottawa economic summit of the major Western industrialized nations and Japan scheduled for July 20-21. A leading advocate of North-South issues, Trudeau has warned that if developing countries continue to spend vast sums of their limited foreign exchange on oil from the major producers, their already feeble ability to buy other imports will decline even further.

Though countries like India, Pakistan and Brazil have proven oil reserves, so far there has been little initiative toward developing large-scale extraction facilities. While the international oil companies are obviously interested in developing the Third World market some time in the future, they view the present risks and costs as being far greater than the potential profits. The political and economic instability afflicting many Third World countries discourages commercial initiatives in that area. While the international oil companies have the technological expertise to extract Third World oil, they lack the incentive to do so since most of the discovered reserves are sufficient only for domestic use and not for export. It is expected that the World Bank energy affiliate, if it comes into being, will take the place of the oil companies in financing and directing exploration and extraction of oil.

While multinational companies like Shell and Gulf presently are reluctant to become involved in some Third World countries, the national oil companies of major oil-exporting countries appear eager to lend support. Both Saudi and Kuwaiti representatives at the United Nations say their countries are excited about the possibility of having a new area in which to re-invest their surplus revenues from oil. While these countries have hundreds of billions of surplus dollars, they face increasing restrictions from investment areas, primarily because many Westerners are becoming suspicious of Arab investments.

By the end of 1981, Kuwait will have more than $450 billion in surplus revenue. When it recently wanted to invest some of its profits in forestry reserves in northern Canada, its request was turned down by Canadians who expressed the fear that the Kuwaitis intended to control everything that has to do wit heating. They were met by a similar response in th U.S. when they wanted to buy land on long-term co tracts and to invest more heavily in American bank According to Kuwaiti officials, the American co plained that the Arabs were trying to "buy up" th United States.

Saudi Arabia's manoeuverings

Saudi Arabia, which has invested millions of do lars in Canada and the U.S., is also looking to invest i other areas. With a population of about 7.2 million, S udi Arabia can absorb only a small portion of its su plus. Recalling what occurred in Iran as a result rapid modernization, the Saudi government, itself potentially unstable autocracy, is hesitant to introduc rapid reforms. Kuwait and Saudi Arabia look to th proposed energy affiliate to provide an immediate ou let for their revenues. By helping to foster overall st bility in the Third World in the long term, they see th program as encouraging conditions for continued in vestment in developing countries.

While actively supporting the proposed energy af filiate, Saudi Arabia also is manoeuvering to stabiliz the international oil market through its membershi in the Organization of Petroleum Exporting Countrie (OPEC). At the May 1981 OPEC conference, Saud Arabia secured a members' price freeze while refusing demands that it stop flooding the market with its cut price crude. (Saudi Arabia currently produces 10 mil lion barrels of oil a day, at $32 a barrel — four dollar less than the OPEC average and nine dollars less tha the $41 top price charged by Libya for its highest qual ity crude.) By encouraging high production levels, Sa udi Arabian Oil Minister Ahmed Zaki Yamani engi neered the current oil surplus — estimated at betwee two million and three million barrels a day — in an ef fort to compel oil price stability.

Although Yamani's manoeuvering would appear to prove otherwise, the Saudis are anxious to reduce their production levels. Like Kuwait, which produces between 1.2 and 1.5 million barrels of oil a day, Saudi Arabia would like to see its production almost halved so that revenues remain more in line with financial needs. Both countries are reluctant to have large cash surpluses from their oil since the value of the U.S. dollar is neither intrinsic nor stable. The Arab countries prefer to leave the oil in the ground as long as possible. Since oil is a non-renewable resource, these countries want to ensure that the petroleum industry will bring lucrative returns to OPEC for many years to come. As a Kuwaiti economic adviser pointed out, because of its intrinsic value, the oil is more precious in the ground than in barrels sold even at today's high prices. One of the reasons the two countries are such active supporters of the energy affiliate is that they view the proposed program as something which would relieve them

of the burden of having to produce most of the Third World's energy.

Yet, despite the Arab countries' interest in the energy affiliate, problems could still arise because the United States refuses to become involved. A Saudi spokesman at the United Nations said his country would be able to contribute to the program in moral and financial support only. Since his country, like others, imports its oil technology and expertise, it is not likely to supply these to non oil-producing developing countries.

Members of the World Bank discussed the possibility of reducing lending in other priority areas such as health, education and agriculture in order to compensate for the lack of U.S. funding for the proposed energy affiliate. It remains doubtful, however, whether the energy affiliate would be effective without some form of American contribution. Since the American oil companies are the leading energy technologists, the Bank likely will be forced to solicit their participation, one way or another.

While the Reagan administration has stated it will not contribute to the affiliate, governments have been known to change their positions. As an ardent proponent of the affiliate, Prime Minister Trudeau may attempt to change Reagan's view at the Ottawa economic summit and at the conference between developed and developing countries scheduled to be held in Mexico this fall. In the face of pressure from Trudeau and other Western and Third World leaders, it is possible that the U.S. could eventually relent and agree to make a contribution to the World Bank's proposed energy affiliate. Indeed, some energy analysts predict that, eventually, the United States will be at the helm of such an energy affiliate.

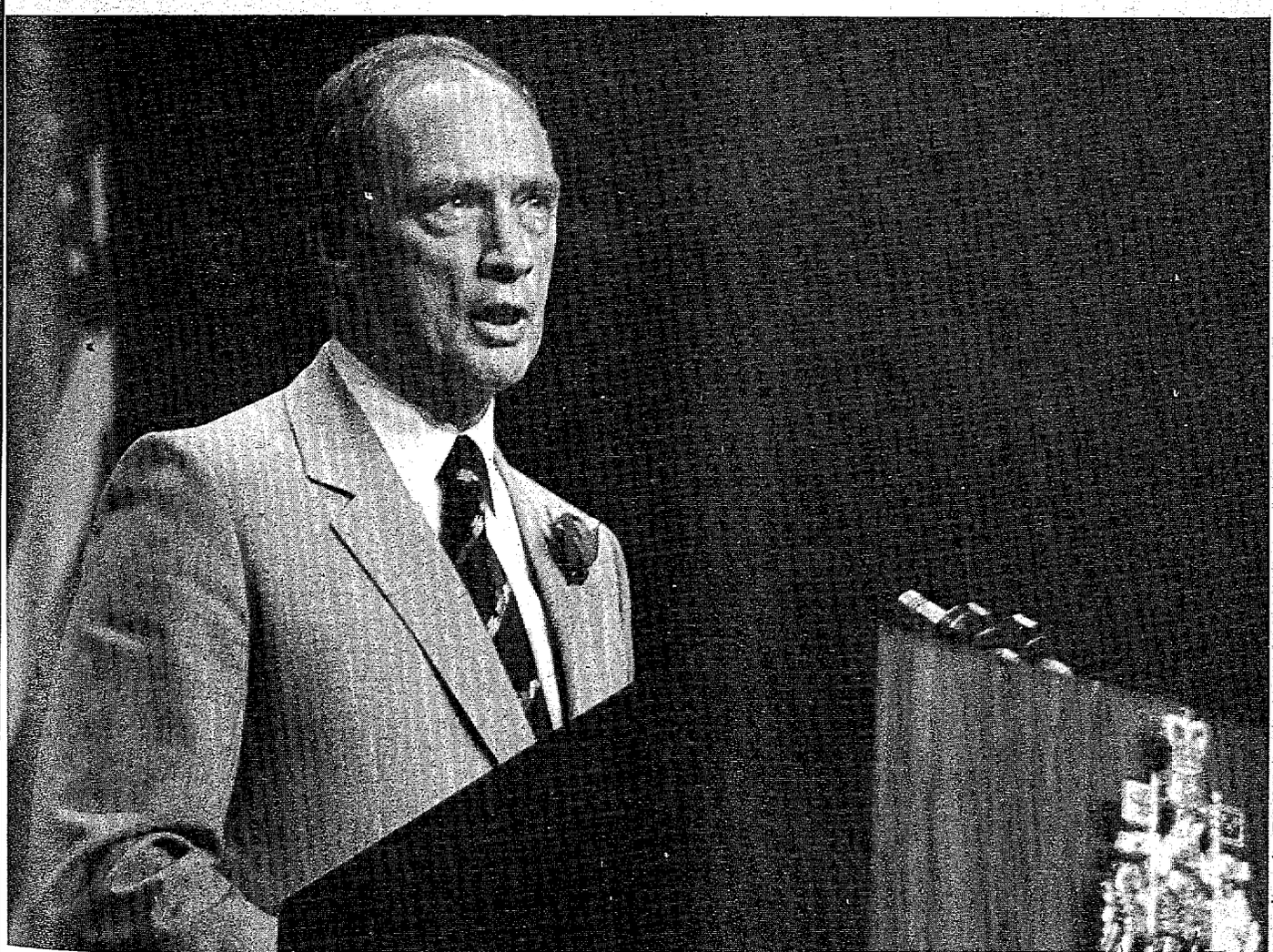

photo by Ed McGibbon

Prime Minister Trudeau talks to the press after the Ottawa Summit. He kept development questions on the agenda but there was no mention of an Energy Affiliate.

Japan's varied responses to energy vulnerability

by Robert Albota

In Japan's most serious nuclear 'accident' to date, officials at the Japan Atomic Power Co. this spring were forced to shut down the nuclear reactor located near Tsuruga, on the island of Honshu. Many Japanese, concerned over the growing number of nuclear power plants in their earthquake-prone country, were angered by reports of the spillage and dumping into open waters of contaminated waste water from the reactor — and incensed at the subsequent cover-up of the incident by authorities.

The effect of the Tsuruga affair on public opinion proved to be a setback for the Japanese government's promotion of nuclear power as one of several alternative energy sources needed to ease the burden of energy-starved Japan. According to a recent report issued by the Trilateral Commission, Japan is the only member of the Organization for Economic Cooperation and Development which has succeeded in developing — and gaining widespread public acceptance — of a comprehensive energy policy which includes stringent conservation measures and the diversification of Japan's sources of energy. In a report issued last year by Canada's Institute for Research on Public Policy entitled *The Men With the Yen*, author Zavis Zeman concluded: ". . .Confident in the correctness of the basic orientation of her energy policy, Japan is coping with the present oil crisis. . .with few of the signs of panic that might be expected if energy pauperism is indeed *the* Achilles' heel of the country."

Dependence on Middle-East

An adequate supply of energy from stable markets is vital to ensure a prosperous Japanese economy which, after the U.S., is the world's second largest consumer of energy. Heavily reliant on imported foreign oil to fuel its electric power generating plants and industries, Japan, perhaps more than any other heavily industrialized nation, must race against time to find new sources and guaranteed suppliers of energy. "Right now, 80 percent of Japan's oil comes from the Middle East. This is too much. We must diversify and import oil from other countries such as Mexico and China", writes Shingo Moriyama, the Director-General of Natural Resources and Energy of the Ministry of International Trade and Industry. "Japan has become increasingly uneasy about its reliance on imported oil. The so-called second oil crisis (of 1979). . . sharpened this fear. The sudden rise in oil prices and erratic supplies have led Japan more and more toward an energy policy that seeks to develop alternatives to oil. . .The goal is (to) bring the share that oil fills in Japan's total energy supply down from 70 percent to 50 percent by the end of the decade", adds Mr. Moriyama.

In the drive to lessen its dependence on Middle-Eastern oil, the Japanese government in 1974 launched a massive program to educate the public on the necessity to conserve oil and electricity and develop new sources of energy from unconventional means. Targets and goals have been set to the end of this century to ensure that never again will the country be caught off-guard by an oil *shokku* which sent shockwaves through government and economy during the 1973 Middle East oil embargo, and again as the result of the 1979 cut-off of Iranian oil, the production cutback in Saudi Arabia and higher prices charged by the OPEC cartel. "Because the Middle East is such an important source of oil", writes Toshiro Shimanouchi, a counsellor with the Japan Federation of Economic Organizations (Keidanren), "we have unwittingly depended on the oil-producing countries of the area, and thus, we seem to have placed the well-being of our citizens in the hands of countries with weak social and political foundations. . .We on our part must reduce our dependence on these countries by developing alternate energy as rapidly as possible. We are over a barrel and we want to get off." The outbreak of war between Iran and Iraq in September 1980 did not precipitate a third oil crisis, because the Japanese had planned contingency measures to prevent another oil emergency. Shipments of Iranian oil, which were suspended to protest the hostage-taking and later halted by the war with Iraq, accounted for 10 percent Japan's imported oil.

Robert Albota is Assistant Editor of International Perspectives. *He did research on Japan's energy policy while on a three week visit to Tokyo last year.*

For the Record

External Affairs Canada / Affaires extérieures Canada

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In force April 2, 1981

II. Multilateral

Convention on Prohibitions or Restrictions on Use of certain Conventional Weapons which may be deemed to be Excessively Injurious or to have Indiscriminate Effects.

Done at Geneva, April 10, 1980

Signed by Canada on April 10, 1981

Government Response to the Report of the Parliamentary Task Force on North-South Relations

On May 23, 1980, by an Order of Reference, the House of Commons established a Parliamentary Task Force on North-South Relations. The Task Force was composed of members of all political parties represented in Parliament. Herbert Breau (Lib., Gloucester) was appointed chairman. The other members were Douglas Roche (P.C., Edmonton South), Maurice Dupras (Lib., Labelle), Bob Ogle (N.D.P., Saskatoon East), Girve Fretz (P.C., Erie), Douglas Frith (Lib., Sudbury), and Jim Schroder (Lib., Guelph).

The mandate of the Task Force, as set forth in the Order of Reference, was to:

> recommend practical and concrete steps that Canada can take to contribute to the success of matters being negotiated in several international fora.

The Task Force set about its work through informal discussions at the United Nations and in Washington, by hearing the presentations of witnesses at public hearings, and through an examination of other written briefs received. The Task Force examined many apects of North-South relations, including finance and debt, development assistance, food aid and agricultural assistance, energy and trade.

The government is of the view that the success of the Task Force in generating public awareness of North-South issues is of major importance and will lead to increased support for a forward-looking Canadian North-South policy. The Task Force hearings provided a forum for the cross-fertilization of ideas from knowledgeable Canadians with differing views and perspectives. Its reports have stimulated both media and public discussion. Such debate and resultant support is a prerequisite if Canada is to pursue a leadership role in the North-South dialogue, similar to the one recommended by the Task Force.

With regard to the Task Force's specific recommendation that Canada allocate 1% of Official Development Assistance (ODA) to encourage the involvement and awareness of Canadians in North-South concerns, the Government recognizes the importance of broadening public interest in this area. The Government intends to give increased priority to the promotion, especially by non-governmental organizations (NGOs), of public awareness and understanding of the problems faced by developing countries. It will continue to examine other methods, and the appropriate level of funding, that should be established for such activities.

On April 21, 1981 the Task Force presented its final report to Parliament. In addition to its recommendations on specific subjects, the Report contained certain general recommendations relating to such areas as the need for coordination of government policy on North-South issues and the leadership role that devolves upon government. The Government has examined all of the recommendations. It is of the view that the recommendation on government's necessary leadership role, given the unanimity with which the Task Force members supported it, will likely have the most lasting impact of all the Task Force recommendations. The call for Canada to play a "bridge-building" role to reduce the gap between the developed countries and the Third World has encouraged the Government to pursue an active role in fostering a constructive dialogue with developing countries. The Government supports the two-pronged thrust of the Task Force's proposals, namely that Canadian policy on North-South issues should be based on two major principles: the *mutuality of interests* of both North and South in solving global economic problems, and the *humanitarian* need to focus attention and resources on the world's poorest peoples and countries. These concepts will continue to motivate Canada's aid programs and to govern our efforts to search for compromise at international meetings, including the recent Ottawa Summit, the forthcoming Commonwealth Heads of Government Meeting and the North-South Summit as well as in the proposed Global Negotiations.

The Government also concurs with the Task Force's view that coordination of Government policies is needed for a more coherent Canadian North-South policy. Appropriate measures in the policy-making process of the Government are being instituted to promote a more consistent approach. These practices will be reviewed periodically to ensure that North-South implications are taken into account in all relevant Government decisions.

The main recommendations themselves are an important contribution to the development of Canadian policy. They have been taken very seriously by the Government and have been studied carefully with a view to re-evaluating existing policies. Set out below are point by point responses to the main recommendations of the Parliamentary Task Force on North-South Relations.

A. Finance and debt

1a. That Canada commit itself to reach the ODA target of .7% of Gross National Product by 1990 by means of steady annual increases to reach .57% by 1985.

The Government is taking this recommendation into account in a review now underway on what should be the path for ODA to .5% and .7% of the GNP in order to ensure a smooth growth and better programming of aid funds.

1b. That Canada press other industrialized and oil exporting countries to increase aid levels.

The Government concurs with this recommendation and intends to continue its efforts to encourage all donors to augment their aid to developing countries.

2. That Canada consider such methods as subsidization of interest charges on future loans made by oil exporting countries to oil importing developing countries as a means of balance of payments support to the poorest countries.

The Government would be prepared to consider ways multilateral recycling schemes could operate outside the purview of existing institutuions.

3. That Canada support a step-by-step change in the World Bank gearing ratio to permit greater borrowing in the financial markets.

The Government considers an increase in the gearing ratio to be an inferior way to increase lending to developing countries but is prepared to support further exploration of this and other options. The preferred option would be an increase in callable capital of the World Bank.

4. That Canada support greater responsiveness by the International Monetary Fund (IMF) to externally caused and longer term adjustment crises facing developing countries to protect their development plans.

The Government considers the current measures being implemented by the IMF, which have been designed to meet the concerns expressed in the recommendation, indicate the fund's willingness to respond in a pragmatic manner to changing world economic circumstances. Canada will continue to support the further evolution of the IMF in a manner that meets the needs of its members and that is consistent with its mandate.

5. That Canada support the study of various means of establishing a closer link between the allocation of international reserve assets (Special Drawing Rights) and the needs of developing countries.

The Government agrees to the further examination of this issue by the IMF.

6. That Canada advocate greater responsibility for oil exporting countries with balance of payment surpluses in the IMF and World Bank by such methods as increased voting shares in new facilities to correspond with their increased financial contributions.

The Government agrees with the recommendation that Canada support greater responsibility for oil exporting surplus countries in the financing and management of the World Bank and the IMF. It will actively continue to encourage a higher profile for such countries in the proposed World Bank energy affiliate.

B. Development assistance

1. That Canada strengthen as the central objective of its development assistance program the basic human needs of the poorest people in developing countries.

Satisfaction of the basic human needs of the poorest segments of the population in developing countries is and will remain one of the central thrusts of Canada's aid program. Of course, this emphasis must be consistent with developmental priorities identified by the recipient countries themselves.

2. That higher priority be given to education and development of skills of women in the Canadian aid program.

The Government concurs with this recommendation which reflects current policy.

3. That a high proportion of aid funds should be concentrated in the poorest and most seriously affected countries.

The Government concurs with this recommendation. Canadian aid is already concentrated to a large degree in the poorest and most seriously affected developing countries. Over 70% of the bilateral program assistance support essentially covers all of those developing countries who are most seriously affected by energy price increases and consequent decreases in their terms of trade. Moreover, the bulk of Canada's multilateral ODA programs are concentrated in the poorest countries.

4. That Canadian aid be concentrated in fewer countries, while remaining sensitive to humanitarian and foreign policy considerations. That the Government strengthen the administration of aid programmes in the field.

The Government is supportive of this recommendation. The majority of bilateral resources are already allocated to a limited number of countries and it is the Government's intention to strengthen the policy of concentration and to improve the effectiveness of the administration of aid programs by devoting more resources to the field.

5. That procurement for aid projects be consistent with development assistance objectives. Although a significant proportion should be procured in Canada, Canadian International Development Agency (CIDA) should be freed from any fixed percentage rule.

A more flexible approach to the tying regulations for ODA would seem to have some merit and is being studied

further, although it has been found that existing regulations have not been a major constraint in the selection and implementation of development projects.

6. That the ratio of bilateral to multilateral aid be determined by the objectives of the aid program with priority going to the basic human needs of the poorest people. Both should share in the real growth of the development assistance program.

The Government intends to allow real growth both in bilateral and multilateral assistance. In order to facilitate planning, the Government does believe that a range of 30 to 35% for multilateral assistance is necessary so as to permit other programs to grow as well, such as NGO assistance and Industrial Cooperation.

7. That an increased share of ODA support activities of NGOs. CIDA Bilateral Programs Branch should assign some of the funds it expects to spend in agriculture, health and rural development to small projects which would be operated on its behalf by Canadian NGOs.

The Government concurs with this recommendation and it intends to seek real growth to programs involving the non-governmental sector, including the use of institutuions in this sector for implementing Bilateral projects.

8. That the Government increase the funding of the International Development Research Centre (IDRC).

The Government intends to continue to support IDRC and give priority to increasing IDRC's funding.

9. That a larger portion of ODA funds be allotted for meeting emergencies.

The Government concurs with this recommendation which was reflected in recent decisions to double funds for humanitarian and emergency assistance in 1981-82.

10. That unspent aid allocations be carried forward from one fiscal year to the next.

While the lapsing of funds does not represent a major difficulty in managing the Canadian aid program and provides greater discipline in Government accounting practices, the Government would wish to study the feasibility of relaxing the lapsing provision within the context of the envelope system.

C. Food aid and Agricultural assistance

1. That food aid from Canada be used only as a transitional measure to fill the gap which exists between a country's food needs and its food production. Food aid should be part of a detailed and well-integrated food production plan in which food aid would gradually decline and assistance for food production would increase.

The Government concurs with this recommendation which reflects current policy.

2. That every effort be made to purchase food aid from neighbouring food-surplus developing countries.

The Government concurs with this recommendation which relects current policy. It should be noted, however, that there are only a few situations where such an arrangement is possible.

3. That Canada make increasing use of multilateral food aid channels. Bilateral food aid should be closely coordinated with multilateral channels.

The Government concurs with this recommendation which reflects current policy.

4. That the Canadian commitment to the Food Aid Convention be increased.

An increase in Canadian food aid is at present under consideration in the context of the planned increase in overall aid levels.

5. That Canada support the early conclusion of a new International Wheat Agreement (IWA).

The Government supports an IWA which would contain a better balance of benefits for both producers and consumers. We are exploring the possibility of a new approach to an IWA which would separate the food security aspects from the commercial.

6. That Canada guarantee a fixed tonnage of cereals to developing countries faced with severe food deficits.

A set-aside of cereals for developing countries does not easily lend itself to forward financial planning because of price fluctuations and the cost of maintaining stocks; however, the special provisions for developing countries under consideration in the context of a new IWA could materially assist if a new Agreement can be reached.

7. That Canada attach higher priority to agricultural research with the objective of strengthening the management of such activities and improving dissemination of the results.

The Government concurs with this recommendation which reflects current policy.

8. That projects benefiting small landowners receive increased support, while recognizing some developing countries may prefer the creation of larger agricultural units.

The Government believes that agricultural development assistance should be tailored to the needs of each individual country and be based on the priorities of the recipient government.

9. That the International Fund for Agricultural Development (IFAD) be strongly supported.

Canada has been in the past and will continue to be a strong supporter of IFAD. It will continue its efforts to achieve a more equitable burden sharing between category I (Organization for Economic Cooperation and Development — OECD) and category II (Oil Producing and Exporting Countries — OPEC). Negotiations are currently under way to determine an appropriate level of funding and sharing of contributions to IFAD's first replenishment. Canada is an active participant.

D. Energy

1. That Canada support the Energy Affiliate of the World Bank. Canada should itself contribute financially.

The Government will continue to support the concept of an energy affiliate and to do whatever it can to persuade both revenue-surplus oil exporters and industrialized countries of its advantages.

2. Canada should encourage projects which use renewable and locally available sources of energy.

The Government concurs with this recommendation and will continue its active support for the UN Conference on New and Renewable Sources of Energy in a way which aims at positive and practical results. Project activities by Petro-Canada International should get under way soon.

3. That high priority be given to reforestation in Canadian agricultural aid.

The Government concurs with the recommendation and it hopes that the UN Conference on New and Renewable Sources of Energy may provide occasion to develop initiatives in the area of reforestation and fuel wood use.

4. That Canada work effectively with other industrialized countries to implement energy conservation measures.

The active implementation of the National Energy Program will bring about major energy savings in a way consistent with our international undertakings.

E. Trade

1. That the number of Trade Commissioners in developing countries which present expanding market opportunities be increased.

As demonstrated in the Export Strategy Paper for the 1980's, the Government agrees with the desirability of improving our ability to seize export opportunities in the newly industrialized countries through, *inter alia*, the deployment of adequate resources by the Trade Commissioner Service in key areas, including, if necessary, increases in those resources.

2. That increased Government assistance be provided to small and medium-sized companies in the private sector to help them to develop trade relationships with developing countries.

Possibilities for further improving existing programs and for creating new facilities for market development are being kept under continuing review, particularly as they may benefit small and medium-sized firms seeking to do business in the Third World. Funding for relevant programs has recently been substantially increased.

3. That there be better coordination and assessment of policies relating to import penetration and that overall responsibility be assigned to the Department of Finance.

The Government will continue to give high priority to improving the coordination and assessment of import policies.

4. That the Government review its import restraints, with a view to reducing discrimination against new entrants, in particular poorer developing countries.

Outside the textile, clothing and footwear sectors, there are no quotas, voluntary restraints or other safeguard measures at present in effect protecting Canadian producers in non-agricultural sectors from fair imports from developing countries. The Government has been reviewing import policy for the footwear, textiles and clothing sectors and a Government announcement can be expected shortly.

5. That the Government immediately launch a major public inquiry of the industrial sectors likely to be at a long-term disadvantage in relation to developing countries, with a view to adopting effective adjustment measures.

The difficulties of the Canadian industrial sectors which are most affected by the competition of developing countries are well known to the Government. Measures to help the competitiveness of these Canadian industries in the present international trading environment are already being taken or are in the course of being formulated. Public inquiries concerning these industries have recently been conducted by the Textile and Clothing Board and the Anti-Dumping Tribunal (on footwear). The Government will be taking decisions shortly. When the decisions are announced, the Government will be in a position to make known the factors leading to the positions adopted.

6. That Canada support the attempt to devise a "social clause" in the General Agreement on Trade and Tariffs (GATT) which would hold the signatories to a fair labour standards code.

The Government has been supportive in the International Labour Organization (ILO) of international initiatives which encourage the development of improved working conditions in developing countries. However, the introduction of a "social clause" in the GATT, enforced by a right to impose trade sanctions for non-compliance, is not considered likely to accomplish this aim.

7. That Canada ratify the Common Fund Agreement and make the financial contributions it entails.

The terms of this recommendation are currently being met.

8. That the General Preferential Tariff be extended to include all of the manufactured products of the world's poorest countries and that graduation criteria be established to identify those countries no longer in need of preferential treatment.

This recommendation is being taken into account in the current Government review of what measures might be implemented under the General Preferential Tariff to improve access to the Canadian market for products of the developing countries. The results of this review are expected to be announced shortly.

Despite some public dissent over the nuclear power generating program, Japan remains an example of a highly-industrialized state which has rallied its citizens behind the cause of energy-conservation. It should serve as an inspiration to Western countries which are striving to hammer-out new energy policies. As an indication of public concern with the situation, 'energy education' has become an accepted part of Japanese students' curriculum, and young school children draw posters to promote the conservation theme. A "conserve energy" program is widely discussed in town halls, in election campaigns, between parents and teachers and in business and industry. Tokio Kanoh, Deputy Director-General of the Energy Conservation Centre of the Tokyo Electric Power Company wrote in a *Look Japan* article: "The Japanese are eager to learn what is going on in other countries. More importantly, the Japanese become strongly united once a goal is agreed, and punitive regulations cannot create a focal point. The Japanese people in general do not like to be motivated through fear of punishment, but they love to exercise their voluntary will." Meanwhile, Canada is still trying to get its western provinces to go along with the National Energy Program. On the other hand, the Reagan administration in the U.S. seems to be placing much less urgency on the struggle for energy self-sufficiency than the Carter administration, which equated the effort to solve the energy crisis as the "moral equivalent of war." Japan has made great strides in recent years in its desire to reduce its vulnerability to foreign sources of energy, which Canadians in particular should take note. More and more, energy will have an increasing role the bilateral relationship with our second largest trading partner.

Watershed year

Unprepared for the embargo on oil exports imposed by Arab members of the Organization of Petroleum Exporting Countries (OPEC) as a result of the Yom Kippur war, 1973 proved to be a watershed year for Japan and its. economy. Once dependent on coal-fired generating plants, Japan switched to inexpensive crude oil during the late 1950s, 99.8 percent of which was imported, mainly from the Middle East. Japan's economic boom (the period from 1968-1973 saw an average annual growth in the Gross National Product of nine percent) came to an abrupt halt after the first oil *shokku*. Before the embargo, energy consumption increased by an average of over ten percent annually. Since 1973, energy consumption has increased by an average of only 1.4 percent, while the average GNP increase has been four percent. Faced with the economic recession of 1974, when the GNP encountered zero growth, a state of national emergency was proclaimed. MITI coordinated a concerted plan to launch an energy recovery program which called for an immediate ten percent reduction in energy consumption, new offshore exploration for oil deposits, the establishment of a government-to-government policy for obtaining foreign oil, a program to stock-pile an emergency reserve of oil for 90 days and finally, the promotion of alternative energy sources and development of new energy technology.

It also led to the advent of "resource diplomacy": Japanese officials, for reasons of self-interest — the maintenance of her economic power — sought to improve economic and trade links, increase her sphere of influence and promote good relations with energy producing countries, especially those in the Middle East. Millions of dollars were invested in petro-chemical complexes in Iran (the project was later disrupted by the revolution and subsequent war) and in Saudi Arabia. Cooperative energy programs were begun with the Soviet Union and China. Energy deals were struck with Australia — an important coal producer — and Indonesia, the closest OPEC member to Japan. In May 1980, the late Prime Minister Masayoshi Ohira paid a call to Mexican President José Lopez Portillo and asked for an increase in its oil shipments to Japan to 300,000 barrels per day (a decision was deferred).

Tokyo summit

Energy crisis management is a catch-phrase describing the methods undertaken by the Japanese government to lessen the severity of the oil shortage. In the wake of the second oil *shokku*, sparked by the overthrow of Iran's Shah, the drop in Saudi production and increase in OPEC prices, Japan promoted the conservation of energy at the June 1979 Tokyo 'energy summit' of the 'big seven' economic leaders. The five percent annual conservation target agreed at the March 1979 meeting of the International Energy Agency was accepted by the leaders. There was also a consensus on the need to promote voluntary conservation measures and self-restraint. In addition, a ceiling on the importation of oil was agreed to by all participants. The Tokyo summit allowed Japan to maintain a higher oil import ceiling than the other Western countries attending, thus allowing it to import from 6.3 to 6.9 million barrels a day through to 1985 to ensure the viability of its economy and an annual GNP growth rate of 5.7 percent. Nevertheless, Japan is aiming for a more modest import rate of 5.4 million barrels per day (Japan's oil imports reached a high of 290 million kiloliters in fiscal 1973 and have declined ever since). Leaders attending last year's Venice summit agreed to accelerate conversion from oil-fired plants to other fuels such as coal and the substitution of petroleum use in industry.

Japan's *Diet*, in 1979, also passed a "Law for Rationalization of Energy Consumption" which closed gasoline stations on holidays to discourage driving and launched several long-term programs to convert electric utilities to alternative fuels. Further, in 1980, Japan imposed restrictions on late-night television broadcasting, shortened the hours during which neon

signs might be used, enforced closing times for businesses and set thermostat limits for housing and industry as part of its policy to attain a seven percent cutback in oil consumption. Japan also sought to curb the purchase of oil on Europe's spot markets, which often charge more than OPEC's already soaring prices. The Japan National Oil Company was created to handle bilateral government-to-government oil deals, replacing the private oil companies. In addition, the government provided tax incentives and subsidies to enable industry to conduct research into alternative energy development. Its efforts have met with remarkable success. During fiscal 1979, Japan achieved a six percent increase in its GNP while achieving an annual demand increase in energy of zero percent.

Sunshine project

Two government-sponsored programs are underway to help reduce Japan's vulnerability to foreign sources of energy. The Agency of Industrial Science and Technology established the Sunshine project in 1974 to develop solar energy, coal liquefaction and gasification, liquified natural gas, geothermal energy and hydrogen energy. It is hoped these alternative energy sources will supply the country with 4.8 percent of its total primary energy needs by 1990. Generous tax incentives are permitted for industries which are developing technology to facilitate the use of alternative energy. Solar heating needs much support to make it feasible and acceptable for use in homes and industries and it probably will not have a major impact until the end of the century. On October 1, 1981, a new agency, called the New Energy Development Authority (NEDA) was established to oversee the administration of the Sunshine project.

Moonlight project

The Moonlight project, which was established in 1978, is the other comprehensive program running under the auspices of MITI and combining both government and private industry in the quest to promote research and development of energy conservation technologies. "The aim of the project", according to Hiroshi Takahashi, a senior officer of the Moonlight development program in an article published in *Look Japan*, "is to reduce the demand for energy, without lowering living standards or damaging the public welfare. . .(and) to make full use of even the slightest amount of energy." The project calls for measures to increase the public's awareness of energy issues, promote research and development of energy conversion technologies as well as finding better means of energy transportation, storage and consumption.

This search for alternative energy sources has brought Canada into the picture. One of the main alternatives to oil being promulgated by the Japanese government is nuclear energy. Already there are 21 nuclear reactors in operation in Japan and seven more under construction. They so far generate some 15 million kilowatts of power and it is hoped that 51 million kilowatts will be generated by 1990. All but one (British made) are American built Westinghouse reactors. Atomic Energy of Canada and the Canadian government have lobbied the Japanese to purchase the CANDU heavy-water reactor, reputed to be one of the safest in the world — which is one of its main advantages over other systems. "The (1979) Three Mile Island incident got them nervous about American reactors" said an unnamed Industry, Trade and Commerce official in an interview with the *Globe and Mail*, who added the Japanese are "becoming convinced that our heavy water reactors have one of the best safety records." Although safety is a primary concern of Japanese, there has been factional infighting within the Japanese government on the merits of the CANDU system. In 1979, Japan's Atomic Energy Commission — as well as eight of Japan's major utility companies — did not recommend purchase of a Canadian CANDU system. They preferred to continue purchasing U.S. made nuclear technology. MITI's head, Masumi Esaki, disagreed with the AEC's verdict and proposed that CANDUs be purchased to fill Japan's growing nuclear needs. Although no decision has yet been made on the CANDU sale (each reactor costs an estimated $700 million to $1 billion), it remains a plum in any bilateral trade talks between Canada and Japan.

Interest in CANDU was expressed by the late Mr. Ohira in a visit to Ottawa in May 1980. The joint communiqué read that the "sale of the CANDU system could contribute to the strengthening of bilateral trade and economic relations". The leaders agreed to leave the issue for discussion in the Canada-Japan joint economic committee. During the recent visit to Ottawa of Prime Minister Zenko Suzuki, the discussions focussed more on curbing automobile exports to Canada and were not intended to be a "selling session" for CANDU. The current attitude at MITI is 'wait and see'. Much bureaucratic infighting has to be resolved before a decision to buy or not to buy the Canadian-built reactor is made. In addition, the Tsuruga scandal is bound to setback a decision on CANDU pending a possible review of the entire nuclear program. Rokusuke Tanaka, the Minister of Finance, visited Ontario Hydro's Pickering CANDU installation in January 1981 and was said to be impressed — although non-commital — with the reactor system. Perhaps the CANDU will again surface on the agenda when Canada's External Affairs Minister Mark MacGuigan pays an official visit to Japan in September. The vice-chairman of the National Energy Board, Geoffrey Edge has stated "from the Canadian point of view, purchase of the CANDU reactor by Japan would have excellent potential for providing mutual benefits. Japan is obviously interested in developing a viable, safe nuclear program and Canadians believe than in the CANDU system, they have developed the safest and most efficient nuclear reactor in

the world." If a deal is struck, Canada will also be in a favourable position to sell uranium to Japan, although the Japanese would wish to diversify the suppliers of this mineral.

The governing Liberal Democratic party and the Democratic-Socialist party both favour the expansion of nuclear technology in Japan. On the other hand, the Japan Socialist Party favours greater emphasis placed on solar energy, electricity generated from sea waves and forest biomass (wood recycled into kerosene). A survey commissioned by the Liberal-Democratic party in January — before the Tsuruga incident — found that 66 percent of those questioned accepted nuclear power as inevitable, although most felt some uneasiness about nuclear power generation. Nevertheless, there has been concerted opposition in Japan to selection of locations for construction of an additional 19 proposed nuclear power plants. A strong anti-nuclear coalition of activists and citizen groups are also rallying to express their opposition to nuclear power, in much the same way as in North America. This is bound to increase in the wake of the Tsuruga scandal.

Demand for coal

Another alternative energy source — coal — holds much promise for the future. It is estimated that Japan will need about 16 million tons of imported steaming coal in 1985 and up to 66 million tons by 1995. Australia now supplies some 40 percent of Japan's requirements for thermal and coking coal but Canada will be getting involved in a big way. On January 27, 1981, Canada and Japan signed an agreement to furnish Japan with coking coal — needed to fuel Japan's steel industry — from mines in northeastern British Columbia and from Alberta at $75 a metric tonne. The contract stipulates that Denison Mines Ltd., Quintette Coal Ltd., and Vancouver-based Teck Corp. Ltd. would furnish Japan with up to 30 percent of its coal needs. Beginning in 1983, these companies will provide the Japanese steel consortium will 6.7 million metric tonnes of metallurgical coal per year for 15 years (with the option of extending the contract another five years). The federal government agreed to subsidize the British Columbia government to build new infrastructures and rail lines to facilitate the export of coal.

If the Japanese hope to import oil from Canada, they may have to wait a long time. An oil development agreement was signed in August 1980 between the Japan National Oil Corporation (JNOC) and Dome Petroleum Ltd. to develop new oil wells in Canada's Beaufort sea. The JNOC is expected to invest $400 million dollars over three years to tap the estimated 36 billion barrels of crude oil and 340 trillion cubic feet of natural gas in off-shore reserves. Japan will be entitled to obtain oil drilled from the sea to sell back to Canadians. Canada's policy, for the moment prohibits the export of Canadian crude and despite Alberta's petroleum resources, the country still has to import about 425,000 barrels per day from Venezuela, Mexico and Saudi Arabia. "We therefore cannot promise Japan any satisfaction so far as oil is concerned until we have reached a point of self-sufficiency", states Mr. Edge of the National Energy Board. Nevertheless, the expectation that Canada will some-day be in a position to export its petroleum abroad prompts Japan to make multi-million dollar investments in Canada's petroleum fields. "We are not interested in a quick return on our dollars. We want oil and we want it from a politically stable country like Canada" claims Mo Yabe, the executive-director of the JNOC. Further to this, the Japan Oil Sands Company has invested heavily in research and development projects at the Cold Lake Alberta oil sands deposit as well as sinking $112 million dollars in the Primrose project where technology is being developed to pump steam into the bituminous oil deposits of the Athabaska tar sands.

In Japan's drive to establish a comprehensive energy policy, setbacks such as the Tsuruga incident are inevitable. Nevertheless, the Japanese people will continue to impress the West with its commitment to achieve *nemawashi*, or a consensual approach, in dealing with her energy problem. Should a third energy crisis disrupt the Japanese economy, it is not inconceivable that the Japanese government would resort to what is euphemistically called *gyosei shido* (administrative guidance) to induce industry — which is the main consumer of energy in Japan — to quicken the pace of its internal conservation measures, according to the former MITI Natural resources director, Naohiro Amaya. Mandatory measures could be imposed on industry and society to achieve such an end. Oil and gas rationing has so far been avoided in Japan, but a worsening of the international situation could make such a measure necessary. One remembers how quickly gas line-ups in New York formed during the long-hot summer of 1979.

Notwithstanding Japan's desire to avoid another oil emergency, there is another reason why the government places so much importance on its energy policy. It can best be summed up by Prime Minister Suzuki, who in an address to the *Diet* in January, said: "Japan has drawn upon the lessons of the first oil crisis and the people have responded calmly. With the permeation of the consciousness that it is necessary to curtail oil consumption and build plentiful stockpiles, we are not anxious about supplies for the time being. From the middle-term perspective, however, we must not hand over the present weak energy-base to succeeding generations."

'Finlandization' as a method of living next door to Russia

by Paul Malone

"Finlandization" is a word used in a pejorative sense by critics of Finnish foreign policy who claim the independence of Finland has been compromised by its determination to maintain constructive relationships with the Soviet Union. In a broader sense, the term is employed by opponents of detente in the West who fear other European democracies may follow in Finland's footsteps and bow to the threat of Soviet military pressure in the conduct of their foreign policies.

It is significant that this term "Finlandization" is used glibly by writers and commentators who have little, if any, first-hand knowledge of Finland — its history, its people, its problems and its achievements; its success as a free market democracy in maintaining friendly relations with the Soviet Union.

The state visit of Canada's Governor-General Edward Schreyer to Finland in May 1981 provided him, Secretary of State for External Affairs Mark MacGuigan and accompanying officials with on-the-spot insights into Finnish foreign and domestic policies. Exchanges of views in Helsinki are reported to have underlined similarity of Canadian-Fenno outlooks on multilateral issues and mutual enthusiasm for bilateral cooperation in economic and scientific relationships.

With a population of less than five million dispersed over a rocky and unfertile area lying almost entirely above the 60th parallel of northern latitude, Finland plays a role in international affairs more influential and more constructive than its modest physical resources warrant. As a determined neutral state, Finland has succeeded in establishing friendly relationships with both Eastern and Western blocs, as well as Third World neutral and non-aligned countries. The history of Finland and its exposed geopolitical position as a western-style democracy sharing an 800-mile border with the U.S.S.R are responsible for its adherence to a foreign policy based on "active neutrality". Finland's strategic vulnerability in the event of war involving the superpowers explains Finnish support and enthusiasm for detente.

Finland's struggle for independence from neighbouring states continued for more than 800 years before achieving success in 1917. In 1155 A.D. Sweden invaded Finland, which had been occupied earlier by tribal migrants from Central Asia. Swedish objectives were twofold — to secure military bases for use against Russia and to establish Christianity. Finland remained under Swedish control until 1809 when a Russian victory over Sweden in the Baltic resulted in a transfer of Finnish territory to control of the Czar personally. Finland became a semi-autonomous grand duchy of Russia with the Grand Duke.

During the 19th century the Czars exercised their authority over Finland in a relatively liberal and constructive manner. But stirrings of revolution within Russia earlier this century resulted in increasingly oppressive measures within Finland in concert with the entire Russian domain. Leaders of Finnish resistance took advantage of the Russian revolution of 1917 to issue a Declaration of Independence. Pre-occupied by domestic problems and convinced forces of the left would quickly take over control of the infant state, the revolutionary regime in the Soviet Union promptly recognized the Declaration of Independence. When civil war broke out almost immediately in Finland, Moscow actively supported the rebellious forces of the left. A bitter struggle between "White" (non-Bolshevik) and "Red" forces in which both German and Soviet reinforcements participated on opposing sides ended in victory for the Government battalions under the great Finnish patriot Marshal Carl Gustaf Emil Mannerheim who had been a prominent military officer in Czarist Russia in the days of the grand duchy.

Winter war

Relations between Finland and the U.S.S.R. remained frosty until the eve of World War II. The Soviet Union, which anticipated an eventual attack from Nazi Germany, demanded territorial concessions from Finland to strengthen the defence of Leningrad. Despite the formidable odds they faced, the Finnish leaders refused to yield Finnish territory. The Soviet Union

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Mr. Malone, who retired from the foreign service last year, was Canada's Ambassador to Finland from 1975 to 1980.

invaded Finland in November 1939. Heroic Finnish resistance took a heavy toll of Soviet forces and equipment during a bitter 100 day winter war. Just prior to the arrival of British-French expeditionary relief forces, the Finnish leaders suddenly requested peace terms from Moscow. It is believed the peace initiative came as a result of Finnish fears that the Allied powers would find themselves at war with not only Germany and the U.S.S.R., but with Sweden and Norway — who were determined to resist the proposed transit of the British-French expeditionary force through their territories.

When Germany invaded the Soviet Union in June 1941, Finland took advantage of the new situation to recover the territory it surrendered to Moscow after the Winter war. Nevertheless, when it became clear three years later that Germany was headed for defeat, Finland again sought peace terms from the Soviet Union. The price paid included surrender of the recovered territories plus Petsamo, the only Finnish outlet to the Arctic seas. The Soviet Union also demanded expulsion of all German forces from Finland. As a result of the Finnish campaign to rid itself of German troops, a devastating scorched-earth policy in northern Finland was initiated by retreating German soldiers.

The two wars against the Soviet Union and the campaign against the Germans took a heavy toll of Finnish lives and property. During the Winter war, 25,000 Finns were killed and 10,000 permanently disabled. In the second round of battle with the Russians beginning in 1941, some 60,000 servicemen and 2,000 civilians were killed. 200,000 refugees from the areas ceded to the Soviet Union were absorbed and settled in the shrunken homeland. The Soviet Union presented a formidable reparations bill, which Finland repaid in exports to the U.S.S.R. On the positive side, Finnish independence had been preserved and post-war occupation was avoided.

Russo-Finnish agreement

Finland emerged from the chaos and ruin of World War II understandably convinced it could not count on outside support in the event of another war with the Soviet Union. Its post-war governments neither sought nor were offered NATO membership. Marshall Plan aid from the United States was declined in deference to the new policy of neutrality. Past and current history indicated Finnish destiny would be governed by success or failure of efforts to establish constructive relationships with the Soviet Union while retaining a democratic, free market society internally and friendly relationships with Nordic neighbours and the West generally. Developing relations with the Soviet Union entered delicate ground in 1948 when Joseph Stalin invited Finland to sign a Friendship, Cooperation and Mutual Assistance Agreement. Despite an unfavourable reaction from a broad spectrum of Finnish society, Finnish leaders decided to negotiate to obtain the best conditions possible. Eventually they signed a cautiously-worded document. Proponents of the "Finlandization" theory maintain the agreement casts doubt on Finnish neutrality and provides the Soviet Union with decisive influence on Finnish foreign policy.

Despite initial fears, the vast majority of Finns have over the years, been persuaded that the agreement has not proved harmful to Finnish independence. On the contrary it has provided foundations for mutual trust by assuring the Soviet Union that Finland will not again permit the use of Finnish territory for aggression against the Soviet Union. For its part, the U.S.S.R. to date has recognized the right of Finland to interpret terms of the agreement in a manner which does not prejudice Finnish neutrality.

The 1948 agreement recognized "Finland's desire to remain outside the conflicting interests of the Great Powers". It commits Finland to fight only in self-defence and only on its own territory. Soviet assistance for defence of Finnish territory would be given only on the basis of mutual agreement.

The most delicate clause of the agreement for Finland is contained in Article 2 which provides for consultations "if it is established a threat of armed attack is present". Recognizing that military consultations with the Soviet Union would be viewed in the West as an impingement on Finnish neutrality, the Finnish authorities have succeeded in persuading the Soviet Union not to force the issue when the latter have raised it.

Professor Peter Crosby of the United States, a widely-recognized authority on Finnish foreign policy, disagrees strongly with the "Finlandization" theory which implies an abdication of Finnish neutrality. He believes Finland's sovereignty and independence remain intact. Finnish democratic political and economic systems function freely and Finland is a more democratic country today than it was before World War II. Finland has learned to live with dissent at home. It has learned to live in peace wih its superpower neighbour to the East. If the latter causes skeptics in the West to use this as an example of "Finlandization", Finland must learn to live with this burden also, concludes Professor Crosby.

The stabilizing of post-war relations between Finland and the Soviet Union and the slow but steady development of mutual confidence and understanding have facilitated the conclusion of trade-balancing agreements which have proved highly beneficial for Finnish industry which is handicapped by a small domestic market for industrial products. Lacking significant energy resources, Finland relies on the U.S.S.R. for 65 percent of its petroleum requirements and significant imports of natural gas and uranium. Payment is made primarily with Finnish manufactured products including machinery and ships. Five-year agreements stabilize trade and production. Despite a favour-

Governor General Ed Schreyer says farewell after his state visit to Finland this Spring.

able development of trade with the Soviet Union, however, exports to and imports from that country account for only approximately 20 percent of total Finnish foreign trade. The fact this commerce involves no drain on Finland's hard currency reserves, while providing the main source of national energy requirements, gives it an importance for the Finnish economy greater than the percentage volume would indicate. It has helped give Finland the fastest-growing economy of all the countries belonging to the Organization for Economic Co-operation and Development (OECD) during the past 18 months — approximately six percent per annum.

Despite the advantages of its trade-balancing agreements with the U.S.S.R, Finland continues to rely on free-market trading with other countries for approximately 80 percent of the exports and imports which sustain the Finnish economy. Membership in the OECD, links with the European Free Trade Association and the European Economic Community demonstrate Finnish freedom to trade energetically in both East and West. Sweden traditionally vies with the Soviet Union for top position among Finland's trade partners.

Distinctive achievements on the home front buttress Finland's claim to independent nationhood. Despite a multiplicity of political parties resulting from a proportional representation system of voting, most of the 200 members of the Finnish parliament invariably find themselves in agreement when questions of national interest are at stake. The majority wing of a divided Communist party is nationalistic in character. Parliamentary representatives of the nationalistic wing often are included with non-sensitive portfolios in the Centre-Left coalitions which have governed Finland almost continuously since World War II.

Transition from a basically agricultural to an industrial economy was achieved quickly after the war, partly as a result of Soviet readiness to accept machinery and ships in settlement of their reparations bill. Adverse soil and climatic conditions are responsible for exceptionally slow growth of trees in Finland. Advanced technology and heavy investment nevertheless have enabled its timber, pulp and paper industries to capture a substantial share of world markets. Reputations established internationally by Finns in the fields of architecture, design, construction and town planning have won them important contracts abroad, particularly in the developing world. The privately-financed "garden city", Tapiola, a suburb of Helsinki, is a magnet for town planners and sociologists from all parts of the world, including Canada.

Despite the recession in international trade, Finnish foreign industries are investing three billion dollars in new machinery. Unlike the United States, which invests heavily in Canadian industries, the Soviet Union has invested little capital in Finnish industry. Most of the money invested in Finnish industry in post-war years has been generated internally, a major achievement in the light of the chaotic conditions in

the country at the end of the war. Eurocan, the giant forestry industry complex on Canada's west coast, was established by Finnish companies.

Finland's closest friends in the international community are fellow members of the Nordic Council, a consultative assembly of parliamentarians linking Iceland, Norway, Sweden, Denmark and Finland. The recognition of Swedish as one of Finland's two official languages facilitates communications between the two neighbours. Ministers of the Nordic countries meet regularly to discuss matters of common interest including defence and foreign policy developments. Finnish efforts to promote a nuclear-free zone in the Nordic area are viewed unenthusiastically by other members of the Council which consider the proposal inconsistent with the nuclear weaponry the Soviet Union maintains near its western borders and in submarines in the Baltic Sea. Proponents of the Plan maintain the Soviet Union could be persuaded to respect an international ban on the use of nuclear weapons in the Nordic area but skepticism outside Finland is widespread. In line with its neutrality-inspired policy of avoiding involvement in issues dividing the superpowers, the Finnish government withheld comment on the Soviet role in Afghanistan — a restraint which was accepted but which was painful to most Finns.

Nordic balance

The vulnerability of Finland's geopolitical position vis-à-vis the U.S.S.R. is appreciated by the other Nordic countries which recognize a condition of interdependence between the Nordic states. This is described by the term "Nordic balance". Halvard Lange, former Foreign Minister of Norway, referred to Finland and the "Nordic balance" in an article published in 1954. Norway, he wrote, refused to allow foreign bases on its territory because "the stationing of Allied units on the Scandinavian peninsula might provoke increasing Soviet pressure on Finland and possibly Russian occupation of Finnish bases near the Norwegian and Swedish borders, a development which would not only seriously impair the strategic position of both Norway and Sweden but which could cause also a serious deterioration of the international situation generally". Thus Finland's ability to maintain peaceful relationships with the Soviet Union makes an important contribution to stability in the Nordic area where any disruption of the existing power balance could have widespread international consequences.

Recognition of Finnish neutrality by both superpowers made possible the convening of the first Strategic Arms Limitation Treaty talks in Helsinki in 1969. Finnish contributions to detente were recognized by the choice of Helsinki as the site of the meeting of foreign ministers which planned the Conference on Security and Cooperation in Europe attended by the heads of government of the United States, Canada and all the European countries (except Albania) in the summer of 1975. A steady deterioration in the climate of detente since then has been disappointing to Finland.

Finland's friendship with the United States has not suffered from its success in improving relations and increasing economic cooperation with the Soviet Union. President Urho Kekkonen of Finland, Europe's senior statesman (he has been President since 1956) was one of the very few foreign dignitaries invited to make an official visit to the U.S. during its Bicentennial in 1976.

Similar outlooks and interests in international affairs provide a solid base for cooperation between Canada and Finland, bilaterally and in international fora. Trade and industrial cooperation have been increasing bilaterally, despite competitive positions of the forestry industries in the two countries. Canadians of Finnish descent make a significant contribution to Canada's cultural mosaic. Close associations between the armed forces of Canada and Finland in several United Nations peacekeeping operations have generated mutual respect. Finnish industrial technology has been introduced to Canada by Finnish firms which have established factories and branches extending from coast to coast. Canadian and Finnish universities are exchanging personnel engaged in northern studies.

J.K. Passikivi, President of Finland from 1946-56, and his successor, Dr. Kekkonen, have been responsible primarily for establishing constructive relationships with the Soviet Union despite differing political and social systems. Whether the rapport with Moscow will survive the passing of President Kekkonen and the aging leadership in the Soviet Union is a question worrying Finns. Although the Finnish President — at 80 the longest surviving post-World War II statesman — has not declared himself definitely a non-starter in the Presidential elections scheduled for 1984, Prime Minister Mauno Koivisto, a former governor of the Central Bank whose economic policies both at the Bank and as Prime Minister are credited with raising Finland from the economic doldrums induced by the international energy crisis, already is the popular favorite to succeed him. (The Finnish constitution endows the Presidency with wide powers including the right to appoint and dismiss Prime Ministers.)

In the light of sacrifices made and losses suffered in human life, territory and resources defending their independence against heavy odds, Finns consider they are under no obligation to apologize to the outside world for their success in living peacefully with their former enemy. On the contrary, they view the improvement in Finland's relations with the Soviet Union as beneficial to the two countries directly concerned and to their neighbours. *Sisu* is a Finnish word signifying determination to persevere towards goals, no matter how difficult and discouraging the odds against success may be. The history of the Finnish people shows *sisu* is aptly descriptive of their national character. "Finlandization" is not.

Global resource management

Taking a regional approach for Caribbean development

by Thomas Land

Wisdom and foresight may save the Caribbean from paying an unacceptable price for its rapid development in agriculture and offshore oil production. For the first time in their long history, the culturally and politically diverse countries of the region have launched a joint program intended to harmonize their current industrial activities and long-term economic plans in order to protect the common environment. Similar collective plans are advancing in many regions.

The Caribbean is not just one of the most beautiful parts of the world — it is also one of those most threatened by pollution. The action plan, accepted by a regional ministerial conference held at Montego Bay, Jamaica, covers 66 specific programs. They include measures against marine pollution like oil spills, schemes for the protection of the delicate coastal zone ecosystems such as mangroves, sea grass and coral reefs, and the exploration of renewable energy sources such as the direct combustion of agricultural wastes. Other projects concern public health, human settlements, agro-industries, fisheries, tourism, industrial and scientific training, and importantly, early warning provisions to lessen the effect of natural disasters like storms and earthquakes which frequently trouble the region.

The present rate of regional pollution is already formidable. The alkaline and oxygen-absorbing effluents from the distilleries and sugar industries and something like 90 percent of the region's domestic waste reach the sea untreated. The agricultural run-off from plantations and farms earning much of the Caribbean's export revenues contain a high proportion of persistent chemicals. The world's highest rate of DDT present in human milk is recorded in the region.

Action plans to bring the needs of human development in harmony with those of nature have been launched or are expected soon to be agreed by countries grouped by 10 different regional seas. Promoted by the specialist organizations of the United Nations (UN), the discussions leading to such regional strategies have frequently brought together hostile neighbours in search of a cooperative solution to their common problems. Indeed, these regional sea programs represent the most ambitious approach mankind has yet evolved towards global environment mangement.

The wider Caribbean covered by the latest regional sea program includes 24 states, territories and islands. They share the waters of the Caribbean Sea proper, the Gulf of Mexico and adjacent marine zones. Never before have these countries managed to arrive at a broad program of cooperation of such importance which over-rides their many conflicts. Traditionally, they have been divided by their cultural differences bearing the stamps of their African, Hispanic, English, French and Dutch origins. Today, they subscribe to many opposing economic and political systems and hold divergent social values while passing through widely different stages of industrial development. Their annual per capita income ranges from $170 to $13,000. The agreement for the protection of their common sea and coastal areas binding such unlikely partners as Grenada, Haiti, Mexico, Cuba and the United States is in itself a great achievement.

Reducing pollution

It follows another diplomatic as well as legal accord to reduce pollution in the Mediterranean, which has brought together such traditional opponents as Greeks and Turks, Israelis and Arabs, who found themselves forced to set aside their local differences and look to their common interests. But unlike the Mediterranean, the Caribbean is not a 'sick' sea; and the means exist to save it from becoming one.

Consider air pollution. There are more than 70 oil refineries in the area and the number is likely to grow with the expansion of offshore exploration. The development of trans-shipment terminals transferring cargoes from the very large tankers to smaller ones serving the North American continent increases the risk of spillage both at ports and along the crowded shipping lanes. Oil pollution can kill marine life, destroy coastal

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breeding grounds for fish and shrimps and ruin the tourist appeal of beaches.

So far, only a few countries in the region maintain spill contingency arrangements or possess sufficient technology to treat oil pollution or trace its origins. In fact, only a few realize that adequate identification systems and detection equipment are now available to prevent offending vessels from fleeing the scene of a spill in the hope of eluding responsibility. Clearly, only cooperative action can save the famous clear blue waters and the sandy, white beaches of the Caribbean. The new master plan includes provision for mutual assistance to develop regional capabilities and to monitor and prevent pollution.

The quick development of population centres, ports, oil refineries and agro-industries now give economic planners an opportunity to evolve long-term strategies with all the interests of the region in mind. Such an opportunity in development planning — which is presently in some form in all the UN's regional sea programs — may never recur.

Co-operation among agencies

The disruption by industrial pollution of the ecological balance of enclosed seas was not widely feared until the 1950s. Specialized agencies such as the UN Food and Agriculture Organization, with its interest in fisheries, the Intergovernmental Oceanographic Commission and the World Health Organization eventually came together in a series of related projects concerned with the marine environment. Growing fears over the adverse impact of mankind's industrial activities on the biosphere led to the establishment in 1972 of the UN Environment Program which was to coordinate the regional sea projects. An agency spokesman explains: "Actually, we should devote more attention to the open ocean waters. We have pushed ocean monitoring activities in the coastal environment for three reasons:

—it is here that pollution is the highest;

—it is there that the impact of pollution on man is the most direct;

—the facilities and methodologies to study the coastal environment are more readily available than for work in the open seas."

"The study of pollution in the high seas, far away from the sources of pollution, is still groping for analytical and sampling methods. . .When such methods have been agreed, the study will require financial resources that might well dwarf those devoted to the coastal environment and call for technical resources that only a few, highly developed countries can muster", says the spokesman.

Apart from oil spills and the continuing dumping of rubbish, untreated sewage, chemical wastes and spent nuclear fuel, the seas are exposed to contaminated rain and rivers and a constant flow of agricultural as well as top soil disturbed through farming. Coastal industries are probably the greatest source of danger to the marine ecosystems. With an estimated total volume of 360 million cubic miles, for long the ocean seemed big enough to digest or dilute without trace any amount of pollution. But, contrary to popular assumptions, they do not comprise a single entity. They are formed by separate bodies of water kept apart by the frequently varied landscape of the sea-floor above which they lie in layers or move in streams largely without mixing. Hence the local pollution disasters such as the 1953 Minimata bay mercury poisoning in Japan which killed or maimed more than 1,000 people.

The UN's regional sea program is therefore an appropriate, if limited, initial response to the global issue of marine pollution. It is also very inexpensive. The entire Caribbean program, for example, is to absorb an investment of only $8.2 million over three years, a modest sum when considered in the context of the global issue or assessed in terms of the immense local problems which it is intended to solve. All the regional programs are to be financed from budgets agreed on a similar scale.

Regional action plans

Ultimately, each regional action plan is the responsibility of the countries committed to it. The UN acts merely in an advisory and coordinating role. The governments usually begin with a broad agreement on the need for a set of scientific, legal and management measures. Their agreement leads to a regional convention and eventually a series of protocols binding the contracting parties to specific action.

The practical tasks are carried out by the national and regional institutions in cooperation with each other and with the backing of the specialized UN agencies. The work begins with research and monitoring, broadens into legislation and enforcement procedures and in the long-term embraces the collective planning and promotion of sustainable development in the region concerned.

The first regional program, launched in 1975, was intended to 'save' the Mediterranean whose rising pollution levels have attracted probably the greatest public concern. The scheme involves the coastal countries and the European Community as a whole which recently agreed on a joint budget of $12 million for the next three years. Their initial protocols concerned the dumping of toxic wastes at sea and emergency action to deal with oil spills; a much more important third protocol involving the control of pollution from land-based industries — accounting for about four-fifths of the total pollution — was signed last year. A big joint research and monitoring progrm is also under way.

The Kuwait action plan was the second, launched in 1978. The economic map of the region is dotted with

tiny flags marking the sites of future oil refineries, shipyards, steel and chemical complexes all of which discharge their untreated effluents into the sea in most countries. The eight states bound by the first Kuwait protocol are now committed to pursue economic development without harming their common resources. They have also established procedures for regional cooperation in meeting oil and other pollution emergencies. Their plan places great emphasis on reducing the hazards in the oil and shipping industries.

An action plan binding 16 coastal countries in West and Central Africa has been adapted this year, together with a protocol committing them to cooperation in marine pollution emergencies. The agreement concerning the Gulf of Guinea region authorizes the signatories for the first time to engage in "hot pursuit" through each other's territorial waters any oil tanker responsible for causing pollution. The plan calls for joint assessments of pollution levels from many sources including the land-based industries. The program is to start with field training and worships in environment management procedures to be held for local technical personnel.

A regional convention for safeguarding the environment is expected to be passed shortly in the context of the action plan for the Red Sea and the Gulf of Aden. An outstanding feature of the plan is that it covers areas relatively far inland as well as the sea and the coastlines. For example, the plan calls for surveys and projections on agricultural expansion and likely future pressures of human population. It has strong conservation and management chapters. Key activities in the action plan include environment impact studies concerning various aspects of industrial development as well as oil pollution control and the coordination of public health, water management and training schemes.

The five countries involved in South-east Asia's regional sea program recently announced their intention to trim their action plan. Scientific projects remaining on their short-list include those related to oceanography, pollution and the coral and mangrove ecosystems. In the sphere of environment management, the emphasis is on oil pollution control, waste disposal and information exchange.

Plans for the Pacific

Projects on environment impact assessment and nature conservation have been dropped. A spokesman explains that the revised program signifies a postponement of some projects in order to give the remaining ones 'top priority'. Two actions plans are being prepared for the South Pacific, both of them promoted by a regional organization concerned with environment management. The first of the two, covering the South-east Pacific, is expected to be approved formally at an inter-governmental conference in August. The second plan, for the South-west Pacific, may well follow in February, 1982. The launching conferences are preceded by preparatory meetings, lectures and specialist seminars as the draft action plans, intended to reflect the joint experience and common interests of the countries in each zone, are taking shape.

In addition, the governments of East Africa and those of the South-west Atlantic have decided recently to go ahead with similar action plans of their own. Their consultations are still at an early stage. Some countries will be involved in more than one scheme. Egypt, for example, participates in both the Mediterranean and the Red Sea action plans, Saudi Arabia in the Kuwait and Red Sea plans and Somalia in the Red Sea and the projected East African scheme.

"We developing countries frequently take the short-term gains of immediate development when these conflict with the long-term strategy of conserving environment assets", says Edward Seaga, the Prime Minister of Jamaica, where the Caribbean action plan's central coordination unit is about to be established. "Justifiable situations do, of course, exist; and even the most developed and the least developed among us have at some time compromised the environment for the sake of major material advancement. What is really at issue is not the handling of extreme positions but the overall balance in policy and executive decisions determining the level of priority which we give to the environment."

Comprehensive environmental treaty

Each regional action plan comprises a binding collective compromise in response to that crucial question. The Caribbean governments have pledged to draw up a comprehensive environmental treaty within two years. Many schemes in the program will require considerable trans-national cooperation. One project, for example, calls for coordinated activities for the protection of endangered species in order to maintain the region's wealth of genetic resources. Another project will evaluate, with a view to modifying, the impact of building engineering and mining activities on the vulnerable coastal areas. A third involves a scientific study on the effects of pesticides on the most important crops of the region.

Despite a broad agreement in principle among the contracting countries, the implementation of many projects may well give rise to conflicts of interest. "Given the great political and economic diversity of the Caribbean", says one observer in an understatement, "all the states of the region will not necessarily have the same priorities." Or, in the words of the Jamaican Prime Minister, "our action plan is the result of the greatest effort in collaboration ever made in the Caribbean."

In certain spheres, the action plan split a region into several zones. The Caribbean is one of the world's most important oil producing regions, for example; yet many of its countries have no alternative to unconven-

tional energy sources to meet their needs. The action plan recognizes the different realities of energy-accounting and plots several widely different, although coordinated, paths towards harmonious common development.

The common policy evolved for the energy-deficient poor countries of the Caribbean is likely to attract the urgent attention of development planners everywhere. Importantly, it is based on the assumption that the predictable continuing upward trend of energy prices is certain to make investment in the soft-energy path profitable even in the short-term.

Hydro-power is a possibility for the mainland of the wider Caribbean, but it has an immense social drawback. For the creation of large reservoirs of water to feed the new power complexes would lead to the establishment of fresh breeding-grounds for insects and other carriers of tropical diseases. However, specialists foresee a big future for energy derived from agricultural products and residues. Burning wastes to obtain power is only one way to use such biomass.

Fermentation makes fuel

Fermentation of sugar or starch-bearing crops such as sugar cane and cassava could produce alcohol for fuel. Anaerobic digestation of vegetal and animal wastes could produce biogas. The fermentation process could provide a partial substitute for motor fuel. Farms and small communities could easily meet any of their energy needs with biogas.

The sunny Caribbean (as well as many other regions in the developing world) is also well placed to exploit solar energy. Large-scale installation of solar cells may not at present compete economically with other energy sources; but on a small scale, solar power could be used for cooking, water heating, crop drying, water pumps and distilling salty water. Several central American countries have already shown great interest in the exploitation of their geothermal resources which are still scarcely used. (El Salvador had gone furthest along this road; in 1977, some 32 percent of its total electric power generation came from geothermal sources.) Air pollution through heavy metals, sulphuric acid and ammonia can be considerable around geothermal power plants. But small installations can overcome the problem.

The implications of the soft-energy scheme are enormous. For only the availability if ample alternative energy sources can prevent the continuing practice of firewood gathering in rural areas, which is in turn a major cause of soil erosion. Agricultural practices in the region also harm the forests. Migratory agriculture is widespread, characterized by a consistently repeated pattern: workers or subsistence farmers enter an area, clear it by slash-and-burn methods, cultivate the soil until its nutrients are spent, and move on.

When this happens on a small scale and on relatively flat terrain, the forests can grow back, although the restoration of the soil's nutrients can take a century. But the clearing of sloped land followed by intensive cropping with little or no organic matter returned into the soil creates permanent wastegrounds. The pattern is repeated across vast regions of Latin America as well as in Africa and Asia.

Destruction of forests

The rapid destruction of tropical forests is a global issue. The Caribbean plan includes a scheme concerning the relationship between forest cover and water and soil resource utilization and will lead to a series of projects for the control of floods, soil erosion and sedimentation. Related schemes are included in other action plans. Indeed, the regional sea programs may well mark the beginning of a long sought, common approach towards a rational, coordinated management of global resources. If destroyed, the threatened tropical forest cover, as well as many other vulnerable and essential natural assets, will never return. As one specialist put it: "We can hope to sustain life on earth as we know it only if all countries join in the effort to save them." The countries bound by the regional sea programs have set out to do just that.

Book review

Granatstein's Norman Robertson

by John Starnes

Professor Granatstein has carried out an unusually difficult task with discrimination and sensitivity. While perhaps not the kind of book which will attract a wide audience it should appeal to all students of Canadian government and all those interested in Norman Robertson and his times. The author was wise not to attempt a full-scale biography or to attempt to make the book a comprehensive history of Canadian policies during the 25 year period when Robertson exercised influence.

Having been among those in 1974 to urge that an account of Robertson's contribution to Canadian foreign policy be written, and having been commissioned in late 1967 by the Department of External Affairs to determine if sufficient material existed to warrant sponsoring the kind of biography which Professor Granatstein has written, I am perhaps more aware than many of the difficulties he had to overcome. In February 1977, when I recommended that further work was warranted, I was well aware of the enormous gaps in the written record and the amount of vital material which could be recovered only through extensive research and time-consuming interviews. That Professor Granatstein has been able, in such a short time, to assemble so much material and to present it in such an interesting and clear manner is a tribute to his professional skill and his perseverance. (Incidentally, the author refers to the "Starnes Papers", a phrase suggesting I had made a private collection, which was not the case. The documents in question were unearthed during the study I was commissioned to undertake and were attached to my final report to External Affairs.)

Some of the material used by Granatstein offers tantalizing glimpses of Robertson's extraordinarily complex character. Yet, somehow these are never adequately developed. Norman Robertson had an earthy side to his nature; a lively, sometimes ribald, sense of humour and a love of live which often surprised and delighted those who came in contact with him. These important aspects of Robertson's character appear somehow to have eluded his biographer. The book has not quite captured the essence or the ethos of the man. That at times Granatstein comes close to doing so is quite an accomplishment for a biographer who never personally knew his subject.

On this score, Granatstein writes: "His mother had a mystical streak, sometimes thinking she was gifted with 'second sight', but little of that . . .was passed down to Norman". I am not so sure. He could be fay and his breathtaking ability to link the abstract with reality and to make connections between quite disparate matters often seemed attributable to abnormal flashes of intuition. Nor do I quite subscribe to the statement that "the phenomenon of religious beliefs interested him because of the hold it had on people. On him it had none at all". His knowledge of comparative religion was comprehensive and I suspect his interest sometimes extended beyond mere intellectual curiosity.

It is unfortunate that criticisms of the Royal Canadian Mounted Police (RCMP) have been interpolated into some of the chapters. Norman Robertson would have felt such criticisms out of place and possibly unfair. From 1958 to 1962 I reported directly to Robertson on security and intelligence matters in External Affairs. I know that he disagreed with the RCMP and, at times, he could be among their severest critics. By the same token, I know that he was sympathetic, even protective. He understood well the problems created for the RCMP in attempting to carry out difficult, ill-defined roles, for which often they were inadequately prepared, with little or no ministerial guidance and against a general background of ministerial reluctance to become too involved.

In general, I found I like best the chapters dealing with subjects and periods of time in Robertson's life about which I knew the least. Thus, I enjoyed most those parts of the biography dealing with Robertson's early years, his years in London and with questions of trade, economics and tariffs. Indeed, I imagine the

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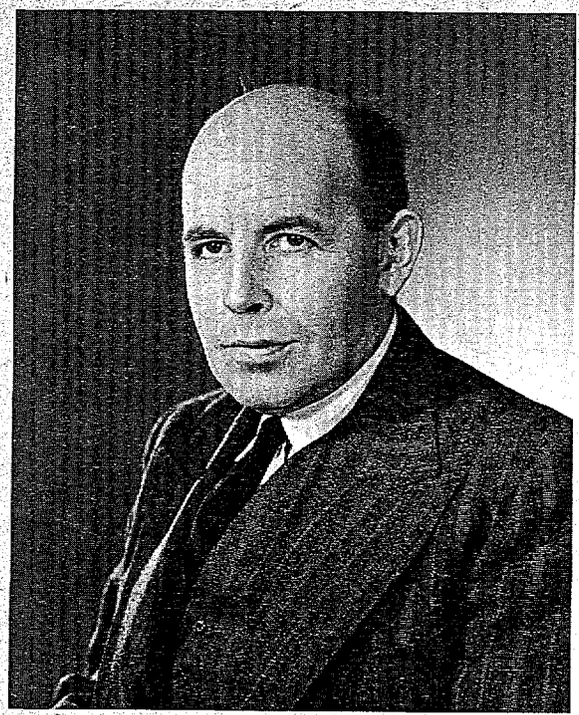

Norman Robertson

book gives some of the most definitive accounts so far written of the development of Canadian policies on these latter subjects during the years Robertson exercised influence.

I found less satisfactory those parts of the biography which deal with Robertson's influence on the Mackenzie King government's policies toward Japanese citizens in Canada and Japanese-Canadians during World War II, a subject about which I also knew little. Granatstein does make clear, "that this was an issue on which the politicians carried the play, one in which his (Robertson's) capacity to ameliorate affairs was limited." Nevertheless the extent of Robertson's influence appears exaggerated. For example, unfortunately, it is not made clear that a number of key decisions had been taken by the government in 1940, months before Robertson became acting Undersecretary. Immediately following Japan's decision on September 27th, 1940, to associate herself with Germany and Italy in a tripartite pact, the government appointed a special committee "to investigate and report upon the problem of Japanese in British Columbia from the standpoint of national security (*Hansard*, February 9, 1942). Among other things this led to re-registration of the Japanese population of B.C. and, when a state of war was proclaimed between Japan and Canada, the government was in a position to take the further measures announced in the House of Commons by the Justice Minister (Louis St. Laurent) on February 27, 1942.

Whether or not one accepts without reservation Granatstein's judgement that the policy of the government, "was a disgrace to a liberal democracy, one that was compounded after the war by the judicial theft of Japanese property", a reading of *Hansard* for the period in question makes clear it reflected accurately the attitudes of many Canadians. There was little real debate on the issue and no member of the House of Commons spoke against the government's proposals. That Robertson was able in the circumstances to exert any influence is surprising and a tribute to his determination and patience. Incidentally, I rather doubt the interpretation put on the comment attributed to Robertson in saying to Howard Green, when he was Secretary of State for External Affairs: "We have a lot to account for, Howard, we British Columbians". Granatstein interprets this to mean that, "Robertson too was not proud of his role in retrospect." I do not know how Robertson regarded his role in this matter at the time or in retrospect. However, his comment seems more likely to have been his subtle way of registering his disapproval of Green's stance on the issue, which is so well illustrated by a statement Green made in the House of Commons on July 29, 1942; a statement, I believe, Robertson would have deplored.

Granatstein writes (p. 356) that, "in a curious way, Robertson had taken a position on the nuclear issue that smacked of his youth. There was more than a touch of moralism and radicalism in his opposition to the weapons." That may be true, but it would have been interesting to have had a comparison between Robertson's attitudes to nuclear weapons in the 1960s and his attitude to them in the 1940s, a period much closer to his youth. For example, it would be interesting to know how Robertson regarded the letters exchanged between Prime Minister Mackenzie King, President Harry Truman and British Prime Minister Clement Attlee, dated November 1945, pledging continued co-operation between the U.S., the UN and Canada in the field of atomic energy. Incidentally, this secret agreement never appears to have been tabled in the House of Commons or to have been made public. In particular it would be interesting to know how Robertson regarded the Draft Memorandum of Agreement between the three powers which called for allocation of uranium supplies, "in such quantities as may be needed, in the common interest, for scientific research, *military* (italics mine), and humanitarian purposes." The agreement was shelved, largely because of the requirements of Article 102 of the UN Charter. The record suggests that although Robertson was Undersecretary at the time he did not take a leading role. Instead, it was C.D. Howe, Hume Wrong, Heeney, Lester Pearson and C.J. Mackenzie who exerted the most influence. It would be interesting to know why this was so given his attitudes to nuclear weapons in the 1960s as portrayed in the biography.

Granatstein, J.L. *A Man of Influence*. Ottawa: Deneau Publishers 1981

Book review

Lyon and Tomlin on Canada

Alexander Craig

Much survey material is condensed in *Canada as an International Actor*. Among foreign experts canvassed, the Chinese respondents were "especially eager to explain that they recognized Canada as an independent country, not to be confused with its superpower neighbour." So convinced were they of their perception, indeed that they also assured the Canadian academics "whenever we speak to the Americans, we tell them to treat Canada as an independent country!"

There are hardly any anecdotes in this book, but that one gives some of the flavour of the complexities of Canada's role in the international arena. Foreign policy is never simple, but in Canada's case it often seems more complex than most.

The aim of the authors is to present a "systematic description of roles, objectives, capabilities, and behaviour" in Canada's activities in international politics. It is a broad survey of Canada's foreign relations in the post-war period, so there is practically nothing on energy or the constitution. And nothing at all on Joe Clark — this book first appeared in 1979 and seems to be based mostly on research done in the mid 1970s and earlier.

The two authors approach the subject from different perspectives. They are colleagues in political science at Carleton University, but Professor Lyon's background has been more in history wheareas Professor Tomlin has worked more on the theories of international relations. They meld their approaches reasonably well, and keep methodological notes to the minimum: most readers will surely be relieved that there are not too many observations such as "Orthogonal rotation is according to the varimax criterion, with unities inserted in the principal diagonal." The tables and figures are interesting and useful, and so too are the fruits of their long and experienced observation of this country's actual behaviour in world politics.

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Lyon and Tomlin begin by considering how Canada is perceived, both from within Canada and abroad. The various self-images Canada possesses are assessed, and tested, against the views of Canada held by foreign elites. While it makes sense, both methodologically and in terms of political reality, to concentrate on the views of foreign elites, one surprising gap in this book is that there is no evaluation of any dimension of Canadian public opinion on foreign affairs. Surely, it is more than simply a truism to say, as Secretary of State Alexander Haig told the Trilateral Commission in New York on March 31, that "foreign policy springs from a nation's self-expression: it reflects and therefore expounds a nation's ideals."

That of course may be more a problem for politicians than for political scientists. As it is, however, the very few references to the Canadian public at large in the book under review are fleeting at best. In fact, at times they are downright contradictory: on page 95, we are told that "Canadians in the mass appear to be fair-weather nationalists, reluctant to risk their economic well-being or access to American TV." Many might agree with that, but how far is it also true to say, as the authors do on p.132, that Canadians have "the debilitating sense of being isolated in North America and steadily absorbed into their superpower neighbour?"

A clear way out of the difficulties of assessing any public reaction to international politics is to consider the work of interest groups of all kinds. This however, is not done: in fact the views of one-third of the country are practically ignored — of the many references only one is in French, and that is an article by one of their Carleton colleagues. There is hardly any reference to Parliament, or to the role government agencies (other than External Affairs and the Canadian International Development Agency) such as Industry, Trade and Commerce, Employment and Immigration, Atomic Energy of Canada Ltd. — and the Prime Minister's Office. The private sector is totally excluded, although to many people outside Canada — elites as well as masses — Canada's role in international affairs is seen as being more than simply the activities of the DEA and CIDA.

These reservations aside, one study can only do so much, after all, and everything has to have limits — there's a lot of valuable and stimulating work in this book. It also offers useful synopses of many studies and surveys. One or two may seem just a little technical, but many others, such as the seven dimensions of integration, are interestingly presented and assessed. Another of the book's strengths is its analysis of policy objectives. The significance of each set of issues is investigated, together with the degree to which Canada can exercise control.

One of the central threads in this book is the Third Option, and the government's attempts to carry it out. Readers are reminded of basic statements, of policy changes — and policy "changes." As the authors remark at one point, "Were such proclamations intended to substitute for achievement?" The professors offer lots of ideas, new ways of looking at behaviour and processes and encourage readers to find out more about issues and problems.

Ultimately, one of the book's main results might arise from this same stimulus. In classic academic fashion, the authors are free to criticize and suggest new ideas and approaches. They do this, although perhaps with just a little too much restraint — the series in which the book appears is called "Canadian Controversies", after all. Nonetheless, their frequent if usually implicit criticism of the leadership of Canadian foreign policy in recent years should provide some healthy re-thinking.

It has to be hoped that this will come about in one area above all. Lyon and Tomlin underline, from time to time, the glaring threat presented by the potential 'confrontation' — what official spokesmen have to call 'dialogue' — between the rich and poor parts of the world. The authors conclude their chapter on Canada's capabilities thus: "A number of elements that constitute Canada's capabilities, especially its extraordinary ratio of natural resources compared to population, are increasingly becoming objects of envy. The 'nice guy' image enjoyed by Canada could well convert into that of the dog in the manger. The day could be fast approaching when Canadians look back with envy to the days when their country was regarded as one of the minor actors on the global stage."

Lyon, Peyton V. and Brian W. Tomlin. *Canada as an International Actor*. Toronto: MacMillan, 1979.

Book review

Girard's Canada in World Affairs

by Tobias Fisher

Twelve years have elapsed since the Canadian Institute of International Affairs (CIIA) published the twelfth volume in its series *Canada in World Affairs*. Peyton Lyon's book, covering the contentious period from 1961-63, achieved a rare combination of currency and perspective. Unfortunately, the recently published 13th volume (1963-65), by Charlotte Girard of the University of Victoria, has neither quality.

Part of the problem is the CIIA format. It requires an early and comprehensive review of the facts from each period. Authors therefore do not have the benefit of access to primary sources. If the writer has not been close to events, as in Girard's case, the result can be a stale compendium of *Hansard*, editorials and press releases.

The two-year time frame also creates difficulties. The CIIA now doubts that one volume can contain and explain Canada's participation in our increasingly busy and complex world. With the proliferation of trade, bilateral and multilateral relations throughout the 1960s and 1970s, there is simply too much ground to cover. Perhaps the solution is to switch the format of the series to major events and themes instead of comprehensive coverage.

The Girard volume certainly suffers from an overload of issues. This raises questions of emphasis; some important events are almost lost in the crowd while others are given undue prominence. The Defence white paper on unification and integration of the Armed Forces led to profound changes and yet it is given only a cursory glance. On the other hand, the Ottawa peacekeeping conference, a non-event, is given elaborate coverage.

Some other important episodes of this period are only half-told because the author has chosen to strictly adhere to the two-year time frame. Many issues which carry over from the Diefenbaker era are not even introduced in their basics. Unless the reader has read the

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previous volume, or has a broad knowledge of Canada's foreign relations, this can be very confusing.

The BOMARC missile controversy is the most glaring example. Undoubtedly, it caused the Diefenbaker government to fall in the House of Commons and, arguably, it caused its defeat at the polls in 1963. Mr. Diefenbaker's confused defiance is contrasted with Mr. Pearson's quiet, clever diplomacy, setting the stage for the next two years. But when the author picks up the story after the 1963 election, there is little explanation let alone analysis of this important issue. Since Pearson's election in effect solves the problem, it is deemed to be 'outside' the scope of this study.

The same restrictive conditions apply to the Columbia River Treaty negotiations and the Seafarers International Union dispute, two of the more complex Canadian-American questions of that time. In both cases we are thrown into the swirl of politics and diplomacy without any preparation. What is the point in giving us the details of only half the story? Since these issues and others like the 1965 Auto Pact and the Walter Gordon budget are covered extensively elsewhere, they could be studied in sum. Are there trends in the negotiation and resolution of these issues? With 15 years hindsight what can we learn?

Devoting a quarter of this general study to Franco-Canadian relations might seem a bit excessive but this is Girard's specialty and she makes it worthwhile. For this chapter, she sheds her reluctance to offer opinions and observe trends. And for a change, we get the whole story including a good measure of General de Gaulle. Beginning with the election of the Lesage government in 1960, Girard traces the development of cultural, technical and finally political exchanges with the Fifth Republic. She believes that this was deliberate French policy — that Quebec was an integral part of de Gaulle's "grand design" to create a third power bloc centred around France and his leadership.

To understand his motives, we are taken back to the Dakar incident during the Second World War where de Gaulle's resentment of the Anglo-American alliance began. Revenge combined with a perverse pride of race fired his ambitions. Quebec was an obvious and willing target for those ambitions. This psychological analysis is good stuff but it seems incongruous with the rest of the book and the nature of the series. I have the impression that Girard would really like to write a book about Franco-Canadian relations. I hope she will.

Girard, Charlotte. *Canada in World Affairs Volume XIII (1963-65)*. Toronto: The Canadian Institute of International Affairs. 1980

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Analysis and response of a decade of terrorism

by Peter St. John

On October 6, 1981 news flashed around the world that Anwar Sadat, President of Egypt, had been assassinated by a group of army men filing past in the review of military forces commemorating the 1973 War. Initial reports seemed to point to an army coup; there were strong rumours that Libya's Colonel Ghaddafi was behind the assassination. A few days afterward the verdict seemed to rest on Muslim extremists posing as soldiers.

A sort of international public numbness followed by a wave of suppressed anger set in as television and radio announcers made futile analogies with recent assassination attempts on The Queen, The Pope and President Reagan. The commentary inevitably touched upon the successful assassinations of Archibishop Romero, Martin Luther King and the Kennedys. The truth of the matter is that after a decade of international terrorism, nothing had abated and the next phase may well include widespread attempts at assassination of heads of state and political leaders. It is reminiscent of the period between the 1880s and 1900 when many successful attempts were made on the lives of political leaders. The question is why is all this terrorism occuring? Which groups are responsible? Who is a terrorist and what leads him to kill for the sake of theatrical and seemingly senseless effect? Why do we seem to be so powerless to stop this savagery?

Professor Paul Wilkinson has described terrorism as "a weapon of coercive intimidation, typically involving the taking of hostages and the threat of the gun and the bomb, designed to make governments submit to its demands". International terrorism is now both transnational and international in scope. There are partially formed governmental and non-governmental networks around the world and the phenomenon is firmly linked to a number of politically sensitive and unresolved problems of the nationalist and separatist variety.

Ever since the French Revolution, when Robespierre and the committee of Public Safety held France in an 18-month reign of terror, terrorism has been used as a political instrument. More recently in the 1950s in the United States, Senator Joseph McCarthy, by the mere threat of public disclosure, ruined careers and held America hostage in a vise of terror. International terrorism is therefore a "weapon of fear". It deliberately sest out to commit outrageous acts of violence which will paralyse the will to resist.

Professor St. John teaches political science at the University of Manitoba, St. John's College. His PhD was on the Algerian War: its diplomatic ramifications. He teaches a course on Intelligence, Espionage and Terrorism at the University of Manitoba. He is Visiting Professor at Carleton University this year and is writing a book on The Internationalists: the study of an outstanding group of Canadian diplomats in the 1940s and 1950s.

Because terrorism is transnational and moves between countries, it often becomes an "international event". For instance, the 36-hour Croatian hijack of TWA flight 355 from Chicago to New York on September 10, 1976 began near Buffalo, Iceland, then Britain and finally ended in Paris gathering millions of TV viewers as it progressed. The whole episode ended in theatrical anticlimax as the terrorists pulled the pins in their homemade cooking pot bombs to reveal plastic putty not gelignite, as had been threated for 36 hours. Terrorism is thus "theatre" with a message. The four actors are the terrorist, the victim, the target government and public opinion. The media is the medium.

There is a further qualification of terrorism, however, which goes some way towards explaining the dramatic emergence of the phenomenon in international relations. Terrorism is a "strategy of weakness". In the hydrogen age with nuclear stand-off between the superpowers and tactical parity between East and West Europe, many political groups such as the Palestinians, the Irish and the Croatians have no outlet for their frustration and desperation except terrorism. Thus it can be seen that terrorism is a "weapon of fear", a "weapon of weakness" and a sort of "international theatre" all in one packet.

Terrorism may have come of age politically with the French Revolution, but it has been transformed in its passage through the 1880s, the Bolshevik Revolution and World War II until today it is a viable stategy because of small group access to advanced weaponry technologies. It is likely to escalate in intensity and effect in the immediate future and be an important element of the predicted violence of the 1980s. The major perceived problem of contemporary terrorism is that because so few people are killed, relatively speaking, Western governments in particular do not find it worthwhile to take effective and expensive countermeasures. The major unperceived problem is that increasingly international terrorism is becoming a North-South issue: a legitimate response of the poor, hungry, unreformed South to the rich, uncaring, self-preoccupied North in world politics.

Seven Types of Terrorist Group

At present one can distinguish seven different types of terrorist group in the world: Latin American, Nationalist-Separatist, Urban terrorism of the New Left, the Carlos Complex (the Networks), the K.G.B. and its allies (State terrorism) and finally criminals and psychotics.

Latin American terrorism was the trend-setter for contemporary terrorism. Walter Laqueur describes it as a phenomenon *sui-generis*, and there is no question that since the early 1960s Latin America has seen more civil wars, coups d'état and political assassinations than anywhere else in the world. A salient characteristic of Latin American terrorism is the growth of urban terrorism, an idea which was borrowed from the traumatic events of the

Battle of Algiers in 1957 during the Algerian War. The death of Che Guevara in the Bolivian jungle also hastened the change from the rural to the urban focus. The Montoneros of Argentina and the Tupamaros of Uruguay are perhaps the best known groups. The latter held prisoner the British Ambassador, Sir Geoffrey Jackson, for 11 months, and they would have taken over the country but for the mistake of shooting policemen.

Nationalist-Separatist terrorism overlaps with other categories, but it characterizes those groups which claim that their territory should be both separate and independent from its present national status. The IRA, the PLO, the ETA Basque, the FLQ and the Croatians, to name but a few, have had a distinct impact on international thinking. In several cases a number of states believe that their claims are legitimate and their cause just. This is therefore the most internationally destabilizing type of terrorism, not only because of its international appeal but because it has both international (arms supply) connections, and sometimes religious as well as revolutionary verbiage in its propaganda armoury. It is of nationalist-separatist terrorism that it may be said "one man's terrorist is another man's freedom fighter".

Urban terrorism of the New Left has operated in two different geographical locations, thus it is possible to divide them into North America and Western Europe. The latter variety is still active today. It stems from the European notion of "proletarian internationalism" and partakes of the "new nihilism" which calls on the terrorist to "destroy first and see what happens later". Both Regis Debray and the late Herbert Marcuse of the Frankfurt School, suggested that history has willed the vanguard role to the students, and that they, being the advanced consciousness of humanity, must bring in the revolution wherever other classes have failed to do so. Thus student radicalism, idealism, anti-militarism and revulsion against industrial inequalities all fuelled the activities of the Black Panthers, the Weathermen and the Symbionese Liberation Army in North America, and the Baader-Meinhof, Italian Red Brigades and the Japanese Red Army Faction in Western Europe. The two wings of the New Left are quite different in their history and deserve separate analysis. The North American variety seemed to subside with the ending of the Vietnam War, whilst the European variety is still active. Franz Fanon and the late Jean Paul Sartre heavily influenced the Europeans in their emphasis on the cleansing value of violence, their anti-colonial style and their belief in the primacy of action, whether it involved hijacking a plane, blowing up American Army personnel in Germany or shooting off the knee caps of prominent Italian personalities.

The fifth type of terrorist group today was first called the Boudia Commando, then the Carlos Complex and is now referred to as "the networks". These groups of mercenary terrorists have transnational links with the PLO, with Ghaddafi of Libya, with the IRA and with the Soviets. They operate out of major cities like London, Paris and Beirut and are capable of striking swift, terror-inspiring attacks which usually net them money, for example the kidnapping of the OPEC oil ministers in December 1975. No one agrees on the true extent and actual strength of these networks, but their access both to highly sophisticated weaponry and to the diplomatic bags of the Arab world make them a constant menace.

The sixth type of terrorist group is the K.G.B. which has always used terror as an instrument of policy whether at home on traitors and dissidents or abroad as with Trotsky's assassination or more recently the killing of European emigré leaders such as Stephan Bandera. Section V of the K.G.B. has not been above the use of poisoned umbrellas and other charming methods for the liquidation of troublesome emigrés and defected spies. Clare Sterling's recent book *The Terror Network* accurately documents Soviet support of terrorist groups which will weaken the West. Soviet terrorism has become synonymous with "state terrorism" though the term is now gaining a wider currency, especially in Third World countries.

The final type of terrorism to be identified is that pursued by the criminal element and the mentally unbalanced. Terrorism is good business. It is reported that Ghaddafi gave Black September $5 million for the massacre of the Israeli athletes at Munich. The same amount was reportedly earned by Carlos for his role in kidnapping the OPEC oil ministers. Huge ransoms can be extracted from weak governments. Kidnapped industrialists are another great source of terrorist funding. Grouped with the criminals is that fringe of mentally unbalanced in search of attention. Many of them have turned to aircraft hijacks. Recently John Hinkley Jr. tried to prove himelf to actress Jodi Foster by shooting President Reagan.

Terrorist Threat 1967-70

The international terrorist threat emerged in the late 1960s. There were, in fact, three precipitating events in 1967-68 which effectively launched a decade of terror. In the first place, Israel won the 1967 War in the Middle East. Her victory was so complete and so devastating that it became clear to the Palestinians that the Arab states would not be launching anything on their behalf for some time. Thus, in 1967, alone, desperate and fanatical, the Palestinians played their last available card. They engineered a total of 35 hijackings in 1968 including those by the woman hijacker Leila Khaled. The PFLP and later Black September launched a series of dramatic hijacks of commercial airlines with release of prisoner demands, ransom demands and the freeing of captured hijackers themselves.

The second precipitating event of the decade was the death of Ché Guevara. The myth of the invincible Ché lived on in the minds and hearts of a generation of students who fell for the seductive logic of Marcuse, Fanon and Sartre's teachings on revolutionary violence. What's more, the death of Guevara in the Bolivian jungle suggested a change from the rural to the urban focus. There is some evidence to suggest that the Tricontinental Conference in Cuba in 1966 had some connection to the near coups in France in 1968 and in Mexico in 1971, and also to the emergence of radical terrorist groups like the Baader-Meinhof gang, the Japanese Red Army and the Italian Red Brigades.

The third precipitating event of the terrorist decade was the Vietnam War. American domestic opposition to the War reached a climax in 1967-68. Thereafter, negotiations brought hostilities to an end by 1972. During the intervening five years, that student groups and radical black organizations, no doubt observing the weakness of the American war machine in the face of a mere guerilla movement, began to probe the cracks in American society with some well-aimed terrorist blows at the system.

One important by-product of this period was that by 1970 some of the threatened began to suspect that the hijackings, random massacres and assassination of foreign officials might represent an entirely new wave of revolutionary violence.

Terrorism Takes Hold: 1967-73

In September 1970 the PFLP orchestrated a triple hijacking at Dawson Field in Jordan, involving a Pan-American 747, a Swissair DC8, and a T.W.A. 707. On September 12 all three planes were blown up on Jordanian territory. At this point King Hussein cracked down on the PLO killing many and ejecting others. Thus was born an instrument of revenge — Black September — which greatly intensified Palestinian terrorism. 1971 was a growth year since the IRA opened up a campaign of sniping, bombing and arson in Northern Ireland. In the same year the ETA Basque began overt operations, the Bretons took to terrorism, the Croatians shot the Yugoslav Ambassador to Sweden, and in December the Baader-Meinhof gang made their first bank raid.

Much worse was to come. In 1972 and early 1973 three devastating events occurred at Lod, Munich and Khartoum. At Lod airport in Israel in May 1972 four Japanese Red Army terrorists opened fire on mostly Puerto Rican pilgrims. Twenty-four were killed and seventy-six persons injured. The one remaining terrorist later testified that he believed he would become one of the stars of Orion. At Munich in September 1972 the Palestinians staged an act which they were sure would rivet world attention upon them. They captured 11 Israeli athletes in the Olympic Village who then died in the badly-timed shootout between terrorists and West German police. The "Munich Massacre" had a devastating impact upon world opinion. The third event took place in Khartoum in March 1973 with the Black September capture of American Ambassador Cleo Noel, his second in command and the Belgian Chargé. Fearing an attack from the Sudanese police the terrorists killed all three men and were seen licking the men's blood from the ground. The next year at Maalot in Israel another shattering shootout took place. The terrorists were on top.

Western Response

As Bowyer-Bell has pointed out, those responsible for dealing with terrorists in the West acted with only limited guidelines, under great pressure, without adequate information and with uncertain aid from their governments. In spite of public indignation that terrorists could strike with such impunity, the Western response was feeble and *ad hoc*. The years 1974 and 1976 were the worst for terrorist incidents, there being over 380 attacks each year, and over 1,000 deaths in 1974 alone. Quickly, new crisis-management techniques had to be developed such as SWAT teams in the US, the British SAS teams and the German GSG9. Airport security was tightened with costly monitoring devices for all air passengers. Psychological profiles of terrorists had to be worked out, sky marshalls were put on planes, whilst on the ground hostage-negotiation teams included doctors, diplomats, psychologists, policemen and psychiatrists.

It was not until June 1975 that the West was able to strike back. In what is now a celebrated rescue event, Israeli commandos flew to Entebbe airport in Uganda to free a plane load of predominantly Jewish passengers hijacked earlier by a mixed terrorist gang including the Baader-Meinhof. Encouraged by the Israeli success, the Dutch finally took a tough stand with South Moluccan terrorists holed up in a train near Achen. In 1977 they took an even tougher stand, effectively ending South Moluccan violence. The terrorist networks appeared to strike back with the OPEC oil ministers kidnapping, but this event, led by Carlos, was really not aimed at the West.

In October 1977 hijacking was dealt a decisive blow at Mogodishu, Somalia, when the German GSG9 units, using stun-grenades (of British make), managed to end a tense hostage situation by storming the plane and killing or capturing the terrorists. A combination of new technologies, international cooperation, (the Somali authorities unexpectedly helped the Germans) and new counter-terrorist forces began to turn the tide in favour of prevention. By 1976 there were over 350 terrorists languishing in Western jails.

Undoubtedly, the attitudes of Western powers towards the problem played a significant role in terrorist control. The Israelis always retaliated over terrorism, "an eye for an eye, a tooth for a tooth". The French and the Dutch gradually moved to a "no compromise" position after humiliating experiences. The Swedes, Germans and Americans all embraced "flexibility", until they too realized that only "no compromise" would bring real results. The Greeks, Italians and Austrians (Chancellor Kreisky) have believed in "concession and accommodation", and it is not surprising that terrorism has continued to flourish in their territories. Terrorism did not cease in 1978, it continued strongly, changing emphasis to kidnapping, bombing and political assassinations. At least now the pattern of terror and counter-terror is established and the parameters of the problem are clear for all to see. Wilkinson reports that from January 1968 to December 1978 there were 4,888 international terrorist incidents of which 42% were explosive bombings, 14% arson and incendiary, 12% shooting and ambush, 11% assassinations and 10% hijacks.

The Terrorist Profile: What Is He Like?

In an article in *Terrorism*, 1976, Charles Russell and Bowman Miller analysed data from several hundred terrorists from 18 different groups to develop a terrorist profile. The eight categories they used were age, sex, marital status, rural versus urban origin, social and economic background, education or occupation, method/place of recruitment and political philosophy. The resulting picture of the terrorist was surprising and disturbing. Urban terrorists seem to be gaining recruits from increasingly younger age groups. Here is the composite picture found by Russell and Miller. The terrorists "have been largely single males aged 22-24 . . . who have some university education, if not a college degree. The female terrorists . . . are preoccupied with support rather than operational roles. More often than not, these urban terrorists come from affluent, urban, middle-class families, many of whom enjoy considerable social prestige. Like their parents before them, many of the older terrorists have been trained for the medical, legal, engineering and teaching professions, among others, and may have practised these occupations prior to their com-

mitment to a terrorist life. Most were provided with an anarchist or Marxist world view, and were recruited into terrorist operations, whilst in the university.

No doubt many books will emerge over time describing the terrorists of the last ten years. Three women stand out as particularly interesting: Leila Khaled, who has dictated a biography of sorts, twice hijacked planes and lived to tell the tale. The key to her actins is a deep bitterness over being displaced from "Palestinian soil". On the other hand, Fusako Shigenobu rose to leadership of the Japanese Red Army Faction and displayed remarkable organizational abilities and political instincts. Ulrike Meinhoff managed to galvanize the German student groups which still pose quite a security threat in West Germany. Doctors Woddi Haddad and George Habash on the other hand were eye specialists and Palestinians who managed to mastermind between them and often in opposition to one another, the whole Palestinian terrorist apparatus, in particular numerous international hijackings. In the Latin American setting Carlos Manghella is the major figure who both wrote on the need for political change through terrorism and died practising his own craft. Carlos' real name is Illich Ramirez Sanchez, son of a wealthy millionaire-Communist from Venezuela. He received his university training in the Soviet Union but it is by no means certain that he is a Soviet agent. Perhaps Col. Ghaddafi should be considered as the chief facilitator of much contemporary terrorism. One thing is certain: Libyan territory and money have been profusely at the disposal of terrorists willing to act. There was immediate suspicion on October 8 that Sadat's assassination was organized by Col. Ghaddafi. The really good terrorist cell consists of an ideologist, determined activists and drones. So far we have only discussed the ideologists who are naturally the leaders.

The Future

Terrorism will increase not decrease as the years go by. As General Clutterbuck has said, "it is a disease, which is controllable but not eradicable". The future success of international terrorism will depend very much upon the Western response. There are six ways in which the phenomenon can be controlled. First, good intelligence on terrorist networks and movements with close governmental collaboration. In this respect, "Octopus" the CIA computer which can dig up the specs on any one of 25 million suspects within a few seconds, may prove helpful. Second, well-trained, psychologically prepared police are necessary, particularly in the handling of hostage situations. Ordinary police cannot do the job. Third, a cooperative media and press is essential since they can be manipulated, in the name of news, to accomplish the terrorists' very aims. The British authorities have made a deal with the press that all available news will be exchanged for press and media discretion. Fourth, a wise, unflappable government is needed when terrorists strike. The leadership must react firmly and yet not overreact. The reaction of the Canadian government to the October crisis of 1970 with the FLQ is a case in point which still divides and preoccupies many Canadians. Fifth, efficient anti-terrorist squads with great versatility and courage must be ready at all times. The British SAS force which stormed the Iranian Embassy in London in 1980 is a case in point. There was even a judicial enquiry into their behaviour after the event, in which they were exonerated. Sixth, governments need to work, over the long term, on the removal of the causes of terrorism. Governments must pay attention inside and outside their territories to the grievances of dissatisfied minorities with pretensions to independence. In Canada this very atmosphere hangs over much of the politics of the Constitution and its effect upon Quebec.

Future Possibilities

There are several future possibilities for terrorist violence which might destabilize international relations. The exact strength of the "networks" is not yet known, but a rigorous coordination amongst many of the major 30 or 40 terrorist groups could pose a serious challenge for international security. The kind of role they would play would resemble an international Mafia, striking at will without necessarily claiming responsibility for their acts.

Even more discomfitting for the West might be the possibility of terrorist groups seizing a nuclear reactor and blackmailing the government into undesired political action. Nuclear reactors are largely open, vulnerable and undefended. They stretch across North America, Western Europe, Japan and India. A determined terrorist onslaught might well have far-reaching consquences for a particular country, even if the immediate threat were overcome.

Perhaps the most serious possibility of all is the threat of surrogate war. In this scenario, a superpower might easily be tempted to have a terrorist groups launch an attack on the other as if it were from a third country which is a potential enemy. This scenario may seem fanciful, but the sheer sophistication and deadliness of weapons technologies available is not imaginary. The determined individual can bring down an incoming airplane with a handheld surface to air missile from the balcony of an apartment along the plane's flight path to the runway. In fact this operation has already been mounted several times.

In the final analysis, Western societies will be able to withstand terrorist attacks, since the strategy is basically pin-prick in nature. But the Soviets have a large headstart in encouraging, arming and financing terrorist groups which will destabilize the West and leave room for Soviet activities in the Third World.

The greatest challenge, as intimated earlier, may lie in the possibility of terrorism becoming a feature of North-South conflict. Given present international economic conditions — the growing pressure of soaring oil prices on Third World countries and the possibility of the break-off of North-South negotiations — widespread international terrorism might well be perceived to be the only legitimate response to the affluent and uncaring West. In the meantime a thorough understanding of the political uses of terrorism is needed by those interested in stability. It is possible to see both Anwar Sadat's assassination and the attempted one on the Pope in May 1981 as aimed specifically at undermining Western policies in crucial areas of world politics. After all, Camp David is all about the stability of oil production, and Solidarity in Poland, with Papal support, is all about East-West trade relations.

Canada's record in assisting refugee movements

by Constantine Passaris

Over the last few years Canadians have become much more aware and certainly more conscious of the human tragedy associated with that special kind of international migration that is referred to as refugee movements. The international events that have unfolded over the last few years, the horror stories that have appeared in the newspapers and the dramatic pictures that have been shown on television have made us recognize more than ever before the traumatic plight of this world's homeless and unwanted millions.

Natural disasters such as earthquakes, hurricanes and floods and military operations such as a revolution here, a coup d'etat there, or a war in some distant corner of the world have sustained a continuous flow of refugees.

The refugee problem is truly a global concern for it encompasses crises areas in Europe, Africa, Asia and South America. Indeed, the situation has reached tragic and dramatic proportions for this day and age. The United Nations High Commissioner for Refugees estimates a total of 8,716,109 people (May 1980 figures) are presently refugees or displaced persons. These include 1.8 million Palestinians; 1.6 million Ethiopians; 700,000 Afghanis; 300,000 Vietnamese "boat people"; and 300,000 Cambodians (Kampucheans).

Canada's Role

Canada has a long and distinguished record of assisting refugee movements to resettle in this country. Canadian humanitarian sentiments have been generally exemplary in providing financial and resettlement assistance for specific refugee crisis situations. However, one cannot fail to note that there have also been readily identifiable economic considerations and an element of self-interest in terms of the numbers and the occupations of the refugees that were selected and granted asylum in this country.

From a Canadian historical perspective there appears to be a blurred distinction between those who were admitted into Canada as economically motivated migrants and those fleeing from persecution and oppression in their countries of origin. Indeed it would seem that Canada, until recently, has pursued a refugee policy that did not offer any clear distinction between refugees and economic migrants in terms of meeting its broad objectives of expanding the population base, enhancing the quantity and quality of the work force and using aggregate immigrant and refugee arrivals as a means of promoting and sustaining the process of economic growth and development.

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A systematic analysis of these observations, however, calls for an historical perspective in order to assess Canada's record on refugee movements.

The departure of the United Empire Loyalists from the embryonic United States for British North America in the late eighteenth century is a good starting. This despite the fact that Canada as a nation was not born yet and there is some disagreement regarding whether the Loyalists could be considered as refugees in the commonly held definition of that term.

In the aftermath of the American revolution the United Empire Loyalists started arriving in what is now Nova Scotia, New Brunswick and Ontario. The Loyalists were essentially British settlers who preferred life in British North America to life in the post-revolutionary United States. Since they left by choice rather than by compulsion, there is some debate about whether they can be properly labelled as refugees.

The British colonial powers saw this as a good opportunity to expand the population of British North America and offered free land in order to entice more to come. Saint John, New Brunswick is one city that grew rapidly as a consequence of the arrival of the Loyalists and to this day celebrates its early beginnings with events marking its association with the United Empire Loyalists including a reenactment of the landing of the Loyalists at Market Slip.

The oldest provincial university in Canada owes its genesis to the arrival of the Loyalists. For it was the wife of William Paine, one of the early Loyalists, who acknowledged that she liked New Brunswick very much, but regretted that in the prevailing circumstances of frontier life, her children could not be properly educated. In an attempt to redress this matter an order in council dated December 13, 1785 ordered the attorney- and solicitor-general to prepare a charter for the establishment of a Provincial Academy of Arts and Sciences which was later to become the University of New Brunswick.

The Russian Mennonites were the first group of refugees to seek asylum in Canada after Confederation. In 1874, 2,000 German speaking Mennonites left Russia in search of religious freedom and a better opportunity for communal life, and settled in Southern Manitoba.

Canada's decision not only to permit but rather to encourage the entry of the Russian Mennonites by promising in addition to resettlement, certain military and civil exemptions, indicated a determined effort on the part of the Canadian government to attract a good strain of pioneers who would be instrumental in making a positive contribution to the agricultural economy of western Canada. The Mennonites turned out to be superb agricultural-

ists noted for the sophisticated structure of their houses and out-buildings as well as the efficient organization of their barnyards.

The success of the resourceful Mennonites in the harsh prairie environment prompted later Canadian governments to offer special concessions to other sectarian groups who appeared to be promising. It was appreciated that the careful selection of refugees with respect to their manpower skills, could be an asset for Canada in terms of their potential contributuion to the growth and development of the national economy.

The Doukhobors

A quarter of a century after the initial movement of Mennonites to Manitoba, a second extraordinary group movement of refugees composed of Russian Doukhobors occurred, which in subsequent years spawned a series of complex political and civil problems for Canadian federal and provincial authorities.

The Doukhobors were motivated by much the same circumstances as the Mennonites. They first arrived in 1899.

Their ability to make appreciable economic advances during their initial years of settlement can be largely attributed to the division of labour achieved by their communal organizations, which enabled the men to "hire out" as farm labourers or railroad navvies, while the women and old men cleared the land. Canadians of English stock who were not accustomed to seeing women hard at work in the fields found the Doukhobors different and even strange in their ways.

The selection of the Mennonites and the Doukhobors for their special agricultural expertise underlines the emphasis on economic considerations in these early refugee movements. Furthermore, the blurred distinction between economic migrants voluntarily migrating in search of better economic opportunities and the involuntary nature of refugee movements fleeing from oppression and persecution is substantiated by the passive and sometimes even neutral Canadian response towards refugees during economic crises and during periods of recession or depression.

The Great Depression of the 1930s is a good example. Despite the enhanced political and racial intolerance around the world during the decade of the 1930s, Canada closed its doors to the oppressed peoples of Europe. As a consequence of the ailing Canadian economy no distinction was attempted between economically motivated immigration and refugee movements. Both were essentially perceived in the same manner and subject to a restrictionist approach. The limited resources of the Canadian economy during the Great Depression were channeled into assisting the large numbers of unemployed Canadians.

When the guns had ceased firing at the end of the Second World War, the situation in Europe brought about the existence of more than one million displaced persons and refugees — contrast that figure, which was believed to be an exceptionally large number at the time, with the current total of close to nine times as many. During the post-war period and specifically between 1947-1952, Canada admitted 124,000 European refugees.

Canada's role during the initial aftermath of the second world war has been severely criticized for its very selective nature. It was felt that refugees and displaced persons were seriously hampered physically and emotionally by their wartime experience to become good workers and to readily adapt to the Canadian environment. Canada's immigration teams preferred to select the young, single men, and rejected applications from families and highly skilled professional individuals. In this regard the Canadian government was implementing an extremely cautious approach in the selection of additional labour in the form of industrial workers destined for the urban centres because the dramatic consequences of the Great Depression had not yet faded from peoples minds. This restrictionist attitude was short-lived as the rapid industrial expansion of the postwar period demanded an immediate solution to the manpower shortages that were becoming evident.

The first positive Canadian refugee program of the post-war period espoused both a degree of self interest and a strong undercurrent of the importance of economic considerations. The Sponsored Labour Movement which was initiated in 1947 was aimed at recruiting workers from overseas for industries that faced manpower shortages. Between 1947 and 1951 more than 100,000 people entered Canada under this program. These refugees and displaced persons were selected on the basis of their skills and aptitudes which would ensure their easy and permanent absorption into the Canadian labour force.

The new criteria determining Canada's immigration policy and refugee programs reflected the vast and rapid expansion of the national economy that occurred in the early post-war period. This was substantiated in the enhanced demand for immigrants and refugees who were educated and possessed skills and training that were regarded as assets in an economy characterized with a broader and expanding industrial and manufacturing base.

The Hungarian Refugees

As a consequence of the Soviet Union's intervention in Hungary in 1956 the widespread but unsuccessful uprising in that country produced the largest flight of European refugees since the Second World War. More than 200,000 Hungarians, approximately two percent of the country's population, rejected the prevailing conditions in Hungary.

It is commonly accepted that Canada adopted the highest ideals of humanitarianism in accomodating the Hungarian Refugee Movement. Resettlement procedures were speeded up and existing barriers were lowered. The final total number of Hungarian refugees admitted was in excess of 37,500 and all of this during a period of less than ten months. Hungarian refugees experienced few problems adapting to Canadian society and became readily absorbed into the domestic labour market, primarily because many of them were professionals and academics.

The White Paper on Immigration released in 1966, among other things, contained references to Canada's perception and programs directed towards the world's continuing refugee problems. The White paper put it this way:

"There will be a continuing obligation to accept individuals or families who have fled their own country for one reason or another. However, neither the extent of the obligation nor our capacity to fulfill it can be predicted with any accuracy. The former depends essentially upon conditions from time to time throughout the world or in particular countries the latter is contingent upon the Canadian social, economic and political structure remaining healthy."

When the liberal forces in Czechoslovakia spearheaded by the government of Alexander Dubcek attempted to enhance the political and social freedoms in their country in 1968, an armed intervention by the Soviet Union and Warsaw Pact forces made sure that these liberalizing tendencies were crushed. As a result of the invasion thousands of Czechoslovakians were forced to flee.

Responding to this refugee crisis the Canadian government announced that Czechoslovakian refugees would be welcome in Canada. There is no doubt that there was an element of self-interest in this invitation since it was an unprecedented opportunity to acquire the finest type of refugees including medical doctors, dentists, designers, electronic engineers and chemical technicians. Ultimately the total number of refugees admitted into Canada reached 12,000 with the cost to the government being approximately 11 million dollars.

Tibetan Refugees

In 1959 between 60,000 and 80,000 Tibetans fled their country when it was annexed by China. In 1971, Canada accepted 228 Tibetans for resettlement in this country. The Tibetan refugees, approximately 90 percent of whom were between the ages of 15 and 44, settled in Ontario, Quebec, Manitoba, Saskatchewan, and Alberta. They were intentionally resettled in agricultural areas where it was felt they could adapt more easily. The arrival of the Tibetan refugees in Canada marked the first refugee movement into this country from Asia.

On August 4, 1972 former Ugandan President Idi Amin decreed that within ninety days, all Asians carrying British passports would be expelled from the country. The Canadian government was quick to come to their assistance and selection teams were sent to Uganda. However, the Toronto *Globe and Mail* took an incisive and critical view of the government's action when it wrote on August 26, 1972:

"While we applaud the government, we also look between the lines. The mechanics of the action are not without a touch of international gamesmanship. Being quick among the nations to say come, by being speedy in sending an immigration team, . . . the government appears to be bidding for the cream of the crop. This is not wrong so long as the government is prepared to take some of the less attractive as well."

In terms of age and educational qualifications, the Ugandan-Asians comprised one of the most desirable groups ever to gain admittance to Canada. About 60 percent were either professionals or involved in sales and commerce. These refugees also possessed the favourable characteristics of speaking English and were considered most likely to become self-reliant very shortly after being admitted.

Canada accepted a total of 7,000 Ugandan-Asian refugees over the two years 1972 and 1973. After the small Tibetan refugee movement, this was the largest non-European refugee movement to acquire permanent resettlement privileges in Canada.

The Chilean refugee movement had its origins in the coup by the Chilean military on September 11, 1973, which resulted in the overthrow of Chile's Marxist President, Salvador Allende, and his administration.

In this particular case the Canadian government demonstrated greater caution and reluctance to adopt a liberal refugee policy than on earlier occasions. The reason being that the Canadian government was not prepared to oppose or embarass the military junta that had come to power in order to protect western capitalist values and interests. Furthermore, Canadian officials weere hesitant to accept a large number of Chilean refugees who were decidedly Marxist and left of centre in their political affiliation and ideology.

The Canadian government dragged its feet in the processing of refugee applicants from Chile as evidenced by the high percentage of incompleted case investigations on the part of immigration personnel. These delaying tactics were in sharp contrast to the rapid processing of applicants which had taken place during the Czechoslovakian and Ugandan-Asian movements.

When South Vietnam fell to the North Vietnamese communist forces in 1975, thousands of displaced Cambodians and South Vietnamnese initially converged on Saigon in search of political asylum in some other country. With the ultimate fall of Saigon and the communist takeover the mass exodus of the fleeing Indo-Chinese refugees mostly in boats — in most instances very unseaworthy small craft — permanently identified this refugee movement as the "boat people". This floating population of "boat people", unwanted and unaccepted by other Southeast Asian countries, caught the attention of the whole world and the hearts and minds of people everywhere.

Canada's response to the Indo-Chinese refugee crisis was based exclusively on a strong humanitarian offer for unqualified assistance. This was the very first time in Canada's history that no trace of economic considerations or any degree of self-interest can be identified in this country's offer to assist the Cambodian and Vietnamese refugees. A substantial number of refugees were airlifted from the temporary refugee camps that were set up and brought to Canada on special Canadian Armed Forces flights. Once in Canada they were distributed amongst several Canadian provinces. Special mention should also be made of the outpouring of public enthusiasm for the refugee sponsorship program which allowed individual Canadians, voluntary associations and church groups to respond and participate in the costs and responsibility of resettling many thousands of refugees.

Recently Canada has welcomed the 10,000th refugee from the Southeast Asian Refugee Camp in Hong Kong. The 60,000th refugee from all Southeast Asia destined for Canada arrived in Montreal in December 1980.

A fundamental review of Canada's immigration policy and refugee program was completed with the publication of the Green Paper on Population and Immigration in 1975. The Green Paper had this to say about Canada's refugee program:

"The only certainty for which Canadian policy in this area must be prepared is the unhappy prospect that grave crises will continue to erupt. Policy must provide for a flexible response to situations in which it will be imperative to preserve a sensible and human balance among a wide range of factors and options. In each specific instance, we must weigh the choice of providing resettlement opportunities in Canada in the light of the development of Canadian immigration policy as a whole and the equitable

distribution of responsibility within the international community at large, bearing in mind that the Canadian contribution may often appropriately take the form of financial or material aid in addition to, or instead of, opportunities for immigration."

The Immigration Act of 1976

Up until the Immigration Act of 1976 Canadian immigration legislation made no reference to refugees. In dealing with refugee crises, therefore, Canada relied almost exclusively on various *ad hoc* administrative procedures in order to protect and resettle refugees in line with this country's humanitarian traditions and international commitments.

The 1976 Immigration Act encompasses as one of its objectives the initiation of resettlement assistance for refugees. Thus for the first time in Canada's history, refugees have become a separate admissible class in the Canadian body of legal jurisprudence. However, even in this new Act the criteria used for the selection of refugees demonstrate a pronounced emphasis on economic factors such as the ability of refugees to assimilate in the economic structure and fabric of this country.

It is unlikely that the Indo-Chinese refugee crisis is the last one that Canada will have to contend with. Refugee movements have taken place from time immemorial and are likely to continue so long as individuals and their families are persecuted, or minorities are oppressed, or basic human rights are deliberately abused. Confronting this factual premise, Canada should continue to be an active participant in the international scene in dealing with the refugee problem by means of providing resettlement opportunities as well as contributing financially to the programs initiated by the United Nations High Commissioner for Refugees.

There is another aspect, however, that should be borne in mind. While the resettlement of the world's homeless and unwanted millions is an act in the highest ideals of humanitarianism, it is also like treating the symptoms rather than the disease itself. So long as various forms of persecution, oppression nd discrimination continue to exist and are condoned by governments, individuals and their families will be forced to flee their countries of origin. For in its most fundamental essence the root cause of refugee movements is the abuse of basic human rights and until some way is found to eliminate these occurrences, refugee movements will continue to be a source of international embarrassment and global concern.

Parliament's role in choosing the new fighter aircraft

by W. M. Dobell

In April 1980 the Canadian Government signed a contract for the McDonnell Douglas F-18A Hornet, the most expensive military equipment contract in Canadian history. It was supposed to culminate a five-year process of decision-making on a new fighter aircraft (NFA). Yet in the year following, decision-making did not seem to be over. Defence Minister Lamontagne deemed it necessary to reiterate the Government's decision many times. It is therefore appropriate to address the following questions. Was there broad Parliamentary support for the F-18A? Why was it chosen? What adverse events later befell it, and how did Parliament react to them? Was the Government right to stick to its decision?

Initial Decision

During the early spring 1980 session of the new Thirty-second Parliament, the only party vigorously opposed to the Hornet decision was the New Democratic Party. No change of policy was involved. Andy Brewin, the NDP Defence critic until 1978, had been sympathetic to NATO but saw no need for a NFA for Canadian air defence in the ballistic missile era. His successor, Terry Sergeant, was simply more critical.

When the earlier Liberal Government had reduced the NFA competition to two aircraft in November 1978, the Progressive Conservative Opposition had objected that the contract was to be awarded to the General Dynamics F-16, with the F-18A only incuded as a "straw-man". Allan McKinnon put on record his reservations regarding single-engine aircraft, by which he meant the F-16. As Defence Minister in 1979 during the Clark Government, McKinnon tried to investigate the availability and cost of second-hand F-14's from Iran, for which the Shah's successors thought they had little use. Unfortunately, reliable information on Iranian intentions was exceedingly difficult for the Canadian Embassy in Teheran to obtain, even in the months preceding the Canadian caper. McKinnon thought it best to go ahead with the F-18A.

Three committees of the Conservative Cabinet agreed on the recommendation: the Foreign and Defence Comittee on the aircraft, the Economic Development Committee on the industrial benefits, and the Control of the Economy Committee on the fiscal aspects. The Inner Cabinet, having received three complementary recommendations, decided to authorize a contract. Since several Ministers had played no part in the deliberations and the cost made the decision politically sensitive, Inner Cabinet deferred announcement and signature until full Cabinet had met and been formally apprised on December 14, 1979. The night before Cabinet was to meet, the Government was defeated on its budget in the House of Commons. The decision was never announced.

The nearest equivalent in Trudeau's Governments to an Inner Cabinet is the Priorities and Planning Committee, chaired by the Prime Minister. Recommendations of that body are not necessarily debated in full Cabinet, but decisions do not become formal until Cabinet has met and failed to register its dissent from the Priorities and Planning recommendations. Formal decisions of Cabinet are often *pro forma*. Clark's Inner Cabinet, as its title indicates, was not a subordinate committee of Cabinet but a decision-making authority itself. Hence it was entirely plausible for a defence specialist like John Gellner to argue, in the wake of the Parliamentary defeat, that it was indefensible of the Clark Government to have postponed an action already decided upon.

The suggested action could have posed serious constitutional and corporate problems. The Opposition might have accepted the decision, which would have pleased McDonnell Douglas but deprived the Liberals of the chance to review the case as a Government in full knowledge of classified information. The Opposition might have challenged the propriety of the action, possibly to the point of denying the right of issuance of Governor-General's Warrants to a caretaker administration during the election period. More likely than either of these hypotheses, the Opposition could have tolerated the Government's temporary continuance in power during the election period, demagogically attacked its arrogation of authority, and reserved its position on the actual aircraft. That would not have advanced the effective time of decision nor given the company the ncessary confidence to authorize production or offset contracts. Clark would appear to have followed the correct course in rejecting the advice of his Defence Minister and deferring any formal announcement until the question of the Government's mandate had been resolved.

After the February 1980 general election and the return of the Conservatives to the role of Official Opposition, those former Conservative Cabinet Ministers who had been awed by the price of the Hornet once more lent a

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For the Record

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No. 58 (June 19, 1981) Signature of Canada-Philippines Nuclear Agreement.

No. 59 (June 19, 1981) Visit of Vice-President of European Commission, Wilhelm Haferkamp.

No. 60 (June 24, 1981) Poul Hartling, United Nations' High Commissioner for Refugees, Visits Canada — June 27-July 2, 1981.

No. 61 (June 26, 1981) Canada's Accession to Extensions of the Wheat Trade Convention 1971, and the Food Aid Convention 1980.

No. 62 (June 26, 1981) Canada Withdraws from the International Whaling Convention and Commission.

No. 63 (June 30, 1981) The Secretary of State for External Affairs, Dr. Mark MacGuigan, to Attend Meeting of Foreign Ministers Nassau, July 11, 1981.

No. 64 (July 2, 1981) Postal Strike: Passport Contingency Plans.

No. 65 (July 7, 1981) Secretary of State for External Affairs' Attendance at the United Nations International Conference on Kampuchea in New York, July 13, 1981.

No. 66 (July 13, 1981) Appointment of F.M. Filleul as Official Spokesman and Director of the Press Office.

No. 67 (July 16, 1981) Appointment of John M. Powles as Commissioner General for Canada at Energy Expo '82, Knoxville.

No. 68 (July 16, 1981) Diplomatic Appointments.
Elsa M. Amadio (49) originally from Toronto, Ontario, to be Consul General in Milan, replacing C.J. Van Tighem who will take up his next assignment in Canada.
Pierre Dumas (61) originally from Montreal, Quebec, to be Consul General in Bordeaux, replacing Charles Bédard who returns to take up his next assignment at headquarters.
Robert Allen Kilpatrick (46) originally from Saskatoon, Saskatchewan, to be Commissioner in Hong Kong, replacing W.T. Warden whose next appointment will be announced later.
James J. McCardle (59) originally from Stratford, Ontario, to be Consul General in San Fransisco, replacing Harry Horne who retired from the public service earlier this year.
H. David Peel (47) from Truro, Nova Scotia, to be Ambassador to the Socialist Republic of Czechoslovakia, replacing P.A.E. Johnston whose next appointment will be announced later.
J.B. Jean-Guy Saint-Martin (38) originally from Saint-Nazaire d'Acton, Quebec, to be Ambassador to the Republic of Zaire, replacing R.A.J. Chretien whose next assignment will be at headquarters.

No. 69 (July 17, 1981) Situation in Lebanon.

No. 70 (July 22, 1981) Communiqué on Namibia Issued by the Foreign Ministers of Canada, France, the Federal Republic of Germany, the United Kingdom and the United States, Ottawa, July 22, 1981.

No. 71 (July 22, 1981) Communiqué at the conclusion of the visit to Canada of His Excellency Mr. N'Famara Keita, Minister of Energy with Responsibility for the Konkouré Project, Popular and Revolutionary Republic of Guinea.

No. 72 (July 24, 1981) Appointment of Chief Air Negotiator Gary R. Harman, in replacement of R. Harry Jay who has retired.

No. 73 (July 29, 1981) Diplomatic Appointments.
Wilfrid M. Agnès (61) originally from Montreal, Quebec, to be Ambassador to Ethiopia, replacing Aubrey Morantz who will return to Ottawa to take up a headquarters assignment.
James K. Bartleman (41) originally from Port Carling, Ontario, to be Ambassador to the Republic of Cuba, replacing Gary Harman who becomes the Chief Air Negotiator at headquarters.
Michael Bell (42) originally from Montreal, Quebec, to be Ambassador to the Republic of Peru, replacing J.Y. Grenon whose next assignment will be in Canada.
Michel de Goumois (46) originally from Quebec City, Quebec, to be Ambassador to Switzerland, replacing Pierre Dumas who has been appointed Consul General in Bordeaux, France.
Peter A.E. Johnston (59) originally from Toronto, Ontario, to be Ambassador to the Republic of Venezuela, replacing C.O.R. Rousseau whose next appointment will be announced later.
C. Douglas Fogerty (47) originally from Galt, Ontario, to be High Commissioner to the Republic of Zambia, replacing T.C. Bacon who will return to Ottawa to take up a headquarters assignment.
W. Kenneth Wardroper (59) originally from Duncan, British Columbia, to be Ambassador to the Kingdom of Norway and concurrently accredited to the Republic of Iceland, replacing A.G. Campbell who will retire this summer.

No. 74 (July 29, 1981) External Affairs Appointment of Jacques Gignac (53) originally from Shawinigan, Quebec, to be Deputy Under-Secretary of State for External Affairs (Co-ordination, Information, Cultural Relations, Immigration and Consular Services) replacing Michel de Goumois who has been appointed Ambassador to Switzerland.

No. 75 (July 29, 1981) Canada-United States Pacific Coast Tuna Treaty Enters into Force.

No. 76 (July 30, 1981) The Secretary of State for External Affairs to Attend Foreign Ministers' Preparatory Meeting for North-South Summit.

No. 77 (July 31, 1981) The Canadian Delegation to the Resumed Tenth Session of the Law of the Sea Conference.

No. 78 (August 12, 1981) Canada-U.S.A. Interim Arrangements on Pacific Salmon.

No. 79 (August 14, 1981) Appointment of David Peacock as Counsellor (Cultural Affairs) at the High Commission in London.

No. 80 (August 14, 1981) Secretary of State for External Affairs to Visit the People's Republic of China August 17-27, 1981.

No. 81 (August 17, 1981) Appointment of Commissioners of the International Joint Commission.

No. 82 (August 20, 1981) Diplomatic Appointments.
Michel Dupuy (51) originally from Montreal, Quebec, to be Ambassador to France, replacing the Honourable Gérard Pelletier.
The Honourable Gérard Pelletier (61) originally from Victoriaville, Quebec, to be Ambassador and Permanent Representative to the United Nations in New York, replacing Michel Dupuy.

No. 83 (August 21, 1981) Appointment of Margaret Y. Catley-Carlson as Deputy Executive Director of UNICEF.

No. 84 (August 28, 1981) South African Incursions Into Angola

No. 85 (September 2, 1981) Secretary of State for External Affairs to Lead the Canadian Delegation at the 36th Session of the United Nations Assembly.

No. 86 (September 2, 1981) Canada Announces an Increase in its Contribution to the International Fund for University Co-Operation (FICU)

No. 87 (September 3, 1981) Notes for a Speech by the Honourable Gerald Regan, Minister of Labour, at the Closing of the 1981 Meeting of the Pugwash Conference on Science and World Affairs, Banff, September 2, 1981.

No. 88 (September 4, 1981) Diplomatic Appointments.
Christian Hardy (58) originally from Montreal, Quebec, to be Ambassador to Spain, replacing Jacques Dupuis who will return to Canada.
Gerald F.G. Hughes (62) originally from Sayabec, Quebec, to be High Commissioner in Malaysia, replacing J.R. Francis whose next assignment will be in Canada.
Julian H. Payne (41) originally of Rugby, England, to be High Commissioner to the Co-Operative Republic of Guyana, replacing John Graham who has been assigned to the High Commission in London.
C.O.R. Rousseau (60) originally from Trois-Pistoles, Quebec, to be High Commissioner to New Zealand, and concurrently accredited as High Commissioner to Fiji, to the Kingdom of Tonga, to Western Samoa and to Tuvalu, replacing Irene Johnson who has been appointed Assistant Deputy Minister (Management Practices) with the Department of Energy Mines and Resources.
Barry Connell Steers (54) originally from London, Ontario, to be Ambassador to Japan, replacing Bruce Rankin who retired earlier this year.
William T. Warden (47) originally from Niagara Falls, Ontario, to be Ambassador to the Islamic Republic of Pakistan, replacing A.D. Small who has returned to Canada.
Ian Wood (46) originally from Quebec City, Quebec, to be Ambassador to Kuwait, replacing H.S. Hay who returns to Canada to take up his next assignment in Vancouver.

No. 89 (September 10, 1981) Notes for a Speech by the Honourable Raymond Perrault, Leader of the Government in the Senate and Head of the Canadian Delegation at the United Nations Conference on Least-Developed Countries, Paris, September 3, 1981.

No. 90 (September 16, 1981) Communications Minister to Lead Canadian Delegation to Conference of Ministers of Culture, Cotonou, Benin, September 14-19, 1981.

No. 91 (September 21, 1981) Secretary of State for External Affairs Assumes Presidency of the North Atlantic Council.

No. 92 (September 25, 1981) Secretary of State for External Affairs Sign Canada-ASEAN Cooperation Agreement New York, September 25, 1981.

No. 93 (September 24, 1981) Communiqué on Namibia Issued by the Foreign Ministers of Canada, France, the Federal Republic of Germany, the United Kingdom and the United States, New York, September 24, 1981.

No. 94 (September 25, 1981) Department of External Affairs Participates at 'Travel Expo-81'.

No. 95 (September 30, 1981) Appointment of Jean Herbiet as Director of the Canadian Cultural Centre in Paris.

No. 96 (October 2, 1981) Official Visit of the Minister for Foreign Affairs of Austria, Dr. Willibald Pahr, October 4-6, 1981.

No. 97 (October 2, 1981) Official Visit of the Tunisian Minister of Planning and Finance, mansour Moalla, October 4-6, 1981.

No. 98 (October 2, 1981) General Carlos P. Romulo, Foreign Minister of the Philippines, Visits Canada October 7-10, 1981.

No. 99 (October 2, 1981) Canada Sets Record Straight on Acid Rain.

No. 100 (October 9, 1981) Visit of Mr. M'Hamed Boucetta, Minister of Foreign Affairs and Co-operation of the Kingdom of Morocco.

No. 101 (October 9, 1981) Second Annual Canada-Upper Volta Annual Consultation October 13-15, 1981.

No. 102 (October 13, 1981) Visit of Indonesian Foreign Minister Professor Mochtar Kusamaatmadja to Canada.

No. 103 (October 13, 1981) Visit to Fredericton of the Secretary of State for External Affairs, the Honourable Mark MacGuigan.

No. 104 (October 16, 1981) Consultations Between Upper Volta and Canada October 13-15, 1981.

No. 105 (October 19, 1981) Visit to Canada of M'Hamed Boucetta, Minister of Foreign Affairs of Morocco.

No. 106 (October 23, 1981) A.E. Gotlieb's Speech to the Association of Canadian Studies in the United States October 23, 1981.

No. 107 (October 23, 1981) Seventh Meeting of the Canada-Belgium Mixed Commission October 19-22, 1981.

No. 108 (October 23, 1981) Canada participates in the International Liberators Conference.

II. Statements and Speeches

81/13 The Western Economic Summit. A speech by Mr. A.E. Gotlieb, Under-Secretary of State for External Affairs, to the Canadian Institute of International Affairs, Winnipeg, April 9, 1981.

81/14 Canadian Arts and Culture — Policy Review. An Address by the Honourable Francis Fox, Minister of Communications, to the Canadian Conference of the Arts, Ottawa, May 7, 1981.

81/15 Foreign Policy begins in National interests and ends in International action. Statement by the Honourable Mark MacGuigan, Secretary of State for External Affairs, to the House of Commons, Ottawa, June 15, 1981.

81/16 Canada and Third World countries. A statement by the Honourable Mark MacGuigan, Secretary of State for External Affairs, Ottawa, June 16, 1981.

81/17 The compelling need for progress in North/South relations. A speech by the Right Honourable Pierre Elliott Trudeau, Prime Minister, to the House of Commons, Ottawa, June 15, 1981.

81/18 A step towards solution of the Kampuchean problem. An address by the Honourable Mark MacGuigan, Secretary of State for External Affairs, to the United Nations International Conference on Kampuchea, New York, July 13, 1981.

81/19 The significance of verification in the arms control and disarmament process. A speech by Mr. D.S. McPhail, Permanent Representative and Ambassador to the Conference of the Committee on Disarmament, Geneva, June 11, 1981.

81/20 Review of Canada's role in la Francophonie. A speech by the Honourable Pierre De Bané, Minister of Regional Economic Expansion, Ottawa, June 15, 1981.

81/21 The world challenge: international development and East/West tension. An address by the Honourable Mark MacGuigan, Secretary of State for External Affairs, to the Fiftieth Couchiching Conference, Geneva Park, Ontario, July 29, 1981.

sympathetic ear to talk of postponement of the NFA purchase. Short-term replacements for the archaic CF-101's could be provided by F-4 Phantoms. Non-replacement of the NATO aircraft, however, could save on capital expenditure in the early 1980's and defer role negotiations until nearly the mid-1980's. This was not McKinnon's position, but it was an argument being put to Opposition Leader Joe Clark. Consequently, in the weeks prior to the signing of the F-18A contract, the Conservatives were neither strongly supportive of the Hornet purchase nor unitedly opposed. With a majority Government again in office, the focus was on the Liberal caucus.

The Government was responsive to the demands of its backbenchers to an unusual degree. Redistribution of constituencies led to a very different House of Commons membership in 1979 than before the dissolution. The Liberals acquired 29 new Members that May, despite dropping to 114 seats, and the process of rejuvenation continued in the 1980 election as 27 freshman Liberals were elected. The attitudes of Liberal M.P.'s changed. In the Thirty-first Parliament the distinctions between Cabinet ministers and backbenchers disappeared, as all Liberals found themselves in Opposition. The experience was a great leveller, and the restoration of some Liberals to Cabinet rank in 1980 did not make their words ineluctably law.

The cohesiveness of the Quebec bloc within the Liberal caucus increased. At 74 Members, it was 22 larger than the Ontario group, 36 larger than the Progressive Conservative's Ontario caucus and 53 larger than its Alberta caucas. When it could work in unison, it could exert considerable influence. In the case of the NFA contract, only J.C. Malépart would have sacrificed the aircraft entirely to pensions, and only Ian Watson still spoke up for the F-16 even after the contract announcement. But for six weeks before the announcement, Quebec M.P.'s once known as secretive, played the media extensively on behalf of the General Dynamics F-16.

Chief among these was Jacques Olivier, who articulately represented the interests of his constituency company, Pratt & Whitney, one of two Quebec partner companies of General Dynamics. Pratt & Whitney shortly thereafter was chosen as on of the two finalists for the new frigate contract. Canadair, the other General Dynamics partner, was encouraged to bid on sub-contracting for the F-18A, and later was awarded the forward nose barrel contract. Beyond that, other sub-contracts were moved to Quebec that would otherwise have been awarded to Ontario. The political manoeuvring had a real impact on the placing of sub-contracts, if not in reversing the order of the victorious and of the unsuccessful aircraft.

Why was the F-18A chosen?

In determining the best aircraft to meet Canadian needs, it is imperative to define first what those needs are. Our aircraft with NATO in Europe is the CF-104. It was designed as a high-level interceptor, converted to a tactical nuclear bomber, used for photo reconnaissance, and reconverted to tactical ground support. Such uncertainty over its intended role has precluded it from optimum performance most of the time it has been in Canadian service. The CF-101, our NORAD interceptor, has been more fortunate in role allocation, but must be replaced first, since it is older than the CF-104. After both are replaced, the CF-5 is to be relegated to tactical training as the last of the NFA planes become available. That role is supposed to involve flying to Norway, if the NATO northern flank is threatened. Because of these diverse roles, a multi-purpose replacement aircraft is required, but an aircraft performing different tasks in different theatres simultaneously, not being refitted periodically for different tasks in the same theatre.

Ideally, a country with modest size armed forces would be better to have a single plane for a single role. NATO would accept a reinforced ground contribution to Europe if Canada negotiated withdrawal of its air commitment sufficiently in advance. But Canadian pilots prefer this role to flying surveillance over ice and tundra or piloting transport aircraft, and successive governments have calculated that man for man a Canadian makes a more significant contribution to Western European defence sitting in a fighter than in a tank.

Alternatively, one could argue that the trans-Polar bomber is a marginal threat undeserving of a new interceptor; no one disputes that ballistic missiles represent 90% or 95% of the threat to North America. But the Russians do build more advanced bombers carrying missiles with nuclear warheads, and the best weapon against them may be a fighter. That the new generation bombers are not presently directed against Canada, and are unlikely to be in the foreseeable future, takes the argument one stage further. But it does not entirely resolve the strategic question, so the air defence role remains alive.

Spokesmen for the Defence Ministry have not been anxious to acknowledge a priority role within the NFA programme. Allan McKinnon, when Defence Minister, aniticipated more of an air-to-air role in Europe. The Chief of Defence Staff expected that the European role would be renegotiated when the new aircraft was available. An interceptor role would combine best with our continuing NORAD task, but that did not entail the project team being instructed to attach primary importance to the NORAD or to the NATO role. Each of the fighters had characteristics more suited to one theatre or the other, and the progress would have been swifter had a priority been indicated. It was not indicated precisely because adequacy in both theatres was the priority, not superiority in one.

Of the aircraft under consideration in the first stage of the competition, the U.S. Navy's Grumman F-14 was the oldest and most expensive. It has a moderate operational range, its air-to-air weapons reach the farthest distance of any, and its capability of maintaining radar control over six targets and subsidiary observance of 18 others is phenomenal. Grumman hoped that Canada would purchase about 30 for NORAD operations. To counter a tank offensive in Europe, however, the F-14 would be ludicrously over-equipped. Even with an altered Canadian role, the F-14 is not particularly appropriate to the European theatre. So it was dropped on the grounds of extreme cost and unsuitability.

The European tri-national Tornado is a tactical strike-attack aircaft designed to find a target at very low elevation in all weather, day or night, and return safely through missile and anti-aircraft fire. There is a role for such an aircraft in Europe already allocated to the British and German Tornados, and to the slightly larger American F-111's. Canada might be able to negotiate such a role if it wished it, but the Tornado has not yet proved such an outstanding success that there is much temptation. An air defence version with different specialized equipment was a

paper advantage this aircraft enjoyed, but a somewhat remote one. It was not a good risk for early replacement of our NORAD interceptors, so it too was eliminated.

The favourite of the armed forces in the mid-70's, even publicly championed by the Air Commander as the best, was the McDonnell Douglas F-15. Its range is unsurpassed, yet it is faster and cheaper than the F-14. Its radar and weaponry is second only to that of the F-14, yet its multi-role capability makes it the most versatile of the competitors and able to satisfy our NORAD and NATO requirements. The fact that five crashed during the nine-month period that the competition was being short-listed to two was a matter of some public controversy, but modifications to the engines satisfied the project team that engine stalling would not prove a recurrent problem. Designing the F-15 for superiority in a number of functions nevertheless produced a large and expensive aircraft, too expensive to be available in the numbers required to fulfil its required tasks. As the project manager was later to confirm publicly, the large, sophisticated and more expensive aircraft were out, and the small, less capable and less expensive aircraft were in. Whether proposals on the three most expensive aircraft ought to have been solicited in September 1977 remains a mute point.

The fourth aircraft to be dropped, the F-18L, was eliminated for quite different reasons. It is Northrop's land-based variant of the F-18A, but is lighter, faster and cheaper than the McDonnell Douglas version. It can take-off in less than 900 feet, fly supersonic in level flight without using afterburners, and speed at Mach 2 or cruise at 100 miles per hour. But only the prototype had been flown at the time the competition was narrowed to two planes, defects could emerge in operational performance, or regular production could be postponed indefinitely pending sufficient orders. To have banked on the F-18L even in the spring of 1980 would have entailed counting on an aircraft whose performance and availability were unsubstantiated, or courting still further postponement. It is not a recommendation that the Defence Department could be expected to make, though it is a decision the Government would have been entitled to take. Understandably, it chose not to.

Both finalists were, in the words of the project manager, pilot's dreams. Some misconceptions regarding the F-16 received media attention, without adversely affecting its reputation among professionals. Its single-engine, the same as in the twin-engined F-15, was causing stalling problems in 1978. Fears were expressed of losing aircraft crossing the Atlantic, though the greater danger is on take-off rather than in steady flight. Speculation occurred about the F-16's handicap in aerial combat, though the survivability rate of single-engine aircraft in combat is actually higher.

Reservations about a single-engine aircraft, despite its fuel economy, justifiably persisted, however, regarding operations in the cold and uninhabited Canadian north. A pilot bailing out in Europe would have few environmental problems; in the north they would be severe, often fatal. The F-16 itself was not desinged for air defence or surveillance in such a vast area, and giving it all-weather capability and replacing its short-range with medium-range missiles were not improvisations that evoked entire confidence.

The F-16 has been adopted by a number of European countries. There its exceptional speed and high manoeuvrability are particularly advantageous, so its use in NATO was not a problem. The Chief of Defence Staff indicated that F-16 selection would entail re-negotiation of the close ground support role in Europe, but this factor was not an obstacle to favourable consideration of the aircraft. Defence Minister Lamontagne, however, did stress that the greater number of F-16's initially available because of its low cost was quite misleading. Due to its forecast accidental losses during the lifetime of the NFA fleet, the advantage would completely disappear. The goal of extracting maximum performance from a single engine also exacted a penalty in terms of higher maintenance costs. The F-16 was a good specialized aircraft, but not one entirely suited to Canadian requirements.

The successful competitor suffered from fewer limitations. The F-18A is powered by twin-engines combining a turbofan cycle for fuel efficiency and a turbojet cycle for operational capability, an advanced design philosophy structured to achieve simplicity. There are 4,000 fewer parts in two F-18A engines than in one F-16 engine. The fewer, less complex parts mean lower costs, easier maintenance and greater reliability rather than an engine pushed to its ultimate thrust-to-weight ratio. Supersonic flight without use of afterburners is fuel-efficient and extends range. Increased fuel capacity reflects the priority of range over speed and weight, with aerial refueling capability for yet further range. As a naval-designed aircraft, the additional weight is also the result of the heavier landing gear indispensable for landing on carriers. That weight represents a penalty for European operations, but the sturdy landing gear is an advantage in the Canadian north where landing strips are few and often rough. Over a dozen nations have used naval-designed F-4 or A-4 aircraft for land-based fighter and attack missions, few or any of them with a terrain more challenging than the Canadian north.

Other advantages of the F-18A are a better communications system and a better payload. Maximum utilization of its air-to-air missilry is provided by radar that is a generation ahead of that in the F-15. The F-14 radar has greater range, but the F-18A can track eight separate targets at ranges in excess of 60 miles with the best target discrimination and target enforcement of any of the six aircraft under consideration. But if the system has the capacity for later installation of a next generation all-weather radar, it is not quite yet the "foul-weather friend" advertised by McDonnell Douglas.

It is not an aircraft expected to be a common sight in Europe, though the Americans will use it, and its fuel and tires are standard within NATO. It is not the best aircraft for either Europe or the Arctic, but can handle the dual role well, distinctly better than its final competitor. On 20 military evaluation points analysed by the project team, the F-18A was significantly better on eleven, marginally better on four, tied on four and inferior to the F-16 on only one. Its manufacturer possessed the best working relationship of any aircraft manufacturer with the requisite levels of authority in Ottawa.

Between the signing of the McDonnell Douglas contract by Canada in April 1980 and the American Department of Defence's authorization to McDonnell Douglas to proceed to full production of the F-18A in June 1981, over a year passed. Much of the news that emerged during that

period served to undermine public confidence in the Hornet.

Aviation Week reported in May 1980 that fuel was leaking from a fuselage fuel cell. Bruce Vento, a Minnesota Congressman, told a news conference in Washington that June, allegedly with the President's Office of Management and Budget as his source, that "this plane is literally falling apart". Vento also highlighted excerpts from a dry 28-page report of February 1980 issued by Congress's General Accounting Office in order to dramatize every testing problem. In September 1980 the very Hornet Lamontagne had test flown himself crashed in England just after a major international air show. The Pentagon responded by routinely grounding its dozen test Hornets, and a Congressional committee slipped in a rider to a Hornet appropriations requiring that it first receive a safety and performance certificate. *Defence Week* reported in December that a design review team had concluded that engine redesign was essential to lengthen engine life. April 1981 brought a leak of a draft report of the U.S. Navy purporting to find the Hornet troubled by extreme temperature and heavy rain. Finally in mid-June, a fortnight before the Pentagon ordered the Hornet into full production, the Columbia Broadcasting System stated that the Navy admitted the Hornet never would meet its responsiveness specifications.

Such a torrent of adverse assessment regarding the F-18A had predictable results in the Canadian Parliament. The NDP's tactical response to the contract appeared vindicated. Labelling the Hornet as worthless and the NFA programme as a boon-doggle, the NDP called for a Parliamentary investigation into the decision to purchase the F-18A. Terry Sergeant's repetition of the more strident criticisms directed at the Hornet in the United States was unlikely to induce the Government to reconsider its decision, but it ensured that the Defence Minister was continually required to justify the purchase decision against a backdrop of unfavourable publicity.

A Wise Decision?

The test results were satisfactory: some test failures were insignificant in context; most were rectified; others were failures to tolerate a wholly unnecessary level of stress. Responsiveness and acceleration were proved excellent, even while remaining below specification. The reinforced undergear for carrier landings added weight, however, which was partially compensated by restricting acceleration and could be further compensated by reduced payload. The range was thus largely preserved. The price was not. An aircraft designed by McDonnell Douglas as a cheap alternative to the F-15 was coming in at $US 30 million a copy.

Australia was disturbed in late 1980 that the F-18A's structural and aerodynamic problems might lead to a loss of superiority over the F-16, with its known radar and weapons limitations. Accordingly, it postponed its procurement decision for a year. The American Marines have been depicted as hostile to the F-18A, but their preference for the AV-8B Harrier, a short-takeoff-and-landing, light attack aircraft, is for a limited role. They want the F-18A as a future replacement for their F-4, as more indefinitely do the British for the Jaguar.

The argument two years ago for a Canadian decision to wait for the F-18L was based on its presumed superiority in cost, speed and industrial offsets to the F-18A. That the increase in cost and weight of the Hornet during the interval has been, in part, to fulfill a carrier-based role inoperative to Canada has done nothing to tarnish the attractiveness of this argument. Nevertheless, the test problems of the F-18L are still unknown, the price approximate, and regular production uncertain. What we do know is that, outside of the Canadian Forces in this continent, the F-101 is being phased out of the only two state national guard units where it is in use, and the CF-104 air group in Europe is only kept in operation by virtue of an immense maintenance effort. Further delay in long-term decision-making would have been rather unstatesmanlike for a majority government, and the leasing alternative a very short-term option.

The Canadian NFA purchase is not of a magnitude to determine whether a tested aircraft goes into production. Canada has to choose between attaching itself to an American or a European production run, and the only European aircraft in contention until 1978 has experienced staggering cost over-runs. The Pentagon's June 1981 decision to proceed to production of the F-18A means that an economy-minded and defence-oriented American Administration is satisfied with the F-18A cost and performance as a viable and cheaper alternative for the U.S. Navy than the F-14 Tomcat. That is as much of a commendation as we can expect, but it is sufficient.

By signing a contract in April 1980, Canada's terms are more advantageous than, say, Australia could obtain in the latter half of 1981. There is provision for some 138 F-18A's at contract prices. Any follow-on attrition aircraft, if they can be afforded, will be at full cost. The contracted aircraft will probably begin arriving, on schedule, in late 1982. Canada's unilateral insistence on offset benefits is not popular within the American Administration, though playing one manufacturer off against the other has secured industrial offset contracts. At the congressional level, it may also have sparked attacks on the F-18A by competitors' spokesmen, like Representative Downey of New York, whose constituency houses Grumman Corporation. Such attacks are ultimately unsuccessful, stacked up against twenty thousand companies in forty-four states poised to benefit from F-18A sub-contracting. But they can generate adverse publicity, particularly in an election year like 1980.

Criticism of the Hornet in the United States, which inadvertently spilt over the border and deliberately was repeated within Canada, focused on stopping Pentagon authorization. The re-negotiation issue in Canada was perhaps less related to contract withdrawal in principle than to contingency planning in the eventuality that F-18A production was never authorized. The decision to sign the contract and the later decision not to withdraw from the contract were both rational decisions. The theory that our successive governments were innocents in the hands of giant foreign defence manufacturers is not borne out by the fighter negotiations. Nor is the charge that the Government has purchased a lemon. The Hornet is not expected to be the optimum aircraft for every separate task, but to discharge creditably each varied assignment. It is the classic function of an all-purpose aircraft.

The case of the Mapuche and Chile's "Bad" Law 2568

by Jim Guy

Of the approximately 10 million Indians living in Central and South America, the Mapuche comprise about 500,000 — the largest concentration of whom (46.5%) live in Chile's Province of Cautin. The remainder live in the southern provinces of Bio Bio, Arauco, Malleco, Valdivia, Osorno, although a smattering of these people have emigrated to the many urban centres of Chile. They own 570,000 hectares (1.5 million acres) in the southern provinces but a law passed in March, 1979, by the Pinochet Government, threatens to terminate the practice of communal title to Indian land and is already having disastrous consequences for the Mapuche, as the indigenous people of Chile. In the ominous words of a Mapuche leader: "This Mapuche land decree law, No. 2568, is a death certificate to the Mapuche."

The Pinochet Government passed Law No. 2568 primarily as a legal approach to open up tribal lands because of the economic necessity to achieve development within a capitalist model. The law is based on a general policy of Chile's military junta to replace the socialist model of the previous Allende Government with a private enterprise capitalist economic system. This so-called Kelly Plan has three components: to rescind the legal limits placed on land tenure; to establish investment corporations; to de-communalize Indian land. While the plan resembles an official Chilean docrine of "manifest destiny", it has become a euphemism for cultural genocide. To the Mapuche, the land is their source of being, and without it, they may become extinct. Behind the facade of an official policy of development, the plan is nothing more than an arbitrary attempt to destroy the institutions, customs, language and religion of an indigenous people. Sheldon Davis and Robert Mathews have labeled other similar Latin American experiences "the geological imperative", in particular reference to the effects of exploration and production in the heart of South America, namely the Amazon Basin. But, as is internationally evidenced, the global quest for scarce raw materials has motivated many multinational corporations to search the last isolated areas, usually populated by tribal peoples like the Mapuche. And Chile is a classic example of this problem.

In Chile, Law No. 2568 does not provide for a means of appeal and effectively excludes any legal reaction to the law. The Government established the Institute for Agricultural Development, which is the agency mandated to facilitate the division of Indian lands and places health and education services for the Mapuche under direct federal control.

Since the demise of Allende's government in September, 1973, many human rights violations have occurred against the Mapuche. Allende's Law No. 17,729 recognized the Mapuche race as a distinct cultural group. The law laid the basis for the establishment of the Institution for Indigenous Development in 1972. It granted credit, aid, education, and the restitution of lands historically claimed by the Mapuche. But after the 1973 golpe, some offended groups such as the National Agricultural Society and the Chilean Farmer's Employers Confederation (Consemach) aligned themselves with the new military government and with the aid of the army and carabineros (National Police Force) began to systematically repossess lands lost through redistribution under Allende. In so doing, many massacres were carried out against the Mapuche. (United Nations Report, *Situation of Human Rights in Chile*, prepared by Ad Hoc Working Group for the General Assembly of the United Nations, October, 1978) Many were killed at random for reasons as simple as not being able to speak Spanish. Their livestock was killed, harvests burned, houses destroyed, and many of their agricultural products were forcibly confiscated. The basis of Mapuche culture has thus been seriously threatened. And while land stolen can be returned and diseases cured, the cultural destruction of a people is always final.

The division of their land is carried out without consultation or negotiation. There is no process for appeal once a judge has confirmed a division of land. The officials of the National Agricultural Development Institute (INDAP) decide who will receive the newly divided lots and the Mapuche are forced to comply. The land has been auctioned off to national and multinational corporations, large landholders and private farmers. The government

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has reserved the right to determine what remaining tribal land will be alienated and for what purposes. Even with the lands that remain under Mapuche control, the government assumes domain over certain categories of natural resources such as minerals, forests, and sometimes game, as well as the right to regulate tribal use of these resources. There is no doubt the immediate objective of Law No. 2568 is to disregard the human rights of the Mapuche with the arbitrary introduction of private ownership of their communal land.

It seems to be the intention of the Pinochet Government to reduce the Mapuche to a dependent marginal society that will be ill-equipped to bargain in Chile's national arena. Law No. 2568 effectively eliminates their Indian status as well as the legal rights of the Mapuche as a racial group.

This may be in violation of International Law which recognizes that the aboriginal inhabitants of a region possess rights in their lands which cannot be legally ignored. This is acknowledged explicitly in Article Eleven of the International Labour Office's Convention 107:

"The right of ownership, collective or individual, of the members of the populations concerned over the lands which these populations traditionally occupy, shall be recognized."

Thus, International Law tries to prevent individuals and governments from using force or deception to ruthlessly and profitably obtain the land, labour, minerals, and other resources of tribal peoples like the Mapuche. The dispossession of the Mapuche from their homeland, the destruction of their subsistence bases and the numerous forms of economic exploitation have already led to depopulation, dependence and detribalization — all contrary to the principles of International Law and Human Rights.

Comparative studies have demonstrated the long-term effects of the government policy now adopted in Chile. Even in widely separated areas of the world, such policies lead to the gradual abandonment of traditional subsistence activities and the weakening of tribal socio-political organization, until the basic autonomy of the tribe's culture is destroyed.

But even under the democratic tradition of Chile the Indians had been weak, disunited and have had limited national impact. Until Allende, successive Chilean governments did not give much attention to their interests and thus they remained unable to effectively bargain in the national arena.

At present the extension of the Chilean government control over the land of the Mapuche marks a highly significant event in the history of this tribal society, for it means that they cease being politically autonomous and ultimately cease being a tribe altogether. There is very little chance that the Mapuche will be able to successfully organize against the government as in Ecuador with its movement for the Liberation and Integration of Ecuadoric Indians or Peru with its Peruvian Indian Movement. Law No. 2568 is the official incorporation and assimilation of the Mapuche into the Chilean State. As of this year tribal peoples must conform to and become integrated with the social and political institutions of the Pinochet government. No longer is the tribe fully responsible for settling disputes and maintaining internal order. Severe limitations have been placed upon its political decision-making process and all authority is held by outsiders.

Given the unlikelihood of a serious indigenous challenge to the Pinochet regime, the only real hope is that international pressure can be brought upon Chile to respect the rights of indigenous peoples. Groups such as the Canadian based World Council of Indigenous Peoples, the Toronto based Latin American Working Group, the Copenhagen based International Work Groups for Indigenous Affairs, the Minority Rights Group and Amnesty International can all coordinate efforts to create a groundswell of support for the Mapuche. Gordon Bennett's research published by the Royal Anthropological Institute in Great Britain points to successes in the case of Brazil of international pressure to prevent the genocide of some forest tribes. But totally lacking has been any UN machinery to hold Member States internationally accountable for their aboriginal policies or the elaboration and

international supervision of rules governing the status and legal rights of aboriginal communities. The International Commission of Jurists (Geneva), the International Institute of Human Rights (Strasbourg), Freedom House, the United Nations Commission on Human Rights and the World Council of Churches are also very important vehicles from which pressures can be placed upon recalcitrant nations.

Non Governmental Organizations have a wide variety of weapons, strategies and techniques at their disposal; the courts, various governmental levels, appealing to public opinion over the heads of government, and of course they have access, as do human rights campaigners, to international, regional and national institutes and conventions created to protect and advance human rights.

Much has been written on Helsinki and the pressures placed on the Soviet Union. Yet not much is known on the European side of the Atlantic about the efforts by groups in the United States which lobby for a domestic application of the Helsinki human rights principles.

What the concerned governments of the world must demand from Chile is to protect its tribal peoples from the negative impact of "progress" and to allow them to find their own way in life. It is well known that the United Nations has proclaimed the right of self-determination and the right of peoples to freely develop their own cultures. This cultural autonomy includes a tribal culture's right to remain permanently outside the dominant political culture of the state. Ideally, national governments should recognize and support the tribal rights to their own traditional land. And States in the process of industrialization must not compete with the tribal societies for their resources. In the words of John Bodley in his *Victims of Progress*;

"Cultural autonomy would perhaps best be implemented through the United Nations which would be authorized to designate 'tribal autonomous regions' in parts of the world where autonomous regions would be permanently withdrawn from the sovereignty of the Nations which now happen to claim control over them, and borders would be secured by international peace-keeping forces."

Review article

Comparing notes with the British on negotiating the Atlantic pact

North Atlantic Treaty

by Escott Reid

After the twelve-month-long negotiation of the North Atlantic Treaty was concluded in March 1949 the British Embassy in Washington asked the junior officer of the Embassy involved in the negotiation to write a full confidential account. The officer was J.N. Henderson, then Second Secretary of the Embassy and now Sir Nicholas Henderson, British Ambassador in Washington. His sixty-thousand-word account dated May 23, 1949 was found early this year after having been lost for many years. It is written with elegance and wit and is most illuminating.

Foreign offices would make an extremely valuable contribution to a better public understanding of international relations if, after every important international negotiation in which they have been involved, they were to ask one of their officers who had taken part in the negotiation to write a full and frank confidential account which would not be made public until the other restricted documents of the period were declassified — twenty years in the United States, thirty years in Britain and Canada, varying periods in other countries.

It is to be hoped that when the negotiation on the law of the sea is concluded the Canadian Department of External Affairs will request Alan Beesley to write such an account of the negotiations and will give him leave of absence in order that he may give full time to the task. He could well take Sir Nicholas Henderson's memorandum as his model.

I wrote my own account of the negotiation of the North Atlantic Treaty, *Time of Fear and Hope*, as the officer in the Department of External Affairs in Ottawa who prepared for the consideration of Louis St. Laurent and Lester Pear-

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Mr. Reid served as Deputy Under-Secretary of State for External Affairs, High Commissioner in India and Ambassador to Germany. He is the author of Time of Fear and Hope: The Making of the North Atlantic Treaty 1947-49 and *Envoy to Nehru*.

Quotations from the Henderson memorandum appear by permission of the Controller of Her Majesty's Stationery Office.

son memoranda on the negotiation, drafts of instructions to the Canadian negotiators and drafts of speeches for St. Laurent in his crusade for the Treaty in the spring of 1948. Henderson wrote as a participant in the negotiation. The two accounts complement each other: one is written from the standpoint of a foreign office, the other from that of an embassy. In writing my account I was able to supplement my recollections and personal files and the documents in the archives of the Department of External Affairs with accounts of the negotiation published in *Foreign Relations of the United States* for 1948 and 1949. These gave information about aspects of the negotiation which the British and Canadian negotiators and their governments were not fully aware of at the time. In my book I mentioned the existence of Henderson's account.

Henderson's account is particularly valuable for his candid and witty vignettes of the principal participants in the negotiation: the ambassadors and the Under-Secretary of State who constituted the Ambassadors' Committee and their seconds-in-command who constituted the Working Party. Robert Lovett, the Under-Secretary of State "always friendly and courteous . . . (and) consistently cautious . . . a past master at circumlocution". Henri Bonnet, French Ambassador, who stated the French case "with remarkable tenacity and tactlessness" and who had "a gift for generous and irrelevant gesture, and superb pipemanship". E.N. van Kleffens, the Netherlands Ambassador, "invariably sensitive and sensible".

"With his angular features and antique manners it was difficult sometimes not to imagine him, dressed in black brocade with white lace cuffs and broad ruff, seated at a table and looking out upon the world with calm curiosity from the chiaroscuro of some 17th century Dutch painting."

Hugues le Gallais, the Luxembourg Ambassador, who sat on both the Ambassador's Committee and the Working Party, and who

"did not allow his presence at the long afternoon meetings to interfere with his regular siesta habit which he had acquired during long residence in the East. With this gift for repose and his wistful air of ineffable melancholy he resembled nothing so much as the dormouse in *Alice in Wonderland*. But he was much more tactful than the dormouse. It would sometimes happen at the Working Party that the Dutch and the Belgians would take up different viewpoints on a particular question. M. Le Gallais would then be asked for his opinion. With infinite sagacity and solemnity he would reply: 'I agree with the views of my Benelux colleagues'."

Oliver Franks, the British Ambassador, who "possessed capacities of intellect and exposition which none of his colleagues could equal or ignore".

"The methods he used to win conviction were those more of the sower than the advocate; he would sow doubts here and there and then when they had taken root he would scatter seeds of his own persuasion in such a plausible way that the other representatives soon felt there was no alternative but to gather round and nourish them."

Tom Connally, who was Chairman of the Foreign Relations Committee of the Senate in the last months of the negotiation, precipitated a crisis in the middle of February 1949 by his demand in an impromptu speech in the Senate that the treaty must not create even a moral obligation to go to war to defend an ally against armed attack. Henderson writes that in this speech, Connally was "on his best opera bouffe behaviour"; part of the explanation for his "irresponsible remarks" was that he did not "fully comprehend all the issues involved, for age had added to his limitations, not his virtues". (page 82)

Henderson's hero of the negotiation is likewise mine: John D. Hickerson of the State Department.

"From the beginning of the year (1948) he had been in favour of a (North Atlantic) pact and he held firm to this conviction in spite of the ever-changing tide of opinion on this subject in the high levels of the State Department. He normally presided over the Working Party . . . Perched forward on the edge of his chair, he would dispose of difficultites, drastically, like a man swatting flies and when confronted with new suggestions he would welcome them eagerly, in the manner of an auctioneer receiving bids."

Dean Acheson's tribute to Hickerson made to him the day the treaty was signed was fully justified:

"Well, Jack, I think this treaty is going to work. If it works, for generations there will be arguments in the United States as to who more than anybody else is responsible for it, but if it doesn't work, there will be no damn doubt, you did it."

Professor James Eayrs in his review of my book (Eayrs, James, "Composing the message for Joe", *International Perspectives*, September-October, 1977) said that I wanted the treaty "aimed as much at western publics as at Stalin". He was referring to van Kleffen's suggestion that two words only would suffice as the preamble for the treaty, "Dear Joe", and my plea in a draft memorandum of March 14, 1948 to the Prime Minister (in which I borrowed language from the British messages to the United States and Canada of January and March 1948) that the treaty should be "a bold move . . . (which would) raise in the hearts and minds of all those in the world who love freedom that confidence and faith which will restore their vigour". Henderson's account makes clear that the negotiators in Washington were fully in agreement that the treaty should be aimed at western publics as well as at Stalin. Thus on May 20, 1948 Charles Bohlen and George Kennan of the State Department accepted what they understood to be the implication of the message of May 14 from Ernest Bevin, the British Foreign Minister, that "leaving aside the effect of the pact on the Russians, the case for it largely rested on its psychological value to the North Atlantic community". The first paper prepared by the Working Party in July 1948 for transmission to the seven governments participating in the negotiation stated that the pact "would be a major contribution to the restoration of confidence amongst the peoples of Western Europe". This language was repeated in the paper of September 9 likewise submitted to the participating governments. Oliver Franks in rejecting on February 8, 1949 the demands of Senators Connally and Vandenberg to weaken the guarantee article in the treaty spoke of the influence of a strong guarantee "in restoring confidence in Europe".

Hendersons's account substantiates my contention that Britain and Canada had to spend a great deal of effort in the first six months of 1948 in converting the United States to support of the idea of a North Atlantic Treaty and that the begetters of the treaty were Britain, Canada and the United States. The North Atlantic Treaty was not a product of American Cold War policies. The United States was not the instigator of the treaty. The British Foreign

Office conceived the idea of the treaty. Britain, with the assistance of Canada — and of Hickerson and his colleague T.C. Achilles of the State Department — sold the idea of the treaty to a deeply divided American Administration.

Henderson pays a tribute to the early public support by Canada to the idea of a North Atlantic Treaty. He states that while at the beginning of May 1948 the Americans appeared to be weakening in their support of a treaty, largely because of the opposition of Kennan and Bohlen, "the Canadians moved forwards with the courage that they were to display throughout the negotiations" and he quotes St. Laurent's speech in the House of Commons in Ottawa on April 29, 1948 in which he insisted, contrary to views strongly held at that time in Washington, that

"the western European democracies are not beggars asking for our charity. They are allies whose assistance we need in order to be able successfully to defend outselves and our beliefs. Canada and the United States need the assistance of the western European democracies just as they need ours. The spread of aggressive communist despotism over western Europe would ultimately almost certainly mean for us war, and war on most unfavourable terms. It is in our national interest to see to it that the flood of communist expansion is held back."

Canada, St. Laurent declared, was prepared to associate itself with other free states, particularly the western European democracies, in an appropriate collective security arrangement to hold back this flood of communist expansion by creating an overwhelming preponderance of moral, economic and military force and the necessary unity for its effective use.

No other government leader in any North Atlantic country had at that time gone so far as this in arguing in public for a North Atlantic Treaty. Henderson did not know at the time, nor did I, that this speech of St. Laurent's had greatly helped to win Kennan over from his opposition to the treaty. On May 24, four weeks after the speech had been given, Kennan informed the Secretary of State, George Marshall, and the Under-Secretary, Lovett, that the speech had added a "new and important element" to the problem of a North Atlantic security pact and that in the light of this speech and of the message of May 14 from Ernest Bevin countering the Kennan-Bohlen arguments against a treaty, he thought that "we must be very careful not to place ourselves in the position of being the obstacle to further progress toward the political union of the western democracies". It is not surprising that of the five speeches on the North Atlantic Treaty which I drafted for St. Laurent in the spring of 1948 this is the one I am proudest of.

Henderson makes a shrewd comment on the advantages to the other participants in the negotiation of the Americans not concealing in the Working Party the differences of opinion in the State Department which "extended not only to the basic question of the wisdom of having a Treaty but to matters of detail such as (the membership of) Italy and the idea of having different categories of membership in the Treaty".

"By washing their dirty linen in front of the Working Party the Americans concealed nothing. The other representatives always knew exactly what the troubles were on the American side and who was in favour of this or that. In consequence the Americans avoided any possibility of arousing suspicions."

One aspect of the negotiation I was not conscious of when I wrote my book was that there were "bitter debates" in the Working Party when it "tried to define in detail (in the preamble to the Treaty) all the democratic principles by which their governments and people were guided". Listening to these debates on the preamble, Henderson writes,

"it was difficult at moments to believe in that singleness of spirit of the North Atlantic community which the preamble itself was meant to epitomize and explain."

Out of the debates emerged a meagre eight-word statement of democratic principles: "democracy, individual liberty and the rule of law". I, for one, was greatly disappointed since I had hoped for much more but the eight words were of great importance for they, along with Article 2 of the Treaty, gave rise to an undertaking by the North Atlantic allies to strengthen their free institutions founded on the principles of democracy, individual liberty and the rule of law, an undertaking as binding as the undertaking in the guarantee article. When Greece and Portugal were governed by dictatorships their governments therefore had to take into account the possibility that their failure to carry out this undertaking might affect the decision of some of their allies on the nature and extent of the assistance they would give them if they were attacked.

Henderson appears to absolve the United States Administration from the charge levelled against it at the time by Walter Lippmann "and other influential journalists" that

it had brought pressure to bear on Norway and Denmark to join the North Atlantic Pact and reject the neutral Scandinavian Pact advocated by Sweden. It all depends on how one defines pressure. Norway and Denmark needed arms from the United States whether they joined a Scandinavian Pact or a North Atlantic Pact. Hickerson indicated to the three Scandinavian embassies in January 1949 that the United States would not supply them with arms in the foreseeable future if they remained outside the North Atlantic Pact. Acheson told the Foreign Minister of Norway on February 11 that the need for arms of countries in an isolated Scandinavian bloc "could hardly be considered for some time to come".

There are two important aspects of the negotiation which Henderson does not mention and of which he may not have been aware. The first has to do with the Vandenberg resolution which put the Senate on record as favouring American participation in a treaty of collective defence. It was adopted by the Senate Foreign Relations Committee on May 19, 1948, and by the Senate on June 11. Henderson does not mention that it was drafted by the State Department and was the result of at least five talks between Vandenberg and the State Department: Lovett and Vandenberg at least three times; Dean Rusk and Vandenberg; Marshall and Lovett with Vandenberg and John Foster Dulles.

Henderson gives Dean Acheson the credit for persuading Connally and other recalcitrant senators to agree to a firm guarantee article in the Treaty whereas it seems clear from the documents subsequently published by the State Department that most of the credit belongs to President Truman. Truman told Acheson that he believed it was essential that the article contain the words "including the use of armed force" which Connally and Vandenberg were insisting should be omitted; he said that he would talk to Connally over the telephone about this and, if possible, ask him to come to the White House for a talk in order to impress on him that on this matter Acheson was speaking for the President with his full knowledge and support; only if it were "absolutely necessary after a stout fight" should the Administration agree to omit the reference to the possible use of armed force. It was the day after Truman had talked with Connally that Acheson secured the tentative agreement of the Senate Foreign Relations Committee to the inclusion of the words "the use of armed force".

The history of the negotiation of the North Atantic Treaty constitutes an important part of the history of the coming of the cold War. Henderson in his one-page introduction to his memorandum and his two-page conclusion, gives the classic statement of how the coming of the Cold War appeared to an intelligent and well-informed western diplomat in the spring of 1949.

"In the first two years after the war the Communists succeeded in bringing a large part of Europe under the control of the Soviet Government; by the beginning of 1947 they menaced the whole continent. They had achieved this position through the penetration and perversion of coalition governments and by exploiting the widespread economic distress . . .

The Announcement of the Truman Doctrine in March 1947, the explusion of the Communist members from the Italian and French Governments in May, and the prospect of economic recovery after Mr. Marshall's Harvard speech had, by midsummer, lifted non-Communist Europe from the despondency in which it had lain since the war and from which the Communists had profited so much. In response to this stiffening of the West the Communists changed their tactics in Eruope. From mid-1947 on, the pretence of collaboration with non-Communists, both internally and internationally, was discarded . . . The intitial resistance of the West in the first half of the year may have promoted (this) Soviet offensive; the latter in its turn helped to strengthen Western resolve. The meeting of the General Assembly of the United Nations (in the autumnm of 1947) was concluded in New York with nothing accomplished but the aggravation of relations between the communist and non-Communist worlds. . . In the middle of December the Council of Foreign Ministers which had been discussing Germany, adjourned indefinitely having failed completely to reach agreement . . . The breakdown of the Council of Foreign Ministers was both an end and a beginning; it was the end of that period of post-war collaboration between East and West in which the latter were rexpected to make repeated sacrifices to the former without receiving any reciprocal concessions, all for the appearance of continued unity; it was the beginning of a new era of cooperation between the countries of the West in which each was ready to make sacrifices to the others for the sake of strengthening their common resistance against the East . . . By the end of 1947 the Western world was in a mood which was as unreceptive to continued Russian demands as it was receptive to new ideas for strengthening Western security. It was Mr. Bevin who first canalized this mood . . . He realized that . . . the essential need was to secure some long term commitment by the United States Government to the security of Western Europe. This alone could restore the balance of power in Europe which had been shattered by the eclipse of Germany, the emergence of a strong Russia, and the post-war weakness of Western Europe . . .

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International Perspectives

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Note to our Readers

With the publication of this issue *International Perspectives* marks its tenth anniversary. Conceived in the Department of External Affairs as a replacement for the old monthly bulletin, the journal was brought into being under the editorship of Murray Goldblatt. It quickly established a reputation as an open forum for the discussion of Canadian foreign policy and international affairs in general. When Mr. Goldblatt resigned to take up a teaching position in Carleton University's School of journalism, he was succeeded as Editor by Alex Inglis who assumed the additional role of Publisher at the end of 1979 when the Department of External Affairs ceased publication and the journal took its place in the private sector. The magazine's third editor will soon take over. Gordon Cullingham has joined the staff of *International Perspectives* after a distinguished career with the Canadian Broadcasting Corporation. He will assume the editorship with the May-June 1982 issue and lead the publication into its second decade.

To mark the anniversary we have dug into the archives and made a selection from the outstanding and important articles from the past. It would be inaccurate to entitle this issue "The Best of Perspectives". The articles reprinted here only *reflect* the best of the past ten years. They were chosen from among many that could lay claim to being "the best". As with all editorial decisions a certain arbitrariness, dictated by the limitations of space, entered in. While consideration had to be given to the topicality of the articles, no effort was made to revise the material chosen to bring them up to date. Thus in one article the Shah still reigns over Iran while in another Richard Nixon still lives in the White House. It was not the current details that influenced selection but the continuing importance of the ideas expressed.

The selection of articles begins with James Eayrs' reflections on Canada's relative position in the world and continues with John Holmes' thoughts on morality in international affairs. Next are the provocative thoughts of George Ignatieff on NATO and nuclear weapons and Ronald Ritchie's early assessment of global oil politics. A more recent piece on Canadian-American relations from Allan Gotlieb (now Ambassador to the United States) and Jeremy Kinsman comes next and is followed by reflection on the end of the bipolar world from the late Alastair Buchan.

The issue closes with a reprint from the despatches of John Watkins on his visit to Tashkent. Although this last piece does not fit the normal criteria for articles in *International Perspectives* it was selected here for its present topicality. John Watkins has been the object of much recent discussion as a result of revelations of a security investigation at the time of his death in 1964. The material is selected here as it was originally because of the insight it provides into the quality of the diplomatic reporting that emanated from this distinguished former ambassador to the Soviet Union.

For some of our readers, those who have been reading the magazine since its inception, all of this material will be familiar. For those who have joined us more recently we hope this anniversary issue will provide an interesting reflection of where *International Perspectives* has come from. As we move into our second decade as Canada's journal on world affairs, plans are underway to make *International Perspectives* an even more immediate source of informed content and analysis on foreign policy and world affairs. These changes will become obvious to our readers in due course. In the meantime to all our readers and contributors we would like to say a special word of thanks for getting us through the first decade in the life of *International Perspectives*.

Defining a new place for Canada in the hierarchy of world power

by James Eayrs

It is the argument of this essay that the term "middle power" no longer does justice to Canada's role in world affairs. Canada has become instead a "foremost power" — foremost in the dictionary definition of "most notable or prominent". I hope to show that this assertion is no chauvinistic trumpery, no Laurier-like extravaganza ("the twenty-first century belongs to Canada"), but rather a realistic assessment of Canadian capabilities in a world where the substance, and hence the distribution, of power have undergone swift and radical change.

"Power" is the master-concept of politics. As life is to biology, space to astronomy, deity to theology, so is power to relations among individuals, groups and nations. Its very centrality in its field has caused theorists to take power for granted, to take power as given. But in politics nothing should be taken for granted, nothing taken as given.

Let us review, therefore, the properties of power, of which three are basic. Power is *pervasive*; power is *elusive*; and power is *relative*. (Never dismiss platitudes: they often express essential truths.)

Pervasiveness of power

What prose was for M. Jourdain ("Gracious me! For the last 40 years I have been speaking prose without knowing it."), power is for all of us. We may know power as its manipulators, we may know it as its victims, we may, like Jourdain, not know we know. But power is pervasive in our lives. Power is the ecology of politics. To talk of "power politics" is otiose, for there is no other kind.

Resistance to the nation of the pervasiveness of power is as pervasive as power itself. Saints, mystics, gurus of the hour or of the ages are often proclaimed by themselves and their disciples to be beyond the power principle, outside the power nexus.

Gandhi is widely cited as an example of a profoundly significant figure who refused to play the power game. Certainly the "half-naked, seditious fakir" (as Churchill once described him) appeared to dwell in a kind of power counter-culture — at loggerheads with power, at the antipodes from power. Certainly the saintly figure of the Mahatma in its ascetic's garb seemed even to his fellow Indians on first meeting to be (in Pandit Nehru's words) "very distant and different and unpolitical". How much more so must it have seemed to those worldly British politicians who — their exasperation rising as he remained beyond reach of the sort of argument to which politicians normally respond — tried to negotiate with him about the future of his country!

Gandhi's *satyagraha* — "clinging to truth" — demanded everything that power normally abhors. The shunning of duplicity. The turning of one's cheek. The avoiding of force even in the presence of a weaker adversary. No — the avoiding of force *especially* in the presence of a weaker adversary. And in the presence of a stronger? "I will come out into the open, and let the pilot see I have not a trace of evil against him *(sic)*". Such was Gandhi's bomber-defence system.

The strategy invites at worst derision, at best the comment made by Henry Kissinger about the only kind of pacifist he has the time of day for — "those who bear the consequences of non-violence to the end". "But," Kissinger adds, "even to them I will talk willingly merely to tell them that they will be crushed by the will of those that are strong, and that their pacifism can lead to nothing but horrible suffering."

Such an assessment gravely underrates the power of the Mahatma, which, skilfully deployed, made him the most influential politician — arguably — of our time. To interpret non-violent resistance as the rejection of power is to misunderstand the nature of power. The attraction of *satyagraha*, as of later strategies derived from it (notably Martin Luther King's), is precisely the expectation of potency. Gandhi never doubted it. "Working under this new law of non-violence," he wrote in 1920, "it is possible for a single individual to defy the whole might of an unjust empire." So it proved. Gandhi exaggerated only the novelty of *satyagraha*, which a Judean freedom-fighter had no less skilfully emploed against the Romans 2,000 years before him.

Pervasion denied

Nations as well as individuals deny that power pervades. Especially newly-independent nations, which are characteristically reluctant to accept the fact that their hard-won freedom is no more than a licence to hunt in the jungle of power. They look on themselves as above the fray, beyond the struggle, reject the cynical aphorisms of the worldly philosophers — Kautilya's definition of an enemy

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Professor Eayrs was a member of the Department of Political Economy at the University of Toronto when he wrote this article, and the views expressed in it are his own.

as the state that is on one's border and of a friend as the state that is on the border of one's enemy, Hobbe's depiction of nations "in the state and posture of gladiators". George Washington for the young United States, Leon Trotsky for the young Bolshevik Republic, Raoul Dandurand for the newly-independent Dominion of Canada alike believed that the principles of their respective policies transcended the sordid statecraft of older, debauched societies.

These attitudes are much the same as those that try to claim for a Jesus or a Gandhi an immunity to power, and rest on the same confusion. What distinguishes them is not their exemption from having to play the game of power but rather their style of play. They have not renounced power, which is no more capable of renunciation by statesmen than gravity is capable of renunciation by spacemen. Theirs is not a renunciation at all, but an enunciation of a particular method of pursuing power — the method that strives after power not by the display or resort to bruising force but by the influence that good behaviour may exert upon opinion. It may not work; but that is another matter.

Power eludes

Power pervades: there is no getting away from it. Power also eludes: there is no coming to grips with it. The elusiveness of power is beginning to preoccupy both practitioners and theorists, and about time, too!

> Our territory is large, our people are numerous, our geographical position is good . . . It will be intolerable if after several decades we are not the greatest nation on earth.
>
> If we are six feet tall, the Russians are three feet tall, and the Chinese six inches tall.
>
> If one's line is correct, even if one has not a single soldier at first, there will be soldiers, and even if there is no political power, power will be gained . . . The crux of the matter is line.
>
> One word of truth outweighs the whole world.

These four quotations — their authors, respectively, are Mao Tse-tung, U.S. Senator William Proxmire, Chou En-lai and Alexandre Solzhenitsyn — are all statements about power, assessments of the constituents of power. They cannot all be correct. Those of Chou and Solzhenitsyn come close to saying the same thing, those of Chou and Mao are greatly at variance, while those of Mao and Proxmire are mutually incompatible.

The formulae of Mao and Proxmire do have something in common, however. Both proceed from geopolitical assumptions.

Geopolitical assumptions hold that power is a function of a nation's might, that the might of nations may be calculated more or less precisely, and that in consequence comparisons are possible, nations can be ranked and graded. The American humourist Russell Baker wrote a column — "Let's Hear It for No. 7" — in which he argued, tongue only half-in-cheek, that "countries that are No. 11 or No. 17" (he cites Denmark and Kenya) "don't have to spend all their income to get ready to wipe themselves out" and "as a result are often very pleasant countries". He does not want the United States to drop from No. 1 to No. 17, but sees distinct advantages in seventh place.

Basis for calculation

But how to tell that seventh place — or fourth or fifth or sixth? If might is amenable to calculation, what makes the mighty mighty, what makes them mightier yet?

Geopoliticians' answers differed. Some said mighty populations — the state with the biggest battalions. Others said mighty reserves — the state with the greatest bullion. Some said control of the seas, others control of the land. Some said control of the air, others control of the firmament: "If the Soviets control space, they control earth" — thus John F. Kennedy in 1960 (making his pitch for the aerospace vote).

The ranking of Japan is a good example of the method, and even better of its limitations. Here power is seen to come not from the barrel of a gun but from the greatest GNP, in anticipation of which (this before the higher cost of a different kind of barrel) Herman Kahn foresaw the emergence of the Japanese super-state by the year 2000. For Edwin O. Reischauer (U.S. Ambassador to Japan during the Kennedy and Johnson Administrations), there is no need to wait so long: "Japan is the No. 2 power in the world."

How does he know? That being too difficult, what makes it so? If the key to Japanese power is export, the key to Japanese export is the qualities of those who make the product high in craftsmanship, low in cost — qualities once epitomized as those of the chrysanthemum and the sword: the sensibility of Japanese design, the zeal of Japanese application to the task at hand, be that overrunning Southeast Asia in the early 1940s or massassembling transistor television sets in the early 1970s. A *New York Times* correspondent puts it this way: "American officials and scholars have produced tomes trying to explain why the Japanese have done so well; it may be an over-simplification, but the fundamental reason is that they work like blazes." That does not explain why they work like blazes, but it may be better than no explanation at all.

Elusive as ever, power now seems to reside in the spirit of a people, in their mood and morale — aspects of might about which even neo-geopoliticians do well to hold their peace. "Great things need no firm foundation," the father of Zionism once remarked. "An apple must be placed on a table to keep it from falling. The earth hovers in the air. Thus I can perhaps found a secure Jewish state without firm anchorage. The secret lies in movement. Hence I believe that somewhere a guidable aircraft will be discovered." (Herzl's metaphor of a "guidable aircraft", evoked some years before the Wright brothers took flight, is almost as remarkable as his forecast, in 1896, of the State of Israel more than a half a century before its birth.) Using a similar metaphor, a commentator accounted in 1905 for the success of British power in India: "The Indian empire is not a miracle in the rhetorician's sense but in the theologian's sense. It is a thing which exists and is alive, but cannot be accounted for by any process of reasoning founded on experience. It is a miracle, as a floating island of granite would be a miracle, or a bird of brass which flew and sung and lived on in mid-air. It is a structure built on nothing, without foundations without buttresses (compare Herzl's 'without a firm anchorage') held in its place by some force the origin of which is undiscoverable and the nature of which has never been explained."

The modern illustration is surely Yugoslavia. Some wit once dismissed that country as a fifth-rate power. Asked

for his impression of Belgrade, he replied: "Imagine a whole city illuminated with a 10-watt bulb." But the power of Yugoslavia is not to be measured by its wattage. "According to all rational calculations," A.J.P. Taylor has written, "Yugoslavia was the country most doomed to disintegrate in the storms of the twentieth century. It has few natural resources: little coal or iron and a territory largely composed of barren mountains . . . Historical traditions, though strong, work against unity, not in its favour." Whence, then, derives its power? From defiance — from defying Stalin and succeeding. "Yugoslavia has been living on the strength of this defiance ever since."

The elusiveness of power may be seen not only in its possession by those who, on "rational calculations", have no right to it but also in its lack by those who, on calculations no less rational, have every right to it. Here is the cry of S. John Peskett in *The Times*, who, with the rest of us, has seen the assumptions of geo-politics, like so many sandcastle Gibraltars, washed away by the tide: "All the Queen's horses and all the Queen's men, plus the United States of America, the United Nations, NATO, and all the parachutists and glider troops we so busily train, cannot rescue a couple of hundred hostages and a few million pounds worth of aircraft from a handful of guerrillas half of whom are quarelling with the other."

Relative to use

Power is pervasive, power is elusive. Power is also relative — relative not least to purpose. What you have of it depends on what you want to do with it.

The relativity of power is most simply illustrated by the distinction between the power to build and the power to destroy. The power to build — to create, to innovate, to improve — is hard to come by, arduous to exercise. It derives from resourceful diplomacy and nimble statecraft, sustained as these must be by a generous and patient citizenry. Rome was not built in a day; how much longer it takes to build a world free from poverty, ignorance, disease!

The power to destroy — to wreck, to frustrate, to sabotage — is, in contrast, easy to come by, effortless to exercise. Little is required to smash some cherished project, to bring things tumbling down — only a rifle with a telescopic sight, an assassin hired by the hour. "I'm as important as the start of World War One," bragged Arthur Bremer to his diary when in Ottawa to try to kill his President. "I just need the little opening and a second of time."

The power exerted by these demolition experts — the Tepermans, so to speak, of the global village — can be very great. But it is the kind of power a blackmailer exerts over a wealthy victim — potent while it lasts, but of short duration and likely to end unpleasantly for both of the. It is the power wielded by a pyromaniac in a fireworks factory. It is the power displayed by the President of Libya, threatening retaliation unless the UN Security Council voted to his liking — "Otherwise we shall see what we shall see. We shall do what Samson did: destroy the temple with everyone inside it, including ourselves. Europe should look out for the catastrophe which is lying in wait for it."

Such are the properties of power. Were they fixed clearly in the minds of those who coined the expression "middle power" to describe Canada's place among the nations? I cannot prove it, but I doubt it.

Obscurity preferred

For all that has been written about "Canada's role as a middle power" (and much has been written about it), its meaning remains obscure. Obscurity has, indeed, seemed preferable to clarity, Canadians resisting definition as an earlier generation resisted defining "Dominion status" for fear (as Lloyd George put it) of limiting their constitution "by too many finalities". "It is hard to say now precisely what a middle power is," John Holmes confessed in 1965; but that does not bother him. On the contrary: "I am all for accepting this ambiguity rather than insisting on a logical clarification." And again: "The more one tries to define (middle power), the more difficult and perhaps pretentious it appears to do so at all. Often it seems like describing the obvious. Definition spoils the special quality."

The origins of the term are as obscure as its meaning. If it was not used first in 1943, it was used first in 1944, for by 1945 "middle power" had come into widespread circulation. The year 1943 is when Canadians both in and out of government first gave thought to what their place in the postwar world might and ought to be. From the beginning, the prospect of divergence between that "might" and "ought" was both ominous and real. In 1943, Canada stood in the shadow of the United States and Britain. So long as a war remained to be won, such a position was not intolerable, might be construed as part of the Canadian war effort — unpleasant, but something to be put up with for the duration. But as a permanent stance for the postwar future it was out of the question, and Canadians began to say so.

Articulation of discontent was aroused by the threat of exclusion from the ruling circles of the first postwar international organizations. Word that Canada — of all countries — was to be left off the governing body of the United Nations Relief and Rehabilitation Agency sent shocks of anger around the foreign policy community. "We are still trying to run a democracy" (so, with notable asperity, the Government, as quoted in the Pearson memoirs, instructed its agent in Washington charged with arguing his country's case) "and there is some historical evidence to support the thesis that democracies cannot be taxed without representation. We have tried to lead our people in a full-out effort for the war, and we had hoped that we could continue to lead them in such a way as to get their support behind the provision of relief and maintenance for battle-scarred Europe in the postwar years. We will not be able to secure their support for such a programme if it, as well as the economic affairs of the world generally, are to be run as a monopoly by the four Great Powers."

United States crucial

Of the four great powers, the United States was crucial for the Canadian case. If Washington would not offer sympathy and support for the aspirations of its friendly neighbour, who else could? But Washington's response left much to be desired. Our status was but dimly recognized, our stature underrated.

In 1925, an eminent American professor of international politics had placed Canada in the category of "other

states, of subordinate or doubtful rank". In 1939, President Franklin D. Roosevelt felt bound to telephone the Prime Minister to ascertain whether Canada was bound by a British declaration of war. In 1943, wags in Washington were saying that Canada was in the British Commonwealth Mondays, Tuesdays, Wednesdays, an ally of the United States Thursdays, Fridays, Saturdays, and only on Sundays a sovereign independent state. Canadians were not amused.

On 19 March 1943, the Prime Minister of Canada for the first time since the outbreak of the war was asked in Parliament to set forth his views on foreign policy as it might develop in the postwar world. Here was a subject on which Mackenzie King cared not at all to dilate: "The more (the) public . . . is diverted to questions about what is going to be the attitude of this country and that country at the peace table and (in) the postwar period, the less the country will be impressed with the fact that this war itself is not yet won." But something needed to be said, and what he chose to say was what he had said in the House of Commons as long ago as May 24, 1938:

> Our foreign and external policy is a policy of peace and friendliness, a policy of trying to look after our own interests and to understand the position of other governments with which we have dealings. It is a policy which takes account of our political connections and traditions, our geographical position, the limited numbers and the racial composition of our people, our stage in economic development, our own internal preoccupations and necessities — in short, a policy based on the Canadian situation. It is not and cannot be under these circumstances a spectacular headline policy; it is simply the sum of countless daily dealings with other countries, the general resultant of an effort to act decently on every issue or incident that arises, and a hope of receiving the same treatment from others.

The authors of the volume in the *Canada in World Affairs* series for 1941-44 in which this passage is quoted allow themselves a restrained but telling comment: "Mr. King did not make any modification of this five-year-old statement to conform with the revolutionary development which had taken place in Canada's war potential and industrial production."

Indeed he did not. That would have been inconsistent with his style — a style which, when he came to enunciate principles of foreign policy, chose (to adapt the lyrics of a song of that era) "to eliminate the positive, latch on to the negative".

Even in 1938 — so it seems to one fair-minded and knowledgeable observer, Nicholas Mansergh — the statement overdrew the difficulties, stressing "the precariousness of Canada's export markets, but not the value of her exports; . . . regional and cultural tensions within, but not the growing sense of unity; . . . the conflicting pulls of geography and history to which indeed every 'settled' country is subject, but . . . not the immense strength of Canada's position in the heart of the English-speaking world". In 1943 the statement greatly underrated the country's power. Canada's uranium alone might have been used to extract from the Anglo-American partners in atomic-energy production virtually any concession on postwar status. But that is not how its leaders chose to play their hand.

Still, it was plain folly to continue to be content with lisping their hope for decent treatment in a world about to gain knowledge of the holocaust and to witness Hiroshima. Such ultra-diffident diplomacy would lose Canada's case by default. Even Mackenzie King was soon compelled to realize as much. July 1943 finds him, for the first time, striving after a postwar status commensurate with wartime stature:

> A number of new international institutions are likely to be set up as a result of the war. In the view of the Government, effective representation on these bodies should neither be restricted to the largest states nor necessarily extended to all states. Representation should be determined on a functional basis which will admit to full membership those countries, large or small, which have the greatest contribution to make to the particular object in question.

Here is the germ of "the Canadian doctrine of the middle powers", for a moment's reflection upon its implications is sufficient to indicate how inadequate the "great power-small power" dichotomy had become. "The simple division of the world between great powers and the rest is unreal and even dangerous," Mackenzie King declared to Parliament in August 1944:

> The great powers are called by that name simply because they possess great power. The other states of the world possess power and, therefore, the capacity to use it for the maintenance of peace — in varying degrees ranging from almost zero in the case of the smallest and weakest states up to a military potential not far below that of the great powers.

Somewhere on this spectrum of power lay Canada.

But where? Policy-makers developed a concern with ranking. "We are moving up in the International League," L.B. Pearson told a Toronto audience in March 1944, "even though we are not yet in the first division." And, in a letter written at that time, Pearson groped closer than anyone had thus far done to the concept of the "middle power":

> Canada is achieving, I think, a very considerable position as a leader, among a group of States which are important enough to be necessary to the Big Four but not important enough to be accepted as one of that quartet. As a matter of fact, the position of a "little Big Power" or "big little Power" is a very difficult one, especially if the "little Big Power" is also a "Big Dominion". The big fellows have power and responsibility, but they also have control. We "in-between States" sometimes get, it seems, the worst of both worlds. We are necessary but not necessary enough. I think this is being felt by countries like the Netherlands and Belgium as well as by ourselves. That is why these countries are not only looking towards the Big Powers, but are looking toward each other for support. There is, I think, an opportunity for Canada, if we desire to take it, to become the leader of this group.

Comparisons may be odious but, as time ran out on Canadian efforts to secure a position on the proposed United Nations Security Council, they became unavoidable. "Just as we are prepared to recognize the great difference in power and responsibility between Canada and the Soviet Union," Mackenzie King told the meeting of Commonwealth prime ministers on May 11, 1944, "(so) we should expect some recognition of the considerable difference between Canada and Panama." Reaffirming its belief that powers other than the great powers should be represented on the Council, the Canadian Government

repeated its conviction that their selection "should in some way be related to a dispassionate appraisal of their probable effective contribution to the maintenance of security." "You will, I am sure" — Mackenzie King thought it well to add for Churchill's benefit — "appreciate how difficult it would be for Canada, after enlisting nearly one million persons in her armed forces and trebling her national debt in order to assist in restoring peace, to accept a position of parity in this respect with the Dominican Republic or El Salvador."

Such perceptions were widely shared throughout the country. For some Canadians, indeed, their Government's disclaimer of topmost status — "Canada certainly makes no claim to be regarded as a great power" — seemed to be too bashful, too reserved. "A great world power standing beside Great Britain in the British Empire" was Howard Green's vision of our postwar future. "A country large enough to have world interests," was the assessment of the *Windsor Star*. And a leading Canadian publicist, pondering "A Greater Canada among the Nations", saw our role like this:

> Under the impact of war, Canada has moved up from her old status to a new stature. With her smaller population and lack of colonial possessions, she is not a major or world power like Britain, the United States or Russia. But with her natural wealth and human capacity she is not a minor one like Mexico or Sweden. She stands between as a Britannic Power of medium rank.

In short, a middle power. The term was officially employed for the first time in a despatch from the Department of External Affairs to heads of mission in the five capitals of the countries to which, on January 12, 1945, the Canadian Government made a final (and unavailing) appeal for representation on the Security Council; the exact phrase used was "a so-called middle power". The term was officially defined for the first time in a speech by R.G. Riddell in 1947: "The Middle Powers are those which by reason of their size, their material resources, their willingness and ability to accept responsibility, their influence and stability are close to being great powers."

Promotion sought

The term "middle power" came into the vocabulary of diplomacy as part of a Canadian campaign to gain promotion from the status of a small power. But that is not the only purpose for which it may be used. It can also be an instrument of demotion. It lends itself not only to aggrandizement but to disparagement as well — as in the expression "merely a middle power".

An instance of how "middle power" may be used for the purpose of demotion and disparagement was reported from Moscow in 1955 on the occasion of Pearson's visit to the Soviet Union. At a reception at the Canadian Embassy for the diplomatic corps, the Canadian and Soviet foreign ministers exchanged some significant banter. "Mr. Molotov and I ought to understand each other," said Pearson joshingly. "We belong to the same trade union but he is a much more important member than I am." "Mr. Pearson is too modest," Molotov responded. "Canada is among the great powers." When Pearson jocularly compared Canada's position between the United States and the Soviet Union to that of the ham in a sandwich, Lazar Kaganovish chimed in to suggest that "a good bridge" was a better comparison. Nor was that the end of it. At a reception some days later, the Canadian Secretary of State for External Affairs found himself (according to one of the reporters present) "in the position of arguing that Canada is a small, rather frail country, while the Russians argued that Canada is a big, important one . . . As Mr. Pearson pursued this line that Canada is a small nation, Molotov broke in. He said the Russians do not agree with the foreign minister. In the schools of his country, said Molotov, the children are taught to regard Canada as one of the world's major powers."

Not too much should be made of this exchange (it is not reported in Pearson's memoirs except for a fleeting reference to "flattering toasts to Canada"); it bears, indeed, a close resemblance to what George Kennan recalls as the "slightly disreputable" remarks which passed ritualistically between himself and assorted Latin American presidents some years before ("'You, Mr. Kennan, are an official of the government of a great country; and I am only the President of an obscure little country'; 'Ah, Mr. President, that may be, but we are all aware that there is no connection between the size of a country and the amount of political wisdom it can produce'.") Much more significant is the deliberately depreciating analysis of Canada's place in the world put out from the Prime Minister's office on May 29, 1968, soon after Pierre Trudeau arrived there:

> Canada's position in the world is now very different from that of the postwar years. Then we were probably the largest of the small powers. Our currency was one of the strongest. We were the fourth or fifth trading nation and our economy was much stronger than the European economies. We had one of the very strongest navy *(sic)* and air forces. But now Europe has regained its strength. The Third World has emerged . . .
>
> These are the broad lines of the international environment in which Canada finds itself today. What are we proposing to do about it? We are going to begin with a thorough and comprehensive review of our foreign policy which embraces defence, economic and aid policies

Without prejudging the findings of that review, it was nonetheless possible to state in a word what its objective ought to be. The word was "realism": "Realism — that should be the operative word in our definition of international aim. Realism in how we read the world barometer. Realism in how we see ourselves thriving in the climate it forecasts." And the first requirement of realism was that "we should not exaggerate the extent of our influence upon the course of world events".

In the course of public speaking over the next few months, the Prime Minister returned again and again to this opening theme. On December 18, 1968, asked by an interviewer if Canada should revert to its postwar role as a leader of the middle powers, Mr. Trudeau demurred:

> Personally, I tend to discount the weight of our influence in the world . . . I think we should be modest, much more modest than we were, I think, in the postwar years when we were an important power because of the disruption of Europe and so on. But right now we're back to our normal size as it is and I think we must realize that we have limited energy, limited resources and, as you said earlier, intellectual and *(sic)* manpower. Therefore, we must use modesty . . . We shouldn't be trying to run the world.

On January 1, 1969:

> . . . We're living in a world where the strategy is dominated by two powers. All we can do is talk a little bit about tactics but not much.

And on March 25, 1969 (to the National Press Club in Washington):

> I hope that we Canadians do not have an exaggerated view of our own importance . . . We may be excused, I hope, if we fail to take too seriously the suggestions of some of our friends from time to time that our acts, or our failure to act — this way or that — will have profound international consequences or will lead to wide-scale undesirable results.

No one familiar with the role of a prime minister in the formulation of Canadian foreign policy will be surprised to learn that these ideas emerged relatively intact as the basic philosophy of the White Paper embodying the results of the foreign policy review when it appeared in 1970. Much has been written about *Foreign Policy for Canadians* — if the purpose was to spark discussion, it succeeded admirably in that purpose — to which there is no need to add. But one point must be made.

It was the Prime Minister's expectation and intention that the results of the review would endure. He believed that the review would outfit Canadians with a foreign policy that would do them for a couple of decades. "When you make a decision to review your foreign policy," Mr. Trudeau remarked in Calgary on April 12, 1969, "it will last for quite a while . . . You only re-examine your foreign policy once in a generation. You can't switch every year, you can't switch after every election."

Here is a major error. You can switch, and you must. To stay put for so long is not just to risk being overtaken by events, it guarantees it.

Major changes

Between 1970 and 1975, three major changes have occurred within the international system that have drastically altered the pattern of power. Each is advantageous — or prospectively advantageous — to Canada.

The first is the emergence of what might be called "le défi OPEC" — that sudden accretion of wealth to the low-cost oil-bearing countries of the Middle East that is currently netting their treasuries enormous "petrodollar" revenue.

It remains to be seen whether the assorted sheikhdoms and emirates that are the beneficiaries of this windfall can transmute their wealth to power, even whether they will enjoy the prosperity of Croesus or suffer the fate of Midas. (Shah Pahlavi and the late King Faisal show it can go either way.) Two consequences, however, are already clear.

One is that the power of oil-dependent industrial countries — all Western European states that lack access to North Sea sources and Japan — has been drastically reduced. The other is that the power of oil-sufficient industrial countries has been substantially increased — nowhere more so than in Canada, where oil is providentially found in conjunction with other sources of energy (notably coal).

Resource power

A second major change of the past five years is the declining capacity of technology to confer power and the growing capacity of resources to confer it. To a world where population continues an exponential rate of climb towards demographic disaster, ultra-modern processes for the transmission and manipulation of data are more and more irrelevant and in less and less demand. Such a world requires computers, photocopiers and satellite communication systems less than it needs raw materials, minerals and — above all — food. Power is shifting from those who control the former to those who control the latter. A recent discussion of *The New Wealth of Nations* by Charles F. Gallagher identifies this trend:

> In a world of finite and dwindling physical assets the balance of market values has shifted, at least temporarily and perhaps for a very long period, from the ability of technology to create and develop new assets to the capacity of existing assets to command considerations that will permit the purchase of technology and the procurement of power. For long technology was joined to capital in a fruitful marriage, a happy coupling that developed material resources and created new assets. Today it is resources which have alienated the affections of capital and created conditions permitting the downgrading of technology to the status of a handmaiden serving the new connubial union. In short, skills have been reduced to a position in which they are traded at a discount relative to goods. He who has the right materials is better off than he who has the right training . . .
> Because of the revaluation and redistribution of the chips of the game, we have a rearrangement in the classification of nations today.

If this is bad news for the Science Council of Canada, it is good news for the Government of Canada. It means that Canada is exceptionally well endowed to face the worst (short of nuclear war) the future may fling at mankind, exceptionally well equipped for what has been called "the desperate misadventure we are now engaged upon", as well-prepared as any people for those dismal "human prospects" envisaged by melancholiacs who forecast global breakdown. We have what it takes, since we have all it takes.

Canada has almost sinfully bestowed upon it the sources of power, both traditional and new. The technology is there, or waiting. (We need only decide how much technology to develop ourselves, how much to buy from others.) The manpower is there, or waiting. (We need only decide how many millions more our country needs, then pick amongst the jostling clamourers according to the criteria of our choice.) The resources are there, or waiting, too — animal, vegetable *and* mineral. Hardly a month elapses without the revelation of some new bonanza in our larder. (We need only decide how fast to develop them, how much to charge for them.)

Decline of U.S.

Finally — in part because of these two changes but only just in part — a third change that Peter Wiles has called "the declining self-confidence of the super-powers".

These are super-powers now in name only. The decline in self-confidence is most striking in the United States — for reasons that require no elaboration. (The most telling thing about "Watergate" is that it could not have happened in the Soviet Union.) "No nation can pretend to be a super-power," writes C.L. Sulzberger about his country's recent compound fractures, "when its foreign policy suffers such blows as that of the United States in Southeast and Southwest Asia, when its economy reels, its unemployment zooms, its currency staggers, and when its leadership, symbolized by a Chief Executive who chooses that moment to take time off for golf, faces its crises in paralyzed confusion."

For Canadians to exult in American misfortune for its own sake would be the grossest form of *Schadenfreude.* Not for a moment do I suggest that we should. I suggest only that we do so for our own sake.

It has not been good for Canada to have been obliged to exist for so long in the shadow of a luminous imperial America, whose achievements in whatever field, measured by whatever standard, have so consistently outclassed our own. On the contrary, this condition has been a prescription for crippling neurosis. America's descent from the dizzy heights of power and responsibility which under successive administrations it has occupied since the era of the Marshall Plan offers Canada a chance to stand with more assurance in the light. Only a masochist could fail to welcome such an opportunity.

The opportunity is there, or waiting. "We live in a century," the Prime Minister of Canada remarked in the presence of the Premier of China, "where, increasingly, national greatness is measured not in terms of martial grandeur or even economic accomplishment but in terms of individual welfare and human dignity. No longer is military might or political hegemony the yardstick of achievement. The true test of a government is found in its ability to provide its people with a sense of worth, of accomplishment, of fulfilment." For the first time since 1945, it has become plausible to argue that Canada's chance of passing such a test is just as good as that of the United States — perhaps even better.

A recent attempt by Peter Dobell to re-rank Canada among the nations in accordance with these new realities promotes us from "middle power" to "minor great power". But such terms as "great power", whether minor or major, have, like "middle power" itself, lost all significance and meaning. I should be content with "foremost power" — if we produce a foreign policy to match.

Everything has its season — and that adds to complexity

by John W. Holmes

"Everything's got a moral, if only you can find it" — Lewis Carroll

The argument about morality and foreign policy is never-ending. There is no "solution", for any solution would be a "final solution", the not-unfamiliar posture of a state that, knowing itself to be the guardian and promoter of right, can do no wrong. It is rather a matter of agonizing reappraisals so long as there is life in the body politic and a conscience and democracy. Either as a community or within ourselves as citizens, we always need the moralist who cares for values and the pragmatist who can chart the way without doing more harm than good.

The assurance of "moralists" is often alarming. Whether they argue for the exorcising of North Vietnam, Chile, South Africa, Uganda or China, they know God is on their side. Because truth is theirs, they may lie, traduce the motives of their antagonists, steal documents, and indiscriminately set their eclectic wills against that of governments chosen by all the people. The assurance of the self-designated "realists" is no less alarming. These hard-headed guardians of our national interest cannot envisage one step beyond the next. Having helped to establish the code for an international jungle, they insist on the necessity of a country adopting that code to survive. They ignore the fact that nations must do as they would be done by if they are to survive in this interdependent world. It is the absolutists of both kinds who are dangerous, those for whom compromise is weakness or sin.

"Moralists" can too often be charged with fixing their gaze on the issues of others far away to the neglect of more troublesome issues at home. The rear-echelon crusaders who demand from the security of Canadian campuses violent revolution in the Middle East or southern Africa ignore the perspective of those Israelis, Zambians or South Africans who will provide the blood. If Canadian reformers spent as much time learning French or English as they have marching and waving banners on behalf of United States blacks, California fruit-pickers, or Biafrans, the great Canadian experiment in racial tolerance might not today be in such a parlous state. That is an argument, however, not for ignoring wickedness abroad or renouncing Canadian responsibility towards, for example, Rhodesia or Chile but just for devoting equal time to pains at home that hurt more. As Mackenzie King commented: "It is a sort of escapist position to be continually taking up matters relating to other countries than our own . . . " King was not the most consistent guide to morals in foreign policy, but he did have a traditional Canadian canniness about means as well as ends. Although he believed, perhaps excessively, in the need for calculation in a moral foreign policy, he also recognized that there were times when we did have to stand up and be counted — in 1939, for example — against a truly diabolic challenge.

Compromise is necessary to save individual countries and the world at large from destruction, but it is not an absolute value. There are times when defiance of the law is the only way — provided the cause is of sufficient consequence to compensate for the endangering of respect for the law. When Canada rejected the jurisdiction of the International Court over its pollution-control zone in the Arctic on the grounds that existing international law was inadequate, it may have been right, but this is a type of action to be taken very rarely and never lightly. The "realist", too, can be right to protest when his country is destroying itself or some other people in the name of some unachievable moral cause. It is a question whether the war in Vietnam was ended when the moralists in the United States overcame the realists or when the realists overcame the moralists.

When is the right path ever clear? What would have been the moral thing to do in 1939 if the allied leaders had known that the Nazis were on the verge of discovering the atomic bomb? Would there not have been a moral case for the continuation of appeasement? The murder of Paris and London could serve no good purpose. Would it not have been better for people to remain alive so that they might eventually restore civilization? George Kennan made a similar argument in the Fifties for the slogan "better Red than dead" if the Russians occupied Western Europe.

In a nuclear age, the arguments for appeasement are

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strong. But no blanket formula gets us through the maze. Moral values may be eternal, but their application in international politics must be *ad hoc*. There is no alternative to grappling with complexity, looking at both sides of every argument and at the step-by-step consequences of each policy. Of course, one can get lost in a maze. There is a time for cutting through argument to some clean simplicity, but not before the argument has been explored *à tous azimuts*. Consider, for example, some of our present dilemmas.

In the name of morality, many Canadians demand stricter safeguards on uranium and reactors sold abroad and the placing of principle above commercial interest. In the name of morality, many (and often the same) Canadians insist on a priority for the needs and wishes of the Third World. The Third World, however, is exceedingly critical of the restrictions the Canadian Government has already placed on nuclear technology. In their eyes, these restrictions reflect a contempt for their sense of responsibility and are a means by which a rich country denies them the benefits of nuclear technology.

Similarly, it seems wicked of the industrial countries to sell even conventional arms to the poor countries. Yet the alternatives are hard to envisage. We can hardly tell them to be good children and not to want nasty arms. It is not conceivable that arms could be limited to developed countries or, at the other extreme, offered free to the poor. Should the poor, therefore, be forced into setting up their own arms factories? On the other hand, does the logic of these negative arguments mean that we abandon the effort to control the proliferation of arms? Obviously not, but we must grapple with such paradoxes.

Armament and disarmament in the nuclear age present peculiar moral dilemmas. Many moralists tend to be against arms and defence spending on principle. They reject deterrence theory without working their way through it, though it can be argued that the idea of mutual deterrence marked a great moral advance. When the superpowers recognized the desirability of their antagonists being confident of a second-strike capacity, we had moved away from the traditional logic of military superiority. Arguments for disarmament that ignore the logic of deterrence on which present Canadian, NATO, and presumably also Soviet, defence policies are based are unlikely to convince. In the confrontation-negotiation situation attained by NATO and the Warsaw Pact, we have a rudimentary sort of structure for stability. These military alliances can be seen as the props of *détente*. To regard deterrence as a permanent solution, however, or to argue blindly for stoking our side of it, as some realists do, shows an immoral disregard for the fate of man. Deterrence can be at best only a transitional phase, from which we must move to firmer foundations as soon as possible. At the same time, we must be cautious in dismantling in the name of peace the one structure of peace that has, in a limited way, worked.

There remains a good case for demanding an end to the mad "overkill" for which the super-powers provide. Before we call for general and complete disarmament, however, there are critical questions to be considered. First, what would be the economic fate of small powers in an unarmed world? Secondly, is there a moral purpose in demanding a policy when there is no hope of any great power accepting it? The impossible demand may be a noble gesture — might it not also be a "cop-out"? Should we not fix our attention on the ways and means being discussed now in Geneva and Vienna of mutually dismantling, or at least controlling, the spread of arms?

But can we afford to wait for their slow progress? If not, what is the alternative? For Canada the possibilities are particularly frustrating. As "the safest country in the world", our disarmament is more likely to be seen as getting a free ride than setting a good example. We cannot, however, sit complacently, mindlessly justifying armament on our side by what the other side is doing. But are our leaders more likely to respond to slogans like "Ban the Bomb" or to proposals that are within the bounds of probability and might just start reversing the cycle? Intelligence is required as well as emotion. Or is the situation so apocalyptic that there is a pragmatic case for howling for apocalyptic solutions.

Sanctions

The moral issues over which we agonize a good deal these days involve the question of sanctions — military, economic, diplomatic and moral. What do we do about wickedness in other countries? It is difficult to ignore gross violations of human rights in Czechoslovakia, Chile, Uganda, and in many other countries whose sins have attracted less attention. But we must first make reasonably sure of the facts, and that is not easy. We have to resist believing the claims only of those whom our prejudices induce us to credit. Horror stories are the stock in trade of those with causes, left or right, black or white. Even when the facts seem indisputable, we still must determine what action we can take, if any. The first human instinct is to cut the offender dead. There is certainly something to be said for making it clear that sin does not win friends and may even alienate customers, and that the UN Charter and covenants are to be respected. It also makes the disapprover feel good, and that is a temptation to be resisted.

Is it enough to sit in judgement? Presumably the purpose is to stop the violation of rights. Governments have to be changed by persuasion, and we should worry about how to accomplish that. Persuading them that they have been wicked is not usually the most effective way. Saving their faces may be less satisfying but more likely to get results. It is a disconcerting fact that more people are probably saved from death, torture or captivity by quiet negotiation than by public denunciation.

There is no escaping these prudent calculations over tactics, sordid as they may seem to the high-minded. There is an argument, for example, for expelling South Africa from the UN, but there is an argument also for not isolating all South Africans from the international community if we hope to change their ways. Is it *ipso facto* true, as alleged, that we are hypocritical if we have any intercourse, especially commercial, with a government whose policies we have deplored? We have been through the same arguments over Russia, Cuba, China and South Africa. The Canadian conclusion, with exceptions, is that there is little to be gained by breaking diplomatic and economic relations, which, in our philosophy, do not imply approval or disapproval.

Yet we have, of course, engaged with others in boycotts, embargoes and such policies as, for example, prohibiting arms sales to either side in a troubled region and restricting sales of "strategic materials" to Communist states. In one case, Rhodesia, we have participated in a policy of full-fledged economic sanctions undertaken as a co-operative UN project. (A Canadian embargo is by itself unlikely to move any government.) The sanctions against Rhodesia did not bring swift results, though history may yet say they played a part in wearing down the Smith Government. On the whole, however, the record of economic sanctions is discouraging. If Canadian Governments are wary of them, they are motivated as much by doubts of their efficacy as by a desire to protect Canada's commercial interests. The benefits to Canada of a peaceful solution in southern Africa would be of so much greater value than the minor profits of our industry and commerce in that area that it is inconceivable any Canadian Government would refuse to support a program of economic sanctions that had a sound chance of achieving the desired result. In the meantime, we have also to take into consideration the argument that *apartheid* is more likely to be undermined by the need of the large corporations for skilled black labour than by the impoverishment of the whole country. That is not an unanswerable argument, but it has to be met.

The purpose here is not to suggest that the arguments for or against an economic boycott of countries that violate human rights are conclusive but that a calculation of tactics and a sense of proportion are required if the exorcism is to be more than a self-indulgent gesture. We must consider in each case whether sanctions are likely to work, whether they might do more harm than good, and whether such a blunt instrument is advisable in a world where offending régimes are much more plentiful than the UN agenda suggests. The Canadian Government is exhorted to cut off relations with one régime or another at least once a month.

These issues are confused by the realist argument that the national interest is such that we cannot afford a moral policy and by the moralist argument that expediency is by definition wicked. All foreign policy should be guided by moral principles but expediency is not necessarily wicked. The world has achieved a precarious state of co-existence within a UN system. Its essence is a recognition of mutual interest in restraining the forces of anarchy by whatever rules can be negotiated. Toleration of each other's domestic actions is essential to the system as it stands. Perceptions of misbehaviour vary dramatically, and are not exactly equitable. Can we afford to risk the precarious structure that keeps us from destruction by fomenting tensions over human rights beyond our reach? On the other hand will such inhumanity fester and explode if we ignore it? Clearly not even the extinction of *apatheid* in South Africa would justify setting off a nuclear war. But should we be frightened by such grandiose arguments into doing nothing? Should we not recognize that there are situations in which we dare not risk the consequences and others in which, if our calculations are precise, we can do something, or at least try?

These dilemmas have been revived by President Jimmy Carter with his appealing call for moral leadership after a murky decade. Henry Kissinger is not regarded as having been a moralist in foreign policy, but it should be noted that his *Realpolitik* accomplished what professed moralists failed to achieve, the withdrawal of Americans from South Vietnam, the reversal of United States policy toward China, a more even hand in the Middle East and the critical breakthrough in Rhodesia. President Carter has revived faith in grassroots American decency, a quality that, though it lends itself easily to hypocrisy, is a virtue on which all of us rely. Carter's appeal is all the more attractive because it is touched by humility, a recognition that all peoples err, even God's chosen republic.

Not only Americans but their friends as well are attracted by the idea of reasserting those moral values Western countries have learned over centuries, which have been maligned by the Communists and by some leaders of the Third World. There is an argument for talking back, for defending principles that, at the very least, reflect the best of Western culture and, many believe, have a universal applicability — though none of us has, of course, been consistently faithful. Our Western economic system has had consequences not all of which are good, but it has displayed a greater capacity to adapt than have more ideological systems. The American message President Carter is reviving has been, and still is, grossly distorted in practice but, unlike Soviet political economy, it never ceases to be revolutionary. The danger comes from the crusaders whose eyes have seen the glory.

The President's intention is praiseworthy but the problems are immediate. What if the legitimate campaign for civil rights in the U.S.S.R. upsets the crucial negotiations for strategic arms limitation? The president made clear that he would go on with SALT regardless, but what if the atmosphere were too badly soured for negotiation and the Russian hardliners were encouraged? If the arms talks fail, shall we be into a new arms race, totally unrestrained by the ethics of mutual deterrence? Can we, on the other hand, ignore the cynical disregard by the Eastern European powers of the "Third Basket" of the Helsinki Agreement, in which they promised greater respect for human rights, and more particularly the greater freedom of movement of men and ides by which alone Europe can be tranquillized?

Dare we by our silence imply that the use of psychiatry to punish and tame political dissidents is acceptable? Can we afford to abandon causes for which men in all countries have died, which could easily be lost in a world of peoples struggling desperately to exist? Are we so greatly intimidated by our guilt complexes and excessive fair-mindedness that we do not dare to be right in our Western tradition? Then there were the exceptions, as always, for nasty régimes that were nevertheless strategically vital, not just to the U.S.A. but to the maintenance of international balance and stablility. Would human rights be better respected in South Korea if Kim II Sung took over? It is not easy to get the values straight.

Is the key to confidence to be found paradoxically in greater humility? Our own principles of law and government are based on the recognition that we are all sinners, that we need to discipline ourselves. We discuss internationally ways and means to deal with crimes that we all acknowledge to be a problem. Increasingly, countries are sharing experience with civil rights legislation. Every government — even our own, we recognize — is prone to disregard human rights, either by carelessness or because

they think some national interest requires them to act so. Our police are honourable men, but even the British police, with perhaps the most honourable traditions, have acknowledged the use of torture under provocation in Ulster.

Clearly, there is no equality of sin; some countries deserve condemnation more than others, but there is no international consensus on that. President Carter has made an effort to eschew favouritism by cutting off assistance to allies that offend against humanity. There seems little hope of reform if the Western powers defend the rights of man by simply presenting a list of charges against the "other side" and, of course, being charged back. Might we not start with a few "true confessions", recognizing that we are all together in the struggle to civilize ourselves?

The greatest danger may be cynicism, that of the realist who contends that there is no place for morality in an immoral world and that of the moralist whose sweeping denunciations have undermined faith in government itself, both national and international. The world is, largely for technological reasons, a more dangerous place now than it ever was, but there are also more grounds for hope. A historical perspective reveals the phenomenal growth over the past quarter-century of man's capacity and will to regulate his actions by international law and international institutions. As Kal Holsti has pointed out, in a majority of all relations between governments "the techniques used to influence each other usually fall within the bounds of international law and the United Nations Charter". He asks whether "one instance of the use of violent power, even for unworthy objectives, means that that state's policy-makers are immoral in *all* their relationships? Or does it warrant the cynicism of some observers, who claim that, in any case, power is always the final arbiter in international politics, and that might makes right?" This indiscriminate talk about power is the stock-in-trade of realists and moralists on a platform. How they love to talk sententiously about power and thereby intimidate the listener! What we need are more precise analyses of the nature of power — and shrewder calculations, therefore, of what we can accomplish to promote morality in a wicked world.

It is of particular concern to Canada that cynicism went so far in the United States because the health, strength and good conduct of that country are essential to our survival and to the survival of so many values we share with Americans. The United States is not a monolith. It is a highly-complex country that can lose its head to the seductive strains of *The Battle Hymn of the Republic* and also give the world moral leadership unequalled in history. Canadians, as well as people in free and unfree countries everywhere, should and probably will welcome President Carter's affirmation of the continuing, if more subdued, moral leadership of America. If we Canadians are to follow his lead, he must, of course, not overdo it.

Contradictions abound in this essay and there is little consistency in the arguments used. Perhaps it is an argument against consistency. Well, not entirely — for it is also an argument for not losing sight of what seem, with good reason, to be permanent values. "To every thing there is a season," the Preacher said, ". . . a time to keep silence, and a time to speak; a time to love, and a time to hate; a time of war and a time of peace."

NATO, nuclear weapons and Canada's interests

by George Ignatieff

While reading Escott Reid's excellent book on the making of the North Atlantic Treaty Organization, I began to wonder whether the original emphasis placed by Canada on political and economic co-operation within the alliance had not been sacrificed to the counsels of the industrial-military complex. Had NATO become primarily a military machine?

This speculation is supported when one considers the contrast between the pious declarations of the United Nations Special Session on Disarmament and the concurrent decision of the North Atlantic Council to authorize another substantial build-up of NATO military strength. Admittedly, the Soviets share the same belief in running ever faster to remain in the same place. Consequently, NATO and the Warsaw Pact act as complementary agents, inflating each other's military budgets and stockpiling incredible destructive capacities.

As the former Canadian Permanent Representative at NATO, the United Nations and the Geneva Disarmament Conference, I had direct experience of this see-saw escalation of military strength, with which no arms-control talks ever seem to be able to keep up. The unfortunate consequence is that the costs of defence increase more than the degree of security. The arms-manufacturers are the only winners.

NATO will remain a necessity so long as Soviet power is deployed in Central Europe. The military resources of Western Europe alone are not enough; they require the all-important transatlantic guarantee. Canada definitely has a role to play; it should be expected to make a fair contribution to the insurance against aggression provided by the United States.

Moreover, as I know from personal experience, Canadians have every reason to feel confidence in the Canadian military forces serving at home and abroad. This article is concerned with the process of planning the Canadian contribution to NATO, and in NATO planning itself. The question in my mind is the extent to which military planning can or should be divorced from considerations of political, economic and psychological factors that influence foreign policy.

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Not limited

The Canadian participants in the making of the North Atlantic Treaty realized that the strategic thinking in the alliance should not be restricted to a purely military point of view. At the signing of the treaty on April 4, 1949, Lester B. Pearson, one of its architects, said: "This treaty, though born of fear and frustration, must, however, lead to positive social, economic and political achievements if it is to live — achievements which will extend beyond the time of the emergency which gave it birth or the geographical area which it now includes."

As Reid recalls in his book, the main opposition to this point of view came from the British, who feared that any new transatlantic machinery might duplicate arrangements already in existence in Europe, like the Organization for European Economic Co-operation. There were those, like Gladwyn Jebb, who were already drawing attention to a possible inconsistency between the conception of an Atlantic Community in which the United States would inevitably be the predominant partner and the idea of a European Community in which it was hoped that Britain and France might once again assume their prewar role as leaders of a Western coalition.

Thus, on September 2, 1948, at a meeting in Washington, D.C., Jebb quoted Ernest Bevin, then British Foreign Secretary, as follows: "The emphasis being placed in these talks on the establishment of machinery for the solution of common economic and cultural problems . . . might inject considerable confusion in the international picture and slow the progress of the European nations towrd union which they all believe is so essential." The Americans, on the other hand, supported the notion embodied in Article 2 of the Treaty that NATO should be a political and not simply a military mechanism. Even Dean Acheson, who created difficulties for us over Article 2 because of his apprehension about the effect on the passage of the North Atlantic Treaty through the Senate, recognized that a military approach to strategic planning was insufficient.

In his *Power and Diplomacy*, written in November 1957, Acheson left no doubt where he stood on this point:

> To know less or be less prepared than our opponents could bring disaster. But this does not answer the question of where our interest lies, nor can this be decided from what is sometimes called a "purely military point of view". This phrase is not synonymous with the best military opinion. It usually means a point of view which assumes the willingness and ability of a population to

fight, and be prepared to fight, without concern for any consequences except those which it is hoped to inflict upon the enemy. It describes a method of attempting to exclude political and psychological factors from a calculation. In choice of strategy and weapons, no method is more erroneous or disastrous, since the excluded factors have a profound effect upon the political cohesion of a coalition.

If this line of reasoning had been followed by Acheson's successors, the alliance of which the U.S. had been the leader from the outset would not have been subjected to such severe strains and such increasing militarization of its policies. Instead, leadership passed to the Dulles brothers, who ran the State Department and the CIA under Eisenhower. The fracturing of the Communist monolithic structure had already begun with Tito's break from Moscow, but it was not until the Seventies, after its costly defeat in Vietnam, that the U.S. learnt that it could not, as Leonard Mosley puts it, "singlehandedly roll back the Soviet armies in Eastern Europe, restore Chiang Kai-shek to mainland China or keep Ho Chi Minh out of South Vietnam".

Unilateralism, based upon divergent interpretations of the straegy of our adversaries, naturally put increasing strains on the political cohesion of the alliance. Pearson writes in his memoirs: "The difficulty of co-ordinating policy through NATO in defence matters, when decision-making power rested in the hands of one member, was most clearly shown in nuclear matters." In a talk with John Foster Dulles in Paris in December 1954, Pearson urged two things: "First, by continuous consultation keep our policies in alignment, especially if the political situation should deteriorate and, secondly, agree, if possible, on 'alert' procedures so that the military would know what had to be done in an emergency."

Pearson perception

It is interesting that Pearson had already perceived the vital change wrought in Canadian security problems by the advent of nuclear weapons and the increasingly efficient methods of delivery by rockets, missiles, submarines and bombers. He writes in his memoirs:

> As I saw it, with the threat of nuclear bombs (and later missiles), defence of the North American Arctic became as much a part of the Alliance's responsibility as the defence of Europe. The Treaty was, after all, more than European and I believed that the North American sector should be considered an integral part of the North Atlantic defence structure. Any continental command should be an alliance responsibility. It seemed to me, for example, that Norwegian contingents should operate in our Arctic just as Canadian forces occasionally took part in exercises in Norway. Canada's contribution to Arctic defence, therefore, should be accepted on the same basis as her contribution to overseas defence.

This was not to be. Instead, as John Gellner put it in a *Globe and Mail* article last June:

> At the end of the fifties . . . Canada accepted the strike role for the air component of its NATO forces in central Europe. "Strike" in NATO parlance means attack with nuclear weapons. The idea then propounded at SACEUR headquarters was that a limited war on the continent could be fought with both conventional and tactical nuclear weapons and, even more preposterous, that the latter could be carried by strike aircraft parked unprotected in time of peace on huge airfields the location of which were well known to the potential enemy. Fortunately, this mission was abandoned in 1972, but not before an unconscionable amount of time and effort and at least $2 billion were wasted in preparing for it. Yet, independent analysis in 1959 would have shown — as it did to some unofficial analysts who were not listened to — that this mission made as little sense then as it did 13 years later.

Attention remained focused exclusively on Canada's role in the defence of Central Europe, with somewhat indecisive experiments at shifting our attention northwards to support the defence of the NATO northern flank in Norway. Meanwhile, in the Arctic, a variety of defence tasks still awaits our attention. John Gellner points out the need for "Arctic surveillance . . . [and] the asserting of sovereignty in territorial waters and of control over the economic zone that extends 200 miles out to sea". Nonetheless, our NATO role remains focused on the central front in Europe and on keeping open the transatlantic lanes along which troop reinforcements and supplies from Canada would supposedly be transported.

Pearson was the first NATO foreign minister to visit the Soviet Union after the death of Stalin. In his discussions with Khrushchev, at which I was present, his perception of the consequences of nuclear weapons for Canada's security was confirmed. Khrushchev agreed with Pearson that "no one wanted war in the nuclear age" but stressed that, in the event of world war, "the results would be infinitely worse that the last" and that "this time Canada would not be geographically secure".

If these words are to be taken seriously, as I believe they should be, then NATO should stop developing nuclear-weapon systems mainly on the basis of purely military considerations in disregard of the intolerably high risks of nuclear escalation. Considering the profound consequences of lowering the threshold between nuclear and conventional weapons, it is to be hoped that Prime Minister Trudeau's opposition to the neutron bomb will prevail agianst the military strategists, who are reported as favouring this "valuable addition to the Western European arsenal". He stated that nuclear weapons should be retained as a deterrent — for strategic purposes only.

Suez

From a political standpoint, the disastrous effects of unilateral action by the NATO allies on the cohesion of the alliance was exposed by the Suez crisis. Pearson writes: "By 1956, in fact, I was losing hope that NATO would evolve beyond an alliance for defence; and even there I was beginning to have doubts about its future." These doubts were triggered by the disarray among the principal allies after each took different positions on Nasser's decision to nationalize the Canal. Before the British and the French decided to join Israel in military action against Egypt, Pearson had tried to impress upon the British the desirability of having the whole Suez question considered in the NATO Council. After all, the strategic importance of Suez to NATO's southern flank had always been self-evident. Nasser, moreover, had appealed openly to the Soviet Union for help for the Aswan project after being turned down by the Western allies.

According to Pearson, London refused on the grounds that India had a key role in the dispute and was known to oppose military pacts. Canada was not privy to Anglo-French military plans and the ultimate employment of force without consultation strained the alliance; the United States publicly dissociated itself from Britain and France at the United Nations. The allies were only extricated from their embarrassment by Pearson's diplomatic skill. His initiative to establish a United Nations peacekeeping force permitted the peaceful withdrawal of the Anglo-French forces.

The United States Government had, in the meantime, begun "to think of Egypt as a threat to the Dulles policy of containment of Soviet Russia, rather than as a people struggling to be free of British imperialism", while Nasser was irritated by Dulles' "passion for surrounding the Communist bloc with a ring of mini-NATOs". Matters came to a head over the Aswan High Dam, the core of Nasser's great design for accelerating the economic development of his country. The withdrawal of British and American support for the project displayed a remarkable short-sightedness in evaluating the relative powers of rampant nationalism and dormant Communism in the Middle East.

The strains on NATO imposed by the Suez crisis led, in March 1956, to an appeal to Pearson to join a Committee of Three, composed of himself, Lange of Norway and Martino of Italy. The Committee's terms of reference were to "advise the Council on the ways and means to improve and extend NATO co-operation into non-military fields and to develop greater unity within the Atlantic Community". The committee was dubbed "the Three Wise Men". Since I was a member of his staff, Pearson referred to me as "the little wise guy".

The committee drafted a questionnaire and invited member governments and their representatives to discuss their replies individually. Representative questions were: "What do we really mean by 'political consultation'? What is *(sic)* the extent and purpose; should it be carried on through the permanent members of the Council or through Ministers? Is it merely an exchange of information, or to co-ordinate foreign policies and seek agreement on a common policy? Should consultation extend to problems outside the NATO area? How can European integration be brought about so that it will strengthen rather than weaken the Atlantic ties?"

Dulles pledged full support and co-operation, naming Senator Walter George, a much-respected octogenarian, as the American contact with the committee. Pearson records, however, that it was easier to ask the questions than to secure convincing answers from the allies, especially Dulles: "He assured me that, in respect of consultation, the United States 'would be willing to go as far as any country *with comparable responsibilities*' . . . even further". The responsibilities of the U.S., the leader of the alliance, were clearly not comparable to those of the lesser NATO partners. This Delphic reply hardly advanced matters.

It is not surprising, therefore, that the committee's original draft report was largely the work of the Canadian delegation, especially of Pearson himself. Still in pursuit of the Holy Grail of Article 2, we were left much to our own devices to draw up the ground-rules for trying to ensure the better cohesion of the coalition through regular consultation on political and economic policy.

In addition to suggesting ground-rules for political consultation, especially in advance of policy commitments affecting other members of the alliance, the Council adopted certain proposals of a procedural character. The Secretary-General of NATO was to become the permanent chairman of the Council and to assume responsibility for the organization of its agenda. Political counsellors of the permanent mission were to meet weekly, before Council meetings, to prepare the ground for consultation.

On the question of economic consultation, we ran into strong opposition from the European members. They were against duplication of existing machinery or any weakening of the conception of the European Community that was now gaining acceptance.

Thus Canada became what Trudeau has referred to as the "bed-mate" of the United States "elephant", to share for better or for worse the pressures of continentalism. As far as our European partners were concerned, they were officially committed under the Treaty of Rome to the pursuit of unity. We have had to use our military contribution to NATO as a bargaining chip to retain some kind of consultative status in relation to the OEEC.

Historic fact

The growing militarization of NATO is a historic fact. Escott Reid, in an essay in honour of Pearson, cites "Chip" Bohlen, one of the greatest American diplomats of the postwar era, in support of this truth. Bohlen traced NATO's militarization through several developments: the Korean War, the rearmament of Western Germany, the inclusion of Greece, Turkey and Western Germany in the alliance, and the creation of an integrated NATO military structure under an American Supreme Commander. Reid concludes that the result was "the metamorphosis of the North Atlantic Alliance into the North Atlantic Treaty Organization . . . With these developments, the chances of the North Atlantic Alliance providing a starting-point for economic and political unification of the North Atlantic community became remote."

Indeed it did. Unfortunately, NATO also became afflicted with a form of "tunnel vision" in its strategic planning. There was first of all the focus on the rearmament of West Germany and its inclusion in the alliance. Perhaps the association of NATO with the reconciliation between those old enemies, France and Germany, was justified. The rearmament of West Germany, however, also provided the fulcrum by means of which military leverage could be exerted against Soviet power in Europe, using the countervailing military power of the United States.

There was no doubt about the reaction of the Soviet leaders to this historic development. During his Soviet visit in October 1955, Pearson asked Khrushchev to clarify the Soviet attitude to the German problem. "His reply," Pearson writes, "could not have been more categorical: 'so long as the Paris agreements exist and Germany remains in NATO we shall do everything possible to prevent the reunification of Germany.' " My personal recollection of this conversation is that Khrushchev spent more time on NATO and the consequences of its admission of West Germany than on any other question. He insisted that the combination of the industrial-technological power of the United States and the military traditions and the prowess of the Germans constituted an unacceptable threat to the security of the Soviet Union.

It was no surprise that, until Chancellor Willy Brandt initiated his Ostpolitik, NATO faced a constant pressure on Berlin in particular and West Germany in general. The Soviet Union proceeded to consolidate its military hold over the buffer area at the expense of the liberty of the peoples of Poland, Czechoslovakia, Hungary and East Germany. A stalemate to this reciprocating "push-comes-to-shove" strategy in Europe was recognized in the accords at Helsinki, at least as far as the territorial status quo dividing Europe was concerned. There was, however, no accompanying Soviet recognition of the human rights and liberties of its subject peoples at home or in the Soviet-occupied countries. Soviet leaders claim that the seige mentality cultivated mutually by NATO and the Warsaw Pact justifies their position.

The leading powers of NATO and the Warsaw Pact now represent two overlapping global military powers pursuing conflicting global policies in a dynamic setting of Third World instability. It follows that this overlapping of imperial power cannot be resolved within the limits of a regional military alliance like NATO.

Moreover, now that the Dulles model of a monolithic "world Communist threat" has been shattered by the open breach with China and with most of the Communist parties of Europe, political and economic aspects of alliance strategy can be ignored even less than before. As far as the U.S. is concerned, a new multipolar competition has been added to the old bipolar confrontation across the Iron Curtain in Europe. In the last few years, developments among Third World countries and the stupendous rise in oil prices engineered by the OPEC governments have emphasized the link between economic co-operation and security as never before. The link between the prosperity of the Western world and the stability of the Third World, which Pearson recognized in 1955, is now more evident than ever.

> According to a recent article in the *New York Times*: (United States) exports to developing countries are more important than United States exports to the EEC, Eastern Europe, the Soviet Union and China combined. Over 20% of United States direct investment goes to the Third World; the rate of return is double that of investments in the developed countries . . . Debt, food, add to them the commodity prices and trade barriers, not to mention a host of political questions ranging from the law of the sea to Cuban troops in Africa, and it is all too obvious that, in good times and bad, the interests of the Third World and the West are bound with hoops of steel.

Are these "hoops of steel" taken sufficiently into account in planning Canada's position in NATO? Gellner rightly states: "Membership in a defence alliance such as NATO implies co-operation, and this in turn calls for adjustment to a common strategic concept. It does not mean that a member is absolved from doing his own strategic thinking and whenever this is necessary, his own defence planning."

Gone are the days of the Fifties and early Sixties, when General Charles Foulkes, as Chairman of the Chiefs of Staff, relied on "Brad" and "Rad" (General Omar Bradley and Admiral Radford) of the Pentagon to pass on through the "old-boy network" of strict confidentiality suggestions about what Canada should do in its defence planning. In 1955, Pearson and Prime Minister St Laurent requested of the then Minister of National Defence, Ralph Campney, that there should be joint planning with External Affairs in order to work out the implications of the complexities of the nuclear-missile age. These appeals were studiously ignored by General Foulkes on the grounds that it might cut off U.S. intelligence if "egg-heads" from External Affairs were allowed to share confidential advice received from the Pentagon.

No excuse

Now that Canada, in matters of defence relations, ranks below West Germany, Japan, Saudi Arabia and Iran so far as the U.S. is concerned, there is no excuse for any refusal to be weaned away from dependence on the Pentagon. Moreover, we now risk having our decisions influenced unduly by our European allies. For them, the bipolar confrontation remains of primary concern. They do not wish to have the traditional Canadian participation in the "Watch on the Rhine" suffer any weakening that might prejudice the American guarantee of European security.

In the post-Korean period of the re-equipment of the Canadian armed forces, dependence on Pentagon influence caused us to make some costly mistakes. The greatest of these was accepting a strike role for the air component of our NATO forces in Central Europe — albeit without the nuclear ammunition to enable us to do more than go through the motions of practising for such a role. We also purchased other weapons equally unsuitable for use without the necessary nuclear ammunition, such as the *Honest John* and *Bomarc*, and without the required sanction of the Government on the acquisition of nuclear weapons.

We are now engaged in the most extensive re-equipment process since these mistaken efforts of the Fifties and Sixties. Are we about to repeat this kind of error by failing to clarify the role of our forces first and then deciding precisely what equipment most suits the role? Gellner, who once served in the Department of National Defence and is thus familiar with its kind of planning procedures, expressed his fears as follows:

> There is a distinct danger now that Canada should be caught again just as it was almost 20 years ago, only this time an error would be even more expensive. For a change, what is involved is Canada's maritime contribution to NATO. At present, Canada's equipment-procurement policy is predicated on a stated NATO requirement for keeping open in time of war the transatlantic lanes along which troop reinforcements and supplies would supposedly move in huge quantities, just as in World War II.

Preparing for the previous war is one of the characteristics of planning from a purely military standpoint. Convoys of the Second World War type are not probable in the nuclear war of the future. That is why the Americans are building up reserve stocks of other kinds of military hardware in Europe. Why should Canadians not be doing the same thing, rather than opting for expensive anti-submarine naval vessels and aircraft for convoy and anti-submarine warfare missions? As for purchases of tanks, aircraft and other conventional hardware, which have to be updated from time to time, one wonders whether we are making the most of this opportunity to achieve the much needed standardization of equipment in NATO. If Canada were to accept a standard of equipment in which some of its European allies were specializing, such as tanks, why should these allies not reciprocate by accepting Canadian standards for equipment in which Canada specializes, such

as STOL (short-takeoff-and-landing) aircraft or hardware best suited to northern climates?

Harriet Critchley's recent article in *International Perspectives* suggests ways in which the Canadian maritime forces' role in Atlantic defence under NATO might be integrated with the relevant commitments under various aspects of Canada's foreign and defence policy. As a regional maritime power, Canada has special interest in the assertion of domestic jurisdiction and enforcement rights as a coastal state as well as a maritime trading partner and an ocean alliance partner in NATO. All these needs could be related to Canada's responsibilities in its NATO maritime role. Certainly, the U.S., Britain and France have failed to set Canada a good example in putting NATO requirements first.

I recognize that maintaining a balance among these various considerations becomes more rather than less difficult with the growing complexities of the interdependent world society created by the industrial age. Obviously, the proper functioning of this world society requires the kind of strengthened global institutions the United Nations was intended to develop. In the absence of such a world order guaranteeing the prevention of war, regional coalitions like NATO are necessary. But even in existing circumstances NATO must be based on a certain minimum of consensus. There must be agreement not only about its military strategy but also about its policy objectives, in order to retain cohesion among its members and to continue to command the support of public opinion that bears an increasing financial burden as well as military risk.

At the making of NATO, its Canadian founders recognized that Western democracies were vulnerable to more than military power — to economic crises, to political division, to cultural dissent. They tried, therefore, to provide, in Article 2 and through normal diplomacy, a process for consultation including periodic parliamentary conferences and public debates. Again and again, the Western democracies have shown creative flexibility in overcoming their weaknesses at critical moments on the road to their main goal and in maintaining their security without prejudice to their humanist goals.

Communist ideology, on the other hand, has turned out to be a form of idolatry of the national state, expressed through military and political power. Communism as practised in the Soviet Union has also proved incompatible with the creation of a world order demanding a certain concession of national sovereignty in the common interest of survival and prosperity.

The Western powers have already made repeated mistakes in dealing with the changing Communist threat and have paid the penalty — by yielding Eastern Europe to Soviet military occupation at the end of the Second World War, by allowing themselves to become divided in dealing with the explosive developments in the Middle East, and by becoming divided again over how to deal with China and Southeast Asia, especially over the tragic intervention of the U.S. in Vietnam.

With this experience of the dangers of separating the political-economic dimensions of security from the military dimensions, there should no longer be any question that more NATO consultation is needed on such matters as the headlong rush of the arms race. Militarization is no defence against itself. Ultimately, it risks the use of the increasingly destructive mechanisms that are being accumulated and stockpiled ready for a nuclear Armageddon.

It is not reassuring in this connection to read the view of nuclear war of the U.S. Presidential Security Adviser, as recorded by Elizabeth Drew in the *New Yorker*:

> I asked Brzezinski then about something I'd read that he had said in an interview. He had said that the proposition that a nuclear war would mean the end of humanity was "baloney". He replied: "It's inaccurate thinking to say that the use of nuclear weapons would be the end of the human race. That's an egocentric thought. Of course it's horrendous to contemplate, but in strictly statistical terms, if the United States used all of its arsenal on the Soviet Union and the Soviet Union used all of its against the United States, it would not be the end of humanity. That's egocentric. There are other people on the earth."

There are indeed! But it so happens that Canadians, as Khrushchev reminded Pearson, would not escape the effects of nuclear war in our own homeland, because unfortunately we are situated between the nuclear giants. This fact makes rational thought vital to any Canadian military decision. No one else is going to do our thinking for us and we shall have no one else to thank if we are directly involved in the irrational consequences of purely military thinking.

It is thus essential that the best brains we can assemble systematically review political as well as military trends. This spring, in Toronto, the Canadian Pugwash Group organized such a review under the leadership of Professor John Polanyi. The consensus was that we could avoid war only if we could observe "a deep restraint in reliance on nuclear weaponry of any sort". As nuclear weapons become more intimately woven into military plans and developments in NATO, the chances increase that they will actually be used at a moment of great international crisis.

In a letter to *The Globe and Mail* last March 28, I suggested the need for joint defence and foreign-policy planning. I also proposed that these plans should be reviewed by an Advisory Board on Canadian Defence Policy, which would make an annual report to Parliament. This is not a new idea. I put it forward in an essay entitled "Canadian Aims and Perspectives in the Negotiation of International Agreements on Arms Control and Disarmament" at the time of my retirement from the foreign service. I wrote that piece as I write this article, trying to reconcile my Jekyll-and-Hyde experience of having engaged in military planning at NATO and in peacemaking and peacekeeping at the United Nations.

Quoting Disraeli that "ignorance never settles any question", I pleaded — and still plead — that Canadians should have a right to know more about the rationale of their defence policy, commitments and equipment proposals, since they bear the consequences of serious error or miscalculation. This knowledge is especially important at a time when weapons of mass destruction have become part of the standard weaponry of the alliance to which Canada belongs, as well as part of the armoury of its totalitarian adversary. Efforts by the United States and the Soviet Union to control and preserve their tremendously destructive power by a mixture of diplomacy and arms control are matched by their determination to extend their spheres of influence further and further. I suggest that Canadians, in these circumstances, should have more influence in determining defence policy, matching concerns for security with concerns for survival.

Assessing the energy issues from a Canadian perspective

by Ronald S. Ritchie

For two decades the world has been speeding ever faster down a road which has an end. It has been escalating its demand for energy at a rapid pace, directing more and more of that demand to one energy source, oil, and recently, as a result, looking in almost every region to the huge Persian Gulf reserves as the principal source of energy needs for its future economic growth.

That this pattern must be drastically changed in the not-too-distance future was not news to many informed participants and observers in the industrialized world well before the dramatic world oil market events of 1973. But it has taken the price and supply action of OPEC members (Organization of Petroleum Exporting Countries) to bring the situation forcibly, even rudely, home to masses of citizens, and their governments, in both developed and developing countries around the world. In one sense, necessary long-run adjustments may have been expedited at the cost of short-run burdens, the extent of which is still somewhat unclear.

Viewed in a global perspective, the record of demand and supply of energy over the last three decades is an almost classic example of the impact of additive exponential growth patterns. There has so far in the world's history been a reasonably close correlation between economic expansion and energy consumption, between *per capita* use of energy in a society and its *per capita* production and, therefore, incomes. The relationship is easy to understand. Wherever man's output is limited to his own unaided efforts, that output and his income are small. Men have raised their production *per capita* and their incomes by combining more and more mechanical and other forms of energy with their own human efforts. Since the Second World War ended, this process has proceeded at an unprecedented pace and scale in the industrialized world and has begun in the developing economies.

North America, particularly the United States and Canada, has led in *per capita* energy consumption, as in *per capita* income, and has continued to raise both. In the past two decades, though, Western Europe and Japan have gained rapidly in *per capita* terms and in absolute terms have multiplied their energy consumption. In addition, the developing economies, such as India, while their *per capita* demands are still small, have begun the same process. The achievement of many of their chief aspirations depends on its continuance. Thus, the world's demand for energy has been growing at annual rates which would double it every 12 to 15 years.

Mr. Ritchie had recently retired as senior vice-president of Imperial Oil Limited when he wrote this article. The views expressed in the article were those of the author.

Pattern of supply

Sooner or later, this growth pattern alone would force some alteration in the patterns of energy supply or some constraints on demand. In actuality, however, the effects of rapid growth of energy demand have been accentuated by a concurrent shift in the pattern of supply. More and more of the total demand has been focused on oil, thus magnifying the demand growth for oil even more. Here, too, North America led the way two or more decades ago with the decreased use of coal in home heating and the switch from coal to diesel fuel on the railroads. Most recently, particularly in North America, coal has been pushed further aside in the thermal generation of power and in many industrial uses by pressures and regulations aimed at limiting sulphur emissions into the atmosphere. The switch from coal to petroleum in Western Europe and in Japan has lagged behind that in North America slightly, but has been of almost the same dramatic proportions. By 1970, petroleum (oil and natural gas) supplied about three-quarters of the total energy consumption of the United States, more than two-thirds of that in Western Europe and Japan, and three-fifths of the energy consumption of the world as a whole. The rush to oil was still continuing.

There have, of course, been good reasons of cost and convenience for the trend. At least until the last few months, petroleum has generally been a very cheap source of energy. All through the Fifties and Sixties, oil has been in plentiful supply, with the marginal source being the low-cost oil of the Persian Gulf area. Natural gas, where it has been available, has usually been kept low in price by regulation. Coal has grown dearer because of rising labour costs not fully offset by improved technology. Then again, oil has special convenience advantages, particularly in the field of transportation, with today's technologies.

With rapid growth in total energy requirements and a steadily-shrinking contribution from coal, it is readily understandable that eastern hemisphere demands on the Persian Gulf area have been escalating rapidly despite new supply sources in Africa and in the North Sea during the

past dozen years. Growing North American demands have recently been added to these eastern hemisphere demands.

U.S. share

Despite the rapid growth of the rest of the industrialized world, the United States alone still accounts for nearly one-third of the world's consumption of oil. It moved past the point of self-sufficiency in the Fifties and currently must look beyond the western hemisphere to meet almost the whole growth in its demand. This means that the oilfields of the eastern hemisphere, and particularly those of the Persian Gulf area, are now looked to in order to supply the whole absolute growth in North American demand each year on top of rapid Western European and Japanese requirements growth. By the logic of the process, forecasts were recently current that Saudi Arabia, which as recently as 1970 was producting fewer than 4,000,000 barrels a day, would be required to produce close to 20,000,000 a day by the end of the decade if anticipated demands were to be met.

During the past few months, the members of OPEC have driven the lessons of this situation home in rough, dramatic, and painful fashion. All through the Sixties they had sought by co-operative endeavour both to raise oil prices and to raise their shares of gross oil revenues. On the second count they had had some success, but relatively little on the first. Now, in a brief space of months, they have been able to multiply the prices of world oil and raise their own revenues from oil many times. In the process they have gained absolute control of prices and their own revenue-take, have assumed a large measure of control over operations and have freed themselves from any remaining contractual constraints.

In effect, the demand and supply position has rather suddenly reached the point which makes monopoly response both feasible and profitable. In the longer term, the costs of alternate energy sources, such as tar sands, shale oil, and coal gasification, will set upper limits to the international price for oil, but during the next few years it is difficult to see any constraints other than those resulting from consumer refusal to buy, producer perception of their own longer-run self-interest, or consumer-producer co-operative arrangements.

Like the price actions, the arbitrary supply and embargo restraints imposed by the Arab members of OPEC have equally given warning of the future situation. The Arab nations may not find it profitable to continue to use oil as a political weapon, but they are not likely to find it in their interests to expand production over the next few years to anything like the levels which would match what have been expected to be the requirements. The not untimely warning, then, is that the world as a whole must urgently seek and develop alternate sources of energy. These are likely to involve long "lead" times, especially where new technologies must be developed, and the new energy supplies will be more expensive than what we have been used to.

Painful readjustments

In the meantime, there are some painful readjustments to be faced and some difficult challenges for both domestic economies and international economic relations. Four questions of immediate concern are: 1) To what extent will energy-supply shortages depress economic activity? 2) How serious will dramatic rises in energy costs be in a world already beset by inflation? 3) Can an international monetary system already in some disarray cope with the huge balance-of-payments shifts caused by multiplied oil prices? 4) Will the drastic rearrangement of incomes and of capital accumulation impede the supplying of the large amounts of capital required to develop new sources of energy supply?

If the advanced economies cannot obtain, or the developing countries like India cannot afford, the energy supplies from oil upon which they had been counting, the result could be a recession, or worse, in the short term and a marked restriction in growth in the longer term. As has already been suggested, economic activity and levels of income have been tightly tied to energy consumption. Japan, Western Europe, and perhaps the United States all appear likely to be significantly affected in the next few months by supply limitations felt or threatened. Canada is not likely to feel much in the way of direct effects but, with its major trade dependence on external customers, could feel significant indirect effects from any slow-down abroad.

Longer-term outlook

In the longer term, the advanced economies should be able to stand limitations on energy supply better than the developing countries. First of all, they can learn to make more effective use of the energy available. Then, their levels of income are already at heights which can be lived with more comfortably, even though threats to future growth cannot be accepted with equanimity. The people of the developing countries, however, aspire to achieve something like the levels of income already gained by the advanced economies and if these aspirations are seen to be thwarted by energy supply limitations, their economic, cultural, and political prospects could be bleak indeed — an outcome of no small concern to those of us in the already industrialized world.

Inflation today is endemic and in many cases virulent in most of the national economies of the industrialized world. From that standpoint, drastic and almost overnight increases in the price of the main source of energy for those economies could scarcely be more uncomfortable in their timing.

It is possible, however, to overestimate these price effects. First of all, the increases which we hear about are usually in the well-head prices of crude oil or natural gas. There are many other costs incurred between the well and the point of final consumption and most of these costs are going up only at rates dictated by inflation. The end result in terms of consumer cost is, therefore, much less in percentage terms than the startling figures reported in the media.

To give one basis for perspective, by the end of January of this year the Persian Gulf OPEC countries had raised their own government "take" to something like $7 a barrel. This is still less than the government take in Canada on a typical barrel of gasoline from provincial road taxes and federal sales tax, quite apart from corporate income taxes. Basic as it is to almost every form of economic activity and to consumer needs such as home heating and transportation, the total energy requirement of the Cana-

CANADA

Computer Conferencing: A tool for Third World Scientists?

by Bob Stanley

In Toronto recently a man was fined $50 for damaging a pay phone at the airport. Pleading guilty, he told the magistrates he had ripped the handpiece from the booth and thrown it on the ground in "a moment of frustration" because he had been unable to place an important call.

North Americans are accustomed to good communications. They expect their phones to work — and usually they do. But as anyone who travels regularly outside of North America will affirm, communications are not as good everywhere. In Cairo it can take hours, even days, to place a phone call. In New Delhi urgent cables are delivered by bicycle. In West Africa a publisher complains that three-quarters of the magazines mailed never reach the subscribers.

If good communications are the grease that keeps government and industry running smoothly, then it is no wonder that many developing nations appear to be in urgent need of lubrication. For the real cost of lack of communications is a great deal higher than a $50 fine.

Imagine a small group of plant breeders working at an agricultural research station somewhere in India. Encountering a problem, they wish to compare notes with some colleagues engaged in similar research at another station a few hundred kilometres distant. The need is urgent because the seasons are changing, but the only way is an exchange of letters. It takes several months, and as a result a whole year is lost before the experiment can continue.

An exaggerated case? Not according to Dr. S. Ramani, of the Tata Institute for Fundamental Research, in Bombay. In a large country like India, he says, long-distance phone is costly and "impractical" — in other words it is often simply not possible to place a call even if you can afford it. "Travel is uncommon", adds Dr. Ramani, and regional research seminars, where scientists can meet and swap experiences face-to-face, are "often non-existent".

Ironically, international communications are sometimes better, but not always. Cost is an even bigger factor, however, and travel usually out of the question unless some benefactor is willing to pick up the bill. Even the international scientific journals, the traditional means of keeping abreast of new developments, come by surface mail, and so are usually at least a year out of date, says Dr. Ramani.

What is true for India holds good for most developing countries. In fact India is better off than most in that it has a highly developed and internationally respected scientific community. There is no question that inadequate communications systems in the Third World result in considerable waste of time, money, and opportunity.

Frustration, in fact, may well be a major contributing factor leading to the "brain drain" that one authority estimates costs the developing nations $4 billion per year. Countries with scarce scientific resources cannot afford that kind of waste.

At a first glance the solution seems obvious: improve the telephone system; then not only the scientists, but everyone will be able to communicate better. A more efficient system means more users, which means lower cost per user. While this may be true to some extent, there are several problems, not the least of which is the fact that designing and installing a modern phone system is an enormously expensive undertaking. Another is that the development of a large user base, particularly in rural areas, where costs are highest, is not going to happen overnight. A home phone costs money and implies a degree of affluence that is unlikely to be felt in the Third World perhaps for generations.

Then, too, there is the fact that the telephone, while it would overcome many of the problems encountered by our hypothetical group of plant breeders, is basically a one-to-one communications medium. Telephone conference calls are possible, but they present difficulties for large groups, require precise coordination, and are very costly.

In short, the idea of transplanting a North American-style communications network to a developing country that already has an inadequate, and probably antiquated system in place, is simply not applicable in the short to medium term. What is needed is a new means of communication.

A very real possibility is something called the computer-based conference system (CBCS), also known as electronic mail or computer messaging, both of which phrases are inadequate to describe the full potential of the system.

The heart of a CBCS, naturally, is a computer. The computer acts like an intelligent telephone exchange. It receives messages, and sends them. But it can also categorize and file them, store them indefinitely, hold them until the recipient is ready to read them, and remind the recipient

that they are waiting to be read. It can be selective, sending a message to the entire network, to a specific group, or to one individual. It does all this, and more, at high speed, thus reducing the transmission time, and therefore the cost, and it can do this for many groups simultaneously.

Another advantage of the CBCS is its flexibility. Messages can be transmitted by phone lines, where these are available and reliable. Where they are not, the system may use VHF radio for short-to-medium distances — say up to 600 kilometres. For longer distances satellites may be used to "bounce" the messages across the country or around the world.

Time zones present no problem. The computer simply stores messages from other zones until the recipient next "signs on" to the system. Because it is independent of time, the system also overcomes language barriers to a large extent. And it enables every participant in a conference to have a say, regardless of rank or oratorical skills.

Such systems are not without their drawbacks, however. Each user must have access to a terminal — a viewing screen and keyboard — and must be able to use the keyboard to send and receive messages. Simple terminals are already cheap, and getting cheaper, as is most computer "hardware". But more sophisticated terminals offer considerable advantages — at considerably higher prices.

There are more basic, human problems in communicating through a computer terminal. Many people find the telephone an alienating instrument; they would find the computer terminal much worse. According to Dr. Richard Miller, of Infomedia, a California-based company that operates a commercial CBCS, conversing via computer can be "incredibly misleading", especially in the case where different languages are used.

"There is a real limitation," says Miller. "It is a means of exchanging information, or of obtaining access to expertise. But it can be disastrous without the body language, the tone of voice, and the facial expressions that go with normal, face-to-face communication."

Miller's Infomedia Corporation has a number of large multinational corporations as clients, operating as far afield as Hong Kong, the Persian Gulf, and Australia. They use CBCS to coordiante their international activities — from construction projects to petroleum exploration — using their own computers. The limiting factor in the use of such systems, says Miller, is not the technology, or the cost, it is limited access.

In most countries communications media are controlled by postal, telegraph and telephone agencies (PTTs), usually government-owned monopolies. Most PTTs see this new communications medium as a threat to their revenues, to lucrative international telex and telephone revenues in particular, so they try to prevent it by making it illegal. To overcome this resistance, says Miller, entails a long, painful process of explaining that the new medium is really an information storage and retrieval system that is complementary to existing systems, not competitive with them.

The PTTs are increasingly under pressure to relax their regulations. The International Federation for Information Processing (IFIP), a Unesco-chartered organization, has a special group looking into the problems facing CBCS. In 1980 it drew up a series of recommendations aimed directly at the PTTs. These include allowing organizations to operate their own CBCS through the public networks, fewer restrictions on transborder communications, and the dropping of "discriminatory" high tariffs.

IFIP has recently formed a second working group on SBCS, to look specifically at the needs of developing countries, for there is a very real fear that the new technology is developing so fast that the Third World may be left behind if something is not done quickly.

Dr. Ramani, of the Tata Institute, is a member of this group. He sees the problems in developing countries from a different perspective. Computer-mediated conferencing is uncommon in the developing world, he says, not just because it is expensive or impractical, but because it is a new idea, not marketed commercially in the developing world, and requiring difficult design and implementation efforts at this stage. He believes the use of CBCS could do a lot more than simply improve communications among the scientists who use it.

"It is capable of allowing several teams of researchers, each sub-critical in size, to develop a high degree of interaction, provide mutual support, and sustain one another. Such facilities increase the visibility of a researcher's work, and offer him membership in a close-knit community. They make his work more stimulating and meaningful." What is needed now, adds Dr. Ramani, is a demonstration project at the local level to prove to the research community and the policymakers that CBCS is an effective tool.

The need for action is urgent according to Dr. Gordon Thompson, who is manager of communications studies for Canada's Bell Northern Research. If the developing countries simply duplicate the present communications infrastructure of the developed world, they will be "missing the boat", he says.

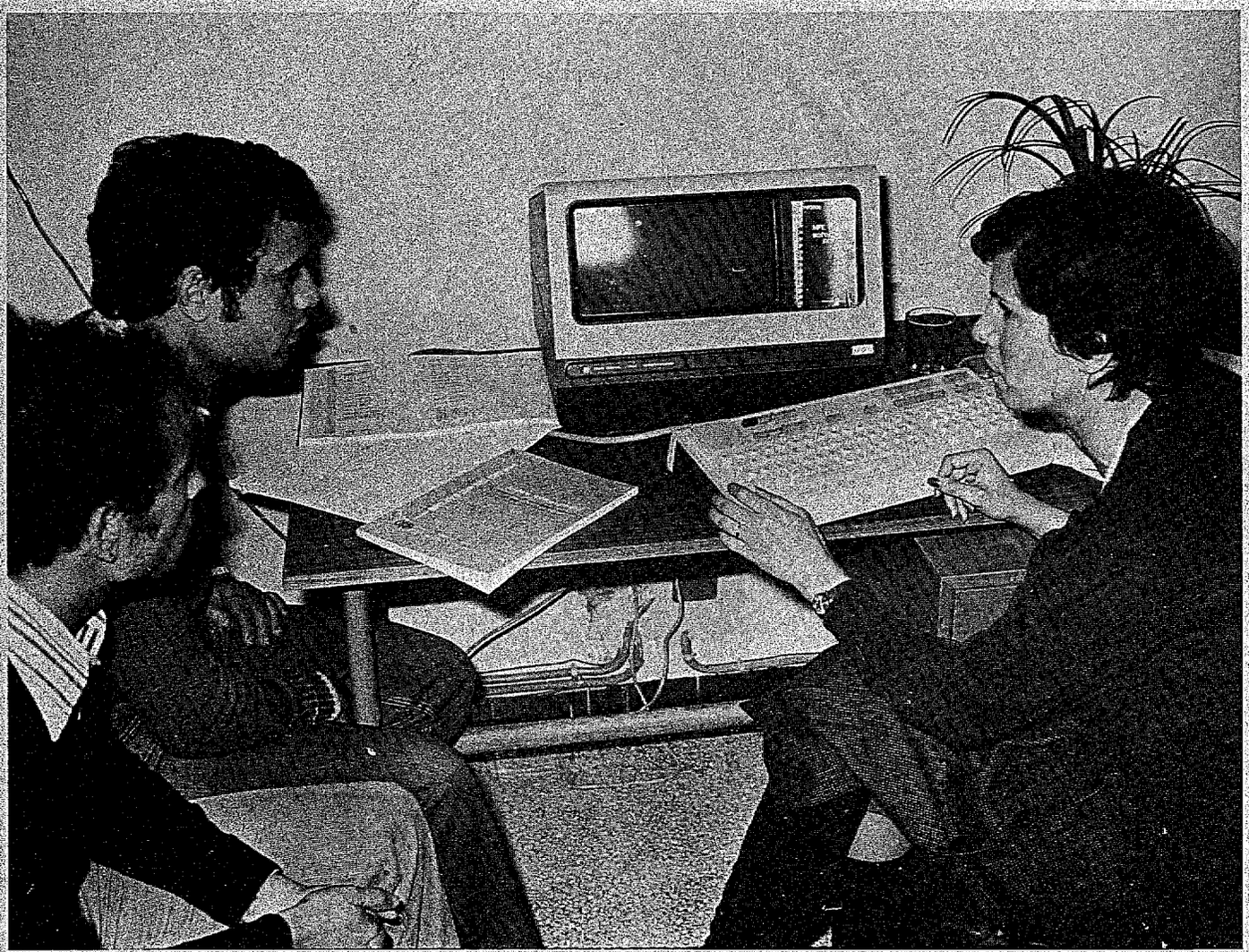
"The old structures simply can't do the required job. They aren't big enough, smart enough, or flexible enough. By tying themselves to conventional developed countries' communications infrastructure architectures, the developing countries may be incurring a major opportunity cost that will haunt them within the next two decades."

But Thompson warns, too, against the dangers of "prescribing" technology fixes for developing countries without careful preliminary study. "Considerable care and caution must be exercised," he says. "Very little is really known about the impacts of communications technology." And he adds bluntly: "Not every mindless installation of the latest technology will produce the desired results."

In other words the question is not simply whether the developing countries are going to miss the boat, but whether they should even be considering getting aboard.

In October a panel of 14 experts on computer conferencing from eight countries met in Ottawa for a five-day workshop sponsored by the International Development Research Centre (IDRC). (Computer-Based Conferencing Systems for Developing Countries, Ottawa, October 26-30, 1981. A summary report of the workshop will be published by IDRC.) The purpose of the workshop was to attempt to find the answer to that question; also to determine whether any formal structures are necessary to ensure that the developing countries are involved in the design and implementation of worldwide CBCS programs; and to suggest ways in which IDRC might be able to assist developing countries in this field.

Like Drs. Thompson and Miller, many participants expressed reservations about some aspects of CBCS ap-



Tunisian students learning the use of the computer terminal — avoiding scientific disenfranchisement.

plication in developing countries, and advised caution. But the group was unanimous in endorsing this new communications medium as a "viable tool" for use in the Third World. The system's relative simplicity, flexibility and low cost were all seen as major factors in its favour. These qualities were perhaps best illustrated by Liane Tarouco, of Brazil's Universidade Federale do Rio Grande do Sul, who told how the university had designed and implemented its own experimental CBCS.

They could simply have bought one of the existing systems available from the developed countries, she explained, but chose to take the "do-it-yourself" approach in order to gain the experience and the confidence that come from knowing a system "from the inside out". The system's small group of designers included several students, but for all concerned it was very much a question of learning-by-doing — and the system works. "So far as we are concerned this is the best way for a developing country to learn a new technology," said Ms. Tarouco.

For many developing countries, however, the expertise to carry out such a project is simply not available. This lack of expertise was reflected in the fact that only two of the 14 participants at the workshop were directly representing developing countries, and it prompted the group to recommend that one of the most useful things IDRC could do would be to support the production of informational and educational materials about CBCS for developing countries.

Other recommendations for action included support for a series of workshops in developing regions of the world, several feasability studies on technical, administrative and regulatory aspects of CBCS, and the establishment of an advisory group, consisting of people from both the developed and the developing countries, to provide a continuing focus for the recommendation of the workshop.

Action must come quickly, the group urged, lest the developing countries suffer "a scientific and technical disenfranchisement" as a result of their inability to participate in the "electronic community of science and technology".

INTERNATIONAL DEVELOPMENT RESEARCH CENTRE

CANADA

SCIENCE AND DEVELOPMENT

Food, nutrition, health, population, education, rural modernization, housing, and communications — these are some of the areas that concern the IDRC, a Canadian institution that supports results-oriented research in some 80 developing countries.

Disseminating the results of this research is an important part of the Centre's work. The Centre produces a wide variety of printed and audiovisual material ranging from scientific mongraphs, specialized bibliographies, and technical reports, to general-interest publications, films, and slide shows dealing with current development issues. It also publishes a quarterly nontechnical review, *The IDRC Reports*, and companion editions *Le CRDI Explore* and *El CIID Informa*.

For the scientist, or layman with an interest in international development, the Centre's Communications program offers a unique resource — an insight into the problems facing the people of the Third World, presented in terms of their own priorities, and an assessment of how research is helping to overcome some of these problems. Prices vary according to the type of publication but are kept as low as possible, because the Centre is a nonprofit organization. Special consideration is given to requests from developing countries.

For more information about the work of IDRC, or to obtain copies of the Centre's current catalogues of publications and films, please write to:

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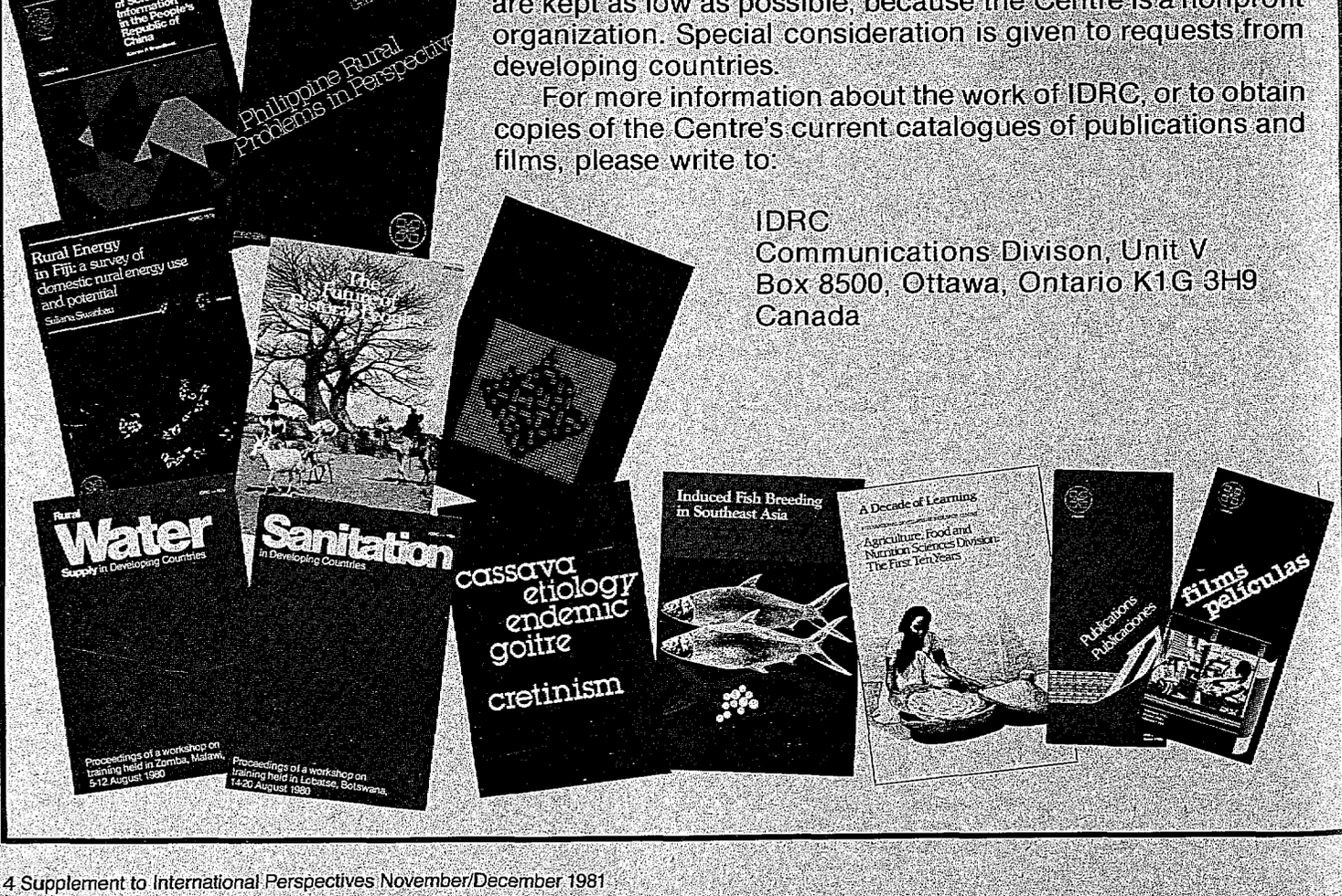

dian economy before the recent cost increases accounted for only about 8 percent of gross national product, while direct fuel costs of the typical manufacturing operation were in the region of 4 percent of value added or 2 percent of the value of shipments. The industrialized economies should be able to adjust to the cost changes involved, but for the developing economies it may be a much more serious matter.

It is in the field of international monetary relations that some of the greatest uncertainties appear. In a direct sense, Canada need have little concern on the score of early balance-of-payments effects for itself because it is more than self-sufficient in net terms on oil supply and can improve its position on export account by at least as much as it loses on import account. Almost no other advanced economy in the free world is in that favourable position. As this is written the *yen* and the *franc* have already been devalued. The net additional-payments costs, even for countries such as Japan and West Germany, which have held huge monetary reserves, are so large that these reserves offer only very short-term protection. For many other economies, it is difficult to see what adjustments can be made quickly enough to make any significant contribution to financing the huge increased costs of imported energy. In India, it has been estimated that the costs of oil imports at previously planned levels will shortly exceed all foreseeable export earnings — a position which obviously will force drastic readjustments. On the other side of the fence, of course, the oil-producing countries will be amassing earnings in gold or foreign currencies in unprecedented amounts.

The whole mechanism of international payments could thus be subjected to disturbances on a most unusual scale at a time when the International Monetary Fund's Group of Twenty have so far failed to devise mutually satisfactory arrangements to cope with more normal pressures. When the crunch comes, it is to be hoped that there is not a mass scramble to save each currency and each national economy at the expense of all the others. Given a reasonable attempt at co-operation, there is one important stabilizing force upon which to capitalize. It is as much in the interest of the oil-producing economies to protect the stability of international exchanges as it is in that of the rest of the world. Some of them have already suffered from earlier devaluation of the dollar and of sterling.

A fourth consequence of the huge and sudden change in crude-oil prices is the correspondingly huge and sudden change in the regional distribution of world income. As the Shah of Iran has pointed out, the rich countries of the world are suddenly going to be a good deal less rich. Equally, the poor countries of the world which are not oil producers are going to be, at least in the short term, a good deal poorer. The beneficiaries of the shift will be the oil-producing countries, although it should be made clear that in most cases their resulting *per capita* income will leave them still well below the level of the richer countries. They will, however, be accumulating huge sums of capital. At the same time, over the next decade and beyond, most of the rest of the world must make huge capital and research and development expenditures for the creation of new and alternate sources of energy. They will be less able to generate the required funds because of the higher costs they must absorb for their current energy consumption. Part of the solution may lie in financing by the oil-producing countries, with benefit both to the capital-generation need and to an international payments balance.

Options for consuming countries

It is evident that important readjustments have to be made and that new challenges must be met. What are the options for the consuming countries? There are at least three deserving of some comment: 1) steps to achieve more efficient use of energy; 2) steps to develop alternate energy sources; and 3) a *modus vivendi* with the oil-producing countries based on long-term mutual interest.

There is a great deal of talk these days of the need for conservation. Sometimes this is put forward as a means of reducing current supply stringencies — e.g., in the United States, sometimes as a sort of moral imperative for the longer-term future. Certainly, in an absolute sense, we have been prodigal users of energy and nowhere more so than in the United States and Canada.

There has been good reason for this. Energy has been cheap and economy in the use of something which is cheap is very different from economy in the use of something which is dear. In the longer run, there is no reason to expect energy to be in short supply, but it is likely to be considerably dearer relative to other commodities than we have been used to. For quite practical reasons this will encourage economies which have not hitherto been worth while. Even if we do not set our thermostats lower, we can insulate our homes and offices, especially in new constrcution, to achieve substantial savings. In North America, higher gasoline prices will further stimulate the switch to smaller automobiles, just as higher gasoline prices in Western Europe have dictated such a pattern from the beginning.

In the thermal generation of electric power, we will have strong incentives for research and development in technologies to improve the current unfavourable ratio of BTU (basic thermal unit) input to BTU output of useful energy, now much too close to three-to-one. In industry, substantial savings can be developed now that there is a cost incentive of significance. Eventually it is certain that, for the economy as a whole, we can in such ways achieve more unit output of energy consumption without discomfort of significant sacrifice. It has been estimated that in North America savings of this kind might amount to as much as 30 percent of total energy consumption or, in other words, offset something like five to seven years of growth at recent rates.

The larger need, however, is to direct our efforts to developing major alternate sources of energy. This is not an unexpected need. Over the years substantial resources and research effort have been directed to the potential of fossil fuels other than conventional oil and gas as well as to more exotic energy sources likely to be important beyond the next two or three decades. There is now an urgent need for more. It is urgent because the common characteristic of most of the foreseeable alternates is long "lead" times — whether for difficult and extensive exploration efforts to find and produce Arctic and offshore oil and gas, or for the mammoth construction required before there can be any significant impact from Alberta's tar sands, or for development and improvement of technologies for coal gasification and liquefaction, fusion power or solar power.

North America has a special place in the equation of alternate energy sources. Leaving aside nuclear power and

more distant prospects such as solar energy, the United States has huge fossil-fuel possibilities in the shape of further conventional oil and gas obtainable by offshore search and from deeper horizons on land, as well as by tertiary recovery methods; oil shales, and close to one-half of the world's coal. Canada has offshore oil and gas possibilities, plus the Arctic potential for conventional petroleum. It also has the tar sands and Alberta heavy crude oil, plus significant coal possibilities. The new situation in world energy markets provides the economic incentive for efforts to develop all of these potential resources, thus giving North America the opportunity to become at least self-sufficient and to cease being a competitor for the energy resources of the eastern hemisphere. From Canada's point of view, it represents the opportunity to convert resources which were only theoretical hitherto into economic assets which can be developed and marketed to the advantage of Canada's national income future.

Bilateral agreements

Developing new energy resources on an adequate scale will take time. The reasonable expectation is that they will be phased in over several decades, with conventional petroleum being gradually phased out as supplies are depleted throughout the world. Both consumers and the producing countries will in the interval have important interests in the costs and availability of crude oil in international markets.

It is often assumed that the overlapping and conflicting interests involved can best be dealt with through group co-operation and negotiation between consumers and the producing countries. Judging by actions in 1973 and the very early weeks of 1974 and by the apparent attitudes of Japan and many of the countries of Western Europe, such a co-operative approach may be hard to achieve. One cannot be sure, however, that such an outcome will in the end be particularly disastrous. A variety of bilateral agreements with individual producing countries may in the end be as satisfactory a route to identifying and meeting the needs of both sides.

Certainly, it is clear that the producing countries in most cases will be well-advised in their own interests to control the growth of their production and to prolong the life of their reserves. Certainly, those of them for whom oil and gas are a major but finite source of income must be concerned with how best to translate the proceeds from it into a solid economic base for continuing future incomes and employment for their peoples. This cannot be accomplished as quickly as oil revenues will mount at today's prices even without substantial further increases in production. The interests of the consuming countries may also be served by such restraint on expansion of production. Certainly, it will ensure continued stimulus to the necessary development of alternate sources of long-run energy supply.

1981

Reviving the Third Option

by Allan Gotlieb and Jeremy Kinsman

Canadian foreign policy is determined by a view of the world shaped by national interests. There is strong emphasis on the need to find solutions for the great, global problems of the North-South dialogue and the growing tension between East and West. But the greatest foreign policy challenge is the relationship with the United States. It always has been.

The United States is the only country where the importance of the relationship is imposed on us. We do not have to work to promote the content of the relations. The interaction between the two countries is vast and complex. The management of border questions alone is sufficient to make relations with the United States a priority with any sovereign Canadian government.

The mere mention of three current border issues is enough to demonstrate the truth of this statement — fish, the environment, communications. Each of these raise complex questions that defy easy solution.

☐ Whose fishermen will catch what, where and when? Canada has argued for the joint management of this vital resource. That call has been resisted by East Coast fishermen in the United States. They would prefer to take a risk with the future. Canadian fishermen cannot afford to take that risk.

☐ Environmental issues are becoming critical. Acid rain is the subject of current headlines, but the range of difficulties is as wide as the border itself. A roster of geographical place names is enough to call serious environmental problems to mind — Garrison, Eastport, Juan de Fuca, the Great Lakes.

☐ Communications problems multiply with the growth of technology. Where is the border for air waves? Who owns the content of broadcast material? What controls are needed?

There is a host of such issues of direct day-to-day impact on the Canadian public. Many of them, such as the three mentioned above, are irritants to the relationship. The careful and continuous management they require pres-

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ents a challenge to administrators. But they are not the whole relationship between the two governments. If they were, Canada-U.S. relations would be one constant day-to-day struggle.

The relationship goes far beyond these conflicts and irritants over border issues. It encompasses the deepest structures of the Canadian economic system, and of the continent itself. The interests of the two countries are not always the same on these larger questions, but this is compensated by a recognition on both sides of the sense of long-term interdependence of the two countries which gives the complex relationship a much deeper character.

Long-term strategy

This depth calls for more than a day-to-day approach to the management of the relationship. It requires a long-term strategy, though not an adversary strategy. The two countries are not adversaries. They are deeply and fundamentally very friendly to one another. The type of strategy that is needed is one that provides for the realization of Canadian economic development objectives. This does not mean a document, or a White Paper that declares the objective. It means a coherent approach on the part of the government in pursuing Canadian interests vis-à-vis the United States. It also means ensuring that Canadian planning is done on the basis of valid assumptions.

This is not a call for a dirigiste approach or for undue emphasis on interventionism. The economic dynamics are those of the private sector and they are the basis of the relationship. Much of the substance of economic cooperation and interchange between the private sectors of the two countries takes place on its own terms. Nor does a coherent approach mean a fully comprehensive examination of all aspects of the relationship. But it does mean that relations with the U.S. must be considered in terms of Canada's own economic development and with a view to providing a more secure framework for private sector activity.

Government is responsible for the general health of the economy, and for its sound future development. There are two main areas of application in any view of Canadian economic development to meet the opportunities and challenges of the 80s: resource development in the West, and the Maritimes, as a basis for social and industrial development; and structural adjustment and development in Central Canada. Since the U.S. is crucial to both areas of endeavor, Canadians have to assess the implications of two basic facts: the U.S. takes 70 percent of our exports and U.S. ownership capital has a predominant place in our economy. In other words the terms of access to the U.S. market are vital to Canada and many basic investment and other decisions in the Canadian economy are taken by managers of U.S. based corporations. Thus Canadian economic development depends to a large extent on the economy and well-being of another country.

These facts, however, provide leverage to both countries. While the U.S. market is vital to Canada, many Canadian exports are vital to the U.S. While U.S. based interests have great influence over the nature and pace of economic development in Canada, they also have a high stake in participating in Canadian development in a manner which is as creative and productive as Canadians feel they have a right to expect.

While the two governments do not run the economic relationship in a day-to-day sense, they are necessarily involved in a general way. The nature of the Canadian economy and society has required government involvement to channel aspects of long-range development in beneficial ways. Similarly, it is axiomatic that the benefits of development have to be worked at by Canada. They will not fall out of a free trade, free investment, free-for-all continental economy. This is not an option for Canadian development. Benefits for Canadian industry, however, do not necessarily mean a cut to U.S. private interests, but Canadian policy needs to adopt a strategic approach to succeed. How do we use the levers we have? How do we use our strengths to compensate for our weaknesses? How do we serve the interests of all the country and not just a part? The answers to these questions are the basis for planning for the relationship with the United States.

Canadian vulnerability

It is going to be a difficult and dangerous world in the 80s and 90s. Canadian vulnerability to its swings, shifts and shocks, calls for the development of instruments which give the national interest some increased discretion over developments. This is what the Canadianization part of the National Energy Program intends to do. The U.S. government understands this clearly. In President Ronald Reagan's inaugural address, speaking of neighbours and allies, he said "we will not use our friendship to impose on their sovereignty, for our own sovereignty is not for salee." This is the point. It is a matter of sovereignty — not in the legal sense, but in the discretion over the securing of national interests which, inevitably, are not identical for both countries.

Suggestions that have been made by various political representatives in the United States for the development of continental policies range from functional cooperation in technical areas to continent-wide policies for resources, food and technology. There may well be functional benefits from a continental approach in a few select fields such as environmental control — although these should be examined closely. On the other hand, continent-wide policies in such areas as energy and resource management could lock Canada more closely into another country's interest and future while reducing the freedom to manage our own interest and future. Yet, because of the different nature of the two economies, the economic interests are not identical and separate national attention and management are called for.

The Third Option remains valid as an assumption of Canadian foreign policy even if it no longer needs to be cited as a constant point of reference. The Canadian emphasis on bilateral relations with economic partners, based on Canadian economic development objectives, which Secretary of State for External Affairs Mark MacGuigan recently spoke of is, in effect, an updating of the Third Option policy. It recognizes the prime importance of the relationship with the U.S., but stresses the vital need for coordinated Canadian policies to develop key relationships with other countries as well.

In reviewing, or re-visiting the Third Option, a decade after its introduction, one is struck by its misinterpretation over time. Basically, it was rooted in the need for a domestic economic strategy — "a long-term comprehensive strategy to develop and strengthen the Canadian economy and other aspects of our national life and in the process to

reduce the present Canadian vulnerability". That is the exact language of the option as used in Mitchell Sharp's paper setting it out (see *International Perspectives*, Autumn 1972 special issue).

It was never meant to shift exports from the U.S. to somewhere else. It states clearly that the "United States would almost certainly remain Canada's most important market and source of supply by a very considerable margin". It did, however, seek diversification of Canada's foreign relationships and greater balance in other ties. Key bilateral relationships elsewhere in the world needed to be developed more effectively as a counterweight to the U.S. but also to provide new opportunities for development. It was not diversification for its own sake — but to add new weight to our relations.

The option has been called a failure because it did not lead to a general diversification of export growth. This is true in one respect — the European Community, where the commercial relationship with Britain declined in importance. On the other hand, the relationship with the Federal Republic of Germany, grew both in quantity and quality. In fact, in 1980 the Community took almost $8 billion of Canadian exports. This marked a dramatic recovery in Canada's share of world exports and underscored the continuing importance of the Community for Canadian interests. The Third Option is not the basis for Canada seeking closer relations with Europe — these are merited on their own.

Japan overtook Britain as Canada's second largest trading partner in 1972. Since then, trade with Japan has more than tripled, accompanied by a $2 billion surplus, though the quality of manufactured and further processed goods exported does not accurately reflect Canada's industrial and technological capacities. Canada is seeking an economic partnership with Japan and not just a trading relationship. This has not yet been achieved in an adequately balanced form.

The 1980s present new opportunities for strengthening Canadian partnerships abroad. Exciting prospects emerge from the growing importance of the newly-industrialized countries — Brazil, Mexico, Venezuela, Algeria, Saudi-Arabia, South Korea and those of the Pacific region. Along with the U.S. itself, these are now the high growth markets for our capital goods. The concentrated long-term development of bilateral relations with these countries is a basic emphasis of Canadian foreign policy for the 80s. Diversification is taking place. The new emphasis on bilateral relations with these high-growth partners to promote the substance of long-term economic relationships in our political interest, is meant to give greater body to the basic policy of the last years, in the light of the circumstances of this decade.

The Third World provides a frame of reference. The Third Option cannot be judged as if it were a finite act. It is a policy direction — not away from the U.S. — but towards other key areas of the world, where relations need to be developed on the basis of steps to strengthen the Canadian economy in the specified direction. Some important economic steps were taken to strengthen control over the Canadian economy and reduce its vulnerability — Petrocan, FIRA, Bill C-58 on the economic underpinnings of the broadcasting system. Economic downturn and the crisis in national unity over Quebec may have forestalled attention to others. The U.S. government has been able to accept these steps quite easily in principle, even if particular applications ran against the grain of specific interests from time to time.

National economic development objectives are becoming clearer in Canada. Despite differences with the provinces on questions of jurisdiction and obvious differences in regional perceptions of short- and middle-term interests, a consensus is probably obtainable on basic Canadian development objectives. Government priorities are emerging on the economic development of Western Canada, the promotion of industrial adjustment in Central Canada, economic expansion of the Atlantic provinces, Canadianization of the energy sector, productive human resource policies, and the need to emphasize productive investment expenditures over subsidization.

The priority in foreign policy becomes the development of an external framework that facilitates the accomplishment of these objectives. Closer and stronger bilateral relations need to be pursued with several countries. Above all this objective requires the successful management of the U.S. relationship to which it is intimately linked. Whether this approach is called the "Third Option" of the "basic strategy", its realization is in Canadian interests — and in the interests of the U.S. as well. While there are basic differences in the make-up of our respective economies, to a large extent our economic problems are shared. The economic indicators in Canada relate to those of the U.S. and some of our structural adjustment experience is pretty much the same.

This being said, it is important for the U.S. to perceive accurately the extent to which Canadian economic policies are directed to distinctive structural features of the Canadian economy some of which are quite different from those of the United States. It is not a matter of different political philosophies: it is a question of different policy needs.

This is not clearly perceived by the public in the U.S., or by legislators in Washington, at present. When polled not long ago with the question of whether or not Canada and the U.S. should adopt a formal continental energy policy, 78 percent of U.S. Congressmen agreed and only seven percent disagreed. When informed Canadians were asked what they thought, 63 percent disagreed. This is but one example of how a potential policy conflict can arise.

Damaging conflict can certainly be avoided, but it must be recognized that, however friendly Canadians and Americans may be, the politics and the economic realities of the two countries require different approaches to economic development. Although the basic primacy of the private sector is a common value of the two economic systems, business interests often need representation at the government level. There will be many occasions in the future when respective national interests on specific bilateral issues will seem divergent in the short-term. U.S. policy-makers accept this as a natural state of affairs in a mature relationship. It has nothing to do with mutual friendship.

This fact of life makes coherent central management of the relationship with the United States vitally important. Issues cannot be dealt with piece-meal. The Canadian export price for natural gas cannot be set in a vacuum. The U.S. factor is a constant background presence for Canadian economic development decisions. In order to deal with that presence credibly and effectively, Canadian pol-

icy needs a consistent strategic approach which will require some departure from the past.

In the past, we have generally taken a functional, somewhat decentralized approach to relations with the U.S. In most respects this makes sense. The overwhelming bulk of the economic relationship is private in nature and doing just fine. Some basic Canadian interests are with the provinces. Although this may reinforce a natural tendency to decentralize, it also demands better central management as the relationship becomes more complicated.

This decade will see development decisions ofgreater scale and scope than ever before. Their significance to U.S. interests will make them important to governments in both countries. They cannot be handled along functional lines alone, or in terms of their local impact alone. They need strategic attention at the political level if Canadian interests are to be served and if the relationship is to be as predictable, coherent, and reliable as both countries should expect.

Another break with the past concerns linkage. We have generally opposed it, tending to treat each bilateral issue on its merits alone, and keeping bilateral and multilateral questions separate. This was partly because we judged that the bigger partner could always "outlink" the smaller.

It may still be true that outright linkage is not in Canada's interest. On the other hand, it may be, particularly within very broad sectors. Moreover, leverage can be brought to bear on specific issues by keeping legislators and others who are conscious of particular benefits from Canadian trade, investment, tourism, etc., informed of Canadian interests in other areas where they have influence. More directly, care can be taken to ensure that immediate issues are seen in the context of the long-term, broader picture of respective interests.

A third break with the past might be in the area of institutional structures for the conduct of relations. Generally, Canada has avoided reliance on bilateral mechanisms. A major exception has been the Internation Joint Commission (IJC), the oldest mechanism of its kind. The IJC was established to deal with specialized problems, especially the management of boundary waters, and has found new relevance in a period when pollution across the frontier, whether borne by air or water, is a matter of growing public concern. It continues to serve us well. Other mechanisms are less the focus of current attention. The Permanent Joint Board on Defence functions smoothly, but in the background.

We have been wary of specific sectoral arrangements. Over the years, the balance of advantage to the partners from the defence production sharing arrangements and the autopact have been much debated. Still, it may be useful to look at new possibilities. Joint issue management groups might assist in the efficient conduct of some aspects of relationship. Although joint management is rarely possible, the Fisheries Treaty does call for it in relation to that important resource and the consultative mechanism on energy established in 1979 has been useful in understanding basic policy objectives. Further possibilities for closer arrangements economic sector by economic sector should never be ruled out, particularly since little scope exists for improvement on the tariff side, as most of our trade with the U.S. is already duty-free.

Another technique of importance is the projection of Canadian policy interests to the U.S. Congress and on public opinion. Congressional relations have only been worked on seriously in the last five years. There probably has to be even more attention paid to this area in the future, if only because of the activity of Congress itself. The foreign policy role of the Senate, which has always been great, has taken on renewed significance since the war in Vietnam.

The previous practice in Washington was to deal primarily, if not exclusively, with the Administration. Although congressional contacts need to be stepped up (as do our public affairs programs in general), the Administration must remain the basic *interlocuteur valable* — it is the Administration's responsibility. Moreover, the Administration has considerably greater impact on Congress than we ever could.

It remains important, however, that specific issues between the two countries not be managed in Washington from the standpoint of regional U.S. politics, but are given the importance that foreign policy issues have to receive. The fisheries-boundary treaty has been treated as such a regional political problem and the effect has been to hurt the international relationship. On the other hand, our own representation in the U.S. is plugged in regionally — for trade, politics, investment, and public opinion. There are 14 Canadian consulates and consulate-generals in the U.S. staffed by some of Canada's most senior foreign service officers. They have high-intensity programs, to get the Canadian view, and Canadian interests across. They are in some respects the most important day-to-day instruments of all.

In conclusion, the Canada-U.S. relationship will become even more complex and in some respects more difficult. It is already one of the most complex bilateral relationships there is. This is a natural product of events and circumstances in the two countries. The important thing is that it be managed properly. From the Canadian point of view, the management has to be strategic on the basis of longer-term objectives.

Things have changed from a decade or two ago, because the societes have changed in both countries. There is less concern now with U.S. interference in Canadian affairs. It is recognized that this is not the issue, as it sometimes seemed to be in the sixties, after the notion of a perfectly harmonious "special relationship" of identical interests had ceded to the obvious differences in development needs in the two countries.

Today, U.S. interference in Canada is not the issue. On the other hand, there are vital connections between the two economies which give decisions in one country great importance over the other — and it is a fact of life that these links are central to Canadian development. Trade policy objectives need to recognize this as a basic given. There is interdependence involved which is the basically important identity of interest.

It used to be that because of the great strategic role the U.S. played in the world, Washington assigned to relations with Canada a sort of secondary, backwater, quality. There was nothing intrinsically wrong with that. It was friendly and probably helpful. But it does not apply any longer. The world is too unpredictable a place for a relationship with so much substance in it to be given anything but primary attention. Its management is a strategic imperative, for both sides — which is why, despite the complexities and difficulties, it is likely to succeed.

The year that put an end to the old bipolar world

by Alastair Buchan

For some years past scholars and analysts, official or academic, have been predicting the end of the postwar structure of international politics. In this system there were really only two primary centres of power and responsibility, Washington and Moscow, which, through a mixture of their strategic and their economic strength, have exercised so high a degree of influence over the policy of almost every other developed country, virtually all of which were allied to one or the other, as to make the word "imperial" applicable to their role. By contrast, the historic areas of European imperialism, the countries of what we now call "the developing world", have remained largely non-aligned in this bipolar struggle or relation.

But this apparent similarity in the function of the two super-powers has concealed an essential difference in their conception of their long-term interests. The Soviet Union believed 20 years ago, and still believes, in the validity of its imperial function, not simply for ideological reasons but because its leaders have been educated to think primarily in terms of power. The United States has never regarded its own hegemonic position as more than transitory. The Sino-Soviet dispute has been a source of deep anxiety in Moscow for a decade. The United States, by contrast, has been encouraging the development of European unity and Japanese economic growth for much longer than that. A bipolar world has always suited the Soviet Union, given the opportunity it has provided — on the one hand, to erode the influence of the other super-powers in Europe, in Asia or in Africa, and, on the other, to limit the risks of major conflict by having only one adversary partner in the control of crises.

But far-sighted Americans have always doubted their own countrymen's readiness to sustain a hegemonic role indefinitely — given the dynamic and experimental nature of American society. This distaste for dominance is not something that has been forced on the United States by recent events, but was evident in the thinking of American planners in the immediate postwar — indeed the wartime — years. It is only in the limited field of strategic nuclear deterrence that the United States has had doubts about its readiness to accept the principle of polycentrism, or about its ability to share its responsibilities with its major allies.

Alastair Buchan was Professor of International Relations at Oxford University when he wrote this article. The article was based on a lecture he gave at the Royal College as outgoing Commandant. The views expressed were those of the author.

For ten years the old bipolar world under which we have all grown up has been gradually eroding: the continuing Sino-Soviet dispute, General de Gaulle's defiance of the United States, the growing autonomy of Romania, the accelerating drain on the American balance of payments, the "Nixon Doctrine", the economic growth of Japan. But it was not until 1971 that the two superpowers, and the rest of the world with them, came face to face with the logic of their own aspirations, through a series of dramatic events, some of which were only indirectly related to each other.

The most sensational of these was, of course, the opening of direct relations between Washington and Peking, starting with the ping-pong diplomacy of April, moving through the lifting of American embargoes on trade with China in June to Henry Kissinger's melodramatic appearance in Peking on July 15 and Secretary of State Rogers' statement of August 2 that the United States would no longer under all circumstances oppose China's entry to the United Nations. Why did the American policy of 20 years' standing change so secretly and so rapidly?

Perhaps it was because Washington saw an increasing number of countries with which it had close relations — Canada, Italy, Ethiopia, Austria and others — entering into normal diplomatic intercourse with Peking so that it ran the risk of itself becoming isolated rather than continuing to isolate; perhaps it was from a recognition that, if the Western world was becoming more polycentric, there was everything to be gained from encouraging polycentrism in the Eastern world. Whatever the true explanation, the beginnings of Sino-American normalization unleashed emotions elsewhere in the world which it was beyond the power of the United States to control, so that in late October China was admitted to the United Nations by an overwhelming majority vote without any concession on the Taiwan question. A quarter of a century of debate and doubt in the chanceries of the world was ended as if a candle had been snuffed out.

President Nixon has said on several occasions that Washington has no intention of making trouble between Moscow and Peking, but it is not easy for the Russians, given the popular fear of China that exists there, to take such professions on trust. The Western postwar grand strategy of "containing" the Soviet Union ceased to have validity some years ago when Moscow began to establish strong positions of influence in Southwestern and Southern Asia and in North Vietnam. In my view, its objectives there are only partly aimed at the circumscription of Western influ-

ence in Asia and Africa and are equally aspects of the U.S.S.R.'s own grand strategy of containing China. The possibility of Sino-American *entente* made it essential for it to consolidate its position, and so it came about that it negotiated the first genuine treaties of alliance with non-Communist states since the 1940s — with Egypt in May of 1971 and India in August. The countries of two of the great architects of non-alignment, Gamal Abdel Nasser and Pandit Nehru, are now part of the super-power system of alliances.

Heirs of Empire

As it happens, it is the Russians, not, as many people supposed for 20 years after the war, the Americans, who are the heirs of the old British Empire, because the Russians have an imperial conception of foreign policy and the Americans do not. And, as the British discovered a century ago, whoever is the prime mover in the affairs of the subcontinent must have a dominant position in Egypt. But I personally do not attribute the recent tragic conflict in the subcontinent to Russian manipulation. The process of events which led to a breakdown of civil order in East Pakistan started some time before the overt change in great power relations and it has not been a Russian interest to disturb the delicate balance of power within the subcontinent itself. But, since the balance has been destroyed, the Soviet Union, is, for the time being, the principal beneficiary among the external powers, though in the longer run one must expect China to have few scruples in exploiting the unrest to which an area as poor, proud and crowded as Bengal, both East and West, is always prone.

Berlin agreement

It would be wrong to suggest that there is a necessary connection between the increasing Soviet preoccupation with Asia and its more reasonable attitude on certain European questions. We must record as one of the significant events of a crowded year the Soviet initialling in September of the first Berlin agreement in 24 years, and Mr. Brezhnev's readiness to put pressure on East Germany to accede to the inter-German aspects of it. More likely this was an outcome of the skilful *ostpolitik* of Willy Brandt over the last two years, for, in general, developments last year in Western Europe have been antithetical to Soviet ambitions, moving as they apparently did towards greater unity and coherence when its interest has been to Balkanize and "Finlandize" the area.

I say "apparently" because it is too early to state with finality that Western Europe is acquiring this coherence, and if it is, just why it should be so. Is it because the American dollar ceased, with dramatic finality, on August 15 to be the linchpin of the Western monetary system? Or is it from a more general sense that European and American interests in the world at large may be beginning to diverge, as the United States defines its national interests more carefully and more sharply?

We shall not know until the archives of many governments are opened a generation hence, but, whatever the cause, one of the central developments of world politics in 1971 was the decision to enlarge the European Economic Community. The decision in principle was, of course, taken over two years ago at the summit meeting in The Hague of The Six. But it was accelerated last year, first by the Heath-Pompidou conversations in May, when those two pragmatists found that their conceptions of the future organization of Europe were broadly similar; by the negotiation of terms that satisfy the British Government's essential requirements, notably the safeguarding of New Zealand and Caribbean markets in Europe; and by an overwhelming vote in favour of adherence in the House of Commons late in October, a vote which crossed party boundaries. It also appears probable that both Denmark and Norway will decide to adhere to the Community, although the answer will not be known for certain until their referenda in the fall. The question is politically and stategically significant because, if the one stays out, the other may; and, if either remains economically divorced from Western Europe, it is likely to drift into a form of Nordic neutralism.

Opportunity for the weak

Finally, I think one cannot appreciate the nature of the change in our political and strategic environment without noting last year's evidence of a growing phenomenon of our time, namely the ability of the weak to resist the strong. Just a year ago, at the Singapore Conference, the smaller Commonwealth countries, some of them with fewer resources than an English county, successfully thwarted Mr. Heath's expressed determination to protect the oil-routes of Western Europe by selling frigates to South Africa. In February, the oil-producing states of the free world, many of them rich but none of them strong, forced a 25 percent increase in oil royalties upon the great Western multinational oil companies. Throughout the whole year, Israel, which has made itself almost totally dependent on the United States for armaments, successfully resisted the strongest possible American diplomatic pressure to modify its negotiating position with the Arab states. In March, a number of external powers which are hostile to each other — the Soviet Union, the United States, Britain, Indian and Pakistan — found themselves giving military assistance to the Government of Ceylon in suppressing a revolt which had been largely inspired by its new Prime Minister. Throughout the year Malta conducted a tough negotiation with Britain and its allies, which has led to an eventual settlement that triples the subsidy it receives. Last, but sadly not least, the UN Security Council has had virtually no influence upon the Indo-Pakistan conflict or its settlement.

The dividing-line between a polycentric world that provides increasing freedom of action for the middle and small powers and a disorderly world in which the standard of international behaviour deteriorates is not easy to draw. Peace, unfortunately, has become divisible; it is a sad fact that the conception of the UN as a keeper of the peace, as the expression of a common standard of world order, is for the time being moribund.

But, if last year registered a significant change in the nature of the international system, the salient features of the world that developed after 1945 are not going to disappear overnight. There will continue to be only two superpowers in the true sense; there will continue to be a higher degree of common aspirations and values as between North America, Western Europe, Japan and Australasia, than between any of them and the Soviet Union or China; the developing countries will continue to have quite different

problems from the developed. What we are witnessing is not a transformation scene but something more like the jerky rotation of a kaleidoscope. And, in this situation of major but not as yet fundamental change, one should first ask what is occurring in the central balance of power. Is it shifting against the West, or is its focus moving from Europe to East Asia?

Balance of power

The first point to make, I think, is that a balance of power is a very difficult thing to measure; its reality does not derive from comparative statistics of strategic hardware and is only clearly revealed when a crisis like Cuba or Suez throws a flash of illumination upon the relative strength, determination and will-power of the contestants. It is true that the Soviet Union has in the past five years achieved a position of numerical superiority in land-based ICBMs over the United States of the order of three to two, even though it remains inferior in missile-firing submarines and long-range bombers. It is true that it has a modern fleet of oceanic range, something quite new in Soviet, though not in Russian, history. It is true that it has 20 more divisional formations, 160 as against 140, than it had five years ago. It is true that Western governments are finding considerable difficulty in sustaining their existing level of deployed military strength in the face of competing demands for public resources and the increasing domestic preoccupation of their electorates.

The consequence is that the ordinary man, including the ordinary politician, is beginning to carry at the back of his mind a stereotype of a West that is retreating, however dynamic and creative its component societies may continue to be, and of a Soviet Union that is steadily gaining power and influence. The sense of a growing disparity between Soviet assurance and Western disarray has been accentuated, first by the monetary difficulties of 1971 and second by a sense in Western Europe and in Japan that the United States is now pursuing a form of national *realpolitik* rather than continuing to underpin the security and interests of the free world as a whole.

Such generalizations need, in my view, very considerable qualification. For one thing, the Soviet Union has in no real sense acquired a position of strategic superiority over the United States, in the sense of a capability to disarm it in a nuclear exchange. The U.S. still has a larger armoury of deliverable nuclear warheads, launched by land, sea or air, than its rival, and has a much broader technological base than the Soviet Union. Moreover, what provides stability in a crisis is the existence of an assured destruction capability on each side and this the Soviet Union has had for some time. Parity in the effective sense of the word has existed throughout most of the 1960s. Despite the existence of the SS-9, which might be able to knock out large sections of the American *Minuteman* force, the existence of *Polaris* and *Poseidon* makes a first-strike strategy a suicidal option for the U.S.S.R. and this the Soviet leaders know.

It may well be that the large Soviet investment in land-based missiles is a very poor use of its limited resources, like its investment during the 1950s in a large fleet of diesel submarines. It might also be the case that this build-up is not directly concerned with Soviet confrontation of the United States, but is related to the fact that, with the gradual development of Chinese strategic power, it now has more than one potential adversary to deter, as well as new allies over whom it must cast a nuclear umbrella of deterrence.

No universal retreat

In the second place, the United States is by no means in a situation of universal retreat. The Nixon policy of disengagement has been applied only to the Pacific littoral, and I have no doubt whatever — and I speak as one who happened to know the present incumbent of the White House and his staff quite well — that the present Administration will fight a stiff rearguard action against a weakening of the American military position in Europe and the Atlantic area, even though some adjustments may be inevitable in the middle of this decade. For one thing, many of the social difficulties that have weakened the international position of the United States have begun to ameliorate in the last year.

The policy or strategy of containment is not dead; the United States has simply become more specific about the places where Communist power can and must be contained, and Europe is certainly still one of them. It is not, however, correct, and never was, to speak of an American "guarantee", nuclear or otherwise, of Western Europe: there is no such thing as a cast-iron guarantee in international relations; but the likelihood of effective American action in a European crisis remains high because its own survival is involved with that of Western Europe.

Nevertheless, there is a new degree of assurance in Soviet policy. It may be simply the outward reflex of an internally decadent society, as Richard Lowenthal has asserted. It may be that there is a streak of adventurism in the Russian temperament, particularly exemplified in the personality of Leonid Brezhnev. It may be that there is a growing conflict between the desire of the republics for 20 years of peace in which to put their economic and social affairs in order and the enjoyment of the technocrats, the bureaucrats and the politicians at the centre of their new position of global acceptance and influence. One thing is certain. This new note of ambition has little to do with ideology or with any desire to expand the frontiers of Communism, except so far as Marxism provides an assurance that history is on their side.

I shall return shortly to the implications of this for Britain and continental Europe. But first it is necessary to examine the other half of my question. The fulcrum of the old bipolar balance was Europe; as it ceases to be bipolar, as China begins to exert increasing ideological and political influence in the world, as Japanese economic power grows, will the new centre of political rivalry, the new focus of world politics, be in the eastern rather than the western half of the northern hemisphere?

There has been a great deal of speculation on this subject, but I think it is too early to return a clear answer. On the one hand, it is true that the four powers which consider that they have vital or important interests in East Asia — the Soviet Union, China, Japan and the United States — are powerful, independent countries and have no great trust or affection for each other. The way in which the United States handled the recent change in Sino-American relations and the Western monetary problems has seriously diminished Japan's confidence in the United States and has undone much of the good achieved by the agreement,

negotiated last June, to return Okinawa to Japan.

In theory there are a number of possibilities: a Russo-Japanese *entente* to exploit Siberia and contain China; a super-power agreement emerging from SALT to contain conflict in the area; a Sino-Japanese *entente* based on cultural sympathy and economic interdependence; a Sino-Japanese-American *entente* to resist Soviet pretensions in Asia; or a Sino-Soviet *rapprochement,* perhaps after Mao's death, to resist the capitalist powers.

Clearly, President Nixon visited Peking partly in order to clear his own mind upon this question. But before basing any serious planning for the near future on such a range of hypothesis, I think it is important to enter a number of caveats. First, the question of Vietnam is by no means disposed of, even if the possibility that there may be another major mainforce battle there should prove unjustified; and while American military installations remain near China's vulnerable southern border, the degree of Sino-American *rapprochement* can be only limited. Second, the future of Taiwan, which has acquired a quite disproportionate importance in great-power politics, is still not fully resolved and limits the prospects both of Sino-American and Sino-Japanese understanding. Third, China, which, except for a brief membership in the League of Nations, has never really been part of the modern system of multiple sovereign states, will, in my judgment, be somewhat reluctant to play the politics of balance of power. If a fluid balance does develop in East Asia, it is likely to be of a more subtle kind than that in Europe, which, as a result of Stalin, has been dominated by considerations of military force. Fourth, Japan is still deeply uncertain about its role in the world, about the political direction in which to channel its steadily expanding economic power. I think it will be very reluctant to break its treaty relationship with the United States. I fear it may acquire some neo-imperialist interests of its own in Southeast Asia as it becomes reliant on cheap labour in the countries of that area to compensate for its own inflation and labour shortage; that it will wish to get deeply involved with either the Soviet Union or China in the near future still seems to be problematical.

Finally, one must recall that those who actually run the Soviet Union — the party bureaucrats, the technocrats, the soldiers — are still Europeans, not Asians, and, however dynamic the politics of East Asia may become, however deep the fear of China may run, Moscow is not going to turn its back on Western Europe or reach a final accommodation with it by reason of its proximity, its potential power and its association with the United States. I detect in some of my friends in Germany a tendency to think that East Asia and Europe offer alternative areas of concentration for the Soviet Union (indeed, I remember Chancellor Adenauer saying just this to me ten years ago), whereas the whole theory of the Heartland, which the Russians imbibed from Halford Mackinder, even if we ourselves do not give it much credence in the nuclear age, suggests a belief that they can play a central role in both areas . . .

So, let us turn to Europe, where 90 percent of the defence resources and many of the political hopes of my own country are now concentrated. Before discussing what we have learnt about the organization of Europe or the Western alliance, I should like to develop a point that I made earlier about the Soviet Union as a European power. It is the strongest one and will remain so throughout our lifetime because Western Europe is too vulnerable and will remain too preoccupied with its own organization to acquire the characteristics of a superpower in our lifetime. Nothing has occurred that alters the Soviet long-term objective of dominating Western Europe, in traditional diplomatic terms, and splitting it off from the United States. However, I personally believe that the last situation the Soviet Union has on its priority list is a Western Europe Communized by force, though, if the French or Italian Communist parties were to come to power, especially by legitimate means, this might provide a situation to its taste. Moreover, for the time being it is more concerned with its position in Eastern Europe than with making trouble in Western Europe.

Military intentions

If I may make a brief digression, this is where the familiar dichotomy between capabilities and intentions often seems to me misleading. Nations have military capabilities which grow out of long-term policies, very often dictated by fear, and they have national goals or interests, and instinctive reactions. They rarely have military intentions in time of peace. Mrs. Gandhi did not "intend" to eliminate East Pakistan; she reacted in a particular way to a particular set of circumstances in the light of her knowledge of India's capabilities. The United States did not "intend" to get involved in Vietnam with a larger military force than it sent overseas in the First World War. July-August 1914 is perhaps the classic case where the actions of the major powers bore little relation to their real interests. Similarly, the Soviet Union has, I think, no military intentions toward Western Europe, though no doubt it has a drawerful of contingency plans and might react belligerently in a European crisis.

This said, it remains of the first importance to maintain a degree of military strength in Western and Southern Europe, as well as a framework of collective security that embraces Northern Europe, of a kind that will deter a belligerent reaction in a crisis. I fear that the Atlantic alliance will be in travail throughout most of this decade, caught between the requirements of a flexible strategy and the genuine political difficulty of maintaining adequate ground and air forces to enable NATO and its military commands to react calmly, intelligently and effectively in a European crisis without itself giving an impression of belligerence, as, for example, a premature threat or use of tactical nuclear weapons might do.

The problem is going to be different in different countries because all have different manpower systems and different structures of public finance, but I hope the objective requirement can be sustained. The difficulty will almost certainly be to absorb a certain reduction in American forces in Europe before a European organization that can get better value out of the $25 billion Europe spends on defence is even agreed upon. I do not think that American force reductions will necessarily be drastic, but they will almost certainly take place, except in a situation which none of us desire, namely a marked heightening of tension in Europe.

This will not happen because the American interest in Europe security is diminishing but simply because, if the United States turns to a system of voluntary enlistment at a time of competing pressure for public resources, it will not

be able to maintain 4¾ divisions, 25 air squadrons and a two-carrier fleet in Europe. Moreover, as all sensible Europeans recognize, the present balance of resources is an inequitable one by any standard. The present structure of forces in NATO could probably absorb a reduction of one American division without a radical reorganization of its strategy, but anything further would necessitate a complete rethinking of the whole force structure, at least in Central Europe.

Nor do I think there will be any easy alternative to a solution whereby Europe contributes a greater share of the over-all forces required for deterrence and *detente* in Europe. I am a firm believer in the principle of arms control, namely that two adversaries or groups of adversaries can identify and control certain common interests or dangers without changing their political relations. So far it has proved the most effective way of educating the Soviet leadership from its crude perception of the use of power into more civilized attitudes. But force levels in Europe have never been a promising field for such negotiations, by reason of the geographical asymmetry of the two superpowers and for other reasons. I do not hold out much hope for MBFR, though the two governments that have the most direct interest in the question, the American and the German, may come up with more successful formulas than it has been possible to work out so far.

By the same token a European conference on co-operation and security holds for me very little promise. For one thing, a conference of 30 states varying in size and interests from Malta and Cyprus to the Soviet Union and the United States seems to me a hopeless forum for serious negotiation. For another, the conference is clearly going to have three elements: a Soviet-inspired initiative to get formal recognition of the *status quo* in Europe, which the West may be ready to concede but which will excite the strong opposition of Romania and Yugoslavia, which want the formal abrogation of the Brezhnev Doctrine; a Western initiative to liberalize contacts between East and West, which the Soviet Union will resist; and a negotiation on technological co-operation, which Eastern Europe badly needs. The difficulty is that the three questions are so dissimilar that there are no necessary trade-offs between them. And, though I have sympathy with the view that the Western governments cannot appear merely to be sitting on their bottoms, simply in terms of credibility with their own electorates, if the first major European conference in more than 40 years were to produce no concrete result, the last effect might be worse than the first.

Western Europe's framework

This gives a new urgency to the political construction of Western Europe, which has hardly started, for today, despite its size and wealth, it has the institutions not of a super-power but of a supermarket. History has in a sense caught Europe unawares, its leaders assuming until last year that they had a longer time ahead of them in which to create a monetary and economic union on the one hand and on the other to expand the Rome Treaty to facilitate a common exercise of sovereignty in foreign and defence policy than is in effect proving to be the case. The difficulty will be to generate the political will-power to tackle these two immensely complicated fields simultaneously — particularly in an atmosphere where the younger generation, nearly half the voting population, never knew what George Steiner has called Europe's "season in hell", at a time when central bureaucracies are increasingly distrusted, and when industrial integration is complicated by the otherwise quite proper emphasis on social objectives.

These factors emphasize the importance not of the central bureaucracy, the Commission, but the Council of Ministers, men who come out of the political process in their own countries, as well as the rapid development of an effective European parliament. But, even in the most favourable circumstances, it will be some time before Marseilles, Manchester and Munich, Sicily, Scotland and Sein-Inferieur develop a real and permanent sense of community. I think it will take most of the decade to achieve a monetary and a true economic union.

I am inclined to doubt whether we shall have got much beyond co-operation by 1980, more effective than today one hopes, in the field of European defence. For one thing, military power lies nearer to the heart of what the man in the street calls sovereignty than economic power or money; the European central bankers have been co-operating closely since the 1920s, their chiefs of staff have not. However, at some point in the near future the road forks — toward achieving the best form of European co-operation that is possible without France and within NATO or toward the development of more specifically European forms of defence and political co-operation. It will be a very difficult choice despite the greater flexibility in French policy.

Moreover, despite Mr. Brezhnev's recent public acceptance of the EEC, one must reckon on continuous Soviet opposition to a European political and defence union. In addition, every step will have to be taken in a fashion that does not alienate American interests in Europe, for I hold firmly to the view that there is no substitute, nothing that the British and French can do jointly or separately, to replace American strategic power in such a way that it is fully credible in Soviet eyes.

To this difficult process I believe that Britain, which I judge to be just emerging from a period of low morale, had much to contribute. Britain, I think, will feel less than odd-man-out in the developed world in the 1970s than in the 1960s; industrial growth rates elsewhere are likely to be more comparable to its own; the problems of both decolonization and of the reorientation of its interests are substantially completed; it is no longer dogged by balance-of-payments deficits; its military force structure is likely to give less trouble than that of other countries.

Internal changes

The change in the relations of the major powers is complicated by an equally rapid pace of change in the internal preoccupations of their societies, including the erosion in the developed world of our faith in the traditional idea of progress through economic growth and scientific innovation.

Not only are we wrestling with a new type of inflation, which is not amenable to Keynesian techniques of control; not only are we concerned about spiritual, social and ecological effects of the prosperity we have achieved; we cannot even be sure that the political and material foundations of

our civilization are secure. It is at best arguable that it will remain possible to govern and organize societies by the liberal and democratic techniques evolved in recent centuries, as, on the one hand, the control of increasingly complex societies requires larger bureaucracies but, on the other, communications make people more sceptical of politics and politicians. At the galloping rate at which we are consuming natural resources, our own grandchildren could emerge into a world as impoverished as if there had been a third world war.

The OECD report *Science, Growth and Society,* states bluntly: "We are less than two generations away from the time when the human population must reach a new equilibrium in the distribution of its members and in relation to its environment. This will modify the age composition of populations and call for profound changes in life style, in values and in the structure of institutions."

There is an old cowboy song — one of the genuine ones from the last century — describing the pioneer leaving the upward slope of the Sierras for the perils of the Continental Divide, which contains the haunting phrase: "From here on up the hills don't get any higher, but the valleys get deeper and deeper." The great prizes that technology and organization have won for us, the peaks, may lie behind us; but a false step, a series of careless decisions, may take us plunging down into the valleys. I am the last person to belittle scientific progress but, as the OECD report states:

> Science has received social support over the last 15 years, primarily because of its role as a source of technology, but in the future it will be equally important in providing a wider intellectual base for the control and orientation of technology — a more subtle and more complicated role.

Very possibly a future historian of our civilization — a Gibbon, a Macaulay or a Sainte-Beuve — may ignore all the political developments of 1971 on which I have concentrated and mention just one occurrence of that year: the fact that the legislature of the most technologically-advanced nation the world has ever known refused to vote funds to build a supersonic transport.

1973

Mirror for Soviet life-style

Tashkent

John Watkins explored the views of students on a trip to storied Tashkent in September of 1954:

The flight to Tashkent took a little over 11 hours. In the Hotel Tashkent, I was given a large two-room suite on the second floor, furnished with a grand piano, a large black leather divan, an imposing desk, a table and several chairs, potted ferns, a three-foot-high porcelain vase with a picture of Venus and Cupid, and a large bronze statue of St. George and the Dragon. After dinner in the hotel restaurant, I went for a walk.

Nor far from the hotel was a typical Soviet Park of Rest and Culture for which there was an admission charge of 50 *kopecks*. It had the standard equipment — open-air theatres and movies, a paved dancing square, places for open-air concerts, shooting booths, outdoor restaurants, a basketball court, billiard rooms, chess rooms.

I soon got into conversation with some students from the Railway Institute who were climbing over the high iron fence in preference to paying the entrance fee. They thought at first that I must be a delegate to the Medical Conference, but when they heard that I was a diplomat from Canada they seemed to be even more eager to talk. They had all had two years of either English or German but had not absorbed much more than we do at home in the same length of time and had, of course, had no practice in speaking. They had completed the standard ten-year course and were now in the first year at the Railway Institute. When I asked if they would like a glass of beer or lemonade, they said that they would prefer just to talk and spread out a newspaper on a bench. They asked many questions about Canada, the United States and Europe, but obviously they regarded the prospect of ever seeing anything outside the Soviet Union as very remote. Two girls of about the same age on a nearby bench joined in the conversation, and one of them showed that she could speak and understand French quite well. None of them seemed in the least uneasy about talking to a foreigner and paid no attention to a militiaman who gave us, it seemed to me, a rather searching look as he sauntered by.

The students asked if they could walk back to the hotel with me and persuaded me to go on a little farther and see the new Operal House, called after the great Uzbek poet Navai. It had been built by Japanese prisoners of war, they

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The appreciation of John Watkins and the selection of excerpts from his reports were handled by Marshall Crowe, then President of the Canadian Development Corporation and Arthur Blanchette the then head of the Historical Division of the Department of External Affairs. The views expressed were those of the authors.

said, and they had done a very fine job. In the centre of a spacious square in front of the theatre was a large fountain lighted from below in constantly changing colours, of which they were particularly proud. They then walked back again to the hotel and reluctantly said goodbye, asking me to take their friendliest greetings to Canada when I returned.

As a sample of students from a trade-school, they made a good impression. They had no ambition to go on for higher education and seemed satisfied that the course they had chosen would give them an interesting occupation and a good living. Two of them were Russian and one Uzbek, but all had been born in Tashkent and spoke both languages. None of them was bookish but all were fond of reading and had seen many operas, ballets and plays. All were convinced that ordinary people like themselves everywhere in the world wanted peace and were optimistic that war could be avoided . . .

By the time we got back to the hotel, I had noticed that the famous Uzbek folk dancer and singer Tamara Khanum, whom I had heard when she had visited Norway with a Soviet cultural delegation in 1953, was giving a concert that evening in the theatre on the same street as the hotel, and said that I would like to go. My guide said that she was an old friend of his and that he would like to accompany me.

We had seats in the front row. Tamara Khanum was in good form and gave an exacting program of folk songs and dances from many countries — Chinese, Korean, Indian, Spanish, Hungarian, Finnish, Russian, Norwegian and, of course, Uzbek — and sang all the songs in the original languages. When we went back stage to speak to her in the intermission, I said that I was probably the only person in the audience that night who understood her Norwegian, which was excellent. She had performed in Oslo and several other cities and had thoroughly enjoyed her Norwegian tour, but Trondheim seemed to have made the strongest appeal. She presented me with three beautiful roses and insisted that I sit down. She had to stay on her

John Watkins: An appreciation

"The director of the Art Museum in Tashkent, an Uzbek woman of about 35 and herself a painter, made a tour of the collection with us, but called on the curator of the West European part to help with the explanations. She was a Russian woman, well over 50, with an ugly troll-like face and dyed hair of an improbable reddish hue, but she was extremely well versed in her subject, spoke concisely and well and had a good sense of humour. She made sure that we did not miss seeing a French nineteenth century painting of a husband who had suddenly returned home and caught his wife with her lover. I said that it reminded me of a French cartoon in which the husband was pointing a gun at the lover and the wife was sreaming: 'Don't shoot the father of your children!' This delighted her hugely and she kept chuckling over it for the rest of the tour. The dignified director, whose sense of humour was less robust, smiled slightly."

This incident took place during a trip to Central Asia by John Watkins in the autumn of 1954. He was then Canadian Ambassador to the Soviet Union and made an extensive tour of the republics of Central Asia, which lie in an area bounded by the Caspian Sea on the west, Iran and Afghanistan on the south, China on the east and Siberia on the north. In the past, the role of this area was that of a land bridge conveying countless caravans and armies into the Near East. In the late fourteenth century, it was the centre of the empire of Tamerlane.

John Watkins was born in 1902. As a student, he had specialized in Norse literature and North European affairs generally. He held a Ph.D. from Cornell University and worked for many years with the American Scandinavian Foundation in New York. He taught in the University of Manitoba for two years before joining the Department of External Affairs in 1946. He was first posted to the Canadian Embassy in Moscow during the late 1940s, and returned there as Ambassador in the mid-Fifties. He was an Assistant Under-Secretary of State for External Affairs between 1956 and 1958, when he was appointed Ambassador to Denmark. He died in Montreal in 1964.

From the beginning of his stay in Moscow, he was an avid traveller. His narratives often include humorous anecdotes about the troubles of travel in the Soviet Union at that time. They are also rich in information about the lifestyle of the Soviet peoples, and frequently provide sharp insights into their outlook and ambitions.

The excerpts from some of his more notable travelogues have also been compiled to illustrate his own outlook on life. Everyone who had the good fortune to know John Watkins had the warmest affection for him. He was interested in everyone he met and was the kindest, most generous friend anyone could have. He was a man of formidable erudition, widely read in many fields and many languages. He was a linguist of genius and used his gift to acquire a deep insight into the literature, history and life of many countries. He was also a talented musician and a serious student of music.

The Scandinavian languages and peoples were his first love, but Russian, acquired relatively late in life, was a close second. Within a few months of his first arrival in Moscow in 1948, he was passably fluent in Russian and before the end of his first posting there in 1951 he had acquired and read an immense library of Russian literature and had advanced in the spoken language to the point where he could converse easily and naturally with anyone he met. And no one (in those cold war days) met more people. Leaders in government and the arts, academics and writers, and all kinds of people encountered on his wide travels — all responded to his friendly, witty, curiosity and added to his vast store of knowledge and anecdote about the country and the life of its people.

With all his learning, he was down to earth and unassuming, still close in many ways to his Ontario farm origins. He loved to shock Russians by calling himself a *kulak* — the thrifty, independent peasant farmer of pre-revolutionary Russia.

Whether *kulak* or musician or linguist or scholar or diplomat, he was a person of rare worth whose memory is always fresh to his friends in many lands.

feet and keep moving a little during the intermission, she said, or her muscles would stiffen. Her dressing-room was just a small curtained-off space at the side of the stage and her dresses, shoes and jewellery were arranged for speedy changes. Her dresser, an elderly woman who accompanies her everywhere, must be a model of efficiency, for the speed with which she makes a complete change of costume is one of the most astonishing features of her programs . . .

Stalinabad

During the same trip, John Watkins visited Stalinabad. The following discussion with a group of students took place at the university:

Instead of bas-reliefs along the upper part of the front of the school building, they had a row of busts of famous poets, including the tenth-century Persian poet Firdausi, whom the Tadjiks consider their own, because the language is the same, the Uzbek Navai, and the Ukrainian Shevchenko. If I had been from Palermo, Ontario (a statue of the poet Shevchenko donated by the Soviet Union stands in the village of Palermo), I should no doubt have recognized Shevchenko's face immediately but, as I was trying to remember, one of a group of students, who had been looking at me with frank curiosity, got up the courage to come over and speak. He understood that I was from Canada, he began politely. I was — but how did he know? He and his friends had heard me talking to the director and they were wondering if I would like to see the university. If I would, they would be happy to show me around. I accepted with pleasure.

The student who spoke first was an Uzbek named Ahmed. As we walked along he introduced his friends. I have forgotten their names, but there were a Tadjik, a Pamir, a Russian, a Ukrainian and a Jew in the group, and they were specializing in various fields. The Uzbek remarked on the many nationalities in the group and said that this was typical not only of the university but of the city. The university, like all the other large buildings in Stalinabad, was only a few years old but it was already overcrowded . . .

It was getting dark and the lights were on in the building. There was nothing very remarkable about the interior, which was plain, solid and practical, with little effort at ornamentation.

In one of the classrooms of the Department of Marxism-Leninism, a lecture was going on. Some of the group who had come with me had disappeared but other students had joined us and were asking all sorts of questions in such loud voices that I was afraid that we might disturb the class and moved on.

Didn't Canada belong to the aggressive Atlantic Pact, one aggressive young man wanted to know. It was a defensive not an aggressive alliance, I replied. Defensive against what, they wanted to know. Against any country that might be strong enough to attack, I replied. Then it must be against the Soviet Union, they deduced not illogically. But surely it must be obvious that the Soviet Union stood for peace and had no intention of attacking any other country. I said that since the *coup* in Czechoslovakia in which a Communist minority had taken over the government, many other European countries were afraid of their own Communist parties attempting something similar and they did not want Communist revolutions any more than they wanted war.

It was at about this point that I became afraid that the professor of Marxism-Leninism might think he had opposition outside his door and suggested that we might be disturbing the class. The other students left, but Ahmed, the Uzbek, had still so many questions to ask that he walked the streets with me for a couple of hours. He was very young, only 18, and in his first year in economics. Often he spoke so rapidly that I had to slow him down and he jumped from one subject to another so quickly that it is hard to give much idea on his conversation. He was tall and thin with a round face, large dark eyes and unruly black hair. He was plainly but well dressed in a dark turtle-neck sweater and suede sports jacket. Although he had been born in Stalinabad, his parents were both Uzbek and he was, he said, of almost pure Arab blood. His people were evidently well enough off that he had never had much to do but study, and no matter how excited he got about the subject under discussion he was always extremely polite.

Ahmed's ambition had always been to enter the diplomatic service and he had thought of going directly into the diplomatic training-school in Moscow — if he could get in. The competition was very keen. Then he had decided that it would be better to take a degree in economics first, so that if he did not succeed in getting into the diplomatic service, or if he got in and found that he did not like travelling and living abroad as much as he had expected, he would have his economic training to fall back on. In any case, he planned to go to Moscow for postgraduate studies when he had finished the five-year course in Stalinabad. He was determined that he would not marry before 26 or 28, no matter how strong the family pressure might be.

At 16, he had been madly in love with a beautiful Tadjik girl, who had turned the heads of many of his contemporaries; she had also been in love with him and not, I gathered, stand-offish. But she had wanted to get married and he had not, so he had broken it off and she was now happily married to somebody else, thank goodness. The families had given him a bad time of it for a while, and his own parents were now looking for another suitable match. It was considered very bad in that part of the country not to raise a family as soon as possible, but he wanted to finish his studies first.

Communism as religion

Could people read the works of Marx and Lenin in Canada, he wanted to know. They could if they wanted to, I told him. Was Marx studied in the universities? Yes, you could hardly give a course in nineteenth-century political and economic thought without Marx, I replied. But I cannot understand how they can let the students read Marx if they are afraid of Communism, he exclaimed. I said that that was part of what we called our liberal tradition — that people read what they like and made up their own minds about it. Did they teach Marx in the primary and secondary schools? No, they did not; if a man were a Catholic or a Presbyterian, he taught his children Catholicism or Presbyterianism from the age of three or so. That was a question of religion, and it seemed to me that in the Soviet Union Communism was a kind of religion, which people taught their children to believe in from their earliest years. A religion, he exclaimed. But in a religion there is always God. Well, you have what you think is the one and only truth and that is your substitute for God, I replied. This idea was obviously novel and disturbing and he was not prepared to counter it.

As we walked around the large fountain in front of the Opera, on one side of which was my hotel, he suddenly asked if I knew many people in this city . . . I did not know anybody, I said, but of course the people in the hotel knew who I was. He talked about other things for awhile and then abruptly inquired where my bodyguard was. I told him that I had none and was travelling quite alone; I could not imagine that anybody wanted to murder me. But Comrade Vishinsky had had a bodyguard when he had visited Stalinabad. But he was Vishinsky, I replied, and the Foreign Minister. Well, don't you suppose Mr. Dulles has a bodyguard when he travels, he asked. He probably had, I said, but he was a very important man. Ahmed thought ambassadors were important people too and would all have bodyguards, but I assured him that none of the ambassadors I knew in Moscow had any. I hope I did not disillusion him with the profession.

Like all intelligent young Soviet citizens, Ahmed was avid for outside contacts and thrilled at the mere idea of travelling abroad. He asked innumerable questions about Canada and when I showed him pictures from the farm, he thought the countryside looked very beautiful. Maybe he would come and visit me on my farm in Canada some day, he said daringly. I assured him that he would be most welcome. Wouldn't he be arrested because he came from the Soviet Union? Not if he came on a proper visa, I said. The Soviet Embassy had a large staff in Ottawa and Soviet artists and doctors had visited Canada recently and had told me that they had received a cordial welcome. The old brick farm-house struck him as very large and he said he supposed I must be some kind of aristocrat. On the contrary, I said, I was a peasant or at most a *kulak*. He looked around, as if to make sure that nobody had heard, and laughed.

American jazz

Ahmed just loved American jazz, he said, and all the students listened to it on the radio. I admitted that I was not a fan. But it was so wonderful to dance to, he said: the rhythms simply made your blood boil. (In general, I imagine, the boiling-point of Central Asian blood is low.) It seems clear from this that American musical programs, perhaps from German stations, are not difficult to hear in Central Asia and are not jammed. There was no point in asking Ahmed about news broadcasts, as he knew no English. He had had two years of German and planned to go on with it and also to begin English. On the whole, the students in Central Asia were behind the Russian average in Western European languages, perhaps because they had had to spend so much time on Russian. Most of them seemed to have had two years in English, French, or German and to have learned about as much as our high-school students do in the same length of time.

Had I ever heard Paul Robeson sing, Ahmed wanted to know. I had heard him several times and had also seen him act the role of Othello. Ahmed had not known that he was an actor but he was a marvellous singer and even sang in Russian. He had sung several times in the Soviet Union but according to the papers he was not allowed now to leave the United States. Ahmed had read, too, that the Americans had recently suppressed the Communist Party; he supposed it would go underground. Was there a Communist Party in Canada? Were there Communist newspapers in Canada? What was the Government? The Communist parties in Canada, Britain and Scandinavia might be very small, but he knew that they were not so small in France and Italy. How did people live in Canada and in Western Europe? Was there any unemployment? What was a Canadian farm like? Was agriculture highly mechanized? Did we grow much cotton? What kind of grains and fruits had we? When I pointed out that it seemed odd to us that there should only be one political party in the Soviet Union, he gave the stock answer that the Communist Party represented the interests of the workers and peasants and that covered the whole population.

Ahmed thought it very interesting that the different nationalities in the university should have such different temperaments. The Uzbeks were very free and easy; an Uzbek spoke to a child just as he would to a grownup person. The Tadjiks were more reserved, and the Pamirs were taciturn and sarcastic. The Pamir I had met in the group was a good example. He was an excellent student, worked very hard and took good marks, but was not very sociable, spoke little, and when he did speak was uncomfortably sharp. The Russian in the group (a dark dapper young man with a Charlie Chaplin moustache) was superficial and even silly. Why had he wanted to lead the conversation on to the subject of sports? Just so that he could boast that the Russian team had beaten the Canadians in hockey. It was quite out of place, Ahmed thought, and positively embarassing. But the Russians were like that.

It was getting late when Ahmed reluctantly said goodbye and got on to his trolley.

Crimea

John's last trip, before being posted to Ottawa in 1955, was to the Crimea in the company of two Russian friends — Alexandr, an adviser to the Soviet Foreign Ministry, and Ivan, a poet. They decided to take the trip by car:

After we had been on the road a couple of hours the next day, the engine began sputtering and my driver decided that the gas he had got in Oryol had not been of high enough quality and that it would be better to add some from one of the cans in the back. Also the accelerator pedal had come off and needed to be screwed on again. We decided to have lunch under a tree by the roadside sitting on the rich carpet of grass, clover and wild flowers of many kinds. The driver soon discovered that, in the rush of getting ready (he had just returned from leave), he had forgotten to bring either a screw-driver or a piece of hose. So he began to "vote", as he expressed it, and waved his hand in the air at every car and truck that passed. Most of the drivers paid no attention and the two who stopped could not help. Finally a shiny new green *Pobyeda* with sheer, pale-green curtains pulled up. An exceptionally tall, slender, smartly-dressed young lady got out, and the driver announced in jubilant tones that at last he had found a "good soul" who was willing to help him.

With the young lady was a tall, fair, athletic-looking young man who could have been a Swede but, since both were talking with the driver, we decided that they must be Russians and walked over to satisfy our curiosity. Ivan brought out his best line, for which he is renowned and teased among his friends, and it worked so well that the young lady accepted an invitation to have a cup of coffee with us. The young man rather rudely and sourly declined, saying that he drank only milk, and refused to come and join us under the tree even when his cousin, as he said she was, called him. The young lady had light-brown curly hair cut fairly short, large deep-blue eyes with long dark lashes,

a fair, clear complexion, and a pleasant if somewhat arch smile with a row of even white teeth — and whether they were all her own or not, there was no sign of stainless steel. The young man's smile, however, when he finally relaxed enough to show it, was disfigured by two large stainless-steel teeth.

Ivan was bursting with curiosity but the young lady, although flirtatious enough and expert in the exercise of her azure orbs, was chary of information about herself. It had to be extracted bit by bit. She said that her name was Tatiana Nikolayevna, but refused to divulge her surname. When Ivan asked if she was on the stage, she admitted that she occasionally appeared in vaudeville but would not say what she did. The young man's name was Aleksei. He could not drive himself and was nervous of his cousin's driving. She was such a *likhach* (daredevil). She had hurt her back in a fall from a motorcycle and still had to have massage treatments. (Aleksei had finally condescended to join the group but had haughtily refused any of our refreshments.) She adored motorcycles, she said, and it finally emerged that she had at one time ridden a motorcycle in the circus.

Tatiana and Aleksei were driving to Yalta for a holiday and like us were planning to spend that night at a hotel in Kharkov. Since they had so kindly helped us out, I asked if they would not have dinner with us at the Intourist Hotel. Aleksei made various objections, but Tatiana overruled them and accepted.

Kharkov changed

Kharkov was a sad sight when I first saw it in 1950. It had changed hands several times during the war and been bombed by both sides and, although many new buildings had been constructed, there were still whole streets of empty shells. It looks infinitely more cheerful now. There has been a tremenedous amount of reconstruction, including, of course, many grandiose official and institutional buildings. Streets have been widened and much space formerly built on has been used for squares and gardens and the banks fo the rivers have been or are being turned into parks. The population was given as 833,000 in 1939 and is probably well over a million now.

As we were having breakfast in the dining-room the next morning, our highway acquaintances walked in and sat down at a table. Ivan was up like a shot and invited them to join us. They had had a slight automobile accident since we had last seen them. A truck had suddenly come out on to the highway from a side-road and Tatiana had jammed on the brakes so hard that the car had almost turned over. Aleksei had been sitting in the back seat studying his French grammar and did not know what had hit him. Both had bad bruises and cuts on arms and legs and were feeling the shock. The *Pobyeda* was in a Kharkov garage for minor repairs. If Tatiana had been a second later in braking, they would probably both have been killed . . .

Tatiana's spirits had been much restored by a good Kharkov steak for breakfast, and it had been agreed that we should have a picnic lunch somewhere along the road and that they should be our guests for dinner at Zelyonny Gai in the evening. Ivan and I stopped for a dip in the Oryel (not related to the word Oryol) River. Ivan pointed to the prevalence of bathing suits at the various swimming holes in the region as a sign of advancing culture.

As we finished, the green car pulled up beside ours and we agreed to lunch at the first shade-trees we found. Large trees were scarce in this region. There was nothing but the steppes, like a sea of grain, for miles and we had to drive almost 100 kilometres before we found a small grove on the edge of a little village consisting entirely of small white-washed, thatch-roofed cottages. Ivan persuaded the housewife in the nearest cottage to boil some water for us so that we could use our Nescafé. Although the cottage was small and had a rather tumbledown look from the outside, Ivan said that it was clean and tidy inside. At first the woman had feared that it would take some time to get the water boiled because she had let the fire go out, but Ivan spotted a primus stove in a corner and they used that. Aleksei bought a jar of buttermilk from an old man who lived alone in another cottage. His cow was tethered on the roadside in front of the house and his little mongrel dog was keeping watch. As in all these little villages, there were chickens and geese wandering along the side of the road. All the men and girls were away at work on the *kolkhoz* haying or harvesting.

At lunch Ivan was able to add a little more to his stock of information about Tatiana. She was 34 and had been married and divorced some years ago. She had since remarried — that was to say, they had not yet registered their marriage but lived together as man and wife. They had had a quarrel before she left. Her husband had not wanted her to go to Yalta and had agreed only on condition that her cousin go along to keep her out of mischief. She and Ivan found that they had several mutual acquaintances in Moscow, among them one of the leading ballerinas of the Stanislavsky Theatre, Natasha Konius. Ivan was a little concerned about this, as Miss Konius was quite well informed on some of his flirtations with the Stanislavsky ballerinas. Tatiana was still indisposed to talk about her theatrical activities, but Aleksei told us that she had played the leading role in the film *Aviators* some years ago.

We had dinner in a pleasant open-air restaurant at Zelyonny Gai. It was the kind of clear, silent moonlight night one reads of in Gogol and after dinner Ivan and Tatiana wandered off to a secluded arbour in the garden. My role was clearly indicated and as I walked Tatiana's watchdog around the property I found out a little more about Aleksei.

He was 28 and a graduate of Moscow University in law. On graduating he had entered the Ministry of Education and was now an assistant to the Minister. He had also graduated from a linguistic institute in French, which he spoke fairly fluently and was eager to practice, and had taught himself German. He had never attempted English. Both his parents were university graduates and so was Tatiana's father, but I gathered that he had made what the family considered a misalliance and that Tatiana's mother had had more looks than brains or education. Aleksei was well read in Russian literature. (So, for that matter, was Tatiana; she knew a great deal of poetry by heart and recited almost professionally several poems by her favourite poet Yessenin.) He had also read widely in French literature (Anatole France was one of his favourite authors) and could quote Schiller and Heine quite creditably in German. Except for Shakespeare, Sheridan, Wilde, and Shaw, who are constantly played in the Moscow theatres, he did not seem to know much about English literature. Nor did he know any modern French authors except Romain Rolland, Barbusse, Aragon, Sartre and others approved by the régime.

Aleksei would give a great deal to be able to travel in Western Europe but was pessimistic about his prospects. It was not a matter of money. He could well afford it. But the only way to get out was on a delegation of some kind — artistic, sports, scientific, and he did not qualify. Although he was fairly careful in what he said, it was plain that he was critical of many things about the régime and was not even remotely interested in Marx and company. (Later, in Yalta, at a book kiosk where he had asked the young lady in charge what new books she had, he handed her back a recently-published volume of a new edition of Lenin's works with such a disgusted expression that she quickly restored it to its place on the shelf in some degree of embarrassment, as if she had committed a breach of etiquette.)

Aleksei said that, although he received quite a good salary in the Ministry, he could easily make three or four times as much by taking a job as manager of a store or in the administrative office of a factory; indeed, he had had many tempting offers of jobs of this kind but for social reasons it would be quite impossible for him to accept. His family and friends would be simply horrified. I expressed surprise at such a snobbish outlook in a socialist state. It was the rankest snobbery, he admitted, and it was a great impediment to progress. People with more education, background, and taste were badly needed in all sorts of enterprises — in the clothing and furniture business, for instance, in the hotel and restaurant business, in printing and publishing, etc. Many of the people holding down highly-paid jobs in these fields were pretty crude and ignorant and the results were apparent in the bad taste of textiles, clothing, furniture, wallpaper, etc.

Facing disapproval

I said that, in his place, I would feel like defying the social conventions, taking a better-paid if less refined job, and trying to make a useful contribution where it seemed to be so badly needed. His parents would not understand, he said, and he would not be able to face the disapproval of his friends. I mentioned that, in Canadian and American universities, students did all kinds of jobs to put themselves through, even to waiting on table in restaurants. In Europe there was more prejudice. Even the Scandinavian students, who were pretty democratic on the whole, where shocked when some of their number had worked in the restaurant of International House in New York. That kind of work would be out of the question for a student here, he said, although many of them made extra money by doing translation or surveying or acting as supernumeraries in theatres.

Years ago, I said, there had been a strong prejudice against young people of good family going on the stage and there were probably still many conservative, puritanical people in Canada who would not wish their daughters to become actresses. In this country, Aleksei said, actors, opera singers and ballet dancers ranked very high socially. Their bohemianism was overlooked or forgiven, as it would certainly not be in other circles. Many of them had had matrimonial problems and had been divorced several times. Others were known to drink too much or even to be confirmed drunkards; but this did not affect their popularity in the least. Tarasova, for instance, had had four or five husbands and, although she was now too old for the parts she was playing, her admiring public remained loyal. Nobody could understand why Ulanova had divorced Zavadsky to marry her present insignificant and rather stupid husband but after all that was her own affair. A good many others just moved about from one partner to another without bothering about the formalities of marriage and divorce. These things were known and talked about but an artist was still an artist.

Sports devotee

From time to time Aleksei paused to wonder where his cousin and Ivan had got to but he could usually be deflected from the search by a question about himself. He had gone in for sports in a big way when he was younger and still kept himself fit by gymnastics and swimming. As a result he was never ill and rarely caught cold. He went a great deal to the ballet, opera, theatre and concerts and many of his friends were theatre people. He considered himself something of an authority on the ballet and was quite dogmatic on the subject. Plisetskaya, he said, was the most brilliant dancer in Moscow. I agreed but thought that, as an artist, Ulanova was in a class by herself. This he would admit, but she had never been as brilliant technically as Semyonova, Lepishinskaya or Plisetskaya . . .

Ivan and I went down to Gorki Park (in Moscow) last night to see our highway acquaintance, Tatiana, do her motorcycle act. In a circular wooden building about 30 feet in diameter and 20 feet deep, she and the boss of the act, Grisha Levetin, a Jew of about 50 who formerly owned it but now works for the state, rode motorcycles at high speed up the wall. In the last act Grisha drove a small car and Tatiana her motorcycle. We stood with a crowd of about 100 around a railing at the top. The admission price was three roubles. The whole structure moved when the motorcycles whizzed around and this did not make the act any less exciting for the crowd. Tatiana said that the give in the wall was necessary; it was a kind of "amortization".

Women's lib

After the act, we went to see a play at the little theatre in the park and met Tatiana at 11:00 p.m. to go to Ivan's apartment for coffee. He had no hesitation in asking her how much she earned. About 1,000 roubles a day, she said. Last Sunday she had made 1,500 but had done the act 42 times and was completely exhausted. Last night there had been only three performances but it was quite enough for she had had a headache even before she started and the air-pressure always made it worse. They did not put on the act until about 100 spectators had assembled. She was supposed to work only every other day.

Part of the time Tatiana had whirled around with her hands in the air. The man had done this too and had also ridden standing up and driven his motorcycle up and down the wall as well as around it. Tatiana said that she could do all those tricks and more too but they would not let her because he was a man and had to appear the more daring of the two. Ivan remarked that apparently she and Grisha did not hit it off too well. They were always fighting, she said. He had a bad character — was a really difficult type.

This little manifestation of Women's Lib in the Soviet Union in 1955 is perhaps as good a place as any at which to bring this narrative to a close.

For the Record

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Canada

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Asean

Agreement between the Government of Canada and the Governments of the member countries of the Association of Southeast Asian Nations on Economic Cooperation.
New York, September 25, 1981.

China, People's Republic of

Agreement between the Government of Canada and the Government of the People's Republic of China concerning the Settlement of Private Canadian Claims.
Beijing, August 20, 1981.
In force August 20, 1981.

Cuba

Agreement between the Government of Canada and the Government of the Republic of Cuba relating to the Settlement of Canadian Claims.
Havana, November 7, 1980.
Instruments of Ratification exchanged at Ottawa, June 26, 1981.
In force June 26, 1981.

Egypt

Development Loan Agreement between the Government of Canada and the Government of the Arab Republic of Egypt.
Ottawa, August 18, 1981.
In force, August 18, 1981.

Germany, Federal Republic of

Agreement between Canada and the Federal Republic of Germany for the Avoidance of Double Taxation with respect to Taxes on Income and certain other Taxes.
Ottawa, July 17, 1981.

Indonesia

Development Loan Agreement between the Government of Canada and the Government of the Republic of Indonesia.
Jakarta, May 26, 1981.
In force May 26, 1981.

Morocco

General Agreement between the Government of Canada and the Government of the Kingdom of Morocco concerning Economic and Technical Cooperation.
Ottawa, October 13, 1981.
In force October 13, 1981.

New Zealand

Agreement on Trade and Economic Cooperation between the Government of Canada and the Government of New Zealand.
Ottawa, September 25, 1981.

Philippines

Agreement between the Government of Canada and the Government of the Republic of the Philippines concerning the Peaceful Uses of Nuclear Material, Equipment, Facilitie and Information Transferred between Canada and the Republic of the Philippines.
Manila, June 19, 1981.

Romania

Long Term Agreement between the Government of Canada and the Government of the Socialist Republic of Romania to promote and to develop Economic and Industrial Cooperation.
Bucharest, May 19, 1981.

Rwanda

General agreement for Development Cooperation between the Government of Canada and the Government of the Republic of Rwanda.
Kigali, October 25, 1981.

Union of Soviet Socialist Republics

Agreement between the Government of Canada and the Government of the Union of Soviet Socialist Republics on Agricultural Cooperation.
Moscow, September 26, 1981.
In force September 26, 1981.

United States of America

Postal Convention between Canada and the United States of America (with detailed regulations).
Ottawa, September 10, 1981.
Washington, September 14, 1981.

Postal Money Order Agreement between the Canada Post Office and the United States Postal Service.
Washington, September 14, 1981.

Exchange of Notes between the Government of Canada and the Government of the United States of America to further extend and amend the Agreement concerning joint participation in the Augmentor Wing Flight Test Project of November 10, 1970.
Ottawa, August 14 and 19, 1981.
In force August 19, 1981.
With effect from July 1, 1981.

Exchange of Notes between the Government of Canada and the Government of the United States of America amending the Air Transport Agreement between the two countries of January 17, 1966, as subsequently amended by Exchange of Notes of May 8, 1974.

Exchange of Note between the Government of Canada and the Government of the United States of America constituting an Agreement on *Procedures Governing the Procurement in Canada and the United States of America of Certain Designated Items for the Alaska Highway Gas Pipeline.*
Washington, June 10, 1980.
In force June 10, 1980.

Treaty between the Government of Canada and the Government of the United States of America to Submit to Binding Dispute Settlement the Delimitation of the Maritime Boundary in the Gulf of Maine Area, incorporating certain changes agreed to by both Governments subsequent to its signature.
Washington, March 29, 1979.
Instruments of Ratification exchanged at Ottawa, November 20, 1981.
In force November 20, 1981.

Special Agreement between the Government of Canada and the Government of the United States of America to Submit to a Chamber of the International Court of Justice the Delimitation of the Maritime Boundary in the Gulf of Maine Area, incorporating certain changes agreed to by both Governments subsequent to its signature.
Washington, March 29, 1981.
In force November 20, 1981.

Agreement between the Government of Canada and the Government of the United States of America to Submit to a Court of Arbitration the Delimitation of the Maritime Boundary in the Gulf of Maine Area, incorporating certain changes agreed to by both Governments subsequent to its signature.
Washington, March 29, 1979.
In force November 20, 1981.

Exchange of Notes between the Government of Canada and the Government of the United States of America constituting an Agreement concerning the organization and operation of the North American Aerospace Defence Command (NORAD).
Ottawa, March 11, 1981.
In force March 11, 1981.
With effect from May 12, 1981.

II. Multilateral

Agreement to amend the Protocol of signature to the Agreement of August 3, 1959 to supplement the Agreement between the Parties to the North Atlantic Treaty regarding the Status of their Forces with respect to Foreign Forces stationed in the Federal Republic of Germany as amended by the Agreement of October 21, 1971.
Done at Bonn, May 18, 1981.
Signed by Canada at Bonn, May 18, 1981.
Canada's Instrument of Ratification deposited at Washington, October 9, 1981.

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Convention on the Prohibition of Military or any other Hostile use of Environmental Modification Techniques (ENMOD).
Done at Geneva, May 18, 1977.
Signed by Canada at Geneva, May 18, 1977.
Canada's Instrument of Ratification deposited at New York, June 11, 1981.
In force October 5, 1981.
Entered into force for Canada June 11, 1981.

Universal Postal Convention and Final Protocol to the Universal Postal Convention and Detailed Regulations.
Done at Rio de Janeiro, October 26, 1979.
Canada's Instrument of Approval deposited at Berne, June 1, 1981.
Entered into force July 1, 1981.

General Regulations of the Universal Postal Union and Final Protocol.
Done at Rio de Janeiro, October 26, 1979.
Canada's Instrument of Approval deposited at Berne, June 1, 1981.
Entered into force July 1, 1981.

Geneva (1979) Protocol to the General Agreement to Tariffs and Trade.
Done at Geneva, June 30, 1979.
Signed by Canada, July 11, 1979.
Canada's Instrument of Ratification deposited at Geneva, September 1, 1981.
Entered into force January 1, 1981.
Entered into force for Canada September 1, 1981.

Protocol Supplementary to the Geneva (1979) Protocol to the General Agreement on Tariffs and Trade.
Done at Geneva, November 22, 1979.
Signed by Canada, December 17, 1979.
Canada's Instrument of Acceptance deposited at Geneva, September 1, 1981.
Entered into force January 1, 1980.
Entered into force for Canada September 1, 1981.

1980 Protocol Amending the Interim Convention on Conservation of North Pacific Fur Seals of February 9, 1957 as amended.
Done at Washington, October 14, 1980.
Signed by Canada October 14, 1980.
Canada's Instrument of Ratification deposited at Washington, July 2, 1981.

1981 Protocol for the Sixth Extension of the Wheat Trade Convention, 1971.
Done at Washington, March 24, 1981.
Canada's Instrument of Accession deposited at Washington, June 29, 1981.
Entered into force July 1, 1981.

1981 Protocol for the First Extension of the Food Aid Convention, 1980.
Done at Washington, March 24, 1981.
Canada's Instrument of Accession deposited at Washington, June 29, 1981.
Entered into force July 1, 1981.