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PUBLIC AFFAIRS DIVISION
Canadian Embassy
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PROGRAMME OF SPEAKERS

Tuesday, September 29, 1981
Mr. Wingate Lloyd
Foreign Affairs Officer-Canada Desk
U.S. Department of State

Thursday, October 1, 1981
Mr. Edward Neff
Senior Legislative Counsel
for
Senator Max Baucus

Thursday, October 8, 1981
Mr. Carl Mollins
Washington Correspondent
Canadian Press

Thursday, October 15, 1981
Mr. James Harlick
Congressional Relations Officer
Canadian Embassy, Washington, D.C.
accompanied by
Mr. Brian Dickson
Executive Assistant to the Ambassador

Thursday, October 22, 1981
Mr. Robert Joyce
Executive Director - International Monetary Fund
Washington, D.C.

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AN IMPORTANT NOTE OF CAUTION

The following presentations were made in the Fall of 1981 as part of an in-house seminar for the staff of the Public Affairs Division of the Canadian Embassy, Washington, D.C. Each participant was advised in advance that he would have approximately twenty minutes to talk about his work and comment upon Canada/U.S. relations.

He was likewise told that his remarks would be taped, transcribed and distributed for "in-house" use only. A question and answer period followed each presentation, but was not taped.

Please respect the "in-house" provision and note that no attempt was made to edit from oral to written English usage.

Tuesday, September 29, 1981

Mr. Wingate Lloyd
Foreign Affairs Officer - Canada Desk
U.S. Department of State

It's a great pleasure to be here. I look forward to this opportunity to talk to all of you and exchange with you some of the ideas that we have. What I would propose to do is to talk a little bit about organization and how the U.S. government is organized to handle U.S./Canadian affairs and then say a word about public diplomacy. I fear that you know a great deal more about it than I do. I have a lot to learn from you on that score.

On the organizational side, what I would like to do is to describe a little bit of how the State Department is set up, how the office in which I serve operates in the structure of the State Department, and then speak for a moment about the inter-agency process, as we call it, of decision making, of policy making. The Department of State, I think you all know, is sort of the hierarchy that is there with a Secretary and a Deputy Secretary and then four Under-Secretaries under them, and then a whole lot of Assistant Secretaries. That's sort of the third level down. It's at that third level that most of the day to day work is done and the bureaus, as they are called, which are headed by Assistant Secretaries or people of that rank, are organized quite the way External Affairs is, into two separate points of view, what we would call geographic bureaus, that is the bureau that is in charge of Latin American affairs no matter what and functional bureaus, that is the bureau that is charged with political/military affairs, world-wide. And on any particular issue in effect you have a double vector, you have two people who are interested in it, both the bureau that works on that issue world-wide and the bureau that deals with the country involved. I think that the most exciting and the best jobs that there are in the State Department are the jobs in the geographic bureaus because only there do you really see what goes on from every respect concerning a particular country or group of countries.

So we find with reference to U.S./Canadian relations that an issue involving let us say energy policy, is dealt with by the Bureau of Economics and Business Affairs and is also dealt with by the bureau which houses Canadian Affairs. I put it that way because I am sure that I think many people who look at U.S./Canadian relations are puzzled often when they come to my door and see that it says Bureau of

European Affairs, Office of Canadian Affairs, and some people say, "haven't you heard?" and "are we the first to bring the news?" and that sort of thing, well I am accustomed to that now and we have sort of an explanation, but let me try and make the explanation to you and I would be interested in any comments you would have.

It's the best of a number of alternatives that have been suggested and are brought up from time to time. In fact there are a couple of Bills on the Hill right now to move the office of Canadian Affairs to another bureau. But our relations, the relations between our two countries are unique. They're not like our relations with Japan, or our relations with France, or our relations with Malaysia. They are unique. It's, as a result, very difficult to find a pigeon-hole. However, a substantial part of the relationship deals with North Atlantic affairs. It deals with NATO, it deals with the OECD, it deals with a common approach to world affairs in the Middle East, in Southwest Asia, in Latin America, in Africa and in all of those regions we work together in the way that the United States works with others of its very closest allies which are generally in the North Atlantic group. As a result, we find that the best place to deal with Canadian affairs is in the European Bureau and, notwithstanding the barbs and jibes of callers who come by, it does seem to work out very well. It also means, and you will appreciate this as government employees yourself, that when a big decision has to be made, when you have an important question involving Canada, it's certainly best to have your biggest battleship, your best man there and the man who goes to see the Secretary of State, or the man who goes to see the President about this is the same man who saw the Secretary of State or the President the day before on Soviet affairs, or German, or French, or British affairs, and all of that means that our relationship is best served, I think, through this way of operating. I've told you a little bit then about how you have both a geographic outlook within the State Department, and a functional outlook. You have bureaus that deal with political/military affairs, with oceans, environment and science. A number of different world-wide functional concerns and their issues are cut across by a desk or an office that deals with, as I say, one country from every point of view.

Now let me talk for a moment about our own office, the Office of Canadian Affairs. We have eight people in all - five professionals and three support staff members. The professionals are organized into particular functional concerns. One person deals with environment and, I think that having seen the ashtray full of "Stop Acid Rain" buttons as I came in, I know that you are all up to speed on that, so I don't have to go into that issue in any detail. But I can tell you that he is a very busy man. You're all doing your job. He actually works on freshwater environment. When it comes to Eastport and things like that we have another fellow who works fish and Saltwater Environment, but the man who works with environment deals particularly with our bureau in the State Department on Oceans, Environment and Scientific Affairs, but spends a good deal of his time dealing with EPA, OMB, Department of Energy and a whole range of agencies around Washington. We have another officer who deals with Fisheries and Energy and he's a very busy fellow also, as you can imagine. The Fisheries side seems to have quieted down for the time being, but certainly the Energy side has not. He also deals with boundary questions in the four places where our two countries have a common boundary. A third officer deals with other economic issues, that would be Trade, Investment, Transportation, that kind of thing. My deputy has particular responsibility for Defence affairs and political issues. We don't have a lot of political business unless you say that it's all political, so it's hard to separate that out. In some cases a desk will have a Political Officer who deals only with political work, but a great deal of our work cuts across economic and political and many other disciplines. And I try and do as little as I can, dealing with all of these different things.

Let me turn now to the third area of the organizational picture. How does the inter-agency system work? One of the many unique aspects of U.S./Canadian relations is that so much of our relationship is based on the common boundary. As I've told people who have come to see me and asked about Canada and about our relationship, people who are skilled and are aware of international affairs and are often college professors and the like. Much of our relationship is simply the result of that common line between us. Because, when you think of the areas of energy and of fishing and boundaries

and transportation and trade and environment, all of those (and defence), all of those are linked to the boundary. Those are not common issues for France and Japan, or for Indonesia and Denmark. These are just issues that are born of our common boundary. So, the result is that in dealing with the U.S./Canadian relationship you have a great many American departments that deal principally with domestic American issues. You have the Interior Department, and when they send someone up to Canada to give a little speech and I get wind of it and call them up and say we would like to hear about it you know, we are over here in the State Department. They say, "oh yes. It's so near you know." Well, I know that this is something you deal with too. It's so near! It's easier to go from Washington up to Canada for the day to give a speech than it is to go from here to Des Moines and give a speech. So we're constantly trying to remind our colleagues in departments of government which deal principally with domestic affairs that there is a foreign policy dimension to what they do. I think that this is a very substantial part of our work in trying to educate them and to ensure that we're "plugged in." Often these offices around town and the Department of Energy and different parts of the Department of the Interior, and different parts of the Environmental Protection Agency, are unaware of any other foreign country other than Canada, because they deal with America to the degree to which their operations impinge on other countries' business, it's always Canada. So there's a lot of U.S./Canadian expertise around town. I've often come into a meeting with twenty five people I've never seen before who are all quite familiar with their own aspect of Canadian/U.S. relations, who are highly skilled on the Alaska gas pipeline, for instance, and know a great deal about it. They don't know anything about acid rain or transportation or about any of these other issues, but in their own field they are highly skilled.

The inter-agency policy process in this administration is very much a collegial process without a very complex system of committees and sub-committees. However, going down from the senior groups which are sometimes chaired by the President, the Trade Policy Committee is one, the various cabinet councils on Trade and Investment, on Environment and

Natural Resources - I guess those are two that particularly impinge on our work, our common work - these councils are usually chaired by a cabinet officer and other cabinet officers sit on the councils and are sometimes represented by their deputies or people further down. The staff work is done by a committee which prepares a paper which is then more or less cleared around the government. Each agency has an input to these cabinet councils. The final decision is the President's. And a great many issues go to him for a final decision. I know you have occasion to read the press in Washington and I doubt if it's escaped you that there are occasional differences between cabinet officers in Washington and these differences have to be resolved by the President or by his authority by those around him, and the problem for us is, quite frankly, often to try and get attention focused on the issue. Actually we're much better off I think in this administration than in the past because the President, from the outset, put a high degree of priority on the relationship between Canada and the United States. His first foreign visit as President was to Canada. He has met with the Prime Minister four times in the eight months he has been President, and there's an educational process, you can appreciate, that takes place at those upper levels of government where they've got so many things on their minds. But just by dint of reading the endless papers that we prepare, they are getting educated and you don't have to tell them how many provinces there are and what the name of the Prime Minister is, or whatever. They know about these things and they say, "Oh yes. That's that issue and how about this other issue I heard about a couple of months ago? How's it coming?" And there's a whole lot of education that has already taken place which makes my job a lot easier. So the policy process is both formal and informal. Formal in the use of these cabinet councils and their subordinate committees and informal through a network of meetings between cabinet officers, most of whom in one way or another, deal with Canada. There seems to be a Canadian dimension to virtually every department around town. Each department has its own International Affairs office and we're supposed to work through that International Affairs office. In point of fact, we often work both through that office and sort of on the side, dealing directly with the expert involved in a particular issue preferring to have his expert opinion than to deal through an intermediary. This has to be done rather carefully as you can imagine.

Peoples' noses get out of joint if you don't go through proper channels. But, so much for the organizational side.

Let me just speak for a moment about public diplomacy which you do so well. As I came in I was speaking to George Elliott about Canada Today and looking at some of your extraordinarily good and very effective presentations here. I know people around town do read them, which I'm sure is of interest to all of you. They'll often say, "did you see the article about this and such" or "did you see the issue about a certain issue - about a certain problem?" and it is read in the government and it is read around town, and it is highly respected and, I think, a first rate job. I'm really very impressed with it. Public diplomacy is an adjunct I believe, to what is normally referred to as diplomacy, of people in striped pants and talking behind closed doors. But increasingly I think, with the explosion of information and the new technological advances that we have seen in recent decades, diplomacy can no longer be confined to private discussions behind closed doors. I think that we in particular, as two democracies, are obliged to keep our publics informed and our legislatures informed. If we don't they'll let us know about it. In other countries that isn't the case. They can't let us know about it. But certainly for us it is the case and I don't think that either Parliament or Congress would allow issues to be bottled up in private conversations. In addition, I think that there's another dimension of public diplomacy that is important. I think it's borne out in a number of examples, if you look back in history where the putting of an idea on the public record provides an extra dimension. It avoids a misunderstanding. It avoids two men alone, often not in our case but often speaking through an interpreter, who misunderstand each other or even two people speaking the same language sometimes misunderstand each other. A wink or a shrug or a word left out of a sentence and you come away with the wrong idea. We've all seen examples of that. By turning over these ideas in public I think you can assure that there is a greatly lessened possibility for a misunderstanding. I think, particularly in our relationship, misunderstanding of what we mean can magnify differences and cause real problems.

Well, let me stop there and I'd be happy to take any questions you like either on any of these issues or on anything else. But let me tell you how much I admire the work that is done in this section. The very frank and forthright material which is put out by this section, which I must say that if you compare it to the output of American ICA offices around the world, it's not as open and not as frank as yours. You can say things about your government that we can't say. Why did Trudeau lose the election? Personal antipathy toward the Prime Minister by a large part of the electorate? Well, we say this privately, but you say it openly and publicly and it's something that for one reason or another - a cultural difference or whatever - would not be something that an American ICA office would do regardless of what the facts might be or how true it might be from the standpoint of public perceptions.

Well, let me stop there. I'll take your questions.

Thursday, October 1, 1981

Mr. Edward Neff
Senior Legislative Counsel
for
Senator Max Baucus

I appreciate this opportunity to meet with you and chat a little bit about the Senate. It's a hard subject to talk about because some people characterize the Senate as a zoo and so it's always kind of hard to describe a zoo to anybody who's outside the cage. But, I thought maybe the best way to start would be to put it in perspective by telling you where the powers of a Senator come from, so that you can see how the powers flow down through the office, through the Senator and through the office, and then, perhaps a little more specifically how a Senate staffer operates and what he does and what kind of day he has up on the Hill; a typical day on the Hill. This might give you a flavour of the different pressures and things that occur.

First of all you have to understand our system of government. I think some of you may be Americans but most of you are Canadians; most of you know about our separation of powers. Well, it is a very definite separation of powers and the Senate is a body unto itself. It is even a body unto itself as compared to the House of Representatives. We have almost nothing to do with the House in an informal sense. We will deal with staff to exchange information, but we operate entirely independantly. We get legislation from them but once it's on our side of the House, that's it. It's our legislation and we do what we want with it and vice versa. So we are an independant body and we have independant powers.

Now, we are the legislative branch of government. Basically governments operate on the basis of passing laws and that, of course, is where the power lies. Now, being independent means you have a hundred Senators who have to divide that power to determine things. A hundred isn't terribly many and so I think you would have to say that the power of a Senator flows, at least in my view, from two main things: one is the unanimous consent requirement that exists in the Senate. Under Senate rules, Senate parliamentary procedure is very important, and I really think the heart of the power of an individual Senator is that everything in the Senate is done by unanimous consent. Any Senator who wants to block legislation can block any procedural move. If you read the Congressional Record you will always hear the call for unanimous consent. Now, obviously 99% of the time unanimous consent is just normally accepted and the business of the Senate continues. But the fact remains that one Senator, if he really wants to, can tie the place up

into knots and if he ties the Senate up into knots he can tie the whole government up into knots.

A very good example in just the last couple of days was the Debt Ceiling Limit. Senator Proxmire decided he wanted to raise an issue. He could have continued his filibuster if he had a couple of other Senators to help relieve him so he could take little naps, but if he'd had the willpower and the stamina he could have done it by himself. He could have kept that debate going past the midnight deadline and the whole government would have ground to a halt, simply because he was implementing his power, as a Senator, not to consent to the procedures continuing. So, as it was, he kept the Senate up all night long. He just decided he wanted to talk and the whole Senate had to keep going. That power used to be greater back in the old days of the filibuster. You could really kill major pieces of legislation by undertaking a filibuster. That has been somewhat modified. There are ways to shorten the debate now. It's a very complex procedure and needs an awful lot of work and manoeuvring among Senators. But the fact remains, particularly as a session comes to a close or approaches a deadline, that power becomes greater as Senators want to go home. As your calendar begins to jam up, people are more willing to concede points so that they can move onto the next item. So the ability to hold up legislation is quite substantial.

Another example was at the end of the Tax Debate. Those of you who were here in August might recall that Kennedy suddenly decided to move a final amendment to the Tax Bill; that was on a Friday, before the August recess was supposed to start. The air traffic controllers were supposed to start their strike on Monday and everybody wanted to go home Friday or Saturday. Kennedy went off to Hyannisport, refused to give his unanimous consent and the whole Senate had to stay over until Tuesday. Everything fell apart and it was a mess. Everybody eventually got home but still it showed how power existed.

The other power, of course, comes from the fact that there are not many Senators and there's obviously an enormous amount of work to be accomplished in the Senate. Everything, all legislation, obviously goes through the Senate. So you have Senators. My Senator for example, is unusual because he's on more than the average, but almost every Senator is on at least three committees. Each of those committees has an average of

eight, ten sub-committees and so each Senator will end up being on at least two, maybe three sub-committees, so a Senator might very well have three major committees and, within those three major sub-committees he will easily be on a total of nine sub-committees or maybe even more. Now, let me just take for example one committee we're on. He's on the Finance Committee. There are twenty members on that Finance Committee. They are always divided proportional to the strength of the party. The Republicans control it. So, I think it's eleven Republicans and nine Democrats on the committee. But, the fact remains that most legislation ends up being a little bit of a coalition. You'll always find some Republicans and some Democrats going back and forth, so every one of those twenty votes becomes very important and you often have eleven/nine votes or twelve/eight or something like that, so each vote within that committee becomes very important. Most legislation to reach the floor has to go through a committee. Now if you propose a piece of legislation, or you as a Senator propose legislation, obviously all of those are various ways of submitting legislation, it goes into that committee but if that committee does not approve it that chunk of legislation is in real trouble. It might still go to the floor but there's a better chance that it will never emerge. It'll just stay stuck in committee, so if you want your piece of legislation to emerge you have to get that majority of Senators to go along. That means that you need eleven Senators in the Finance Committee. There's always a couple of swing votes which means every vote is potentially a swing vote, so every Senator has the potential to really grind that legislation to a halt or to amend it, or he might say, "Well, I agree with it only under the condition that you accept my amendment, which is such and such." Then he will manoeuvre and see if he can get his eleven votes together or however many he needs. So, that ability to hold up legislation on the committees, the fact that Senators are in so many different areas and the fact that even if it's an issue that is not of their committee jurisdiction like, for example, Kennedy is not on the Finance Committee so taxes were not his daily work and when it came to the floor the power of unanimous consent gives Senators enormous power to amend legislation once it's even on the floor, or hold it up, or tie it back, or back it up, or what have you. So, that is basically, at least in my view, some of the reasons why a Senator has such an ability to manoeuvre such an important part of the cog of our legislative

and governing process.

Now the Senate has only 100 of the 535 members over on the House side so the power is more diffused there; they have substantially different rules. They do not have unanimous consent rules on the floor; they have strict time agreements and things like that so the power of a congressman is somewhat more contained. Committees are the main source of a Congressman's power, his committees and seniority are a lot more important as is his majority power. On the Senate side, because an individual Senator has power by himself, majority/minority status isn't as important, although we went through this process of going from a majority to a minority party just a little while ago, and you do lose power. The committee chairmanship changes and the committee chairman is the one who decides what legislation is going to come up; whether you can have hearings or not; what subjects you will pursue as a committee; he has to run that committee and that is substantial power. A Committee Chairman tries to accommodate Senators, but there are certainly plenty of times when a Senator will say, "Well, you know, I'd like to have a hearing on this," and the Committee Chairman can say, "Well, look, I just don't have the money for it," or "I don't think that's something we can take up this time," and it won't come up because the Committee Chairman doesn't want it to, unless the individual really wants to fight it.

So, you have 535 members of Congress, and that's including the House of 435 and we have one hundred. How do these different Senators and Congressmen work and how does that relate to the staff functions? That gets very hard to describe to be very honest with you, because basically you have 535 different fiefdoms. There are no rules, no law, no nothing as far as Senate staff or House staff are concerned. I'll focus more on Senate staff because it's not all that different, but I really can't get into too much detail on the House side, but as far as the Senate is concerned at least there you have a 100 different fiefdoms. We have no protection of labour unions, no nothing. We can be fired from one day to the next. We have no grievance procedures, we have no nothing. We are totally dependant upon the Senator. He is given a fixed budget and he can spend it any way he wants. If he wants to hire one person he cannot go over a maximum pay scale but he can give that maximum pay scale to that one person and return the rest to the Treasury if he wants, or spend it on travel or what have you. That's a little overboard, but basically there is a great deal of flexibility. He doesn't have to hire anybody if he

doesn't want to or he can hire 40 flunkies at \$5,000 a year if he wants to. There's nothing that says how he should do it or how he should organize his office, or who he should hire. He can be on the Environment Committee and hire nothing but developers or he can hire nothing but environmentalists, if he wants. Nothing is going to stop him from doing whatever he wants. And that individual is totally beholden to him. There is no protection or anything like that.

There are two different areas of employment in the Senate; at least two. There are some career types like in the Library of Congress. Your basic structure is your personal staff and your committee staff and they are quite separate entities, and yet even there there is a lot of intermingling. Personal staff is hired by the Senator to work in his personal office dealing with whatever he wants to deal with. Now, most Senators will hire personal staff and then divide their functions up pretty much according to what his committee assignments are, so that you will have a legislative assistant who will cover health problems, another will cover transportation, another will cover taxes and that sort of thing. Obviously you have an enormous number of things to cover. We have about seven or eight legislative assistants, and we'll have one covering appropriations, budget, transportation, housing. Another one will cover health, social security, debt limits and those sort of things. We have another that covers education, foreign affairs, well, I guess I sort of do most of the foreign affairs simply because of my background. But foreign affairs, defence, taxes, housing, I mean the whole realm has to be covered by somebody or other. Somebody has to know what the different committees are doing and advise the Senator on that particular legislation. Then he'll also have staff that have to do constituency work. That is an extremely important part of a Senator's occupation because that is, basically what (a lot of people say) keeps him elected. So he has to have good constituency services. Jesse Helms for example; I think he has probably one of the best constituency services around. We had a fellow from North Carolina telling us the other day, "A lot of North Carolinians just don't like his way of voting, but he is so good in his constituency services." You can call him up and tell him that your Aunt Tillie down in Clinton, North Carolina has a hangnail and twenty minutes later she'll get a nailclipper

from Jesse with a doctor's advice, or something like that. So, that becomes very important and everybody realizes that and we have six constituency service officers in the District. He can have one, he can have none, he can have six, he can have ten, he can do what he wants.

Every committee functions a little differently in terms of personnel. Max is on the Judiciary Committee and on the Finance Committee. Those are two of his committees. The Judiciary Committee gives him, well I don't know what the total amount is, but let's say roughly \$100,000 that is given to him to hire staff who are technically on the Judiciary Committee and they are the ones that do his Judiciary Committee. They are not his personal staff and yet, in effect, they really are because he has the right to hire them and fire them. They are responsible to him, but they show up on the sheets as Judiciary Committee people. The other committee, the Finance Committee, doesn't give us a cent for staff. They are entirely professional staff hired by the Chairman and we have to handle the Finance Committee jurisdictions out of our personal staff. So everything is a little bit different. Well, what does this mean? Alright, the Senator has so many pressures on him, so much time in so many different things because he is lobbied on everything. Anything that comes up before the Senate. You look at the Senate calendar and you can see all these things. What does that mean? That means that, fundamentally, he has to rely on his staff enormously. Now there's a lot of misunderstanding. People say staff are extremely powerful in the Senate. That is true and yet you have to remember that none of that is worth a hill of beans. There isn't one thing a Senate staff can do without that one man - without the Senator at some point saying yes or no or going along with it or endorsing it - and so on. So you have to ultimately be able to have the Senator's support in what you're doing and that obviously is his decision, so all of the power flows from that Senator. But, the problem is that he has such enormous pressures on his time that he has to rely enormously on Senate staff. For example, we're not on the Housing Committee. Housing is an important issue, there's a lot of legislation, there's a lot of money flowing. The State has a Housing Agency. We get an awful lot of Housing Agency people coming in from the State saying, "Look at this. We have a bond float that's not coming up and it's ten million dollars," and "what's happening if the Administration does this and this?" They're not going to talk to Max about it because

he won't have the foggiest notion about it because he's nothe just doesn't have the time. So what the staff has to do is to take in that information, synthesize it, ultimately do all of the research on it, try and come up with some alternative decisions that the Senator might decide to follow and then go to the Senate and say and then you'll have to do it. You have to be very damn fast. You might have about ten minutes to do.....luckily you might have ten minutes. You might have one minute between Committee meetings to say, 'Max, look this is the issue. We've got ten million..... and what do you say. This is what I suggest we do.' And he'll say yes or no and then you go ahead and do it. So you have to be very concise, very quick. You have to be able to pull everything together very quickly and express it to him very quickly, but the result of this is that the staff get very busy too, and of course it's a continually growing thing.

Now just in the last couple of minutes here let me, for example, trace for you a little bit what a typical day might be like. We start out, we'll look at the schedule in the morning (well, actually I've looked at it the evening before), and we'll see on a typical day Max will probably have about two committee hearings that he really should go to. Let's say Finance and Judiciary. Judiciary is marking up, which means voting on let's say, the Abortion Bill. I'm picking a very big one. They're not all that big but let's say it's a mark up on the Abortion Bill, so he has to vote in that committee, it's the key point that's the final culmination of the whole process, he has got to be in the Judiciary Committee. Finance Committee; let's make it less important but let's say there's a hearing where Donald Regan is testifying on the Administration's Tax Programme. Very important. He doesn't have to vote, it's not important in that sense, but he's got to acquaint himself with what's going on. So he has two committee meetings that he has to go to. Small Business Committee, which is another committee, is also having a hearing but it's of relatively minor importance. It's not terribly important to us but it is on his committee. Well, what do we do? He can't go to all places. You have got to have staff. We'll probably send an intern or somebody to the Small Business Committee to take notes, get the testimony, maybe do a one page summary of the testimony or something like that. One staffer will go to the Finance Committee and the other will go to the Judiciary Committee and Max will go back and forth

and we will call him in from one to the other, depending on what might be happening. First thing in the morning from about 9am - 9:30am, we'll try and brief him on what's going on in both committees. We'll have discussed questions that he could ask Regan in the hearing. We'll try to anticipate what Regan will be saying and we'll suggest what he might want to take as a position. This may have evolved over a period of time. Judiciary Committee will be doing the same thing and suggesting how he might vote. What the negatives, the up-side of voting this way, the down-side of voting that way, and suggesting well, this is what is going to happen and this is what you will be asked to do, so that he is prepared for eventualities, so there are no surprises. That, literally will take care of a good part of the morning.

Interlaced with that will be inevitably a constituent or somebody important who comes to call on the Senator, for some reason or another. They will want to see him. These people are constantly coming into the office. What you again have to do is decide which ones he can see and which ones he can't. Those that you think, well, you really cannot miss seeing this guy, let's say it's the head of the Montana Bankers' Association that's in town and really wants to see Max on some Banking Legislation; what do we do? Max will stay up there in that hearing or that mark up, but will have another staffer talk to the banker down in the office for about ten minutes to find out what it is and if there's anything that can be done. The staff level will carry on up what the request is, but then we'll take the banker up to the committee hearing and we'll haul Max out and we'll meet in the back room for maybe five or ten minutes at the most, and then back he goes into the hearing and the banker feels he has talked to the Senator, the staffer knows what it's about and things go back... Lunch consists of some sort of, for Max, he has so many options he can do almost anything he wants for lunch and staffers tend to be that way too. What you tend to do is begin to look forward.....you're always looking ahead trying to figure out what's coming down the road, you know, for example..... well, for example, yesterday I had lunch with a guy from the State Department who was lobbying me on the El Salvador votes and the Foreign Assistance Bill, so he called me up (he is an old friend), and said, "Let's have lunch." So we had lunch.

It was a lobbyist, but it could have been almost any lobbyist or something or other. Lobbyists, incidentally let me say, are extremely important and very, very valuable. The system could not really work without good lobbyists and a good lobbyist is a good lobbyist and the good ones separate themselves from the bad ones very quickly. You have to recognize, for example, I do most of his Tax and Finance Committee stuff. I am one person. We have the joint Tax Committee we can rely on for tax advice which is filled with lawyers and that sort of thing, but still that is one tax committee serving 535 members of Congress. We have the Finance Committee professional staff that we can use, but again, it's the same story. Treasury Department has, I don't know, 10,000 employees working on these issues. We have oversight of the IRS. It's a zoo. I mean in comparison, we just don't have the manpower or the ability to in any way compare our researcher or other abilities to what the administration can do and they can snow you, and that under our system of government is a no-no. That's what the whole fight is all about. You don't want to be snowed. You don't want that executive branch of government.....they're perfectly entitled, they may feel justified, but you have to take a completely fresh look at it and say is this right? And if you don't think it's right you can vote against it and try and defeat it. If you think it's right you fight for it. How do you find that out? You find it out through the good lobbyists. It's they who will point out what their concerns are and you know that they're lobbyists. You know that that's their concern. You know that they're a special interest group. But, that's how you find out. So you have to deal with them. The rest of the day, the afternoon, tends to go along these lines. You are meeting with lobbyists, you are preparing legislation, you have an amendment that Max is going to raise to an item on the floor that comes up in about a week, you have a briefing session with Max, you will go to briefing sessions, you are constantly being invited to go somewhere or another to hear AWACS right now. There are about three or four today that I could've gone to, different groups; pros and cons, their hearings, the two hearings on AWACS.....I could and should go to everyone of those. I just don't have the time and I don't do it. I pick and choose, I'll try and pick one pro and one con and sort of try and synthesize it so that I can give Max some sort of a feel for what the issues are. That's not a very good example, because

I think that's very well known, but I'm just saying that there's where you get.....you have your real choice in the course of an afternoon as to what you want to do and what you will do is basically follow the interests of the Senator. That's what you will focus on. Those are the lobbyists you will listen to or you will hear. That's the kind of legislation you will try and develop. Then as the day goes on..... you haven't even looked.....the mail is unbelievable. I would say that probably half of it just goes directly from the in-box to the waste basket. You cannot waste your time. You can get buried by paperwork if you don't just keep the paper churning through. And what you do again, you try and pick and choose the things you think are worth it. Obviously all constituency mail gets kept and handled. You ultimately have to answer all of that. You get thousands of letters from constituents at certain times, depending on issues. A lot of it is highly mechanised to handle all of that, but it's a big job. It's a dull job but it's a very important one. That has to be done in the course of the day.

Then as the day comes to an end we usually end up with some sort of a scheduling meeting. This is usually maybe some time between 6pm - 7:30pm or so in the evening, where we will go over the next day's schedule. You will have prepared memoranda on the next day, you will have outlined what.....alright, the hearing that I've described at the beginning, he will have a memorandum in his briefing book that will describe this so that when you meet him in the morning he will have been able to read over what he's facing and he can ask questions based on that memorandum. You will give him reading material, you will give him clipped items from newspaper articles on things that you know are of interest to him. You put all of that in the briefing book. In the meeting we will go over the schedule and tell him very briefly and synthesize why somebody wants to see him, whether he should see him or not. It will be on the schedule and you may say, "Max, I don't think you should see him. It's not worth it," or "yes, you really should see him." And he ultimately will say whether or not he wants to see him, or whether he wants someone else to see him.....go in and treat him real nice because it's important to us and he wants to know what the guy says. He's important, so sometimes a staffer will handle it. And then that's the day.

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At the end of the day the place is usually bursting with various receptions and things like that from various interest groups.....the automobile dealers or this or that. We will have to be very selective on that too, and we'll usually look first to see if there's a Montanan there. If there's a Montanan there (you're running around with your glass looking for someone who says they're from Montana) and then you greet them like an old friend and then you say "I'm glad to see you. Thanks for inviting me. Sorry I've got to run." And then you beat it. And then that's your day. So, I will take your questions and answers and anything you want to ask is fine with me.

Thursday, October 8, 1981

Mr. Carl Mollins
Washington Correspondent
Canadian Press

I normally speak, unlike Ed Neff, at about thirty words a minute, but because I have a cold it will probably drop to about fifteen.

That little biography - this has been a bad year for me. I was reminded of some terrible anniversaries. In April it was twenty five years since I had my first full-time professional job in journalism; in May it was twenty years since I joined CP and in June I hit the big five-0. Luckily, as some of you know, I have a colleague (there are two of us here) Glenn Somerville and he's young and vigorous and has the legs, so he carries me. I thought perhaps what might be helpful is to talk just a little bit about CP and how we work in Washington and what we do, and then if there's something else you'd like to know I'll answer your questions.

Well, as was said, CP is the national news organization. Our competition, such as it is, is UPI or UPC in Canada, and as part of CP, of course, is La Presse Canadienne and also Broadcast News and NTR who supply news - both voice, (that is, audio) and printer copy - to about 350 radio and television stations. They also provide that dreadful service that you may have seen on your hotel T.V., you know, that cable stuff, if you're in Toronto or one of those places. For foreign news CP and Broadcast News are dependent primarily on the AP and Reuters. There are news exchange agreements with them. CP is in the terrible position of having a total of $5\frac{1}{2}$ people out of the country. I count myself as a full person along with Glenn Somerville here, two people in New York and $1\frac{1}{2}$ in London; the $\frac{1}{2}$ being a woman who works mainly for Broadcast News and only half the time for CP. This is down quite a bit from several years ago when I worked in London. I left there in 1968 and there were five senior journalists and a junior, and it was a rare occasion when we were all in England. Most of that time we were out around the world covering this or that. I date this lack of interest in what is happening outside Canada, or a new

parochialism in Canada, as being 1967-68, 1967 being Expo and 1968 being the end of Lester Pearson. I don't know if that's valid but something happened there where we started losing interest in what was happening outside our country.

Well, that's enough about that maudlin theme. Just in reference to the subsidies business. As you know the Kent Commission, Tom Kent's Royal Commission into the newspaper business, which is a decennial exercise in Canada which achieves nothing, had recommended that once again as Senator Davey did ten years earlier, something ought to be done to provide better foreign coverage in Canada and his suggestion was a subsidy and, as George said, the publishers who own Canadian Press just this week got way up on their high horse and said, "Who, us? We wouldn't think of taking government money.".....

There was this guy called Mark Farrell who used to be publisher of the Montreal Gazette and before that the Windsor Star. He had a stutter and I was reminded of something he said to the Davey Committee ten years ago when it was examining the media and once again, most of the publishers were saying that your freedom of the press would not allow any kind of outside help from the government and Farrell said, "f-f-f-freedom of press is an old wh-wh-wh-whore that ought to be retired". Of course, they trotted out the same thing the other day. Anyway, I'm off the subject.

Just yesterday I did some checking on some stuff we've been doing at CP and that was news to me. I did some counting. As an indication of how we work here, I found out that in 127 days (six months), we filed 253 stories. And I didn't do the breakdown for that whole period, but for the month of September alone I found out, to my dismay and disgust, that of 42 pieces filed in September only 5 could be categorized as strictly about the United States. All the rest were bilateral.

Mind you, September was a good month for bilaterals. But, this would mean things like the F-18, acid rain, the tax treaty, the pipeline and, of course, the issues on the NEP and FIRA, and speeches by Mr. Rashish and Hormats and so on. I say this because I suppose I, and most of my colleagues, would sooner think of ourselves as being correspondents in the United States in the sense that we feel we ought to be covering what's happening in the United States for Canada. But in this town, in particular, you find that your time is taken up mostly on bilateral issues. This is particularly true of CP because just as we know that if we are forced into a choice of whether we cover a Reagan press conference or a sub-committee of Congress talking about acid rain of all things, that our duty is clear as Canadians. We cover the boring acid rain because we know that CP, the Canadian newspapers and broadcasters will be covered by AP and Reuters on the Reagan press conference but they won't get coverage on the acid rain, most likely.

In the same way, the other Canadian correspondents in this town know that they can count on us for the most dreadfully boring bilateral stuff, the court cases on the Garrison Dam or whatever it might be, and thank God I think we've finally put to rest the Dickey Lincoln Dam. I didn't even know what that was until it came up. Anyway, that was another one of our bilateral problems, apparently.

No. What I was saying was that the Toronto Star, the Globe and Mail, CBC (to a lesser degree) and CTV know that they can count on CP to cover this stuff which, in turn, leaves them free to do the big numbers if they wish. The result is that you can get stretched pretty thin even with two. I think that CP is the most fortunate of the Canadian groups here (or the Canadian individuals), because there are two of us and often two can do more than one plus one because they can work together and co-operate on a story.

Physically we work as befits a Canadian organization: in a dark, windowless corner of the Associated Press. It's part of our dependency. And we have a fairly primitive system of filing our information. We got beyond the cleft sticks and the pigeons, but we had a telex system where you just punched directly onto a line that goes into Toronto (where CP's head office is) at the astonishing speed of fifty words a minute, if you could keep up with that. And it was full of typos and it was a lot of trouble to edit at the other end. So now we've progressed to the point where, last month, we received a machine that we'd been promised last November, and it's a video display terminal. Now the amazing thing about this is that it's really fancy and we can do eight stories at once on it, but it still only drives this telex machine at fifty words a minute. Normally the CP mainlines operate at 1,200 words a minute, so obviously if you're filing at fifty it slows everything down. That dreadful little machine that you may have seen that comes down from Canada, that's called a South Wire. It also is a fifty-words-a-minute machine. And you really shouldn't judge the CP file by what you see there because, by definition, what it is is a selection from a wire that's moving at 1,200 words a minute in Canada, whereas this one is moving at fifty and, therefore, backs up. It's very slow. At any rate, when our technician comes down to hook us up, we'll be able to file straight into Toronto at an astonishing 300-words-a-minute and also have access to a computer in Ottawa. For some mysterious reason we don't have access to a computer in Toronto.

All this is very boring but it's meant to tell you, by way of introduction, that we have some difficulties, first of all because we tend to be stretched fairly thin; secondly because of the slowness of our transmission systems and thirdly (and perhaps most importantly) because it's quite hard to work here as a Canadian. You have to realize that there's no-one in government or in Congress here for whom we represent

a constituency. In other words, there is no interest in them providing us with information. What do they care, really? And so it's very hard to establish a system whereby you can be sure that you are going to know when something's happening. In other words, you can beg a Special Assistant, like Ed Neff, to please tip you when his committee or his Congressman or whatever, is going to do something that is relevant to us, but 99 times out of a 100 they don't. The worst thing that can happen to a journalist is to find out after the fact that something has happened and you find out by various ways. Often, luckily, through the Embassy, who is very good that way in telling us.

That brings me to the final point. A little bit of evangelism. It's very important - because we feel that we're cut off and grappling around with umpteen different departments of government and Congress - that anything that happens of interest to Canada we find out about. There are those among my colleagues here, I think, whom I believe have exaggerated ideas of the Embassy's alleged responsibilities to us. In other words, it is really, in my view, none of the Embassy's responsibility to keep me informed on what might be happening in Congress or the Administration, although it's really lovely when they do. But, on the other hand, it's very useful to know when Canada is actively involved in some operation, so that we can provide coverage.

I think I'd better stop there before I put myself to sleep and if there's any questions.....

(Mr. Mollins edited this transcript moderately-too moderately, he says, considering its disjointed character. One reference was edited out because it was a misleading statement, uttered in the heat of an influenzal fever).

Then, there were some points from his notes that he had meant to make, but neglected, presumably for the same reason. They may clarify some things and they may add an inspirational note. These include:

"In reference to being stretched thinly, despite CP's numerical advantage over other Canadian bureaux in Washington, there was a neglected point of explanation, if not an apology - namely, that a reporter thus required to be a jack of all subjects tends to be jerked around from one area of partial expertise to another. Having backgrounded oneself fairly thoroughly for, say, a story on the Alaska pipeline, one may be required suddenly to be omniscient on, perhaps, the Garrison Dam".

"It is in such institutions that specialists in the Embassy, as well as in the U.S. government or elsewhere, can be particularly helpful in providing background and context which, in turn, may help eliminate or at least reduce misinformation provided the public. I contend, therefore, that such help is in both our interests".

"Finally, I had intended to end on an upbeat note after perhaps sounding somewhat cynical about our role here - the fever again? - when really I am happy. The telling points I had intended to make here were: (a) I chose, stuck with and prefer this occupation to, say, encyclopædia salesman or captain of industry; (b) likewise, I sought and like the Washington job, and (c) I believe that CP, despite its various encumbrances, is the best vehicle for achieving the foregoing and I believe it can be better".

Thursday, October 15, 1981

Mr. James Harlick
Congressional Relations Officer
Canadian Embassy, Washington, D.C.

accompanied by

Mr. Brian Dickson
Executive Assistant to the Ambassador

As I read the letter that Mr. Elliott sent to me inviting me to this thing, I sat down and I tried to develop some sort of logical approach to which I can relate both the work perspective I've had here to the issue which of course fascinates us all and concerns us all, and that is the state of the Canada/U.S. relationship and all that that entails.

Just starting from the very basic elements of course, which is international relations and this is why, in a sense, we are all working in the Canadian Embassy, it's a basic fact of international life when you have bodies, whether they are organized into states or into societies, that they have relationships. And this is especially the case when they're located quite close to each other as, in this particular case, with the U.S. If we had a massive mountain range separating us and we were two hundred years ago, we probably wouldn't have to worry too much about THE relationship, but given the fact that we don't and the modern world with it's inter-connections and inter-dependence, we do have a relationship and this is indeed important to us. That old phrase "nothing propinques like propinquity" does indeed apply to the Canada/U.S. relationship.

Now, as I'm sure all of you as students of diplomatic history know that, in the ancient days when states wished to communicate better with each other, they sent their emissaries, their ambassadors, to live in that other God-forsaken country, whether it be the Russian Czar sending his Minister to Constantinople where he left him for twenty years, ten years of which the chap was incarcerated in the tower because he just happened to lobby a bit too hard with the court. But this is why ambassadors are needed. They are, in a sense, expendable. They are targets of opportunity and of other hard missiles and they play, in fact, a very crucial role in inter-state relations. They are..... I mean there's no chicken and egg made argument here..... the Ambassador comes first and the rest of us come second. We are not here except by reason of his presence. He is the official representative of foreign government in the receiving state. He does all the work; he represents the other country; he is the crucial player, and a whole body of law, mistique, rules,

protocol, has grown up around his personage (or her personage as the case may be).

His function in the classic terminology is, as I say, to represent the sending state with respect to its interest in the receiving state, to serve as the official channel of communications for what one might call formal communications between the two states. He promotes and defends his own state's interest in his state of accreditation and he also reports on events in the state where he is located, which might be of interest to his own state at home. And it's up to him to understand what his own state wants and to get it and to report on it.....evaluate it for purposes of digestion back home. Now these are all, of course, theoretical functions of the Ambassador and they can vary from time and place and individual, but we certainly can see when we bring it up to a modern-day approach that, indeed, an ambassador (for example our ambassador here does represent his government) he attends official functions. It's Peter Towe or whomever that stands on the podium on the lawn of the White House when the hostages come home. He is the person who gives a national day celebration. We had one on July 1. He is 'Mr. Canada' in the U.S. We have only one ambassador here. We have fourteen other Heads of Post in the consulates but they do not enjoy the same status or have the same importance. He sees high level officials, he receives notes from them, he makes d'marche to them. He is, in fact, a main conduit for the really important communications that do occur between our two countries. He is out here to defend and protect Canadian interests. He tries to anticipate negative developments for Canada, to determine what they're about and how they might affect Canada and maybe try to head them off. He seeks to promote our interests which are just the obverse side of defending them. He gets out and goes to the American Gas Association meeting in New York and he makes a speech defending NEP and FIRA against the critics and this kind of thing.

He has to deal with a broad range of contacts, especially in a place like the U.S. where he must deal with members of the executive branch, both the political level and the regular bureaucrats and two Houses of Congress. He deals with the media, he deals with the private sector and he deals with the sixth estate or whatever it is, the group of consultants, lobbyists and other experts in the town, which makes this town run. This is indeed, I think, quite an extensive job and it poses in terms of the Canadian Foreign Service perhaps, the greatest challenge to any ambassador because of the multiplicity and density of the contacts between our two countries.

Now, looking at the Canada/U.S. relationship itself as a relationship, which is perhaps the second aspect of the matter. We've had the Ambassador and we've seen what he does. We now have THE relationship and the relationship, of course as I've said, is a function of geographical proximity. Although Canada is, by area, larger than the U.S. by about 0.6 million square miles we unfortunately don't have that kind of weight when it's translated into the stuff of international politics. We have many analogies and metaphores to use: "the elephant and the mouse" and all that sort of jazz which has been run over ad nauseum by every speech writer who's been called upon to write something for a Minister or an Ambassador when they talk about the Canada/U.S. context. And this is what I think makes this relationship unique to Canada. The U.S. is overwhelmingly important to us. It's not only as important to us as the Soviet Union is to the United States, but because we are located next to each other on a continent with no natural geographic or physical barriers between us, and given the modern age of mass communication, air travel etcetera, we do have a great.....what the political scientists would call a 'highly textured relationship'. We have a lot of inter-connections whether they be a family, communications, culture or whatever. And this is what creates the structure of the relationship and the overwhelming nature of the U.S. on Canada.

This isn't just a question of course of geography. There's a dynamic aspect to it too. The cultures interact.....I think one can safely say that the American culture is a very dynamic culture. It moves on its own. It's like an undulating wave and it produces events whether it be rock music, Charles Reisch and The Greening of America, fads in clothes, in music, developments, wars, inflation, economic matters, that have an effect on Canada, because we are so closely connected. And this dynamic development on the U.S. side can't have but an effect on the Canadian side. Therefore, you have this inter-reaction and it goes in cycles but there's still a dynamic to it, and that is I think what gives it a sort of unpredictable nature to the matter. One would not have thought, perhaps, in November of 1980 when the Honourable Allan MacEachen introduced the National Energy Plan that we would be in the present state of the relationship we are today. That poor state of relations between Canada and the U.S. was really a thing of the past. It happened in 1970-71 and we sort of lost it in the files of time. But it's come back to haunt us again. I think it does show that we will never.....we always must be conscious of the impact which one country's policies has on the other country, and we are learning that lesson again today. I mean we learn it every ten years... I don't know. Maybe it's just that.....ten years is the length of time of a bureaucrat's memory or something like this. Or maybe we destroy the files after ten years, I don't know.

There's also a certain thing, I think one can say, there's a mistique to the relationship, especially now that we're in trouble. Everybody's talking about it (the Canada/U.S. relationship) you know, the need to 'manage' it. What makes the U.S. tick? It's a very complex society.....some people think it's very easy to analyze, but a number of analysts are always caught off guard when the event they were predicting finally comes out. There have only been a few major political analysts in town that predicted the Reagan election with the resounding victory that he had and even fewer that predicted the turnover of the Senate to Republican control. Both of these events, of course, had a great impact on the country and on Canada itself. So, there

is this mystique attached to this relationship. What does it mean? Where is it going? How is it acting? And this is what and how we bring in the Ambassador, the Canadian Embassy, in order to deal with this relationship.

The Ambassador is considered to be the chief advisor to the Canadian government on Canada/U.S. relations. He is the person down here who is supposed to be managing the relationship from this end. He is talking to Americans, he is trying to find out what they think, trying to anticipate what is going to happen and apprising the Canadian government of what will happen and advising it on how best to deal with those events. It's a very, very demanding job as I've mentioned. He has to be on top of all developments and must be able to interpret them for Canadian officials. Above all he must have access to senior U.S. officials of whatever kind. Access is important.....well, there are two aspects to access here. One is that you really don't need it because the Americans are so open in any event, inasmuch as that you just phone up and get it. On the other hand, that extra bit, that friendship with bureaucrat X, that coincidental meeting on Saturday at the Chevy Chase Club in which you can turn around a policy or make your points known. And these are the.....this is a very, very important matter for an ambassador. He must have access. He must be able to get a hold of people. He must be able to jump fifty spots in the yellow tickets piling up for return calls on Ambassador Brock's desk for example. He can't be left at the bottom. "Oh yes. We'll get to Canada". No. He has to be near the top because his principals, his political masters expect him to get in and deliver the message, and to deliver it quickly and efficiently, accurately and, hopefully, it does the trick. So this does put a heavy demand on an ambassador in order to maintain his contacts in town, to maintain his credibility in town.

I think we have seen, under the current Ambassador, who has been here for over twelve years out of his life in three different postings, and who has maintained contact with players who are now in the Reagan administration throughout the 1970's and 60's when he was located in other parts of the world and in Ottawa. This is a crucial factor and indeed, we get a certain amount of value by having a person come back to Washington a couple of times to build on the contacts he has made the first time around and has met in the course of international conferences and that sort of thing.

Other aspects of the Ambassador's work..... Washington.....also outside Washington, and that is showing the flag. As I mentioned, there is only one ambassador and it's nice for him to get out to the Rocky Mountains states and make a speech and meet people and that sort of thing. And this is necessary. However, it does take a fair amount of time and is one aspect of the job; one in which you really don't see a direct return, but it's something the Ambassador has to do from time to time. He wants to get to Wichita, he has to go through a couple of airports to get there and make a speech.....whatever. It's.....it might not be terribly efficacious but a certain amount of it has to be done. So I think that from my perspective, as Executive Assistant to Ambassador Towe for the last year, one really sees the demands.....the heavy demands, that are put on an ambassador.....a Canadian Ambassador in Washington, because of the importance and breadth of the Canadian/American relationship. I think it all comes together in his person.

Now, of course he's only human, despite what some of us may think, and he, therefore, has an office with which to assist him in these heavy tasks as well as, of course, the rest of the Embassy. He has a personal secretary to take care of those personal matters and answer the phone and do all those things which only ambassadors can do. He has a social secretary to look after his very extensive social life(it's a full-time job). He has an executive assistant to do those other

things (whatever they might be), who in turn has a secretary himself to assist him and to help with the workload in the Embassy. And, in addition, there is another little unit called the Congressional Relations Unit, which now reports to the Ambassador and which is there in order to focus on or assist with the very important and relatively new aspect of Embassy work which is relations with Congress.

Briefly, the Executive Assistant, I am sure you all know this, coordinates the work of the office of the three different people, and he just wants to make sure that they are going in the same direction in doing things; answer certain letters proposing speaking invitations, to bring a certain perspective to bear as to whether this would be a desirable milieu at a desirable time, that sort of thing. He tries to provide indications of the Ambassador's views on matters which might be of interest to ministers and such, as opposed to having to bother the Ambassador on that. He is secretary to two post-management committees. One is the executive committee composed of the five senior people in the Embassy and the committee on post-management, which is an officially mandated body, by Ottawa and which composes all senior programme managers in the Embassy. There are about thirteen of those, you know: Supply and Services, Trade and Commerce, the Military, CGOT, that kind of thing. And, so, to a large degree the function of the executive assistant is a function of the personality of the Ambassador, and I'm not going to dwell on this, but you'll certainly see a difference.....there will be a difference in what Brian (Dickson) will do for Mr. Gotlieb and what I have done for Mr. Towe, simply because the two men are quite different and this, in fact, changes the complexity and context of the job enormously.

Just perhaps a brief word about Congressional Relations before I wrap up. Congressional Relations really had its impetus about 1975 when a Canadian senate report came out and said that really the Embassy should do more with Congress: it's now becoming a key player, and did so in the aftermath of Watergate when

the legislative branch did not respect or trust it to the degree it had before, the voracity and honestywhatever, of the executive branch. So Congress went through an explosion of development with now something like 15,000 or whatever staffers on the Hill, who are assisting the 534 people presently.....534 people, to do their legislative tasks. The object of the Congressional Relations Unit is to provide some sort of focus to the Embassy's efforts, to maintain contact with Congress; to sensitize Congress to Canadian needs; to follow immediate ongoing issues and to generally try to make sure that Congress doesn't pull any surprises on Canada and that we can try to get out of it developments or contacts which will be of help to us in respect of our policies.

Now, perhaps just to conclude, I'll give you my perspective on the relationship after a year as Executive Assistant. I think, in short, I can say that my view from the vantage point of the Executiveof being Executive Assistant, is that the relationship is really quite a personalized, or individualized one, than I might have thought before. One usually can think.....perhaps I should have had Gary Soroka here to talk in a philosophical disquisition about the role of the individual versus the role of society in life. But, since we don't have Dr. Soroka today, one can say that people can either believe that individuals make a difference or it's really the context of society or the mask that makes the difference. And I think most people who would follow the relationship from a distance, or who might follow it from Ottawa who are producing the paper that goes into this ever expanding mill of briefing materials and reports and speeches, might feel that it's really the context that makes the difference.....this overall management of the whole matter.

I think I would be inclined to perhaps overgeneralize and say that really it's the individuals that I found playing the most important roles in the relationship

and actually the key roles in this. I might share with you the fact that I had the audacity when I was interviewed to join the Foreign Service, to maintain before my inquisitors, that there was no way that the Canada/U.S. relationship could be managed at that time. That was in the mid 70's; management was in, and I got hired (miraculously), which was fortunate because I didn't have a job. But management is again in. Management is..... the strategic management of the relationship is a new code and buzz word and you'll be hearing a lot about it, I think, in the next year or two. But, I wonder, from my perspective I think that it's..... one can draw perhaps another analogy and that is the early seed structure of the atom, in which you have various protons and whatever else they're called, just interacting in a fairly random fashion and when one has sort of looked at the events of the last six-eight months; Trudeau's speech, Reagan's speech, Regan says this, Stockman says that, MacGuigan says this, Lalonde says that, one really seems to feel that more of the individuals are reacting in a fashion.....in an uncoordinated fashion, than in perhaps a managing fashion. I don't say that they're doing this consciously, because they're trying to manage, but I think that.....my view would be, perhaps, that the relationship is so extensive, with so many players on both the public and private side, so many characteristics affected by so many external developments, whether they be in the realm of technology, the realm of economics or whatever, that it's very, very difficult to manage this relationship. People go off and they talk past each other. They give an interview in which you try to make a point you see, if refracted, really through the press. It comes out, for example, the Ambassador gave a very quiet, soft interview to the Broder luncheon several weeks ago. Suddenly, the next day David Broder had two columns in the Post in which Towe was quoted as saying, "If the U.S. retaliated against Canada that they would be shooting themselves in the foot". Well, this was one sentence he made out of, say, forty seven minutes of comment, but that's what counts.

The guys in the administration read that here and they say, "Oh, there's that guy again". It's a hard line. We've got to respond. And you get Rashish talking in New York.....talking about "creeping confrontation". That gets echoed in the Canadian press, and suddenly you think oh, there's a problem. This guy's not obeying the rules.....we're not talking to a civilized ally.

I think it's very hard, given major players..... the multiplicity of players and actors on the scene, to achieve a managed relationship. I think, perhaps, it's just a question of large waves or factors interacting at a given time to produce agreement or disagreement, but perhaps it's not a situation in which management as we think of managing an office or managing family life or whatever, can occur. Perhaps that's a bit of an overdramatic approach, but it might be stimulating to some of your thinking and I think, from my perspective at the top, seeing the individuals interact as opposed to perhaps more from the bottom seeing a mass of interaction, that is what I think is a salient characteristic and that's what I have taken away from my year as Executive Assistant to the Ambassador. It might be useful to repeat this exercise in a year's time after Brian has had some time to observe the 'Gotliebian Tradition', and just see whether or not this same kind of perspective would pertain. As I said, I think individuals don't make all that.....for an individual to make a major effect on history or in the course of events, I think it's quite rare. I think we have seen in our lifetime one example but I think it perhaps does illustrate a point. Anwar Sadat only went to Jerusalem once, and it might take another forty years until there's another one.

So I think if we think of one person.....Trudeau or Reagan setting the whole stage of Canada/U.S. relationships like that, when all the other factors, all those bureaucrats, all those officials on both sides of the border, all the private companies, all the oil companies are doing their own thing, I think is perhaps too much to ask for. That's why I think that the relationship is, in a sense, very difficult, if not inherently unmanageable but, we still must play the game. Thank you very much.

...../11

NTL: Brian, we will give you a separate invitation within the year but if you'd like to make any comments now, please do. Or would you prefer to respond to questions?

Mr. Dickson: Perhaps I could say just two things. One is a sort of philosophical comment and the other is a very practical one. When Jim talked about ambassadors being accredited to courts, it made me think of a story that I was told in Rumania and it's a story about how the life of an ambassador really has improved over the years.

The story is about a Wallachian prince whose name was Vlad the Impaler, otherwise known as Dracula. He was a rather cruel man and there was one story about him where he received two ambassadors from the Turkish court. These two ambassadors entered with turbans on their heads and Vlad the Impaler asked them to remove the turbans in his court. One of the Turks said, "We're sorry sir, this is part of our national costume and it's quite impossible for us to remove them". So Vlad the Impaler called for two of his aides to bring hammers and long spikes and he had the aides drive the spikes through the turbans into the heads of the ambassadors and as they collapsed on the floor, he said "Perhaps this will teach you some manners in my court. That will ensure that your turbans will never come off". So, as bad as things are today, sometimes I reflect on the fact that they are not as bad as they might be.

The other little practical pitch I would like to make right now.....Jim I think, described in a very succinct and informative way how the Ambassador's office works and what the Ambassador does. But, the only point that I'd like to make and request is that the effectiveness of the Ambassador's office depends to a large extent on the information that we have, and quite frequently we get calls asking what is happening? Do you know where someone is? Is there a press conference today? Where is it? Who is there? And so on. So I would ask you if you do have programmes or schedules or bits of information about any major thing that the Ambassador is likely to be involved in, I and we in the Ambassador's office would appreciate it very much if you would send us a copy as well, so it's just a matter of making sure that we have the information that we need to answer questions when we're asked.

Thursday, October 22, 1981

Mr. Robert Joyce
Executive Director - International Monetary Fund
Washington, D.C.

Hi! I am, despite your note to me, not sure completely of the ground rules but let me try and you can cut me off if I'm not covering the matters that you'd like me to cover, or I'm going on for too long.

I thought what I would do is say a very quick word about what the IMF is and what it does and then, maybe, Canada's role in the IMF and, finally, a quick look at some of the key issues that the Fund is facing these days. I'm not quite sure what you know about the IMF, or for that matter you're interested, but essentially the IMF was one of two..... well, I guess one of three key institutions that were formed after World War II to deal with economic matters. There is the International Monetary Fund, the World Bank and the General Agreement on Tariffs and Trade over in Geneva. The Bank and the Fund are sort of twin institutions and it's very easy to remember because the Bank is a fund and the Fund is a bank.

The International Monetary Fund is really like a central bank. It's not quite a central bank, but that's the easiest way to think of it, whereas the World Bank is really a development agency - it's in the aid business. Those are the basic differences between them and although they are sister institutions and originally shared the same building and now share the same street, with two buildings opposite one another, nonetheless their roles and their functions are really quite different. Both of them, of course, are part of the UN system.

Now, there is a difference between both the Bank and the Fund (but, I'll just talk about the Fund) between the way they're structured and the way most UN agencies are structured. In a UN agency every country is one country, one vote, no matter how small or how big the country is. In these institutions voting is based upon the degree of participation in the organization. Each country has quotas, and

that's really a subscription and the amount of that subscription depends upon how big and how important economically the country is. I don't need to tell you that the United States has the largest subscription in that fund. Those quotas are important because they determine how many voting rights you have. They determine how much money you have put in and also how much money you can borrow because the borrowing part is important, particularly in the case of the Fund because what the Fund is all about essentially is standing ready to help a country that gets into sudden, hopefully short-term balance of payments difficulties. It's not really trying to finance the development of that country - the building of its power dams or highways or opening up of mineral resources - it's really trying to bankroll them until they get out of their immediate foreign exchange problems. But I'll come back to that, if I may.

Now, once a year the main governing body of the Fund meets - that's the Board of Governors - and it held its meetings here at the end of September this year. There's the Board of Governors of the Fund and the Board of Governors of the Bank. Essentially they are the same and they meet in joint session. And that is where the major decisions if they're not taken, at least a blessing is given to decisions that have been taken before, because you can't wait for a full year to make decisions - the world goes on. So in order to deal with the day-to-day problems - a country that suddenly runs into difficulties and needs help - how much help are you going to give to them and on what terms? There is, in the Fund, an Executive Board. Now the Executive Board doesn't have a representative of every country on it, otherwise it would be unmanageable. It's twenty-two people sitting around a table and of those twenty-two, some of them are there representing only one country. They are seven in number. The big five - United States, France, Germany, Britain and Japan - Saudi Arabia

(because it's a major lender to the Fund, and therefore, as one of the two major lenders has a right to a seat on its own) and China because it's China. That's a recent addition. It's just so damned big that you have to allow a seat for China on its own, even though it's a poor country.

In all other cases the Directors represent more than one country. For example, in the Canadian case we don't have enough votes (in other words our quota isn't big enough) to be able to have a seat just on our own so we have joined together with a number of other countries, or they have joined together with us, I guess, because we're the "biggies" in that constituency. We have seventy per cent of the votes in the constituency. The countries that are with us are Ireland, and then a series of developing countries all in the Caribbean: Jamaica; Barbados; the Bahamas; St. Vincent; St. Lucia. (I can't always remember them), Grenada and Dominica. Some of them are very small. The smaller ones, of course, often take more time because they have more problems. They're more likely to be in looking for money and they're more likely to be in financial difficulties.

On the Board of Governors proper - the group that meets once a year - each country is represented normally by their Minister of Finance, and the alternate Governor is the head of their Central Bank. That's the normal pattern which is true in the case of Canada. Mr. MacEachen is the Governor and Mr. Bouy^y, of the Central Bank, is the alternate. In the Executive Board, because it meets throughout the year, normally a constituency is represented by somebody who is a public servant. In our constituency, technically our Executive Director is elected by all the members of the constituency but it's a shoo-in, by-and-large, if you've got Canada with you and you're elected for two years. For example, I only came down here in April and I came initially because the Canadian government was prepared to see me as their

representative here and the others didn't object, essentially. So, that's how....I mean....if one particular country say, Jamaica, had said "Well, look we don't want that guy because his track record is such that he is opposed to developing countries; he couldn't represent us" (because you do represent these countries as well) then I am sure that the Canadian government probably would have said "Well, we'll find somebody else". It's like, in a sense, the sort of agrément concept that an ambassador..... you have a right to appoint whoever you want as ambassador, but you probably don't appoint him unless he's, by-and-large, acceptable to the country that is receiving him. I don't know whether I had that right, but that's my impression of agrément.

O.K.! What does the Fund do? Well, the Fund basically administers a code of conduct. It is the countries of the world coming together through their finance ministers to make sure that, as far as possible, the world keeps turning in the right direction in economic and financial terms. It also provides members with financial help when they are in difficulty and have to depart from the normal rules of conduct, and it finally provides a place where the finance ministers or their representatives can meet and consult and collaborate, (hopefully), on the running of the international monetary system.

It is, I said, like a central bank because it's the lender of last resort. When all else fails, when Jamaica finds that it can't borrow any more money in London or New York; when it's running out of foreign exchange and is not going to be able to pay its bills next week (and in the case of Jamaica it got, literally, to that point about a year ago), then the last port-of-call is normally the International Monetary Fund. And it has certain rights to draw automatically - like a Chargex account - but if it wants to go beyond that and borrow more, then it has to sit down with the Fund and work out a programme to demonstrate to the satisfaction of the Fund that's lending the money that the

things and the policies it's going to pursue are, in fact, going to turn things around so that not only will the Fund get its money back, but also that the country will plane out of its difficulties. That, at any rate, is the aim.

Well, there briefly is the Fund and you've probably known more than you've ever wanted to know about it, but that's what it's all about.

Canada has traditionally played a very important role in the Fund, and now I'm trying to get a little bit closer to your interests as foreign policy people. We were in at the founding, and because immediately after the war - and indeed because of the deliberations leading up to the founding of the Fund - started formally in 1944, but in effect went on before then in a world in which there were far fewer countries than today, about forty-five countries I guess....forty-four....Canada, because of it's relative economic strength (and we were relatively much stronger in those days than we are now) not that we've weakened, but that other people have strengthened, we were among the big five, I suppose, at that time. Japan wasn't there....I mean Japan wasn't there in the sense that Japan was not one of the allied powers. The Germans weren't there; the French were in some state of disarray; we were coming out of World War II looking pretty good and pretty strong and, therefore, we had a lot more weight and influence there and in other areas in those days than we can command today. We also had good people. We had Louis Rasminsky, Governor of the Bank of Canada and his people, who really had a key role to play in shaping the Fund. And over the years that sort of role that Canada has played has persisted. I didn't mention that there is (just as the Executive Board which is made up of officials such as myself, meets continuously throughout the year, also twice a year the counterpart at ministerial level), the so-called interim-committee

(which is twenty-two ministers rather than twenty-two officials) meets. Well, the chairmanship of that committee at present is held by Allan MacEachen and this isn't the first time that Canada has chaired that committee. John Turner was the chairman some years ago. We are also very active amongst the industrialized countries in the so-called "group of ten" industrialized countries and, once again (although that's by rotation) Allan MacEachen was the chairman last year.

Until very recently we were the sixth largest contributor to the Fund. We are now the seventh. The reason we are the seventh is that it was agreed earlier this year to give a special increase in quota to Saudi Arabia because of their growing importance economically in the world. But we are still number seven.

We play a key role because of the size of our vote. We have about 3.26% of the votes in the Fund. That doesn't sound very much, but if you take it with the rest of our constituents we get up to about a little over 4%. There are only four other countries that have a higher percentage than our constituency. They are the United States, the United Kingdom and the Federal Republic. Our constituency vote exceeds the vote of Japan and comes pretty close to the vote of France. So we swing a certain amount of weight by reason of that.

We also play a commanding role, I would say, because we have a mixed constituency and a rather interesting constituency. Because we are Canadians we seem to be able to talk to the Americans more readily than a lot of other people. We are not always, as you know only too well, in agreement. Nonetheless, we can talk. Because we have the Irish in the constituency we know what's going on in the European Economic Community.

exactly what had taken place at that lunch, and also some of the unfavorable comments that had been

It gives you a window on Europe and because we have a lot of developing countries we are much more sensitive to the problems of developing countries in the Fund and we're also aware of what's going on in the councils of the developing countries. Again, we get firsthand reports back as to what's happening in the so-called "group of twenty-six". The "group of twenty-four" is the key developing countries. It's like the "group of seventy-seven" in the UN.

We've played an active role. We've been both a borrower and a lender. We've borrowed from the Fund on occasion. In 1962 and again in 1968. We've paid back our borrowings, but when we got into balance of payments difficulties in those years, we had to borrow...or we chose to borrow. We have also lent money to the Fund for their various facilities. So we've played a fairly active role.

I think I've only got about five minutes left and maybe all other things will come out in the course of questions and that makes a lot more sense because they'll relate to the things you're interested in.

Let me just say a quick word about the key issues. There are really two key issues - global issues in the Fund. Marc Lortie would probably say there's a third, but I'm going to let that one come up in the questions. I'm talking about developing countries.

The first is the ability of the Fund to meet the needs of its members, and the second one is the adequacy of the Fund's resources. Those are the big questions today. The ability of the Fund to meet the needs of its members: the problem today is different than the problem was five or ten years ago. Countries don't get into as much difficulty in the sense that they don't have fixed exchange rates that they have to defend. They can let their exchange rate slip, so that

makes it easier for them. But the big change here as elsewhere, is that the price of oil went up. The price of oil went up, as you know, strikingly, and if it's caused problems in the industrial world it has caused chaos in many developing countries. They have just not been able to command the foreign exchange resources needed to meet their oil bills and to finance their essential imports. And their problems have been compounded in many cases because with the slowdown of economic activity in the industrial world, their exports have either fallen in volume or at least have fallen in price in many cases, so their foreign exchange resources have been reduced considerably.

This has meant two things. First of all that a great many more countries are coming simultaneously to the Fund than in the past and secondly, that the old theory that you could turn it around in a year or two is not necessarily going to be true today, simply because the problem is much more fundamental. It's a structural problem and as long as the oil price problem remains, they are not going to be able to turn it around. So the Fund has to begin thinking in terms of providing a great deal more money providing it over a longer period of time and not necessarily insisting that the only thing a country can do is to cut-back on demand. You see, in the past, countries got into trouble - developing countries particularly - not only those, but others as well, because they tried to run their economy too fast. And when they ran their economy too fast they got inflation and balance of payments problems and all of the tout la patente.

The Fund today has to be prepared to lend for longer periods of time and prepared to consider adjustments. It will take a longer period of time. There will be (to use the jargon of the town), supply-side adjustments and not just demand adjustments. And of course there are some much bigger countries around now,

...../9

knocking at the door. Their economies are bigger and their rights to borrow are bigger, because the Fund originally only allowed you to borrow up to 100% or 200% subsequently, a quota. Now you can borrow up to 450%.

Take Canada. Our quota - and I'm not suggesting, I'm not even hinting that we're going to go knocking on the door of the Fund looking for money. I don't think we're at that stage - but our quota is over..... about 2½ billion dollars American. We would be entitled, over a three-year period, to close to 10 billion dollars if we wanted it. Now, in the Canadian case the industrialized countries would rally around and put up some of the money so that it wouldn't have to come out of Fund resources, but if you look at India or Mexico or Brazil or Korea, and all of those countries were to happen to come in at the same time, the demands on Fund resources would be very difficult to meet. I don't think the Fund would have the resources as presently constituted. So that's a real worry.

It looks as though the Fund, in a sense, may not have enough resources. Or it looked that way, but the Fund gets subscriptions as I explained. It can also sometimes borrow money from individual members. But the magnitude of the sums we are talking about now....we are suddenly talking about a fund-lending programme of the order of 10-15 billion dollars a year. We have just gone through a quota increase exercise, and the total quotas of the Fund are now 60 billion dollars. That sounds very good, but a lot of those aren't dollars. A lot of them are kwachas or whatever currencies out there in the developing world and they're not much use. So the useable currencies of that 60 billion is much less. So to meet that, the Fund has had to go out and borrow money, and the only person.....there are a few countries around today that have large sums that they can lend, and where do you turn?

Well, you have to turn to the Middle East and the Fund has entered into borrowing arrangements with Saudi Arabia under which Saudi Arabia is lending something of the order of 8-10 billion dollars to the Fund. The only other area that might be tapped would be Kuwait. Kuwait hasn't been interested, but there is (and I speak very informally now) there isthis makes people nervous, because if you're into the Saudis for that much money, then the Saudis have that much more influence and the Saudis have some interest, just as the United States has some interest. The Saudis have some interest that the western world, by-and-large, does not regard as necessarily being in their interests, and I'm thinking particularly of the Palestinian Liberation Organization. This is where economics and politics begin to come together.

O.K! That's it! The one thing I haven't done is what you asked me to. You asked me to look at this through "the prism of Canadian/U.S. relations", and the reason I haven't done it is because partly I didn't know how to do it, and partly it's more than our relations with the U.S. It's our relations with a variety of countries. And whilst your judgement calls on the Board of the Fund have to be in terms of the economics, whether the particular loan application makes sense or doesn't make sense. I guess you do have to bear in mind....that....where the Canadian interests 'lie. It's not necessarily an override but it's a fundamental consideration. So, for example, if Senegal is coming up for a loan - I take a rather particular interest in Senegal - why? Because Canada has a foreign policy interest in Senegal.... Francophone Africa, so I would look at that a little more closely than I might look at Thailand, for the sake of argument. At least for foreign policy reasons.

Similarly in the case of Guyana. Guyana is not in our constituency in the Fund, but it is in our constituency in the Bank. We do have a long-standing relationship with Guyana and, therefore, I would feel that I would have to bear that in mind. It doesn't

mean to say that if I thought that the programme being put forward by Guyana didn't make sense I wouldn't say so. I would. But I would bear in mind that Canadian interest....Canada has an interest there.

Well, that gets you back I suppose to Canada/ U.S. relations in the sense that there are some countries where the United States has a particular point of view: El Salvador, Nicaragua etc., which may not exactly parallel the Canadian foreign policy viewpoint, and one would need to take that into account, but I would not have direct contacts, for example, with the U.S. Treasury or with the U.S. State Department. My contacts are with the U.S. Executive Director in the Fund. If he brought in some of his people from treasury I would see them but the role of dealing with the U.S. Treasury rests with the Embassy and I think that's where the relationship.... it....lies.

Now, you know that my standing is that I'm not a member of this Embassy. I'm only allowed to buy beer and liquor here, for which....God Bless You All. So I have associate membership, but vital. The same is true of the Canadian Executive Director in the World Bank and in the other organizations that we have in town - the Inter-American Development Bank. Thank you. Sorry I went over.

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