

Canada- United States Relations

VOLUME 1

The Institutional Framework
For the Relationship

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THE STANDING SENATE COMMITTEE ON FOREIGN AFFAIRS

Chairman: The Honourable George C. van Roggen

Deputy Chairman: The Honourable Allister Grosart

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December 1975

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United States
Relations

VOLUME I
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For the Relationship

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MEMBERSHIP OF THE COMMITTEE

(As of December 16, 1975)

THE STANDING SENATE COMMITTEE
ON FOREIGN AFFAIRS

The Honourable George C. van Roggen, *Chairman*

The Honourable Allister Grosart, *Deputy Chairman*

and

The Honourable Senators:

Asselin	Croll	McElman
Barrow	Hastings	McNamara
Bélisle	Lafond	Rowe
Cameron	Laird	Sparrow
Carter	Macnaughton	Yuzyk
Connolly (<i>Ottawa West</i>)		

Ex Officio Members: Flynn and Perrault.

(Quorum 5)

Note: The Honourable John B. Aird served as Chairman of the Committee during its initial meetings on Canada-United States Relations from March until May 1974. Following his resignation from the Senate, the Honourable George C. van Roggen was appointed Chairman of the Committee.

Note: The Honourable Senators Aird, Deschatelets, Lapointe and Martin also served on the Committee.

MEMBERSHIP OF THE COMMITTEE

(as of December 1952)

THE STANDING SUB-COMMITTEE
ON FOREIGN AFFAIRS

The Honorable George Van Roggen (Chairman)
The Honorable Albert (Bert) Landry

The Honorable Gordon

Chairman	Mr. Van Roggen	Mr. Landry	Mr. Gordon	Mr. Gault	Mr. Gault	Mr. Gault	Mr. Gault	Mr. Gault	Mr. Gault	Mr. Gault
Members	Mr. Gault	Mr. Gault	Mr. Gault	Mr. Gault	Mr. Gault	Mr. Gault	Mr. Gault	Mr. Gault	Mr. Gault	Mr. Gault

EX OFFICIO MEMBERS (Past and Present)

(Continued)

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ORDERS OF REFERENCE

(Second Session—29th Parliament, 1974)

Extract from the Minutes of the Proceedings of the Senate, Tuesday, March 26, 1974:

The Honourable Senator Aird moved, seconded by the Honourable Senator Grosart:

That the Standing Senate Committee on Foreign Affairs be authorized to examine and report upon Canadian relations with the United States; and

That the Committee be empowered to engage the services of such counsel and technical, clerical and other personnel as may be required for the purpose of the said examination, at such rates of remuneration and reimbursement as the Committee may determine, and to compensate witnesses by reimbursement of travelling and living expenses, if required, in such amount as the Committee may determine.

After debate, and—

The question being put on the motion, it was—

Resolved in the affirmative.

Robert Fortier,
Clerk of the Senate.

* * * * *

(First Session—30th Parliament, 1974-1976)

Extract from the Minutes of the Proceedings of the Senate, Wednesday, November 6, 1974:

Pursuant to the Order of the Day, the Senate resumed the debate on the motion of the Honourable Senator van Roggen, seconded by the Honourable Senator Riel:

That the Standing Senate Committee on Foreign Affairs be authorized to examine and report upon Canadian relations with the United States;

That the Committee be empowered to engage the services of such counsel and technical, clerical and other personnel as may be required for the purpose of the said examination, at such rates of remuneration and reimbursement as the

Committee may determine, and to compensate witnesses by reimbursement of travelling and living expenses, if required, in such amount as the Committee may determine;

That the papers and evidence received and taken on the subject in the preceding session be referred to the Committee; and

That the Committee have power to sit during adjournments of the Senate.

After debate, and—

The question being put on the motion, it was—

Resolved in the affirmative.

Robert Fortier,
Clerk of the Senate.

REPORT

of the

STANDING SENATE COMMITTEE ON FOREIGN AFFAIRS

on

CANADA-UNITED STATES RELATIONS

VOLUME I

“The Institutional Framework for the Relationship”

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Acknowledgements

In the preparation of this report, the first in a series on Canadian-American relations, the Committee owes a debt of gratitude to the witnesses, both Canadian and American, who kindly consented to give the Committee their time and the benefit of their expertise on various aspects of the study. These witnesses included both present and former Cabinet ministers, a provincial premier and a former state governor, former senior Canadian and United States officials, representatives from the private sector, academia and from the Canadian federal public service. For their willing co-operation we are most grateful.

I wish to record my thanks to all members of the Committee, my special appreciation for the support and advice of the deputy chairman, Senator Allister Grosart, and to acknowledge the valuable assistance of all members of the Committee staff.

An index of the proceedings of the Committee during 1974 and 1975 on which this report is based has been prepared by the Reference Branch, Library of Parliament. This index is available on request from the Clerk of the Committee.

George C. van Roggen

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Part I

A. Introduction

The Standing Senate Committee on Foreign Affairs has undertaken to examine and report on Canadian relations with the United States. The purpose of this preliminary report is to put into proper perspective the basic framework by which the Canadian-American relationship functions. Before examining substantive areas such as Canada-United States trade, energy, transportation, communications, labour, financial and environmental relations, the Committee considered it necessary to identify the main institutional links, to assess their effectiveness as channels of communication, and to look at the efficacy of various techniques available for the conduct of the bilateral relationship. This report deals only with the institutional framework between the two countries.

Such mechanisms between any two modern states in close contact are likely to be complex. They are particularly so between two large federal democratic states existing side by side. They are usually taken for granted, apparently on the assumption that they function automatically. This is not the case. There are judgments to be made as to how issues should be handled and who should handle them which can have a major influence on the outcome of bilateral problems.

Accordingly, the Committee concluded that a thorough look at this aspect of the relationship was not only justified but was fundamental to future studies in this area. Moreover it considered that it behoved Canada, as the more vulnerable member of the North American arrangement, to ensure that the relationship did not suffer from inefficient communication or management on its part.

With this in mind the Committee heard expert witnesses from the federal and provincial governments, from the academic community, from the private sector, from Canada as well as from the United States.* They gave testimony on all aspects of the functioning of the relationship; the types and levels of the bilateral contacts, the joint mechanisms, the methods and machinery used for interdepartmental co-ordination, for bilateral consultation and for bilateral negotiations, the involvement of the provinces and the role of the private sector.

Because the Committee's objective was to identify the existing links and to assess the suitability of alternative procedures used in conducting relations, this report does not suggest a simplistic solution for the better management of all aspects of the relationship. Each situation usually has its own set of circumstances and the techniques used must be modified accordingly. For these reasons, the report has

*See Appendix II to this Report, page 87, for a list of witnesses.

sought to give sharper focus to the problems and constraints as well as the possibilities and opportunities in managing Canadian-American relations. Where the Committee found it possible to reach firm conclusions, it has done so and has made specific recommendations to remedy areas where it found deficiencies.

This report deals mainly with government-to-government contacts. It is important to recognize however that this is not the whole picture but only the tip of an iceberg. In the private sector, financial, business and private transactions are not statistically visible but number millions per month by telephone and mail alone, not to mention the enormously high number of daily border crossings. This interchange goes on largely independent of and beyond the control of governments. It is one of the basic strengths of the relationship. The Committee has sought to take this significant factor into account wherever possible, although it found it difficult to obtain specific testimony on its magnitude.

The dimensions and complexities of the links between our two countries can best be understood when set against the following brief survey of the range and scope of the relationship. In addition, the Committee has commented in general terms on the present character of the relationship which has undergone some change in recent years and sets forth some current problems.

B. The Range and Scope of the Relationship

Geography has imposed unique constraints and presented opportunities which affect the relationship between Canada and the United States. The two countries divide most of the continent and are isolated from other land masses by three oceans. They have a long common border and a number of contiguous coastal waters. Canada has a common frontier with only one country, the United States. It is on two fronts: to the south stretching along 3,500 miles; and to the northwest, the 1,500 mile long border with Alaska. Geography too, by its north-south land formations, has channelled the movements of people north and south across the border creating many close cross-boundary regional affinities. Climate and geography have combined to concentrate two-thirds of the Canadian population in a 100 mile-wide band of territory facing the American border predisposing them to a conscious awareness of the United States.

The history of the exploration and development of the two countries records frequent disagreement and open conflict. This has not prevented a parallel evolution in social, economic and, in most respects, political and judicial structures. In education and culture, Canada and the United States are fundamentally alike though Canada is a bilingual country. Ideas and cultural influences flow easily across the border. More important, the structures and institutions on both sides are mutually understandable. Significant differences, however, have emerged from the varied historical and social backgrounds which have produced distinctive identities in the two nations.

These geographic pulls and social and institutional parallels have meant easy movements and contacts back and forth by the peoples of the two countries. Family ties have rapidly multiplied, business and labour links have developed, professional and fraternal affiliations have grown and cultural, sport and tourist connections have become abundant. While measurement of these private linkages is almost impossible, in terms of numbers, cross-border visits now reach over 70 million annually of which 38 million are from the United States to Canada and 34 million from Canada to the United States. For Canada, with its much smaller population, this means that an enormously high concentration (96 percent) of all its people going outside the country choose to go to the United States. Some of the trans-border crossings have become permanent. At the present time, the Committee learned, it is estimated that approximately a million Canadian-born persons are living in the United States and about 400,000 American-born persons are living in Canada.¹

Due to geography, history, the mingling of the two peoples and other factors, trade between the two countries has grown enormously. In 1974, cross-border trade reached the dizzying heights of \$40 billion—more than between any two other countries in the world.

Canadian Trade with the United States

	Exports		Imports	
	(In \$ million)	% distribution		% distribution
1970	10,900	64.8	9,917	71.1
1971	12,025	67.5	10,951	70.1
1972	13,926	69.4	12,877	69.0
1973	16,612	67.7	16,484	70.8
1974	21,590	66.5	21,065	67.3
1975 (9 mos.)	15,798		17,476	

For Canada, this means a market for over two-thirds of its exports, representing over one-third of all goods produced in Canada. For the United States, Canada constitutes one-fifth of its export market but this involves only two percent of all American-produced goods. The United States supplies two-thirds of all goods imported into Canada and Canada supplies one-quarter of all imports into the

¹Arthur Smith (3:46)

Footnotes referring to Committee proceedings indicate the issue and page number of its proceedings of the first session of the 30th Parliament, 1974-75. Three exceptions which refer to an earlier session of 1974 are specifically identified by *Session 1974*

United States. Over one-half of Canadian exports to the United States are manufactured or processed goods, although two-thirds of these are automotive products.

The scale of the trading relationship can best be appreciated by comparing United States trade with other countries. Japan, which is the United States second largest partner, does about one half the trade with the United States that Canada does. American trade with all nine countries of the European Community, a group encompassing a population 10 times that of Canada, amounted in 1974 to slightly less than its trade with Canada alone. As the former American Ambassador to Canada, Mr. William Porter, said in a recent speech;

“The Canadian-U.S. trade exchange, like other aspects of our relationship, remains the wonder and envy of a large part of the world. There is nothing like it in dimension or variety.”²

While the Canada-United States ties in other areas may not be as striking as these in the trade field, they are nonetheless important and complex. As the Committee heard from Mr. Alan Hockin, vice-president of the Toronto-Dominion Bank, the financial ties between Canada and the United States are “extensive and close; much more so than between Canada and any other country.”³ This “close and pervasive linkage” he explained, arose not only from transactions of a purely financial nature such as the large borrowings and investments flows in both directions, but more importantly from the sheer volume of the bilateral export and import trade and the trade in services such as insurance, transportation and tourist trade. In addition, the link between the currencies is intensified for Canada since Canadian exports to other parts of the world are largely conducted through the medium of U.S. dollars.

Cross-border investment has provided an extensive and frequently controversial link between Canada and the United States. The book value of American direct investment in Canada now approaches \$30 billion while the real value is estimated at \$50 billion. This represents 80 percent of all foreign investment in Canada. As U.S. investment has come mainly in equity form, American control of Canadian industry is widespread. Well over half the Canadian manufacturing industry is now foreign controlled, mostly by Americans. In certain key sectors such as petroleum refineries, iron mining and certain machinery and electrical industries, the U.S. control is over 70 percent and in the motor vehicle industry it is over 95 percent.

Canadian investment in the United States, by comparison, is a more modest \$5.6 billion, although on a *per capita* basis, statistics show a higher rate of Canadian investment in the United States than the reverse. But most Canadian investment in United States equity is in relatively small holdings, so that there are few cases of Canadians owning a controlling interest in American corporations.

The traditional balance of payments situation between the two countries shows a continuing Canadian deficit position. (See table below). Even in the exceptional

²Winnipeg, CHA, September 25, 1974

³Hockin (15:5)

years 1970-1972 when Canada had a merchandise trade surplus with the United States, its overall current account remained in deficit due to the substantial deficit in services which Canada always suffers.

In merchandise trade, Canada's surplus position of 1969-1972 has steadily decreased until it reached a low in 1974 of \$53 million. Even so, it was only the large gains in the value of export of energy and petroleum products sold to the United States which erased a huge deficit of \$1.3 billion on automotive products and prevented an overall merchandise trade deficit.

Canada's Current Account Balance with the United States
(\$ million)

	Merchandise trade balance	Non-merchandise transactions ⁴	Current account balance
1969	472	- 1,317	- 845
1970	1,121	- 1,286	- 165
1971	1,209	- 1,491	- 282
1972	1,233	- 1,687	- 454
1973	814	- 2,071	- 1,257
1974	525	- 1,737	- 1,812
1975 (6 mos)	- 843	- 768	- 1,611

In the labour field, the close relationship existing between the trade union movements in Canada and the United States is without parallel anywhere in the world. About 60 percent of unionized Canadian workers belong to unions chartered by U.S.-based 'international' unions. Practically all of Canada's major export industries including the large industries in both primary and secondary sectors such as automobiles, steel and chemicals are governed by the terms of collective agreements with Canadian branches of U.S. affiliated unions. It is these major industry unions, however, that have tended to give the Canadian membership the widest scope for running their own affairs particularly in respect to such aspects as control over union expenditures in Canada and their own collective bargaining programme.

The current criticism aroused by Canada's oil export tax and higher gas prices to the United States has obscured the more important fact of the major linkages between the two countries in the energy field. Canada has been the largest foreign

⁴Includes service transactions, travel, interest & dividends, freight & shipping and other service transactions plus net transfers.

supplier of oil to the United States with exports reaching their peak of over one million barrels of crude daily in 1972. At its height this represented 29 per cent of U.S. crude oil imports. However, the Canadian percentage of U.S. crude oil imports has been falling owing to the cuts in Canadian deliveries and to the increasing dependency of the United States on imported oil.

For obvious reasons, virtually all United States imports of natural gas have come from Canada although this will change with the facilities for liquefying gas. While the approximately one trillion cubic feet which Canada has supplied during the past couple of years represents only about five percent of American consumption, it has amounted to more than 45 percent of total Canadian production.

The energy interdependency is underlined when one considers that Ontario steel mills and electric generating plants are dependent on Pennsylvanian coal, and Canadian refineries require the oil piped through transit pipelines in Maine and the American midwest. In the United States, the Pacific North-west area depends heavily on British Columbia natural gas and several northern states in the American mid-west have no source other than Alberta for natural gas and oil. At various other points along the border, a constant interchange of hydro-electric power takes place.

In the defence area, Canada has recognized, since World War II, its strategic dependence on its superpower neighbour in respect to external threats. Canadian defence arrangements with the United States are intimate and extensive. Indeed, a third of the major bilateral agreements with the United States relate to defence. The most important of these is the NORAD agreement which provides for close coordination of air defence of the continent—a response to a threat which is diminishing with the increasing Soviet and American emphasis on missiles. Defence co-operation began in 1940 with the establishment of the Permanent Joint Board on Defence. The principle of economic co-operation to support joint defence was enunciated in the Hyde Park Agreement of 1941 and it has been reaffirmed in varying forms since that time. The current defence production sharing arrangements worked out in 1959, have resulted in extensive reciprocal military purchases bringing mutual benefit in terms of reduced costs for military procurement, in keeping Canada abreast of advanced technology in aerospace and electronics and in providing the Canadian electronics industry with a significant outlet.

Much has been written about the cultural interaction between the two countries, particularly the impact of American culture in all its forms on Canada. Books, magazines, newspapers, radio, T.V., movies and theatre pour northward across the border to a ready Canadian market. A 1974 survey showed that over one-fifth of all television viewing hours by Canadians are devoted to American stations, either off-air or by cable. An earlier survey of audience preference revealed that 54 per cent of Canadians preferred American T.V. stations to Canadian stations and 60 per cent preferred American programmes to Canadian programmes. By its massiveness, the American cultural flood has threatened the development of the home-grown Canadian product leading to Canadian federal support or statutory and regulatory

protection in certain fields. Nevertheless, the American penetration has resulted in a widespread acceptance in Canada of American tastes, standards and products, a development viewed by some Canadians as a mixed blessing.

Geography has imposed an environmental interdependence on the two countries which is unique. From the Skagit and the Columbia in the west to the St. John and the St. Croix in the east stretches the most complicated and longest river and lake system between any two countries in the world. Environmental concern over pollution and floods in these rivers and lakes inevitably spreads across the boundary. Protracted bilateral negotiations now take place over the damming, the direction, the quality and the usage of this lakes and rivers system. Key to the resolution of many of these problems has been the work of the oldest Canadian-American institution, the International Joint Commission. In addition, the contiguous coastal waters are increasingly the focus of the external policies of the two countries in their concern for fisheries, pollution and mineral resources in the continental shelf areas.

This brief catalogue of the range and scope of the relationship between Canada and the United States is far from complete. Even so it illustrates the unusually high degree of interaction and interdependence between the two countries. It is not a relationship of equals. The United States has 10 times the population and over 10 times the gross national product of Canada. In military terms it is a superpower, in economic terms a giant. **Because of this disparity, Canada is more dependent, more sensitive and more vulnerable to the state of the relationship than is the United States. For Canada, it is by far the most important of all its external relationships.**

C. The Changing Concept of the Relationship

In recent years the Canadian-American relationship has undergone a change, due partly to external and partly to internal factors. Dating from 1970 and most certainly from August 1971 a new perception of each country's national interests developed, accompanied by an increasing divergence of national policies. Both countries reviewed their foreign policies and discovered they were at the end of an era, not merely in so far as each other was concerned but in the context of a changing world order. In an international climate of growing economic blocs and increasing economic and monetary ills, both countries were inclined to guard their own domestic health more protectively. The good relations of the past could no longer be taken for granted.

In practice this has meant that while Canada and the United States acknowledged the benefits derived from their huge bilateral trade, there was a new sharper edge to Canadian-American negotiating on trade and economic matters. As recognition of the finite quantities of resources grew, new conflicts and tough bargaining arose from bilateral energy trade arrangements and any suggestions of continental resource sharing caused extremely negative Canadian reactions. Increased environmental concerns have sensitized both sides to irritants along the border and the

contiguous coastal areas. On both sides of the border, but at different times since 1970, there has been a viewpoint that special bilateral arrangements such as the auto pact, while bringing many benefits, have also produced unexpected dislocations. Canadians have worried about and have now legislated against the high degree of foreign, mostly American, ownership and control of their manufacturing and resource industries as well as the continued extraterritorial application of U.S. laws and regulations in Canada.

In Canada, while these perceptions were working themselves out, the government formulated a new strategy paper for its relations with the United States. Known as 'the third option' paper, it set Canadian policy on a conscious course of attempting to lessen the vulnerability of its economy from the impact of the United States by developing closer relations with other parts of the world, notably Europe and Japan. The government's prospects and possibilities for diversification, however, were somewhat dimmed by the heavy impact which the energy crisis and inflation have had on the European Community and Japan, as well as on Canada itself.

The "third option" paper set a new tone for Canadian policy "of living distinct from but in harmony with the United States"⁵, which, when coupled with Canadian policy initiatives based on domestic needs and the new perceptions of the national interest on both sides of the border, has resulted in a perceptible change in the relationship. Whereas, in earlier days, bilateral relations had hinged to a large extent on the actions of the United States, now the relationship is increasingly affected by Canadian policy actions, many of which are perceived in the United States as being contrary to United States' interests. Prime examples of such Canadian actions are related to the price and supply of energy, the restrictions on foreign investment, the regulation of TV and cablevision programming of US origin and non-tariff barriers in cultural and other areas.

Have the changing circumstances and the new perceptions meant an end to the "special relationship" between the two countries? The problem has been to analyze what the "special" quality really meant. No incident provided a better illustration of the demise of one aspect of the "specialness" than the events surrounding the American government's refusal of the Canadian request for exemption from the 1971 American economic measures. As seen from Washington's point of view, Canada had contributed seriously to the American balance of payments deficit and had not been willing to help at a time of need. As seen from Ottawa, Canada had not been guilty, as the United States claimed, of unfair exchange rates or discriminatory restrictions against American imports. Canada was being unjustly penalized just because of a favourable merchandise trade balance, which was, in any case, more than offset by the debit on services and invisibles so that the overall current account showed a Canadian deficit. When the issue had cooled, Canada recognized that preferential treatment such as it had sought and received in the post-war period

⁵Sharp, (1:9) session 1974

would become a lessening factor in negotiations between the two nations. Washington considered that special accommodation for Canada was no longer justified and proceeded to demand a demonstrable equality of benefit from the bargaining table.

Witnesses before the Committee have pointed out however that there are other aspects of the special relationship which remain. Dr. Maxwell Cohen, Chairman of the International Joint Commission observed "the common frontier is a geophysical fact, a 'special relationship' however we interpret that phrase today."⁶ Indeed, as has already been noted, the long and complex physical boundary unites the two nations in common solutions to problems concerning water quality, water levels, air quality and related land use problems. Professor Peyton Lyon of Carleton University pointed to the many existing structures, institutions and arrangements which tie the two countries together in a special way. As this report has already detailed, the range and scope of the bilateral contacts in trade, energy, financial institutions, cultural interactions are enormous, complex and undoubtedly "special" in the sense of "unique". There is also the special quality of the relationship which exists between the two peoples because they live on the same continent, share much the same type of climate, similar democratic institutions, similar life-styles, similar means of communications and similar ways of doing business.

Finally, as Professor Lyon observed, there is a third aspect to the special relationship which is perhaps the most important of all. It concerns the procedures or the style of conducting official business between Americans and Canadians. Professor Lyon elaborated:

"'Special' in this sense means easy, informal, extensive, responsive and in short friendly; on both sides the masses still refer each to the other country as 'our best friend' and act accordingly."⁷

It means easy communication through a common language and common values. There is a strong disposition to regard interests as compatible, to consult over differences and to let facts resolve the issues wherever possible.

How, the Committee asks, in the light of the geographic ties, the affinities and interchange of the two peoples, the ease of communications, the similar institutions, and the extent of trade, cultural and other links can the relationship be considered anything but a "unique" one? Canada no longer seeks a "special treatment", but it cannot deny a "special relationship" does exist with its southern neighbour.

D. Current Problems

Because of the intense interaction between the two countries already described, an enormous number of bilateral issues are constantly developing which must be

⁶Cohen, (6:22)

⁷Lyon, (9:6)

dealt with at the inter-governmental level. Some are resolved easily and amicably. Others become dormant or solve themselves. Some become problems which require careful negotiating or tough bargaining to resolve. Still others prove insoluble and become problems which both countries must learn to live with.

The international economic climate is becoming more and more complicated and at times competitive. A growing number of Canadian domestic actions are having a spill-over effect on the United States and vice versa. The problem areas between the two countries continue to increase both in number and complexity.

Not all the complaints are on the Canadian side as many Canadians seem to think. Some of the areas of difficulty or concern for one side or the other in recent years include:

(i) *Energy Concerns*

(a) Complaints by the United States that Canadians are charging more for exported natural gas than is charged on the Canadian domestic market.

(b) American objections that, on the west coast, where there has been an unanticipated shortage in the British Columbia natural gas supply, the shortfall has not been prorated amongst the Canadian and U.S. consumers with long term contracts but has been passed on instead to U.S. consumers only.

(c) American complaints concerning the Canadian export tax on oil which results in the United States being charged more for oil than is charged on the Canadian domestic market.

(d) American objections concerning the rapidity and scale of the cutbacks in oil exports to the United States.

(e) Canadian objections to the U.S. embargo against the importation of uranium, including Canadian uranium, into the United States.

(ii) *Trade Concerns*

(a) American objections to the Canada-U.S. Automotive Agreement or to the Canadian safeguard clauses in that agreement. Canadian objections to the current unfavourable trade balance under the pact particularly involving auto parts.

(b) A broad range of industry incentives as employed by both countries which the other country perceives as giving the industry concerned an unfair competitive advantage in respect to exports. Examples would include the U.S. Domestic International Sales Corporation (D.I.S.C.) or Canadian regional development programmes.

(c) A variety of policies, legislations, regulations or practices of both countries which are perceived by the other side as being non-tariff barriers, that is, having the effect of restraining imports. Examples would include government procurement policies or quantitative restrictions.

- (d) Beef import quotas which have recently been applied by both sides after many years of free access.⁸
- (e) Canadian import quotas for eggs and turkeys on which the United States is appealing to GATT for a ruling.⁸
- (f) Canadian complaints over the U.S. copyright law which effectively prevents the Canadian book industry from competing in the United States.
- (g) Canadian objections to the application of U.S. anti-dumping regulations and the imposition of countervailing duties, for example, against the export of Canadian tires made by a Michelin subsidiary company.

(iii) *Environmental Concerns*

- (a) Canadian concern over the pollution risks from tankers bringing Alaskan oil into Puget Sound in the State of Washington. Canadian objections to the establishment of a refinery by a U.S. oil company in Eastport, Maine which would require tankers to pass through constricted Canadian waters.
- (b) Canadian concern that the United States is not meeting the commitments it made under the Great Lakes Water Quality Agreement to clean up the Great Lakes.
- (c) Differences of opinion on both sides concerning effective regulation of water levels of the Great Lakes.
- (d) Differences as to how to meet the present and future needs of the inhabitants, both Americans and Canadians, of Point Roberts in the State of Washington in respect to roads, water supplies, services, sewage etc.
- (e) Differences over whether to proceed with an earlier British Columbia commitment to allow the provision of more power to Seattle, in the State of Washington by raising the High Ross Dam. This would involve extensive flooding in the Skagit Valley in British Columbia.
- (f) Canada's objections to the Garrison Irrigation Diversion project in North Dakota which it considers a pollution hazard to property and waters in Manitoba.
- (g) American concern that projected coal mining on the North Fork of the Flathead River in British Columbia could result in transboundary pollution in Montana.
- (h) Differences over whether a projected dam should be proceeded with on the Richelieu River at the outlet of Lake Champlain just north of the international boundary in Quebec.

⁸Since the adoption of the report, both sides have withdrawn the beef quota and GATT has given a ruling favourable to Canada on eggs.

(iv) *Business Concerns*

- (a) American concern that Canadian screening of foreign takeovers and of the establishment by foreigners of new businesses or expansion of existing foreign-controlled enterprises in Canada under the Foreign Investment Review Act might prove injurious to American interests.
- (b) American objections to the policy of the Canadian Radio and Television Commission encouraging or requiring the deletion of commercials in the cable transmission of programmes originating in U.S. stations across the border.
- (c) American objections to the proposed changes in the Income Tax Act which would disallow tax deduction on advertising by Canadians in U.S. television and radio stations and terminate the special exemptions made for Canadian advertisers in Canadian editions of *Time* and *Reader's Digest*.
- (d) Canadian objection to the extraterritorial application of certain U.S. legislation as channelled through the parent subsidiary corporative link, for example, the recent difficulties raised concerning Canadian sales of locomotives and furniture to Cuba under the U.S. trading-with-the enemy legislation.
- (e) Canadian irritation at the indirect application of U.S. laws and regulations on Canadians by means of private corporate decisions of the parent company. For example, the instructions by American parent companies to their Canadian subsidiaries not to make contributions to political parties, a practice illegal in the United States but legal in Canada.

(v) *Miscellaneous*

- (a) The four salt water boundaries between Canada and the United States, one on the east coast, two on the west coast and one in the Arctic, none of which has been settled beyond the three mile limit.
- (b) Conflicting claims as to the ownership of Machias Seal Island in the Gulf of Maine.
- (c) Canadian objections to land purchases by Americans in several regions of Canada. American objections to land purchases by Canadians in the State of Washington.
- (d) American and Canadian differences in fisheries matters off the east and west coasts and on Lake Erie. For example, disputes over the number of salmon taken by each side off the west coast, or differences over the fisheries closing lines off the east and west coasts.
- (e) Differences pertaining to the status of the Northwest Passage.
- (f) Disagreement over Canadian application of anti-pollution standards in the Arctic and other ice covered waters.
- (g) American objections that the Canadian allowances for tourists visiting the United States are not as generous as those allowed to American tourists visiting Canada.

This list of some of the existing problems or irritants between Canada and the United States is by no means a comprehensive one. Moreover, in this present preliminary report on Canadian-American relations, the Committee makes no attempt to comment on or judge the merits of these problems. Many of them will be dealt with in future reports on specific areas of policy.

The list serves, however, to illustrate the importance of the subject to which the present report addresses itself, namely, the mechanisms and channels by which Canada and the United States conduct their relationship. With such a range of complex issues to be dealt with continually by the two countries, it becomes of increasing significance to ensure that the best channel of communications is used, and that the most effective technique for negotiation is employed and that there is careful co-ordination of approaches in different policy areas.

An important factor affecting the ways in which these problems are viewed is the general climate of public opinion in each country regarding the other. As Professor Lyon pointed out, American mass opinion, while still uninformed about Canada, remains basically benign and "presents no problems in the conduct of good congenial relations between the two countries".⁹ The same is not the case on the Canadian side where there has been in recent years, a rising nationalist concern especially over American control of the economy. While the Committee has heard little testimony on this subject as yet, it noted with interest Professor Lyon's doubt that Canadian nationalism is, in fact, as deeply felt as the government seems to have perceived. In the Committee's opinion, the nationalist climate can affect, detrimentally, how Canada approaches some of the current problems between the two countries. The Committee was concerned by Professor Lyon's assessment that

"it would be difficult in the present climate to come up with proposals for new co-operative measures with the Americans."¹⁰

It is the Committee's opinion, that in a nationalist atmosphere, the Canadian government must go out of its way to ensure that difficult problems are handled in as balanced and mature a fashion as possible. There should be a continual awareness by government of the danger of an over-response to nationalist sentiment in its decision-making. Further, it is important that the government be fully conscious of the number and variety of issues in contention between the two countries at any one time. While keeping the totality of these problems in mind, the government should carefully assess the more pressing ones and establish priorities for handling them. Once the priorities have been established, policy choices must be made as well as the strategy and techniques for proceeding. The Committee urges the government to be ever mindful of setting a constructive tone. Style and timing, as several witnesses before the Committee pointed out, are key elements in creating an atmosphere conducive to co-operation and problem solving.

⁹Lyon (9:8)

¹⁰Ibid

The list of some of the studies prepared by various persons is as follows:

1. A study of the economic situation in the various provinces of the Republic of China.

2. A study of the economic situation in the various provinces of the Republic of China.

3. A study of the economic situation in the various provinces of the Republic of China.

The first study is a study of the economic situation in the various provinces of the Republic of China. It is a study of the economic situation in the various provinces of the Republic of China. It is a study of the economic situation in the various provinces of the Republic of China.

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The fourth study is a study of the economic situation in the various provinces of the Republic of China. It is a study of the economic situation in the various provinces of the Republic of China. It is a study of the economic situation in the various provinces of the Republic of China.

Part II: CHANNELS OF COMMUNICATION

“Communications are often difficult, even between friends.”¹¹ With the objective of improving communications between Canada and the United States, the Committee has evaluated various institutions and channels available both at the governmental and legislative levels for communicating and negotiating with the United States.

1. Summit Contacts

Of all the bilateral contacts, it is those at the top, the meetings between Canadian prime ministers and American presidents, which catch the headlines. Over the past half-century there have been 61 such high-level meetings.¹² Their value has been mainly symbolic, public manifestations of the two countries' friendship and common interests. They reassure Canada that it is neither being ignored nor trampled on by its powerful neighbour but being treated in the accepted, dignified and traditional international way.

Summit diplomacy, as Mr. Rufus Smith, a former senior official in the U.S. State Department, has pointed out, is a mechanism to be used at the beginning of a tenure of a new prime minister or a new president to establish, early on, a personal contact which may prove helpful later in an emergency situation. With the ease of communications and the common language and traditions between the two countries, there is a likelihood that in an emergency such a contact would be quickly sought. But as the Hon. Jean-Luc Pepin former Minister of Industry, Trade & Commerce warned, personalities are important in summit encounters. As long as the meeting results in warm and friendly personal relations, a positive tone is set for the staffs on both sides for their guidance in future bilateral contacts. But if personal rapport is lacking, a worsening of relations can permeate down the ranks.

Meetings between the two leaders can be useful in keeping each side abreast of the other's thinking by a “frank exchange of views”, the perennial words of the formal official joint communiqués, on bilateral and multilateral issues. They can also be used effectively to highlight the conclusion of bilateral agreements as when Prime Minister Pearson met President Johnson in Texas in 1965 to sign the auto pact or Prime Minister Trudeau and President Nixon signed the Great Lakes Water Quality

¹¹Davis (8:5)

¹²R. F. Swanson, *Canadian-American Summit Diplomacy 1923-1973*, McClelland and Stewart Limited, Toronto, 1975

Agreement in 1972. The attendant publicity assists the governments in underlining the importance of such agreements.

As several witnesses before the Committee pointed out, "summitry" can be overdone.¹³ With too-frequent use, its symbolic or ceremonial value diminishes and there is a danger it will be viewed only as a cosmetic political exercise. With the inevitable publicity and press-awakened anticipations, commitments are sometimes made or rhetoric indulged in which cannot be carried through. As a case in point, the joint affirmation after the 1969 Nixon-Trudeau meeting which spoke of the beginning of "a new era of consultation between Canada and the United States"¹⁴ was shortly followed by Canada's unilateral Arctic declaration and President Nixon's decision to impose his stringent unilateral economic measures in 1971.

The Committee agrees with those witnesses who warned that summit meetings should not be thought of as the mechanism for negotiation of serious bilateral problems demanding complex solutions. A former senior American State Department officer, Mr. Robert Schaetzel, was "fearful of the conversion of international affairs into personal relations" and he warned that,

"This is an essentially dangerous way to approach the highly complicated relations among millions of people and large institutions."¹⁵

National leaders have little time to become sufficiently well-versed in the details of specific issues for meaningful bargaining to take place and it is difficult for negotiations at the top political level to remain secret, especially in the United States. Further, if the two leaders were to lock themselves into rigid negotiating positions, it would be politically difficult for either to make public concessions. And if there is an impasse at this top level, where else is there to go? Relations could be soured for a lengthy period if a crisis were dramatized in this way at the highest level.

The Committee recognizes that there are occasions when summit meetings can break an impasse encountered at the lower levels. In December 1971 when Canadian negotiators faced an intransigent Secretary of the U.S. Treasury John Connally who did not accept Canada's arguments for concessions on the surtax or auto pact issues, Prime Minister Trudeau met Mr. Nixon in Washington. No bargaining took place. But in approaching the President directly and explaining Canadian long-term philosophical concerns about the U.S. actions, the log-jam was broken. In Prime Minister Trudeau's words the main result of this summit contact was a "psychological" one.¹⁶ U.S. officials were subsequently obliged to take their cue from the President and listen to the Canadian viewpoint. The Canadian position was confirmed in the subsequent international monetary settlement. At the next summit

¹³Pepin (11:8) and Schaetzel (2:7)

¹⁴Swanson, op. cit. p. 273

¹⁵Schaetzel (2:7)

¹⁶Press Conference PMO, 7 Dec. 1971

meeting in Ottawa, the President answered the Prime Minister's concern more formally when he addressed the Canadian Parliament in Ottawa in April 1972. A Committee witness, Mr. Rufus Smith, characterized the Nixon assurances in Ottawa as "very very important as policy statements on the part of an American President that had not been said, at least publicly before . . . it helped clear the air quite a bit."¹⁷

Summit Speech-Making

Inevitably when the two leaders make trips to each other's country there are occasions for speech-making. However these opportunities also present pitfalls. In particular there is the danger that the speaker may appear to be telling the other country how to conduct its affairs, as President Kennedy inadvertantly did in the House of Commons in 1961 in referring to Canadian membership in the Organization of American States. This had the direct effect of stiffening Canadian resistance to the idea instead of encouraging it. Similarly, Prime Minister Pearson's 1965 Temple University speech in Philadelphia on U.S. bombing of North Vietnam was badly received by President Johnson.

In connection with Prime Ministerial visits to the United States, the Committee has noted a curious omission. No Canadian Prime Minister has ever addressed the U.S. Congress although it is almost an established custom for an American President to address the Canadian Parliament. Many other heads of government have been given this opportunity in the United States in the past.¹⁸ **In view of the close bilateral relationship and the ease and frequency of top-level encounters between Canada and the United States, the Committee considers that the possibility of a future address to Congress by a Canadian Prime Minister should be explored.**

2. Ministerial Contacts

At the next level—the ministerial level—there are two main channels available:

- a) the one-to-one encounter when a Canadian Cabinet minister deals directly with his Washington counterpart;
- b) the meeting of a Canada-United States joint ministerial committee when several Cabinet officers from both capitals are assembled on subjects relevant to their responsibilities.

The Committee heard testimony from expert witnesses, including several former Cabinet ministers, on the advantages and disadvantages of direct ministerial dealings

¹⁷R. Smith (5:15)

¹⁸The most recent address was by President Sadat of Egypt in October 1975. Some heads of government who have addressed the U.S. Senate and/or House of Representatives are: the United Kingdom, Australia, South Africa, Federal Republic of Germany, Italy, Greece, Japan, Israel, India, Pakistan, Ghana, Nigeria, Ethiopia, etc. Two Governors-General, Lord Tweedsmuir and the Honourable Vincent Massey addressed Congress in 1937 and 1954 respectively.

with Washington at this level. Neither the Joint Ministerial Committee on Trade and Economic Affairs nor the Joint Committee on Defence have met since 1970 and 1964 respectively. The Committee heard arguments as to whether or not this joint institution should be revived.

a) One-to-One Meetings

With easy phone and travel communications for ministers between the two capitals it is inevitable that the one-to-one ministerial level contacts have been increasing and are now an accepted way of doing business. The Committee appreciated a former Cabinet minister's enthusiastic advocacy of the direct approach as a way of cutting through bureaucratic red tape. In his testimony, the Hon. Jack Davis former Minister of the Environment warned that

"big departments, often competing with one another, and layer upon layer of diplomats have made easy relations a thing of the past. The sight of big issues, frequently, is lost in a sea of words. Decision-makers are kept apart. Both sides are agitated by endless static on the one hand and mountains of heavy reading on the other."¹⁹

Ministers, he said, could make the complicated relations with the United States less complicated and could deal directly with issues by working closely with their opposite number in the United States. With his counterpart, Mr. Davis said he had established a regular six-month pattern of meetings which were held with a minimum of fanfare, preferably unannounced, with no press conferences laid on. Scheduled press conferences usually engender anticipation of some major pronouncements whereas his meetings were by their nature often exploratory and the outcome often unsure. The former minister also explained how he often has useful official and unofficial direct talks with his American counterpart at multilateral conferences.

"On these occasions we went over our own list of irritants and talked about policies of common concern for the future. We tried out ideas on each other. We got some feel, quickly, as to their political acceptability. Often we were able to narrow the field immensely. We were able to tell our officials either then or when we got home, what many of the real parameters were. We did not leave them nervously groping for ideas and solutions in the political arena . . ."²⁰

The former minister stated that the Prime Minister had given him "a free hand" to talk to his American opposite numbers and that he had kept External Affairs informed. He had expressed opinions at these meetings and on occasion had given oral commitments.

"The important thing was to communicate.—communicate basically in the area of policy making, with details and protocol taking a back seat most, if not all, of the time."²¹

In contrast to this enthusiastic endorsement of the one-to-one ministerial approach, the Committee heard witnesses who were more sceptical and warned of

¹⁹Davis (8:5)

²⁰Ibid (8:6)

²¹Ibid (8:5)

the dangers and disadvantages of this channel. The Hon. Jean-Luc Pepin considered that Canada should resist tackling problems at higher levels.

"As a rule, that is wrong. Mind you, at times it takes a lot of intelligence and will on the part of political leaders to resist that temptation. How many times in recent years has the press said, 'The Prime Minister should go down to Washington and settle this or that matter?' How many times have they said 'The Minister of Industry, Trade and Commerce, or the Minister of Finance should go down and solve the problem?' That temptation should be resisted because problems have a way of clarifying themselves on the way up that invisible ladder."²²

Mr. Pepin was dubious about the value of establishing personalized relations with Washington counterparts. Although there were some advantages in terms of access and receptivity to arguments, he warned that "the desire to be liked can affect one's judgment to a certain degree and also there may be some misunderstanding created by the quality of the smile or the warmth of the reception."²³ He considered that the establishment of mutual respect was more important than close personal relations. It was dangerous, he said, for ministers "to fly down or grab the telephone, unless they have rehearsed their call or speak from notes or take notes."²⁴

The apparent conflict between the approaches of these two former Ministers can be explained in part by the subject matters with which they were dealing. Some subjects lend themselves more easily than others to frequent use of the direct ministerial channel. Environmental problems, with which Mr. Davis was often concerned, constitute an area where Canadian and American objectives are largely parallel and frequently require a common effort for resolution. Trade and energy issues, on the other hand, where Mr. Pepin was involved, frequently find the two countries in competition. The Committee was impressed by Mr. Davis' examples of effective use of the direct approach, for example, in persuading the Americans to modify their position on the 200 mile economic zone in respect to fisheries. But in negotiating agricultural trade problems, or auto pact safeguards questions, it would seem wiser to try to work out solutions first at lower levels before resorting to the ministerial dialogue.

While recognizing that there has been a great multiplicity of contacts at the ministerial level between Washington and Ottawa, the Committee regards their effectiveness as dependent on certain prerequisites. Much hinges on the personalities involved. A good personal liaison can only be established if the individuals on both sides welcome it. Some contacts will be useless or counter-productive when personalities clash and could better be left to official channels. Canadian ministers have, on occasion, found some U.S. Secretaries rigid. Certain meetings between opposites have been marked by friction and confrontation. Most contacts between ministerial

²²Pepin (11:7)

²³Ibid (11:8)

²⁴Ibid

counterparts, however, have been viewed by both sides as constructive and useful channels of communication.

Not only do personalities need to harmonize but, as Mr. Robert Bryce former Clerk of the Privy Council and Deputy Minister of Finance, related

“the important thing is that one realizes that it is a very serious business . . . and ministers have to be properly briefed, not only about the subject but about the man they are meeting.”²⁵

A risk involved in meetings between ministerial counterparts is that commitments could be made which have not been thoroughly assessed beforehand. In such a case, difficulties of interpretation and implementation might ensue. Another danger of one-to-one ministerial contact is the possibility that issues handled in a private meeting between two Cabinet-level officers may be dealt with in too narrow a context, losing sight of broader national perspectives. A minister tends naturally to concentrate on and be well versed in his own subject. This could lead to the unintentional distortion of a complex issue. Mr. Schaezel pointed out the United States Cabinet system does not lend itself to as co-ordinated an approach as the Canadian system since American Secretaries are generally less conscious of a collegial responsibility.

In summary, **the Committee considers that one-to-one ‘ad hoc’ ministerial contacts are important and useful mechanisms in the Canadian-American dialogue. They are not an easy panacea for difficult conflicts and they should not be used without thorough preparation. But there are undoubtedly occasions when an impasse occurring at a lower level can be broken or when a better understanding can be sought by the direct ministerial approach.**

b) A Co-ordinated Cabinet Approach

Friction in Canadian-American relations has been caused on occasion by Canadian domestic policies which have had an unanticipated impact on the United States or when policies affecting a United States interest have not been assessed in terms of the broader implications for Canadian-American relations. With interdependence between the two countries intensifying, this problem is likely to become more serious in the future.

The Committee heard testimony pointing out that ministerial-level Cabinet Committees have increasingly replaced interdepartmental official-level committees in the policy reconciliation process.²⁶ This places an added burden on busy ministers. To guard against the risk that Cabinet or its Committees might take decisions having an unintentional spill-over effect on the United States or that the broad ramifications of a policy affecting a United States interest have not been assessed in

²⁵Bryce, (2:37)

²⁶Ibid (2:33)

terms of its effect on the overall relationship, the Committee recommends that Cabinet put in place some mechanism to ensure full policy coordination. For example, there may be instances where a Canadian objective could be achieved by either of two policies, but that one of the two would be less disturbing to the Americans. These kinds of options should be carefully examined.

In this connection, the Committee understands that there is already an obligation that all policy memoranda submitted for Cabinet consideration contain an assessment of the effect, if any, of the policy proposals on federal-provincial relations. In view of the importance of the Canada-United States relationship, a relationship which is in most respects of more importance to Canada than all its other external relationships combined, **the Committee recommends that some similar mechanism be worked out to ensure that all Cabinet memoranda are assessed in the light of the effect, if any, of the proposals made in them on Canadian relations with the United States.**

c) Joint Ministerial Committees

During the early stages of the hearings, many members of the Committee were inclined to favour a revival of the Canada-United States Joint Ministerial Committee on Trade and Economic Affairs as a way to counteract the risk of "tunnel vision" or overspecialization by individual ministers. This Joint Committee which has met 13 times since it was formed in 1953 provided a forum for ministers on both sides concerned with trade, economic, financial and agricultural problems. As originally designed, the Joint Ministerial Committee was an informal mechanism for the exchange of views and for dealing with issues *before* they required decisions. It was intended neither for bargaining nor for joint decision-making. It provided a setting in which priorities could be established and the required degree of urgency assessed. Opposite numbers came to know each other—a fact which facilitated later telephone calls or personal encounters where necessary. New ministers found it particularly informative and useful. Perhaps most important, the meeting provided a broad approach, an antidote to the concentrated viewpoint of individual ministers who were obliged to take account of their colleagues' different perspectives. Mr. Schaetzel called it a "cross fertilization" of ideas between ministers.²⁷

Unfortunately the early informality of the meetings gradually came to be replaced by a more structured approach. More and more time was spent on preparation of the joint communiqués which were in themselves reactions to the press demand for decisions. The encounter became increasingly a platform for predictable, set speeches from each side. Formal position papers were drawn up and exchanged. Each minister was accompanied by a battery of civil servants. The informal frank discussions of the original meetings were lost. At a time when the bilateral issues were becoming enormously more complex and more specialized, the

²⁷Schaetzel (2:12)

meetings began to appear more futile with the discussions adding little to mutual understanding.

Another drawback has been that too much publicity has nullified the original exploratory and consultative purpose of this channel. Quick decisions and easy solutions were never intended to result from these meetings. One has only to imagine the national publicity and anticipation which would be aroused at the present time if a number of Cabinet officers concerned with energy matters, including financing, pipeline construction and environmental issues were to meet in such a format. National expectations would make such an exercise politically counter-productive for the Canadian ministers concerned.

The Committee views these developments with regret. The joint ministerial meetings, as Mr. Robert Schaetzel pointed out, not only broadened the perspective of both sides but, even more importantly for Canada, they

“force[d] the American Government to think, at least once a year, about Canada on an orderly basis and within a set context. In fact, the in-house briefings in preparation for the meetings, with Cabinet officers brought together just for this purpose, might well be the most important asset of this process.”²⁸

The Committee considered the obligatory focus by senior American Cabinet officers to have been an invaluable feature of this institution. However, the task of bringing the eight or ten U.S. Secretaries and Canadian Cabinet Ministers together for two or three days once a year has become an almost impossible one in the 1970's. In recent years, the pace especially for the American side has intensified as busy Cabinet members are expected to participate in the ever-increasing number of international meetings around the globe. While the Canadian Government naturally concentrates a major portion of its time on its policy toward the United States, the American Administration is more preoccupied with responsibilities in other parts of the world. It can devote only a small percentage of its attention to Canadian affairs.

The Committee would like to see a revival of the original pattern of informal discussions which characterized the early meetings of the Joint Ministerial Committee. Unless this could be done, which seems doubtful, **the Committee has concluded with regret that this joint institution, in the structured form it has recently taken, serves no constructive purpose and may even be counter-productive in the conduct of relations between the two countries.** This does not mean, however, that the joint ministerial committee mechanism should be abolished. It still exists on paper and would, therefore, be available if it were decided by both sides to revive it in its original form or to call it for any special purpose.

The Committee considers that some of the advantages which resulted from the earlier more informal, ministerial meetings could be achieved by joint meetings at the under-secretary or deputy-secretary level, a recommendation which is advanced on page 26.

²⁸Schaetzel (2:6,7)

3. Official-level Contacts

It is at the official level that the majority of Canada's dealings with Washington are handled—and their range is enormous. The principal Canadian institutional mechanisms for such bilateral contact are the Department of External Affairs, the Canadian Embassy in Washington and the Canadian consulates scattered across the United States. In addition, most departments of the federal government also have direct working contacts with their opposite numbers in the United States government. Officers from nine departments are assigned to the Embassy in Washington.²⁹ Contact, negotiations and discussions between the officials of the two countries also frequently take place at multilateral conferences or at meetings of a vast number of international bodies of which both countries are members, including the United Nations, NATO, GATT, IMF, etc.

a) Contacts through External Affairs

Within the Department of External Affairs, the predominant position of the United States in Canada's domestic and foreign affairs and in world affairs requires that a great deal of departmental time and effort is devoted to Canada-United States relations either directly or indirectly. In addition to the sections which are particularly concerned such as the Bureau of Western Hemisphere Affairs, the Bureau of Economic and Scientific Affairs and the Bureau of Defence and Arms Control Affairs, scarcely any division of the department is uninvolved in the relationship in one way or another.

The Canadian Embassy in Washington is the focal point of the conduct of Canadian relations with the United States. Among the main functions of the embassy staff is the cultivation and maintenance of contact with American officials in various fields and the detailed reporting back to Ottawa on the situation in the United States with special attention to those developments of interest to Canada. The overall function of the embassy is to communicate and explain Canadian views to the United States authorities and interpret the American viewpoint to Ottawa. As Mr. Armstrong, a former senior official in the U.S. State Department put it,

“One of the basic functions of diplomacy . . . is to make sure . . . that if there is a clear U.S. position on the subject, the Canadian government knows what it is, whether it likes it or not; and vice versa, to see to it that one's own government has a clear picture of what the other government's position is.”³⁰

In describing the embassy's activities for the Committee, the former Canadian Ambassador in Washington, Mr. Marcel Cadieux, commented that in the new

²⁹In addition to the Department of External Affairs, members of the following government departments are serving at the Embassy in Washington: the Department of Industry, Trade and Commerce (including the Canadian Government Office of Tourism), the Department of Energy, Mines and Resources, the Department of Agriculture, the Department of Defence, the Department of Labour, the Department of Supply and Services, the Department of National Revenue, and the Royal Canadian Mounted Police.

³⁰Armstrong (2:24)

circumstances of "the third option", the challenge to maintain a harmonious relationship with the United States is now greater than before. He outlined the broadening activities of the embassy which include 17 different programmes ranging

"from political, economic and defence relations, information and trade, industrial development to travel, marketing, police liaison, energy, supply and services, labour, provincial interests, the environment, and transport and communications."³¹

Particularly important aspects of the embassy's work are its contact with the U.S. Congress, its information work in the United States and its handling of the interests of the provinces. These topics are discussed below separately. With high speed communications, the practice has grown of sending experts from Canada to undertake negotiations. The embassy now conducts negotiations with the United States government less frequently than formerly. However, preparation for these negotiations and support for the Ottawa-based delegations has become, according to the Ambassador, one of the major tasks of the embassy.

Canada maintains consulates-general in New York, Boston, New Orleans, Los Angeles, San Francisco, Seattle, Chicago and Atlanta, and Consulates in Philadelphia, Buffalo, Dallas, Minneapolis, Detroit, Cleveland and San Juan, Puerto Rico. Their prime responsibilities are in the fields of trade promotion, information work, tourism and immigration. The consulates also try to keep informed and involved in contacts between provincial and state representatives. The Committee noted from the Ambassador's testimony however that further expansion of the consulates' role into the area of political reporting would have to await the provision of a confidential communications system between Ottawa and Washington and the fifteen consular posts. The Committee sees this as a legitimate goal which would allow increased political reporting as well as effective information work to be done at the consulates. The consulates located across the United States are both useful listening posts and valuable resources which are not being fully utilized.

These traditional diplomatic channels, the Department of External Affairs, the embassy and the consulates, have certain obvious advantages over direct contact between functional officials in other departments in Washington and Ottawa. Because of their formalized structure these mechanisms continue to function during periods of strained relations. It is generally agreed that they are, by length of experience, the most knowledgeable instruments for making bilateral contact and the most aware of the concerns and policies of the other country. They have a parallel and receptive counterpart in the U.S. State Department and its embassy and consulates in Canada. It was brought out in the hearings that there has always been a greater knowledge of and sympathy for Canada in the State Department than in other parts of the American bureaucracy. Mr. Armstrong considered there was a greater risk of bilateral difficulties when the State Department channel was bypassed by direct dealings between functional departments. It was also suggested

³¹Cadieux (4:5,6)

that during the past several years there had been a movement in Washington to restore responsibility for relations with Canada to these normal institutionalized channels rather than relying so frequently on the network of established and informal personal contacts which could sometimes be friendly but might also be strained, as was the case five years ago in the financial field. These appear to be some valid reasons for using the established diplomatic links in official dealings.

b) Direct Contact Between Functional Departments

There is however a multitude of regular day-to-day contacts between officials in the functional departments in the two capitals dealing directly with each other in their subject areas. Such direct contacts are natural and inevitable in view of the range, complexity and technicality of issues between the two countries. Ottawa must be prepared to use the best expertise available and cannot hope to funnel all contacts with the United States through one departmental channel. Nor could one government department hope to provide the necessary expertise in all areas.

The numbers involved in such direct contacts are startlingly high. In 1968 a count was made of the number of Canadian federal ministers, heads of agencies and officials which went to the United States. Twenty-three government departments and ten agencies were involved. The figures for that year were: 3,034 visits to Washington, 9,866 visits to other points in the United States making a total of 12,900 such visits.³²

c) Contacts at International Conferences

It is difficult to measure the extent of contact between Canadian and American officials at international meetings and multilateral conferences. However, the Committee noted that the Canadian Ambassador to the multilateral trade negotiations under the GATT, Mr. Rodney Grey, stressed in his testimony to the Committee the importance of these bilateral contacts. He described repeated instances of how, during the preparatory period and during negotiations, he was in contact with his American counterparts.

"It would be quite foolish not to make it a regular part of the delegation's business to maintain contact with the United States delegation at every level, and all the more so because of the nature of the process. They arrive at Geneva at the technical level extraordinarily well prepared. . . . Because of the importance of our trade with the United States and the fact that they have developed their position on every issue, perhaps more than any other country has, because they do this at the legislative stage, it is vitally important that we talk to them."³³

This situation is multiplied at countless numbers of international meetings in a variety of fields. Because of geography and because of similar institutions in the two

³²Minutes of Proceedings and Evidence, House of Commons Standing Committee on External Affairs and National Defence, No. 3, 20 November 1969, Appendix "A", page 3:64.

³³Grey (17:9)

countries, Canadian and American positions at such conferences are frequently in concert or complementary. It is usually useful for Canadian officials to be aware of the American viewpoints and, where the objectives are similar, to prepare and develop positions with this in mind in order to achieve the desired objectives.

d) A New Joint Official-Level Institution

One suggestion raised during the Committee hearings by a former U.S. Minister in Ottawa, Mr. Rufus Smith was for the formation of a Canada-U.S. committee of officials at the deputy minister/assistant secretary level. In discussing ministerial-level contacts the Committee has concluded that periodic meetings of groups of Canadian and American ministers had ceased to be productive as presently structured. But the original need served by these joint ministerial meetings remains and, in fact, is probably greater than ever.

In 1973, the then Under Secretary of State for External Affairs, Mr. E. A. Ritchie, accompanied by the deputy ministers of Finance, and of Industry, Trade and Commerce visited Washington for two days of informal discussions about issues in Canadian-American relations. The participants apparently felt it was a highly successful meeting. The objective of similar future meetings, as Mr. Rufus Smith pointed out, would be "simply to keep each other alert to the plans and trends in the other country."³⁴ Without a formal structure, without any planning mechanisms without powers of decision, the group—the composition of which should be small and flexible—could meet whenever either side considered it useful. Unlike the situation in the meetings of ministers, press interest and public expectations would be negligible, since it would be understood that the group would have no decision-making powers—both because this is a power which accrues to ministers and also because the meeting would refrain from anything resembling negotiations. The Committee recognizes that deputy-ministers, like ministers, are busy men, but nevertheless believes that the scheduling of such a meeting would be much easier than setting up the joint meetings at the ministerial level. The Committee puts forward this proposal convinced that steps must be taken on both sides to overcome the "tunnel vision" which on occasion prevails and to achieve the concentrated but broad focus on the relationship which is now lacking.

The Committee concludes that the government should explore the idea of 'ad hoc' joint meetings between Canadian deputy ministers and American deputy secretaries. These meetings should be unstructured, informal and called on an 'ad hoc' basis whenever either side considered it would be useful to get together to discuss bilateral issues. The composition of the meeting would include those deputy ministers and deputy secretaries concerned with the items under discussion. In the interests of policy co-ordination on the Canadian side however, the under-secretary of state for External Affairs should always be present.

³⁴R. Smith (5:7)

e) The Co-ordination Role of External Affairs

The functional departments in Ottawa and Washington, as mentioned earlier, have frequent direct contact at the official level. In fact many functional departments in Ottawa have international sections of their own, set up to deal with issues having international dimensions in their specialized field such as environment, fisheries, agriculture, etc.

However direct dealing between functional departments in the two capitals raises major problems for government organization. How can a single bureau or department keep track of all the bilateral dealings when they are dispersed among so many departments? How can the government ensure that departments are not working at cross purposes in respect of Canadian policy toward the United States? As Mr. Bryce, a witness with long experience in a functional department, explained:

"In the case of Canada and the United States, one of the special difficulties is that there is an excellent telephone service between the two. One is tempted to deal with so much by telephone that does not produce a written record and it is often troublesome to send out notes of what you have said on the telephone so that even within departments it is difficult to make sure the senior officers of the departments are fully aware of what various assistants have been doing."³⁵

In addition, officials, telex messages and mail fly back and forth across the border between the two capitals with great frequency and rapidity.

The Committee agrees with several of its expert witnesses that there is no alternative to using the traditional channel at the official level, namely the Department of External Affairs, as the central policy co-ordinating mechanism. It is by far the best equipped to do the job, and for reasons cited previously, there are particular advantages. The Committee recognizes however that this puts a heavy burden on External Affairs. It must keep other interested and involved departments fully informed of all incoming information including the distribution of telegraphic messages from its posts. But to do the co-ordination job effectively it must also be knowledgeable in all relevant areas such as energy, environment, science, technology, etc. and fit these special considerations as far as possible, into the overall pattern of Canadian policy to the United States as decided by the government. External Affairs is such a large and complex department that it may even be difficult to get a reconciled viewpoint from competing functional divisions within it.

The Committee found that there does not appear to be any fixed pattern or method by which functional officials from other departments keep External Affairs informed, it being left to the judgment of senior officers in these functional departments. As Mr. Bryce put it,

"The determination of these matters which should be taken up with External Affairs is a difficult question of judgment which is only learned in my opinion by a study of particular cases and the achievement of some feel for the situations . . . Which incidents must be taken up with External Affairs depend on the judgment as to how important they are in affecting our general relations with the United States or how far they might affect government

³⁵Bryce (2:35)

policies, which may be prejudiced one way or another by the manner in which matters are settled within a particular field.³⁶

This question of keeping External Affairs informed of direct bilateral dealings is closely related to the broader problem of policy co-ordination and the reconciliation of conflicting departmental viewpoints. While reconciliation of important policy differences is now effected at the Cabinet Committee level rather than by inter-departmental committees of officials, there still remains a substantial number of decisions made by various government departments in the course of their normal duties which will affect Canada's relations with the United States. Naturally viewpoints will differ between departments. The same "tunnel vision" or over-specialized perspective which can affect ministers' judgments can apply even more readily to individual departmental officials immersed in their special subject. The possibilities for confusion and conflict in respect to policy with the United States are enormous. **But internal co-ordination is essential if Canada is not to present a confused and discordant policy voice to the United States.**

The Interdepartmental Committee on External Affairs (ICER) was set up in 1970. Among other responsibilities, it involves those departments most actively engaged in Canada's foreign operations in the establishment of priorities and the allocation of resources in the programmes in various countries or areas. ICER has no formal role in the co-ordination of Canadian policy toward the United States. Its functioning, however, has resulted in a better awareness between departments of each others' interests and concerns in various areas, and has promoted 'ad hoc' interdepartmental co-ordination techniques. In particular the "country programme system" whereby representatives from different departments come together for weeks at a time to sort out priorities and pare down requests from the missions abroad has contributed to this process.

The usual steps toward achieving co-ordination and reconciliation of viewpoints between departments involve, to begin with, the widespread informal network of contacts between officials. Subsequently if an issue is not easily resolved it might be discussed at an 'ad hoc' interdepartmental meeting. Depending on the subject it could then be dealt with by a special standing interdepartmental committee such as the one for the GATT negotiations comprising senior deputy ministers and chaired by the under-secretary of state for External Affairs. A disputed issue will go higher and higher on the official ladder. If a matter cannot be reconciled or if a policy issue is involved it will reach the Cabinet Committee level where ministers, with officials present as advisers, will argue it out. But it is not an easy process, and Mr. Bryce stated that on occasion he had even found it easier to get a co-ordinated governmental decision through the embassy in Washington than from Ottawa departments since the embassy was a much smaller organization. As it included representatives

³⁶Ibid (2:36)

from various departments, the consultation process was that much easier. He warned,

“There is no way you can avoid doing a lot of hard work if you are going to co-ordinate.”³⁷

In the Committee's view this is one of the most difficult problems it examined in its study of the existing machinery. It agrees with Mr. Bryce that much hard work is involved. The Committee notes with approval that External Affairs itself is concerned with the problem and has recently established its own task force to enquire into External Affairs' role in interdepartmental co-ordination as it affects foreign affairs.

The problems of co-ordinating Canadian foreign policy vis-à-vis the United States present External Affairs with a particularly difficult task since so many intrinsically domestic policies now have some degree of impact on the United States. **The Committee stresses the need for effective policy co-ordination whether at the official or the Cabinet level. In the Committee's opinion there is a responsibility on the part of both the functional department and External Affairs.** Officials of the functional departments have a responsibility to alert External Affairs concerning any dispute or decision which may have an impact on the United States. They should keep a record of their direct dealings with American departments and use their judgment carefully and responsibly as to whether the matter under discussion warrants bringing it to the attention of External Affairs. For its part External Affairs should be aware in detail of the actual or potential interests of the functional departments and keep them informed of all ongoing developments relevant to these interests.

4. Provincial Contacts and Involvement

The constitutional responsibilities of the provinces encompass areas which touch on industrial strategy, resource policy, commercial policy, education and cultural fields, public finance, agricultural policy, labour relations, corporation laws and manpower concerns. As Mr. Ian Macdonald, a former Ontario deputy-minister in charge of intergovernmental affairs, put it, these are all matters of provincial concern but all have a deep imprint on Canada's foreign policy requirements. He continued.

“It is not difficult to see why the provinces have more than a yearning but indeed a responsibility to make an effective contribution to that process”³⁸.

The problem for the federal government, which alone is empowered constitutionally to conduct relations with a foreign country, is how to take account of the views of the provinces to try to integrate them into its policies toward the United

³⁷Bryce (2:40)

³⁸I. Macdonald, (3:8)

States. How also can it solve the problems of being unable, under the constitution, to legally bind the provinces into certain bilateral agreements which it may wish to conclude. Finally, it must try to provide adequate and effective institutional channels through which the provinces can make contact with the United States. There is a danger, if these problems are not resolved satisfactorily that the provinces will increasingly take matters into their own hands. A plurality of Canadian voices will be heard in Washington with a consequent weakening of Canada's influence and an undesirable effect on national unity.

The provinces are involved, directly or indirectly, in Canadian-American relations at three main levels:

- a) directly, through province-state contacts;
- b) via the federal governmental machinery, with Washington; and
- c) within the framework of an international conference where Canadian-American issues are being worked out.

Both b) and c) involve some form of federal-provincial co-ordination or consultation.

a) Direct Province-State Contacts

Paralleling to some degree the intergovernmental channels of communication at the federal level, the province-state contacts fall into the following general categories:

- i) mini-summit meetings between provincial premiers and state governors, usually between neighbouring provinces and states along the border. These meetings sometimes take the form of a regional meeting such as the Conference of New England Governors and Maritime Premiers;
- ii) official-level contact at the province-state level. This usually involves informal administrative contacts between officials of various functional departments concerned with mutual problems such as highway construction, fire-fighting measures or international bridge maintenance;
- iii) inter-legislative conferences between members of provincial and state legislatures such as those organized on a regional basis on the east coast.

There are also a number of provincial trade and investment offices in various American cities: the Alberta Government office in Los Angeles, the Nova Scotia Information Office in New York, the Government of Ontario offices in New York, Chicago, Los Angeles, Cleveland, Atlanta, Boston, Minneapolis, the Government of Quebec offices in New York, Boston, Chicago, Dallas, Lafayette and Los Angeles.

The Committee heard witnesses from several provinces and states on the subject of province-state dealings. It was interested to learn the extent and nature of these contacts. Testimony revealed not only frequent encounters at the premier-governor level but in several cases the development of close personal relationships. However, it was evident that by far the largest number of contacts have taken place at the

official level. The Committee was surprised to learn that there were 766 agreements, understandings or arrangements in effect between Canadian provinces and American states by 1974.³⁹ These arrangements for the most part have been developed by officials on both sides who were intent on working out 'ad hoc' common sense arrangements to solve day-to-day problems of neighbouring communities and regions. By their number and variety, however, they reflect an important element in Canada-United States intergovernmental relations. Basically administrative in nature, they are not generally regarded as binding under international law. The accompanying table gives a breakdown of the categories covered by this type of contact.⁴⁰

Functional Categories	Agreement	Understanding	Arrangement	Totals by Functional Categories
Agriculture			27	27
Commerce & Industry	2	5	73	80
Educational & Cultural		10	34	44
Energy	1	12	23	36
Environmental Protection	1		64	65
Human Services		12	64	76
Military & Civil Defence	4	3	9	16
Natural Resources		24	125	149
Public Safety			36	36
Transportation	35	112	64	211
Unclassified	1	3	22	26
Totals by Types of Interaction	44	181	541	766

³⁹Roger F. Swanson, "State-Province Interaction" A study of relations between U.S. States and Canadian Provinces, prepared for the U.S. Department of State, Bureau of Intelligence and Research, Washington, D.C. August 1974, p. 41.

⁴⁰Ibid, page 41 Dr. Swanson defines an 'agreement' "as a jointly signed document setting forth regularized interactive procedures; an 'understanding' as correspondence, resolutions, communiqués, or memoranda, not jointly signed, setting forth regularized interactive procedures; and where there is no reported jointly signed document or correspondence, resolutions, communiqués or memoranda, the contact is described as an 'arrangement'. Of the total number of this type of contact over 70.6% are in the form of arrangements, 5.7% are agreements and 23.6% are understandings.

It is evident that the majority of these province-state contacts have been useful to both sides of the border and have generally had a positive effect on the overall conduct of Canada-United States relations. For instance the conference of Great Lakes premiers and governors in 1970 has been credited with providing an added impetus to the conclusion of the Great Lakes Water Quality Agreement between the two countries in 1972. The co-operation between Ontario and states bordering on the Great Lakes in regard to this agreement provided a sound basis for the development of the Transboundary Air Quality Control Understanding Affecting Ontario and Michigan. The Premier of New Brunswick, Mr. Hatfield, emphasized to the Committee the friendly and positive attitude which ensued from the discussions and exchanges of information at meetings between New Brunswick and Maine. These proved especially valuable when Canadian oil exports to Maine were cut off in 1973. As Premier Hatfield told the Committee:

"Feelings between the two countries were badly strained and the feelings between Maine and New Brunswick were substantially strengthened because we both understood, having had these discussions, how difficult the problem was."⁴¹

Because of the interdependence of the economies of two border communities and their common front to the two federal governments, the oil supply to this area of Maine was restored.

The Committee is aware however that while good informal working relationships have evolved along the border in many areas, there are stresses and strains in some regions because of particular conditions. As Dr. G. Rutan, an academic witness from the State of Washington pointed out, this is particularly the case in the somewhat geographically closed-in area comprising the lower mainland of British Columbia, the southern tip of Vancouver Island and the most heavily populated area of the north-west of the State of Washington. Currently in this area there are a number of serious cross-border irritants including coastal tanker traffic, Canadian land purchases in the State of Washington, the supply and price of natural gas exports, the transborder television advertising dispute, and the Skagit River and Point Roberts controversies. In a situation where population pressures are beginning to be felt, Dr. Rutan said, it has become harder to adopt a friendly attitude and minor irritants tend to be exacerbated. Dr. Rutan also pointed out that an outspoken political style can have a negative effect on the overall tone of the relationship.

The Committee concludes that in dealing with local problems, a significant number of useful and successful working relationships have been established along the border. The province/state link can deal with these administrative border problems more effectively than any other body. The Committee agrees with Mr. Ian Macdonald who stated

"... The development of those contacts, both formal and informal, helps greatly to relieve the atmosphere of tension which from time to time marks our border relationship with the United States."⁴²

⁴¹Hatfield (7:8)

⁴²I. Macdonald (3:7)

Many of the problems in some areas such as the west coast, however are substantial and will have to be handled at the federal level. The Committee is of the opinion that if, at the province/state level, both sides could demonstrate good will and understanding in trying to clear away as many of the minor irritants as possible this would help to promote a positive attitude in which major problems can be settled.

In this respect, the Committee was impressed by the comment of Dr. Young, of the University of Victoria who pointed out that there was no office or single official in Victoria charged with the responsibility of overseeing British Columbia's relations with Washington State. Dr. Young stated:

"One of the things that the Province of British Columbia should do is to assign some official in the premier's office or some other official in the government apparatus the task of simply monitoring and maintaining some idea of precisely what is going on . . ."⁴³

The Committee trusts that great care will be exercised by provincial authorities in assessing whether the problem they are dealing with is likely to become an international rather than a local issue, in which case the federal government should always be involved.

Several specific ideas have emerged from the testimony of provincial experts and the Committee commends them to the provinces' attention in respect to their contacts with neighbouring states:

- **Where there are extensive relations with a neighbouring state as well as a number of difficult problem areas, the province should give consideration to assigning to a provincial government official the responsibility of overseeing the relationship and "of monitoring and maintaining some idea of what is going on".**

In order to improve co-ordination of Canadian policies toward the United States, the Committee suggests the following:

- **When a province contacts an American state on a matter other than of a local administrative nature or reaches agreements with an American state, the federal government should be kept informed. When such agreements are reached at regional conferences, they could be brought jointly to the attention of the two federal governments in order to illustrate regional interests and interrelationships more fully.**
- **The provinces should keep the Department of External Affairs or the embassy in Washington informed of any official visits to the United States of provincial ministers or of their senior officials. For instance, when provincial premiers make official visits to the governors of a neighbouring state, the nearest Canadian consul should be kept fully informed and if possible should be represented at the meeting. Similarly a representative of the embassy in**

⁴³Young (13:16) Since the adoption of the report, the newly-elected Premier of British Columbia has appointed an official in the premier's office to fulfil this function.

Washington or from External Affairs in Ottawa or from a consulate should be present at regional conferences between premiers and governors and between legislators.

The federal officials may often, through their wider contacts, provide useful assistance. Moreover, their presence will ensure that Ottawa is kept informed of the development of province-state relationships and that the impact of these regional developments on relations between the two countries is better understood.

b) Provincial Contacts with Washington

The established channel for provincial contacts with Washington is the Federal-Provincial Co-ordination Division of the Department of External Affairs. This section was set up in 1967 in response to the growing involvement of the provinces in Canadian-American relations. Its tasks were defined by External Affairs:

- "It attempts to keep in regular and close contact with provincial officials so as to remain aware of provincial aims and policies relating to international questions of interest to them . . .
- It places the Department's network of posts abroad and its extensive telecommunications facilities at the disposal of provincial officials.
- It arranges and coordinates the constantly increasing number of visits of provincial officials abroad and of foreign officials to the provinces.
- It facilitates contacts between the provinces and foreign governments . . .
- It seeks to ensure that provincial representatives are represented on Canadian delegations to international conferences dealing with matters of interest to the provinces. . . .
- It continues to develop procedures that will make it possible to distribute to the provinces on a regular basis miscellaneous information and documentation relating . . . to provincial areas of interest. The most recent specific example . . . is the 'information flow' system which has been set up from our Embassy in Washington in order to provide the provinces, in a systematic manner, with information of direct interest to them."⁴⁴

The function of the Federal-Provincial Coordination Division is an important one but not an easy one to fulfil. Difficulties can arise when provincial ministers and civil servants go to the United States without notifying the Department of External Affairs or the Canadian consul in the state visited, or in not notifying them until the last moment of an impending visit. If the embassy is to fulfill its function of arranging productive visits to Washington by provincial figures, it needs adequate advance warning of the visit and its objectives. Further, as Mr. Cadieux pointed out, provincial co-operation in this regard is important if Canada is to avoid giving the

⁴⁴From material supplied to the Committee July 23, 1975

impression in the United States that there are conflicts between different levels of government.

A specific programme under the Co-ordination Division relates to the embassy's programme of provincial interests and the recently established "information flow system". This arrangement is designed to meet some of the expressed needs of the provinces in respect to Canadian-American relations. A senior federal civil servant at the Canadian Embassy in Washington has been designated as "provincial interests officer". This officer is assigned the task of dealing with provincial representatives' visits to the United States, of trying to ensure that the embassy is the channel of communication or is fully involved in discussions between the provinces and the U.S. federal or state governments and of supervising the reporting on certain subjects to provincial governments. He also keeps in touch with the consulates which are instructed to alert the embassy when they receive requests from a province. Under the "information flow system" material which is thought to be helpful to an interested province is selected by the provincial interests officer in Washington and channelled to them via External Affairs. Under the arrangement made with Ontario, it was agreed that this material would relate to U.S. policies and developments concerning energy, the auto pact, trade policy and the Great Lakes. In addition, the embassy does some economic and political reporting to a few interested provinces on particular subjects and is prepared to brief provincial officers on special subjects when in Washington or in the provincial capitals.

The "information flow system" is the result of negotiations between Ontario and the federal government after the August 1971 Nixon economic measures. Ontario complained of a lack of information from Ottawa on issues of provincial concern and proposed the opening of its own provincial office in Washington. Alberta made a similar suggestion at that time. Negotiations ensued between Ottawa and Ontario and the idea was explored of having an Ontario government representative at the Canadian Embassy. When this idea presented too many problems it was agreed that the embassy itself would undertake to provide the information service to the province.

Mr. Ian Macdonald explained to the Committee why Ontario had considered some new machinery was urgently required. At the time of President Nixon's import surcharge, he said,

"Ontario was not receiving from the federal government the information which it felt it needed to comment intelligently on U.S. proposals having important implications for the economic and social policies of the province . . . When each of those policies emanating from Washington has an indelible imprint on labour policy, on location of industry, on the export pattern and on the daily lives of everyone in the province, no provincial premier can afford to be uninformed, or indeed, can afford not to be intimately involved in any of these areas . . ." ⁴⁵

The witness explained that the information flow would reduce "the reactive nature of Canadian policies vis-à-vis the United States" and result in provincial governments

⁴⁵I. Macdonald (3:7)

“being well informed so they are not taking public positions which tend to exacerbate tense relationships between Ottawa and Washington.”⁴⁶ The information flow was designed

“to serve as an advance warning device on developments that bear on provincial concern. The provincial ministers want to have some intimation of what is coming rather than to hear later what has taken place.”⁴⁷

It is evident that the procedure is still in the development stage. Although Mr. Cadieux stated it would be gradually extended to other provinces, only one other province, Alberta, is participating in this new facility at the present time. Further, testimony revealed some practical problems in the programme mainly stemming from the fact that the federally appointed staff members of the embassy responsible for provincial interests in Washington are not yet fully acquainted with the needs of the provinces. According to Mr. Macdonald this has led to some difficulties in the selection and transmittal of material. It is clear that the provinces will need to specify the type of information they would find useful.

On the whole, however, the Committee considers that the appointment of the provincial interests staff in the Canadian Embassy in Washington is a positive step forward in coping with the problem of provincial involvement in Canada's relations with the United States governments and in helping to decrease the pressure on certain provinces to have their own offices in the United States. The Committee hopes that other provinces with important relations with the United States will assess the procedure and, if it is judged useful, will participate in this programme.

In the interests of improving the functioning of this new mechanism, the Committee makes the following recommendations which arose from evidence heard:

- **Canadian Embassy officials responsible for provincial interests and the “information flow system” in Washington should spend some time in capitals of interested provinces in order to become better acquainted with the provinces’ perspectives and needs vis-à-vis Washington.**
- **Because of the fact that economic questions are now the paramount concern of most provinces, more emphasis should be put on commercial and economic work and less on the traditional broader diplomatic reporting by Washington.**
- **In order that federal foreign service officers become more proficient in understanding provincial problems and perspectives in the foreign affairs field, some officers should be commissioned to spend a period of time in provincial capitals working where available in the intergovernmental affairs office.** They would then return to Ottawa to work in the federal-provincial co-ordinating unit of External Affairs. A federal programme called **Interchange Canada** is already in place under which such an exchange could be worked out.
- **In order that provincial officials can gain a better understanding of the federal services available from Washington, they should be able to spend a week or two**

⁴⁶Ibid (3:8)

⁴⁷Ibid (3:9)

at the Canadian embassy in Washington. Opportunities might also be provided by the Washington embassy for provincial cabinet members and senior provincial public servants to go to Washington for briefing or discussion sessions "to be exposed to the decision-makers in Washington."⁴⁸

- **When a province has a particular interest in a certain developing situation, a representative from that province should be assigned to the staff of the embassy in Washington on a temporary basis "as is the case with delegations to international conferences."**⁴⁹

c) Provincial Input into the Formulation of Canadian Policies to the United States

Dissatisfaction has been frequently expressed by the provinces that they do not have adequate procedures for expressing their viewpoint when the federal government is formulating its policy vis-à-vis the United States. Even when they have been consulted, the provinces have been critical that their opinion is not sufficiently taken into account.

Nowhere is the federal-provincial consultative process more important than in the formulation of Canadian policy toward the United States. As pointed out earlier the constitutional responsibilities of the provinces overlap the federal government's jurisdiction in a wide range of areas including resources, investment, labour relations and trade. These matters while primarily domestic are, at the same time, inextricably linked to federal policies vis-à-vis the United States.

There are a variety of existing channels for the expression of provincial views: the annual premiers' conferences; the federal-provincial meetings of counterpart ministers; the provincial government submissions to the Senate and House of Commons Committees during the legislative process (for example the Foreign Investment Review Act and the Competition Act); the official-level consultations which are co-ordinated by the Privy Council and/or the Department of External Affairs and the informal "ad hoc" consultations between functional departments in Ottawa and their counterparts in the provinces. Additional devices by which the federal government has solicited provincial views in the formulation of foreign trade policy are the Canadian Trade and Tariffs Committee (CTTC) and the federal-provincial Deputy-Ministers' Committee on the Multilateral Trade Negotiations (MTN) which were set up to receive briefs and representations. As Mr. Grey explained to the Committee, there are a number of federal trade policy positions involved in the present GATT negotiations which could have a direct impact on provincial policies vis-à-vis the United States and other countries. The provinces quite naturally wish to have an input in the formulation of this Canadian position.

According to the testimony of the Hon. Jack Davis, federal-provincial consultation procedures concerning technical and environmental problems such as Great

⁴⁸Ibid (3:17)

⁴⁹Cadieux (4:12)

Lakes quality seem to be working quite well. Mr. Davis explained to the Committee how he tried to overcome the federal-provincial 'gap' by federal-provincial ministerial meetings and by the ongoing Council of Resources and Environment Ministers, chaired in rotation by the provinces. He stated,

"Policy was made in this way and misunderstandings of the type that occur all too frequently between the federal government and the provinces were cleared up or avoided altogether."⁵⁰

In respect to the GATT negotiations, considerable effort has been made by the federal government to solicit provincial input. Through the two mechanisms mentioned above, the CTTC and the Deputy Ministers Committee on the MTN, and through direct contact, there have been numerous opportunities for the provinces to put forth their views, and to be briefed on the latest development at the GATT Conference. Provincial deputy ministers have met the CTTC; the Minister of Industry, Trade and Commerce has met with provincial ministers; federal officials have visited the provincial capitals to consult on aspects of commercial policy particularly with respect to the export of natural resources; and working papers and viewpoints have been exchanged. Finally, federal officials from the Tokyo Round negotiations return from time to time and try to report first-hand to provincial officials. Mr. Grey stated he thought there would have to be federal-provincial contact throughout the negotiations from the ministerial level down to the highly technical level. In this regard, the Committee noted Mr. Grey's comment that the provincial administrators will be facing a very heavy burden of work in "defining what their interests are and expressing those interests, as these very complex negotiations proceed."⁵¹ They are faced with the need to coordinate the interests of their own functional departments in order to present a coordinated provincial or regional viewpoint to Ottawa.

Despite these and other positive steps in federal-provincial consultation in the formulation of foreign policy it is clear that there are still gaps in some areas, most specifically concerning energy policies and in regard to certain commercial policies. The recent British Columbia government's policy regarding gas exports and the Ontario government's policy regarding tax rebates on North American cars are cases in point. Given the current complexities of bilateral and multilateral problems there is still considerable room for improvement and refinement of procedures. Several provincial witnesses spoke of the need for more openness and less reluctance on the part of the federal government in divulging information. This would improve the provincial and federal governments' ability to act in concert. Mr. Ian Macdonald pointed out the enormous implications for Ontario of federal trade policy to the United States since 81 percent of Ontario's exports are to the United States. Ontario needed to be consulted and to have some intimation as to what was coming rather than hear later the explanation for what had taken place. He continued,

⁵⁰Davis (8:8)

⁵¹Grey (17:13, 15)

"The process I think is simply too secret and too slow, and in this day and age the means employed too often do not justify the results. I think the successive lack of openness is an impediment to the fuller integration of the various viewpoints across the country."⁵²

and later

"The only way one is going to get a good national policy composed of federal and provincial inputs, is for an effective partnership process to exist from the beginning of these problems. There must be openness, candour and co-operation all down the line."⁵³

He also emphasized the importance of early attention to common problem areas so that the federal and provincial governments could work on it together "with a far enough horizon to be effective at the time the so-called crisis occurs."⁵⁴ This did not happen in the energy field before 1973.

Another method of involving the provinces in policy formulation is to have provincial representatives present either as observers or participants in consultations when Canada and the United States negotiate on bilateral issues of special concern to a particular province. For example in 1974 British Columbia was represented at bilateral discussions on west coast tankers and Manitoba was on the Canadian delegation which went to Washington to discuss the Garrison Diversion scheme. However, such a solution might be inapplicable at a Canada-United States conference on energy in which every province would consider its interests were involved in one way or another. It would be difficult to decide which province or provinces should be represented and how the representatives who are chosen could speak for Canada rather than merely for their individual province. In such a case a national Canadian position must be worked out with the provinces beforehand.

In conclusion, the Committee considers that the federal government has prime responsibility in the development of mechanisms to involve and, if possible, integrate provincial viewpoints in Canadian policies toward the United States. While there has been substantial progress in this regard in recent years—to the point that Canada has become a federal state worthy of world attention—further refinement of the consultation and co-ordination processes is needed. There needs to be, as Mr. Macdonald has pointed out, a new awareness at the federal level that a national foreign policy properly includes both federal and provincial activities, not merely federal matters. There needs to be more openness by federal departments and agencies regarding the overall direction of Canadian policy toward the United States and a greater degree of solicitation by Ottawa of provincial views. **On the provincial side there is a responsibility to organize a central contact point or channel of communication with which the federal authority can deal on foreign affairs matters.** There has been frustration on the part of the federal government and officials in not knowing with whom they should deal in some provincial governments. In this connection the Committee makes the following suggestion:

- **The provinces should endeavour where possible to equip themselves with a counterpart agency parallel to the External Activities Branch in the Intergovern-**

⁵²I. Macdonald (3:8)

⁵³Ibid (3:23)

⁵⁴Ibid

mental Affairs Division of the Department of Treasury, Economics and Intergovernmental Affairs of Ontario, in order to provide a focussed channel of communication with the federal government in the foreign affairs field.

5. Special Joint Mechanisms

From time to time persons concerned about Canadian-American relations have proposed that the pattern of successful resolutions of water boundary problems between the two countries by the International Joint Commission (IJC) should be applied to other bilateral problem areas—either by extension of the IJC's authority itself into other fields or by using the IJC as a model for the establishment of similar joint bodies. These proposals have led the Committee to examine the IJC not only from the point of view of assessing its own effective functioning, but also as a possible model mechanism for problem-solving in areas such as energy, trade, balance of payments, auto pact or even in the problems of defining the four salt water boundaries between Canada and the United States.

a) The International Joint Commission

Of all the existing permanent joint institutions linking the two countries, the IJC is the oldest, is the most independent, has the broadest mandate and the most notable record of achievement.⁵⁵ Created by the Boundary Waters Act of 1909,⁵⁶ the IJC consists of six members, three appointed from Canada and three from the United States. Its two national sections work together as one unit under the two national chairmen. It has four main areas of responsibility:

- (i) a semi-judicial function of approving applications to alter the level of flows of boundary waters and of rivers that cross the boundary.
- ii) the function of investigating and making recommendations to the two governments on specific boundary problems referred to it by either or both governments. In practice this has meant references which are formally agreed to by both governments.
- iii) an arbitral function which has never been used.
- iv) a continuous monitoring and surveillance of water levels, air quality, water quality and remedial programmes arising out of either specific applications, references or agreements, notably the Great Lakes Water Quality Agreement of 1972.

By far the largest number of cases now come before the Commission under references, under item (ii) above, the terms of which are usually carefully negotiated by the Canadian and American governments.

⁵⁵See testimony of Hon. Mitchell Sharp (1:34-39) Session 1974 for a list and description of other joint bodies to which should be added the Canada-U.S. Trade Statistics Committee.

⁵⁶For various reasons, the actual establishment of the Commission was delayed until 1912.

Since its own staff in both countries is of very modest proportions, the IJC is normally authorized, upon taking up a referred problem, to call upon the best qualified technical experts and officials from the departments and agencies of the two federal governments or state/provincial governments or from outside of government. It organizes these experts into an international investigative board composed equally of Canadians and Americans acting as a unit under joint chairmen. After completing its investigations, which usually include public hearings, the board reports as one to the Commission. The Commission itself may make public the Board's report and hold further hearings before issuing its own report to the governments. Neither government is bound by the reports or recommendations of the Commission's investigations.

The Great Lakes Water Quality Agreement of 1972 added considerably to the responsibilities of the Commission. This agreement asked the IJC to monitor and keep under surveillance the programmes undertaken by the two countries which were aimed at achieving agreed water quality objectives in the Great Lakes. In this case the Commission was given specific authority to publicize its views and recommendations which enabled it to criticize either government for not living up to programme commitments. It is also free to recommend any changes in the agreement designed to protect the environment. In this sense it acts as an environmental ombudsman along the Great Lakes.

While the Commission has been criticized, perhaps unfairly, from time to time for its slowness in reporting or for the high cost of investigations which resulted in reports which found no easy answers,⁵⁷ the successes of the IJC over its more than 60 years history are indisputable. In 98 cases there have been only four instances where the Commissioners have divided or failed to reach an agreement.

From Canada's point of view, one of the most important features of this permanent joint machinery has been the parity of membership which has made equals of two very disparate nations. The Canadian IJC Chairman, Dr. Cohen, elaborated:

"... Here was an asymmetrical relationship between a small Canada, still almost semi-colonial, and a great power, which together in 1909 were able to devise a system to create symmetry in the relationship of the two countries ... through the theory of equality on the Commission and equality on the boards in the field ... Size did not matter."⁵⁸

A second most important element of this mechanism is the built-in predisposition to constructive problem-solving which has developed over the years. As Dr. Cohen explained, there has grown up a pool of hundreds of Canadian and American civil servants who have worked together on IJC cases. When they "wear the IJC hat" during investigations, they feel an obligation to the Commission.

⁵⁷The Great Lakes Water Levels Report was a case in point. Strongly criticized in the U.S. Congress, it had taken 9 years and a considerable cost to reach a conclusion which found that effective remedial action would be uneconomic.

⁵⁸Cohen (6:6)

“Even though they do not forget their nationality or their own departments, something happens when they sit ‘collegially’ as against the position if they were sitting ‘adversarily’ on behalf of their governments”⁵⁹.

An American Commissioner, Charles Ross, has called it an “esprit de corps” and commented that “to the greatest possible extent, national sovereignty gets lost in the shuffle.”⁶⁰.

Fundamental to the success of the IJC is the common fact-finding process which de-politicizes each problem and unites both technical staffs in the search for the basics of the situation.

The Committee recognizes that the problems along the boundary which the IJC is being asked and will in the future be asked to solve are becoming increasingly complex. Dr. Cohen pointed out that

“the boundary is no longer simply a boundary made up of boundary waters and trans-boundary waters. But now with air pollution and land uses that affect water pollution and air pollution, you have what I call an environmental/developmental complex—an interaction of air, land and water all along the common frontier.”⁶¹.

In the face of more complex interrelated issues, satisfactory solutions may be harder for the Commission to achieve. Present environmental concerns which could not have been foreseen by the treaty-makers of 1909, may force certain modifications in the IJC procedures. The governments might find useful a somewhat broadened authority for the IJC.

The Committee urges the Canadian government to examine the following recommendations with a view to their implementation jointly with the United States:

a) **The Committee recommends that the IJC should be given the authority on its own initiative to make preliminary examinations or assessments of potential pollution problems along the boundary, to point out potential sources of trouble and dispute and to suggest to the two governments that a reference should be made. This would, in effect, constitute a watching brief on environmental problems all along the border.** At present the Commission must await a reference from the governments before making an inquiry or investigation into such problems. As an example, the Committee is of the opinion that the current Garrison Diversion problem might have been headed off had the Commission had this watchdog capacity. As it is, this irritant was allowed to develop much too far before a reference was made to the IJC. The end result of the dispute will undoubtedly involve the governments in remedial actions and expense which could well have been avoided had the IJC had the competence to anticipate the problem.

The Committee hopes that such an extension of authority could be granted without opening up the Treaty. It understands that the two governments have

⁵⁹Ibid (6:7)

⁶⁰Address to the American Society of International Law, Washington, April 1974.

⁶¹Cohen (6:13)

already given the Commission a similar watching brief in regard to air pollution all along the border. The same technique could presumably be used in regard to an extension into other pollution problems. If not, perhaps a standing reference could be given.

b) **The Committee recommends that the IJC should have extended power to publicize all its recommendations.** While the Commission now has power to publicize its views under the Great Lakes Water Quality Agreement, such authority is not automatically given in respect to other areas of its competence under the Boundary Waters Act. Commission recommendations can only be effective when they are adopted and carried out by the governments and agencies concerned. In the past there have been important instances where no government action was forthcoming. The most notorious case was surely the continued inaction of the two governments in the face of repeated IJC recommendations concerning pollution in the Great Lakes. Beginning in 1918, the IJC warned that the condition of the lakes was "generally chaotic, everywhere perilous and in some cases disgraceful."⁶² Fifty-four years later, when Lake Erie was all but dead, the Great Lakes Water Quality Agreement was signed. **The IJC should be able to publicize the shortcomings of governments in all areas and to ask for explanations, after a suitable period has elapsed, as to why no action has been taken.** The Committee believes that the good judgment of the IJC Commissioners could be relied upon to ensure that the power to publicize would be used responsibly.

The Committee has taken note of Dr. Cohen's point that the IJC must strive to retain the confidence of the departments which supply its technical staffs and the governments which support it. Nevertheless the Committee believes that in fulfilling its Great Lakes pollution tasks, the Commission has gained credibility in publishing its forthright criticism of governments not living up to their clean-up programme commitment. If used responsibly, a similar extension of authority to criticize publicly deficiencies in other areas would be a rational outcome of the IJC work which would be widely accepted. Through the years the IJC has built up a considerable weight of its own. The public would not only accept but expect the Commission to follow up its recommendations in this way.

In view of these possible extensions of authority, the Committee hopes that the two governments will take care always to appoint a high calibre of Commissioners, that extended vacancies on the Commission will not be allowed to occur, and that a too-rapid turnover of Commissioners will not take place, making it difficult for any expertise to develop.

Finally the Committee recognizes that such extensions of the IJC powers to act as a pollution watchdog and to publicize its reports' recommendations would inevitably entail an increase in the Commission's very small staff and budget.

⁶²A.D.P. Heeney "Along the Common Frontier": *Behind the Headlines* C.I.I.A. 1967, p. 11.

However such an increase would be limited since the Commission's watchdog capacity resulting from the terms of certain specific applications and references already exists in a number of boundary areas across the country.

b) The IJC's Powers Extended to Other Areas

Various proposals have been made to extend the IJC's competency into other areas. In the 60's both the Merchant-Heeney Report and the report of a group of Republican Congressmen suggested that the Commission could be used to resolve other problems between the two nations. Professors Dworsky and Francis have outlined to the Committee their proposals for enlarging the Commission's task in the Great Lakes basin into an overall management and planning role bringing together in a co-ordinated way the efforts of the many agencies and organizations already responsible for different aspects. Other proposals which have been raised concerning extension of IJC powers have included the possibility of the IJC defining, through arbitration, the Canada-U.S. salt water boundaries; the authority to deal with pollution problems in salt water along the coasts; the granting of powers of enforcement to the IJC; the right to undertake new references on its own initiatives; or the possibility of a unilateral reference being given by one government to the Commission.

The Committee does not think that such extensions of the Commission's functions would necessarily be in the best interests of the Commission or of bilateral relations. It considers that priority should be given to extending the IJC'S responsibilities in the two ways recommended earlier in this report. If the IJC were to be given too much new responsibility, such as an arbitration power, in addition to its present semi-judicial, investigative and administrative functions, this could destroy its effectiveness in these important areas. Moreover, it could cause it to be bypassed by the United States. U.S. Commissioner Charles Ross has warned,

"The danger has been and always will continue to be that even with equal representation, the country with the most clout will have a tendency to neglect such a joint institution because it has other ways of influencing the decision of any international problem or dispute. Canada has always, and understandably so, relied upon the IJC more than the United States."⁶³

The Committee endorses the view expressed by Mr. Rufus Smith that the two governments should not overburden this useful mechanism and expect it to carry more of a load than it is designed to bear.

c) The IJC as a Model for Other Binational Commissions

Another proposal which has frequently been put forth is that Canada and the United States should set up other joint commissions modelled on the IJC in order to resolve bilateral differences in different fields. In other words, that permanent joint machinery should take the place of 'ad hoc' negotiations or consultations on

⁶³Ross, op. cit.

particular subjects. Specifically a joint transportation commission, and a joint economic commission have been proposed as well as commissions in other fields such as trade, energy, balance of payments and investment.

After deliberation the Committee remains sceptical about these proposals. The IJC has certain special attributes which could not be easily reproduced in other settings. The IJC, the two other joint bilateral commissions concerned with fisheries⁶⁴ and the International Boundary Commission concerned with demarcation of the boundary line, all involve a common decision-making process arising from the equal responsibilities and common goals both countries share in regulation of specific and limited border subject matters. In the case of boundary waters and boundary markers matters, each side has an equal interest in establishing the factual data and in resolving difficulties. In the case of the joint fisheries commissions, the common objective is preservation and development of shared fisheries. Depleted fisheries require scientifically-based remedies and regulations.

It is true a joint committee exists in the defence field. In this case the sensitivity of the subject has caused the joint machinery to function in a quite different way from the IJC. The Permanent Joint Board of Defence (PJBD) was set up in 1940 with a structure paralleling that of the IJC and probably modelled on it. But it has developed quite different working practices. The PJBD does not work collegially, nor does it report jointly, differences which are natural enough when one considers the disparate defence structures and the unequal responsibilities of the two sides. Nonetheless the PJBD has served as a useful consultative and advisory body, helping to mesh complex military requirements with political, economic and other concerns of the two governments.

However, such conditions as are found in these areas are not paralleled in economic, financial or energy fields where there is rarely an identity of interest between the two countries. More frequently the interests are in some degree of conflict. Indeed, they usually involve important areas of national policy in which no government would wish to relinquish freedom of action. In the Committee's opinion, it is unrealistic to suppose that the United States would be willing to grant parity of membership and to sit jointly under a common commission 'umbrella' in order to reach a consensus in such sensitive areas. Such a process would be equally unacceptable in Canada.

While it is true that the governments have, in the past, created joint committees in some of these fields, such as the Joint Ministerial Committee on Trade and Economic Affairs or the Canada-U.S. Balance of Payments Committee of the 1960s, these committees have been channels of communication, consultation and co-ordination rather than of common investigation and even decision-making characteristic of the IJC. There has been no question of such committees sitting "collegially" to reach a consensus, nor does it seem possible that in their deliberations "national sovereign-

⁶⁴The International Pacific Halibut Commission and the Pacific Salmon Commission.

ty [would be] lost in the shuffle." Furthermore as we have seen, even these committees have fallen into disuse because direct 'ad hoc' contact was found to be more suitable in present conditions.

While the Committee doubts that commissions on the IJC model can be set up in economic areas, it considers that certain elements of the IJC's work can provide a useful example for problem-solving in some fields. The aspect of the IJC model which is most easily applicable to some bilateral disputes involves the fact-finding procedures used by the IJC investigative boards. An illustration of a problem which the common fact-finding technique helped to solve is the bilateral trade statistics dispute of 1971.⁶⁵ There is no reason why this process could not be applied more often to resolving disputes of a technical nature where it is important to lay bare the factual data. In the field of energy, for example, are there not established facts regarding transportation costs, pipeline routes, or pipeline building techniques which are being needlessly duplicated on both sides of the border at great expense and which could be established by a single joint committee to the benefit of both sides?

Another proposal for a joint body which has come to the Committee's attention is in the field of agriculture, an area where American and Canadian interests have frequently been in conflict. World food scarcities may be changing this situation. A leading world food expert⁶⁶ has recently suggested that since the rest of the world is likely to look increasingly to North America for its food supplies, especially grain, Canada and the United States have a new responsibility. To cope with this world dependence, he suggested that Canada and the United States should form a joint body to formulate and adopt a responsible North American food policy using it to support a positive world food strategy. It is a difficult but challenging idea which the government might explore.

6. Legislative Channels

(a) The Embassy and Congress

Constitutionally, a distinctive feature of the U.S. system of government is the independent powers with which the Congress is vested. Recently this significant attribute has attained new importance. According to the testimony of Dr. David Abshire, a former associate undersecretary for congressional affairs in the Department of State, there has been in the past few years a "virtually unparalleled" shift of power from the Executive to the Congress. This shift, explained by Dr. Abshire, is closely related to the extraordinary economic powers exercised by Congress, as opposed to the politico-military powers of the President. The Executive has no way around the Congress on economic questions, which are exercised "particularly [by]

⁶⁵This subject is discussed more fully below on page 60.

⁶⁶Lester R. Brown, *Financial Post*, October 11, 1975: "Why North America must take the world food lead"

the House Ways and Means Committee and . . . the Finance Committee".⁶⁷ Given the intense interdependence between Canada and the United States in the trade and economic field, there are significant implications for Canada in the new strength in Congress.

Dr. Abshire pointed out yet another important change—a new diffusion of power within Congress whereby the traditional Congressional leadership hierarchy has been challenged, and even deposed in some instances, and extensive new power assumed by the Democratic caucus. This decentralization of Congressional power and the loss in influence of the traditional Congressional leadership means that individual Congressional opinions now count for much more. Dr. Abshire commented:

"To put it bluntly, many foreign officers of many governments and many missions in Washington have been very slow to perceive the implications of this shift in power in this foreign affairs field to the committees dealing with economics."⁶⁸

Has Canada been slow to perceive it? Is the Canadian government's liaison work with Congress active enough? The Canadian Embassy's activities in this field were described by the Ambassador:

"This is an important, expanding but delicate aspect of our work. There is, at minimum, a public relations and an information job to be done . . . We now have an officer who is assigned to this work on a full time basis. He develops links with the executive assistants and research specialists of the legislators, he keeps score of legislative contacts maintained by Embassy officers and constantly reminds them of this important aspect of their operations in their respective fields. The chief responsibility for expanding parliamentary and congressional liaison must rest, however, on all officers at all levels."⁶⁹

Undoubtedly there is a certain limitation as to how far an Ambassador can go in 'lobbying' Congress. As he is formally accredited to the Administration, he should not actively and visibly lobby on Capitol Hill against a clear-cut policy of the Administration, particularly if he appears to relate to or negotiate with prominent Congressional opponents of the White House. However, when an American witness, Mr. Rufus Smith, was asked by the Committee how far the Canadian Ambassador could go in lobbying Congressmen, he replied,

"He can go pretty far . . . As a practical matter in my opinion, the Canadian Embassy staff has a pretty free hand in cultivating people on the Hill and making sure the Canadian point of view is understood."⁷⁰

For a variety of reasons Canada has been far more reticent and less active in this field than some other large countries which have less at stake in economic terms. In deciding on a cautious approach, the Canadian government may have been unduly influenced by its own parliamentary system and therefore may not have taken sufficient account of the critical fact that the division of powers in the United States produces an entirely different situation. Or perhaps there is a conviction that the

⁶⁷Abshire (15:17)

⁶⁸Ibid.

⁶⁹Cadieux (4:9)

⁷⁰R. Smith (5:9)

U.S. Administration is in a better position than the embassy to counter Congressional action which might be detrimental to Canadian interests and therefore that it was wiser to work through the State Department. This presupposes that the State Department is always prepared to put forward Canada's position and is able to do so effectively.

In the Committee's opinion this is not the case at the present. As a result of Vietnam and Watergate, the U.S. Administration and particularly the State Department has much less influence than formerly as an interpreter of international developments as far as Congress is concerned. As a recent example, in the Turkish arms embargo vote in Congress it was the personal persuasion of anxious European and NATO figures which convinced some key Congressmen to shift their vote and may have saved Turkey from leaving NATO. Similarly Canada cannot expect that the Administration will always be able to convince Congress of the validity of Canadian arguments on a particular issue. **Canada should ensure that its case is put directly to Congress as well as to the Administration.**

Dr. Abshire pointed out that

"the great problem we face in our Congress with respect to Canadian relations is the lack of awareness of the dimensions involved."⁷¹

Like the majority of Americans, most Congressional figures tend to take Canada for granted and have little realization of the extent and depth of the economic ties. How can Canada overcome this unawareness? Dr. Abshire stated that there were "many modes, many methods of having an important dialogue with members of Congress"⁷² without coming between the Executive and Congress.

In contacts with Congress, Dr. Abshire stressed the importance of selectivity in view of the large numbers of senators and representatives in Congress. He cited the efforts of the Embassy of Japan, a country which has a smaller amount of trade with the United States than has Canada.

"Over a period, the Japanese . . . had about all the members of the Ways and Means Committee one way or another to the embassy and in a very helpful manner that created mutual understanding."⁷³

Indeed, the primary focus for the embassy's activities should be the members of the key Committees, such as Ways and Means, or Finance which are constantly dealing with matters vital to Canada's trade, energy or environmental concerns. Dr. Abshire also suggested that as the first years in Congress are likely to be the formative ones, newly elected members should be sought out. He could have added that newly elected members are much more accessible. The burden for these efforts, which mainly involve the development of personal contacts, will inevitably fall on the Ambassador and senior officials concerned with trade and energy matters.⁷⁴

⁷¹Abshire (15:18)

⁷²Ibid (15:19)

⁷³Ibid (15:18)

⁷⁴See also the discussion below on page 72, regarding the government's information programme and Congress.

The Committee recognizes that the task is a difficult and frustrating one for the embassy. Results will be hard to measure and slow in coming. There are many competing claims on the time of embassy staff. Novel techniques, foreign to the way of the diplomat, have to be developed to catch the interest of Congressmen. It may be necessary to have officers specializing in the field assigned to the embassy for extended postings, since so much depends on personal connections which cannot be routinely passed from one officer to his successor. The aim must be to develop the capacity to acquaint, in the time of need, some critical Congressmen with the Canadian viewpoint when our interests are involved. Canada must not depend on the State Department and other agencies of the Administration to act on its behalf.

The Committee urges the government to recognize that it is of crucial importance to Canada's relationship with the United States that the embassy take a more positive approach to Congress. Contact with Congress has been neglected too long. In the face of Congress' new expressions of power and its vigorously independent attitude in foreign and trade policy matters, it is essential to Canada's economic interest that the official Canadian viewpoint be heard by influential Congressional figures as well as by the Administration. Almost inadvertently, Congressional unawareness or misunderstanding of Canada's position could cause severe economic or trade dislocations in this country. **The Committee considers that Congress should become an area of concentration for the Canadian efforts and that the government should provide the embassy as soon as possible with the instructions and the means for an expanded Congressional relations programme.**

(b) Parliament and Congress

The other important Canadian link with Congress is through its legislative counterpart, the Canadian Parliament. In addition to the encounters between Canadian and American legislators at inter-parliamentary meetings such as the NATO Assembly or the Inter-Parliamentary Union or the Parliamentary Assembly of the Council of Europe, there is a bilateral inter-parliamentary connection, the Canada-United States Inter-Parliamentary Group. Established in 1959 by joint legislative action, this institution was designed to bring delegations of both legislatures together regularly to discuss mutual problems. The Group could become an important instrument for increasing Congressional awareness of Canada. Politicians on both sides of the border relate particularly easily to each other and quickly appreciate each others' problems. Unfortunately for a variety of reasons the Group has not come close to achieving its potential to date.⁷⁵ In 1973, criticism and dissatisfaction over the lacklustre annual meeting were expressed by members of the returning Canadian delegation. They pressed for improvements. Based on a careful analysis of past deficiencies, two main proposals for reform were initiated. First, the Canadian side re-organized its internal affairs, with the aim of appointing capable,

⁷⁵See M. J. Abrams: *The Canada-U.S. Interparliamentary Group* for further description of this institution and its functioning.

persuasive and well-informed Canadian delegations. Second, suggestions were put to the American side for joint decision relating to the format, timing, locale and agenda for the meetings designed to improve the quality and value of the discussions between delegations. The American side agreed and the Committee noted a marked improvement in the 1975 meeting in Quebec City for which the joint chairmen on both sides are to be congratulated.

The Committee urges that this effort to improve the functioning of a potentially important legislative link with Congress be further developed. There is no other inter-parliamentary link nearly as important to Canada. Canadian delegates should be of top quality, well prepared and selected because of their knowledge and experience concerning items on the agenda. While Canada has no input into the selection of members of the American delegation, this Committee shares Dr. Abshire's opinion that United States delegates to Group meetings should be drawn not only, as traditionally, from the foreign affairs committee but also from committees dealing with finance, trade and energy matters, that a "broader base of members of our Congress be involved".⁷⁶ It is to be hoped that other influential Americans embrace Dr. Abshire's view.

On two occasions in recent years, Canada has sought a special one-day meeting of this Group (as compared to the normal three or four-day meeting) to explain the Canadian position on controversial subjects. The first involved discussions of the potentially heavy impact of the August 1971 U.S. surcharge and the second resulted from Canadian alarm at the prospect of west coast oil spills following Congressional approval of the Alaska pipeline. These two meetings, focussed on specific issues, were useful in bringing new reciprocal understanding of differing viewpoints and concerns. The Committee considers that this technique constitutes a valuable additional mechanism for bilateral dialogue. Care should be taken however that this device is used only in exceptional cases where the issues involved are of national importance and recognized as such.

The Committee concludes that there is no other inter-parliamentary contact more important to Canada than that with the American Congress. The Committee therefore strongly urges the selection of delegates to the annual Canada-U.S. Inter-parliamentary Group meetings who are carefully chosen as to individual areas of expertise and adequately briefed in order to put Canada's case as effectively as possible to American legislators.

7. The Impact of Resolutions of Parliament

Quite apart from its legislative role, the Parliament of Canada can act in ways which may have an impact on Canadian relations with the United States.

From time to time—and particularly during periods of minority government—Parliament may pass resolutions critical of the actions of other governments. In

⁷⁶Abshire (15:20)

recent years a number of these have been aimed at American activities or policies, notably a 1971 resolution condemning the Amchitka atomic underground test, a resolution in 1972 criticizing the Cherry Point oil spill and two in 1973, one objecting to the proposed flooding of the Skagit River Valley and the other deploring the U.S. bombing of North Vietnam. These resolutions were expressions of strongly held Canadian views. All were passed by unanimous consent—that is without debate or even a formal vote, with the government, for a variety of reasons, associated with the passage of each resolution.

The government's reasons for doing so have varied. Sometimes, as on the Amchitka underground tests, the government felt a resolution of Parliament would add weight to the protests which it had already lodged in formal diplomatic notes. During the minority government, its control of the House was weaker and the government was afraid of being shown up domestically. So, when public furore boiled up over American bombing of Hanoi and Haiphong and the New Democratic Party (NDP) came forward with a strong resolution condemning U.S. actions, the government concluded it did not wish to take the risk of blocking it and decided to preempt by having the Secretary of State for External Affairs submit a milder text. Sometimes—and the resolution on the Skagit River Valley is a good example—a resolution can be pushed through the House by a combination of skilful tactics and thorough preparation. In this instance the key factor was the choice of a day for submitting the resolution. A member of the Opposition put forward his resolution when the key minister—the Secretary of State for External Affairs—who would have objected and so blocked passage of the resolution was out of the country.

The impact of such resolutions on the United States varies enormously. The resolution on bombing in Vietnam, for example, offended the United States Administration mainly because it had been introduced by the Secretary of State for External Affairs. While the Canadian government's decision was understandable in domestic political terms, no account appears to have been taken of how the action would be interpreted in the United States. Few Americans understand how the Canadian system of government works and instinctively they equate the situation to that prevailing in the United States where Congress and the President have separate powers, and where the norm is for the executive to oppose Congressional resolutions critical of other countries. In the American view, the appropriate action for Mr. Sharp should have been to speak out against the strong NDP resolution and let the chips fall where they might.

Because both countries have similar economic and social systems and democratic forms of government, it is often assumed in the United States that the political systems of the two countries are similar. With the best intentions in the world, Americans think and speak of Canada as “a close neighbour”, “a next-door cousin”, a “sister nation”, presuming a very close similarity of institutions, a parallel working of government. In reality, of course, the Canadian political system is quite different from the American; apparently similar institutions may operate differently. The

socially-felt kinship belies dissimilar political systems—not “sister states” but distinctive “nation states”.

To remedy such misunderstandings it is important that the Canadian public information programme in the United States pay special attention to explaining the workings of the Canadian political process. The Committee recognizes, however, that this is a long-term project. In the meantime, while the Committee has no criticism of Parliament for exercising its constitutional prerogatives, it is important that the government, as distinct from Parliament, consider carefully the effect of its action in such circumstances.

Part III: TECHNIQUES FOR CONDUCTING RELATIONS

1. Advance Consultations

At a succession of top-level meetings in recent decades the leaders of the two nations have constantly renewed a pledge to avoid unnecessary acrimony and open disputes by early advance consultation on policies which will have an appreciable impact on the other country. Nevertheless, there have been notable lapses on both sides. It is evidently a formula which needs constant reiteration and fresh commitment. At a time when there are bound to be new areas of friction in the energy, investment, agricultural, even environmental fields, and when the domestic economic and social measures of one country are tending increasingly to impinge on the life of the other, there may be a new necessity for a commitment to advance consultation as an essential practice in order to preserve harmonious relations.

Basically a commitment to advance consultation means the undertaking by one government to communicate intended changes of policy which could adversely affect or embarrass the other. (This "ad hoc" consultation process is distinguishable from the ongoing consultative process which takes place almost continuously through mechanisms at the lower level). The objective of "ad hoc" advance consultations is, at the least, to seek understanding through explanation as to why a specific policy change is necessary. At best, it can achieve a reconciliation of divergent viewpoints; at worst, it protects a government from the embarrassment of being caught unawares. The commitment to consultation must be seen to be reciprocal for it to work. It must take place before a policy is announced publicly.

In a recent speech, the Secretary of State for External Affairs affirmed his understanding of this process.

"It seems to me a sensible way of doing business is to notify the United States whenever possible of our intentions in advance of our taking major decisions on matters affecting United States interests and where appropriate to provide an opportunity for advance consultations."⁷⁷

It sounds like an easy recipe to ensure harmonious relations. Yet the Committee recognizes that advance consultations with Washington are not always easy for the Canadian government when the policies involved arouse strong controversy within Canada quite apart from their impact on the United States. The federal-provincial relationship renders decision-making a delicate process in some areas and can delay and greatly complicate any consultations with Washington. Further, not all crises are predictable and there may be occasions when speed and secrecy are essential.

⁷⁷MacEachen, Winnipeg, C.I.I.A., 23 Jan. 1975.

Mr. MacEachen implicitly acknowledged to the Committee yet another problem in ensuring consultations—that of the unawareness of other departments of the importance of such consultations,

“I cannot guarantee there will not be slip-ups. I am telling you my point of view in terms of established policy in the department and the policy which must frequently be reasserted in Cabinet . . .”⁷⁸

The Committee questions whether it is sufficient simply to reassert the policy of advance consultation in Cabinet, a step presumably taken only after some failure to do so has occurred. The Committee has already suggested that all Cabinet memoranda should require comment on whether the proposed action might affect Canadian relations with the United States. If this practice were to be adopted, it would be easy to add the requirement that in any instance where relations would be affected, the comment should include a description of the proposed arrangements for advance consultation.

The Government's recent handling of the export of natural gas provides a more constructive illustration of this technique at work than its earlier handling of beef imports or the oil export tax about which the former American Ambassador Mr. William Porter complained, “we have been confronted by decisions in food and energy without opportunity for effective consultation.”⁷⁹ In the case of natural gas exports, Canada in 1975 gave the United States advance warning of the National Energy Board findings on natural gas so that Washington was not caught by surprise. The government and the Minister of Energy, Mines and Resources made it clear to the United States that Canada has no intention of making American consumers who were dependent on Canadian gas bear the brunt of the Canadian shortfalls. The burden would be shared, Ottawa said, and it undertook to work closely with United States energy officials before any reductions were made. The Department of State publicly welcomed the Canadian assurance of further consultations. This constituted a constructive approach to problem-solving between the two countries, one which minimized possible acrimony and recognized that Canada had a continuing obligation to take account of and to consult over the impact of Canadian decisions in this field on the United States. Less constructive was the brusque treatment accorded the United States Pacific Northwest in 1974 by the British Columbia government in curtailing gas exports on the premise that American buyers should absorb practically all of an unexpected local shortage.

Each case requiring consultations is likely to be unique and no fixed pattern can be adhered to. The preferable form of consultation should take place as soon as the government has decided on its objectives, its methods and time-table for achieving its objectives. It should then seek to explain the policy to the United States, listen to its reaction and, if appropriate, make any necessary adjustments. Such a procedure for

⁷⁸MacEachen, (16:10)

⁷⁹Porter, Winnipeg, C.I.I.A., 25 September, 1974

example was followed by the government in presenting its proposed foreign investment measures. Canada informed the United States well in advance and at the highest level. This approach has enough flexibility to allow the American point of view to be taken into consideration. Modifications can still be made to the Canadian policy if necessary. More importantly, it allows Canada to test the strength of the American reaction. If the United States indicated that the Canadian policy would result in counter-measures the Canadian government would have the opportunity to reconsider, and possibly to modify its decision or, if it committed itself anew, to prepare itself for the United States adverse reaction.

When, for one reason or another, advance consultations are impossible, the government should ensure that the United States receives "prior notification" of its policy measure. In this case the policy decision is considered rigid, the timing for the announcement is fixed. Nevertheless this process of notifying the United States before a public announcement may be of crucial importance to the relationship. No government likes to be taken by surprise by a totally unexpected announcement on an action which it considers detrimental to its national interest. The element of surprise invariably provokes irritation and may lead to hasty and ill-considered overreaction. The United States is in a position to lean heavily on Canada and reaction could be swift, harmful and difficult to reverse. If the United States government is given at least some warning it has time to cool off, to reflect on the longer-term common interests both countries share and to work out a reasoned reaction which may somewhat assuage its domestic critics who could be affected by the Canadian decision. The Committee considers that no benefit is derived from presenting the United States with a *fait accompli* which will affect it adversely.

The Canadian government deserves similar treatment and the Committee hopes that the commitment to advance consultations and prior notification techniques are resolute on the American side. However, the United States has world-wide preoccupations and responsibilities and Canada is not its only important relationship. As an American witness Mr. Rufus Smith admitted,

"There is always the danger that the U.S. will take unilateral action that will harm Canadian interests. There is the danger of the U.S. unwittingly failing to take account of Canadian interests".⁸⁰

In the Committee's opinion it is in Canada's interest to be most diligent in employing advance consultation and prior notification techniques with the United States so that a pattern is established and neither side will take each other by surprise. It must be emphasized however that advance consultations should in no way be construed as a seeking of approval of the U.S. Government before a policy course is determined in Canada.

⁸⁰R. Smith, (5:7)

2. Negotiating Techniques

a) 'Ad Hoc' Negotiating

While consultation techniques, as discussed in the previous section, are basically an exchange of views intended to increase mutual understanding of each other's positions, negotiation on the other hand is a process in which the negotiator is bargaining with a second party in order to reach a mutually satisfactory outcome. In negotiations the side which can offer the most inducements or alternatively impose most deprivations is generally in the stronger position. Successful negotiating is in some degree a function of strength. The constant preoccupation for Canada, as by far the weaker member in an asymmetrical relationship, has been how to bargain successfully with the United States. Negotiating techniques are important in maximizing available advantages or leverage.

Historically Canadian authorities have preferred to deal with the United States on an "issue-by-issue" basis rather than treating a number of issues linked together. In theory this has permitted issues to be dealt with on a one-by-one basis in a negotiating environment free from outside influences. Canada has been concerned that the United States would link issues, whereupon by its sheer weight and the fact that normally it would have relatively less at stake, it would seek to trade one issue off against another, leaving Canada with an outright loss in some areas. Furthermore any linking of issues was seen by Canadians as reducing the possibility of achieving a successful resolution.

This devotion to "issue-by-issue" bargaining may be changing. Certainly in 1971, balance of payments questions and trade matters of various sorts were closely linked. Such linkage may persist at least in the economic field. Currently, energy and resource questions appear to be discussed in conjunction with payments and auto pact questions. The Hon. Jean-Luc Pepin told the Committee that while he recognized some risk in the linking of issues, there were occasions when it might be useful for Canada to negotiate issues in a package. He observed

"there might be some advantage to be gained in packaging, especially when the issues are not reconcilable one by one. . . . In the 1971 package . . . there were three main elements in the United States position. There were the Auto Pact, the Defence Sharing Agreement and the Tourist Allowance. But Canada also had irritants in its relations with the United States. They were their anti-dumping procedures, the American selling price, the uranium embargo, the copyright clause Some of these irritants could have been packaged with some of theirs. For example you could have given in on the tourist allowance and they could have given in on the copyright."⁸¹

Canada, said Mr. Pepin, had been quite willing at that time to negotiate a 'package' but insisted it be a balanced package. Secretary Connally on the other hand insisted there should be unilateral Canadian concessions. A stalemate ensued and Canada's counter-package in this instance served as a sort of protection.

⁸¹Pepin, (11:7)

It is clear that the earlier preference for "issue-by-issue" negotiating can no longer be rigidly adhered to. The bargaining method should be selected pragmatically Mr. Pepin suggested, as "a matter of circumstances, a matter of personalities and a matter of expediency."⁸²

It is worth repeating that bilateral negotiations, as opposed to consultations, are usually best handled from the bottom up, beginning at the functional official level. If matters cannot be ironed out at progressively higher levels, there then may have to be recourse to the ministerial level and in rare cases even to the summit for the final determination.

Despite the disparity of size and power of the two countries Canada is not without some bargaining powers. As the government's foreign policy review pointed out in 1970 "in an era of heavy demand for energy or other resources, the cards are by no means stacked in one hand."⁸³ The fact that one-quarter of United States exports and a great deal of American employment in certain areas are dependent on the Canadian market must be a factor in American calculations. While the economic equation is of course heavily weighted in the U.S.'s favour, this interdependence has frequently provided Canada with useful bargaining counters. In the 1960's for instance, during the American payments restrictions, Canadian negotiators were twice successful with their argument in persuading the American authorities that it was in the U.S. interest to grant special exemptions for Canada. Yet another negotiating asset is the vast range of United States economic links, which obliges the Americans to look at any negotiation in terms of its world implications. A major example of this situation working to Canada's advantage occurred in December 1971 when, under the Smithsonian Agreement, Japan and several European states re-valued their currencies upward in relation to the U.S. dollar, a move which also increased Canada's competitive position in their markets. Several American witnesses have also pointed, almost with envy, to the smaller and more cohesive Canadian government structure which allows Canadian officials and ministers to focus in a more concentrated way on problems with the United States. There can be better co-ordination on the Canadian side. Furthermore because of the overriding importance of the United States in Canada's eyes, a high quality negotiating team has normally been considered essential. The United States on the other hand has been busy with commitments all around the globe and cannot concentrate on Canada in the same way.

Sometimes, however, it has not been easy for Canada to find the right negotiating leverage. Such was the case initially when Canada sought to negotiate a new air agreement and found itself unable to budge the Americans. The changing pattern of longer haul flights permitted by jet aircraft had made the short-haul arrangements, agreed to immediately following World War II, detrimental to

⁸²Ibid, (11:5)

⁸³Foreign Policy for Canadians, p. 25

Canadian air interests. Canada sought the right to carry passengers far beyond the "gateway" deep into the United States, in order to gain some of the business of Canadians flying to California, Texas and Florida. As Mr. William Diebold pointed out to the Committee, in a successful negotiation of a bilateral issue there must be mutual advantage. In this case Canada was in effect asking the United States carriers to relinquish their near monopoly of long-haul flights from the Canadian border cities southward, while offering nothing in return. With the Canadian population strung out along the United States border, there was no *'quid pro quo'* to offer the American carriers. It was essential for Canada to find the negotiating tool which would bring the two sides into a give-and-take mutual gain situation. Various techniques were tried, but it was not until Canada threatened to cancel pre-clearance arrangements at the major Canadian airports that the United States saw the benefit of bringing the talks to a mutually satisfactory conclusion. As Mr. Dupuy the chief Canadian air negotiator told the Committee,

"We established a close connection between a successful route agreement and the maintenance of pre-clearance in Canada and we had assessed the value of pre-clearance for the American carriers."⁸⁴

Despite the overly-long period of negotiations, this case is illustrative of the realities of give-and-take of bargaining between the two countries.

Recent differences over the Canada-United States Automotive Products Agreement revealed other factors and techniques involved in bilateral negotiations. American demands for renegotiation of the auto pact or removal of the safeguard clauses were among the list of important "trade irritants" under discussion in the fall of 1971 and during 1972. In 1970 for the first time since the pact was signed Canada had a surplus in automotive trade with the United States. The United States considered the safeguard clauses were no longer necessary to guarantee Canadian production levels and urged their removal. Canada argued that the surplus could be a passing phenomenon. At one point in negotiations Canada offered to suspend two of the three safeguards during negotiating sessions and then withdrew the offer. This series of moves illustrated a curious and unexpected device which acts as a constraint on United States negotiators in bargaining with Canada. As Mr. Philip Tresize, an American negotiator of the auto pact, put it,

"It always seemed to me that Canadian negotiators and Canadian ministers were subject to a great deal more pressure from their media and from the press, from the public generally on these issues, than were we and they were more constrained in what they could do. We had relatively more freedom since the issues were less important to our newspapers, to our media and we didn't have the constant pressure from behind us to get things done or not get things done."⁸⁵

In a sense the American negotiators were at a disadvantage when the issue was one with such a high political profile in Canada. Canadian negotiators could argue convincingly that public opinion was demanding a certain course of action.

⁸⁴Dupuy, (3:26)

⁸⁵Interview of Jean-Luc Pepin and Philip Tresize, Canada AM, CTV, 28 November, 1974

Although in 1970 and 1971 the auto pact raised problems for the United States, Canada is currently suffering a large auto trade deficit. Conditions on which the original agreement were based have changed considerably and inevitably produced friction on both sides. One technique which might have been adopted originally would have been to include an automatic review mechanism in the agreement itself. A built-in provision for such review after a certain number of years would appear to be a realistic device making unnecessary the unpleasant threats to abrogate the treaty such as have been voiced from time to time in the United States Congress.

In the case of many of the bilateral trade irritants which remained unresolved throughout 1972 and early 1973, officials found another mutually acceptable technique, that of transferring the unresolved issues from a bilateral negotiating framework to a multilateral forum, namely to the Geneva GATT conference. As American officials acknowledged at the time, a Canadian government would find it politically easier to defend 'liberalized world trade' than 'concessions' to the United States. From Canada's point of view, the rationale for going to a larger forum was succinctly put by Mr. Rodney Grey.

"If you are dealing with a dispute and you are going to be in the ring with someone who is ten times bigger than you are, it is nice to have some friends and allies around. It is as simple as that.⁸⁶

But, as Mr. Grey warned, Canada must use this technique cautiously, being careful not to generate ill will by giving the impression that it is ganging up with other countries against the United States.

Reviewing the problems of bilateral negotiating, the Committee concludes that Canada as the weaker member of the North American arrangement must be constantly on the alert to find and utilize the most effective bargaining approach with the United States. The traditional preference for 'issue-by-issue' bargaining can no longer be rigidly adhered to. Economic issues are inevitably becoming linked. Canada should continue to commit its highest quality negotiating teams to the bargaining process. It is important to recognize that successful negotiating means a *quid pro quo*—a mutually advantageous outcome. In tough bargaining situations the right tool or leverage must be sought to bring both sides into a constructive give-and-take mutual-gain situation. In certain long-term bilateral arrangements, a built-in provision for an automatic review might be included so neither side will consider itself unfairly dealt with if conditions change considerably. Occasionally, unresolved issues between Canada and the United States can be transferred to Canada's advantage from the bilateral negotiating table to a multilateral forum. Finally, both Canada and the United States must recognize the constraints as well as the advantages which their interdependence imposes on bilateral negotiations.

⁸⁶Grey, (17:5)

Because of the interdependence of the two nations, Canada has a bargaining advantage stronger than its relatively much smaller population would indicate. Because of its size and economic power the United States could, in any contest of retaliation, damage the Canadian economy much more than the reverse situation. Prime Minister Trudeau pointed out the unconscious constraint when he stated

“The ability of Canada and the United States to wreak vast economic harm on each other is a major factor which ensures the two countries will remain good neighbours.”⁸⁷

Canada should not indulge in the popular game of some smaller nations of twisting the lion's tail or pulling the eagle's feathers. While it might be good sport, it could lead to serious repercussions detrimental to Canada's best interests.

b) Common Fact-finding

An important device which has been used successfully in mitigating or resolving bilateral disputes with the United States has been the technique of common fact-finding as a basis for negotiation. The work of the investigative boards of the International Joint Commission is an excellent example of over 60 years of common fact-finding related to disputes along the border, although it is of course only one aspect of the IJC's function.⁸⁸

A recourse to the establishment of the facts related to Canada-United States trade balances in 1971 was responsible for cooling down one of the most abrasive issues between the two countries in recent years. Following the application of the Nixon economic measures of August 1971, the United States demanded unilateral trade concessions from Canada based on its figures of a large Canadian trade surplus for 1970. Bilateral negotiations on this issue were stalemated from the beginning as the Canadian trade figures showed a wide divergence from the American statistics. It was at this point, on ministerial initiative, that a new joint official-level institution the Canada-United States Trade Statistics Committee was formed, charged with establishing mutually agreed figures. Fortunately, statisticians on both sides already concerned about the huge discrepancy had done some preparatory thinking on methods which could be used. With the ministerial-level impetus, a process was undertaken which resulted, 16 months later, in the publication of the first reconciled figures on bilateral merchandise trade. The Canadian Chief Statistician at the time, Dr. Sylvia Ostry, emphasized to the Committee that these figures were reached in “a strict atmosphere of scientific objectivity.” Over 10 million figures were involved, the officers of both countries were organized as a single research team and

“the computer was totally apolitical . . . The very procedure adopted was such that no one had an inkling of what was to happen until the very last moment.”⁸⁹

⁸⁷Vancouver Sun, 4 Nov. 1974

⁸⁸See Chapter 5 Part II, for a fuller discussion of the work of the IJC

⁸⁹Ostry, (4:7) session 1974.

The results as published showed the Canadian surplus in 1970 to have been considerably less than had been understood in Washington, although more than Ottawa had calculated. The continuation of the reconciliation procedure and its extension to the balance of payments area will ensure that in future when negotiators sit down across the table, there will be fewer disputes over the statistical facts.

The Committee considers that the recourse to common fact finding has made a notable contribution to the bilateral bargaining process. It is particularly suited to trade and financial statistics, but can perhaps be applied in other areas as well, as has already been suggested.⁹⁰

c) Negotiating Publicly or Privately

One of the perennially-debated questions regarding the negotiation of disputes with the United States has been how much of it should be done in public. Bureaucrats have generally held the opinion that Canada does better with the United States when issues are handled through traditional diplomatic channels. Other observers, proponents of the 'squeaky wheel' tactic, consider that Canada should be wary of dealing with the United States in private because it may not be able to resist American pressures to conform with U.S. policies. For its own protection, spokesmen of this approach argue, Canada should always publicly confront the United States. The argument began when the Merchant-Heeney report of 1965 declared that

"whenever possible, divergent views between the two governments should be expressed and if possible resolved in private, through diplomatic channels."⁹¹

Clearly there are times when any government must, for domestic or moral reasons, speak out and explain its position to its own public on a controversial issue. This action may of course have the additional value of gaining the attention of the American decision-makers. But such action cannot be used too often without affecting the spirit of subsequent bilateral negotiations. Canada would soon be accused of bargaining in bad faith. Professor Peyton Lyon pointed out that if such a course were to be followed frequently,

"the effect wears off and we get the reputation of simply being a tiresome nag. It could even be that we would get the reputation for building up issues. —and the effectiveness of our representations in Washington would be greatly diminished."⁹²

The opportunity for "going public" remains a threat, although one which can be used only once. The public confrontation technique also tends to make the give-and-take of bargaining more difficult with far less flexibility in positions. Professor Lyon

⁹⁰See page 46

⁹¹"Principles For Partnership" p. 32.

⁹²Lyon, (9:8)

observed that it is often to Canada's advantage to negotiate discreetly. "It is a lot easier to make concessions in private, especially if you are the president of a big and proud country."⁹³

The Committee noted the point made by the Hon. Jean-Luc Pepin that there was a growing difficulty in maintaining controversial, discreet negotiations because ministers were increasingly involved in high-profile disputes and "when politicians are involved it is almost impossible for them to operate in secret."⁹⁴

The Committee finds little credence for the idea that the practice of quiet diplomacy has worked against Canada's best interests. As Mr. Dupuy made clear, the fact that the air transport negotiations were held in private did not mean there was not tough bargaining resulting in success on Canada's part. Discussing the process, in that context, he said

"... while we speak of quiet diplomacy, these negotiations were hard. We had some very difficult moments. I once went to Washington prepared to stay for fifteen days with a delegation of eighteen people... we had to return to Ottawa after twenty-four hours... This was a chess game but the reality of our economic relationship with the United States is tough, based on hard economic facts."⁹⁵

It is the Committee's opinion that while occasionally it might prove beneficial to publicize a controversy, better results are more likely to be achieved in the normal give-and-take of private bilateral bargaining sessions. Public confrontation as a Canadian negotiating tool with the Americans would very quickly become counter-productive.

The Committee considers that to guard against public suspicion, all relevant details of formal agreements reached with the United States should be made public as soon as possible so as to permit public examination and parliamentary debate if necessary.

3. Arbitration or Judicial Settlement

During the hearings, an American witness, Mr. Rufus Smith, raised the question of the use of arbitration as another technique to settle difficult disputes between the two countries. He suggested that there were some problems which were becoming urgent, where discussions and negotiations had not resolved anything and where both sides had taken rigid positions. He referred specifically to the problem of delineation of the sea boundaries between the two countries off the east and west coasts. He observed,

⁹³Ibid

⁹⁴Pepin, (11:8)

⁹⁵Dupuy, (3:30, 31)

“... perhaps the time has come, where problems of this sort are concerned, for the two countries to resort to arbitration . . . It seems to me that it is a sensible and civilized way to solve a problem which can be very difficult politically for both countries.”⁹⁶

It may not be common knowledge that not one of the four salt water projections of the Canada-United States boundaries, on the Atlantic, Pacific and Arctic coasts, has been resolved. Potential disputes over these demarcations could involve the fisheries and oil resources of vast continental shelf areas. One has only to think of how difficult the division of the North Sea area would have been, had it not been settled before oil was discovered there, to appreciate the dimensions of the Canadian-American problem.

In 1973 the United States government suggested to Canada in diplomatic correspondence that the two countries should conclude a treaty, submitting to arbitration two small territorial disputes. These involved, on the east coast, Machias Seal Island and North Rock Island in the Gulf of Maine and, on the west coast, the A-B line connecting Cape Muzon, Alaska with the entrance to the Portland Channel separating Alaska from British Columbia. The urgency arises particularly in connection with the east coast where both countries have a keen interest in the resources of the continental shelf as well as in adjacent fishing areas. Canada has been unwilling to agree to the proposal for arbitration, but very little is known in the public realm about the dispute except that the United States has implicitly claimed ownership of Machias Seal Island, while Canada has for many years maintained a manned lighthouse on the island and claims both ownership and sovereignty.

The Committee recognizes that there is a feeling of mistrust in Canada for the arbitration process, probably based on the fact that some early awards and most notably the Alaskan Boundary Award of 1903 were very favourable to the United States at Canada's expense. Perhaps because of this there have been only three disputes between the two countries referred to an international arbitration tribunal since 1930, namely, the “I'm Alone” case of 1932, the Trail Smelter case of 1935, and the Gut Dam arbitration of the 1960's. Yet an expert in international law from Dalhousie University, Dr. R. St. J. Macdonald, told the Committee that

“from a Canadian point of view, the arbitration experience has been a positive one. A number of politically irksome and technically difficult problems have been settled in an orderly and generally satisfactory manner. The method of arbitration has well served the cause of good relations between Canada and the United States.”⁹⁷

In respect of the particular case of Machias Seal Island, the Committee found it virtually impossible, due to a lack of public information regarding the details of the Canadian and American claims, to judge whether arbitration is called for or not. When the facts are made public there should be a full discussion of it by Canadian lawyers, by the Canadian Bar Association and by legal academics. Neither the

⁹⁶R. Smith (5:7)

⁹⁷R. St. J. Macdonald, (12:5)

Committee nor the witness were able to understand the necessity for secrecy in this case. There is no obvious reason why the public should not know the facts of the dispute. If the negotiating stage in the Machias Seal Island case is indeed exhausted, and the Committee cannot secure the facts to make this judgment, **the government should consider Dr. Macdonald's suggestion that an independent rapporteur should be appointed to clarify the facts, list the claims and report back to the two parties. It may be that this particular case is a case for arbitration. Inevitably these problems must be faced, they are not going to go away. The Committee considers that if these issues are left unresolved much longer they could seriously damage the future of Canadian-American relations.**

While there is an understandable reluctance by government to agree to an arbitration or judicial settlement procedure which has the effect of limiting national options and which might require the surrender or at least the delegation of sovereignty to an impartial body, there are situations in which this may be the only practicable solution. In some disputes, local feelings could run so high that any government might find bilateral negotiating, with its inevitable concessions, a political impossibility. A ruling by an independent tribunal might be a far more acceptable solution than bilateral bargaining to those locally involved. However, the Committee can understand why a government would not wish to commit itself to a comprehensive arbitration process intended to settle every outstanding problem. To keep its options open, the Canadian Government would undoubtedly prefer to make individual judgments as to which disputes should be referred to arbitration.

The Committee concludes that the government should look very seriously at the idea of using the arbitration process or the judicial settlement technique in certain disputes. When all the facts in a given dispute are known and when no further meaningful negotiation seems possible, it is the Committee's opinion that the wisest course might be to go to arbitration or judicial settlement.

Possible Arbitral Machinery

The Committee heard testimony concerning the various mechanisms which could be used in settling disputes by an impartial tribunal. It considers they are worth setting out in the event the arbitral process is used.

Three possibilities emerged:

- a) an 'ad hoc' arbitral tribunal which could consist of several, perhaps three, individuals or a single person, chosen jointly by the two governments;
- b) the regional chamber of the International Court of Justice—a system as yet unused, but for which there is now provision. It could sit in North America and the parties involved would be consulted on its composition; or

c) the International Joint Commission as an arbitral board under Article X. As this process would require a two-thirds vote of the United States Senate, it may be only a remote possibility.

It was clear from Dr. Macdonald's testimony that there were advantages and disadvantages to both a) and b). However the Committee noted the strong case that Dr. Macdonald made for using the regional chambers of the International Court of Justice in certain cases. He explained,

"It is important, I believe, that we in Canada understand fully that it is possible now to use regional chambers of the Court. . . . The power to form chambers consisting of three or more judges for dealing with particular categories of cases is expressly recognized by the statute of the court. The parties are free to recognize that their dispute be heard and determined by a chamber rather than by the full court itself, but any judgment given by a chamber is considered to be a judgment of the court. The chamber system has never been used. . . . Under the new rules adopted in 1972, the parties will be consulted about the composition of an *ad hoc* chamber to deal with a particular dispute. It would be possible therefore, for the parties to a regional chamber—for example Canada and the United States—to choose judges from outside the region, if that was thought to be desirable. In short the system has become sufficiently flexible to permit of an *ad hoc* chamber of the court in theory but an arbitral tribunal in practice."⁹⁸

The Committee agrees that Canada should support the International Court of Justice and "the best way to support the court is to use it."⁹⁹ **The Committee concludes that if the government turns to arbitration in the near future, it should give serious consideration to the regional chamber of the International Court of Justice.**

4. Bridging the Information Gap

(a) The Need to Explain

"Good Canadian-American relations depend ultimately on American knowledge and understanding of Canada"¹⁰⁰

Witnesses before the Committee agreed that the widespread lack of understanding and information about Canada in the United States has aggravated problems between the two countries. It is only when Canadian actions appear to be "anti-American" that the generality of United States citizens becomes aware that Canada is a separate nation with independent and sometimes contrary views. When this happened, the American reaction has often been one of surprise, resentment and bewilderment. The United States for example found it difficult to understand why Canada allowed American deserters and draft dodgers into this country. Such things as the oil export tax, higher gas prices, the cable advertisement deletion policy, the *Time* and *Reader's Digest* case, and the foreign investment legislation have caused

⁹⁸R. St. J. Macdonald, (12:7)

⁹⁹Ibid, (12:9)

¹⁰⁰Dr. Claude Bissell as quoted by R. O'Hagan (14:8)

shock and resentment among many Americans, adverse comment in the United States media and strong protests in Congress.

In many cases this has been compounded by an abundance of misinformation and misunderstanding. Americans often assume that they know Canada well, thinking that after all it is not really different from their own country. Even among influential opinion-makers there remains a resistance to the idea that Canadian interests may not always match those of the United States.

As an increasing number of Canadian policies are now having an impact on the United States, a new challenge is facing the Canadian government. Previously one of the important functions of the Department of External Affairs and the Canadian Embassy in the United States was to try to counter American measures which could have a negative impact on Canada. Now a major task is to try to explain and gain understanding for Canadian policies or actions which might be regarded as inimical to United States interests. The challenge, in the words of the Secretary of State for External Affairs, is one of public diplomacy—to explain to the American people “what Canada is, where it is going and why”.¹⁰¹ It is, the Committee realizes, an enormous task.

How should the government respond? How best can it present Canada’s policies to the American people? To whom should its programmes be directed? the media? the Administration’s policy-makers? Congress? businessmen? the intellectual leaders? students as future leaders? the general public? How should the resources be allocated? Should there be more or less emphasis on speeches by Embassy and consular staff? on publications? TV? radio? academic relations? visits and cultural support? Should the work be concentrated in Washington, New York and a few large centres or should it be activated across the United States?

(b) The Initial Response

The Committee has heard evidence related to the various aspects of the Canadian information programme in the United States. With the “New Look” programme launched in 1973, some progress has been made. The government has identified the problem and put the component parts into operation. For instance, a new emphasis placed on the information work of the consulates allows the hiring of talented and experienced local personnel to help get factual information to the local and regional media and opinion-makers. The considerable increase in time spent by the Ambassador in travelling across the United States meeting newspaper editors, giving speeches, press conferences and radio and television interviews has meant a reaching of previously untouched audiences. The stepped-up Canadian studies programme in conjunction with U.S. universities and colleges will help build a better basis for future American understanding and awareness of Canada. The intensified

¹⁰¹MacEachen, (16:8)

publications programme has won many plaudits from informed Americans especially the quality magazine *Canada To-day/d'aujourd'hui* which is being mailed without charge to 44,000 selected opinion-makers and distributed through the 15 consular posts within the United States. There is also the cultivation of the world's busiest press corps, an uphill job in competition not only with American news but the intensive efforts of other nations of the world many of which spend large amounts of money for the specialized services of professional U.S. public relations and "lobby" specialists. Through its visitors programme, Canada now brings influential media executives, selected academics, White House fellows, federal executives, Congressional fellows and some students to Canada and arranges programmes to match their interests. The Department of External Affairs supports an impressive privately organized programme to bring influential members of Congress to Canada to examine Canadian experience in matters of interest to them as American legislators.

In total, in 1974 the federal government spent \$2.3 million on information work, cultural relations and academic relations programmes in the United States, an increase of \$400,000 from the previous year. Altogether, the stepped-up programme and the increased budget represent a start, but it is still only a start. *Much* more needs to be done to fill this urgent need. As Mr. R. O'Hagan, the senior official in charge of information at the Canadian Embassy stated;

"We must constantly search out opportunities to sell ourselves and to tell our story frankly and persuasively. In doing so we must press against the boundaries of convention and creativity."¹⁰²

(c) Academic Relations

In the field of academic relations, there is still only a handful out of approximately 1500 American colleges and universities which offer substantial Canadian studies.¹⁰³ The major benefits of the academic relations programme are no doubt in the future when to-day's students become tomorrow's leaders. But they are also in the present. As the former Ambassador Mr. Cadieux explained to the Committee, he found that in visiting American regions and cities which had a Canadian academic

¹⁰²O'Hagan, (14:10)

¹⁰³American Universities and Colleges with Canadian studies programmes are: University of Maine, courses offered both at the Orono campus and the Fort Kent campus, Maine; University of Vermont, Burlington, Vermont; North Adams State College and Bridgewater State College of the Massachusetts State College system; St. Lawrence University, Canton, New York; Plattsburg campus of the New York State University system (There are quite a few courses offered at other campuses under the N.Y. State university system); University of Rochester, Rochester, New York; Syracuse University, Syracuse, New York; Centre for Canadian Studies, School of Advanced International Studies, Johns Hopkins University, Washington, D.C.; Duke University, Durham, North Carolina; Western Washington State College, Cheney, Washington; Northwestern University, Evanston, Illinois; Michigan State University, Lansing, Michigan; Yale, New Haven, Connecticut; New Jersey State College, New Jersey. These are universities or colleges which offer a structured programme of Canadian studies usually across several disciplines. There are numerous others with several courses or partial courses or a faculty member involved in Canadian studies which are not judged significant enough for this list. Although Harvard has a chair for Canadian studies it has been vacant for a number of years and there is no Canadian studies programme offered.

study programme, the atmosphere was noticeably more receptive and interested and contacts were easier between the consulate, the local media and the academic world.¹⁰⁴

The Committee was told that other countries put considerably more emphasis on this type of information activity. Canada's budget for academic relations is much too small. The main emphasis is on the stimulation of interest at colleges and institutions through the inauguration of Canadian studies programmes but the only incentives available are offers of some books, films, and speakers and, on occasion, the organization of seminars and conferences. In 1975, in addition, \$50,000 was granted to the Centre of Canadian Studies at the School of Advanced International Studies at Johns Hopkins University in Washington, D.C. Compare this with Japan which, as the Ambassador pointed out, has recently endowed a \$10 million foundation to assist academic programmes and faculty in establishing and maintaining Japanese study programmes in U.S. universities.¹⁰⁵ Canada has no less at stake than Japan in the United States. **The Committee urges that Canada expand dramatically its academic relations programme in the United States.**

(d) The Consulates' Role In Information Activities

The Canadian consulates throughout the United States can play an important role in information activities in the United States. Outside of Washington and New York, local newspapers are much more likely to cover Canadian-oriented events and speeches if they have local sources of information. Consular officers have good opportunities to talk to local business, and professional groups of all sorts. It is important to get accurate information quickly to the media to explain the background of Canadian policy and action.

The Committee recommends that information activities by the consulates should be increasingly emphasized and expanded. Yet for the consuls across the United States this poses problems. Removed from the sources of policy-making, they are dependent on Washington and Ottawa for information on up-to-date policy developments, interpretation and material. Mr. Ray Anderson, the Canadian Consul General in Seattle told the Committee that when Canada takes an action which is unpopular or not understood in his area,

“our problem has become one of getting this information to them as quickly as possible so that when the headlines hit, then over you get to the media, to the people who are making the pronouncements, the people they listen to, so that they have this background information . . . you have to give them the facts so they will understand.”¹⁰⁶

As referred to earlier in this report, the consulates are severely hampered in getting up-to-date policy information by a lack of a confidential communications link with

¹⁰⁴Cadieux, (4:22)

¹⁰⁵Cadieux (4:7)

¹⁰⁶Anderson, (14:12)

the Embassy and Ottawa.¹⁰⁷ In the Committee's opinion this is an area of critical importance to the effectiveness of the Canadian explanation and persuasion role in the United States. It recognizes that the expense of installation of such a system would be heavy particularly since new office space and equipment and additional man-hours would be involved. The Committee believes, however, that the government should carefully consider undertaking some measures to increase the capacity of at least some consulates in this field.

One way to encourage consulates in their public speaking activities is to support them with a steady supply of source material and themes for speeches. While some progress has been made in the preparation of "speakers' notes", the newly enlarged consulate information staffs could, with the consul, make use of more up-to-date material of this sort. To this end, the Ottawa information staff or perhaps the embassy in Washington should be equipped with creative writers and policy analysts to keep abreast of relevant developments and prepare and distribute a flow of basic material to the consulates where it can be given local flavour and used as required.

(e) Help from Ministers, Parliamentarians and the Private Sector

Another technique for pursuing the goal of explaining Canadian viewpoints or new policy initiatives to Americans is increased speech-making in the United States by informed Canadians including Cabinet ministers. After the initial shock of the Nixon measures of August 1971 Canadian Cabinet ministers made a concerted effort to explain to selected American audiences why Canada felt it had been unjustly included and why it should not be forced to revalue its floating dollar or give unilateral trade concessions. Recently there has been a more deliberate programme by ministers speaking to businessmen, editors, bankers etc. to explain the 'third option' policy as well as recent energy and investment policies. The Hon. Jean-Luc Pepin told the Committee that he had found among United States business groups a disturbing interpretation of certain Canadian policies. He considered that, "we have obviously a lot of straightforward, friendly, calm explanations to give."¹⁰⁸

Although ministerial visits usually do not make headlines in the United States they are another direct method of putting across the Canadian viewpoint to American opinion-makers and leaders and of getting some feed-back from them as to their reactions or apprehensions about Canada. A Cabinet minister can usually be assured of a receptive audience; for example, the Minister of Finance could talk to business, the Minister of Energy to oilmen, the Minister of Agriculture to farmers, the Minister of Labour to a union convention.

The Committee heard testimony from the Secretary of State for External Affairs recounting his 1975 ministerial visits to New York and Boston to explain the

¹⁰⁷See page 24.

¹⁰⁸Pepin (11:14)

“third option” policy to key audiences. Mr. MacEachen stated he felt confident his visits had

“softened some of the shadows which may have arisen due to misunderstanding over certain government policies . . . These presentations bring an awareness of Canada to every region in the United States. These visits direct the increasing attention of important Americans to Canadian affairs by bringing spokesmen for our policies to their door.”¹⁰⁹

While this technique can assist in explaining Canada to Americans it could be dangerous if ministers use it for internal political purposes, that is, to gain domestic political support through extensive newspaper coverage by being abusive or highly critical of American positions. It could also prove useless or counter-productive if such a platform is used gratuitously by ministers to criticize the attitudes and policies of the other country. Ministerial speeches should be used to explain, and to clarify. They should not be used to take “cheap shots” at the Americans. Canadians need only think how resentful they would feel if the U.S. Secretary of Agriculture or of the Treasury were to come to Canada to talk to Canadian audiences in critical terms about a beef import quota or the foreign investment policy and commented critically on internal Canadian problems. There is an unfortunate tendency in Canada to view the United States with a double standard. Canadians seem to feel their ministers speaking in the United States can tell Americans what is wrong with their policies. They can say what they wish in the United States while they resent intensely an American speaking critically of Canadian policy particularly while in Canada. To ensure that the speaking opportunities for ministers are fully productive, a procedure might be applied under which ministerial speeches in the United States should be submitted to the Department of External Affairs for its observations.

The Committee considers that there is a definite need to continue the present government programme of having key ministers give speeches to selected American audiences explaining and seeking understanding for Canadian policies which have an impact on the United States.

In addition to ministers' information efforts in the United States, there are other sources from which help could and should be sought in making Americans more aware of Canada. Pointing to the many American associations or organizations which have their annual meetings in Canada, the Hon. Jean-Luc Pepin suggested that,

“Members of Parliament, Senators, distinguished back-benchers of the House should accept invitations to speak to them and even ask for them in order to express Canadian views.”¹¹⁰

The former Canadian Ambassador emphasized the importance of people-to-people contact involved in Canadians speaking in the United States. He mentioned the

¹⁰⁹MacEachen, (16:18)

¹¹⁰Pepin (11:13)

possibility of developing this technique at the university level, and of augmenting, in some manner, the Canadian clubs in the United States to help with the Canadian information programme.

In the private sector, a few groups are already making substantial contributions to educating and informing the United States about Canada. The Committee is aware particularly of the work of the Canadian-American Committee¹¹¹ in presenting and analyzing the facts of the relationship in its publications; the campaign organized by the Canadian Export Association to persuade U.S. businessmen that trade with Canada brings great benefits to both countries; the visits to the United States for Canadian businessmen organized by the Canadian Institute of International Affairs; and the furthering of Canadian studies in the United States by the Association for Canadian Studies in the United States. In addition there are a few leading businessmen who participate in binational meetings of associations and groupings and try to explain the Canadian perspective. Such institutions and individuals are performing a very important role, but as Mr. Pepin stated it is always the same businessmen who contributed "systematically and courageously" to this process.

The Committee concludes that there are a number of informed private sector Canadians and Parliamentarians who could participate more actively than they do in this important information and explanation process. From time to time the Department of External Affairs, through its embassy in Washington and its consulates in the United States receives requests for speakers from interested United States groups or associations. The Committee recommends that the Department attempt to promote opportunities for increased numbers of experienced and knowledgeable Canadians to take part in this programme. At the same time the Committee urges the private sector to respond more fully and positively in recognizing the opportunities and responsibilities involved.

(f) The Visitors' Programme

The visitors' programme appears to the Committee to be an area which could also be usefully expanded. As Mr. O'Hagan explained, this programme brings influential Americans to Canada. He stated

"One has no difficulty imagining the results that derive from a regular and larger flow of educators, business leaders, academics, artists, professionals of all disciplines, public administrators and, especially, political people at all levels."¹¹²

While such events as Expo and the Olympics help in drawing American recognition and visitors to Canada, groups of specialists can be offered carefully structured visits

¹¹¹A study group of business, labour, agricultural and professional leaders from both countries whose work is sponsored by two nonprofit research organizations—the National Planning Association in the United States and the C.D. Howe Research Institute in Canada.

¹¹²O'Hagan (14:10)

to present a more substantive Canadian image. Unfortunately, as the Director-General of Public Affairs in the Department of External Affairs told the Committee, the numbers which could be involved are limited by Canada's capacity to receive and look after this type of visitor.¹¹³ **Although the Committee considers that the quality of such a programme is more important than the quantity of visitors received, it recommends that the whole programme be expanded.**

(g) Stepped-Up Information Work with Congress

In line with the deep concern expressed earlier that the need for a much closer liaison with Congress was essential, the Committee is convinced that more attention should be paid to getting factual information about Canada to Capitol Hill. It recognizes that this is not an easy task. While the embassy publication *Canada Report*, which seeks to explain authoritatively controversial Canadian policies is a good effort, it is clearly inadequate for the job although it may be useful to some Congressional staff. A typical Congressman's mail basket like that of his Canadian counterpart overflows with an endless stream of brochures, press releases, booklets, promotional flyers, leaflets and pamphlets making it an awesome task to winnow through, even for the most discerning staff member or Congressman. For this reason, published material is of relatively little value if it is not read. Initial approaches to Congress have to be made on a person-to-person basis. Personal links have to be developed carefully over a considerable period of time so that when issues crop up that need direct explanations, a channel will be available to an important Committee, and interest developed in any supplementary written material.

The Committee is concerned that such contact is minimal at present. How much information work for example has the embassy done in Congress in putting across Canada's and Manitoba's opposition to the Garrison Diversion project in North Dakota? This is an area where the U.S. Bureau of Reclamations is busily bolstering its case for the project in Congress. But has Congress been getting the Canadian side of the story? The same question could be asked in respect of other border irritants such as Point Roberts or the Skagit flooding or Great Lakes pollution. If the federal government does not move in this area, the Committee foresees that the provinces, out of desperation, will. Such a multiplication of the Canadian voice could become very dangerous to Canada's international image.

Another case in point is the auto pact trade figures. While numerous outspoken Congressional leaders knew in 1972 that the balance of automotive trade had been in Canada's favour by \$230 million in 1971, how many Congressmen know that it was in the U.S. favour by \$1.3 billion in 1974? Has the embassy the facilities to put these figures across to the members of the Ways and Means Committee? Has the embassy the personnel and budget capacity to contact those Congressmen who are currently

¹¹³Reid, (14:6)

protesting Canadian cable advertising deletion regulations or Canadian oil and gas export prices and to present them with the Canadian side of the issue?

The Committee considers that a more vigorous government information programme with the Congress is a matter of prime importance and should be pursued in the context of a closer liaison in general with United States legislators.¹¹⁴

(h) Funding Canada's Information Programme

As pointed out earlier, the Canadian government spent \$2.3 million in 1974 on information programmes in the United States. This is dramatically less than other major trading nations such as members of the European Community, Japan or the U.S.S.R. spent in this regard.

The following is an example of what several Western European countries spend on a *per capita* basis in these areas as compared to Canada:

European countries—world wide—\$7.00 per capita;
Canada—world wide—.45 per capita.

European countries—U.S. only—.63 per capita;
Canada—U.S. only—.10 per capita.

The same comparisons, when related to gross trade figures, are even more startling.

European countries—world wide—\$1 per \$230 of trade;
Canada—world wide—\$1 per \$4800 of trade.

European countries—U.S. only—\$1 per \$200 of trade;
Canada—U.S. only—\$1 per \$18,000 of trade.¹¹⁵

The figures for Japan and the U.S.S.R. approximate those of the European countries.

It is true that Canada has certain advantages vis-à-vis the United States in terms of proximity and language and unlike Germany and Japan has not had to overcome the unfavourable image from the war years. Nevertheless, as the Committee heard repeatedly during its study, there is widespread unawareness, disinterest and misunderstanding of Canadian viewpoints and policies in the United States. *Much* more needs to be done by Canada to combat this. As Dr. Claude Bissell stated

¹¹⁴See section 6, pages 46-49 above.

¹¹⁵The above figures are approximate only and the figures for "European countries" are averages of three large members of the EC so as to respect confidential information.

in the words quoted at the beginning of this chapter, the climate of Canadian-American relations is directly related to American knowledge and understanding of Canada.

The Committee realizes fully that it is recommending very substantial increased government expenditures at a time of fiscal restraint, but it is here dealing in priorities not total expenditures. Surely no other country has as much at stake as Canada in protecting its relationship with the United States. As we have already pointed out Canada-United States trade both ways amounts to over \$42,000,000,000.00 annually. Even a small portion of this must not be placed in jeopardy for want of proper attention particularly now when Canada faces a balance of payments deficit approaching \$5,000,000,000.00 per year on a world basis. To repeat an old military maxim we must reinforce strength not weakness and reallocate federal government resources as productively as possible in this area.

The Committee therefore urges the Government to give the highest possible priority to its information, cultural and academic relations programmes in the United States. In order to implement this proposal the Committee recommends that a departmental task force be set up to assess the financial requirements and to decide how best to strengthen the programmes.

This report is the first in a series of reports by this Committee on Canada-United States relations. The next phase of the study will deal with Canadian Trade Relations with the United States.

SUMMARY

of

CONCLUSIONS AND RECOMMENDATIONS

of

VOL. I OF REPORT ON CANADA-UNITED STATES RELATIONS

“THE INSTITUTIONAL FRAMEWORK FOR THE RELATIONSHIP”

Part I

A. Introduction

This report, the first in a series examining various aspects of Canada-United States relations, **deals only with the institutional framework through which relations between the two countries are conducted.** While the report examines mainly government-to-government contacts, the Committee recognizes that the intensive interchange which takes place in the private sector is of enormous significance and constitutes one of the basic strengths of the relationship.

B. The Range and Scope of the Relationship

Geographical and historical forces have moulded the relationship between the two countries helping to create social and institutional parallels and an easy mingling across the border of the two peoples. In almost every field including trade, finance, investment, energy, labour, environment, defence and culture, the two nations have developed close ties which have brought with them a high degree of interdependence.

C. The Changing Concept of the Relationship

In recent years the Canadian-American relationship has undergone a change due partly to internal and partly to external factors. The result has been that Canada no longer seeks, and the United States is no longer willing to grant, special treatment or special exemptions to Canada. Nevertheless in the light of the close geographic ties, the affinities and easy mingling of the two peoples, the similar institutions, similar life-styles, the ease of communication and the extent of trade, there is no doubt that a “special”, in the sense of “unique”, relationship still exists between Canada and the United States.

D. Current Problems

The problem areas between the two countries are increasing both in number and complexity. Not all the complaints are on the Canadian side as many Canadians seem to think.

The Committee has listed some of these current problems. The list serves to illustrate the importance of the subject to which the present report addresses itself, namely, the mechanisms and channels by which Canada and the United States conduct their relationship. With such a range of complex issues to be dealt with continually by the two countries, it becomes of increasing importance to ensure that the best channel of communication is used and that the most effective technique for negotiation is employed and that there is careful co-ordination of approaches in different policy areas.

In recent years in Canada there has been a rising nationalist concern especially over American control of the economy. In the Committee's opinion there is a danger that a nationalist climate can affect, detrimentally, how Canada approaches some of the current problems between the two countries. **The Committee considers that the Canadian government must ensure that difficult bilateral problems are handled in as balanced and mature a fashion as possible. There should be a continual awareness by government of the danger of an over-response to nationalist sentiment in its decision-making. It should try to set a constructive tone conducive to co-operation and problem solving.**

Part II CHANNELS OF COMMUNICATION

1. Summit Contacts

Summit meetings between Canadian Prime Ministers and American Presidents are valuable symbolic demonstrations of the two countries' friendship. They should not be held too frequently nor should they be thought of as a mechanism for negotiation of serious bilateral problems demanding complex solutions. There are occasions however when summit meetings can break a stalemate which may have developed at lower levels.

In making speeches in each other's country, leaders should beware of appearing to tell the other country how to run its affairs.

No Canadian Prime Minister has ever addressed the U.S. Congress although heads of governments from many other countries have done so and American

Presidents usually address the Canadian Parliament. **The Committee urges the government to explore the possibility of a future address to Congress by a Canadian Prime Minister.**

2. Ministerial Contacts

There are risks as well as advantages in the increasing number of one-to-one contacts at the ministerial level between Washington and Ottawa. They can help speed up the decision-making process and cut through bureaucratic red tape but if personalities clash such contacts are better left to the official level. Ministers should be well-briefed, careful not to make commitments the government cannot honour and wary of losing sight of the broad dimensions of an issue through a specialized single department perspective.

In view of the importance of the Canada-United States relationship, a relationship which is in some respects of more importance to Canada than all its other external relations combined, **the Committee recommends to Cabinet that some mechanism be worked out to ensure that all Cabinet memoranda are assessed in the light of the effect, if any, policy proposals would have on Canadian relations with the United States.** This would help prevent an unintentional impact on the United States of Canadian domestic policies and promote the assessment of policies in terms of the broader implications for Canadian-American relations.

Joint Ministerial Committee meetings have in the past provided an antidote to departmental "tunnel vision" but unfortunately the value of these meetings diminished greatly as the structure grew more formal and rigid, as public anticipation compelled publicly announced solutions to complex problems and when it became increasingly difficult to assemble eight or ten busy U.S. Secretaries and Canadian Ministers together for two or three days. **The Committee has concluded with regret that this joint institution, in the structured form it has recently taken, serves no constructive purpose and may even be counter-productive in the conduct of relations between the two countries.**

3. Official-level Contacts

The principal Canadian institutional mechanisms for bilateral contacts at the official level are the Department of External Affairs, the Canadian Embassy in Washington and the Canadian Consulates scattered across the United States. There is also a multitude of regular contacts between officials of functional departments in the two capitals, as well as contact at multilateral conferences.

In order to achieve a broad focus on the relationship which is now lacking **the Committee suggests that the government explore the idea of joint meetings at the**

Canadian deputy minister—U.S. deputy secretary level. The meetings should be unstructured, informal and called on an 'ad hoc' basis whenever either side considers such a meeting might be useful.

The Committee emphasizes the need for effective policy co-ordination at the official level. It considers that there is no alternative to using the traditional channel, the Department of External Affairs, as the central co-ordinating mechanism, but there is also a responsibility on the part of the functional departments to assist in this process by keeping External Affairs fully informed on all aspects of their dealings with the United States.

4. Provincial Contacts or Involvement

The provinces are involved, directly or indirectly, in Canadian-American relations at three levels: through province-state contacts, via the federal government machinery with Washington and within the framework of an international conference where Canadian-American issues are being worked out. At the province-state level there is a multitude of administrative-type agreements, arrangements and understandings worked out across the border without the involvement of either federal government. Careful judgment should be exercised by provincial authorities in assessing whether the problem they are dealing with is likely to become an international issue, in which case the federal government should always be involved.

The Committee suggests that where there are extensive relations with a neighbouring state involving difficult problem areas, the provinces should consider assigning to a provincial government official the responsibility of overseeing the relationship. The provinces should keep the federal government informed of its administrative agreements, arrangements or understandings with American states, and of any official visits to the United States of provincial ministers or their senior officials.

The 'provincial interests officer' at the Canadian Embassy in Washington and the 'information flow system' which has been established to provide interested provinces with relevant information concerning United States' developments is a positive step forward in coping with the problem of provincial involvement in Canadian relations with the United States government. **The Committee suggests that the process might be improved if the Canadian Embassy officials responsible for provincial interests could spend some time in the capitals of interested provinces in order to become better acquainted with the provinces' perspectives and needs.** In the selected reporting which the embassy is doing for the provinces, more emphasis should be put on economic and commercial subjects and less on the traditional diplomatic reporting. **Federal civil servants from Ottawa should be commissioned to spend a period of time in provincial capitals, working if possible in offices concerned**

with intergovernmental affairs in order to be better able to understand provincial problems and perspectives in the foreign affairs field. A federal programme called *Interchange Canada* is already in place under which such an exchange could be worked out.

Inversely, provincial officials could gain a better understanding of the federal services available in Washington if they spent a week or two at the Canadian Embassy. When a province has a particular interest in a specific developing situation, a representative from that province should be assigned to the embassy staff on a temporary basis.

While there have been positive initiatives taken by the federal government to improve the consultation and co-ordination procedures by which the provinces have some input into foreign policy formulation, there are still gaps. Further refinement of the processes is needed. **The Committee considers that the federal government has the prime responsibility for developing suitable mechanisms to involve the provinces in consultation in respect to policies toward the United States where relevant to provincial interests. The Committee also believes that the provinces have a responsibility to equip themselves with a central contact point or channel of communication with which the federal authority can deal on foreign affairs matters.**

5. Special Joint Mechanisms

The Committee recognizes the undisputed successes of the International Joint Commission (IJC) over its almost 65 year history. In the face of more complex problems arising along the border, the Committee makes two recommendations to improve and broaden slightly the IJC's functioning. **The Committee recommends that the IJC should be given the authority on its own initiative to make preliminary examinations or assessments of potential pollution problems along the border in order to point out potential sources of trouble and to suggest to the two governments that a reference should be made.** This would, in effect, constitute a watching brief on environmental problems all along the border. At present the Commission must await a reference from the governments before making an investigation.

The Committee also recommends that the IJC should have extended power to publicize all its recommendations, as it already has in respect to its findings under the Great Lakes Water Quality Agreement. Commission recommendations can only be effective when they are adopted and carried out by the governments and agencies concerned. After submitting its recommendations, the IJC should be able to ask for explanations, when a suitable period has elapsed, as to why no action has been taken.

6. Legislative Channels

For a variety of reasons, the Canadian government has been reticent in developing an active programme of liaison with influential Congressional figures. The Committee learned that other major countries' governments feel much less constrained than Canada by the fact that their ambassadors are accredited to the Executive Branch. Canada may be overestimating the importance of this factor while underestimating the significance of the U.S. constitutional division of powers with the consequential strong role of Congress. Or it may consider that the U.S. State Department is always able and willing to interpret the Canadian position effectively to Congress, an assessment with which the Committee cannot agree. Whatever the reason, American witnesses before the Committee considered that the Canadian Embassy could develop a far more active programme of contacts with Congress in order to ensure that the Canadian point of view is understood.

Recently Congress attained significant new powers particularly in the economic field. It is asserting a vigorously independent attitude in foreign and trade policy matters. At the same time, American witnesses told the Committee that there is a great lack of awareness in Congress of the extent and depth of Canadian-American economic ties. Almost inadvertently, Congressional unawareness or misunderstanding of the Canadian position could cause severe economic or trade dislocations in Canada.

The Committee has concluded that Canada's contacts with Congress have been neglected for too long. The Committee urges the government to provide the embassy as soon as possible with the instructions and the means for a greatly expanded Congressional relations programme.

The Committee considers that no other inter-parliamentary link is nearly as important to Canada as the Canada-United States Inter-Parliamentary Group. **The Committee strongly urges the selection of delegates to the Canada-United States Inter-Parliamentary Group meetings who are carefully chosen as to individual areas of expertise and adequately briefed in order to put Canada's case in the most effective possible manner to American legislators.**

7. The Impact of Resolutions of Parliament

Quite apart from its legislative role, the Parliament of Canada can act in ways which may have an impact on Canadian relations with the United States. In recent years there have been a number of Parliamentary resolutions critical of American activities or policies passed by unanimous consent. The government, for a variety of reasons, was associated with each resolution. Because of differences in the two political systems and the fact that the Canadian system is not widely understood in the United States, there has been, on occasion, misunderstanding of the government's action by the American administration.

While the Committee has no criticism of Parliament for exercising its constitutional prerogative, it considers that it is important for the government, as distinct from Parliament, to consider carefully the effect of its action in such circumstances.

Part III TECHNIQUES FOR CONDUCTING RELATIONS

1. Advance Consultations

In the Committee's opinion it is in Canada's interest to be diligent in employing advance consultation and prior notification techniques with the United States so that a pattern is established and neither side will take each other by surprise.

2. Negotiating Techniques

As the more vulnerable member of the North American relationship, Canada needs to develop and utilize the most effective negotiating techniques possible in bargaining with the United States. The traditional preference for 'issue-by-issue' bargaining can no longer be rigidly adhered to as economic issues are becoming increasingly linked. Canada should continue to commit its highest quality negotiating teams to the bargaining process. In tough bargaining situations it is important to find the right tool or leverage to bring both sides into a give-and-take mutual-gain situation. In certain long-term bilateral arrangements, the inclusion of an automatic review provision after a certain period could be helpful in preventing the build-up of feeling on either side that it had the worst of the bargain. Occasionally unresolved bilateral issues can be successfully resolved at a multilateral forum. Overall, the interdependence of the two countries and the ability of either to cause serious economic harm to the other imposes a restraint on both sides in bilateral bargaining.

The Committee considers, where possible in a bilateral dispute, there should be a recourse to the common fact-finding technique similar to that which was used so successfully in the trade dispute of 1971 and 1972.

The Committee finds little basis for the notion that private rather than public negotiations have worked against Canada's interest. **While occasionally it may prove beneficial to publicize a controversy, better results are more likely to be achieved in the normal give-and-take of private bilateral bargaining sessions.** Public confrontation as a Canadian negotiating tool would very quickly become counter-productive. To guard against public suspicion, all relevant details of formal agreements with the United States should be made public as soon as possible to permit public examination and parliamentary debate if necessary.

3. Arbitration or Judicial Settlement

There may be certain issues between Canada and the United States where negotiations have reached an impasse but where resolution is imperative if the overall relationship is not to be damaged. Certain salt water boundary disputes could fall into this category. The Committee considers that in such cases, it might be helpful if the facts of the case were available to the public for open discussion by Canadian legal experts. Further it suggests that an independent rapporteur could be appointed to clarify the facts, list the claims and report back to the two parties. **Finally the Committee considers that the government then should consider very seriously if the arbitration process or judicial settlement would be the wisest course, rather than leaving potentially explosive issues unresolved.**

If the government turns to arbitration it should give serious consideration to the possibility of using the regional chamber system of the International Court of Justice.

4. Bridging the Information Gap

There is an urgent need to try to counter the widespread lack of understanding and information about Canada in the United States, and to explain the need for Canadian policies or actions which might be regarded as detrimental to American interests. A beginning in this difficult task has been made but only a beginning. *Much* more needs to be done.

The Committee urges that Canada expand dramatically its academic relations programme in the United States. The role of the consulates in information work should be increasingly emphasized and expanded. One method of putting Canada's case across in the United States is by means of public speaking by qualified Canadians. The Committee considers that Canadian ministers should continue their efforts to explain and gain understanding for Canadian policies to key American audiences. **In addition it considers that there are knowledgeable Canadians in the private sector and in Parliament who can contribute to this process. The Committee hopes that whenever possible the Department of External Affairs will seek to facilitate such speech-making activities. The visitors' programme of the Department of External Affairs which seeks to bring informed or influential Americans to Canada should be expanded.**

In line with its earlier recommendations for a closer liaison between the Canadian Embassy and Congress, **the Committee recommends that the government pursue a much more vigorous information programme with Congress in order to gain understanding from this important body for Canadian policies affecting the United States.**

As demonstrated by the startling figures developed by the Committee (see page 73), Canada spends dramatically less than other major trading nations in its information, cultural and academic programmes in the United States. No other country has as much at stake as Canada. **The Committee recommends that the government give a new and higher priority for the funding of the Canadian information programme in the United States.**

“Good Canadian-American relations depend ultimately on American knowledge and understanding of Canada.”

This report is the first in a series of reports by this Committee on Canada-United States relations. The next phase of the study will deal with Canadian Trade Relations with the United States.

As discussed by the working group, the Commission's report (1997) has provided a comprehensive overview of the current state of the Canadian economy and the challenges it faces. The Commission has identified several key areas for reform, including the need to improve the efficiency of the public sector, to enhance the competitiveness of the private sector, and to address the issue of income distribution. The Commission's recommendations are based on a thorough analysis of the data and a consultation with a wide range of stakeholders. The Commission believes that these reforms are essential for the long-term economic growth and prosperity of Canada.

4. Bridging the Information Gap

The Commission recognizes that a major barrier to the implementation of its recommendations is the lack of information. Many Canadians are unaware of the Commission's findings and recommendations, and this lack of awareness is a significant obstacle to the success of the reforms. The Commission therefore proposes a comprehensive information strategy to bridge the information gap. This strategy includes a number of key elements: (1) a public information campaign to raise awareness of the Commission's work and findings; (2) the development of user-friendly materials that explain the Commission's recommendations in plain language; (3) the establishment of a network of information centers across the country to provide local support and assistance; and (4) the use of innovative communication technologies to reach a wider audience. The Commission believes that these measures are essential for ensuring that all Canadians have the information they need to understand the Commission's work and to participate in the reform process. The Commission will continue to work closely with the government and other stakeholders to ensure the successful implementation of its recommendations.

Appendix I

A Bicentennial Gift from Canada to the United States

The year 1976 is the 200th anniversary the United States of America. Canada will wish to offer the United States a gift to mark the occasion.

In the Committee's opinion, great care should be taken in the selection of Canada's gift. The occasion is a unique one. The Canadian bicentennial project should be a visible and enduring one which not only present but future generations of Americans will see and enjoy. A substantial amount of money should be set aside for the purpose. If it were a question of a Canadian pavilion in a World's Fair the cost to Canada for a notable display would be in the millions. By comparison, the bicentennial year project is considerably more important to Canada.

The Committee has heard testimony to the effect that the government undertook a cultural programme at the Kennedy Centre in Washington—a project which it has linked to the U.S. Bicentennial. It also understood that Canada would participate in the Centennial Parade of the Roses in Pasadena, California on January 1, 1976 and in the presentation at the East-West football game on January 3.

In themselves, such contributions and programmes are commendable. Large numbers of American television viewers watch the parade and the football game resulting in maximum exposure for the Canadian participation. None of these programmes, however, has a lasting commemorative value which is appropriate for such an occasion.

The Committee understands that Canada is preparing a book which highlights the interaction of the peoples of the two nations and that a Canadian grant to the Centre of Canadian Studies at the School of Advanced International Studies at Johns Hopkins University, Washington has been linked to the bicentennial year. The Committee is unaware, however, of what Canada's major presentation will be to mark this important anniversary.

The Committee recommends that the government give urgent consideration to this problem of an appropriate bicentennial gift to the United States. The Committee wishes to emphasize the desirability of a permanent and lasting quality to such a gift and the need to choose something which will stand as a visible and constant reminder of Canada to the people of the United States.

International Gift from Canada to the United States

The year 1976 is the 200th anniversary of the United States of America. Canada will mark this occasion with a gift to mark the occasion.

In the Committee's opinion, great care should be taken in the selection of Canada's gift. The occasion is a unique one. The Canadian international project should be a tribute and enduring one which not only honors but future generations of Americans will see and enjoy. A substantial amount of money should be set aside for the purpose. It is not a question of a Canadian paying for a World's Fair but the gift should be a lasting display which will be in the nation for comparison. The Committee has not yet reached a final decision on the matter.

The Committee has heard testimony to the effect that the government and a private organization in the United States have proposed a project which is similar to the U.S. Bicentennial. It also understood that Canada would participate in the Canadian Pavilion of the 1976 World's Fair in Toronto, Ontario, on January 1, 1976 and in the pavilion at the East-West World's Fair on January 1.

In addition, such exhibitions and programs are considerable large numbers of American television systems with the funds and the highest quality of programming for the Canadian television. There is also a program of exchange between the two countries which is appropriate in the context.

The Committee understands that Canada is preparing a book with a highlight on the occasion of the people of the two nations and that a Canadian grant to the Center for Language Studies at the School of Advanced International Studies at Johns Hopkins University, Washington has been made in the bicentennial year. The Committee is aware, however, of what Canada's major contribution will be to mark the important anniversary.

The Committee recommends that the government give support to the project as a significant international gift to the United States. The Committee also wishes to emphasize the desirability of a program and lasting display to mark the gift and the need to ensure meaningful gifts will stand as a tribute and enduring reminder of Canada to the people of the United States.

Appendix II

STANDING SENATE COMMITTEE ON FOREIGN AFFAIRS

(1974-1975)

<i>Issue Number</i>	<i>Date of Meeting</i>	<i>Witnesses Heard</i>
<i>(Second Session—Twenty-ninth Parliament (1974))</i>		
1	March 28/74	<i>Department of External Affairs—</i> Honourable Mitchell Sharp, Secretary of State for External Affairs; Mr. Keith MacLellan, Director of U.S.A. Division.
2	April 3/74	Mr. William Diebold, Jr., from the Council on Foreign Relations, New York, U.S.A.
<i>*In Camera</i>	May 1/74	Dr. Arthur J.R. Smith, President, Conference Board in Canada, Ottawa, Canada.
3	May 2/74	Professor Harry Johnson, Professor of Economics, University of Chicago, Chicago, U.S.A.
<i>**In Camera</i>	May 8/74	<i>Department of External Affairs—</i> Mr. Michel Dupuy and Mr. Ralph E. Collins, Assistant Under-Secretaries of the Department. <i>Department of Transport—</i> Mr. E. Butler, Senior Executive, Policy Planning and Major Projects; Mr. J.E. Seal, Policy Adviser, Atlantic Region; and Mr. A.R. Conboy, Director, Policy Implementation.
4	May 9/74	<i>Statistics Canada—</i> Dr. Sylvia Ostry, Chief Statistician of Canada; Mr. Jacob Ryten, Director External Trade Division; and Mr. E.B. Carty, Special Adviser on Balance of Payments.

**Dr. Smith's opening statement is printed as Appendix "B" to Issue #3 of the next session.*

***Portions of the testimony of the Departmental officials are printed as Appendix "A" to Issue #3 of the next session.*

Issue Date of
Number Meeting

Witnesses Heard

(First Session—Thirtieth Parliament (1974-1975))

- **In Camera* Nov. 7/74 Mr. Willis Armstrong, Washington, D.C., former Senior Official of the U.S.A. State Department, presently a consultant to United States Council of the International Chamber of Commerce.
- ***In Camera* Nov. 28/74 Mr. Robert B. Bryce, Ottawa, Canada, former Clerk of the Privy Council.
- 2 Dec. 5/74 Mr. Robert J. Schaetzel, Washington, D.C. former United States Ambassador.
- Note: Also included are Appendices "A" and "B"—the testimony of Messrs. Armstrong and Bryce respectively.*
- 3 Dec. 12/74 Mr. H. Ian Macdonald, Toronto, former Deputy Minister of the Department of the Treasury and Economics and Intergovernmental Affairs of the Province of Ontario.
- Note: Also included are Appendices "A" and "B"—portions of the testimony presented during the past session of Parliament by Senior Departmental Officials and by Dr. Arthur Smith, respectively.*
- 4 Jan. 23/75 Mr. Marcel Cadieux, Washington, D.C. Canadian Ambassador to the United States.
- 5 Feb. 4/75 Mr. Rufus Smith, Washington, D.C., former Deputy Assistant Secretary in charge of Canadian Affairs Bureau, U.S. Department of State.
- 6 Feb. 18/75 Professor Maxwell Cohen, Ottawa, Canada, Canadian Chairman of the International Joint Commission; and Mr. Lloyd MacCallum, Legal Adviser to the Commission.
- 7 Feb. 20/75 Honourable Richard B. Hatfield, Premier of New Brunswick; and Governor Kenneth Curtis, former Governor of the State of Maine, U.S.A.
- 8 Mar. 4/75 Honourable Jack Davis, Vancouver, B.C., former Minister of Fisheries and of the Environment.
- 9 Mar. 6/75 Professor Peyton Lyon, Professor of Political Science and International Affairs, Carleton University, Ottawa.

*See Appendix "A", Issue #2

**See Appendix "B", Issue #2

- 10 Mar. 18/75 Professor George Francis, University of Waterloo, Ontario; and Professor Leonard B. Dworsky, Cornell University, New York State.
- 11 Mar. 25/75 Honourable Jean-Luc Pepin, Ottawa, Canada, former Minister of Industry, Trade and Commerce.
- 12 Apr. 29/75 Professor Ronald St.J. Macdonald, Dean of Faculty of Law, Dalhousie University, Halifax, Nova Scotia.
- 13 May 13/75 Dr. Gerard Rutan, Director, Canadian and American Studies Program, Western Washington State College, State of Washington, U.S.A.; and Dr. Walter Young, Chairman, Department of Political Science, University of Victoria, British Columbia.
- 14 May 15/75 *Department of External Affairs—*
 Mr. Patrick Reid, Director General, Bureau of Public Affairs;
 Mr. L.R. O'Hagan, Minister-Counsellor (Information) Canadian Embassy at Washington, D.C.;
 Mr. R.C. Anderson, Consul General of Canada, Seattle, State of Washington, U.S.A.; and
 Mr. Allan Roger, Director of Information Division.
- 15 May 22/75 Mr. Alan Hockin, Toronto, Vice-President of Toronto-Dominion Bank; and
 Dr. David Abshire, Washington, D.C., Chairman, Center for Strategic and International Studies.
- 16 June 10/75 *Department of External Affairs—*
 Honourable Allan J. MacEachen, Secretary of State for External Affairs;
 Mr. Basil Robinson, Under-Secretary; and
 Mr. Glen Shortliffe, Director, United States Division.
- 17 June 25/75 Ambassador Rodney De C. Grey, Head of the Canadian Delegation to the GATT (*General Agreement on Tariffs and Trade*)









