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International Perspectives

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Editor's Note:
The world's issues persist, editors come and go. In this number ***International Perspectives*** *continues its traditions of watching that persistent international scene through the eyes of some of Canada's keenest observers. We should be watching it sooner than in the past, too, because with this issue — which has a new editor — we intend to have each one in your hands before the first month shown on the cover. You may note something else new — the External Affairs Supplement, which now contains "International Canada." This has formerly been a monthly publication of the Canadian Institute of International Affairs. It will now take on our bi-monthly frequency (although only March is covered in this first appearance), and will incorporate the earlier Department of External Affairs advertising supplement in* ***International Perspectives*** *called "For the Record."*

Reagan, Canada, and the Common Environment

by Don Munton

Whatever Ronald Reagan's eventual legacy, his tenure is clearly challenging the notion that, in politics, established patterns and structures dominate transitory office holders. At a time when cynicism abounds about such trappings of democracy as elections, when positions on issues seem less matters of conviction than matters for compromise, and when arguments that bureaucracies cannot be beaten seem to have become established orthodoxy, along comes this most unlikely of successful revolutionaries. Suddenly, it seems, philosophies and personalities can indeed prevail.

President Reagan's apparent impact on foreign policy matters appears no less evident in America's relations with its contiguous, friendly, northern neighbor than in relations with its other, unfriendly, northern neighbor. The current list of Canada-U.S. irritants is as long as, if not longer than, it was in the infamous days of the 1971 Nixon economic shock. And many of the outstanding issues reflect the different and diverging perspectives, philosophical and political, of Reagan's Washington and Trudeau's Ottawa. The "good ole boy" days of Jimmy and Pierre seem very distant. For many observers a change of climate was not unexpected. Indeed, if the Gallup poll is to be believed, the Canadian public at large sensed the approach of a chill.

When Jimmy Carter was entering the White House in 1977 most Canadians apparently anticipated no change in Canada's relations with the U.S. (50 percent of those polled) or thought relations would improve (25 percent). Only a small minority (five percent) expected a deterioration. This generally positive reaction was actually very similar to that reflected in Canadian polls after the election of John F. Kennedy in 1960. A significantly different feeling prevailed, however, on Ronald Reagan's inauguration. While about one in four (27 percent) Canadians thought relations would improve, as many or more (28 percent) believed they would worsen. Fewer, about one in five (22 percent), anticipated no change. In other words, compared with previous incoming presidents, Ronald Reagan was viewed as a benign factor by half as many Canadians and expected to be a negative factor by five times as many.

Canada's experiences with the first year of the Reagan administration may or may not have significantly altered this mood. The apparently new perception of the U.S. presidency as a potent and negative influence on the bilateral relationship nevertheless appears to have been borne out. This is perhaps the case most evidently seen in the environmental area. The direction of some key joint transboundary pollution endeavors has been changed fundamentally. Moreover, the changes from Canada's perspective are not for the better and the effects will become even more noticeable in the longer term. Whether the changes are as substantial or the effects as certain in other policy areas is another matter.

The tone is set in the appointments

The influences being felt on Canada-U.S. relations, given Reagan's tendency to delegate responsibilitiy, are probably, even more than is usually the case, those of his appointees. And here the contrasts with the previous Carter administration are stark. The official in the Carter Environmental Protection Agency (EPA) directly responsible for air pollution policy was David Hawkins, who was originally recruited from an active and well-known environmental lobby group called the Natural Resources Defense Council. (Hawkins, incidentally, returned to that organization after the Carter defeat.) His successor as Assistant Administrator of EPA is Kathleen Bennett, who, like Hawkins, was a recognized expert on the U.S. Clean Air Act, but who, in contrast, had earned her stripes lobbying for corporate clients against EPA air pollution regulations.

Another key figure in the new Washington lineup is James McAvoy, formerly director of environmental protection for the Rhodes administration in Ohio — a government with the well-deserved reputation of being the least sympathetic to pollution control of all the Great Lakes basin states. McAvoy's credentials are more loyal conservative Republican than his colleagues; his previous appointment under Rhodes was as assistant director of mental health programs. He has the dubious distinction of being the only would-be Reagan appointment in the environmental area to be turned down by Congress. Testifying for Ohio at hearings in 1980, he flatly denied that acid rain was a serious problem. He is now apparently the chief White House strategist on acid rain.

In short, the perspective of officals in charge of U.S. environmental policy has shifted from almost one end of the spectrum to the other. The present crop is loyal, firm, even aggressive, in its pursuit of de-regulation and govern-

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ment withdrawal from pollution control and research. The Reagan administration, says the president of the National Audubon Society, one of the leading U.S. conservation organizations, is "deliberately undercutting the nation's environmental laws and programs." Such concerns are by no means restricted to environmental groups. The Chicago Tribune, for example, while supporting editorially the President's defence and economic policies, bluntly states that "as far as the environment is concerned, Mr. Reagan is a menace."

The goals and orientation of the new regime are nowhere better symbolized than in a current campaign to purge "undesirable" material from EPA's publications list. A January, 1982, Washington headquarters memorandum listed almost 70 agency publications which were no longer to be made available. Included on the hit list were reprints of articles from the EPA *Journal* quoting Carter administration officials and material identifying industries as polluters. It may be going too far to argue, as some critics have done, that this move amounts to "environmental book-burning," though such a view is not difficult to understand. What the action does reveal is the apparent extent to which those now in control of EPA regard as anathema the often mild banalities of previous policy statements and informational publications.

The impact of the new regime specifically on Canada-U.S. environmental relations can be seen from recent developments in a number of issues. These include the continuing question of water quality in the Great Lakes, the relatively recent problem of acid rain and the long-range transport of air pollution, and, in a different way, such controversies as that over the Garrison Diversion. The major development with respect to the Great Lakes has been the substantial budget cuts proposed by the Reagan administration. On acid rain, the recent problems stem from the administration's efforts not only to oppose needed controls but also to weaken existing air pollution regulations, and from its efforts to weaken EPA. The revival of Garrison reflects indirect more than direct impacts.

Great Lakes water quality

The basic framework of Canada-U.S. efforts with respect to pollution control in the Great Lakes is provided by the Great Lakes Water Quality Agreement of 1978, a more comprehensive version of an earlier 1972 accord. The original emphasis was on urban sources and particularly the role of phosphates in the eutrophication (advanced aging) of the lower lakes. Since 1972 over $6 billion has been committed to improved municipal wastewater treatment programs. By 1978 most treatment facilities in the basin were meeting target levels for phosphate removal from effluents. Nevertheless, the lake waters improved only marginally. Western and southern Lake Erie and western Lake Ontario were in 1981 still in an advanced eutrophic state. Large numbers of beaches were still closed in summer due to bacterial contamination, often from malfunctioning treatment plants. The lack of significant improvement was due in part to the enormousness of the cleanup task, particularly on the U.S. side, in part to inadequate funding, and in part to the more recently recognized fact that much pollution enters the Lakes from non-point sources, including agricultural runoff and the atmosphere.

The focus of the 1978 agreement was, more than its predecessor, on such less well-known forms of pollution and on the increasingly serious problem of industrial sources and toxic pollutants. Compared to attacking municipal pollution, this new task is infinitely more complex and difficult. It is almost a losing battle merely to keep informed about the vast numbers of new chemicals available and being developed. Monitoring their presence in the lakes and determining their effects on biota and humans will involve a staggering scientific effort. Moreover, industries are less easily strongarmed than local governments when control programs are being devised and implemented. Although Ontario's record of securing industry compliance even to existing, inadequate regulations compares poorly with that of the states and EPA in the U.S., the much greater concentrations of industrial development on the American side of the lakes has meant that most of the "areas of concern" designated by the joint Water Quality Board, such as the Niagara River, are in the U.S. Joint action on these problems seems much less likely now than it did prior to November 1980.

The Board's most recent report to the International Joint Commission (IJC) emphasizes the critical need for more and better information, particularly about the presence and effects of toxics; for greater co-ordination among state, provincial, and federal governments of research and monitoring activities; and, in particular, for the development of new toxic substance and non-point source control programs under existing statutes. More activity and new programs, of course, require money and expertise. The Board was clearly worried that even existing levels of resources would not be maintained, but they did not point the finger.

The report of the more independent Science Advisory Board was blunter. "Under the proposed U.S. budget for 1982," it stated, "reductions in Great Lakes research and surveillance programs will be particularly severe." Cuts of 50 percent were likely, the scientists said, and the effects were already being felt. Agencies were "demoralized" and "immobilized," new laboratories were threatened with elimination, and program planning was in disarray. The essential research capacity was "in danger of being dismantled," and as a consequence, environmental management would be crippled. Although Great Lakes congressmen were able to restore funds last year to some laboratories and programs, the same cuts reappeared in the latest Reagan budget for 1983. Congress has not been able to prevent the dismantling of virtually the entire EPA pollution control enforcement unit. The impact of these reductions on the Great Lakes themselves, ironically, will probably not be known for years precisely because of inadequate surveillance and monitoring. The lakes and those living around them, though, clearly will suffer.

It might be noted that budgetary and personnel changes are not always intrinsically and invariably bad. Some government-run scientific research organizations probably could benefit from the occasional shakeup and trimming, given the less-than-fully compatible interests of creative science and job-secure bureaucracy. But the changes being forced on the EPA cannot be so defended. The reductions are not selective and informed but wholesale and blind — at least in environmental terms; the best

scientists, not the least able, are the first to leave. "None of us really understands what's going on with all these numbers," David Stockman, Director of the White House Office of Management and Budget, has said of the Reagan budget cuts. Unfortunately, within EPA, those eliminating the positions and programs are quite aware of what they are doing.

Acid rain

In the Reagan administration's campaign to reconstruct the American economy, the public demolition of the EPA has been paralleled by a quieter but no less effective undermining of long-standing federal environmental policies and regulations — especially regarding air pollution. On the implementation front, in on-going court cases and regulatory edicts, the consistent thrust of the Reagan appointees has been to weaken interpretations of the existing Clean Air Act. On the legislative front, during the 1981-2 congressional review and amendment of the act, their direction has been toward relaxing standards and removing mandatory requirements.

The existing act is a relatively tough statute — with respect to local ambient air quality. Reflecting the thinking of the early 1970s, however, it does not even address the now well-recognized problem of long-range transport. Efforts in Congress and among state governments for new provisions which seek to lessen acidic precipitation by requiring overall reductions of sulphur dioxide and nitrous oxide emissions have been resisted by the administration and by the affected interests, especially coal and utility companies. A number of proposed congressional amendments to the Clean Air Act mandating substantial emission cuts have been opposed by administration spokespersons as premature at best; what is required before any new controls, they say, is a long-term (ten-year) program of scientific research. A recent proposal from within the National Governors' Association for a more modest emissions reduction of about five million (rather than up to ten million) tons, was shot down by economic concerns and by a highly organized and effective lobby of mid-west coal and utility interests conducted ultimately at the company president-governor level. The position of Ohio's Governor Rhodes, for example, is summed up in his statement that "You're talking about some fish in the northeast, while in Ohio we've got 22,000 unemployed coal miners."

The prospect for reduced U.S. emissions in the next few years thus appear extremely gloomy. And the prospects for any sort of meaningful bilateral agreement to lessen transboundary air pollution are, as a consequence, no better. To be sure, such an agreement was never a safe bet in the short run. Acid rain has only recently emerged in the U.S. from the dubious position of being rated, by a panel of media jurors, as one of the ten "best censored" stories in the country. The domestic political opposition to more stringent air pollution controls, even to ones with no significant price tag in terms of higher consumer power bills, was and is very strong. The impact of the Reagan presidency however has been to bolster substantially that opposition and probably to render negotiation of an effective bilateral accord impossible before the mid-1980s at the earliest. Official-level talks have been under way for almost a year. While not exactly stalled, they are, by the insistence of the U.S. side, presently proceeding at a snail's pace and addressing only non-controversial items. As a recent editorial in a Cleveland newspaper put it, "The Reagan Administration has given Canadian officials an impression of sincere commitment to cooperating. . . . But in the case of acid rain, U.S. government rhetoric seems to conflict with action." Congressional sources agree. "The administration's real position," says an aide to a Republican Senator, "is to do nothing about acid rain."

President Carter's officials eventually became committed to addressing the acid rain problem, but were constrained by a shaky presidency and powerful economic interests. The new Reagan team is openly hostile to the idea of new emission controls and is in close alliance with those same interests.

Garrison Diversion

To paraphrase a famous American, recent reports of the death or "unmaking" of the Garrison Diversion project appear somewhat exaggerated. Garrison is a massive and staggeringly complex water diversion, supply, and irrigation project in North Dakota. Transferring water from the Missouri River across one continental divide (between Hudson Bay- and Gulf of Mexico-destined waters) to the dry central and eastern sections of that state is an idea which goes back to the 1890s. Actual plans were not developed until the late 1940s, however, and construction did not begin until 1968. While the primary purpose is irrigation (of about 100,000 hectares), benefits are also anticipated in terms of flood control, fish and wildlife management, and water for urban domestic and industrial use. Indeed, Garrison has been termed a "salvation" for the agriculturally-dominated, no-growth economy of North Dakota. Some proponents, with justification, consider the project minimal compensation for the 200,000 hectares of state land flooded when a dam was built on the Missouri in the 1950s which largely benefited downstream states. The project has nevertheless been heavily criticized on the grounds that it is environmentally unsound, uneconomic, energy inefficient, of benefit only to a few, and an illegitimate grab of water-use rights on the part of the State of North Dakota.

Canadian concerns focus on the environmental issues. These arise from the fact that most (over 80 percent) of the return flows from the system as originally planned would be through the Red and Souris Rivers into Manitoba. As expressed bilaterally first in 1969 and then repeatedly in the early and mid-1970s, the fear was that the Garrison's return flows would have a high saline and nutrient content. More recently the concerns, particularly of Manitoba's government, native people, and fishermen has been that the transfer of water from the Missouri system would introduce foreign biota into the Red and Souris Rivers and eventually into much of the Hudson Bay drainage system. The effect of new fish species and new fish diseases and parasites on the existing commercial and sports fishery of Lake Winnipeg, for example, could be irreversible and devastating in the long-term. Some critics have also warned of possible dangers to human health from deterioration of Manitoba community domestic water supplies.

Completion of the Garrison project appeared to have been blocked in the late 1970s by a combination of fac-

tors,including a 1977 IJC report in which officials from both sides of the border unanimously confirmed the dangers of biota transfer, legal action by the National Audubon Society, and withdrawal of funding by the Carter White House and Interior Secretary Cecil Andrus. Recently, however, the project has returned to life. Funds for Garrison were appropriated by a rider on an unrelated bill in a late-night procedural maneuvre by North Dakota Senator Milton Young in the dying days of the last session of Congress before the 1980 election. A court injunction against the project also has been lifted, clearing the way legally for futher construction. Moreover, Garrison's proponents are once again mobilizing and taking aim at the third and last of the impediments — the IJC study.

In a March, 1982, CBC interview, North Dakota Republican Senator Mark Andrews asserted that Canada's fears about Garrison were "groundless" and its criticisms were "political" and based only on "rumor" and "innuendo." When asked about the Commission's scientific study, he simply dismissed it. "The political people put the final editorial comment in [that report]," he argued, "and we had an administration in Washington that was against western water projects." Andrews' unstated assumption was that the current U.S. administration took a different view; it was not, like Canadian governments, "inluenced by a bunch of environmental radicals."

Andrews and others are currently calling for proceeding with the flooding of another section of the McCluskey Canal, the major channel for carrying Missouri water over the continental divide. (Approximately one-half of the 70-mile-long canal now is filled, although the Lonetree Reservoir into which it would empty remains incomplete and essentially dry.) Further bilateral consultations on this next stage were held in February, 1982. Although modifications have been designed into the project, Canadian officials remain dissatisfied.

Canada-U.S. relations

The three issues of Great Lakes water quality, acid rain and the Garrison Diversion project are the major ones on the bilateral environmental agenda. But they are not the only contentious ones. For example, an American company's 10-year-old plan to build a major oil refinery and supertanker port at Eastport, Maine, appears likely to reemerge as a bilateral conflict. Canada's recent promulgation of regulations prohibiting large tankers in the narrow and treacherous Head Harbour Passage has evoked a strong State Department rejection of Canada's claim of jurisdiction. Ostensibly an environmental problem, this issue is in fact closely linked to Law of the Sea issues in which the two countries are almost diametrically opposed. Even when uncomplicated by multilateral overtones, current bilateral environmental differences seem to be leading almost inescapably to not merely short-term but long-term, possibly nasty, conflicts.

Given all the noise and smoke in Canada-U.S. relations during the past year, it might well be asked whether environmental problems are perhaps merely part of a broader political downturn. It can be argued they are not. The war of words over Canada's National Energy Policy (NEP), the Foreign Investment Review Agency (FIRA), and Canadian takeovers has been lessening in recent months, partly because the spate of takeover bids has passed and partly because Ottawa has backed off in some respects. The history of the 1960s and 1970s suggests recurring cycles of relative conflict and cooperation in Canada-U.S. relations. The downturns rarely last for an extended period, and if that pattern is to be repeated then the current low-point has probably already past and some overall improvement might be expected. In contrast, the conflicts in the environmental area seem destined to worsen as the full effects of the Reagan policy shifts, budget cuts, and personnel reductions are felt.

Why should environmental issues be the exception in the bilateral relationship? One possible explanation centres on what may be distinctive in the Reagan ideology. The administration's commitment to the free market system and its tough-minded, America-first foreign economic policies are hardly novel. Canadian economic nationalism has always concerned Washington; virtually any U.S. administration would have attacked the NEP. The distinguishing element of the current presidency as far as relations with Canada are concerned is its commitment to trimming the U.S. federal government and de-regulating, especially in the environmental area. Richard Nixon, hardly a liberal standard bearer, is remembered for initiating an economic counter-attack on America's allies. But he also appointed the first Council on Environmental Quality, established the Environmental Protection Agency, allowed both to operate, and, despite misgivings, signed the 1972 Great Lakes Water Quality Agreement. Tradeoffs between economic and energy concerns, on the one hand, and ecological concerns on the other, albeit often imbalanced, were characteristic of previous administrations. Such tradeoffs, even a willingness to seek compromises, are little in evidence these days as America's new conservatism takes steadfast aim at America's old conservationism.

Another possible and related explanation is more conspiratorial. The evidence for it is entirely circumstantial. Yet, to an observer of today's Washington, it appears at least plausible. This hypohthesis — and it is no more — suggests that a hard-nosed, very political deal was reached prior to the Reagan administration's appointment process. That understanding between what might be called "pragmatic" and "conservative" forces within the Reagan camp, was essentially that the former would be allowed to run U.S. foreign policy, or at least the State Department, while the latter would control, without interference, key domestic departments such as Interior and the EPA. The result was the "moderate" Alexander Haig at State and the non-moderate James Watt and his protégé, Anne Gorsuch, at Interior and EPA, respectively. Such a deal, if it was struck, would explain the singular lack of pragmatism evident on the part of the latter in an administration otherwise more pragmatic than expected. It would also explain why even White House aides are reported to have indicated an inability to temper what has been happening within Interior and EPA.

Whatever the explanation, the Reagan presidency seems certain to leave its mark on the joint Canadian-American political effort to protect the ravaged common environment. Always an uphill battle, the effort has become, for a while, Sisyphean. □

The world environment — it's not too late

by David Spurgeon

This spring, the United Nations Environment Program in Nairobi, Kenya, published one of its most ambitious reports: the first comprehensive scientific study of the changes that have taken place in the global environment since the Stockholm Conference a decade ago.

The World Environment, 1972-1982, A Report by the United Nations Environment Programme, also marks the 10th anniversary of UNEP itself. Founded as a result of the Stockholm Conference, which was chaired by Canadian Maurice Strong, who also became the agency's first Executive Director, UNEP is the only headquarters of a United Nations agency located in a developing country.

Because of its anniversary nature, the study is being presented as a major document to a special session of UNEP's Governing Council in Nairobi in May. The culmination of three years' work by scores of scientists from around the world, and with input from UN member governments and from scientific institutions, it represents the state of environmental knowledge as of mid-1981.

As Moustafa Tolba, the Egyptian Executive Director of UNEP put it when proposing the study in 1976, it is meant to "evaluate the first 10 years in which mankind has consciously and cooperatively attempted the rational management of a small planet." A similar exercise will be repeated every five years, to form a set of quinquennial state-of-the-environment reports.

Much as UNEP might wish it, this is not the kind of document likely to prompt the volume of headlines produced by reports like *The Limits to Growth* (1972), or *The Global 2000 Report to the President, Entering the Twenty-First Century* (1981). For it is not predictive (it examines what has happened, not what may happen in the future), and although what it reports is often sombre, it does not cry doom. It is balanced, meticulous and scholarly.

The Report's primary audience includes research workers in the environmental field and policy-makers in government and international agencies. It was edited with the idea that scientifically literate laymen might read it too, but a more popular book was to have been written in parallel by Barbara Ward, the well-known British economist-journalist. When her death early in 1981 prevented this, the work was taken up by the American writer, Erik P. Eckholm. His book is being published by W.W. Norton and Co. Inc., New York.

UNEP's study is important not only because it is the first one of its kind ever attempted, but also because the scientific caution with which it was assembled serves to dampen down some of the wilder peaks of environmental hysteria that have been reached in recent years.

All is not lost

The book tells us, for example, that "despite serious local disruption, the world environment is not in imminent danger of collapse." That reassurance may seem to some almost comic, but to others, particularly headline skimmers, it will come as welcome news. Even UN Secretary-General U Thant, it may be recalled, warned in 1969 that there might be only 10 years left to improve the human environment.

The Report declares that today, at least for the developed countries, most of the technologies or organizational means for that improvement are known — as is their cost. What is needed now is to implement them. In its final chapter, "Conclusions", the report says:

> Looking back to the Stockholm Conference, it is clear that humanity's perception of the natural world has changed. In 1972 problems tended to be seen individually, simplistically, and overwhelmingly from a developed western country's standpoint. In 1980 much has been learned about the subtle complexity of environmental systems. The inevitability of variation, the need to expect the unexpected (and allow room for it) and the interlocking of phenomena are widely accepted. It is now appreciated that all environmental systems are subject to natural change, that human action commonly modifies its rate and direction, and that few changes are irreversible — although the time scales and efforts required to achieve reversal vary widely. So is the fact that while some great global problems exist or may come to exist, pollution control, adequate food production and environmental resource conservation do not pose insuperable problems for developed countries — irrespective of whether they have market or centrally-planned economies. Here, the means for environmentally sound development exist and the question is whether they are being applied. But problems basic to life — affecting food, fuel, soil and water — are central to many developing countries and often force them into courses of action

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that cannot fail to damage their futures in the longer term.

Because the UNEP Report is a review of what happened during the 1970s, it does not have anything really new to tell us: by mid-1982 most important environmental news has found its way into the press somehow. What it does offer is informed analysis and evaluation. Here it differs to some extent from previously published material, and may indeed challenge — or at least modify — some widely accepted public beliefs.

For example, the world press has for some years been full of reports of pollution of the seas. "This review suggests," says Chapter 17, "that on the global and regional scale fisheries and marine ecosystems have not yet been damaged significantly by pollution. Certainly such unambiguous proof of acute damage as exists is highly localized — around oil refineries and industrialized estuaries, bays and coastal zones where numbers have been reduced and many species eliminated. Even land-locked and contaminated seas like the Baltic or Mediterranean show no decline in marine productivity. Oil production is a nuisance, a bird-killer and a threat to coastal shellfish and tourism and it has grown during the decade but cannot be proved to have had any serious impacts on a wide scale."

Some cautionary notes

This sort of statement, while based on the facts, did not go down very well with some scientists who attended a UNEP workshop to discuss a preliminary draft of the book. Therefore cautionary words were included.

"Yet many marine scientists," Chapter 17 goes on, "feel uneasy about taking such negative evidence at its apparent face value. They argue that even if concentrations are low, the contamination of the sea is increasing: that chronic effects could appear slowly but then be virtually irreversible, and that the most stringent precautions are therefore essential. In the present state of uncertainty there are good reasons for treating such arguments with respect, and for sustaining monitoring and research."

The *Global 2000 Report to the President* spoke of a "progressive degradation and impoverishment of the Earth's natural resource base," and indeed the layman has been led to believe in recent years that the planet's minerals may soon be exhausted. UNEP's report says: ". . . in an absolute sense, the Earth cannot 'run out' of mineral raw materials since mankind's use of them shifts them from place to place, rather than destroys them." The book emphasizes three crucial points: "that it is the quality and accessibility rather than absolute quantity of mineral reserves that matters; that it is often uneconomic to prove the existence of recoverable reserves for more than 30 years ahead; and that the proportional use of one mineral rather than another or the balance between recycling and extraction from the ore depends on economic and political factors rather than any crude notion of absolute availability or exhaustion."

Because major investments in energy or industry have to be planned over a long time-scale, because this time-scale may exceed the period for which it has been considered necessary to prove reserves, and because it may vary in the case of alternatives (such as nuclear power and fossil fuel), national planning is becoming increasingly essential, the report says.

That "ozone layer"

Changes in the ozone layer of the atmosphere as a result of man's activities were another area of concern during the 1970s. We were told that the chlorofluorocarbons from spray cans and refrigerators and other sources could deplete the ozone layer, thus allowing more ultraviolet rays to get to the earth's surface, which in turn could increase the incidence of skin cancer and produce other harmful effects.

UNEP's report says that if this has happened, there is no instrumental evidence of it. Here again, however, caution is necessary in accepting what is essentially negative evidence: to say that man's instruments cannot detect any change in the ozone layer is not to say that no change has taken place. It simply means that any that might have occurred would have been too small for present instruments to detect.

Acid rain

Canadians will be able to take little comfort from the Report's findings on acid rain. Their chief quarrel with the United States in recent months has been that government's tendency to delay preventive action and deny responsibility for acid rain in Canada on the ground that all the evidence on the causes of acid rain is not yet in.

UNEP's report, while acknowledging international concern about acid rain, particularly in Scandinavian countries and North America, could be interpreted as agreeing with the U.S. view of the evidence. For while the Report acknowledges that, at least in "two considerable areas the reality of the phenomenon is firmly established," and while it outlines some of its harmful effects, the Report maintains that "the precise nature of any ecological impact on terrestrial systems is far from clear."

"The rate of forest growth is said to have declined by between 2% and 7% in southern Scandinavia and the northeastern United States between 1950 and 1970," says the Report, "but it is not possible to state unequivocally that this was due to acid precipitation. In one area of the United States acid rain was suspected of causing damage to young spruce trees downwind from a coal-fired power station in Ohio. Laboratory studies have shown that acid mist can damage sensitive species and that acidification of the soil can increase the rate of uptake of toxic metals. Other experiments indicate that acid precipitation can accelerate erosion of plant membranes, alter responses to disease-causing organisms, affect the rate of germination of conifer seeds and the establishment of seedlings, decrease soil respiration and increase the leaching of nutrient ions from the soil. But terrestrial ecosystems are complex, with many living and non-living components, and *no firm conclusions could be drawn at the end of the decade about whether significant damage was occurring in nature.*"

Forests — disappearing or growing?

The destruction of the world's tropical forests has also drawn worldwide attention in recent years. This is a problem in which UNEP itself has been strongly interested. (Its location in Kenya, where the problem is acute, could have

done nothing to diminish this interest.) Its report acknowledges the severity of this problem, but it does something that has rarely, if ever, been done before: it draws attention to the "dramatically contradictory estimates" of such damage. While in no way detracting from the importance of forest destruction, the report says estimates of its extent vary from 7 to 20 million hectares a year — in other words by a factor of almost three.

"The assertions as to what has happened to the world's forest area over time are at best highly speculative," the Report declares — an observation that is interesting in the light of the large amounts of publicity those assertions have received in the world's press.

One of the reasons for this is that definitions of forest vary, says the Report, so that comparisons between studies may be misleading. Secondly, coverage by surveys "is so far incomplete and in many countries is based on very sketchy evidence." Out of 45 countries with tropical rainforests, Sommer (one author of published studies) had evidence from only 13, and Myers (another author) used data from 18. A third problem is that the term "conversion" of a forest is a matter of loose connotation. "It may signify at one extreme the selective cutting of a forest or at the other extreme the complete destruction of a stand and its replacement by culitivated agriculture or open pasture. In between these extremes a wide variety of transformations may occur."

However, while the figures are suspect, a few trends are generally agreed upon by scientists and foresters, says the UNEP Report. "Europe, the USSR, Oceania and North America seem to have enlarged their total forest areas; Latin America's areas have been decreasing; and the area of African closed forests has decreased. These figures say nothing about changes in the quality of the forests, whose measurement is impeded by the third problem of estimation."

The Report notes that many observers even go beyond the estimates and conclude that the forests of Asia will have disappeared by the end of the century or earlier, and that those of Latin America will not survive for more than 50 years.

"Such estimates," it says, "do not take full account of the afforestation programmes or the operation of technical and economic factors that affect the rate and type of cutting. Altering forests to expand agriculture (and to produce wood, fibre and energy) need not be detrimental if the fallow period associated with shifting cultivation is sufficiently long, or if the cleared area is converted to a well-managed plantation. Where the area is transformed to permanent farmland, the consequences for species diversity are catastrophic."

Salt and deserts

Desertification and salinization of soils are other forms of land destruction that receive considerable attention from the study.

"Desertification continued on a grand scale during the decade," it says. "Some 60,000 square kilometres of land wre destroyed or impaired annually as a result of severe and recurrent drought and human exploitation. Large areas of the Sudan, Ethiopia, Somalia, Senegal, Brazil, Iran, Pakistan, Bangladesh, Afghanistan and the Middle East turned into deserts. Between 600 and 700 million people were threatened by this inexorable deterioration."

The Report points out that, although the cures for desertification are well-known, and although a 1977 UN conference (sponsored by UNEP) produced an action plan to combat it, these cures had not been put into effect in much of the world by the end of the decade.

Salinization of the soil caused abandonment of about the same area worldwide as was being reclaimed and irrigated. The problem was particularly acute in semi-arid and arid regions. "Fully half the irrigated soils in the Euphrates Valley in Syria, 30% in Egypt, and more than 15% in Iran were believed to be affected by salt or waterlogging."

By 1981, estimates had been made for the losses and degradation of productive agricultural land that would take place if processes under way in 1975 continued.

"Given the trends believed to be underway in 1975-1980, the total area of high productivity cropland would, according to this projection (by P. Buringh of the Agricultural University, Wageningen, The Netherlands), diminish in the period 1975-2000 by toxification (25 million hectares) and by conversion to non-agricultural uses (75 million hectares). During the same period about 45 million hectares of high-productivity cropland would be reclaimed from forests, making a net loss of 55 million hectares in high-productivity land. Through a similar combination of shifts, including loss by erosion and desertification, the area in medium and low-productivity cropland would increase from 1,100 million to 1,455 million hectares."

Carbon dioxide

The World Environment, 1972-1982, singles out one problem as "undoubtedly the largest outstanding environmental problem confronting the world at the end of the 1970s": what it calls "the CO_2 question." CO_2 of course is carbon dioxide, and scientists have warned that the rise in carbon dioxide in the atmosphere from increased burning of fossil fuels could result in higher temperatures on the surface of the earth. This in turn could produce weather changes, for example changes in precipitation that might increase rainfall in dry areas, but also reduce it in currently valuable agricultural areas such as the cornfields of the U.S. mid-west. It could even, some think, melt part of the Antarctic ice-sheet, causing sea-levels to rise by five to six metres and posing serious problems for ocean ports.

"The implications of the rise in atmospheric carbon dioxide concentrations do need to be taken seriously," the Report concludes in one of its forthright statements, "especially because most national energy plans assume an increase in carbonaceous fuel combustion."

Telling what happened

Even here, however, the Report points out that major uncertainties remain. This illustrates the most extraordinary and unsettling aspect of this major study: how little science yet knows about the environmental changes that have taken place during the decade. The editors of the Report freely acknowledge this lack: "The world community," they state, "has not yet achieved one of the major goals of the Stockholm Conference — the compilation, through a global programming of monitoring, research and

The environment battle

evaluation, of an authoritative picture of the state of the world environment.

"At the end of the 70s, it was possible to ask the same central question as at the beginning: 'Is the world environment changing in ways that could be seriously detrimental in the long-term to the well-being of humanity?' — and still not be sure of the answer."

Thus we are left with the irony that, 10 years after a world organization was set up to provide scientific data on which governments could base plans to halt environmental degradation, and after the expenditure of hundreds of millions of dollars, adequate data have not yet been produced.

This may or may not be taken as an indictment of UNEP and the Stockholm initiative, depending on one's point of view. However, the UNEP Report points to ways in which the lack of data can yet be filled. It concludes that "the great problems of the world have political roots," and it notes that people's attitudes to environmental matters have changed since the early 1970s.

At the Stockholm Conference it was generally assumed that the world's governments and international agencies had the power to take effective action, and that the limiting factors in finding solutions to environmental problems were scientific and economic. Now in the 1980s people are no longer sure this is so — even where solutions to the problems are known. There has been too much talk and too little action. □

(The World Environment, 1972-1982, A Report by the United Nations Environment Programme, Edited by Martin W. Holdgate, Mohammed Kassas and Gilbert F. White, with the assistance of David Spurgeon. Study Co-ordinator: Essam El-Hinnawi.)

Making Canadian foreign policy

Two developments this year bring new elements into the way foreign policy happens and works in Canada.

Foreign policy formulation — a parliamentary breakthrough

by John R. Walker

As representatives of a House of Commons external affairs sub-committee wound up three weeks of investigative travel in the Caribbean Basin at the end of February, it began to occur to those who had accompanied the members that they had been present at a unique experiment in parliamentary intervention in Canada's foreign policy.

Here were Members of Parliament interviewing, in the presence of a Canadian press corps, prime ministers, presidents, dictators, junta leaders and their oppositions, all around the Caribbean and Central America, asking the blunt questions diplomats often have to mask, encountering on the spot some of the biases of Canadian policy, and expressing for local consumption their differences with Ottawa, or even Washington. But here also were Canadian MPs using up the time of busy leaders with simplistic questions, squabbling with each other (sometimes in front of foreign ministers), and sounding off to the nearest microphone assessments of complex issues on two days' acquaintance. It was the first time in living memory around Parliament Hill that a parliamentary committee had exercised such a free-wheeling mandate in the field of foreign affairs.

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The questions this raised were whether it was worth it, whether it had gone too far or whether it was an experiment that should be expanded, both for the education of members and for the democratization of foreign policy.

The sub-committee begins

This all-party sub-committee, chaired by Liberal MP Maurice Dupras, began last year an intensive study of Canada's relations with Latin America and the Caribbean, the first such since a Senate study more than a decade ago. It started in typical fashion with the committee listening to a parade of witnesses, academics, church groups, trade experts, and governmental officials in Ottawa. Members made a couple of quick sorties to Washington and Mexico City for further briefing, and they contracted a couple of in-depth studies from Canadian university experts.

An urgent impetus for their examination was provided by the Reagan administration's new focus on Central American problems and its rather ambiguous effort to launch a so-called Caribbean Basin Plan to which the Canadian, Mexican and Venezuelan governments had been asked to contribute in some fashion.

On December 15, the sub-committee presented its first interim report which, among other things, applauded the Canadian government's stand in opposing the use of the

Caribbean Basin Plan "as an ideological tool directed against particular countries." The sub-committee stressed its fear that "a dangerous atmosphere of confrontation and polarization" in the region would tend to undermine cooperative efforts to solve problems, an atmosphere created by injection of the East-West conflict into Central America. And its report added that "potentially the most dangerous threat to stability in these regions" is "the growing confrontation between the United States and Cuba." Then the committee went beyond the Trudeau government in arguing that El Salvador was of urgent concern to Canada, that there should be serious negotiations between the junta and the rebels, an internationally supervised ceasefire before any elections were held in March, and that this too should be supervised by outside observers.

At this point the committee decided to make some on-site investigations, starting with the Caribbean, a proposal which at that time of year drew the usual raucous responses from a winter-bound House of Commons. The committee's researchers, however, had done their homework and the list of witnesses they had drawn up for the sub-committee included the same people whom any self-respecting journalist visiting these countries would have been interrogating as part of his assessment of the regional situation.

A Caribbean misadventure

The committee drew blood on its first stop, Haiti. Aware that this poorest country in the Americas was also the recipient of Canada's largest aid program there, the members were especially fascinated by the Trudeau government's little-publicized suspension of a $20 million DRIPP program for integrated rural development just a month before the committee left Canada. The members heard, with increasing skepticism, President "Baby Doc" Duvalier and his self-serving colleagues complain about Canada abandoning them, and then on the DRIPP site, outside Port-au-Prince, heard and saw the real story. It became rapidly clear to the members that former CIDA president Paul Gerin-Lajoie had authorized a project far too grandiose and complex for such an elitist, authoritarian and primitive society to handle, lacking as it does any solid political and administrative infrastructure. And in letting this mistake drag on, CIDA found it increasingly difficult to halt the corruption and maladministration built into the local system. To every other aid donor in Haiti, the committee found, Canada's DRIPP had become an object lesson in what not to do in development in the land of "Jean-Claudisme." If Haitian officialdom heard the shocked reaction of Canadian parliamentarians, their people did not because the Duvalier-controlled press does not report such depressing news. But CIDA heard some scathing assessments when the committee resumed its investigations back home in Ottawa.

In Jamaica, the committee struggled against an embassy-devised itinerary loaded with the business viewpoint, a bias that did not go uncommented upon by some members. But they did get a chance to listen both to the rueful might-have-beens of former Prime Minister Michael Manley and the upbeat vision of Prime Minister Edward Seaga, explaining the private enterprise future of a Jamaica that President Reagan has applauded as a model for the new development in the Caribbean. To Seaga's irritation, some members made it clear to him that the committee was unenthusiastic about the Caribbean Basin Plan (of which he is the alleged "godfather"), because of its American ideological overtones. Those who had visited Trinidad to meet other Caribbean officials told Seaga that his rosy view of the scheme was not shared by other Caribbean islanders.

The pull of Central America

In Costa Rica, then on the threshold of a national election, the committee was welcomed readily, probably because its earlier report had urged special attention and aid to Central America's most democratic country. And they listened to words of wisdom from Costa Rica's "father of democracy" José Figueros about the necessity for such an agricultural country to live within its means rather than going into debt to establish over-priced small industries, as it had done for 20 years.

Many of the members were disenchanted, and said so repeatedly, with the briefing on Central America from Canada's ambassador in Costa Rica, who covers the six countries. They felt Ottawa must be getting a very one-sided view of the changes going on there, if the dissertation they received on the Soviet-Cuban "master plan" for Nicaragua, El Salvador and Guatemala was an example of his reporting. But then the members had their own pre-conceived notions of what is happening in this strife-torn isthmus, and visiting it did not modify their views very much. For instance, those who sympathized with the new regime in Nicaragua, found little to believe in the briefing given them there by the non-governmental Human Rights Commission of Nicaragua which cited Sandinista violations. Similarly, those who distrusted the Duarte-army junta in El Salvador, found nothing to distrust in the non-governmental Human Rights Commission there which cited only armed forces violations.

In Nicaragua, where the committee was allowed to sample a wide spectrum of opinion, those who were convinced the Sandinistas could do little wrong, found confirmation, while those who were concerned by the harassment of the private sector found equal confirmation. Yet none of them could find evidence for the Alexander Haig view of Nicaragua as a threat to the Caribbean Basin, and they publicly urged there that Canada not support the isolation of that country as Washington is attempting to do. At the same time, one member was forthright enough to face Daniel Ortega, the tough junta boss, with the reports of Sandinista harassment, bombing and shooting of Miskito Indians. The committee had heard of these events from three reputable local sources, and the government at that time was attempting to cover them up. They received an ambiguous non-answer from the gun-toting Ortega, but they had raised it with the press on hand to listen, something the Sandinista directorate probably doesn't often have to deal with.

Since the committee had originally decided on the grounds of personal safety to avoid El Salvador in their tour, they wound up the first two-weeks' swing in Cuba, where their presence caused Fidel Castro to pull out all the stops in an effort to get back into the good graces of the Canadian government. Since opposition does not tend to make itself known in public in Cuba today, the nearest the members got to hearing about problems in that society

took place in embassy briefings or low-key talks with Catholic priests. But what seemed to strike members most was the urgent message from Castro himself not to isolate Cuba, as Washington is attempting to do. Members reiterated this view to the Cuban press and also urged the Canadian government, which since cutting off aid in 1979 has been lying low on the issue, to encourage the Reagan administration to modify its anti-Cuban policies.

The sub-committee at large in El Salvador

After returning to Ottawa, and encouraged by their press clippings, the sub-committee decided to face up to the El Salvador issue and make an on-site inspection, although it had already passed judgment in its report. External Affairs Minister Mark MacGuigan, who had expressed no interest in the committee's original call for a negotiated settlement in El Salvador before elections would take place, now said he'd await their report from there with interest. (After all, MacGuigan had tried unsuccessfully last November to encourage both sides to sit down and work out an agreed electoral compact.) However, the day before a four-member team from the sub-committee set off for San Salvador, MacGuigan announced in the Commons that Canada would send no observers to the March 28 election because they could not monitor and make judgments on the process in the same way as the Commonwealth team had in Zimbabwe.

With an enlarged press corps, the four members interviewed President Napoleon Duarte, the military bosses, most of the leaders of the only parties that are participating — the right and the far right — as well as electoral officers, a wide assortment of Catholic priests and human rights activists; and, of course, the U.S. ambassador. During their three days in San Salvador, the members, or some of them, seemed to swing from an interest in actually observing the elections, back to a firm opposition to sending observers. One member held out for Canada's re-considering its decision against joining other countries in electoral observation, on the grounds this election might be the only alternative to complete civil war.

Before returning home the group talked with Salvadoran opposition leaders in Mexico City. The four did manage to agree on an appeal to the Trudeau government to change its attitude and support Mexico's President Lopez Portillo in his efforts to persuade the U.S. government to back a negotiated settlement in El Salvador rather than to boost military assistance to an unpopular government. They also agreed on an appeal to Canadian aid agencies to provide humanitarian assistance to the growing number of refugees in that country, through the Green Cross and church groups. But of course the full sub-committee had still to be heard from. More than during their first tour, the El Salvadoran mission, consisting of a very small minority (four) of the 15-member sub-committee, seemed to bring out the negative aspects of this experiment. There was tendency of members to confirm their preconceived views in a very controversial and complex foreign policy situation; the ever present likelihood of outbursts of internal disagreement before their patient hosts; and the inability of the four to benefit from their research staff because of pressure of time in a tightly-scheduled itinerary.

A beginning for a new role

The sub-committee is planning to continue its researches in South America. Its members seemed to feel they were having some impact on Canadian foreign policy, at least in relation to Central America. If External Affairs Minister Mark MacGuigan did not budge on sending observers to El Salvador or about pursuing the Americans on a negotiated settlement, he did finally announce an increase in aid to the six countries after the committee tour, something his department had shown little interest in up until then. And certainly the appearance of the committee on tour, with an awkward press contingent in tow, shook the embassies out of their complacency.

On balance, the idea of such missions has a lot of merit but requires more careful planning. It does help to broaden the views of members, educate others, and by the press coverage help to inform voters at home about some of the foreign policy issues in which Canada has an interest. Perhaps anything that can awaken that concern in the public and the press is useful today when foreign policy is considered the closed preserve of secretive diplomats and abstruse academics. And who knows, it might eventually help modify some of the more rigid policy stances of the Trudeau government, and reflect a more distinctly Canadian policy viewpoint, especially in relation to the Reagan administration's ideological outlook on the Caribbean and Latin America. □

The new Department of External Affairs

Foreign policy — a delicate balance of formulation, management and trade

by Arnold Smith

A distinguished retired Canadian diplomat tells the Editor what he thinks of the restructuring of the Canadian Department of External Affairs to accommodate trade promotion.

The main point to note in this, as in so many changes over the past several years, is the philosophic thing — the emphasis on interchangeability of managers and on management as the key art, rather than on where you want to go. That's navigation, and it's terribly important. But your objectives, your goals, your judgment, as to your policy objectives should be the key thing. Policy is the end, and management is one of the means to the end. It's an essential means, but it's secondary. The danger of getting your priorities upside down by putting administration, not as the essential servicing of policy formulation, but as the controller, is a sort of perversion. Of course, they say, "Policy is a matter for Ministers." This is not necessarily so. Ministers have to be responsible for saying "Yes" and "No," because they are answerable. But policy ideas often bubble up from below, rather than being handed down from above.

This interchangeability of "managers" can weaken the sense of solidarity and loyalty of the leader of a service to his people and to the function. In that situation it is only natural for managers to be concerned about which Department they are likely to be shifted to next. I don't think the reason for the merger is exclusively on the trade side. It's a move to integrate, because there has been a tendency to feel that integration is desirable in government in general.

The success of the organization will depend on the personalities and the way things are played. I hope it will mean additional strength. I don't see anything inherently bad in it and it can prove to be good. I myself suggested merging the Foreign Trade Service with the Diplomatic Service in the early 1950s. Canada needs to do so much more to develop export markets.

The economic side of foreign policy is recognized as part and parcel of foreign policy. That is all to the good. I remember years ago in the mid-Fifties, when I was Canadian Minister in London, and the Europeans were trying to negotiate an economic community. I was urging the British to join in. They were saying "No, no, no. We can't because of the Commonwealth." I said, "Well, I think you should go in. And if you don't go in, don't blame it on the Commonwealth." And they said, "Our real reasons aren't the Commonwealth, we'll admit. But a united Western Europe has never been a British interest." They were going on an old folk memory. I urged: "What you say may have been true in Napoleon's day, but, by God, it's not true in Stalin's day!" My basic motive was that I didn't like de Gaulle's "Third Force" idea. I'm a great believer in the importance of the North Atlantic community, and of cooperation among western democracies. I thought that a European community with Britain in would be much more cooperative with North America than one without Britain. So I wanted Britain in. Now, that was a *foreign policy* view — a world politics view. But the Department of Trade and Commerce in Ottawa didn't want Britain in. They were very much against it because they thought we would lose some advantage in the British market, and lose some preferences. There wasn't ever a Cabinet decision on what Canadian policy should be, and I was just using such influence as I had to press for what I perceived as our national interest. The fact that there now is a united Department in Ottawa should make that kind of departmental split less likely. It should be easier to have a clear Canadian line when that kind of issue comes up.

One important area which was not included in this reorganization is foreign financial policy — the International Monetary Fund and the World Bank. They have tended to be under the Finance Department. I think foreign financial policy is something that is very relevant to the kind of world we want to build, and therefore an integral part of foreign policy.

Integration can do a certain amount to correct overspecialization in diplomacy. But as against that it has done a great deal to weaken bonds and to jeopardize morale in quite a lot of Departments. It is important that overspecialization be corrected, but the fundamental philosophical error is more serious than that. The key question remains, "What kind of world do we want?" It would be a great tragedy if now, when the challenges and the opportunities are greater than ever, our vision dims and our horizons narrow, so that we really just think that what we are trying to do is to manage reflections of domestic interests. Indeed,

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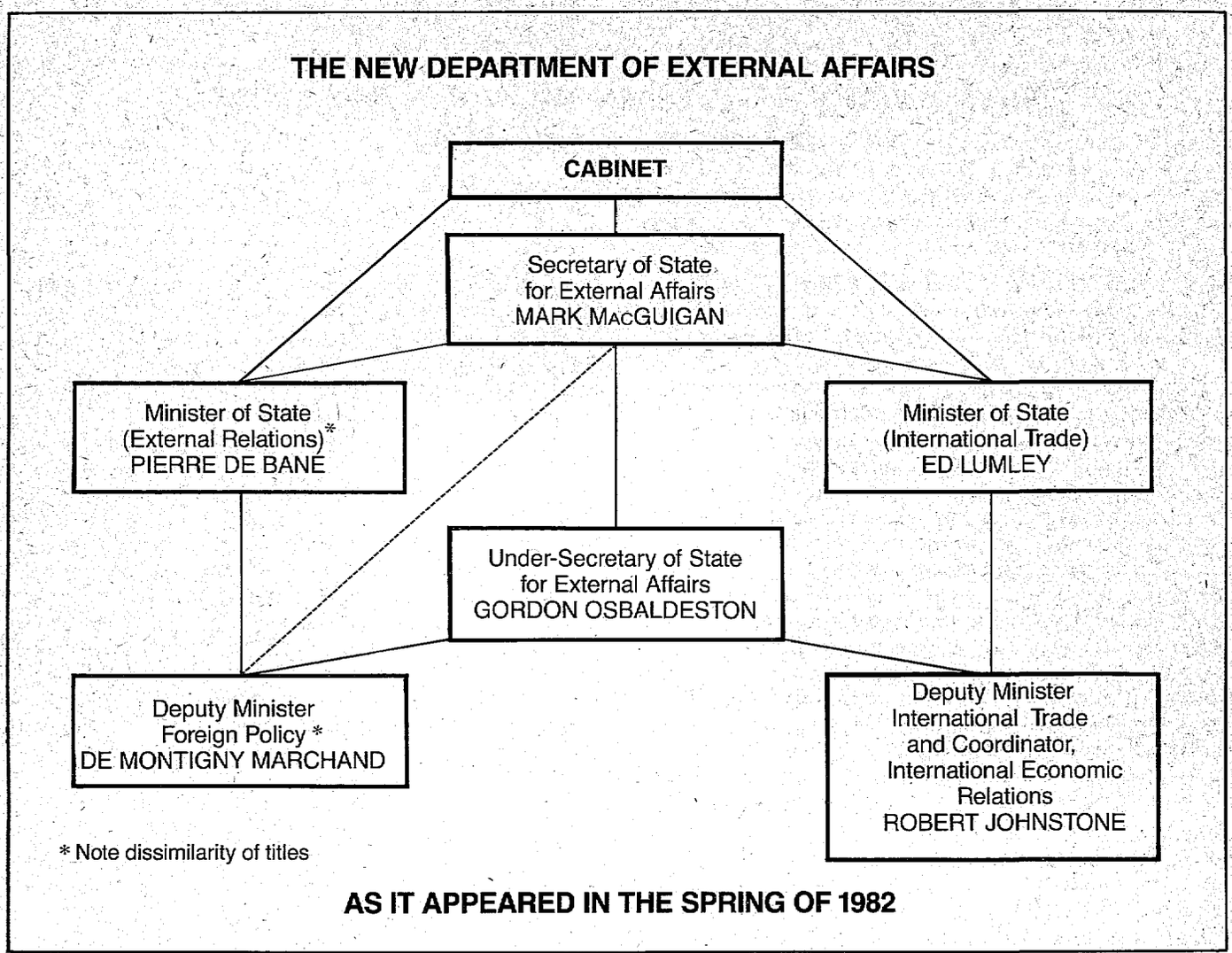
Arnold Smith became the first Secretary General of the Commonwealth in 1965. Following his retirement he became Lester Pearson Professor of International Relations at Carleton University in Ottawa in 1976. His recent book on his Commonwealth experiences is entitled ***Stitches in Time — the Commonwealth in World Politics.***

the internal Department *Reorganization Newsletter* proclaims as an objective of integration"... to be a more effective mechanism by which foreign policy would fully reflect relevant domestic policy."

of this. And Canada, understandably, has been very keen on these things, because they give us an opportunity of influencing the thinking of others before decisions are taken. It's harder for a very powerful, rich country to



I think Canadians used to be more farsighted in what I call "world politics," rather than "international relations" (I think it is a better term) because we knew that Canada wasn't big enough to take by ourselves decisions that would shape the environment in which we live. So we realized that the unit wasn't the State, the unit was really the civilization, or, for some purposes, the world. The trend towards more and more multilateral diplomacy, international organizations, consultation and collective decisions, is a reflection

understand the unit is not the State.

But this present reorganization is going to take a great deal of good-will and vision and common sense to make it work. The dangers are that you could get tacit understandings among managers that "I won't interfere in your bailiwick if you don't interfere in mine," and consequently a tendency to avoid the best solution to problems because of the possible effects on relations between different Deputy Ministers or different Ministers. □

international canada

The events of March 1982

Supplement to International Perspectives
supplied by External Affairs Canada

Canada

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

Bilateral Relations

U.S.A.

Cruise Missile Testing

Following closely upon the conclusion of hearings of the Standing Committee on External Affairs and National Defence, news reports this March of a U.S. proposal for testing unarmed cruise missiles in Canada raised a storm of protest from MPs and Canadian disarmament experts. One issue raised was the compatability of allowing such testing with Prime Minister Trudeau's plan for "nuclear suffocation", introduced at the UN Special Session on Disarmament in 1978. Media releases from organizations such as Operation Dismantle and independent journalists pointed to the first strike capability of the cruise missile as a strategic delivery vehicle, indicating that the credibility of Canada's nuclear-free stance might be diminished.

Critics claimed that the granting of permission to use Canada as a testing ground would be contrary to the spirit of disarmament, a spirit that the Hon. Gilles Lamontagne *Minister of National Defence* had firmly supported in his testimony on security and disarmament issues before the Committee on February 25. He had then stated that no inconsistency existed between "contributions to the maintenance of the Western Alliance of forces sufficient to deter aggression and, if necessary, to defend the NATO area" and "our commitment to a vigourous arms control policy". Sheltering under the NATO protective nuclear umbrella, Canada might itself, territorially, remain nuclear-free. Mr. Lamontagne, while seeing Canada's arms reduction as balanced by an increased sophistication and refinement, emphasized that a "credible deterrence" depended upon the establishment of "rough parity", — thus the necessity of supporting NATO against the Warsaw Pact's numerical and technological edge. Only a multilateral arms freeze or reduction could prove effective. In his testimony, Mr. Lamontagne claimed that "unilateral disarmament is equivalent to a submission of capitulation". Several Committee members, however, when confronted with the cruise missile plan, thought the distinction too fine, especially in light of the fact that it was their mandate to advise the government on disarmament policy in preparation for UNSSOD II this spring.

Conservative MP Douglas Roche *(Edmonton South)* accused both Mr. Lamontagne and the Hon. Mark MacGuigan *Minister for External Affairs* of "deceiving the Standing Committee" with a selective presentation of the government's policy on security and disarmament, having avoided mention of the Prime Minister's earlier call for a halt to flight testing. It was mentioned that Litton Systems Canada Ltd. had received a government subisidy for the manufacture of a cruise missile navigational component. Terry Sargent, NDP defence critic *(Selkirk-Interlake)*, in a letter to the Minister of National Defence *(March 16)*, asked for a disclosure of possible contract concessions in the purchase of new American F-18 fighter aircraft being linked to the proposed testing of cruise missiles.

Mr. MacGuigan, speaking in Parliament March 18, defended the missile testing on the grounds of Canada's need to support NATO's development of its position of strength in order to successfully negotiate international arms control. He reiterated his position, earlier outlined in testimony before the Standing Committee, that disarmament, being a process of balance and mutual reduction, could only be achieved, and maintained, multilaterally. The Committee had been told that Canadian security policy was based upon three aims: the deterrence of aggression through collective security arrangements; "active efforts to achieve equitable and verifiable arms control" (nuclear, chemical and conventional); and the support of peaceful settlements to international disputes. Advocating a non-proliferation regime, Mr. MacGuigan indicated that the importance of "international verification" would be emphasized at UNSSOD II. In response to a request from Pauline

Jewett, NDP external affairs critic *(New Westminster-Coquitlam)*, that he release the framework agreement approved by Cabinet for negotiating U.S. weapons testing in Canada, Mr. MacGuigan said that negotiations were still in progress. The final agreement, when concluded, would be made available.

In Parliament March 22, Miss Jewett failed to secure unanimous consent for her motion to refuse to allow flight testing of cruise missiles in Canada. In a later question, she saw such testing leading to nuclear escalation. Mr. David Berger, *Parliamentary Secretary of State to the Minister of State Small Businesses and Tourism*, answered with the same outline of Canadian security policy previously delivered by Mr. MacGuigan before the Standing Committee on February 25 — the maintenance of deterrence strength coupled with verifiable, multilateral arms control.

Mr. Lamontagne, responding to a question from Mr. Bill Yurko *(P.C. Edmonton East)* on March 26, explained that discussions begun under the Carter administration on the possibility of U.S. testing of some of its weaponry in Canada had developed into negotiations concerning an umbrella agreement "under which we would have full control of any testing done in Canada . . .and nothing will be done which is detrimental to Canadians". *(Globe and Mail* March 19 and 25, *Proceedings of the Standing Committee on External Affairs and National Defence,* 32nd Parl, 1st sess. no 65, February 25, 1982.

Senate Report on Canada/U.S. Free Trade

The concluding volume of a three volume study by the Standing Senate Committee on Foreign Affairs on Canada-United States Relations argues in favour of free trade between Canada and the United States. The mandate of this report, *Volume III — Canada's Trade Relations with the United States*, was to present an intensive examination of the free trade proposal put forward in Volume II (1978).

The report shows that Canadian industry, especially in the production of end products, is not able to compete effectively in the current world trading environment. Canada is said to be "left out in the cold" with respect to international trade agreements. The Committee asserts that what Canada lacks is a large market to inspire increased productivity. Canada's manufacturing sector, characterized by a fragmented and inefficient structure, a lack of specialization in product lines, a lack of scale and low productivity rates, showed a $20 billion trade deficit in 1981. A bilateral free trade agreement with the United States is presented by the Committee as the most viable solution to an increasingly bleak economic forecast.

The Senate Committee reports that free trade with the United States would serve to eliminate the effects of recent U.S. protectionist measures not aimed at Canadian industry. "Buy American" purchasing regulations adopted by federal and state governments have forced many Canadian firms to establish plants in the U.S. to jump the non-tariff barriers.

The Committee investigated various options compatible with the long-standing General Agreement on Tariffs and Trade (GATT) and found the best approach to be an "across-the-board Bilateral Interim Agreement." This model would offer the advantage of providing a negotiating formula to deal with non-tariff restrictions and would address the whole spectrum of trade. It would include all goods unless specifically excluded. In addition it is suggested that the agreement be sufficiently open-ended to include Mexico, should a North American agreement be sought in the future.

The Committee's conclusions and recommendations are based on the conviction that Canada has more to gain than lose through the negotiation of a free trade agreement with the United States. The Committee feels it has a convincing case. It found no convincing evidence to support the widely-held view that Canada's political and cultural independence would be threatened by free trade. The Committee warns that "a far more potent threat to Canada's political and social strength would come from a continued weakening of its industrial performance and a decline in its economic stability." While putting firms without export capacity at a disadvantage, the forecasted changes in Canada's industrial structure would benefit firms with the capacity to grow and specialize, the Committee speculates.

U.S. Reaction to FIRA/NEP

A statement made by Robert D. Hormats, Assistant Secretary of State, Economic and Business Affairs, before the Subcommittee on International Economic Policy of the Committee on Foreign Relations of the U.S. Senate, expressed U.S. concerns with Canadian restrictive and discriminatory policies regarding foreign investment.

The March 10 statement commended recent collaboration between Canada and the U.S. regarding environmental issues, defence ties, fisheries and the Alaskan Gas Pipeline. Hormats expressed the view that aspects of the National Energy Program (NEP) and the Foreign Investment Review Agency (FIRA) represent a harmful and unfair departure from this cooperative approach. He hopes that Canada's National Mineral Policy will not have similar implications for U.S. interests.

Hormats stressed that the major problem perceived is not with the existence of NEP or the FIRA, but with certain provisions and screening criteria.

He stated that the U.S. has taken its views on FIRA to the General Agreement on Tariffs and Trade (GATT), and has presented its case regarding the NEP to the OECD Committee on International Enterprises CIME and the International Energy Agency. Hormats views such measures as unfortunately necessary and expresses preference for increased bilateral communication in the formation of future policies having a potentially harmful impact on U.S investments in Canada.

Later in March several bills before Congress calling for more Presidential power under the Trade Act to retaliate against countries that do not provide reciprocal market access were opposed by Trade Representative William Brock. *(Globe and Mail*, March 25) Brock's remarks were the first comments by the Administration regarding the bills, some of which are aimed directly at Canada's nationalistic legislation.

NEP and Oil Interests

The powers that the National Energy Program (NEP) is expected to give to Canadian oil companies to "squeeze out" U.S. interests were detailed in the *Globe and Mail*

March 10. According to this report, the potential impact of Canadian energy policies has become a major concern for U.S. investors, resulting in widespread confusion and disenchantment.

Litton Contract

It was announced 2 March that Toronto's Litton Systems Canada Ltd. had been awarded an additional $60 million (Canadian) contract to supply LN-35 Inertial Navigation Systems to the U.S. Department of Defence, under the U.S./Canada Defence Production Sharing Arrangement, bringing the value of the original contract to over $110 million.

Satellite Parts Agreement

A supplying agreement was reached in mid-March between two Canada-based high-tech firms and United Satellite Television in the United States. SED Systems Inc. and General Instruments of Canada Ltd. will be supplying to UST satellite earth-station components in large numbers over the next two years.

Canadian investment in Florida

Canadian developers and Canadian security dealers comprise two groups which have been taking advantage of business opportunities in Florida. While neither the real estate nor stock market is in perfect health, Canadians have been increasingly investing in competitive Florida. According to the *Financial Post* (March 20), "All indications are that the state has one of the brightest economic futures in the US".

BAHRAIN

Canada-Bahrain Educational Services Agreement

International Trade Minister Edward Lumley announced 22 March the signing of an Educational Services Procurement Agreement covering future co-operation between Canada and Bahrain in the areas of teacher training, curriculum development, the provision of contract faculty and the development of institutional support systems for Bahrain. The agreement was developed by the Canadian Commercial Corporation on behalf of the Ontario Educational Services Corporation, an agency of the Government of Ontario which facilitates the provision of educational resources.

BRITAIN

Canada Bill

Royal Assent, the final stage for the Canada Bill to become an Act of the British Parliament, was given by the Queen on March 29. The Canada Bill had been approved by the British House of Commons and the House of Lords without alteration. Despite heated debate in the House of Lords regarding what is viewed as inadequate attention to native rights, the bill was passed. These questions were officially deemed to be Canadian concerns, not matters for the British government. The Canada Bill provided for the transfer to Canada of all aspects of the Canadian Constitution.

DENMARK

Canadian ban on Danish Meat products

On March 19, the Hon. Eugene Whelan *Minister of Agriculture* ordered a detention placed on all Danish meat arriving in Canada since January 1, after it was discovered that an outbreak of foot and mouth disease had been confirmed on the Danish island of Fyn. Danish authorities have taken steps to eradicate the disease, while continuing an investigation into its origin. In Parliament on March 22, Mr. Whelan, in response to questions from Mr. Bert Hargrave *(P.C. Medicine Hat)*, stated that all Danish meat products brought into Canada and now in store, either frozen or fresh, had been banned. As a standard preventive measure to avoid possible contamination, according to the rules under international trade, Denmark "will need to be free of the disease for two years from the time that they discovered" it before they can export to Canada once more.

EL SALVADOR

Statement of the Parliamentary Delegation to El Salvador

Four Members of the Commons Sub-Committee on Canada's Relations with Latin America and the Caribbean, Mr. Maurice Dupras *(Lib. Labelle)*, the Hon. Flora MacDonald *(P.C. Kingston and the Islands)*, Mr. Robert Ogle *(NDP Saskatoon East)* and Mr. Ken Robinson *(Lib. Etobicoke-Lakeshore)*, issued a statement March 2 outlining observations gathered during their fact-finding visit to El Salvador and Mexico. Continuing the Sub-Committee's mandate of direct examination of "all aspects of Canada's relations with Latin America and the Caribbean", the delegation met with Salvadoran government and opposition leaders, electoral officials, representatives of church, human rights and other groups, as well as Mexican government figures. Recognizing that the area is experiencing a period of turmoil in which long histories of economic and social injustice are being challenged, the Members felt it would be "a profound error to view this process solely through an East-West ideological prism". They returned convinced of the need to allow these countries to develop without external interference, and with the "gravest doubts that present conditions in El Salvador will allow elections in the next two months to contribute positively to the making of peace".

Judging the Salvadoran electoral process to be "gravely flawed", the members considered it "highly unlikely that

a reliable or legitimate interpretation" could be placed on the voting results. Among the defects noted were: the atmosphere of violence and terror, restrictions on candidates to campaign freely, the pervasive feeling that the forces policing the electoral process themselves commit the most serious human rights violations, the escalation of guerilla attacks, the exclusion of a substantial portion of the rural population, the non-participation of left and some centre representatives, the bias of news reporting, the absence of voter electoral lists, and violations of the electoral law.

The four expressed doubt that voters would be able securely and effectively to exercise their political rights, noting that the decision to vote or not to vote "may well represent concerns for personal safety". Following the elections, whatever their outcome, there would remain a need for serious negotiations between all parties to the conflict. The Canadian Government was urged in the report to support mediation through the agency of an international cease-fire monitoring group, three members of the delegation supporting the government decision not to send electoral observers and one member favouring a reconsideration.

The delegation, in its recommendations to the Canadian Government, suggested increasing provision for humanitarian assistance to Salvadoran refugees and monitoring more extensively the Central American situation. Making efforts to influence the U.S. Government to shift from a policy of military assistance to a negotiated settlement was presented as a major step in the larger endeavour to "influence all governments to end outside military assistance to the warring factions in El Salvador".

El Salvadoran elections

Canada's abstention from supporting a resolution at the United Nations Human Rights Commission in Geneva that called for a postponement of the March 28 El Salvadoran elections until conditions exist for the effective exercise of civil and political rights, a negotiated settlement and an end to foreign arms supplies, was criticized in some media reports as indicative of Canada's lack of a strong, independent policy on El Salvador. Communiqués issued by the Canadian Rights and Liberties Federation and the NDP called for a policy less American-influenced and a stronger Canadian condemnation of human rights violations in El Salvador.

Prime Minister Pierre Trudeau, in response to a question from Mr. Bob Ogle *(NDP Saskatoon East)* in Parliament March 24, emphasized the difference between Canadian and American foreign policy with regard to El Salvador, primarily the matter of supply of arms and justice and social peace. The final aim of the Canadian position is the attainment of a peaceful political settlement.

The Hon. Mark MacGuigan *Secretary of State for External Affairs*, explained that Canada had abstained from the resolution of the U.N. Commission because of the inclusion of a political portion that could not be negotiated out. Canada did not, however, fail to condemn human rights violations. Mr. MacGuigan reaffirmed Canada's commitment to the cause of human rights, stating; "we are prepared to take issue with human rights violations wherever they occur in the world because for us they are not part of domestic jurisdiction; they are a matter of international law on which we are entitled to express opinions regardless of the domestic jurisdiction of the country involved."

FRANCE

Presidential Visit

Following a European Council meeting, French President François Mitterrand announced in Brussels March 30 his intention to meet with the heads of all major industrial nations, including Canadian Prime Minister Pierre Trudeau, before the Versailles Economic Summit in June. On April 1, the Prime Minister issued a statement that he would be meeting with the President of France during a brief visit the President will make to Vancouver on April 18 on his return to Paris from Tokyo, to discuss principal themes of the Summit Agenda. *(Globe and Mail* March 31)

Fishing Dispute

An incident involving French fishing vessels in Canadian waters off the coast of Newfoundland led on March 14 to Canadian fisheries officers boarding the vessels and discovering under-reported catches, according to the Hon. Mark MacGuigan *Secretary of State for External Affairs*, speaking in Parliament March 23. Mr. MacGuigan said that while the French vessels initially refused to comply with orders to report to a Canadian port for inspection, going instead to St. Pierre, after representations to the French authorities they then proceeded to Halifax where charges were laid.

Responding to questions from Mr. Donald Munro (P.C. Esquimalt-Saanich) March 24, Mr. MacGuigan stated that this particular incident was not an issue related to the continuing jurisdictional dispute with France over the waters of St. Pierre-Miquelon, but rather a problem of infringing Canadian regulations through miscalculation of the conversion factor in converting the catch into round weight figures, thereby resulting in an underestimated weight of fish taken.

Visit of French Minister of Foreign Trade

Mr. Michel Jobert, French Minister of State and Minister of Foreign Trade, visited Canada from 30 March to 3 April on the occasion of the meeting of the France-Canada Economic Commission. The purpose of the visit was to enhance trade and industrial co-operation between Canada and France.

IRAQ

Automotive Contract Cancellation

Canada's automotive industry suffered a financial blow as well as a public relations setback with the cancellation of a $100 million contract with Iraq for the purchase of 12,500 GM Canadian-built Chevrolet Malibus. The *Globe and Mail* March 30 reported that Iraqi authorities claimed

mechanical and engineering defects in automobiles previously delivered in a partial shipment as the reason for the collapse of the transaction. GM representatives, however, do not accept the reasons offered by Iraq for cancellation as valid and have filed a $65 million claim with the federal Export Development Corporation, which insured the sale. Should the EDC determine to grant GM's claim, the large amount involved would exceed the Corporation's annual provision for claim payments and necessitate drawing on a portion of accumulated profits.

The Hon. Edward Lumley *Minister of State for International Trade* regretted that this first effort by Canada at mass selling a fully manufactured Canadian car to a foreign buyer should have fallen through, noting that the loss might damage the prospects for future contracts which would probably have been forthcoming otherwise. *(Le Devoir,* 30 March)

ISRAEL

Canada-Israel Health agreement

Canada and Israel signed on March 16 a Memorandum of Understanding affirming the intent of their respective governments to cooperate in the health field, according to a departmental release. Based on equality, reciprocity and mutual benefit, the Memorandum signifies an agreement to share the results of experience in health services, administration and biomedical research. Exchanges on such matters as primary health care, care of the elderly, mental health, quality control programs and production of drugs, biologicals and pharmaceuticals are subject to the availability of funds from regular budgets.

JAPAN

Car Imports

According to news reports *(Globe and Mail,* March 10), the one year-quota agreement between Canada and Japan restricting car imports into Canada significantly reduced domestic sales of imported cars. With the agreement expiring at month's end, auto parts manufacturers and labour unions are pressing the federal government to negotiate tough content proposals during meetings with Japanese representatives this month. Of the four Japanese exporters, only Nissan Automobile Co. Ltd. experienced a rise in Canadian sales over February 1981, the others, Toyota Canada Inc., Honda Canada Inc., and Subaru Auto Canada Ltd. all experiencing a drop in sales. While these auto manufacturers reduced shipments in January to their lowest levels in two years to meet the agreement, they still achieved a 28.3 percent segment of January's new car market.

The government was presented by the automotive and labour representatives with a proposal package designed to limit the effects of Japanese imports, the proposal recommending a restriction of total sales (both cars and trucks), increased Canadian-content requirements or Canadian assembly. The scheme would be initiated by a two-year phase-in period during which a restraint program would limit Japanese imports to 15 percent of total car sales and require a purchase of parts equal to 25 percent of their average annual cost of sales, the purpose being to increase both parts sales and labour opportunities.

International Trade Minister Ed Lumley, visiting Japan on a Trade Mission in March sought to determine that Japan, Canada's second largest trading partner, was not using non-tariff barriers — lengthy customs delays, tough import product standards, quotas and bans on certain imports — to block Canadian exports of high technology, forest, agriculture and fish products. Canada hopes to take advantage of Japan's trade liberalization measures in order to expand our penetration of the export market. While Mr. Lumley seeks a Japanese commitment to increased investment in jobs and auto production in return for access to the Canadian market, Japanese authorities themselves find unsympathetic the restrictions laid down by Canada's Foreign Investment Review Agency (FIRA)

In a speech delivered to the Canadian Chamber of Commerce in Japan, in Tokyo on March 19, Mr. Lumley outlined the dangers resulting from the pressures of an international recession. Governments must show sensitivity in the search for mutually-satisfactory solutions to alleviate such pressures, if nations are to avoid the imposition of unilateral restrictive trade measures. Japan's position of economic strength creates responsibilities for the continued health of the open world trading system, making of vital concern Japan's import liberalization plans and the opening and expansion of its trading market. Mr. Lumley regretted the Japanese rejection of the Canadian government's proposals for a voluntary restraint system to be followed by the commencement of discussions concerning a content arrangement for the future. The fact that Japan exports to Canada $1.5 billion of motor vehicles and parts, while Canada returns only $8 million in automotive parts to Japan, was presented as unacceptable in a time of declining markets and severe in its consequences on the Canadian economy and labour force. Canada must continue to aggressively upgrade exports to Japan, concentrating more intensively on fully manufactured products rather than relying on unprocessed resources. Despite this call for continuing and increased efforts, Mr. Lumley expressed his "profound disappointment concerning the lack of any concrete response to the few requests" made during the visit.

The Hon. Mark MacGuigan *Secretary of State for External Affairs*, responding in Parliament March 22 to questions from Mr. Edward Broadbent (NDP Oshawa), acknowledged that no agreement with the Japanese had been concluded to replace the one expiring on April 1. However, he stated that the reason for this was the fact that Canada "was not satisfied with the kind of arrangement which is available and we are negotiating for a better arrangement". Any agreement, when reached, "will begin on April 1, and since it will be a year long agreement, the shipping of automobiles in the early months will, of course, be taken into account in the over-all figures for the year".

The possibility that Japan will remain intransigent in its position of refusing to accept Canadian proposals for continued voluntary restraint in automotive exports, raises the spectre of potentially inflammatory protectionist retaliatory

measures on the part of Canada. Mr. Lumley in Parliament March 26, explained the need for careful consideration with regard to reciprocity legislation and protectionist proposals directed against trading aggression. "Canada, being one of the world's largest traders, depends on its export markets for one third of its GNP . . . International negotiations, particularly when considering taking unilateral action, can produce harmful effects in the long term."

Another remaining option would be for Canada to present before the General Agreement on Tariffs and Trade (GATT) a case against Japan, much as U.S. Deputy Trade Representative David MacDonald has threatened to do should trade friction between the U.S. and Japan fail to ease. *(Financial Post,* March 26)

Canada-Japan Trade Mission

Accompanied by a group of Canadian businessmen, the Hon. Ed Lumley *Minister of International Trade* was in Japan 15-19 March for intensive Trade talks with Japanese officials concentrating on three main issues; Japan's recent trade liberalization measures, the auto industry, and the multilateral trading framework. During the meetings, Shintaro Abe, Japan's Minister of International Trade and Industry, agreed to dispatch a mission to Canada to study the Canadian investment environment. Representatives also arrived at a joint Canadian-Japanese third country insurance arrangement according to a departmental release. Canadian exhibitors participated as well in Foodex, Japan's Food Fair, in order to demonstrate Canada's importance as a supplier of quality agricultural and food products, and were encouraged by the response which indicated a possible increase in future sales.

NICARAGUA

Nicaraguan expulsions

The leftist Nicaraguan Government on 15 March declared a 30-day state of emergency, according to news reports perceiving a threat from counter-revolutionary elements purportedly aided by the American Central Intelligence Agency. The expulsion of all foreign members of the Jehovah's Witnesses religious organization in Nicaragua was ordered and carried out soon after the declaration. Six expelled Canadians working as missionaries were given no official explanation for their expulsion, although there was some indication that the group's stand of neutrality might have been considered counter-revolutionary in light of the Nicaraguan Government's recent drive to press nationals into military duty. Nicaraguan Immigration authorities, following raids on several mission houses in Managua, detained the missionaries for a time before moving them out of the country. Canadian External Affairs duty officer Normand Duern was reported to have said that there was no evidence to suggest that the Jehovah's Witnesses were in any way politically active in Nicaragua. They had previously been expelled for some months immediately following the overthrow of rightist dictator General Somoza by the Sandinista National Liberation Front in 1979. *(Globe and Mail* March 22)

TONGA

Emergency Aid to Tonga

According to a CIDA release (19 March), Canada granted a subsidy of $100,000 to the League of Red Cross Societies to provide aid to the inhabitants of the Tonga islands, recent victims of a cyclone on March 2 and 3. The funds will be distributed through the agency of CIDA, providing assistance to the most heavily devastated areas. With 95% of the livestock lost, houses destroyed and crops heavily damaged, the roughly 25,000 residents cannot count on food reserves lasting more than two to three weeks. The Red Cross, working in concert with South Pacific national societies, will provide medical supplies, basic commodities and prefabricated shelters and warehouses.

SOMALI

Somali Presidential Visit

The President of the Somali Democratic Republic made a State visit to Canada on March 16 and 17. His Excellency Mohamed Siad Barre met with the Prime Minister, ministers and parliamentarians. Canada's relief assistance to refugees in Somalia and bilateral cooperation between the two countries were discussed.

Multilateral Relations

European Parliament recommends seal product ban

The European Parliament voted on March 11 to recommend a law banning the import of Canadian seal products into the 10 European Common Market countries. Federal Revenue Minister William Rompkey and Newfoundland Fisheries Minister James Morgan had returned to Canada March 10 after an unsuccessful attempt to influence Euro-MPs to reject the resolution.

The European Parliament is a consultative and deliberative body with little legislative power over the 10 members of the EEC. The recommendation must now be considered by the 14-member European Commission. If it passes, the recommendation will go for further consideration to the Council of Ministers of the EEC.

If the ban is invoked legally it could provoke Canadian reconsideration of a recently signed fishing treaty with the EEC. *The Ottawa Citizen* (March 12) reported that Canadian politicians have warned the European parliamentarians that if the ban goes through, "it could push the Canadian federal government to revoke the Canada-EEC treaty, or at least limit fishing rights of some EEC countries in Canadian waters."

NATO NPG Meeting

The Hon. Gilles Lamontagne *Minister of National Defence* attended the 31st meeting of NATO's Nuclear Planning Group (NPG) in Colorado Springs, Colorado, on March 23 and 24. Responsible for formulating nuclear policy proposals within the Alliance, the NPG discussed the modernization of NATO's long-range theatre nuclear forces, theatre nuclear arms control and employment policies. Chief of Defence Staff General Ramsey Withers and J.G.H. Halstead, Permanent Representative of Canada to the North Atlantic Council, also attended.

At the meeting, NATO defence ministers denounced Soviet Premier Breznev's proposed moratorium on medium-range nuclear arms almost unanimously, the U.S. delegation obtaining their allies' complete cooperation and agreement in the deployment of 572 American missiles to be based in Europe by 1983 should the Soviet-American negotiations at Geneva not reach a satisfactory conclusion. However, Mr. Joseph Luns, Secretary General of NATO, indicated that President Reagan's *Zero Option* proposal (whereby NATO would cancel deployment of new missiles, the USSR dismantling their SS-20, SS-4 and SS-5 missiles) was still the most satisfactory.

The NPG gathering also permitted the European defence ministers to insist upon an early opening of the Soviet-American strategic arms reduction negotiations (START). Mr. Weinberger, U.S. Secretary of Defence, said that these negotiations could only begin when international conditions permit. Both Mr. Weinberger and Mr. Luns insisted on the necessity of better public information on defence problems, noting the growing strength of international pacifist movements. *(Le Devoir March 25)*

Speech by the Minister for External Relations

On March 23, the Hon. Pierre De Bané *Minister for External Relations* addressed the Moncton, New Brunswick, branch of the Canadian Institute of International Affairs, on the subject of "Canada and La Francophonie".

Mr. De Bané emphasized the solidarity of francophone regions both within and outside Canada, noting the "sharing and mutual assistance brought about through co-operation". The development of international francophone organizations, many initiated through non-governmental sources, reflect a growing concern to establish stronger ties with French-speaking groups throughout the world. The government has reciprocated with a willingness to increase its involvement in foreign aid projects to developing francophone nations and has supported the growth of intergovernmental agencies of La Francophonie.

Mention was made of the Agency for Cultural and Technical Cooperation, created in 1970 in Niger, an agency in which Canada actively participates. Dedicated to human resource development, both cultural and technological, the Agency seeks to stimulate co-operative exchanges and communication. Its programmes focus on the promotion of national languages and cultures, the development of modern educational techniques, scientific and technical co-operation contributing to the pooling of research adapted to the needs and resources of each country, and mobilization of populations for their economic and social development. Two Canadian provincial governments, Quebec and New Brunswick, have joined the federal government as participatory members in the Agency, having a voice in the formulation of programmes and activities. A system of consultation and transmission of information between the three maintains a unity of Canadian action.

Other intergovernmental organizations and private associations also contribute significantly to the international co-operation of La Francophonie on a multilateral level. These include the Association of Partly or Wholly French-speaking Universities (AUPELF), the International Association of French-speaking Parliamentarians (AIPLF), the International Union of French-speaking Journalists (UCJLF), and the International Fund for University Cooperation (FICU).

Bilaterally, Canada has established an intensive network of diplomatic representation with developing francophone countries, especially in Africa. Mr. De Bané outlined the prime objectives of Canada's foreign policy in this area: providing development assistance to the least advantaged nations, making manifest on the world scene the Canadian identity through ties with both francophone and Commonwealth countries, forming mutually beneficial

economic ties, contributing toward the maintenance of African peace and security (without interference in domestic affairs), and improving the quality of life and the environment. All these governmental objectives are facilitated by the support of NGOs throughout Francophonie. And receiving countries appreciate Canadian aid offered without "ulterior motives or constraints". With Canadian export trade with francophone Africa increasing from $10 million in 1960, to almost $40 million in 1970, to the 1980 figure of $627 million, Mr. De Bané noted that all factors, both economic and cultural, pointed toward a growing spirit of co-operation and mutual assistance among La Francophonie.

Law of the Sea Conference

The Eleventh Session of the Third United Nations Law of the Sea Conference resumed in New York from March 8 to April 30, with the Canadian delegation under the direction of J. Alan Beesley, Canada's Ambassador to the Conference. Canada recognizes the importance of achieving a comprehensive and universal Law of the Sea Convention, and hopes that this Session will see the successful conclusion of negotiations.

Caribbean Basin Initiative

Meeting in New York, March 14-15, representatives of Colombia, Mexico, the U.S., Venezuela and Canada's Secretary of State for External Affairs, discussed the Caribbean Basin Initiative as a common expression of political will to stimulate economic and social development in the area through bilateral programs of co-operation without military considerations or political pre-conditions.

Canada had already announced increases in the levels of development assistance to be provided for the region, reflecting concern for the conditions of poverty and economic dislocation underlying current social change and political instability. President Reagan's proposal for a comprehensive economic program to increase trade, investment and financial assistance would receive Canada's firm support.

Visit of Secretary General of ACTC

The newly-elected Secretary General of the Agency for Cultural and Technical Co-operation, Mr. François Owono-Nguema, paid an official visit to Canada March 28 to April 3, meeting His Excellency the Governor General, the Prime Minister and the Minister of External Relations, the Hon. Pierre De Bané. He was to discuss in detail future perspectives and organizational programmes, and was also to visit New Brunswick and Quebec, whose provincial governments have the status of participatory members in the Agency.

UN Forces

Canadian troops participated in their 37th rotation to Cyprus between March 24 and April 3. The 3rd Regiment Royal Canadian Horse Artillery of Shilo, Manitoba, replaced the 2nd Batallion of the Royal 22nd Regiment in continuing Canada's portion of the U.N. peacekeeping role in Cyprus.

Policy

FOREIGN POLICY

Relations with Latin America criticized

The Council on Hemispheric Relations, a private research group, called Canada's policy on Central America superficial, inconsistent, devoid of moral content and largely irrelevant in a statement issued at the end of March. The *Globe and Mail* (March 30) quoted portions of the Council's statement, concluding that the "detailed critique had almost nothing good to say about Canada's behavior in the region."

In an interview from Washington, Council Director Larry Birns described Canada as "a source of unutilized potential" in Latin America that was needed now "to redress the inadequacies" of the U.S. Administration's policies. *(Globe and Mail*, March 30)

The Council, founded to monitor inter-American affairs, has recently expanded to include Canada's relations with Latin America, Birns said in the *Globe and Mail* interview. Eight chairs are to be added to the Council's 28-member board of trustees for Canadians. Four members have already been invited to join: New Democratic Party Leader Ed Broadbent; the Hon. Flora MacDonald (PC Kingston and the Islands); John Foster (Chairman of the inter-Church Committee on Human Rights in Latin America); Lynn Williams (international secretary-treasurer of the United Steelworkers of America).

Afghanistan Day

In a statement issued by the Secretary of State for External Affairs marking the observance of Afghanistan Day March 21, Canada restated its condemnation of the

Soviet invasion of Afghanistan as a breach of the principles of the United Nations Charter and a violation of the sovereignty, territorial integrity and independence of a U.N. member. Canada called once more for the withdrawal of Soviet occupational forces and the restoration of a fully independent, non-aligned Afghanistan.

ECONOMIC/TRADE POLICY

Trade policy critized

A demand for federal action to relieve unemployment in the lumber and automobile industries came from opposition MPs in the House of Commons on March 22. New Democratic and Progressive Conservative MPs charged that the Liberal Government hadn't done enough to encourage exports through negotiating better trade deals. NDP Leader Ed Broadbent gave the example that Canada could take steps toward negotiating a higher minimum level of Canadian parts content for Japanese cars. Industry Minister Herb Gray countered that the Government is doing as well as it can under international economic conditions. *(Globe and Mail*, March 23)

Similarly, in a letter addressed to Prime Minister Trudeau on March 24, Broadbent reminds Trudeau of the NDP's New Employment Option, which proposes to "put this country on the road to economic recovery." Recovery from the severe crisis in the manufacturing sector, especially transportation equipment and machinery production, is possible if foreign owned firms are required to provide more jobs here, Broadbent says.

Investment abroad

The Progressive Conservative Party blames the Liberal Government's "anti-private enterprise, anti-investment" policies for a record out-flow of capital to the U.S., Australia and the Far East. P.C. Finance Spokesman Michael Wilson stated on March 10 that the out-flow is a major factor in the current high interest rates and unemployment level.

Foreign investment in Stock Market

Toronto Stock Exchange figures show that the value of orders by foreign investors dropped by about one-quarter in 1981. The final three months of the year were noticeably weak. A *Globe and Mail* report states that "it is plain that U.S. investors began bailing out of Canadian oil stocks following the introduction of the National Energy Program (NEP) in October, 1980." The March 22 article says that renewed foreign investment interest will depend on investors' interpretation of NEP and nationalistic policies in other areas.

Anti-inflation policy

The Managing Director of the International Monetary Fund told members of the Investment Dealers Association of Canada that the Canadian government has shown courage in its tough anti-inflation policy. According to a *Globe and Mail* report (March 11), Jacques de Larosiere described the short-term hardships and costs as unavoidable in the fight against inflation. Tax systems need revising to encourage savings over consumption, and wages must be held down to keep prices competitive in the world market, the IMF official stressed.

AID POLICY

Agriculture

The Hon. Eugene Whelan, Minister of Agriculture, voiced Canada's commitment to increasing global agricultural production at the Hemisphere '82 Conference in Denver, Colorado, on March 26. Whelan forecast increased spending on aid in both real and proportional terms with development assistance a priority.

Relief to Africa

The League of Red Cross Societies has been granted by Canada $450,000 for its humanitarian relief efforts in Africa, to be provided through the International Humanitarian Assistance program of CIDA. Funds will be devoted to the relief portion of the LRCS 1982 African program, which has mounted large-scale efforts to respond to widespread drought and famine, and has initiated better disaster preparedness programs.

Relief for war victims

The Hon. Mark MacGuigan *Secretary of State for External Affairs* announced March 26 that Canada would grant a total of $880,000 to the International Committee of the Red Cross in response to appeals for funding in aid of victims of conflicts including the Iraq-Iran war and civil strife in El Salvador and Lebanon. The Committee assists conflict victims and acts as neutral intermediary in all humanitarian matters, visiting prisoners of war, providing medical assistance and utilizing its Central Tracing Agency for the location of missing and displaced persons.

Canada

Solidarity: the struggle continues

by John Harker

"Finally the history of a cruel betrayal on the part of the West of millions of helpless people is being told and exposed. Over thirty years have passed since that time and exposure can no longer save any of the victims. But it can be a warning for the future."

No, this is not a statement about how we shall in the future look back on the December, 1981, imposition of martial law in Poland. These words were used by Alexander Solzhenitsyn in his review of Nickolai Tolstoy's sombrely magnificent book, *The Victims of Yalta*.

It is doubtless true that there are lessons which must be learned, both from the treatment meted out to Solidarity by Polish and Soviet commissars, and from the emergence and growth of the Polish independent self-governing trade union. However, the chapter in the history of man that opened with the strikes in Gdansk's Lenin Shipyard in the summer of 1980 is not yet closed, and obituaries are premature.

Given the disposition of many political figures in the West to cite the Yalta agreement as the rationale for their inability to act in the defence of Polish trade unionists, it is reasonable to see them as victims of Yalta; but by December 13, 1981, they had built up an organization of 10 million members, they had staged a major series of democratic elections in a communist country, they had held their own policy congress and caused the Polish United Workers Party to stage an extraordinary congress. They had, in fact, toppled the leaders of that party and stripped it of most of its authority and all of its claims to political legitimacy.

Winston Churchill once referred to Poland as the inspiration of nations. In an address I made to the First Congress of Solidarity in October, 1981, I could not resist observing that Solidarity is the inspiration of free trade unionists. Though some trade unionists in the West, those who see trade unionism as necessary only in a capitalist society, have sought to find fatal flaws in Solidarity, the overwhelming majority of people have been inspired by its emergence. This acceptance is not bestowed lightly, and where given by unions rather than their workers, it is given by heirs to some of the major social upheavals and struggles of this century and the last. Lech Walesa has been embraced, literally, by British trade union leader, Lionel Murray, the nemesis of Edward Heath's government, and by Brazil's explosive young trade unionist and founder of the Workers' Party, Lula.

John Harker is Director of International Affairs at the Canadian Labour Congress in Ottawa. He visited Poland last year during Solidarity's most heady period.

The world watches Walesa

The explanation for this embrace is varied, but vital to any coherent understanding of how the future will unfold. When Walesa and Lula met in Rome in the spring of 1981, there was an immediate meeting of hearts and minds. It must stand as one of the ironies of our times that only days before martial law was imposed, Lula received from his friend Walesa a letter protesting the sentence imposed on the Brazilian for doing no more than leading workers in the exercise of their basic and inalienable rights. We must wonder now whether Walesa recalls what Lula observed while they were together in Rome. It was, simply, that if Brazil were in the same geo-political position as Poland, the focus of world attention would be on the efforts of Brazil's workers to set up free trade unions, and those efforts would be seen in a heroic light and not a subsersive one. During his visit to Ottawa early this year, Lula was very concerned to find out as much as he could about the situation facing Walesa, the other detained leaders, and Solidarity itself. His interest, shared by millions, began to grow in the summer of 1980. The origins of Solidarity have rather deeper roots.

Solidarity's origins

Choice of a starting point must be somewhat arbitrary, or at least subject to competing claims. For the Canadian Labour Congress, the origins can be traced to the aftermath, not of the bloody confrontations of 1970 which saw the young Lech Walesa as a member of the Gdansk strike committee, but of the 1976 strikes at the huge, modern tractor plant, Ursus. Following the confrontation between the authorities and strikers, mainly at the Ursus plant, but also in the city of Radom, the people of Poland embarked on a new path. Many of the workers in Radom and Ursus were dismissed from their jobs, beaten and even tortured by the security forces. The idea was proposed, said Professor Edward Lipinski, that "we try to defend ourselves and protect those unjustly wronged." He and others like him created the KOR, known variously in English as the Committee of Workers Defence, or the Committee for Social Defence. This body began collecting funds, even from foreign countries, to help the strikers and their families. The KOR stimulated journals which listed the wrongs done to workers, and sought to ensure that workers, totally unassisted by their captive "trade unions," were made

aware of their rights. These, of course, were among the many functions assumed by Solidarity during 1980 and "before the war" as common usage has it in Poland today. This development led Lipinski to the podium during the Congress of Solidarity to announce the dissolution of the KOR, giving way to new forces which operate more effectively than KOR could.

Lipinski went on to address the delegates in a prophetic vein, when he said: "Despite these changes, I cannot help feeling that the struggle is not over. I myself was frightened when I heard Kania speak at a Party meeting of the bloodshed which threatens us. I myself was frightened to hear General Jaruzelski say that he is ready to mobilize the army for the defence of socialism in Poland. What is this supposed to mean? How can the army protect socialism by

Walesa riding high last year

shooting at people!" Less than three months after this statement, Edward Lipinski was taken into detention following Jaruzelski's mobilization of his army.

Lipinski helped create the KOR in 1976 and 1977. The KOR developed extensive contacts with the West, and particularly with the Western media. Inside Poland, its growth encouraged and coincided with the other fateful consequence of Ursus and Radom. Especially on the Baltic coast and in the Katowice area, the workers, and most particularly their unofficial but legitimized leaders, created Free Trade Union Committees. These in turn suffered their share of harassment. Lech Walesa knew much detention during his apprenticeship with the growing ideal of free trade unionism. This activity was not totally covert or secret. Much of it was discussed in the new journals such as Robotnik, throughout 1978, and certainly by the fall of 1979, the people of Gdansk were being advised by leaflet to take any complaints about a new shipyard bonus system to the Free Trade Union Committee of the Baltic Coast, and the names and addresses of the members were printed on the leaflet. The names included those of Lech Walesa and Anna Walentinowicz.

Early international attention

The situation by then had come to the attention of at least the free trade union movement outside Poland. On July 24, 1978, the Canadian Labour Congress, through the International Confederation of Free Trade Unions, presented a complaint to the International Labour Organization on the violation of ILO Conventions (numbers 87 and 98) by the Polish government. ILO Convention Number 87 is entitled "Freedom of Association and Protection of the Right to Organize Convention, 1948" and Convention Number 98 is "The Right to Organize and Collective Bargaining Convention." The complaint stated that under Poland's Trade Unions Act of July 1, 1949, any new trade union must join the Polish Federation of Trade Unions. Any trade union which failed to do so would be deprived of its legal existence as a trade union. Workers who were arrested or dismissed from their jobs following strikes and demonstrations could not look to official government trade unions for support. The offical unions were not capable of defending the workers' interests, and this was nowhere better understood than in Poland itself. The Committee on Freedom of Association of the ILO was informed by the Polish government that the Trade Unions Act of 1949 was going to be replaced by a new act. The Committee requested that it be kept informed of the amendments to the law.

The ICFTU also demonstrated that the workers who belonged to the Founding Committee of the Baltic Coast Trade Unions, and its counterpart in Katowice, were arrested, interrogated, released, re-arrested and harassed for defending the rights of the workers. The government furnished no concrete information in answer to the ICFTU's allegations. The ILO Committee considered that the term "organization" in Convention 87 covered all workers' organizations, even those which were not in a position to fulfill functions traditionally associated with trade unions, such as collective bargaining. The ILO Committee requested information on the situation of the persons involved in the above workers' organizations. The Polish government had not replied by the time the strikes began in Gdansk. In May, 1980, Nicholas Valticos, Assistant Director General of the ILO and its Adviser on International Labour Standards, visited Poland as part of the investigation of this case. His report was examined by the Committee on Freedom of Association at its meeting in November, 1980, and the facts as presented by the free trade union movement were found to be essentially correct.

So it was that when the strikes erupted in August, 1980, the demands were no longer limited to material gains. The workers had come to demand recognition of the universal right to free trade unionism. By adhering to this demand the founders of Solidarity created a powerful force, one that has changed governments and political systems across the face of the earth. A major political dimension had been added to the struggle.

The church involvement

Some eyewitnesses have argued that the strike leaders in Gdansk adhered to their free trade union demand hesitantly, with some initial reluctance, a characterization also applied to the early involvement of the Church. The strikers, having won approval for a memorial cross, commemorating those killed in Gdansk in 1970, had a priest bless their temporary cross, knowing that this would attract many waverers to their cause. In recent months, critics of Solidarity have tried to deride it as being a creature of the Church. They completely, and possibly deliberatly, ignore the fact that Poland is overwhelmingly a country of re-

ligious, Catholic people where, out of a population of 36 million, some 14 million were members of Solidarity, Rural Solidarity, and the associated independent unions. The Church has sustained Polish workers when they were without trade unions, and the leaders of Solidarity never ignored this fact. At the same time, when Walesa and his principal adviser, Bronislaw Geremek, met with CLC representatives during the 1981 International Labour Conference, they made the point emphatically that Solidarity was a union, and its meetings would be union meetings, not religious masses.

In the too few months between the signing of the Gdansk Agreement and the imposition of martial law, Solidarity did hold a number of meetings, and did much more besides. That it was able to do anything at all in the harrowing circumstances facing it must remain a tribute to the Polish workers, and must stand as a portent of their determination.

When Solidarity began its work in September and October, 1980, its logistical problems were enormous. The new headquarters of the Masowsze Region of Solidarity in Warsaw had to be kept open twenty-four hours a day, seven days a week. In the early days, literally thousands of visitors filed into the former school building. Many were well-wishers, others volunteers, but many were those Polish citizens finally believing that they had at their disposal an institution which would care about their problems and would try to redress old injustices.

There was never a time when the union could concentrate only on the specific interests of its members stemming from their employment in one enterprise rather than another. Solidarity had to play the roles of a massive social work agency, a civil liberties watchdog, and the architect of economic reconstruction, in the face of scheming opposition from a ruling party signally deficient in each of these areas. In the last of these is to be found the kernel of why Solidarity will never be stilled in spirit, irrespective of the damage done to the form. The Gdansk Agreement was not limited to the setting up of a free trade union with the right to strike. It said, among other things, that "the new trade unions should have a real opportunity to publicly express an opinion on key decisions that determine the living conditions of working people . . .long-term economic plans, and investment policy and price changes." The government guaranteed that these provisions would be carried out, and agreed to enter into formal negotiations with Solidarity on the future of the Polish economy.

Solidarity and the government

Much of the energy of delegates to the Congress of Solidarity was expended in preparing the major policies of the union to enable it to negotiate on the basis of articulating precisely what the workers wanted. In this way, major debates took place on the question of workers' participation and investment planning, for example. Serving as a backcloth to the debates was the growing feeling of many delegates that the authorities were dealing with Solidarity in the most extreme bad faith, thus giving rise to strong criticism of Walesa for not being firm enough. The basic argument of the critics was that when the union leadership did not react massively and determinedly following the Bydgoszcz incident. The authorities read this correctly as a sign of weakness, a weakness so enervating as to reduce Solidarity in time to impotence, whereupon it could collapse through a failure to meet its members' expectations.

The incident in Bydgoszcz took place on March 19, 1981, when the Militia attacked unionists peacefully discussing the registration of Rural Solidarity. One of those most severely beaten, Jan Rulewski, challenged Walesa for the leadership in the union elections later that year. After the attack, Solidarity held a warning strike on March 28, but called off a threatened general strike. It is believed in some quarters that, heartened by the moderate stand of the Solidarity leadership, the authorities decided that a military crackdown might just succeed. Certainly, there is evidence to show that military planning did get underway in April of 1981, at a time when Solidarity was clearly trying to honor its side of the Gdansk Agreement.

Even throughout the heated debates at its Congress, the Solidarity leadership kept clearly in mind its responsibility to the workers and also to the community as a whole. In his election address Walesa, challenged as he was by Rulewski and others, told the delegates that "We have three independent self-governing structures which we should safeguard for the good of democracy." He listed the worker-participation mechanism then being elaborated, the union, and the party-and-state administration, before emphasizing that "The replacement or removal of any of these elements weakens, it really does weaken, democracy." Two weeks later, the Central Committee of the Party met and replaced Kania with General Jaruzelski as First Secretary. Solidarity was severely criticized at the party meeting. The next day, October 19, Solidarity issued a statement recognizing the need to prevent unjustified strikes. Disputes should be settled through removal of their objective causes, not by actions running counter to Polish social agreements or international conventions ratified by Poland.

The unions' National Commission met thereafter every few days, commenting on the situation and expressing a willingness to participate in serious negotiations with Jaruzelski. Nowhere, strangely, does the National Commission seem to have taken heed of the warning from its own Press Service in early October, before Kania's ousting, that Albin Sliwak, a Politbureau hardliner, had told "official" trade unionists in the city of Krosno on September 3 that a Committee for National Salvation, now reviled as the infamous KROW of martial law, had been set up with Jaruzelski at its head, and that it would act in another two months. Perhaps to this signal should have been added another. On October 16 the Polish Council of Ministers announced its decision to "extend national service for two months in the land forces for servicemen who are about to complete the second and final year of their service."

Early in November, 1981, Walesa met with Primate Archbishop Glemp and General Jaruzelski for the first time. The meeting appeared to create an atmosphere for further talks and negotiation. The Archbishop acted more as a moderator than a partner in the talks, and the Secretary of the Polish Bishops' Conference hailed the meeting as a major event in Poland's post-war history. The presidium of Solidarity issued a statement that in any negotiations with the state authorities, it was ready to make concessions and would seek a compromise for the good of

the entire Polish community. The statement emphasized that: "Our union has always stressed that it does not claim the right exclusively to represent the entire Polish community."

The tension mounts

The question of just what Solidarity could be seen to represent was, and remains, as important as what views they determined to put forward in the talks they requested following the tripartite meeting. Solidarity put a formal proposal to the government for talks which would focus on the idea of a Social Council for the National Economy. The talks began on November 19, last year. It had been agreed specifically to discuss the Social Council. Following the first session, Borislaw Geremek expressed the view that the government was not really serious. Solidarity wanted this body to be independent of government control but to have the right of veto over government economic decisions. The government wanted a purely advisory body. During the session, Solidarity dropped the demand for veto power.

The second round of talks about the Social Council began on November 26, the same day that Politbureau member Stefan Olszowski said that Solidarity could not have a right of veto in a Front of National Accord either. Walesa had suggested that the Government, the Church and Solidarity would each have a veto in the Front, which would bring socio-political forces together to handle the major problems facing the country. At the re-convened talks on the Social Council, the government welcomed Solidarity's abandoning the veto, and asked for the same with respect to the right to strike. The union refused. On December 1, the union's press spokesman pointed out that for a month there had been virtually no economically-damaging strikes, due to appeals from Solidarity and the Parliament.

On the very next day, the militia attacked the Warsaw Fire Officers' Academy. Force was used, in as public a manner as possible. Lech Walesa had offered to mediate, but his offer was not taken up. Only seven hours after the attack, Stefan Olszowski said that all possibilities for mediation had been exhausted, and declared: "The Party' leadership will implement such a decisive policy more and more often."

Solidarity changed the agenda of a meeting scheduled to discuss higher education on December 4 in Radom, and its leaders met there to assess the situation following the attack on the Fire Academy. In its public statement, the union lamented that the authorities had used talks and the idea of national agreement to mislead society. It was convinced that the government wanted price increases but not economic reforms. The union was not prepared to decorate the facade of the old system with the Solidarity logo. The leaders did still call for a national agreement, to fight the economic crisis effectively, but it must incorporate major elements of Solidarity's program. These included a Social Council with the power to influence economic policy, democratic elections to People's Councils which would control the local authorities, and an end to secrecy in managing food supplies.

As the world knows, the discussion was taped, and the authorities soon revealed their version of the Radom meeting. The authorities wanted Polish society to believe that the union had "assumed the position of a political opposition force embarking on open struggle against the socialist authority and a struggle for power. The Solidarity national presidium has actually proclaimed a struggle to undermine and paralyze the legal authority."

The government strikes

In response, Solidarity appealed for social calm and reaffirmed their fundamental task of reaching the vital national accord. The union had been engaged in that very task on the day of the Radom meeting. Their representatives spent December 4 with a parliamentary sub-committee discussing a draft bill on trade unions. The sub-committee amended parts of the bill after hearing from Solidarity, and it was expected that the bell would go before the Parliament on December 15. The Church had a strong interest in the bill. Archbishop Glemp published a letter from all of his bishops. It warned Parliament against removing the right to strike, and praised the efforts of Solidarity in counteracting unofficial strikes. Against this background, Solidarity's National Commission met in Gdansk. Many of its members were arrested as they left the meeting hall to find that martial law had been imposed.

There seems little evidence, if any, of an unwillingness on the part of Solidarity to negotiate. To trade unionists, this term inherently denotes the possibility of compromise in order to reach an agreement. Solidarity understood this, and they clearly wanted to negotiate in good faith. That their government was not prepared to do so relates not so much to the bargaining demands of Solidarity, as to the stark fact that those demands were being put forward on behalf of the Polish worker.

The history of worker rejection of Communist Party claims to be their sole representative is as old as the Party, and will outlast it, in whatever country. In the 1970s, workers revolts on a localised scale occured throughout the Soviet bloc. These were put down, bought off, denied, and, by most Western observers, ignored.

Dissidence was thought of primarily as an intellectual pursuit, and though Sahkarov and Solzhenitsyn could earn the Soviet Union an odious reputation in some circles, they could not undermine its pretensions to international legitimacy as a champion of workers everywhere. Solidarity was not bought off, or ignored, and it stripped the pretensions to the bone. Its impact has been world-wide already, possibly as much because of the imposition of law as of the period before it. Workers around the world will want, and will have, free trade unions, which will remain what the history of industrial revolution and the end of colonialism have shown them to be, the best guarantors, and creators, of free societies.

The Solidarity logo would not adorn the old system; it may disappear, but it will be succeeded and succeeded until the logo of a free trade union in Poland adorns a new system, even if it is within a political framework managed by the heirs of General Jaruzelski. The General himself must be concerned by the growing ability of Solidarity to maintain a leadership structure, a network of information, and the loyalty of millions of members. Observers outside Poland would be ill advised to ignore the signs of the continued existence of Solidarity as a major deviant of the Polish social fabric. □

A new world information order?

by Thomas L. McPhail

In recent years, the role of UNESCO and the concept of the New World Information Order (NWIO) have received increasing attention in the Western press. Much of that attention has been negative. The MacBride International Commission Report is the major document to date on the NWIO, but the Commission's successor, the International Programme for the Development of Communication (IPDC) is already attracting more heat than light. Even the press-sponsored National News Council, which is based in New York, has lamented the biased and myopic coverage of the NWIO by U.S. newspapers and the wire service.

An interesting aspect of both NWIO and the IPDC is that their aims of promoting greater domestic control over broadcasting and telecommunications systems reflect a concern well-known to Canadians. Our experience with Royal Commissions on broadcasting, Canadian content rules, income tax rulings, and calls for greater social responsibility of newspapers, demonstrated by the Davey and, more recently, by the Kent Royal Commission on newspapers, make aspects of the international media and press debate familiar to Canadians. Yet the Canadian media, particularly the print media, are for the most part parrotting the antagonistic U.S. stand against the NWIO, MacBride and the IPDC.

U.S. hostility

Historically, the U.S. situation concerning communication has been complicated. Americans are not familiar with much government in their broadcasting, telecommunication or press undertakings. Yet they and their multinational communications industries have a far greater interest in the outcome of the NWIO debate than most other nations in the world. Any expansion of communications in the Third World will bring business to those companies. This is what makes the rigid and antagonistic U.S. stand difficult to comprehend. In the U.S. there is only private ownership of radio, T.V. and even satellite corporations. Their nationally funded network, the Public Broadcasting System (PBS) came about only in the mid-60s and we may see its demise under the current U.S. Administration in the 1980s. The end result of this long tradition is that Americans, particularly press owners, are extremely upset, if not paranoid, when it comes to the NWIO. U.S. controlled organizations like the Inter-American Press Association and the World Press Freedom Committee, which also have prominent Canadian members, spread alarums about NWIO and the IPDC.

Consider the IPDC, which is the new international program governed by a 35-member administrative council of which Canada is a member. It is designed to provide financial and technical assistance for regional communication projects in the Third World. In fact the IPDC was created as a result of U.S. initiatives and resolutions in UNESCO, but now the IPDC is confronted with a hostile U.S. attitude. Of its current $6 million budget, the U.S. has contributed only $100,000 and even that was in the form of "tied aid." For example, some of the U.S. contribution will be spent to bring Third World journalists to American universities or press seminars for the major purpose of warning them about the dangers of NWIO. Other parts of the U.S. fund will be used to pay U.S. media owners for obsolete equipment that will be dumped in the Third World. Not exactly a pleasant picture. In fact, this type of activity further alienates Third World leaders and increases their commitment and resolve to restructure world information for the benefit of Third World nations.

Worthy projects

By contrast, Canada donated $250,000, two-and-a-half times the U.S. sum, and placed it in a special account for use by IPDC as their governing council sees fit. Most of it will probably go to providing Africa with a continental news service. Even today approximately 20 of the 50 African nations have no domestic news services at all. This practical aid — of setting up national wire services — is indicative of the projects that the IPDC is pursuing. Despite the vehement attacks carried out about UNESCO and its NWIO activities by many North American newspapers, the IPDC deserves a chance to demonstrate its assistance to Third World communication projects.

To date, the IPDC has received several proposals from Third World nations for aid in the development of communications systems. For example, from Latin America there are requests for training programs and the development of a news feature service. From the Arab states there are requests for feasibility studies dealing with satellite systems as well as for a centre for training of broadcasters. From Africa there are requests for both national and re-

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gional news agencies and local training centres. From Asia and the Pacific there have been requests for developing news exchange facilities involving both radio and television. The Caribbean has applied for funding for a regional program exchange system. The requests, which in total amount to several million dollars, do not tamper with philosophical and sacred press traditions of the West but rather are aimed at creating elementary, and in most cases necessary, communication infra-structures; or else they are aimed at establishing training programs that seek to improve both the quantity and the quality of professional journalism in the Third World.

Canada's opportunity

But one would have difficulty in understanding the role and activities of the IPDC if the sole source of information was Western press coverage. Crucial in the overall debate about the NWIO is Canada's role. Canada both by its history and by its current efforts has an excellent opportunity to provide leadership in this area by putting forward a "made in Canada" position. To follow the current U.S. position or even to be associated with it could result in damage to our substantial international reputation in the communication field. Considering the good-will established by such agencies as the National Film Board or Canadian communication aid efforts in the Third World, it would be an act of folly to blindly parrot the hard line and almost paranoid reactions of the U.S. press and current Administration.

Rather the continuing struggle that Canada has had in protecting its broadcasting system from U.S. control and in Canadianizing its cultural industries is very similar to the objectives of Third World countries in their call for a NWIO. (It is important to note that within a short time there will be a similar call for New World Cultural Order.)

In many other areas of foreign policy it is difficult, often impossible, for Canada to pursue a unique or distinctly non-U.S. policy. But in the communications area, and within bodies like the IPDC, there is a significant opportunity for Canada to demonstrate leadership, not only for other Western nations, but for Third World countries as well. Certainly, there will be complaints by the press barons and possibly outright hostility from the current U.S. Administration, but despite the uproar to protect the one-way flow of communication that is clearly to their benefit, a more realistic position by Canada would bring us considerable prestige among most of the nations of the world. □

Latin America

Two articles on the Latin American scene, with glimpses of Canadian opportunities.

Canada and Brazil: comparing two hemispheric giants

by John D. Harbron

Brazil, like Canada, is a geographic giant in the Western Hemisphere, her vast land mass dominating South America as the Canadian one does North America. That is not the only strong geographic and demographic parallel between Brazil and Canada. There is the concentration of populations in core areas, the Canadian along the U.S.-Canada border, the Brazilian in the coastal cities. In each case the earliest settlers only slowly penetrated the hinterland, although Brazil with 120 million people has five times Canada's population.

When the pioneers did advance from the coast, immense unsettled regions challenged the limited technical and human resources of the time to develop new cities. Their efforts spurred a national consciousness about the role of the great interior in the nation: in Brazil the Amazon, and in Canada the far north and Arctic islands.

As the original urban communities expanded into sophisticated centres for trade, culture and government, the ever-present and ever-challenging frontier created its own traditions in both countries. In Canada these came from the opening of the prairies, mainly after the large central European immigrant flow at the beginning of this century, and in Brazil, the period of the restless cowboy-settler, what Brazilian history and folkloric literature calls the *bandeirante*.

In our modern age of the many technologies available for expanding and developing the frontier, the large Brazilian and Canadian land masses have been opened up by the application of engineering skills to pioneering needs. The air age has been vital to both Brazilian and Canadian

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economic development. In the 1920s the bush pilots of Canada, who flew people and cargos over rugged terrain, were matched in Brazil by air force officers who created the air postal service in a country which embraces 40 percent of the South American continent. Canadians built and sold to other developing countries their famous versions of the STOL (Short Take-Off and Landing Aircraft) for flying from rugged and impromptu frontier air strips, and named them after the animals of their forests and tundra: Otter, Beaver and Caribou. The Brazilians also produce a copycat model of the Dash-7 (the latest Canadian STOL) and understandably call it the Bandeirante.

This Brazilian and Canadian outreach of aviation technology clashed last year when Wapiti Aviation Company, a small feeder airline based in Grand Prairie, Alberta, bought a twin-engine Bandeirante from the Brazilians instead of a Canadian Dash-7. This management decision to "buy Brazilian" to meet a Canadian air transport need similar to the Brazilian, where "buy Canadian" seemed only natural, says much about Brazil's aggressive industrial expansion.

A would-be world power

Brazil's growing diversification of manufactured exports, (for Canada they include car parts for General Motors and Volkswagen autos from the Brazilian branch plants, shoes and consumer durables), is the product of a geopolitical view of the nation which has never been part of Canadian public policy-making. Where Canada has limited herself to so-called middle power roles, Brazilians have defined a future world-power role as a major national goal. This is based on the strategy that their immense geographic presence in their own continent and their huge population base, combined with dynamic manufacturing and export sectors, will be necessary prerequisites for future "big power" status. Though it is true such geopolitical thinking is inspired by the armed forces in a country ruled by its Generals since 1964, the military now acts as a coalescing rather than a dominant element in Brazil's industrial expansion.

EMBRAER S.A. (Empresa Brasileira de Aeronáutica) or Brazilian Aviation Corporation, the civilian firm which builds the Bandeirante as a commercial jet, began as a producer of small jet trainers for the Brazilian air force. Former air force colonel and engineer, Ozires Silva, EMBRAER's president, is better-known abroad as a dynamic aircraft salesman than he is in Brazil as one of its most accomplished pilots. As a commercial venture and "lead company" in a growing aviation industry, EMBRAER functions like a Canadian crown corporation. It is already six times larger than De Havilland Aircraft of Canada Limited, its Canadian government-owned competitor. EMBRAER's civilian management is celebrating its largest European sales coup to date: all of Britain's domestic feeder airlines fly only the ubiquitous Bandeirante.

Little known in this country is the fact that between 1942 and 1945, both Brazil and Canada as World War Two allies had major expeditionary forces fighting in the Italian campaign. The Brazilian FEB, (Força Expedicionária Brasileira) of 23,000 officers and men served alongside Canadians in Italy. The Brazilians found out, perhaps more acutely than we did, how much industrial organization was needed (and which they did not have), in order to mobilize, train and transport military manpower overseas to a foreign war.

Yet Canada moved more extensively into industrial status between 1941 and 1945 than did the Brazilians. This took place because we became a major weapons supplier for the British (as well as for ourselves), by duplicating the production methods of the neighboring American and familiar British industries. The Brazilian military commanders had to rely almost totally on U.S. sources of supply for their weapons and even uniforms. They went home victorious to a truly backward industrial nation, deeply convinced that both the strategic thinking and resultant organization of resources needed in wartime, were equally necessary for peacetime growth. Three of Brazil's five successive army generals as presidents since 1964 had served as senior officers in the Italian campaign. Indeed the first of them, the late President Humberto Castello Branco (1964-67), was the FEB's Chief of Staff in Italy. The largest (and in 1945 unforeseen opportunity) of the Brazilian military to lead in this role, was to come after their military coup of April, 1964. This event ousted the previous left-wing civilian regime of former President João Goulart which had almost bankrupted this huge nation and left its emerging industries destitute. The industrial strategy which emerged in the early 1970s and included the dynamic export policy was, in the view of the military technocrats, merely an extension of the mobilization procedures they had had to learn the hard way in the early 1940s. Canada by comparison would sustain the industrialization of her wartime economy after 1945 by encouraging the expansion of U.S. branch plants in the postwar period. By 1970, about 65 percent of our manufacturing industries and 87 percent of our strategic oil and gas companies would be foreign-owned, mainly by American parent corporations. Since the 1950s exponents of an industrial strategy for Canada of the kind Brazil has achieved, would be frustrated by the reality that much of this kind of planning already had been done outside of the country in the head offices of the thousands of resident branch plants.

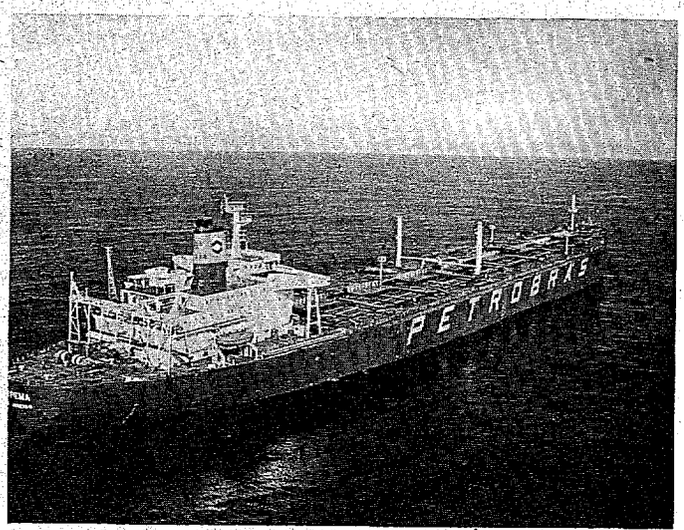
A working industrial strategy

In Brazil industrial strategy came into its own in 1972 when the Brazilian government announced the country's future "lead industries," which would receive state help through subsidies and tax relief, even during a time of high domestic inflation. These include a surprisingly wide range of unrelated industries: shoes, car parts, sewing machines, medium size dry cargo ships, aircraft, frozen orange juice, petro-chemical and pulp and paper. This strategy has permitted Brazil, as the Third World's largest developing nation, to make the miraculous breakthrough of producing and exporting more manufactured goods than natural resources. By 1981 53 percent of Brazilian world exports were in manufactured goods, replacing for the first time traditional coffee and sugar shipments as the major sources of foreign income.

The record $1.2 billion, two-way trade between Canada and Brazil last year dramatically indicates the same trend. Where only 27 percent of Canadian exports to Brazil from an "old" industrial nation were fabricated goods, 45

percent of Brazilian exports to Canada from the "new" industrial state, were manufactured products.

The Brazilian industrial strategy, now a decade old, indicates two developments which Canada also must face when government takes the Brazilian route: the ruthless selection of industries to be favored, and continued state support for the successful ones. In terms of Canadian needs, we should look very closely at the establishment since 1967 of Brazil's shipbuilding industry and expanded merchant fleet. Where Canada has almost no deep-sea fleet and very few bulk cargo carriers under the Canadian flag, the Brazilians operate about 8.2 million deadweight tons of shipping, including medium-sized cargo ships strengthened for ice to operate in our St. Lawrence Seaway. PETROBAS (Petroleos Brasileiros) or Brazilian Petroleums, the country's state-owned oil company equivalent to Petro-Canada, is the Third World's largest owner and operator of a super-tanker fleet. Its ore ships designed and built in Brazilian shipyards. The reason for a government tanker fleet is to meet a pressing need which Canada



A Brazilian-owned oil tanker

so far has not experienced, that is to guarantee maritime transport for the country's vital Middle Eastern oil imports. The Brazilian formula for financing and creating the second largest merchant fleet in the Western Hemisphere (after the United States) has made shipping an essential part of the Brazilian world identity.

Brazil's success with shipping has clear application for any future Canadian policy on funding and building a deep-sea merchant fleet. Under the formula, which has little to do with the politics of the government implementing it, whether military or elected, a tax was placed on all imports arriving in "non-Brazilian bottoms," with the funds from it to be placed in a ship escrow fund. From this fund, Brazilian as well as foreign entrepreneurs could borrow funds at low interest rates to build domestic shipyards. With major inputs from skilled Japanese and Dutch shipyards, which took advantage of the escrow financing, the country's shipbuilding take-off was assured. A new state agency SUNAMAM (Superintendência Nacional da Marinha Mercante), or National Merchant Marine Superintendency, was established in Rio de Janeiro with a mandate to publicize Brazilian maritime expansion. Linked to a clear-cut naval policy to build sovereignty-surveillance warships abroad to protect the nation's seacoasts, Brazil has created an integrated maritime policy which has so far evaded Canada.

The inference persists that this strategy, as well as the initiating land role of the Brazilian Army in building an Amazonian infrastructure of highways, townsites and public administration, would have been impossible without the long era of military rule, now 18 years old. Brazil had a merchant fleet before the arrival of the present industrial strategy. Indeed her shipping losses by U-boat action in the South Atlantic during World War Two were the main reason for Brazil's role as a belligerent. The early activities of the army's engineering battalions in opening up the interior, which began before 1964 and concluded in the mid-1970s, have been replaced by the functions of civilian managers of the many vast, state-run extractive corporations made possible by such infrastructure building. During the next quarter century, huge amounts of hydro power, iron ore, bauxite and gold will be produced from these immense, government-controlled corporations, regardless of who rules in Brasilia.

The colonial background

The paradox (for us Canadians) of Brazil's rapid industrial emergence and geopolitical thinking is that this has come from a national society whose roots are similar to our own. Our European colonial heritages, French and English in Canada and Portuguese in Brazil, embellished by the immigration flows of the early twentieth century after the imperial period had ended, created basically conservative communities. In both Brazil and Canada these have developed without the violent and disruptive social revolutions which have swept Hispanic American countries. Historians in both Brazil and Canada have determined that the peaceful changes of government (including the Brazilian army's coup d'état of 1964) were a result of the stability and continuity of a similar monarchical experience which marked the histories of the two countries. This has remained true, even though the Brazilian Empire came to an end in the late 1880s. The Brazilian Empire of 1822 to 1889 existed at the height of the British Empire of which Canada was the major North American colony. Brazil created a national aristocracy around a national throne ruled over by two emperors. Moreover the Brazilian throne of Emperor Dom Pedro I — an unpopular philanderer — and his son Dom Pedro II, modernist and technocrat, who asked Alexander Graham Bell to install his new telephone throughout his empire, had been detached from the founding Portuguese monarchy in 1808. The imperial aristocracy, of which today there are only small surviving vestiges, owned and dominated a comfortable plantation society. Relations between the "masters and slaves," as the renowned Brazilian sociologist Gilberto Freyre called them, were established by consensus between the classes and the races, rather than through the brute force characteristic of the neighboring Spanish-language countries.

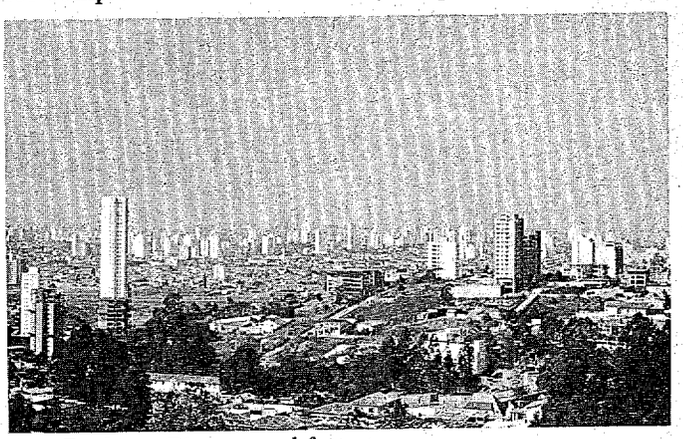
In both Canada and Brazil the peaceful accomplishments of the colonial era have become part of the modern state. In Canada these included the British heritage of constitutional government. In Brazil, despite two centuries

of slavery, historic Portuguese miscegenation (racial mixing and inter-marriage between blacks and whites), prevented the brutal exploitation that took place in many countries of Spanish America.

Modern Brazil, the largest entity in the Portuguese-speaking world, is culturally and economically very close to the Portuguese-speaking black Marxist republics of Africa: Angola, Mozambique and Guinea-Bissau. Paradoxically Brazil's openly anti-Marxist government of technocrats and the military have expanded relations with the fellow republics of the Portuguese world, partly to enlarge the world role envisaged for their country. Modern Canada, the largest entity in the old British and French empires, maintains similar close economic and cultural ties with the other former colonies and the new, independent nations of the British Commonwealth and francophone Africa.

Yet there must be reasons why these two nations with so many parallel historic origins, pursue public policy-making so differently, Brazil in a deterministic way, Canada by consensus. A major consideration has to be the continuing role of the armed forces in Brazil as a major element in economic development, directing civilian governments behind the scenes, implementing the industrial strategy and — since 1964 — without the time-consuming obstructions of elected governments. The self-same roles which were shared abroad by the Brazilian military and the Canadian armed forces in war and peace, including joint peacekeeping duties in the now defunct United Nations Emergency Force (UNEF) in the Middle East are not shared by them at home. The Brazilian army's long commitment to Amazonian development, compared to the similar miniscule role of the Northern Command of the Canadian Armed Forces in our Arctic, emphasizes the differences. But today, Brazilian executives trained abroad have assumed most of the earlier, directional roles of the military in economic development and settlement of the vast interior. The view that Brazil will become a future world power is shared by both civilian and military decision-makers.

There are messages for the Canadian future from this comparison of two similar hemispheric countries. First, because Brazilians know who they are as a nation and Canadians are never sure, and because they possess and perpetuate a national ideology (which we shun), the long-term and pragmatic goals of national development are more easy to define and bring to completion in Brazil than in Canada. Second, Brazil's very strong central government controls the country's mega-projects in energy and natural resources through large federally-owned state corporations — not unlike Canadian crown corporations. But in Brazil these giant state enterprises are free of the destructive jurisdictional disputes between the federal and provincial governments which in Canada are delaying long-term development programs and scaring away foreign investors. By comparison, Brazil's mega-projects planned for completion in the 1990s in hydro-power, bauxite, iron ore and gold, are all on stream and well-financed by the world's international banks, including some Canadian ones.



São Paulo — Biggest and fastest

Finally, Brazilians unlike Canadians think expansively of themselves and their nation, or as the late President Juscelino Kubitchek, the father of Brasilia, the country's new capital, once put it, ". . . to build in five years what takes fifty." □

The changing OAS

An interview with Val McComie, Assistant Secretary General of the Organization of American States by Stephen Banker, a life-time student of Latin America and a CBC contributor from Washington. He introduces the scene before questioning Mr. McComie.

Canada has never been a full member of the Organization of American States (OAS) for a number of reasons. The fact of being the second-most-developed country in the hemisphere raises expectations of Canada's donations. Too, there have been fears that Canada's foreign policy disagreements with the United States would be brought to a head at the OAS. The OAS historically has been expert at quarrelling, but has had little impact in political or economic terms. And perhaps most important is simply that Canada's sentimental ties have never been with the New World.

But in the bubbling cauldron of contemporary geopolitics, some of those factors are changing. It is a different world we live in and the OAS, too, is changing its face. The new visage is increasingly black and its language, English. The Organization's most recent members are St. Lucia, Dominica, Antigua & Barbuda, St. Vincent & the Grenadines, and the Bahamas. Guyana and Belize (formerly British Honduras) are in the wings, awaiting a charter revision that

would permit them to join. The result is an English-speaking bloc within the Organization that is already significant and could in the near future approach parity with the Latinos. Some of these countries are barely specks on the map, but the Council of the OAS operates on a one-nation, one-vote basis.

The shift of power is spurred on by the willingness of the Dominican Republic, Haiti and Surinam (a former Dutch colony) to vote with the English speakers on most issues. They are bound by various ties beyond language — the Commonwealth, or the Caribbean, or their negritude — which have resulted in a *realpolitik* cohesion.

If all this adds up to a newtime religion, there is a prophet. He is Val T. McComie, a 62-year-old Barbadian diplomat who is presently the OAS's Assistant Secretary General. McComie is a tall man in pinstripes with a shock of white hair and a likable manner who is well-positioned to turn the Organization around. If the OAS has traditionally been stymied by the internecine disputes of its members, and rendered powerless by the "doctrine of non-intervention" that has protected some of the worst despots in history from their neighbours, then the rise of McComie may be a signal that a change is in the wind.

He became the second ranking officer in 1980 because the incumbent Secretary-General, Alejandro Orfila, found himself in difficulty in his bid for a second term, and McComie became a natural ally. The South and Central American countries had a plethora of candidates and solutions, but only McComie could deliver a solid bloc of votes. The Guatemalan who had held the Assistant's job simply didn't have the cards when Orfila and McComie began to deal.

But McComie's present position is not solely the result of a political manœuvre. As the Ambassador from Barbados to the OAS, he quickly won the confidence and respect of the other ambassadors with his fluent Spanish and accommodating manner. He has good connections in both the United States and Venezuela, where he also served as ambassador. He is experienced in international affairs and is a quick learner.

Insiders expect McComie to be elected Secretary-General in the next scheduled election in 1984, or to accede to the post if Orfila resigns before then. And if he does get the top job, his tenure will be both a cause and a symptom of profound change. The paralysis that has inhibited the OAS — for instance, its bureaucratic inability even to *discuss* the question of El Salvador on a formal basis — would surely be quickly gone. McComie has behind him a solid group of backers on whom he can rely for votes when he needs them. With 18 Spanish- and Portuguese-speaking countries, there are already 14 other members or prospective members. And to the latter list, one may add St. Kitts and Nevas (UN members already), the Netherlands Antilles and the great behemoth of the North, Canada.

Q: What is the significance of the fact that you are the first individual from the Commonwealth to hold a top OAS position?

Mr. McComie: Well, the countries of the Commonwealth Caribbean had not been members of the OAS prior to 1962 so that our presence here and the ability to make some impact on the other members of the Organization dates only from then. When you recognize that in less than two decades you have a national of the English-speaking Commonwealth Caribbean who has been elected to the post of Assistant Secretary General then, one might say that "we have come a long way, baby". But I think that this honor that was paid to me is due to several factors. Latin America recognized to its relief that having the English-speaking Caribbean as members would not result in changing the character of the Organization. Such fears are related to the fact that perhaps as English-speaking member countries we might be dominated by the largest English-speaking member of the Organization, the U.S. I think they discovered to their relief that the Caribbean countries, in spite of their size, have actually performed with a degree of independence. We tended to bring a new element to the OAS which was our tradition of respect for the law, supremacy of the law, and the fact that we took the principles that underly the charter of the Organization very seriously. We approached our determinations on the principles of the Charter rather than because of some alignment we felt with any one country.

Q: The OAS is still largely thought of by outsiders as hispanic.

Mr. McComie: I would think that there is a great deal of substance in that affirmation. Sometimes we are aware of it in very small ways even with respect to the availability of documents in the English language. Most of the documents originate in Spanish, simply because the majority of the staff in the Secretariat is Latin American.

Q: Politically, is there significance to that? They were the original Charter members.

Mr. McComie: Yes, there is some significance in the sense that we, the countries from the English-speaking Caribbean, have shown a great degree of maturity in understanding that if we tried to flex our muscles too much in the Organization we might give rise to some incident. We were very much aware when we joined the Organization that our history, our culture, our language, one might even say our political traditions, made us distinct from Latin America. Yet we did not insist that we should be added as a separate element coming into the Organization. For about 15 years, we accepted their definition of us as being part of Latin America.

English language gaining on Spanish

Q: Some of your recent members are St. Lucia, Dominica, Antigua & Barbuda. St. Vincent & The Grenadines, and The Bahamas. Guyana and Belize are later possibilities if you make a Charter change. I see the traditional hispanic countries plus Brazil, adding up to something like 20 members and when I count up the others including the English-speaking Caribbean, Haiti and Surinam, which generally vote with the English-speaking countries, this new bloc is close to a majority, or at least a parity.

Mr. McComie: Again, there was this initial fear that somehow or other there would be a bloc of Commonwealth Caribbean countries that would, by exercising their votes in a monolithic way, be able to dominate the Organization; but again the proof of the pudding has been in the eating and experience has shown that the Caribbean countries do not necessarily vote as a bloc. We have also come to recog-

nize that because of the fact there is the notion of ideological pluralism that the Caribbean has adjusted itself to, it is now quite possible that Caribbean countries may not vote the same way on all political issues.

Q: Would you go so far as to say that they are closer to being a bloc than the Latins are?

Mr. McComie: Well, yes, but I would hedge a bit by saying it is possibly because they are recent members. As soon as you come into the club you tend to stick together in the same way as migrants do when they come to a country.

Q: Mr. Ambassador, it is no secret that the English-speaking bloc looks to you for leadership in the OAS, and we agree that the Commonwealth countries have more cohesion in terms of philosophy.

Mr. McComie: I have taken pains from the very beginning of my term of office to indicate clearly that as the Assistant Secretary General of the whole OAS, I have equal responsibility to all of the members. I could not say that there are any special pressures that are put on me by the Caribbean countries merely because I am a Caribbean person. But certainly what they do expect of me is wherever there are issues that affect the Caribbean, I will be much more aware and more informed about those and I would certainly be able to bring to the decision-making process an expertise which perhaps would not be there if I were not Assistant Secretary General.

Canada and OAS

Q: You have been talking about the Caribbean basically, and Canada, as you know, has a very intense interest in Haiti and the English-speaking Caribbean. How would Canada fit in?

Mr. McComie: I would think that Canada would find no difficulty really fitting in to the position which I outlined for the English-speaking Caribbean countries in the sense that we have both been formed within the notion of the Commonwealth. The closeness between Canada and the Commonwealth Caribbean is largely due to the shared experience that we have had as members of the Commonwealth. But then, of course, one would have to recognize immediately that Canada is a more powerful country, more developed than anybody in the Caribbean and is a donor of assistance rather than a recipient. I think the Caribbean countries would be the first to recognize the importance of Canada to them as a friendly donor country. I think that Canada's own interest with respect to its relations with Latin America would add a new dimension that none of the other English-speaking countries would have, with the possible exceptions of Trinidad & Tobago and Jamaica. Canada would have to take a three-dimensional look if it were a member of this organization. The first dimension is its relations with the United States because of the very close historical links between them; second, its relations with the Commonwealth Caribbean, because of close historical links; and thirdly, its developing interest in extending into Latin America per se, and this would be for trade and investment assistance. So I would think that Canada would certainly be much more involved in the Organization than would the Commonwealth Caribbean countries.

Q: If I understand you correctly, you are suggesting something quite new. For many years Canada has been to some extent in fear that by joining the OAS it would be paired off with the United States.

Mr. McComie: You are saying that.

Q: Yes, Prime Minister Trudeau said that one reason for not joining the OAS was that we already have enough quarrels with the United States and that we do not need more. You are saying that there is another identity or another identification that might be found within the Organization that could be at least as important.

Mr. McComie: Yes, because I think that Canada has taken steps to indicate that it recognizes this. The recent report of the Parliamentary Committee on External Affairs, for example, has indicated the importance for Canada of becoming now a hemishperic country, and as long as Canada has taken that decision, then its relations not only with the United States but with the rest of Latin America and the Caribbean become extremely important. What I was trying to suggest was the framework in which I think it might pursue those other relations.

Cold war in the Americas

Q: One of the problems with Central America right now is the East-West dimension. Sometimes it appears to observers that what is going on in El Salvador, Nicaragua and Guatemala is that the United States and the Soviet Union are having it out on a small scale. Wouldn't Canada as a NATO country exacerbate that particular situation?

Mr. McCombie: No, I do not think that. I suppose theoretically that may be so but I do not think that in practice this is what would happen. Canada seems to be very conscious now that, because of its position as a developed country, it has got to establish its own links with the rest of the hemisphere and therefore any threat to the peace and security of the hemisphere is of interest to Canada; and not just as a member of NATO, because the threat may not have anything at all to do with NATO. So that Canada has got to begin looking at the other instruments for maintaining the peace and security of the hemisphere; not just instruments such as the Rio Treaty, dealing with threats of armed aggression from outside the hemisphere, but also with being involved in the development of the hemisphere, because development is in a sense the positive side of security and I think that it is this particular view that I see emerging when I take a look at Canadian foreign policy.

Q: The Secretary of State for External Affairs, Mr. MacGuigan, has announced that Canada will expand its aid to Central America to more than $100 million over the next five years as compared to $40 million in the last five. Would that contribution be more helpful if it were not bilateral, if it went through this Organization?

Mr. McComie: I do not think that we have had information as to whether that increase in assistance would be bilateral. All of the members of the Organization are extremely aware of the importance of Canadian assistance through OAS in its capacity as a Permanent Observer. Now here is Canada without being a member actually involved in giving technical assistance to other Latin American countries, so that it is quite possible as I see it that any

increase in aid may be on both fronts, both bilaterally as well as through the instrument of the Organization.

Q: That Parliamentary Sub-Committee which you mentioned before on Canada's relations with Latin America and the Caribbean criticized the Reagan Caribbean Basin Plan as "poorly planned and questionably motivated" and this report suggested that Canada should stand aloof, lest it jeopardize Canadian plans for closer relations with the Commonwealth Caribbean. Does that make sense to you?

Mr. McComie: Well, I would say that Canada is much better placed to make some observations about the planning that went into this intitiative. And we have to know more about the way in which the Caribbean Basin initiative will operate.

Q: You are in a difficult situation here.

Mr. McComie: In spite of my difficult situation, I will make this comment. It does not seem to me that Canada's own ability to function and to give its assistance on terms that it wants would in any way be impaired by being associated with the other countries in the Caribbean Basin initiative.

Q: I would not be so foolish as to try to get you to comment on the Reagan plan, I was only trying to get what you think is Canada's positioning on this topic. I guess you think that the fear is really not justified.

Mr. McComie: No, I would not say that. That is not the impression. Of course I have to form impressions from what I read that Canadian officials have said. The impression that I get is that even with the reservations that Canadians may have about the way in which the Caribbean Basin initiative was conceived and developed, at the present moment the situation is such that Canada can proceed to deal with the Caribbean Basin and not find that its having been drawn into the initiative is in any way an embarassment.

Q: Is there resentment within the OAS that Canada's interest in the hemisphere is basically limited to those countries with which it has linguistic and historical ties?

Mr. McComie: No, I do not think that is true as a premise. You see Latin Americans would recognize that the same observation could be made about Spain's relationship with Latin America. If you look at Spain's assistance to the English-speaking Caribbean for example it certainly is minimal compared with what it gives to the Latin American countries. What is important to us is Canada's declaration now of its intention to increase its relationship and to do this in a very concrete way by increasing the amount of assistance that it will devote to Latin America. It does seem to me that Canada is operating on several fronts at the same time and all of these are important to the other parties involved.

Human rights in Latin America

Q: Canada has taken a leading role, as you know, in human rights issues. In fact, that Parliamentary report that we were discussing calls human rights "a Canadian foreign policy asset." A very important part of the OAS is the Inter-American Commission on Human Rights. How can Canada in keeping with its own interests step up or increase its participation in the Inter-American Commission on Human Rights?

Mr. McComie: Well, I am afraid that the Commission itself is confined only to the countries which are members of the Organization, but when the country itself shows by example that it practises what it preaches, then it seems to me that his is the strongest kind of boost that can be given to the whole question of human rights.

Q: In your view, is Canada practising what it preaches when recently in Geneva at a meeting of the United Nations Commission on Human Rights, Canada abstained from a motion to condemn the state of human rights in El Salvador?

Mr. McComie: I do not think that was the point. From what I read of the essential point in the resolution it seems to me that what the United Nations Human Rights Commission was saying is that there did not exist in El Salvador at the moment a climate which would permit the protection of political and civil rights if an election were held. Now that seems to me to be the kind of situation that gives rise to a difference of opinion.

Q: In an era in which the United States is trying to reduce its own participation in the OAS, to get down from that 66 percent of the budget that it presently underwrites, with Mexico and Venezuela, Brazil, Argentina, all trying to draw away to a certain extent, what would be the attraction for Canada? Canada would be one of the fat cats.

Mr. McComie: (Laughs) Well, again I do not wish to speak for Canada but it does seem to me that the increasing involvement of Canada with the programs of the OAS and the decision to use the OAS as a vehicle through which to help other countries does indicate that Canada sees something of value in maintaining this very close relationship. Whether it will either move to the status of full member or not is a decision for the Canadian Government, but I must say that there is a great deal of expectancy among the other members of the OAS because their attitude is this, that if without being a member Canada is such a useful adjunct to the Organization what would it be like if it were a full member?

Q: Mr. McComie, if you were the Secretary General of the Organization as many people believe you have every chance of becoming in the next few years and, along with that, if there were either an English-speaking majority or English-speaking parity within the Organization so that there would be significant confidence and brotherhood within the Organization and ability for you to get votes when you needed votes, how would the Organization change; specifically, would it be as passive and muscle-bound as it has been regarding conflicts in the hemisphere?

Mr. McComie: The thrust of your question seems to suggest that the Secretary General has a great deal of influence in determining what the policies of the Organization will be so we must lay that one to rest. The fact of the matter is that this Organization will only do what the member governments want it to do. If at any time public opinion feels the Organization is lethargic or that it is not involved in the major issues of the hemisphere, the answer is that that is exactly what the members think it should be doing. □

Development Banking and the Case of Canada

by Michel Naggar

Historians of world economic development have recognized four distinct phases of alternating higher and slower growths that have occurred in the so-called advanced capitalist nations (ACN), of which Canada is one. The first phase started shortly after 1870 and lasted until 1914. It came to be called *la Première Belle Epoque* (Herman Kahn), during which much of the modern industrial world emerged. The second phase which started in 1914 and ended around 1947 was really — by contrast — *la Mauvaise Epoque*: it saw two world wars of devastating effect, the Great Depression, the rise and fall of fascism in two great European nations, two major communist revolutions and the emergence of two superpowers. During that phase, the international economy and the international power system were managed badly. The third phase, *la Deuxième Belle Epoque*, has very likely just ended. Despite its considerable failings and blemishes, the period following World War II was highly successful. For the first time, the Third World joined in the process of rapid economic development. The fruits of the industrial revolution trickled down from the original ACNs and the Soviet Union.

It is not a coincidence that the establishment in 1944 of the Industrial Development Bank (IDB), predecessor of the present Federal Business Development Bank (FBDB), coincided with the end of the *Mauvaise Epoque* and the beginning of the *Deuxième Belle Epoque*. If this was to mark the beginning of development banking in Canada, it was also the time when the World Bank was established to provide loans for the reconstruction of Europe and Japan and (secondarily) for the developing world. The major powers that came away victorious from the Second World War were concerned about political security for themselves and were anxious to set up a framework for world finance and trade that might ensure that the evils of the preceding phase would not occur again. Consideration to the real needs of developing countries in terms of breaking the main constraints of development and a driving sense of mission emerged only with the MacNamara leadership. And it was during this phase that development banking became a global phenomenon.

Europe was to be rebuilt almost from scratch. France and Germany, to take only two examples, went about the task with typical cartesian logic, creating different financial institutions for different development purposes, but all well-integrated within the banking system. Britain was slow to rebuild since it had not collapsed entirely. In all cases, although less so in Britain, a remarkable sensitivity to the concerns of small and medium business was characterisitic of this period. Almost every developing nation created its own development bank with considerable help, both financial and otherwise, from the World Bank and its respective central bank. Sometimes these development banks were conceived and nurtured as institutions isolated from the rest of the financial sector and their subsequent weaning from official, concessional sources of finance — which allowed them to consider projects with a large development content — was to bring forward the crucial problem of mobilization of financial resources and the temptation to reorient their activities to shorter horizons, involving more profitable less developmental operations in order to meet their cost-recovery criteria. The more the proportion of their resources came from the market, the more they selected bankable projects using criteria closer to those of a private bank under similar conditions. Economic progress did materialize in these countries and the emphasis was shifted from large infra-structure projects to small and medium size business enterprises that satisfy real needs rather than artificially created needs. The World Bank always stood behind them acting as a Development Agency, providing guidance as well as suitably priced financial resources.

The case of Canada as an advanced capitalist nation has been different. There was no major reconstruction to be undertaken, only readaptation to a peace-time economy. Development as a process of change in attitudes and institutional structures that makes possible the attainment and continuation of growth had already taken place. The perceived need was to ensure sustained growth through proper financing. Canada's sophisticated banking system was still under legislative constraints that discouraged term lending which is the main instrument of project financing. Furthermore, Canada was a true democracy dedicated to the free enterprise system, a dimension that had to be given very serious consideration in drafting the IDB Act and determining the degree of government intervention or participation in the process of development. Canada's concern at the time was the promotion of economic welfare, not industrial development per se. The preamble of the IDB Act stated from the very start that the Government of Canada intended to promote the economic welfare of Canada through *ensuring the availability of credit* to industrial enterprises. Government involvement was based on

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both social and economic development objectives that sought primarily to avoid massive post-war unemployment. The IDB started its operations as a subsidiary of the Bank of Canada and grew during an unprecedented boom that lasted more than a quarter of a century. Its sense of mission was directed to business enterprises in Canada. It responded to market forces and filled a gap in the capital market. Social development objectives were pursued by providing assistance to businesses that were self-employment enterprises or to firms that were discriminated against by financial institutions due to their type of business, remote location, lack of track record, limited security, or other factors. The objective that was pursued at this level is tied to the social fabric of Canada's economic life. It is protective of the right of individuals to choose between self-employment or employment in any employer-employee relationship. Economic development objectives were to be pursued by providing for assistance to small and medium firms in various sectors of economic activity at various levels of development of their life cycle: start-up, recapitalization, rationalization, expansion. The objective that is pursued at this level is economic impact measured in terms of jobs and income generated, "production" impact (the effect of a business's growth on other businesses), productivity improvement, import replacement, and exporting activity, among others. It also placed on the IDB the very difficult task of being at once prudent and pioneering.

The creation of DREE in 1969 to promote economic growth in designated regions in Canada, the reorganization of IDB into the Federal Business Development Bank in 1975 to expand equity financing operations, the Enterprise Development program, the revision of the Bank Act in 1980, the vast array of incentives and programs at the federal and provincial levels, were all steps taken to meet the malaise that was already looming at the horizon, marking the end of the third phase and ushering the fourth phase of economic development which is characterized by slow growth, high unemployment and high inflation. Canada's malaise is seen to be due to, among other things: 1) a foreseeable crunch in natural resources, 2) a continuing sense of U.S. cultural and economic domination, 3) high wages, low productivity and militant unions, 4) a high level of capital outflow. It is no longer a problem of financing business expansion and ensuring the availability of credit to that purpose. We are dealing today with a general malaise that has overtaken not only Canada but, for a variety of reasons, the rest of the ACNs and, with generalized inflation, the rest of the world. Among the reasons of the present malaise in ACNs is that the industrialization of the *South* should lead to an industrial re-deployment along lines which remain to be defined, i.e. whether there should be a further specialization towards an optimal global economy, with every group of countries making the most of its comparative advantage, or whether a more balanced self-centred development will be sought.

In November, 1981, the Science Council of Canada issued a statement entitled "Hard Times, Hard Choices". The statement is predicated on the growing fear that our economy will continue to fall behind. At the centre of the Science Council's concern for the Canadian economy lie profound doubts about the health of Canada's manufacturing sector. The challenge is that Canadians have yet to build an advanced industrial base in the face of intensifying international competition. This situation is entirely different from that which prevailed in the 1940-1950s. More than ensuring the availability of credit to creditworthy business, it is a true process of engineering an industrial future based on excellence and specialization that is now needed. The concern is no longer only with a social goal or with the orderly financing of business expansion or with filling a gap in the capital market and the banking system. It is now crucial to take a long-term view of the economic development process. This is a political as well as an analytical challenge. It has been demonstrated that in ACNs, actions by government have always been a consequence rather than a cause of economic movements. Government corrects *"acta"* rather than orients *"agenda"*, but it remains *"le maître des cohérences"*. The intensified Canadianization process — whether of ownership or of performance requirements — in certain key sectors is reactive in nature and corrective in purpose and is expected to render the economic base capable of generating technological innovations particularly in the high technology sectors in which Canada's future lies.

Megaprojects and big business lead in technological innovations, but their success depends, to a large measure, upon a healthy network of small and medium enterprises (SMEs) that undertake their complementary operations and satisfy the needs they create.

These SMEs have seen their debt/equity ratios increase gradually over the years, thus limiting their capacity to undertake an orderly modernization process and the capital outlays it requires particularly under a volatile interest rate pattern. Financing of that long-term process, as opposed to financing short-term business expansion and natural growth, will befall the public as well as the private sector and in both cases will imply deliberate calculated risk-taking by financial institutions with sufficient financial stamina to do so.

Having been established for purposes that were somewhat different from those of other development banks elsewhere in the world, Canada's development bank may well be required today to adopt the same orientation, face the same concerns and further diversify the scope of its operations and take a more active part in the coming regenerative process.

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