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Discussion Following the Remarks of Mr. Blanchard and Mr. Macdonald

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DISCUSSION FOLLOWING THE REMARKS OF MR. BLANCHARD AND MR. MACDONALD

QUESTION, PROFESSOR KING: I want to ask in the immediate sense, Donald Macdonald, what happens if Canada extends its outreach to the world and the United States does not. What is the impact going to be on Canada/U.S. relations?

ANSWER, MR. MACDONALD: I think so far, so good, Henry. Actually, in a sense, when we did the deal with Israel, we were just catching up to you. There is a limit to the extent of the kind of negotiations we can do. We would be delighted to make a deal.

The fact of the matter remains that any of the big trading partners, such as the European Union, are not going to make a deal with Canada alone; they want to be in the main game, which is dealing with the United States. We are going to do our best to reach outside. We are not going to stand idle and hope that Fast Track comes through. We are going to do the best we can do, but there are limitations as to what we can do.

QUESTION, PROFESSOR KING: Jim Blanchard, I had a question. There is always this situation where Canada gets caught up in U.S. legislation, that is directed at other targets. In other words, if we do not want to restrict immigration, or we are focussing on some other target, and there is no inception to Canada, this creates a lot of problems here. Do you have any thoughts on that Canadian inception to legislation? It creates a lot of trouble between us. It certainly is true in the trade controls. It is in Section 110 of the Immigration Act. Do you have any particular observations on that?

ANSWER, MR. BLANCHARD: That is a good example. Section 110 is a classic example of the United States, out of total ignorance, not knowing what it is doing in regard to Canada. That will get put aside in the next thirty or sixty days. I am not worried about it ultimately becoming law, but everyone is working very hard on it. It is a real problem, because it is unnecessary. It is a matter of ignorance. Congress is looking at the Mexican border. They did not want it to look like they were discriminating against the Mexicans. Someone said we have to do the same thing up north, and before anybody knew it, this thing was in the law, which is why Canadians become frustrated with what appears to be insensitivity, but it is really ignorance. That is one reason why I wrote a book and go to forums like this and talk about U.S./Canadian relations – to try to build awareness.

One thing that would really help the awareness in our two countries would be if U.S. cable television companies carried the Canadian

Broadcasting Company (CBC) and the Cable Public Affairs Channel (CPAK), which they could easily do. They have plenty of channels in the United States, Canadians say, but it would allow Americans to follow Canadian news like you follow ours.

I want to add a few predictions here. I thought Don Macdonald's address was very thoughtful and, as they would say in Canada, "bang on." One Section, Section 110, will be eliminated. Permanent normal trading relations with China will be narrowly approved in Congress. We are probably not going to renew Fast Track. Some similar procedures will be developed incorporating the concerns people have. Fast Track has just become a loaded phrase. I do not think it is going to go anywhere.

Vice President Al Gore, if elected President, should make great strides in a Free Trade Agreement with the Americas, which has been tragically shelved after a wonderful conference in Miami. With the height of prosperity now that the Cold War is over, the natural tendency is for the Executive to be weaker. That is a problem particularly on the foreign policy stage, especially in the United States when we forget that, historically, we have been mostly an isolationist country. That problem is in a minority right now, but you are right, if men and women of good will do nothing, then a minority can really have a lot of power. That is something to worry about.

The only other thing I would say, interestingly, is if you take a poll in Canada or the United States, and we have done a lot of research on this, you will find the public is mixed on trade. Generally, the people in Canada think that the United States got the better deal with the Free Trade Agreement. People in the United States think the Canadians got the better deal. It is interesting that the average politician in Canada is much more pro-free trade than the average politician or elected official in the United States. It is that concern, coupled with complacency, that we are going to have to deal with, which is why we appreciate people like Donald Macdonald and all of you focusing on all these issues.

QUESTION, MS. COFFIELD: I would like to suggest a slightly different atmosphere in Washington. Canada is being sideswiped, but there is a great deal more hostility in the trade community and with the decision-makers towards Canada than I have seen for quite sometime. It is unjustified, I might add. It goes back to Don's comment about leadership and executive leadership, which I would maintain is not a question of law, but is a question of personality; and certainly, it is situational, not regulational. In terms of our trade relationship, familiarity breeds contempt and we have a trade problem. First, we look north and see if Canada is the cause for that. Can that be overcome by Governor Bush, if he is elected president, and a whole new group of people? What would you say in terms of inner changes that might

occur, not at our level, because we do not have that problem, but certainly at the level of Washington officials and their interaction with Congress? Is there a way that we can reduce what I see as the South Park “Blame Canada” response to a Canadian trade problem in the United States?

ANSWER, MR. MACDONALD: I guess I would say if Governor Jesse Ventura should get elected President, and he came and asked me, I would remind him where our friends and opponents are. Unknowing as they may be, and as badly as they may use the English language, these guys are some of the better friends that we have around. Let us be positive about it rather than going out of our way to pick fights. That is all you can do. You get into disputes, nobody loves the law firm on the other side, but that kind of leadership from a major client can be a big difference.

COMMENT, MR. BLANCHARD: I actually disagree with Ms. Coffield. There are many politicians and lawyers who shoot their mouths off. Most people’s opinions are either very positive that we ought to work things out, or there is lack of awareness, which is more of a concern of mine. I might also add that we are in the last year of the eight-year Clinton Administration. There tends to be a winding down of initiatives. That is why the China mold is so important for President Clinton. There will be a new administration, whether it is Al Gore or George W. Bush. I hope it is Gore, but you never know. Even though Bush, as many of you know, did not know the name of the Prime Minister of Canada when asked on a Canadian talk show, my guess is that either party will be very positive toward Canada, including George W. Bush, if he happens to be elected. There will be a new agenda. There is always a new spirit, even if it is the Vice President succeeding the President. There will be a new set of players. Things will take on a fresh point of view. Things will get worked out.

QUESTION, MR. WOODS: I have a question about the Free Trade Agreement of the Amoresar (FTAA). There seems to be a great deal of pessimism about another round at the WTO and other forms of trade agreements. What distinctions can we draw to be more optimistic about the FTAA, vis-à-vis other multilateral approaches? Second—picking up on the Ambassador’s comments with respect to public servants, their role and diplomatic function in terms of getting these processes in place—do you have ideas about how we can approach the FTAA issue and make it work in a way that could address some of the reasons causing us to have pessimism regarding a new WTO round?

ANSWER, MR. BLANCHARD: That is what I was going to suggest. Michael, why is it going to be any easier in effect with South America than it is with the whole world? To ask the question is to answer it.

In the first place, the European Union is not going to be at the table, nor is India, nor is China, nor are any other people with very strong viewpoints. There is probably a better basis to negotiate a deal there. It is not going to be easy. The critical question is going to be the one that has arisen between Canada and Brazil, recently on aircraft. Emerging industrial countries like Brazil are going to say, listen, you were able to protect us for 100 years. You subsidized your aircraft industry like nobody's business, and maybe you still do. Why is it that we should give up all of our own incentives domestically?

There is going to be a tough negotiation with Latin America, but the area of dispute and difficulty will be narrowed down if we deal with this hemisphere. It will put both North and South in some considerable advantage going on to a FTA to have first been able to make this WTD agreement. The thing we forget is how difficult it was to get NAFTA through the U.S. Congress. The membership in Congress is substantially different now. If that vote were held again, it would be down by thirty or forty votes. So Congress changed and the members of both parties changed significantly in the intervening years, which is why I always felt like Number One. Mr. Macdonald is absolutely right. We need to engage very seriously the labor, environmental, and human rights community. If we do not take them and their concerns into account, there are not going to be any trade deals from the United States. That needs to be dealt with, which is why the strategy that we employed to do trade with Chile, which was going to be the first step in a free trade agreement, was a blunder. I felt so at the time.

Fast Track is not, in its current form, going to be approved. We have to find some other mechanism. It would be easier to cut the deal and have it in front of Congress and get it passed than convince Congress to give the President a blank check. You would not be able to convince the official opposition in Parliament to give the Prime Minister of the majority party a blank check. We need a different strategy. Many people, who are more thoughtful than I, believe that cutting a deal with most of South America will put us in trade relationships with economies that have more in common with ours than with Mexico. We ought to be able to do it.

The real problem will be what the U.S. will do with smaller countries, such as the Caribbean countries that are one-commodity countries, trading exclusively in bananas, things like that. I am an optimist. We will find a way to do it, but we have to find a way to rethink how we do it; and right now the battle is with China, and that could give great momentum to the future if it is done right.

COMMENT, PROFESSOR KING: I want to close this session, because we have to move on, but I did want to thank our speakers. First, Governor Blanchard of Michigan; he has had enormous influence. One of the reasons

he has had such influence was that he was a very, very powerful politician domestically, having had direct access to the President. You have to read the chapters in his book that are in the conference materials to get a feel for what it was like going through the State Department; and he is quite graphic about that. Also, I want to thank Donald Macdonald, the man who looked into the future and started all this. Again I thank him for his prescription for the future.

