

Canadians Have Case To Make

By Allan E. Gottlieb, Canadian Ambassador to U.S.

Many Canadians assume, as part of our birth-right, that we have a profound and abiding understanding of our neighbour, our friend, and our largest trading partner... the United States.

This is only partly true. I believe our understanding is rooted more in the past than in current realities. We have a good general understanding, but when we look to the specifics our knowledge grows a little fuzzy. It is in the gap in our knowledge, between the overall tone of the Canada-U.S. relationship and the particular disharmonies, that possibilities for miscalculation lie.

The greatest challenge we face in managing Canada-U.S. relations is complexity. The greatest problem we face is unpredictability. We never know where the next problem will come from. Last year, from out of nowhere, trucking rolled onto center stage. For decades, transborder trucking problems, when they arose at all, were dealt with expeditiously at the official level. Last year, this billion dollar a year trade sector almost swerved out of control. Before we were finished, both Federal governments, state and provincial governments, regulators and the private sector on both sides of the border became immersed in what had become a crisis.

While things may be chaotic at times, we are a long way from undifferentiated chaos. In a two-way trading relationship involving over \$100 billion a year it is remarkable how few serious problems we actually have.

There is not a simple explanation for all these events, but I think there are certain similarities worth noting. In fact, many of our difficulties can be traced back to a major redistribution of political power in the U.S. and to changes in the way that power is exercised.

The American Constitution provides for the separation of powers. The executive branch, or Administration, and the legislative branch, or Congress, are quite separate. But they must work together if things are to get done. This working relationship changes. Sometimes the President dominates, sometimes the Congress. Sometimes there is great cooperation, at other times it hardly seems to work at all.

In addition to this historic ebb and flow of power, there are other important players such as the courts, the regulatory agencies, the press, the lobbies. By tradition, each group forms an important element in the overall political system.

Over the last turbulent decade, new ways of doing business in Washington have developed. First, there is the shift in the relationship between the Congress and the Administration. In the post-Viet Nam era, Congress had become much more zealous of its prerogatives, far less susceptible to White House pressures. If the President is to get his way with Congress he must marshal his forces carefully and, as we have seen with President Reagan, focus on only one or two issues over a given period. Of necessity, this means the Administration cannot expend much effort on issues of relatively lower priority — or of priority only to a foreign power.

Over the past year the Administration has supported the Canadian position on several troubling Congressional initiatives; although we have, together, beaten back

some of these, it must also be acknowledged that the Administration's sway over Congress is not nearly as extensive as we would have liked. On the other hand, on some issues such as the environment, Canadian concerns have sometimes found more active support in the Congress than within the Administration.

Second, until recently, a President could effectively work with a few senior Congressional members and, in that way, exercise some authority over Congress. This last almost disappeared as a political modus operandi as new rules have largely broken the back of the old Congressional seniority system.

Also, because of the power that comes with chairmanships, individual Congressmen and Senators wanted and got their own committees and sub-committees. The result has been an explosion of committees and on many issues a number of committees will separately examine one piece of legislation. This enormously complicates the passage of legislation.

Third, we are witnessing real changes in the traditional roles of regulatory agencies. In some cases, dramatic policy initiatives come from regulatory agencies such as the Federal Communications Commission and the Federal Trade Commission. In other cases such as the Interstate Commerce Commission or the Civil Aeronautics Board, de-regulation has significantly curtailed their power over the industries they regulate. Many trade disputes are brought before these agencies for resolution. The process can be expensive and litigious.

Greatest Challenge... Complexity Greatest Problem... Unpredictability

Fourth, there has been enormous growth in what are called "single interest" constituencies. Environmental activists, consumer advocates, foes of abortion or of gun control — these are familiar to you. But there has also been great growth in the influence of the more traditional economic lobbies located in Washington. One reason for this is that the increasing fragmentation of Congress demands a very sophisticated approach on the part of interest groups. It is not enough any longer to convince the chairman of a particular committee. Lobbies must go after each member of the committee (sometimes even drafting their legislation and related public statements), members of other committees which could have a say on the issue, and ultimately all individual Senators and Congressmen whose votes cannot be counted on.

Fifth, the institutional changes of the last decade have resulted in new arrangements for financial political campaigns. The main conduit for political financing has become the "political action committee", or PAC. These committees generally represent narrow domestic or local interests and each political candidate must appeal to many different committees if he or she is to secure adequate political campaign funds.

To many in Washington, the army of lawyers, lobbyists, pacmen, consultants, think-tankers, analysts and so on constitutes a third chamber of Congress — a dynamic center of power separate from but equal to the Senate and the House of Rep-

resentatives. An overstatement, perhaps, but an indication of the real power and influence which these unelected "representatives" wield.

I believe not enough attention has been paid to the impact these changes have had on the management of bilateral relations with the U.S. Stated simply, the political system appears fragmented or "atomized" to foreign governments. Depending on the issue, we must identify potential allies within the Administration, the Congress, the private sector, the press and the lobbies. The cast changes as the issues change. A strong supporter on one issue will be an implacable opponent on another. Foreign interests require a whole new level of sophistication to successfully defend their interests in Washington.

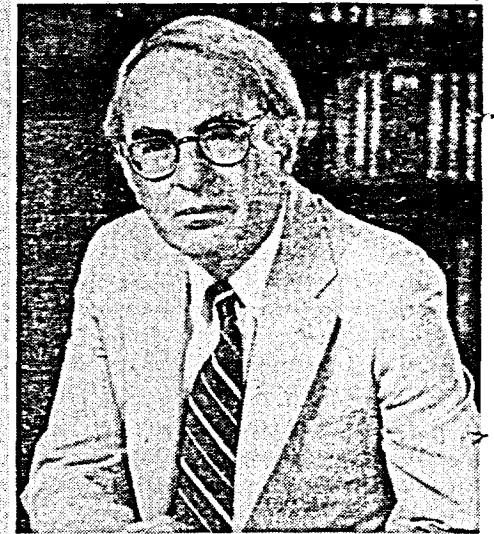
The special interest groups concentrate their efforts on the Congress. And Congress has shown itself to be much more susceptible to special interest pleading than the Administration. The Administration must be mindful of the broad foreign policy interests of the United States; Congress, however, is not required to balance different foreign policy interests to the same extent. Individual Congressmen, so often responding to constituency pressures, will push particular measures for narrow domestic reasons which may turn out to have a foreign policy impact.

The result is that, in recent years, Congress has become a significant — in some respects the dominant — initiator of U.S. foreign policy!

We see this in current American debates over trade protectionism. The move to close or at least protect domestic markets from foreign competition is primarily a Congressional initiative. President Reagan, his Administration, and many others in this country, continue to believe in free trade but they are fighting an uphill battle with an increasingly restive Congress. Once again, it's the special interests which set the terms of the debate. Except in the rarest of cases, there are few within the Congress who argue for protectionism as a broad and coherent strategy. Instead, it is always this industry or that region which needs temporary relief.

Trends in Congress are worrisome. The Speaker of the House of Representatives has stated that this Congress is the most protectionist-minded he has seen in his 32 years in Washington. Frustrations, some legitimate, some less so, with Japan, the European Community and to a lesser extent Canada and other trading partners, threaten to boil over in the Congress. Driven by special interests, the expression of these grievances seldom attempts to balance them with advantages the U.S. enjoys in other sectors; the give and take of international economic negotiations is largely ignored. No country is more threatened by this mood than Canada.

And so, Congressional economic initiatives become U.S. foreign policy towards Canada. In recent years, Canadian trucking, cement, specialty steel, mass transit, uranium



Ambassador Gottlieb

and automotive products and other interests were harmed by Congressional action. It is a process which is becoming increasingly unmanageable and which carries grave risks for Canada's economic future.

Let me suggest a few guidelines for Canadian business.

1. Recognize your interests are engaged. Whether you are a Canadian directly involved in trade with the U.S. or are simply concerned with the economic future of this country, it is imperative that you recognize the importance of the United States to Canada. U.S. trade and other policies have a direct impact on us. Current U.S. debates on protectionism, on trade reciprocity, on the multilateral trading system all engage Canadian interests. Canadian business owes it to itself to follow what is happening in Washington, and throughout the U.S.

2. Develop Canadian positions on international issues. If we are to maintain and enhance our position within the world trading system it is important that the private sector devote energies to articulating a Canadian position on the critical issues of the day. Either individually or as members of larger groups such as trade associations or professional organizations, Canadians in both business and labour must become more active participants in the formulation of international economic policy. Canadians should also be concerned about our own trade policies as well as foreign ones. Canadian calls for protection from foreign competition will be heard abroad. Retaliation from other countries cannot be discounted if we pursue policies which are too narrow in scope.

3. Recognize there are things Government can do and things Government cannot do. In the U.S., many of the initiatives which become identified with particular members of Congress or even the Administration originate in the private sector. The Canadian Government does approach the U.S. private sector in an effort to impress upon them our national concerns, but in many instances Canadian businessmen have much better access to the deliberative councils of the U.S. private sector. Use them to articulate business' own views, to heighten U.S. appreciation of Canadian concerns. The Chambers of Commerce and other, more specialized, associations provide ready-made forums for the expression of diverse views.

4. Like it or not, Canadian businessmen are often regarded as unofficial Canadian ambassadors. Seek out opportunities to engage Americans in constructive dialogue. Some of the finest explanations in the U.S. of Canadian policies have been made by Canadian businessmen. Equally,

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