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DS(L)2388

AMC 020/2

Departmental Series
North America Department
DS No.3/84

LAST THOUGHTS ON ANGLO-CANADIAN RELATIONS

(The British High Commissioner at Ottawa to the Secretary of State
for Foreign and Commonwealth Affairs)

SUMMARY

In the past three years the Anglo-Canadian relationship has undergone strain but also proved itself unexpectedly strong. Resolution of the constitutional crisis. Reversion to mutual indifference (paragraphs 1 - 3).

2. The High Commissioner's aim to put more substance into our bilateral relationships. Canadian support for Britain over the Falklands. Mrs Thatcher's 1983 visit (paragraphs 4 and 5).
3. Economic relations. Investment flourishes but trade has declined (paragraph 6).
4. The defence relationship. Training on Canadian ranges. Value of exchange officers. Damage caused by our full costs policy. Cultural relations satisfactory (paragraphs 7 - 9).
5. Membership of the Community not of much help in Canada. Canadian difficulties with the Community (paragraph 11).
6. Need to work at our relationship. Absence of a real constructive partnership (paragraphs 12 and 13).
7. Our representation in Canada has been drastically - perhaps too drastically - cut (cf. the Japanese: paragraph 14).
8. Prospects (paragraph 15).

Ottawa

19 April 1984

Sir,

Our relationship with Canada must be the primary preoccupation of any British High Commissioner in Ottawa. I have been here at a time when that relationship has suffered severe strain, and, later, by contrast, when it has been shown to be unexpectedly strong. Now that my three years in Canada is almost at an end it may be useful if I try to assess its condition. This may also be timely because on 14 and 15 May it is to be the theme of a seminar at Dalhousie University in Halifax, Nova Scotia, which is to be attended by Lady Young and officials from your Department.

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THE CRISIS OVER THE PATRIATION OF THE CONSTITUTION

2. Two years after Waterloo Napoleon said at St Helena:

"England would be better off without Canada; it keeps her in a state of 'constant irritation'."

There have been times in the past three years when I have felt that this sentiment was fully shared in Whitehall, especially during the unprecedented constitutional crisis in our relations which preceded my arrival and dominated my first nine months here. There was then a real danger of confrontation between the Canadian and British parliaments. Sensitivities became so acute that my unfortunate predecessor was all but thrown out: (the nicer Canadians in Ottawa are still ashamed about that affair). After we arrived in June 1981 some Liberal backbenchers shouted at us at dinner parties that the British Parliament must do whatever Mr Trudeau wanted or unthinkable (but unspecified) consequences would follow, and we knew all along that if things did go wrong Mr Trudeau was not above calling an election on the issue of British colonial interference, with all that that implied. Happily, with the help of a Supreme Court judgement, which was in effect a decided nudge in the right direction, we finally got it across to him that, despite the wholehearted support of the British Government, the British House of Commons might well reject a Canada Bill opposed in its original form by a majority of the provinces and a majority of Canadians. Once he understood this he made the compromises he had constantly insisted he would never make and the dangers we feared were averted.

REVERSION TO MUTUAL INDIFFERENCE

3. At that stage Canadian problems ceased to preoccupy ministers and officials in London and, on the whole, people in Britain lapsed back into their habitual indifference to what goes on in this faraway northern country, in which neither the BBC nor any British newspaper thinks it worthwhile to keep a staff correspondent, and about which most of them know little, while Canadians reverted to their similar tendency not to bother about Britain but to concentrate on their multifarious problems with the United States or on fashionable new areas like the countries of the Pacific Rim.

EFFORTS TO PUT SUBSTANCE INTO OUR RELATIONSHIP: EFFECTS OF THE FALKLANDS CRISIS: MRS THATCHER'S VISIT

4. When I came here in 1981 it seemed to me that the objective of my mission should be to mend fences after the notorious public row in February, to re-establish the standing of this High Commission as politically neutral but actively interested in Canadian affairs, and to try to put more vitality and substance into our bilateral relationship. This, as I saw it, involved combatting indifference in London and the Canadian perception that all we now care about is our relationship with the European Community. This is rubbed into every visiting Canadian by the signs at airports (now, at our request, made slightly less offensive) treating British and EEC passport holders as privileged sheep and all others (including Canadians) as unfavoured goats. In Whitehall the curious delusion seems to be cherished that if we slap the faces of our old friends they will not notice.

5. I sought therefore to maintain as good a relationship as was practicable with the Federal government and the Conservative opposition in Ottawa, to seek to wear away the suspicion and "hang-ups" about Britain which one frequently encounters in Ottawa (but nowhere else in Canada) and to make our relationship less dusty and more positive and substantial. Two things helped enormously. Firstly, the Falklands crisis produced a tidal wave of emotional support for the United Kingdom, right across Canada - helped by the largest public relations effort this High Commission has ever mounted, with - at one stage - television interviews before breakfast almost every morning

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and TV cameras in the office and even in the car. The Trudeau Government was surprisingly robust and helpful. It was an unforgettable moment when we realised that for once we were not going to give way. The second major boost came from Mrs Thatcher's visit last September, which made a notable impact, was a great personal success for her and made all Canadians sit up and notice the United Kingdom.

OUR ECONOMIC RELATIONS

6. Our bilateral relationship across the board is now not unsatisfactory. Investment flourishes - 9.1/2% of overseas investment in Canada comes from the United Kingdom. During the last three years there have been major investments here by BP, Unilever, Rowntree Mackintosh and Ultramar - though sadly British interests no longer own the enterprise which still has its historic name - "The Governor and Company of Adventurers of England Trading into Hudson Bay". Partly because of the switch to investment, but also because of the decline of the British motor industry, our increased concentration on European markets and the impact of Japanese competition, trade in both directions has shown a sharp decline in comparative terms and market share over the past twenty-five years, and Canadian and British exporters now account for less than two and a half percent of each other's markets. But Canada is still our fourteenth largest market, just behind Australia and ahead of Japan and Nigeria.

THE DEFENCE RELATIONSHIP

7. This is still good, but old ties are weakening and Canada buys hardly any of her military hardware from us. Nevertheless one third of the British Army of the Rhine trains at Suffield in Alberta each year, and another three battalions exercise at Wainwright. RAF squadrons exercise in Labrador and in Alberta, and the Royal Navy is active in Canadian waters.

8. The 90 or so exchange officers and men serving in Canada and their Canadian counterparts in the United Kingdom and Germany have an influence far beyond their numbers in maintaining the spirit and expertise of the sadly-neglected Canadian forces, and in broadening the horizons of our own.

9. Our full-costs policy, about which I talked to the Prime Minister in 1982, remains a major source of friction. It has been expensive for us in Canada. The Canadians have raised their charges for Suffield by over \$2 million in this year alone.

CULTURAL RELATIONS

10. These have improved, with our slight concessions over overseas students' fees and scholarships (and schemes produced by Cambridge and other universities) and the first ever tour across Canada by the Sadler's Wells Royal Ballet; while in the other direction Mr Ed Mirvish has acquired, restored and revitalised the Old Vic. On slender resources the British Council does an excellent job in Canada.

THE COMMUNITY AND UK-CANADIAN RELATIONS

11. Our membership of the European Community is not of much help to us in Canada. Canadians recognise the importance of the Community but their experience of it has, so far, been disagreeable - a series of wrangles on what Canadians see as unreasonable Community decisions on matters like fish, seals and newsprint. Despite our protestations, they are convinced that the more we concentrate on the Community, the less we bother about them. In commercial matters the Community tends to be ranked by Canada as a poor third behind the United States and the Pa

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Rim countries. So, in Canada, I think we do best not to lay too much emphasis on our membership, but to concentrate on our bilateral relationship and on British interests in Canada. Our main partners in the Community - the French, Italians and Germans - do exactly that.

THE DAY-TO-DAY RELATIONSHIP: ABSENCE OF REAL PARTNERSHIP

12. Our bilateral relations need working at all the time and cannot be left to look after themselves, a fact that the Department of External Affairs have picked up from us and now fully recognise. It is in practice easier to evoke a response in the provinces, where nearly all ministers and others meet one 75% of the way, than in the prickly atmosphere of Ottawa. And relatively few of the influential mandarins in Ottawa show much concern about Anglo-Canadian relations. They are more apt to detect imaginary colonial attitudes on our part than most Canadians. But we keep in close touch with Canadian officials on the bread and butter foreign policy issues - in my time mostly Namibia, the Caribbean and Central America, Belize, Hong Kong and disarmament - and we have a close collaboration on intelligence and security matters. Once a year or so, too, there is a brief exchange of views between ministers.

13. Nevertheless we do not have the sort of close constructive partnership we could have - and in my view ought to have. We do not make a practice of consulting bilaterally on the big issues - as we do with the United States or with our European partners. In retrospect I think I had perhaps more general discussion of such issues with Portuguese and even Hungarian ministers or politburo leaders than I have had with Canadian Secretaries of State for External Affairs, who, in my experience, are an indolent lot, leaving too much to their officials. Part of the trouble is that Mr Trudeau has handled all the major issues himself. He launched his recent East/West initiative, with its unwelcome specific proposals, without any previous discussion with the American, Chinese and French representatives here or with myself. It was not really surprising that those proposals got a dusty reception in Paris, Peking, Washington and London. And, sadly, the Department of External Affairs, not so long ago the headquarters of an elite service, widely respected in the world, has undergone changes which are converting it all too rapidly into a huge, sluggish, bureaucratic conglomerate, dominated by a French Canadian mafia, ignorant of diplomacy, who have pushed aside the leading English-speaking professionals.

OUR REPRESENTATION IN CANADA

14. Over recent years we have reduced drastically our representation in Canada, and in the past twelve months, as I have told ministers and officials in London, we have at times been running on the rims. In my view, we have done some damage to our interests here by cutting too hard. The abolition, for example, of our representation in Winnipeg, while the Japanese, who do not do things for altruistic reasons, have opened up a Consulate-General there, is not unconnected with the rise of the Japanese market share and the decline of ours. It seems to me odd that we go on spending millions from the Foreign and Commonwealth Office vote on, say, the Commonwealth Secretariat or keeping troops in Cyprus, while we run down our own machine. In the Office at home, too, it has for long seemed to me unwise for Canada and Australia to be dealt with, as they appear to be without reference to what is going on in the other country.

THE FUTURE

15. Neither Canada's own future nor that of our relationship is easy to predict. A huge country, with a relatively small population, lying alongside a giant superpower like the United States, with ten times the wealth and population, has inherent difficulties to face. But I suggest that an unsettled future gives us opportunities and motives to try to influence Canadians to look to us - not because

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of the past or the 40% of Canadians who are of British stock, but because in the world today it makes sense for two countries like ours to work closely together. To make the most of this we will need to be ready to spend some extra time, care and money. But we are now emerging from the long period of Mr Trudeau's predominance and entering a new phase. A Progressive Conservative government led by Mr Mulroney, or a Liberal government under Mr Turner or Mr Chretien would, I think, be rather more ready to establish a new and perhaps stronger working relationship and to bring that about may well be a challenging opportunity for my successor.

16. I am sending copies of this despatch to the Secretary of State for Trade, the Secretary of the Cabinet, the Governor of the Bank of England, to Heads of Mission at NATO posts and Canberra, the UK Representatives at NATO and Brussels and to Heads of Consular Posts in Canada.

I am Sir
Yours faithfully

Moran