

Centre for International Relations Occasional Paper no. 14

UNBRIDLED CONSTRAINT:  
THE MACDONALD COMMISSION VOLUMES  
ON CANADA AND THE  
INTERNATIONAL POLITICAL ECONOMY

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February 1987

This review article was written for the Canadian Journal of Political Science.

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VOLUMES ON CANADA AND THE INTERNATIONAL POLITICAL ECONOMY\*

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Introduction: A Question of Perspective

It is said that one should not judge a book (or, in this instance, a series) by its cover, but there is sometimes a contribution the packaging of a book can make to the analysis of its contents. If one examines closely the half maple leaf that adorns the covers of the three volumes under consideration in this essay--and for that matter the other 69 volumes that make up the Macdonald Commission's research output--one notices that the neo-impressionistic multitude of tiny faces seeking to create the illusion of the partial leaf belongs in reality to very few individuals. I count, with the help of a magnifying glass, eight in all.

What strikes me as suggestive about this is that there is an implicit visual analogy linking the cover to the community of Canadian scholars whose speciality is international relations. Though constituting a group somewhat larger than eight, this community can hardly be said to be vast; and while there is no reason to believe that qualitative excellence cannot in large part compensate for the problems associated with small size, it has become apparent to me, ever since I undertook the task of writing this "field essay," that the relative dearth of specialists in international politics can pose difficulties for a reviewer.

Perhaps the most evident of these difficulties stems from the fact that of 14 authors who had a hand in the writing of these three volumes, all but one is a personal acquaintance; some are current or former colleagues, many are close friends. To the diplomatic problem of rendering frank criticism to such an

assemblage in a way that close friends do not become ex-friends is added the credibility problem that would attach to any review that heaped too much praise on the project. In the event, this pair of difficulties did not prove insurmountable, for the truth of the matter is that the studies contained in these three volumes are, by and large, both competent and topical, and if the intent of the Research Directors was to endow Canadian scholarship with material of more than ephemeral value, it is likely that posterity will judge that, in the case at least of the contributions on Canada and the International Political Economy, they have succeeded.

My initial critical observation does not, then, relate to the task of having to bestow praise, if only with faint damns, on colleagues and friends; instead, it relates to the perhaps inevitable skewing of the research findings as a result of the rather remarkable "paradigmatic" congeniality of most of the authors. Lest it be assumed that this review is yet another denunciation of "paradigm dominance," which seems to be the fashion these days,<sup>1</sup> I hasten to add that I tend to share part of the conceptual framework within which most of the authors under review house their assumptions, evidence, and conclusions. If anything, I may be more royalist than the king in this regard, for not only do I confess to being an inveterate "realist," I actually profess that there is utility in employing something called "geopolitics" as a conceptual apparatus with which to come to grips with international political reality.

This being said, it does seem odd that the "ideological diversity" remarked by the Commission's three Research Directors--Ivan Bernier (Law and Constitutional Issues), Alan Cairns (Politics and Institutions of Government), and David Smith (Economics)--should have been so lacking in at least three of the volumes of research output, those under review here. What one of the

international-relations contributors, Jock Finlayson, says of an essay of his can stand as a pithy observation on the set: "The writings of Marxist scholars are neither surveyed nor relied upon in this paper. Marxist writers have developed an extensive and varied literature on the international economy, and were interested in this subject long before non-Marxist political scientists turned their attention to it. Their intellectual contributions deserve a separate treatment and evaluation in a more comprehensive review of recent literature on the international political economy and Canada's place within it."<sup>2</sup>

As it turned out, the three volumes on the international political economy would contain not a single contribution from what has to be acknowledged as a major pillar of political economy in this (or any other Western) country--something that surely constitutes a curious omission, even to jaded "realists" such as this reviewer, who finds much with which to disagree in the radical critique, but by the same token, also derives a good deal of intellectual stimulation from that critique. Instead of the clash of competing metaphysics, the reader of these volumes is exposed to a drum-fire of what might (with some exceptions) justifiably be branded "neo-realist" analysis. One hesitates to affix labels such as "neo-realism" to any group as numerous as the one whose papers I am reviewing, not only because there are clearly some therein who do not fit into the mold, but also because the mold itself is anything but a well-formed vessel.<sup>3</sup> For the purposes of expository convenience, however, let us assume that neo-realism does possess meaning, and that its principal defining characteristic is to be found in the centrality it assigns to the idea of systemic constraint. Those who decry neo-realism (or, as they sometimes misleadingly put it, "structural realism") as status-quo oriented, at best, and oppressively

immoral, at worst, do have at least one fair point: neo-realists cannot be accused of being among the world's preeminent crusaders.

I do remain more than a little baffled, nonetheless, about the exact connection (if any) between the older "realist" tradition and today's neo-realism, but my reading of these volumes leads me to assert that if there is a link, it is precisely in the sense of pessimism that seems to pervade both perspectives. Pessimism as it came to be encountered in realism conveyed an impression that reality was flawed, and that idealism (denounced most memorably by E. H. Carr as "utopianism") was not only feckless, but could be downright dangerous as a foreign-policy postulate.<sup>4</sup> Pessimism in its neo-realist clothing suggests something more nuanced and less normatively charged: the belief that foreign-policy is placed under severe constraints by the workings of interdependence, and that this applies to all states, but a fortiori to those small, open economies (such as Canada's) that are held to be both sensitive and vulnerable to costs imposed by the external environment.<sup>5</sup>

Now, there is nothing necessarily wrong with pessimism as a perspective on either life or international relations; indeed, it may be a mark of wisdom that the authors under review chose to circumscribe the range of maneuver of Canadian economic policy makers to the extent they have. And circumscribe they do, as is illustrated by this passage from the two research coordinators for these three volumes, Denis Stairs and Gilbert R. Winham:<sup>6</sup>

No country can make foreign economic policy with a free hand. All are constrained by circumstances to one degree or another, and much of policy making is a matter of intelligently adapting to those constraints. Because Canada competes for resources and especially for markets in the international economy, the most visible constraints of foreign economic policy are often external. Thus one might see Canadian businesses and policy makers constrained by, for example, international surplus capacity in certain mature manufacturing industries or by the development of competing commodity industries in developing countries.

Given the strong presumption of limited options conveyed above, as well as in the other papers (to which I shall turn in the next section) it comes as something of a surprise that the Macdonald Commissioners themselves should have declared in their own three-volume report that they ended up with such an "optimistic" view of the country and its prospects.<sup>7</sup> If so, they could not have reached this conclusion reading the volumes under review here.

There is one other feature about the international political/economic volumes that deserves mention, apart from their pervasive mood of constraint--a mood that represents no slight departure from a tradition of Canadian foreign-policy analysis that arguably has, in the post-World War II decades, placed stress on voluntarism, while de-emphasizing determinism.<sup>8</sup> That other feature constitutes a sharp point of divergence from the older realist tradition, and it inheres in what might be termed the fairly new sub-discipline of International Political Economy, or "IPE," in the shorthand of many of its adherents. Because this sub-discipline of international politics is so steeped in the language and the logic of interdependence ("complex interdependence" to use the Keohane and Nye variant) it has naturally come to assume that world politics really has been in transition over the past few decades, and that the transformation has increasingly rendered more nugatory the classical realist approach, with its near-total fascination with the traditional "problematique" of international-relations scholarship, namely explication of the causes of war and the conditions of peace.<sup>9</sup>

It is no doubt salutary that a growing attentiveness to other issues, particularly issues relating to the international economy, should have come to occupy so much of the time of the scholarly community in recent years, and there is much to be said in defence of the claim that "low politics" has

effectively displaced "high politics" as a focus for international-relations research. Especially can this be said of research on the relationship between Canada and the United States (the implicit or explicit referent of nearly all the papers under review), for perhaps the salient feature of that relationship, recent arguments in support of mining Canada's Arctic waterways notwithstanding, is that it constitutes a "security community," and this by definition means that the two countries have effectively renounced the threat or use of force in their dealings with each other. Such a renunciation has been enough of a deviation from the normal pattern of political behaviour in the "anarchical society" that it has at times stimulated ambitious research projects intended to uncover the hidden secret of international amity. On a more prosaic level, it has also fostered study of the workings of international politics in an era of "transnational relations."<sup>10</sup>

The obvious utility of a perspective that exposes the multifaceted and complex nature of a bilateral relationship marked by as many interconnections as that of Canada and the United States can, however, cause us to lose sight of the element of international politics that still must merit more than a cameo appearance in such a comprehensive undertaking as that of which I write. It is evident that politics plays a major role in economic affairs, just as it is true that economics can and does affect the aspirations and plans of political masters; on both of these fronts, IPE specialists (who make up the majority of the authors under review here) provide valuable contributions. It is also evident, however, that there is very little international politics under analysis in these three volumes, if by this one means that set of concerns that has traditionally taken precedence among "realist" writers. Of the staples of realism--the "national interest," power, and especially security--one finds oddly very little in

the IPE studies, with the major exception of a chapter by R. B. Byers on the Canadian defence industrial base.<sup>11</sup> I regard this as an important omission, for reasons I will expand upon in my concluding pages.

In the following section, however, I propose to examine the major findings presented in these volumes, and in doing so I will attempt to illustrate throughout the manner in which the idea of constraint supplies a unifying conceptual leitmotif to the otherwise disparate arguments offered by the various authors.

#### Volume 28: Canada and the International Political/Economic Environment

Procrastination is not a characteristic to be encouraged in academics, but it does not seem capable of eradication, either; and this reviewer does more than his share to keep the collective ecutcheon blotted. But procrastination can, at times, have some merit, however unintended this might be. Had, for example, I delivered this review essay when I had initially planned and (rashly) promised to, I would have written it prior to the softwood-lumber arrangement, which has so neatly served to bring the bilateral-trade talks into perhaps their starkest relief to date. Had this been written when originally planned, it would have not been appearing in print at approximately the moment of truth for those talks--a moment that must in all likelihood arrive by the late summer or early autumn of 1987, by which time the U.S. Congress will have had to receive any trade package so that it will have enough time (90 days) for its deliberations under the "fast-track" authority, which expires in January 1988.<sup>12</sup>

One suspects that the trade tribulations of the past year or so will have the effect of bestowing uncanny prescience upon many of the authors discussed in this essay. Take the first of the three IPE volumes, Canada and the

International Political/Economic Environment, which includes a short introduction by the two research coordinators, and two long chapters, one by Jock Finlayson, the other by Michael Webb and Mark Zacher. I will comment on each of these chapters in turn, but before doing so I must cite once more Stairs and Winham, those two masters of constraint, for offering what surely will rank as the most incontestable comment advanced by any of the legions of scholars associated with the entire Macdonald Commission project: "The global environment is a challenge to Canada today, and that challenge will probably intensify in the next two decades.... The challenge, in short, will be one of change, adaptation, and adjustment, and it will pose some of the most difficult problems to be found in the agenda of modern government."<sup>13</sup> Dostoevsky tells us the usual fate of prophets is rejection and murder, but I for one cannot resist heaping praise on the two editors, partly because I will be meting out some criticism in my subsequent pages, but mainly because I think they are right.

Why they are right becomes apparent upon reading the two chapters that make up most of volume 28. For those who pin their hopes for a better economic future on a revitalization of the multilateral trade system, the Finlayson and Webb/Zacher chapters will come as no comfort. Finlayson's contribution (the first of two he makes in the IPE volumes) is exactly what it is billed as being: a literature review, one so extensive and replete with names of the famous and not-so-famous among the IPE set that it could almost have been co-written with Zena Cherry.<sup>14</sup> There is little that is original in this chapter, but in fairness to its author, it was not intended to cut new paths. What it does do, and rather well, is provide a handy Baedeker for those setting out on an exploration of discovery over the landscape of international political economy.

It is not a landscape congenial to Canadian economic interests, but it is the only landscape upon which those interests will find expression. The conclusion of Finlayson's *tour d'horizon* seems to read like another expression of neo-realist faith: "Canada's major problem with respect to international economic policy is not that it is extremely weak or underdeveloped, but rather that its options are constrained by its dependence on the global economy in general, and its markedly asymmetrical interdependence with the United States in particular" (pp. 74-75). Nevertheless, there is a tantalizing hint that Finlayson is not prepared to throw the towel into the ring, however much he enjoys waving it; for in his penultimate paragraph he observes that coherent statecraft may yet compensate for some of the serious weaknesses that are a result of Canada's unavoidable setting in the international political-economic structure.

Finlayson's will not go down as one of the cheeriest assessments of Canada's economic and political prospects ever to be penned, but it is pure Pollyanna compared to what Webb and Zacher have to offer.<sup>15</sup> In their usual workmanlike manner, these two authors carefully dissect the international environment, and present a litany of problems that this environment poses for Canadian export interests. If Lloyd Axworthy is in the habit of late-night reading, one wishes this chapter were on his bedside table, for Webb and Zacher indicate why we should not entertain vain hopes that somehow the liberal trading regime of the first few post-World War II decades can be restored. For one thing--and this, along with a portion of the Granatstein chapter, is the only other discussion of security issues in the entire three volumes, apart from the above-mentioned Byers chapter--the willingness of the American "hegemon" to continue to bear costs associated with the functioning of the liberalized

world-trading regime has sharply declined in the past two decades. That regime's "politico-security pillars," as the authors phrase it, have eroded of late, and "the United States no longer appears as willing to trade off economic concessions, including on trade access issues, for politico-security concessions from Canada or other Western allies" (p. 104).

Though not the only factor undercutting the workability of the postwar trading order, the "politico-security" issue is, in my view, the single most important cause of the recent instability of the Western trading system. It is not helpful to maintain, as a few analysts of American foreign policy do, that the United States bore more than its share of the costs associated with making the system work because of a sense of duty to the international community. Neither, however, is it adequate to imagine, as the "radical revisionist" argument would have it, that American capitalism required for its very survival the kind of postwar monetary and trading order that was taking shape by the late 1940s.<sup>16</sup> The United States is no more of an eleemosynary institution than is any other country, and its foreign policy is designed to serve the "national interest" above all else--but a national interest conceived primarily in security, not commercial, terms. The U.S. commitment to liberalism in the early postwar decades did, it is true, draw support from a conviction that protectionism imposed economic costs upon America and other countries. But the commitment primarily stemmed from the belief that protectionism ran the risk of plunging the entire international community into war, as it seemed to have done during the 1930s.

What is clear in the 1980s is that American policymakers, for a variety of reasons, are less eager to commit U.S. economic assets to the sustenance of the multilateral trading regime: the order of the day is no longer concessions in the

cause of security, but reciprocity in the pursuit of "fair trade." To be sure, an important part of the reason for the new mood of reciprocity has to be found in the relative demise of the United States as an international economic power in recent years. Webb and Zacher cite declining American "competitive advantage," particularly in respect of Japan and the newly industrializing countries (NICs), as being of central importance to the erosion of the familiar postwar liberal order. But loss of competitive advantage alone cannot account for the decline in American willingness to bear the old multilateral crosses, and one wishes that the authors had explored some of the political aspects, especially those manifested in recent discussions of the troubled Atlantic partnership (I refer primarily to the "widening-Atlantic" thesis<sup>17</sup>), as well as the resurgence of unilateralist proclivities, as evidenced in the reheating of the long-simmering debate in U.S. foreign-policy circles over the merits and workability of a "new" isolationism.<sup>18</sup> Economic effects--even portentous ones such as those the authors discuss--are not necessarily produced by economic causes, at least not entirely.

Volume 29: The Politics of Canada's Economic Relationship with the United States

Webb and Zacher foresee a world in which managed trade becomes more pronounced, and in which the fortunes of multilateral trade liberalization become less promising. It is a world that will pose challenges to Canadian interests, and among their conclusions is that Canada should place greater emphasis on the bilateral-trade approach, above all with the United States. It is at just this point where the contributors to the second volume under review enter the discussion. One discerns a strange kind of "counter-pessimism" at work. Volume 28 treats us to the sobering prospects of a world in which

Canadian economic independence grows ever more restricted--a world, in other words, very much like that prophesied by the Van Roggen Committee nearly a decade ago, which contributed to the upsurge in interest in free(r) trade with the United States, based on what might be termed the "safe-haven" thesis.<sup>19</sup> Essentially, this refers to the fear that growing global regionalism makes it mandatory for Canada to seek shelter from the hostile elements, for it is one of the rare, luckless developed economies without guaranteed access to a domestic market of at least 100 million people. It has been the vision of "guaranteed access" more than anything else that has supplied the momentum to the forces in favour of free trade; but it is precisely this vision that the contributors to volume 29 imply will turn out, for several reasons, to be more an ignis fatuus than a fait accompli.

The IPE research coordinators are fine scholars, and true gentlemen, but one gets the sense nonetheless that they received some of their early training on the flimflam circuit. I cannot resist the malicious conclusion that Professors Stairs and Winham are practicing the old "bait-and-switch" routine in these first two volumes, for what they have achieved is a neat counterpoising of two arguments: volume 28 shows us the folly of counting on the multilateral approach to economic health; volume 29 highlights the impediments--on both sides of the Canada-U.S. border--facing bilateral free trade. Recent events, it must be said, have made the coordinators and authors appear to be amply endowed with prevision.

Jack Granatstein (who is exempt from the neo-realist label, being neither a specialist in IPE nor a political scientist) begins the discussion with a lucid and informative historical analysis of the bilateral free-trade issue in its various guises over the past 130 or so years.<sup>20</sup> I have often suspected that one of the

failings of my own discipline is that we political scientists do not read enough history, for if we did, we might see how little novelty really does attach to the momentous issues of the day. Granatstein performs a useful service to the Macdonald Commission, in at least two ways. The first contribution he makes is his demonstration of perhaps the most obvious of the "lessons" that history can impart to contemporary trade questions: the recognition that "free trade between Canada and the United States has major political implications in Canada. Any political leader who forgets that does so at his peril" (p. 50). I will not dwell on this observation here; it is a theme relevant to the next two chapters I discuss, those by Kim Nossal and Charles Pentland, and in any event is not the kind of statement likely to occasion much surprise. Indeed, what would be surprising is if someone actually thought bilateral free trade was not likely to present Canadian political leaders with delicate moments.

Where I really find Granatstein to be valuable is in his handling of the Reciprocity Treaty of 1854, and his assessment of the possibility that "linkage" (long a taboo among students of Canadian-American diplomatic culture) might be skillfully employed to achieve economic objectives that would otherwise fail of attainment. The latter is a point to which I shall return in my concluding section; for the moment let us take a quick look at one of the other lessons in the Granatstein chapter, this one also derived from the Reciprocity Treaty experience.

We have all been taught that nothing is forever, save for death and taxes. Now it seems, at least to those who imagine some kind of Canada-U.S. free-trade arrangement to be possible, that there is a third entity capable of attaining permanency. It has become ingrained in the advocacy of those who think a free-trade agreement both desirable and possible that it, and only it,

will ensure Canadian access to American markets. I do not quarrel with the view that an agreement would likely (at least for a while) give some protection from the storm; my objection is to the almost millenarian conviction that once the deed is done, it is done for all time, or at least a thousand years. Minister of International Trade Pat Carney, for example, recently responded to an editorial suggestion that the Mulroney government did not really know what it wanted from the bilateral talks. Her answer is instructive: "Very simply,... we are seeking secure and enhanced access to the U.S. market, through a long-term, binding treaty, in order to maintain and create jobs."<sup>21</sup>

Few could dissent from the objective. What I do think warrants skepticism, however, is the prospect that "secure" access can ever be achieved. Residents of the world at large, and of this country in particular, need no reminders that the best-laid plans of men and women can often go to ruin as a result of U.S. senatorial politics. The Senate's rejection of the Versailles Treaty may be the most important illustration of the problem, but it is far from the only one; today, talk swirls about the possibility that the U.S. might walk away from the Anti-Ballistic Missile Treaty (only this time the Executive, not the Senate, is the animating force). Treaties once signed, the moral is, do not necessarily get ratified; and treaties once ratified, can be abrogated. Thus it is that Granatstein's treatment of the 1854 treaty is instructive; for it was the United States that ended the 11-year life of this "free"-trade agreement, for reasons not primarily related to commerce. Granatstein suggests "there was a lesson in that," and I think he is correct. How Canada can get the kind of binding commitment from the Congress that it seems to require escapes me, but it is the kind of question that should be raised more often, and it is the kind of topic that might have been fruitfully investigated by the IPE analysts.

The oft-times frustrating "separation of powers" of the American political system is but one aspect of the difficulties facing any comprehensive free-trade agreement such as that espoused by the Macdonald Commission. We will shortly examine the Congressional contribution to protectionism in greater detail, in a discussion of the second of Jock Finlayson's chapters; but before doing this, let us turn to the obstacles to bilateral free trade that are to be found in this country. Kim Nossal's deft treatment of Canadian economic nationalism takes up a few of the same themes explored by Granatstein, although Nossal attempts to place the topic in a more philosophical context, and in so doing draws upon a wide and deep stream of writings on the subject of nationalism in general, and economic nationalism in particular.<sup>22</sup> If his approach differs from Granatstein's, his conclusions can be said to be similar. Economic nationalism, to Nossal, rejects the prime article of faith of contemporary neo-realism: that constraint is a necessary feature of life among the developed societies in modern times. It is not that nationalists deny the existence of constraint; far from it. What they do is refuse to tolerate it, arguing instead for a vision of reality in which a Kantian sense of autonomy can be a realistic aspiration of the state--an autonomy construed in terms of the state's capability of having its actions conform to its preferences.

It is on this issue that the core of the dispute between the economic nationalists and the integrationists (Nossal wisely eschews the misleading term "continentalist") is located: for the nationalists cannot understand how the national project can survive the constraints of interdependence, while the integrationists cannot understand how anyone could imagine autonomy a realistic goal in the era of advanced interdependence. Indeed, the integrationists are prepared to absorb some of the costs of interdependence because of their

deeply rooted belief that with interdependence comes economic vitality, and with that comes the real safeguard of national survival. Nossal's treatment of this debate is more nuanced than I may be suggesting here, and it is a skillful one. I found two particular matters to be especially worthy of pondering.

The first concerns the manner in which the polar opposites are depicted. Both the nationalists and their integrationist adversaries can be said to be committed to the survival of the nation; where they disagree is over the relative distribution of political and economic costs and benefits associated with interdependence (or, more to the point, dependence upon the United States). The second concerns the traditional "problematique" of the economic nationalists: their focus on the presumably iniquitous effects of U.S. foreign direct investment (FDI) in Canada. There is nothing terribly surprising, or for that matter particularly Canadian, about nationalist rejection of pervasive FDI in a domestic economy. Much more so than with trade flows, economic integration that takes the form of investment suggests loss of one of the more cherished nationalist ideals, that of "making the ultimate locus of decision for the nation indigenous" (p. 61).

The reasons for the greater nationalist attentiveness to investment than to trade are not too hard to understand.<sup>23</sup> At the symbolic level, it is easy to wax indignant about the loss of independence associated with the tendency of foreign multinationals to make decisions of vital national importance both outside the confines of Canada and frequently without reference to or concern for the Canadian "national interest." At the practical level, it is easier to imagine the costs of eliminating the dependence that stems from FDI to be much less, and the benefits much greater, than would be the case in any real effort to reduce commercial dependence. There are a couple of ironies associated with

the nationalist fixation upon FDI that are worth noting here. One is that many of the same people who have had hardly a positive word to say about FDI seem reasonably unconcerned with the potential hazards of trade dependence. How else is one to interpret, say, NDP leader Ed Broadbent's response to the Mulroney government's handling of the March 1986 shakes and shingles episode? In the wake of the U.S. imposition of a 35% tariff on imports of shakes and shingles from Canada, the NDP assailed the government with this demand: that it do something forceful to guarantee access to the American market. And what is one to make of the tenacity with which economic nationalists have clung to the Auto Pact, a device that probably has done more to bind Canada commercially to the United States than any other institutional arrangement between the two countries?

The other irony is that there may be a link between FDI and trade that is not sufficiently appreciated. If, as even the economic nationalists seem to agree, commercial dependence is not so intolerable, as long as it is profitable (as the experience of the Auto Pact again demonstrates, for it has not always been the object of such passionate esteem in this country), might it not be argued that a certain degree of FDI is a guarantor of access to the American market, and perhaps the best guarantor? Does anyone think the sacred Auto Pact could ever have been conceived if the automobile industries being "rationalized" were not American companies? Recent developments in protectionism and Canada-U.S. minerals trade lead me to suspect that a reduction in American investment in a sector, potash for instance, can serve as a not-inconsiderable factor in the increase in protectionism faced by that sector's exports in the U.S. market. It seems more than coincidental that the U.S. potash companies that recently filed an anti-dumping petition against

Canadian potash exporters had no presence in Canada, and that the one U.S. potash entity with a Canadian operation, International Minerals Corp., took no part in the petition.<sup>24</sup> All of this is simply to suggest that we really do not know enough about the relationship between FDI and access to the U.S. market, and to note the inconsistency in the economic-nationalist opposition to the costs of financial interdependence (through FDI) but relative tolerance of what might be the more onerous costs of commercial dependence.

It is with the question of costs--but primarily political costs--that the essay by Charles Pentland is largely concerned.<sup>25</sup> If there is an enduring message in the Pentland chapter it is this, directed to those inclined toward leaps of faith: look before you jump. Pentland's thoughtful essay is an attempt to mark out some guideposts on the path to the precipice, by drawing upon the body of literature concerned with the theory and practice of political integration in Western Europe, and in particular with the impact of integration upon domestic political institutions. The political science of international integration has generated a set of assumptions regarding the impact of integration upon domestic politics, none of which seem to Pentland to be particularly suggestive for the Canadian case. More than the theory of political scientists, it is the practice of Western European policies that betokens some possible implications regarding the domestic impact upon Canada of North American integration.

Since there is much confusion surrounding the concept integration, a word is in order here about terminology. The kind of economic integration nearly all advocates of a Canada-U.S. comprehensive trade agreement can and do support is the relatively modest ("negative" in the economists' usage) form of integration known as a free trade area. More elaborate forms of integration would be a customs union and, at a more binding stage again, a common market,

which would entail certain amounts of policy harmonization and possibly full economic and monetary union. As Pentland notes, a lively debate rages in this country about the inevitability of a free trade area evolving into something more complicated and binding: nationalists fear that this will happen automatically; integrationists who do not wish it to happen argue the early stage of integration can and should be the final stage. Probably there exists the odd annexationist who likes free-trade because it will lead to something else, but very few of the advocates of free trade are truly "continentalist" in this sense.

Have there been any developments in the practice of Western European integration that might contain implications for Canada? Characterizing the European Community as "a customs union ... which has acquired some features of a common market ... and a limited array of common or harmonized policies," Pentland tentatively offers a few insights. Belgium's experience perhaps indicates that ethnic and linguistic strife can be exacerbated by integration. More contentious is his suggestion that integration, even if only at the free-trade stage, would likely lead to a strengthening of the federal executive vis-à-vis both Parliament and the provinces. A good case can be made that it would have the opposite effect, that of buttressing the provinces against the federal government, not because free trade would constrain only the latter, but because it would constrain the provinces relatively less than it would the federal government. This would be due in part to the lesser visibility of industrial policies adopted by 10 provinces (or 50 states) compared with the more apparent subsidization efforts of two federal governments. But it would also be due to the kinds of policy measures that might be legitimate (i.e. that would not be "countervailable" under U.S. trade law) within a free-trade

agreement: subsidization for purposes (e.g. education, medicare) that are of a general societal nature does not pass the "specificity" test, hence is not likely to trigger countervailing-duty petitions.<sup>26</sup> To the extent that the relevant domains of "permissible" industrial policy lie, in future, more in provincial than in federal jurisdiction, then it is possible to contemplate a free-trade agreement having the effect of strengthening the hand of the provinces against Ottawa, with the strongest province, Ontario, being the most aggrandized of all Canadian political units.<sup>27</sup>

Of course, one can argue that speculations about the domestic political impact of a free-trade agreement will always be just that, speculations--for the very good reason that such an agreement has little chance of ever being brought into existence. Though the mood this season is indeed a sober one, much can still happen to reverse the recent pattern of trade upsets. Still, the smart money would have to be on a free-trade agreement not seeing the light of dawn, and Jock Finlayson's second chapter gives a good glimpse into the likely causes of derailment for the bilateral initiative.<sup>28</sup> Finlayson's thesis is that Congress is growing more assertive of its Constitutional entitlement to manage America's trade relations at the same time as it is growing less disposed to continue the previous decades' policies of granting economic concessions in support of broader foreign-policy objectives. A tit-for-tat understanding of "reciprocity" now holds sway on Capitol Hill, and this, says Finlayson, can spell trouble for America's trading partners, Canada included.

Finlayson is not the first scholar to examine the role of Congress in U.S. foreign economic policy, but he is one of the few who has done so with the view to assessing the new trends insofar as Canada is concerned. He is also one of the new breed of analysts who takes seriously the possibility that

Congressional protectionism of the 1980s may indeed be a tiger with teeth, unlike the edentate tabby of past decades, which could emit a mighty growl, but was helpless to prevent a strong Executive branch from exercising near-total dominance in foreign economic policy.<sup>29</sup> Why Congressional protectionism deserves to be taken more seriously now than in the past is a function of three trends: the erosion of U.S. competitive position in recent years; the changing of the trade-policy agenda as a result of the decline in tariffs that has attended the multilateral negotiating rounds since the 1960s; and institutional transformations within Congress. The combined effect of these trends has been a Congress that is both more interventionist and more effective in economic policy-making in Washington.

Had the Reagan administration not begun to self-destruct in late 1986 the upsurging in Congressional trade-policy capability would have been unsettling enough; today, in the wake of the effective incapacitation of the Executive branch, it has become a truism to assert that Congress is a major player in U.S. foreign economic policy--perhaps the major player. What lessons are there in observations like this, for those who have to manage Canadian trade relations with the United States? Finlayson suggests two undertakings that need to be addressed: increased and more effective monitoring of Congress, and more intensive lobbying of Congress. I concur that there is merit in concentrating more resources on the struggle to keep abreast of developments on Capitol Hill, even if the prospects of influencing (through lobbying) those developments may remain slight; indeed, I would suggest that something like an economic analogue of the North Warning System is a compelling need of Canadian public policy--a warning system whose venue is not the frozen reaches of the Arctic, but the steamier precincts of the U.S. capital.

Whether lobbying Congress will achieve anything but an increase in resentment depends, above all else, on whether Canada can foster coalitions on issues where at least a significant portion of Congress--and its constituents--can derive gain from resisting protectionism. But lobbying, if it is to be successful, might also depend upon Canada being able to make a case for the kind of dispensation that was accorded, more or less routinely, back in the days when a "special relationship" was said to exist between it and the U.S. How such a case might be made I will leave for my concluding section, but if it is to be made well it will likely require some minimal recognition, on the part both of Congress and the Executive, that Canada figures as an important American interest: in short, that there be something akin to a "Canada strategy" within the foreign policy of a country that has focussed its attention seemingly everywhere else but on Canada in recent decades.

It is in this context that the final chapter of volume 29, Gary Hufbauer's and Andrew Samet's on the U.S. side of the bilateral trade question (albeit in the context of sectoral trade initiatives), makes interesting reading;<sup>30</sup> for what the two authors reveal is how little Canada itself figured in the early arousal of what minimal interest there was in the U.S. for a bilateral trade arrangement. This chapter is in some ways the most disappointing of any in the volumes under review, and was already outdated by the time of its publication, given that the trade initiative had moved far beyond the restricted sectoral scope the authors chose to explore. Even so, the chapter does contain helpful insights into the lack of preoccupation of U.S. economic policy-makers with Canada qua Canada. To the frequently asked, but hardly ever answered, question of what gains the U.S. would seek from a comprehensive trade agreement with Canada, Hufbauer and Samet offer this illuminating response:

"To a large extent, the United States is entertaining Canadian initiatives as a means of attracting the notice of Japan and the European Community, and because the trade liberalization agenda is uncrowded" (p. 202).<sup>31</sup>

Volume 30: Selected Problems in Formulating Foreign Economic Policy

The final volume of the IPE set is by far the most eclectic, as its title would suggest it should be. Having been involved myself in the somewhat Procrustean task of trying to make a hodgepodge of chapters hang together under a rubric such as "selected problems," I have a certain amount of sympathy for the editors' dilemma in this volume. In fact, as I reread the four pieces in this last volume, I could detect a common thread woven through three of them (the Wright, Boardman, and Chambers chapters), that being the familiar thread of the constraints of interdependence, but with this difference: the emphasis was now on the adaptations that Canada could or should be undertaking to enable it to grapple more successfully with constraint. If only because of this, it is the most upbeat of the three IPE volumes.

Gerald Wright leads off the volume with an adroit assessment of the bureaucratic politics of trade and monetary policy-making.<sup>32</sup> If I did not know he was with the Donner Canadian Foundation, I would take him to be an up-and-coming mandarin in the Department of Finance, keen to restore it to the splendor it knew during the previous decade, when such dynamic and knowledgeable officials as Simon Reisman and Rodney Grey made it an important player in the trade arena. Implicit in Wright's analysis is the fear that no one is completely in control of the foreign-economic policy process in Ottawa, and this in no small measure is both a reflection and a cause of the turf and influence struggles going on within the bureaucracy, both at the inter-departmental level

and the intra-departmental one (with ministers vying for influence over bureaucrats, and vice versa). Though not the only players in the bureaucratic game, the following four institutions are the most relevant in the trade and monetary policy process: External Affairs, which has gained influence in recent years; Finance; the Bank of Canada, more and more an isolated actor; and Regional and Industrial Expansion (DRIE), a relative late-comer to, and something of an interloper in, the process. Lost in the bureaucratic shuffle has been the "trade policy community" of days gone by--a community of relatively like-minded officials, confident of their ability to work with colleagues from other departments, and strongly committed to the principles and norms of trade liberalization. Trade policy (though not, to any great extent, exchange-rate policy) has become increasingly politicized, and the result is that protectionist advocacies have been harder to deflect.

The situation calls for a remedy, and Wright invokes the pessimism inherent in neo-realism to defend his argument for adaptation. It is a neat touch, this "optimism-of-pessimism" approach; for Wright skillfully plays off against each other two themes of the complex-interdependence literature: that economic issues can and do become highly "politicized" in conditions of complex interdependence; and that states are no longer (if they ever were) coherent actors, but that instead a multitude of channels connect international society, an assumption that, if valid, effectively sends the Rational Actor Model into condign retirement.<sup>33</sup> The deft stroke in this chapter is the manner in which sheer vulnerability is invoked as a potential rallying point against untrammelled bureaucratic politics. Here is how Wright handles it: "At a deeper level, it is hard to escape the sense of Canada's vulnerability to international developments that pervades the bureaucracy. The fear that an external force, particularly the

government of the United States, will wreak havoc on Canada unless its policies have been pulled together and made consistent one with another probably has the effect of tempering bureaucratic competition" (p. 52). Necessity, then, may be more than the mother of invention; it may be the saviour of the Rational Actor Model.

If Wright is persuasive when it comes to the need for a coherent approach to the challenge presented to Canada by commercial dependence on the United States, he is less persuasive in his claim that Finance should be the force supplying "interdepartmental leadership" in the effort to impart greater consistency to Canadian foreign economic policy. I happen to think this task belongs most appropriately to External Affairs; and it is to the question of whether it can be reshaped so as to make it more of a factor in foreign economic policy that Robert Boardman turns his attention.<sup>34</sup> Boardman weighs in in good neo-realist fashion by paying homage to the two salient characteristics of international politics in the 1980s: "a changing agenda of international relations, and an enhanced complexity of both issues and process ..." (p. 59). Like Wright, he sees the challenge posed by interdependence to require the injection of greater coherence into the foreign economic policy process; unlike Wright, he seems to prefer External Affairs for the task.

The concerns about integrating foreign economic policy with foreign policy--concerns that led to the January 1982 reorganization of the Department of External Affairs--have hardly been uniquely Canadian; indeed, Boardman demonstrates well how similar problems have affected other Western foreign offices of late. All over the West, it seems, foreign ministries have been reeling under the dual assault mounted by the forces of complex interdependence abroad, and the turf-grabbing of bureaucratic rivals at home, and nowhere have

the traditional skills of foreign offices been put to the test more than in the domain of economics. Though not sounding a clarion call for the reinvigoration of the institution of the foreign office (remember, we are among neo-realists), Boardman does advance the modest proposition that External Affairs (and its counterpart departments abroad) can and should be involving itself more in foreign economic policy making than it now is. (His stricture may today be less than it was in 1984; for one would have thought that External has gotten itself back into the thick of things, at least as far as trade is concerned.) Ending his essay on the same theme upon which he began, Boardman concludes that foreign ministries, far from being "merely passive filters for the flow of economic forces,...are located at the strategic points of contact of national and international economies" (p. 98).

On a quite different note, Fergus Chambers details the contemporary predicament facing Canada's secondary-manufacturing industry, that of being between the familiar rock and a hard place.<sup>35</sup> The rock is the "cost conditions" of Canada's firms; the hard place is (what else?) the international environment. A combination of environmental factors and domestic developments has resulted in an urgent need for Canadian secondary manufacturing to bring its cost structure back into line with the foreign competition. The way ahead, argues Chambers, is for Canadian producers to seek and acquire access to markets large enough to permit them to survive through the rapid maximization of sales: in other words, to follow a strategy of international competitiveness, which performance will require both more product specialization and more commercial dependence upon the U.S. market. Interestingly, Chambers argues that central Canada need not in future show itself to be as protectionist as in the past; in fact, he speculates that Ontario and Quebec are likely to "become more

amenable to trade arrangements favouring ... access" to the American market, and cites the Auto Pact as one such arrangement. This illustration is intended to indicate potential support for free trade on the part of central Canada, but what it really shows is what hardly anyone would care to deny: that every producing province in this country would like better access to the American market. Fondness for access should not be mistaken for fondness for free trade; nor is it at all incompatible, as we saw above, with economic nationalism.

The Chambers chapter contains valuable insights into the sorry state of Canada's secondary-manufacturing sector, but it is less helpful in its discussion of the future prospects for that sector--dependent as those prospects are on a combination of domestic and international political forces over which Canadian manufacturers have no control. Chambers epitomizes what I detect as a leading weakness of the entire IPE project, but not because his chapter is weak, for within the confines of his own discipline (not political science) he does, as I indicate, make some important points, and make them well. It is just that the IPE pieces tend to ignore, with the above-mentioned exceptions, the international politics of economics; and it is to this aspect that one looks, for illustration, to the last of the IPE chapters, that written by Rod Byers.<sup>36</sup> The main thrust of the Byers essay is to relate defence policy to defence procurement, and the latter to industrial and economic development. Along the way, a myriad of subsidiary topics gets some attention, including one I feel will be more sensitive in future years, the question of market distortions in Canada-U.S. defence trade.

I have cited Byers' chapter as being the only one to be primarily concerned with the stuff of traditional realist concern, the "high politics" of security, but in doing so I do not mean to imply that this essay necessarily is more germane

to the current Canadian commercial dilemma than those that preceded it. In many ways Byers really is the odd-man-out in a collection of authors who, to one degree or other, take as their principal object the elucidation of the economic challenges confronting Canada in a situation of complex interdependence. Byers' objective is rather different: to take cognizance of the primary purpose for having a defence establishment at all, namely to provide security for Canada and its allies. And this means that defence procurement should be first and foremost related to that goal, and only secondarily to the objective of stimulating industrial development and employment in Canada. If the latter can be achieved without doing any harm to the former, so much the better; but if not, then it is apparent where Byers would take his stand. A captive of neo-realism he is not, and he comes as a refreshing change of pace. But ultimately his analysis does not cast much light upon, though it may partially dispel some shade from, the core problem of the IPE volumes, that of contributing to our appreciation of the extent to which Canadian economic and political development is affected by international political economic trends, as well as suggesting some possible options that might redress the negative aspects of interdependence. Byers is helpful here more for what his chapter suggests than for what it says; for what his focus on security does is to remind us that, after all, we are discussing states and statecraft, and not simply economic institutions that happen to have some domestic political aspects to them. I shall try to develop this argument a bit further in my concluding section, after first making some comments on the likely value of these volumes to the policy community, as well as to posterity.

Conclusion: Will the IPE Volumes Have Lasting Value?

Major undertakings such as the research program of the Macdonald Commission should be assessed according to two criteria. The first criterion relates to the relevance of the studies to public policy; the second to their contribution to scholarship. The volumes I have been reviewing do make a contribution in each of these categories, although it is likely that they will be remembered more for their scholarly than for their policy-relevant aspects. But even in the scholarly domain, where they will be adjudged to have added considerably to our knowledge of Canada's position in the international political economy, they might also be noted for some major omissions.

It is easy to be wise after the fact, and with the advantage of three-years' worth of acrimonious developments in multilateral and bilateral trade fora, one can now see some areas for research to which attention should, ideally, have been focused in the design stages of this project. This is not meant to be an indictment of the choices made by the research coordinators, and if I fault them at all, I do so because, alas, they like the rest of us lack clairvoyance. Nevertheless, some topics came to mind as I read these volumes that today look like being worthy additions to the project, among which are: 1) the senatorial politics of treaty making and treaty breaking--a topic that needs more scholarly attention than it has so far received, given its relevance to the issue of "guaranteed access" to the United States market on the part of Canadian exporters; 2) Executive-branch protectionism, to complement Jock Finlayson's fine study of Congressional protectionism--for it has become evident in the softwood-lumber case that the Commerce Department's International Trade Administration, to cite just one agency, can and does play an important political role in determinations that are, in theory, supposed to be of a "quasi-judicial"

nature; 3) the link (if any) between foreign direct investment and the incidence of trade protectionism; and 4) the extent of subsidization in the American market, and the possible application of countervailing duties against American exports--a fitting study given the U.S. invitation to "level the playing field" and its expectation of "reciprocity" from its trading partners.

When it comes to the contribution of the volumes under review to policy making, it is less easy to give the project high marks. This relates in no small way, as I suggested earlier, to the lack of an international political, as opposed to an international political economy, perspective--a lack evident in most of the chapters surveyed. The message that comes through is, as noted, one of constraint; but policy makers need to know more than that something probably cannot be done if they are going to be able to benefit from policy advice. And it is largely because of its persistent mood of nay-saying that the IPE section cannot provide much clear guidance to Canadian foreign-policy making.

Let us examine briefly three possible paths open to those who would shape this country's foreign economic policy. Path One could be labeled the preservation of the status quo, an approach predicated on the folk wisdom contained in the reminder: "If it ain't broke, don't fix it." Path Two can be called the "American Strategy," and presupposes an energetic effort--and not just on commercial fronts--to make the U.S. more the focus of Canadian foreign policy than it has hitherto been. Path Three can be termed the "Vulnerability Reduction" approach, and it assumes that the costs of dependence upon the American market far outweigh the benefits, not necessarily for the reasons advanced by economic nationalists, but rather because Canada is simply incapable of doing anything to arrest the U.S. slide toward protectionism, and must therefore restructure its economy while there still is time. On the surface,

this menu of choice bears some resemblance to the list of choices that eventuated in the Third Option approach to trade diversification, which was so unsuccessful in the 1970s. I believe the resemblance is more apparent than real.

Path One looks to be one that can no longer be trod, although when the IPE chapters were being written it had yet to become the obstacle course it now appears to be. As several of the IPE authors note, much of the threat of American "contingent protectionism" a few years ago was an indirect threat in inspiration, albeit one with direct and profound consequences for Canadian exports. By this is meant that it was usually other countries who triggered Congressional reaction and it was that reaction that could present problems for Canada, an innocent bystander sideswiped by the politics of protectionism. This seems less and less the case today: in a range of sectors and commodities, it is Canada that is appearing as the leading source of American protectionist resentment. At least some in Washington are finally learning that Canada exists, and the educational awakening is not necessarily a positive development for Canadian economic interests. To revert to the apothegm above, it now looks as if "it is broke," and whether it can be fixed is anyone's guess.

Path Three is still available to be travelled, but it is scarcely an appealing route. To take it is to forswear any early possibility of restoring a mutually beneficial bilateral trade arrangement, and to renounce the positive aspects of commercial dependence upon the American market. If this is to be the future course of Canadian commercial policy, it will surely be through faute de mieux, and not preference--though there will be a few economic nationalists who would doubtless rejoice in being "free" from an uncomfortable constraint.

For better or worse, it is Path Two that constitutes at present the major avenue of Canadian trade policy. It is worth asking, In what way(s) might

Canadian trade policy makers benefit from the analysis and recommendations of the IPE volumes? They would, were they to read these studies, surely be fortified in their conviction that the external environment constrains Canadian options, but beyond that they would take little succor from the strong note of caution sounded by nearly all authors not to expect too much to result from the bilateral route. In effect, they would find themselves in the same predicament this reviewer found himself in, when contemplating what potential realizable course of action might logically be said to flow from the analysis.

I will close by suggesting one course that may or may not be viable, but that in any event should have merited some consideration in this three-volume undertaking. It is an approach that is explicitly concerned with the broader political aspects of the bilateral relationship, and not just the economic aspects of that relationship. In short, it is a course of action that puts the international politics back into the discussion; for what I would have liked to see analyzed by at least one writer is that old bugbear of many students of the Canadian-American relationship, linkage. Linkage, or the attempt to connect the resolution of a problem in one issue area with that in another (or even the same) issue area has been a tactic of statecraft against which much criticism can be directed.<sup>37</sup> Principal arguments made against linkage include the following two: its cost could be positively ruinous for a country like Canada, given the "asymmetry" of its "interdependence" with the U.S. (i.e. given its extreme dependence on the U.S.); and it constitutes a flagrant breach of the spirit of the special relationship, which has been for all its problems a source of more benefit to Canadian economic and political interests than of harm.

These are powerful arguments, and not to be dismissed lightly. Nevertheless, one can offer the following observations, not necessarily in support of linkage

(it may be as bad as its critics say it is), but in support of the idea that perhaps we should do some more critical thinking about it. In the first place, it is arguable whether the special relationship--if it exists at all--is translatable into economic gain today, given the craving for vigorous "reciprocity" in Washington. Indeed, reciprocity in spirit and practice seems to confute the very logic of the special relationship, which implicitly assumed that linkage (although it was not called that) would be the glue that held the relationship together. Take the fairly recent case of Canadian support for the U.S. raids on Tripoli and Benghazi in April 1986: in the old days of the special relationship, one would have expected not only the support to be recognized, but that it would have contributed to conflict minimization in the bilateral relationship, including its economic aspects. But, of course, the effect of the support has been nil on Congress, at least in the one area that Canada has elevated into the category of utmost national importance: seeking relief from the threat of contingent protectionism. In May 1986 I asked the legislative aide to one of the more protectionist members of the Senate, Peter Domenici, the New Mexico Republican, what effect Canada's show of solidarity with Washington would have on the resolution of those issues that Canada regards to be so important, such as trade squabbles. The answer came quickly, and was no surprise: "None, really. Although we appreciate the support, you have to realize that it has nothing to do with the trade problems between the two countries." He is right; but the diplomats who constructed and nurtured the special relationship would not have answered in the same way.

It just may be that a worthy tactic for Canadian diplomats to pursue would be to stress to the U.S. the extent to which Canada does constitute an important American interest. Cataloguing areas of linkage might be a way to

begin to develop an "American strategy" that entails much more than simply relying on the aleatory trade-negotiation approach for the attainment of crucial objectives. It is ironic that in trade, of all issue areas, there should be such a built-in resistance to the mere contemplation of linkage, when as Granatstein shows so well, it was only by linking the question of Canadian access to U.S. markets with the contentious problem of access for American fishermen to the Atlantic fisheries that the Reciprocity Treaty of 1854 was achieved.<sup>38</sup> Trade negotiations, as Hufbauer and Samet note, have seemingly always needed a "catalyst" to get them anywhere in the Canada-U.S. context, given the relatively low priority the U.S. generally attaches to the bilateral trade relationship;<sup>39</sup> and what is a "catalyst" but another word for expressing the process of linkage?

The costs of linkage may be as high as its critics assume, but how shall we know if we do not do some research on the matter? In any event, linkage should not be eschewed on the false belief that it must be corrosive of the special relationship, for the good reason that if the special relationship worked at all it did so because of, not despite, linkage--or at least the implicit recognition that something like linkage did and should exist. Moreover, linkage should not be avoided on the mistaken view that somehow the U.S. has an abhorrence of this approach to statecraft. Students of Canadian foreign policy seem to be blind to the degree to which American foreign policy depends on linkage. Why should Canadians dismiss out of hand the proposition that perhaps we should link issues that are important in Washington, say security issues, to issues that we consider important, such as trade? After all, the United States does this all the time, and as the Webb and Zacher chapter noted, it was the strong connection between security and economics that made the multilateral trade regime

function for as long and as well as it did. Canadian foreign-policy analysts, as well as foreign-policy makers, might do well to ponder some recent remarks made by the U.S. Ambassador to the Federal Republic of Germany, Richard Burt, on the question of linkage:<sup>40</sup>

It is essential to recognize there is an important connection between U.S.-European economic relations and the security of the alliance. Trade protection on either side of the Atlantic undermines our economic potential, and ultimately restricts what we can spend on defense. Equally important, serious frictions in our economic relations could spill over into the political realm and would undermine the cohesion of the alliance at a potentially important moment in East-West relations.

Mutatis mutandis, these remarks are potentially applicable to the Canada-U.S. relationship. At the very least, they should occasion a rethinking of the tactical utility of linkage in bilateral affairs, even though such an approach to statecraft flies in the face of the complex-interdependence approach, with its focus on management and negotiation to the almost total exclusion of some of the more basic stakes and assets over which, and with which, states have traditionally confronted each other in the anarchical society. Perhaps it is time to engage in something that the IPE volumes managed to avoid doing: exploring the politics of Canada's foreign trade in a manner that takes most of the "neo" out of realism. For if the trade negotiations fail to lead anywhere, which looks highly probable, then failure will likely occasion the need for a new approach to the problem of Canada's commercial dependence upon the United States, one perhaps predicated more on the principles of realpolitik than of neo-realism.

## Notes

\* Royal Commission on the Economic Union and Development Prospects for Canada: vol. 28: Canada and the International Political/Economic Environment; vol. 29: The Politics of Canada's Economic Relationship with the United States; vol 30: Selected Problems in Formulating Foreign Economic Policy; ed. Denis Stairs and Gilbert R. Winham (Toronto: University of Toronto Press, 1985). (Footnote references to these volumes will cite author and title of chapter, RC, and vol. no.)

<sup>1</sup>For instances specific to Canada, see Axel Dorscht et al., "Canada's International Role and 'Realism,'" International Perspectives, September/October 1986, pp. 6-9; and Axel Dorscht and Gregg Legare, "Foreign Policy Debate and 'Realism,'" International Perspectives, November/December 1986, pp. 7-10. In a more general context, see the seminal contribution by Richard K. Ashley, "The Poverty of Neorealism," International Organization 38 (Spring 1984): 225-86.

<sup>2</sup>Jock A. Finlayson, "Canadian International Economic Policy: Context, Issues and a Review of Some Recent Literature," in RC, 28:10.

<sup>3</sup>A flavour of the debate over the "neo-realist" category can be found in Robert O. Keohane, ed., Neorealism and Its Critics (New York: Columbia University Press, 1986).

<sup>4</sup>E. H. Carr, The Twenty Years' Crisis, 1919-1939: An Introduction to the Study of International Relations (London: Macmillan, 1939).

<sup>5</sup>The view that interdependence can connote either "sensitivity" or "vulnerability" is argued in Robert O. Keohane and Joseph S. Nye, Power and Interdependence: World Politics in Transition (Boston: Little, Brown, 1977), pp. 11-19. But for a qualification of this, cf. Kenneth N. Waltz, Theory of International Politics (Reading, Mass.: Addison-Wesley, 1979), pp. 138-60; and David A. Baldwin, "Interdependence and Power: A Conceptual Analysis," International Organization 34 (Autumn 1980): 471-506.

<sup>6</sup>Denis Stairs and Gilbert R. Winham, "Selected Problems in Formulating Foreign Economic Policy: An Introduction," in RC, 30:5. (Emphasis added.)

<sup>7</sup>Quoted in J. R. Mallory, "Review Article: The Macdonald Commission," Canadian Journal of Political Science 19 (September 1986): 598.

<sup>8</sup>For the view that voluntarism (or free will) did constitute an important part of the postwar diplomatic tradition, see Thomas Hockin, "The Domestic Setting and Canadian Voluntarism," in Alliances and Illusions: Canada and the NATO-NORAD Question, ed. Lewis Hertzmann, John Warnock, and Thomas Hockin (Edmonton: Hurtig, 1969).

<sup>9</sup>See K. J. Holsti, The Dividing Discipline: Hegemony and Diversity in International Theory (Boston: Allen & Unwin, 1985), pp. 16-22.

<sup>10</sup>The Canadian-American security community as a potential exemplar to the rest of the international community was an animating theme of an extensive

project funded by the Carnegie Endowment for International Peace in the 1930s and 1940s. See Carl Berger, The Writing of Canadian History: Aspects of English-Canadian Historical Writing, 1900-1970 (Toronto: Oxford University Press, 1976), chap. 6: "A North American Nation." On a more modest level, the Canadian-American relationship would provide grist for the mill of early students of "transnational" politics, among them being Annette Baker Fox, Alfred O. Hero, and Joseph S. Nye, eds., "Canada and the United States: Transnational and Transgovernmental Relations," Special Issue, International Organization 30 (Autumn 1974).

<sup>11</sup>R. B. Byers, "Canadian Defence and Defence Procurement: Implications for Economic Policy," in RC, 30:131-95.

<sup>12</sup>U.S. Congress, House Committee on Ways and Means, Subcommittee on Trade, Overview of Current Provisions of U.S. Trade Law, 98th Cong., 2d sess. (Washington: U.S. Government Printing Office, December 1984), pp. 115-18.

<sup>13</sup>Denis Stairs and Gilbert Winham, "Canada and the International Political/Economic Environment: An Introduction," in RC, 28:7-8.

<sup>14</sup>Finlayson, "Canadian International Economic Policy," in RC, 28:9-84.

<sup>15</sup>Michael C. Webb and Mark W. Zacher, "Canadian Export Trade in a Changing International Environment," in RC, 28:85-150.

<sup>16</sup>This theme can be found in a wide variety of sources, but perhaps the best revisionist statement on the postwar order is William Appleman Williams, The Tragedy of American Diplomacy, 2d ed. (New York: Dell, 1972).

<sup>17</sup>For a good discussion of the question whether postwar transatlantic harmony is being sundered by growing societal divergence between the United States and the Western European allies, see Ralf Dahrendorf, "The Europeanization of Europe," in A Widening Atlantic? Domestic Change and Foreign Policy, ed. Andrew J. Pierre (New York: Council on Foreign Relations, 1986), pp. 5-56.

<sup>18</sup>The isolation question is thrashed out in some recent exchanges between Robert W. Tucker and Charles Krauthammer, in the National Interest. See Robert W. Tucker, "Isolation and Intervention," National Interest, no. 1 (Fall 1985), pp. 16-25; and Charles Krauthammer, "Isolationism: A Riposte," National Interest, no. 2 (Winter 1985/86), pp. 115-18. Also see Earl C. Ravenal, "Europe without America: The Erosion of NATO," Foreign Affairs 63 (Summer 1985):1020-35.

<sup>19</sup>Canada, Standing Senate Committee on Foreign Affairs, Canada-United States Relations, vol. 2: Canada's Trade Relations with the United States (Ottawa: Queen's Printer, June 1978).

<sup>20</sup>J. L. Granatstein, "Free Trade between Canada and the United States: The Issue that Will not Go Away," in RC, 29:11-54.

<sup>21</sup>Globe and Mail, 7 February 1987, p. D7.

<sup>22</sup>Kim Richard Nossal, "Economic Nationalism and Continental Integration: Assumptions, Arguments and Advocacies," in RC, 29:55-94.

<sup>23</sup>For the power of this ideal in a non-Canadian economic-nationalist context, see Theodore H. Moran, Multinational Corporations and the Politics of Dependence: Copper in Chile (Princeton: Princeton University Press, 1974).

<sup>24</sup>Globe and Mail, 11 February 1987, p. B2.

<sup>25</sup>Charles Pentland, "North American Integration and the Canadian Political System," in RC, 29:95-125.

<sup>26</sup>The definition of subsidies under current U.S. trade law is found in U.S. Department of Commerce, "Study of Foreign Government Targeting Practices and the Remedies Available under the Countervailing Duty and Anti-dumping Duty Laws" (Washington: July 1985).

<sup>27</sup>See, for this argument, Richard Simeon, "Federalism and Free Trade," in Canada: The State of the Federation, 1986, ed. Peter M. Leslie (Kingston, Ont.: Institute of Intergovernmental Relations, forthcoming).

<sup>28</sup>Jock A. Finlayson, "Canada, Congress and U.S. Foreign Economic Policy," in RC, 29:127-77.

<sup>29</sup>For the argument that Congress has not been as averse to free-trade as its liberal critics have implied, see Robert A. Pastor, Congress and the Politics of U.S. Foreign Economic Policy, 1929-1976 (Berkeley: University of California Press, 1980). But for a more recent, and differing assessment, cf. I. M. Destler, American Trade Politics: System under Stress (Washington: Institute for International Economics, 1986).

<sup>30</sup>Gary Clyde Hufbauer and Andrew James Samet, "United States Response to Canadian Initiatives for Sectoral Trade Liberalization: 1983-84," in RC, 29:179-205.

<sup>31</sup>For a rare attempt to come to grips with the question, see Sidney E. Weintraub, "U.S.-Canada Free Trade: What's In It for the U.S.?" Journal of Interamerican Studies and World Affairs 26 (May 1984):225-44.

<sup>32</sup>Gerald Wright, "Bureaucratic Politics and Canada's Foreign Economic Policy," in RC, 30:9-58.

<sup>33</sup>The foremost, if not the first, assault on the rational-actor model is Graham T. Allison, Essence of Decision: Explaining the Cuban Missile Crisis (Boston: Little, Brown, 1971).

<sup>34</sup>Robert Boardman, "The Foreign Service and the Organization of the Foreign Policy Community: Views from Canada and Abroad," in RC, 30:59-103.

<sup>35</sup>F. J. Chambers, "The Emerging Cost Structure of Canadian Firms: Some Implications for International Economic Policy," in RC, 30:105-29.

<sup>36</sup>R. B. Byers, "Canadian Defence and Defence Procurement: Implications for Economic Policy," in RC, 30:131-95.

<sup>37</sup>See, for critical assessments of its utility, Charles F. Doran, Forgotten Partnership: U.S.-Canada Relations Today (Baltimore: Johns Hopkins University Press, 1984), pp. 66-69; Peter C. Dobell, "Negotiating with the United States," International Journal 36 (Winter 1980-81):25; and K. J. Holsti, "Canada and the United States," in Conflict in World Politics, ed. Steven L. Spiegel and Kenneth N. Waltz (Cambridge, Mass.: Winthrop, 1971), pp. 375-96. For a different view of the merits of linkage, see Stephen Clarkson, Canada and the Reagan Challenge: Crisis in the Canadian-American Relationship (Ottawa: Canadian Institute for Economic Policy, 1982).

<sup>38</sup>Granatstein, "Politics of Canada's Economic Relationship with the United States," in RC, 29:14.

<sup>39</sup>Hufbauer and Samet, "United States Response to Canadian Initiatives," in RC, 29:180-81.

<sup>40</sup>"Trade, Defense Linked," Journal of Commerce (New York), 12 February 1987, p. 5.

