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Discussion

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Discussion After The Speeches of Jennifer Lewington and Ken Freed

COMMENT, Mr. Fisher: The floor is now open to questions.

QUESTION, Mr. Fried: Ms. Lewington, you have focused on administration/congressional relations. I wonder if you might elaborate a bit on the state of the administration, and coordination among the State Department, Treasury, Commerce, USTR, and so on. Mr. Freed you really didn't comment on federal/provincial relations and the state of that situation on the Canadian side. You might round out our picture on each side of the border.

ANSWER, Ms. Lewington: Can I throw the question back to you? What do you mean by that? Do you mean how coordinated are they?

QUESTION, Mr. Fried: Is there a uniformed administration policy?

ANSWER, Ms. Lewington: Well, Treasury Secretary James Baker will tell you everything is coordinated, and he is coordinating the financial services issue. You get a different picture from talking to Clayton Yeutter, because he was supposed to be covering the financial services issue too. I think, though, that there is probably more coordination there than might seem to be the case.

I think there has been a division of the turf, if you will, that lasted for quite a long time—between the Department of the Treasury and the United States Trade Representative office—on matters of high sensitivity to the Treasury Department. I think that what is happening at the moment is that Peter Murphy is coordinating and doing a lot of discussing on an interagency basis. He hasn't had very good press, but I think it is true to say that he has had more access to individual members of the Reagan Cabinet than is publically known. That is not simply that, here is a mid-level bureaucrat with little experience beyond textile negotiations. He has in fact had, I don't know how frequently, but he certainly has had one-on-ones with James Baker, George Shultz, Malcolm Baldrige and others to go through issues of concern to the Cabinet as the free trade discussion has gone along.

A lot of the complaining that has occurred on the Canadian side has been that the United States side was really treating the issue in too low a profile. I would submit that, again, we have a difference in tactic, a difference in approach between the two countries. The United States does not want to make it a high-profile political issue and may not ever do so. They don't want to incite a lot of antagonism about the free trade discussions and so what has gone on is that on a behind-the-scenes basis you

have had a lot of interagency discussions. Even now you have a lot of consultation going on between Peter Murphy and people on the Hill.

They haven't had a lot of senior cabinet meetings on the issue because they feel they don't have much to discuss yet. That is quite different from what is happening on the Canadian side and perhaps, Jon, you can elaborate on the details of that. My sense, however, is that when there is a problem, they will deal with it, but at the moment they are just letting it kind of bubble along. When there has to be a decision, when there has to be a problem solved, then it will, in fact, be dealt with by the Cabinet. I suspect those political discussions are not going to happen for several months yet.

COMMENT, Mr. Fried: I guess my question was even a little more broad than that. Is the Administration, itself, in a state of disarray? The talk about Shultz and Weinberger on the one hand and others on opposite sides of Iran? How much division was there on the Fairchild? Has arms control split the Administration in Reykjavik? Is Reagan in control of his Cabinet generally?

COMMENT, Ms. Lewington: I will speak for the trade issue for the moment. I think that on the trade issue there is a growing consensus on the part of the Administration that they have to look, at least more dramatically, as if they are being tough on trade. I would argue that this most recent case with the Japanese semiconductor issue has had more drama than reality to it and that it was important to appear to be looking tough and appear to be talking tough on trade. I think in that sense there is a consensus within the Administration to do that.

The Fairchild thing; that is, I think, a very interesting case. I'm not sure how much spillover there is to the Canadian issue on that in the sense of whether the United States is now going to be very protectionist about its investment policy? It raises a very interesting question, but I'm not sure that it necessarily applies to the Canadian side.

I don't know about arms control. I think they do want an arms control agreement. I think there is some interest in doing an issue like that. It would give sort of a finishing kick to the Reagan Administration. It would be a plus for the President. I think the Administration has been terribly distracted by the Iran-Contra affair. They are trying to pull themselves together. Clearly the new team at the White House is a refreshing change and a positive development. But they are running out of time; and as the Highway Bill indicated recently, right now they have had, and continue to have, setbacks, and every fight is going to be hard to win. It's not to say that they won't win, but it is going to be issue by issue, bit by bit, and nothing is going to be a given over the next few months on that score.

COMMENT, Mr. Freed: The question of provincial/federal relations, of course, probably goes to the heart of Canada, and it's beyond my place here to go into it. In this matter, it is one of those things that I

think Prime Minister Mulroney has been relatively successful within a year where politics has not been his forté. He's isolated the most important problem in provincial relationship, which is Ontario and David Peterson.

Again, this is part of what I think is the bankruptcy, for want of a better word, for the opposition. Those people who are uneasy about the free-trade agreement, people who are seriously uneasy about it in terms of the provinces, have been co-opted. The Prime Minister convinced people, I think to a large degree, that first of all, this is a federal issue. He has also convinced people that it is good for most of the provinces.

One of the things that he likes to say, and he says over and over again, is that the disadvantaged provinces and those sections, say, the north of Ontario that are disadvantaged, are finally going to get their day in the sun. They are going to have access to new markets and such. The constitutional issues, which I think are serious, are being put aside and David Peterson, who likes to raise these sorts of things, is largely being co-opted. Bourassa in Quebec has suddenly been very quiet about the free-trade talks. He had some problems with it, but nearly everyone else is now on board, so I think in practical terms, basically it's not an issue.

Constitutionally it remains one, as it always will be. As the Prime Minister tries to get this thing implemented through provincial legislation, it could really become a serious problem, but at this point that is not really in his mind. We are going to get an agreement and we will worry about all of that stuff later. Politically, strategically, tactically he has isolated the only serious problem that he had and that is David Peterson on this one issue. I don't know if that's what you wanted to hear or if that's what you wanted to talk about, but that's what I'm willing to say.

QUESTION, Mr. Robinson: I think this chat after dinner was billed as a debate. So far it has been, quite frankly—

COMMENT, Mr. Freed: No, no, not for us.

QUESTION, Mr. Robinson: I wanted to throw out sort of an inflammatory observation on your comment, and see if it can stir things up a bit. You had a very amusing analogy of the two levels of people who were most anxious to justify themselves; the functionary defending his function and the politician seeking to be re-elected.

I think that the third might be the journalist looking for a cheap laugh at the expense of the politician. I think that there's a real risk of trivialization of an issue that has preoccupied Canada for about 90 years to suggest, as I think you did in your summary, that the Prime Minister of Canada would sellout Canada to stay in office, regardless of any other considerations. That is about as inflammatory as I think anybody is going to get. How would you like to respond to that?

ANSWER, Mr. Freed: Now I'm not picking on Prime Minister Mulroney differently from anybody else. I'm not suggesting that he necessarily would sellout Canada. That's for Canadians to decide. I'm sim-

ply saying that his main ambition is not a free trade agreement. Don't forget this man in 1983 said of a free trade agreement, "You must be crazy. It would destroy Canadian sovereignty."

One of the major planks in his run for leadership of the Tory Party was anti-free trade. I'm not sure that he, any more than any other politician, has to be taken seriously on this matter. What is a sellout is a matter of definition and how you look at it. I think the Prime Minister is desperate to be re-elected. That is not different from what Ronald Reagan was in 1984 or, I suspect, John Turner was in 1984, or any other politician.

What he wants is an agreement that he can defend against charges of sellout, but what it has to say, he doesn't really care. I don't think that Brian Mulroney cares about the specific little things that you guys have been talking about through the day and will continue to talk about tomorrow. I think what he cares about is an agreement that he can take to the people and say, I ought to be in office again next year.

Maybe this is too cynical for you. Maybe you have not dealt with politicians over time. Maybe you think that they are all wonderful patriots whose only object in life is the betterment of all people, and of all colors all creeds around the world. I wish it were so; but I think it is more likely that he likes living on Sussex Drive and that's where he's going to stay if he can do it.

COMMENT, Mr. Robinson: QED. You just demonstrated—you proved my point.

COMMENT, Mr. David Hunter: The point is, as Canadians, if we don't have anything better to offer, then we better shut up. It is as simple as that, because every Canadian is buying in to a bad deal, which we don't know that we are buying into.

QUESTION, Mr. Bilder: I'm the professor from the University of Wisconsin Law School and I have come here sort of as an observer trying to figure out what the free trade talks are about. Let me put the problem this way just as a hypothetical or maybe as a devil's advocate. If Jon Fried came to me and I was the U.S. government, and said; look, I'm Canada and I want to make a trade agreement. In view of what you said and some of the other things that have been said at the conference, I'm wondering if I wouldn't say; well, you know, is this really the time to do it? Because as I understand it, there's a very substantial number of Canadians who really don't want the trade agreement, if nobody is sure about whether the provinces will really implement it, if there is going to be a big hassle about that sort of thing, if Mr. Mulroney, himself, is a very unpopular person, if all of that is very problematic, I wonder if I wouldn't say; you know, this is a big thing we are doing here. We are making a big structural change. Is this really the time to go ahead? Don't you want to make sure, in Canada at least, that you have wide

public support to really do this thing and know where it is all going before we begin making these very dramatic kind of structural changes?

Now, I take it that the U.S. government is not doing that, but I guess I wonder why the United States is not doing that. I don't know whether you can help me, but this is my puzzlement.

ANSWER, Ms. Lewington: There's a question that I don't know the answer to. I think, however, it would be very fruitful at some point to know the kinds of discussions that really went on between the Mulroney Government and the Reagan Administration back in the summer and fall of 1985 before the Mulroney Government came forward with its proposal. I get the sense from looking back and talking to people, that not enough groundwork was done politically to have a common understanding between the two governments about what it is that they were really going to try to do, or what kind of timetable they really wanted to have.

I think one of the great difficulties of what we are seeing now is that the longer this thing has dragged out the more difficult it is to keep the pro free trade forces going in Canada. I am constantly seeing in the United States that there is not much awareness of the issue, not much political momentum for the issue on the part of the Reagan Administration, notwithstanding one-liners in the State of the Union Message. I think that therein may lie some of the problems. I suspect that you would never have full agreement on both sides of the border to go ahead with something as difficult and as controversial as this, and I suspect the fact that there are problems doesn't mean that you shouldn't try to do it or think about doing it. I really suspect that not enough of the really hard political questions were asked in the very beginning, because there was so much incredible uneasiness on the part of the Mulroney government.

We really had, on the issue, politics of tumidity. The very discussion of the issue has been in the context of freer trade on the Canadian side and, on the U.S. side, a lot of kind of mumbo jumbo words, like enhanced-trade agreement, which means nothing to anybody who tries to have some clear, simple understanding of what is at play here. On the United States side, they say, well, free trade agreement. Well okay, let's talk about it.

That's a small point, but I think it indicates a larger point and that is that there has been such incredible sort of; do we go forward, do we not go, two steps back, two to the side. On the United States side, in some ways, this whole thing is a complete given. They would like to try to do something with Canada. The kinds of questions that the Canadians are asking are the kinds of things that the Americans don't ask because they assume them to be correct anyway. We wouldn't mind closer relations with Canada, except that there may be some risks. But, generally speaking, it is a good thing. We like Canadians. Whereas on the Canadian side, you have had such political agonizing over this issue from the

very beginning that you have two different levels the whole time. They really have been sort of out of sync from the very beginning.

I'm not sure that entirely answers your question, but I think the roots of what you are talking about go back to the summer of '85. The other way you could have done it would be to say, do it in six months and just do it. Don't let it drag out. Because, that's really the route that they have taken now and you could have perhaps gone completely the other way and simply said, okay. We are going to do it, we are going to do it fast. We are going to write a simple, short agreement and let her rip. But that was not the strategy because of the tumidity on the Canadian side.

COMMENT, Mr. Freed: I think a simple answer from the Canadian point of view of why do it now, with all of these problems, is look at the calendar. Brian Mulroney is at seventeen percent popularity, the Tories are at twenty-three percent. He's got to have an election by 1989 and this thing, for whatever reason they decided, is going to be essentially a two-year process. This is what he's got to use. This is his only tool. You have got to do it now. That's it. What has he got? Free trade. Do it now. Otherwise it is going to be too late and he has nothing except his well-pressed suit and graying hair.

COMMENT, Mr. Miller: As a Tea Leaf reader, or a former Tea Leaf reader, in a foreign country, I can share the difficulty that one has in understanding what is going on. But, Mr. Freed, I have the impression, at least as I look at Ottawa, and in a sense I'm sort of a newcomer to Ottawa myself, that the free trade issue has become depoliticized and I think you are saying it is very much a political issue. There is one bullet left in the chamber and can someone with twenty-three percent popularity deliver? You obviously have your doubts, but I think in many senses there's evidence there to indicate that it has become depoliticized as an issue.

COMMENT, Mr. Freed: Tell me about it first.

COMMENT, Mr. Miller: Well, I think, first of all, if you look at this year's summit compared to the '85 Quebec Summit, you are not seeing guns and bands and singing and dancing. I think that's a fairly important distinction to notice. I think it is well that, perhaps on the selling of the thing, you look at the debate in the Commons and there wasn't much opposition there. You can almost interpret the positions of some of the opposition parties, under certain conditions, as being supportive of the free trade negotiations if certain conditions were extracted from the Americans. You haven't seen the great political opposition that you would expect to arise, so I think in many ways it has become depoliticized and it is being pointed to in that way. Perhaps it is not quite so important whether one individual or party can deliver on it.

COMMENT, Mr. Freed: It is an interesting point and I think in a way you may be right. On the other hand, as I said in my remarks, I

thought politics, or even lack of politics, may be irrelevant here. You all are familiar, most of you Canadians are familiar, with the political system. Political opposition in the brief debate that they had last week is essentially meaningless. I think part of it is that there is a great malaise in the Liberal Party right now. I mean, NDP opposition is given and is accepted and nobody pays a whole lot of attention to it, at least in terms of making news and that sort of thing. The Liberal Party was a little more interesting, because there are conflicts that play within it, but this led to sort of a desultory debate. I don't know whether the political opposition, and the nonpolitical opposition, to free trade is waiting for a more opportune time.

You may be right at this stage. I do think Mulroney is right now, at least from what he told us, counting on taking advantage of whatever you would describe this kind of funny attitude that exists right now, to make points; to get this agreement done on it. In a sense you may be right, but I'm not sure in terms of politics that we are anywhere near definitive action.

COMMENT, Ms. Lewington: Can I just add one small footnote? The thing to be watching for during the summit is what exactly President Reagan does say about the free trade issue when he speaks to Parliament and what may be said in the toasts that are given and so on. I think, in fact, in contrast to what you are saying, the Canadian side is looking for a very strong political message, stronger than even a line in the State of the Union, stronger than just saying, yes, we on the United States side think it is a good thing. I think the Tea Leaf readers will be watching for the depth of the political statement by the Reagan Administration on this issue. That will be the way both sides will judge how much political momentum there really is for this thing on the United States side.

COMMENT, Mr. Fisher: Although I sense there are far more questions from the audience, in deference to both of the speakers and to those of you who have been at this since eight this morning, I'm going to allow one more question and then we can break to have individual questioning of the speakers or each other.

QUESTION, Ms. Kolodny: This may be an appropriate final question. Being experts in the media and being such close watchers of the whole political process, could you both give us some indication from Ottawa and Washington, of how, if you were the chief strategist of communications for both or either sides, you would go about packaging the communications aspects. It might be a good way to wrap up how you would combine both Capital Hill watching and Ottawa watching?

ANSWER, Ms. Lewington: I spend my entire life resisting communications packages. I should also add that, thanks to my parents, I have a small motto which they handed on to me. That is, never trust an expert, with deference to you all, of course. I'm not sure I can really answer that question, because I think, in fact, what is more important is what is said on both sides that really means something of substance. I

think what has been sadly lacking in this issue of free trade has been that a lot of really serious and honest questions haven't really been addressed from either side of the border. I think that both governments could do a great service to their own political communities, to their own people, if they would have some very clear words about what the point of this is and why it is a good or bad thing. To have a very open and interesting debate, I would be less interested in communications packages and more interested in some really fair and straight talk about what is really at stake here and why each side thinks it is a good thing or a bad thing or whatever.

ANSWER, Mr. Freed: I have to say, in a sense, the same thing. I mean, I have spent too much of my life not accepting packages, media packages from government. I'm not sure that I could answer. To alleviate some of the concerns about this, I don't care one way or the other, to tell you the truth. I take my role as a journalist seriously enough as an independent person that to me I don't look at this as an American. I certainly don't look at it as a Canadian. It really doesn't matter to me as a journalist how this thing comes out. I have to say, at least from the Canadian side, because I don't know the American negotiators, there are some pretty good folks involved in this. I think Simon Reisman is a tough guy and I know people in this room don't necessarily agree with all of his views. I think he is bright and tough and Brian Mulroney, given my premise that he doesn't care basically what the agreement says, is perfectly willing to accept a hell of a good agreement from the Canadian point of view. If Reisman can get it, you Canadians, the Canadian side, can come out of here smelling like roses.

Again, I have to say that I don't think that that's important to Mulroney. I'm not saying he's going to sellout the country. I'm saying that if he can get an agreement that he can use to win a re-election, he's going to do it. I also think that the Canadians are just as likely as the Americans to come out with something that is going to be beneficial to their national interest, however it is defined. I must say, though, that there are Canadians who are going to find this agreement perfect and everybody else is going to say it is a total surrender. This is not an easy issue and it's not one that is given to simple descriptions. I agree. I don't really care how it comes out, so I'm not in a position to recommend a media package for any of this.

COMMENT, Mr. Fisher: Ladies and gentlemen, we have had a long and very fulfilling day. There are a number of questions left to be raised. I, for one, would like to ask the two panelists what they perceive the role of the press to be, to look through that side of the one-way mirror at themselves, but they have been alleviated from that responsibility. Perhaps as we go on in the evening they will have an opportunity, one-on-one, to do that. I want to take this opportunity to thank, not only our panelist for coming, but thank Henry King for the effort that he has put

forth in putting together the kinds of people that you have heard today and for keeping everything on a relatively tight schedule.

COMMENT, Professor King: Thank you, Barry.

