

## A golden age of Canada-US relations

Allan Gotlieb

Allan Gotlieb was Canada's ambassador to Washington during the Reagan presidency, from 1981 to 1989. Appointed by Pierre Trudeau, he remained at his post under Brian Mulroney. As he writes in this excerpt from his evocative memoir, *The Washington Diaries*: "I am especially pleased about being from a country that can switch allegiance between political leaders so diametrically different from one another, yet both authentically Canadian." Here, he covers the arrival of a new prime minister in 1984, the refurbishing of Canada-US relations beginning with Mulroney's Economic Club speech in New York, the Reagan-Mulroney summits in Quebec City and Ottawa, and the nail-biting conclusion of the free trade talks in Washington in 1987.

Allan Gotlieb a été ambassadeur du Canada à Washington de 1981 à 1989, soit durant la présidence de Ronald Reagan. Nommé par Pierre Elliott Trudeau et maintenu en poste par Brian Mulroney, il note ce qui suit dans ses mémoires intitulés *The Washington Diaries* : « Je suis particulièrement heureux d'appartenir à un pays où l'on peut successivement faire allégeance à deux chefs politiques aussi diamétralement opposés qu'authentiquement canadiens. » Il évoque dans cet extrait l'élection du premier ministre conservateur en 1984, la remise en état des relations canado-américaines inaugurées par le discours de Brian Mulroney devant l'Economic Club de New York, les sommets Reagan-Mulroney de Québec et d'Ottawa ainsi que le suspense précédant la conclusion des pourparlers sur le libre-échange à Washington, en 1987.

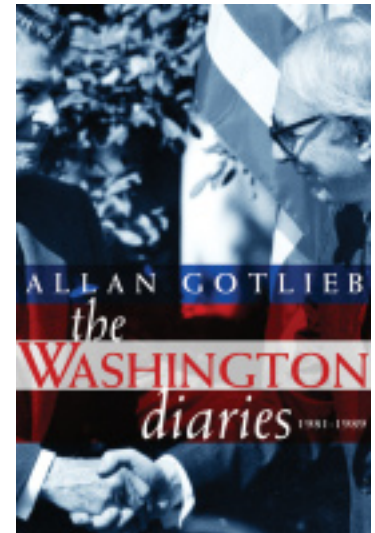
**SEPTEMBER 17, 1984** On the first day in the life of the new government, it is fitting that I should deal with acid rain, a file where the Trudeau government made such little progress.

I had a long chat with Bill Ruckelshaus about our impasse, placing it in the context of Mulroney's great victory and Ronald Reagan's anticipated second term. As usual, he was frank and straight. As usual, the news was bad. He said that R.R. personally holds the key to any progress on acid rain; there is absolutely no chance of a program or commitment unless the president himself can be convinced of its necessity. R.R. was not well disposed towards environmentalists as a result of his experiences as governor of California

(shocking news). Reagan is naturally skeptical and reacts enthusiastically to negative arguments. But — and this is important — his genuine scientific curiosity makes it possible for him to be reached. (This was real news to me.)

All strategies, Ruckelshaus said, should be directed to seeking to influence the president directly. The need to make progress for Canada's sake (the "Canadian connection") was our strongest card.

Ruckelshaus's message is clear: Mulroney has to make acid rain a top personal priority and get through to Reagan in a personal way, one-on-one. And in talking to the president, he needs to back it up with credible, convincing scientific facts.



**SEPTEMBER 24, 1984** The new prime minister arrives in Washington on his first visit in that capacity at 10:30 tonight.

I drove into town with Mulroney and went up to his suite in the Madison. The prime minister was in buoyant spirits, to say the least. Before we got into any substance, he talked about Joe Clark, who had been against his coming to Washington so soon after the election. He argued against Mulroney's accepting the president's invitation on grounds of unseemliness. Mulroney talked scornfully of this advice. Didn't he just win an election with a platform of "refurbishing" relations with the United States?

Bravo to Mulroney for following his own instincts. A leader in command.

**SEPTEMBER 25, 1984** I briefed the PM in his suite at the Madison this morning, and at 11 a.m. we left for the White House in a motorcade, with two big Canadian flags flying on either side of the hood. At noon we proceeded to the president's private dining room, where an intimate lunch with four on each side took place (Mulroney, Doucet, Burney, and myself being the Canadian team). We sat below the beautiful John Singer Sargent that dominates the room. As for the conversation, well, it was jokes, jokes, and more jokes. Reagan was amiability itself. The purpose of the function was for them to get acquainted. They certainly got to know each other's current repertoire of jokes. By 1:10 p.m. we were out of the White House and onto the helipad. Handshakes from the farewell committee, headed by acting Secretary of State Ken Dam and on to Andrews for a 3 p.m. departure.

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**DECEMBER 9, 1984** Met Mulroney at the airport in New York this morning and drove into Manhattan with him in his limousine, briefing him on the American scene. It was an unusual experience to be with a Canadian

politician who delights in this country, who likes the United States and is not afraid to say so. He doesn't have an inferiority complex vis-à-vis the Americans. Maybe it's because he's from Quebec, not Ontario.

**DECEMBER 10, 1984** The prime minister got the royal treatment at the *New York Times*. The publisher, Punch Sulzberger, presided over a rather elaborate lunch, attended by all their top people: Sydney Gruson (former Canadian), A.M. Rosenthal (said to be born somewhere in Canada, improbable as that seems), Seymour Topping (Chester

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Ronning's son-in-law, strangely enough), Max Frankel, and more. Our hosts were not too sympathetic to Mulroney, although of course they were impeccably polite. They see him as a conservative, friendly to Reagan and hostile to Trudeau. They don't like these traits.

Later in the day Mulroney had what I think might have been his finest hour. The New York business elite were out in full force to hear him speak to the Economic Club at the Hilton. Corporate heavyweights were hanging from the rafters. Mulroney's

buddy and the club chairman, Ross Johnson, presided, and GE boss Jack Welch acted as an interlocutor. There were fifty people at the head table alone and a thousand at dinner in black tie and long dresses. The guests were falling all over Mulroney throughout the evening. Ross introduced him and sang his praises, but even with all the enthusiasm and expectation, no one could have anticipated how dramatic and important his speech would be. His Canada-is-open-for-business theme marked a historic change of direction for our country.

If he follows through, it will lead to profound changes in Canadian domestic and foreign policy. I was proud to have had a strong hand in preparing his remarks. In my 25 years of writing speeches for others, I've rarely had that feeling.

I couldn't help imagining, as the audience applauded, the speech that Trudeau might have given. He probably would have justified our NEP and FIRA policies and given the audience a dose of his "nuclear accountants" and "moral equivalence" themes.

I was happy to be a Canadian tonight. I am especially pleased about being from a country that can switch allegiance between political leaders so diametrically different from each other, yet both authentically Canadian.

**MARCH 16, 1985** Just as I thought we'd finally got the Quebec summit all prepared and put to bed, I got an unexpected and urgent call from Fred Doucet requesting I get hold of Bud McFarlane to see if anything further could be obtained from the United States by way of concessions. The prime minister, said Doucet, doesn't think the language on the appointment of the acid rain envoys goes far enough; he'd like it to be more pointed and forward-looking, and he wants me to make a final appeal for more favourable language.

I told Doucet this was impossible to achieve, but he insisted I ask anyway, “so you can tell Mulroney you tried.” In a way I’m caught by my own reputation for having so much influence with the Reagan team. I’m expected to perform miracles. I contacted as many Reaganites as I could. I got all barrels shooting at me from Ty Cobb and Bud McFarlane and so advised Ottawa.

I write this in a very matter-of-fact manner, but today was absolutely punishing.

**MARCH 17, 1985** Ross Johnson sent his Nabisco plane to pick me up in Washington, and I flew with him and his trophy wife to Quebec City. Ridiculous as it may seem, there was no way for me to get to Quebec City by commercial aircraft in time for the summit because of Mulroney’s request that I stay in Washington yesterday in a futile effort to get further concessions from the Americans on acid rain. So I depended on Air Nabisco.

After the meeting, as pre-arranged, Mulroney and Reagan announced the appointment of the acid rain envoys. Reagan was more positive in his language at the press conference than expected — a gesture towards Mulroney. Drew Lewis and Bill Davis, the two envoys, were on hand for the announcement.

The gala event following the dinner was huge and forgettable, with one exception: Ron and Brian on the stage crooning “When Irish Eyes Are Smiling.” This was totally unscripted. Both he and Reagan seemed to be in heaven. It was a splendid show of friendship and reflected, in a very personal way, a new era in our relationship. It left me with a warm feeling. I couldn’t imagine Trudeau crooning with anyone, except maybe Barbra Streisand.

**MARCH 18, 1985** Day two of the summit. I got a call before 8 a.m. to go to



The White House

The first cabin: Ambassador Gotlieb with President Reagan aboard Air Force One on the return flight to Washington after the Shamrock Summit in Quebec City in March 1985.

Mulroney’s suite. The boys were already there — Doucet, Fox, and the usual crowd of political staffers. Mulroney had all of today’s papers spread out on the table — the *Globe*, *Gazette*, *Citizen*, and French-language ones as well. The acid rain envoys were headline news on all the front pages. Mulroney was in a high-spirited, ebul-

rain could have dragged on for years. The acid rain agreement was innovative and creative and a fine example of diplomacy at work. The north warning system was a landmark and possibly a turning point in Canada’s willingness to shoulder responsibility for our sovereignty. The trade declaration, coming at a critical time, may prove the

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lient mood. He was delighted, and you could hear it in his voice.

The past 48 hours proved the importance of summitry. Without the summit, discussions on salmon, legal assistance, north warning, and acid

most significant of all. Altogether, I’ve never seen a more substantive meeting between leaders.

**MARCH 20, 1985** Back in Washington, I’ve received many bouquets on the

Quebec Summit from officials here. Deaver thought it was “a remarkable and unqualified success.” According to Don Regan, the summit was a “moving experience” for the president, giving him a sense of North American solidarity at a

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time of critical East-West negotiations. Shultz told me he thought the substance was “solid,” much was accomplished, and the event was symbolically important. Brock commented that this was the “most substantive summit” he had ever participated in. He believes the trade program is awesome in scope and will provide a major challenge in months to come. Burt pronounced the summit the “most productive Canada-U.S. meeting in history.” Measured against our joint objectives, he added, it was a solid success for both sides.

**APRIL 7, 1987** Day two of the Ottawa Summit. The highlight of the day came during lunch at 24 Sussex. While we were discussing South Africa and going on to arms control, Reagan stopped the conversation. “I always think that at such a meeting we should show we accomplished something, have some results.” Turning to his team, he asked, “Can’t we do that?”

This was a show stopper. The faces of the U.S. officials — Shultz, Weinberger, Carlucci, Baker, Cobb, and Niles — registered astonishment. After all, the White House and NSC had been telling us for months that there would be no surprises and no results. Then the Americans spun off to a separate session in a room at 24 Sussex to discuss possible “results.” During this break, Mulroney told me Reagan made this same point to him just as he arrived at lunch.

Carlucci then met with Burney and me, and we worked up language on acid rain and the Arctic. Carlucci amazed us by saying Reagan would put these points in the speech he was about to deliver to Parliament. The language

on Arctic sovereignty didn’t really signify anything, but it did suggest a commitment to keep the discussions going, and it did represent a withdrawal of the ridiculous Reagan letter of April 3.

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Why did he do it? To help Mulroney? I believe so, absolutely. But also, perhaps, because his instinct told him that with all the effort we’ve put into this summit and all the fanfare and media hordes, he should try to make some news.

Reagan was incredibly robust. Despite the hectic schedule, he was always chipper, never more so than at the lunch with Mulroney, when he was in his best anecdotal form. After telling a couple of Russian stories, he said he “collects stories that the Russians tell on themselves.”

Mulroney was on a great high during the visit. I met with him in the airport for about five minutes after Reagan left, and he was exuberant. But there are dark clouds over our head. The pres-

ident raised film policy, using very strong language. Mulroney’s free-trade initiative will break over this rock.

**OCTOBER 1, 1987** It is exactly two years to the day since Mulroney first proposed a free-trade agreement with the United States. But we’ve reached the end of the road. It looks like it’s all over. Why, I don’t know. I thought it was still doable. I said that to Burney, Wilson, and Carney during our last round of talks with Baker and Yeutter. But this time they came down from

Ottawa with a Dunkirk mentality. They act like they want out. Baker thought they were coming down to negotiate, but when they brought no experts with them, I think he sensed it was over. Ottawa has kept me in the dark for the past twenty-four hours. I’ve been blanked out. I was shocked by Burney’s prepared statement at the outset.

He gave a brutal speech, basically seeming to close the door on the talks. I don’t know if this is what he was instructed to do. I think he was told to leave a crack open, but he didn’t. I know Mulroney does not want this agreement to fail. But he has been let down by Americans and to a large extent his own cabinet.

The Yankees behaved abominably. Burney was like a tank, and he drove it deep into enemy territory. At the end of today’s discussions, we talked of minor agreements, mini-agreements, mini-mini-agreements, two-stage agreements, extensions, and all that. Nothing will come of it.

Blame cannot be allocated to one side or the other exclusively. Trying to understand why the negotiations failed is like trying to account for why a marriage fails. Too many reasons, too many nuances, too many mysteries, too much history. One thing is clear: aside from Baker, there were no Americans of vision and on our side none, except Mulroney. He had a bet-



The White House

Prime Minister Mulroney presents Ambassador Gotlieb to President Reagan at the White House in 1986. In the background, White House Chief of Staff Don Regan (left) and Mulroney aides Bill Pristanski and Fred Doucet.

ter grasp of the situation than his foreign minister and cabinet did.

If this thing fails — and this now seems inevitable — it will be two years of commitment and effort turned to dust. The Americans showed themselves to be shallow-minded and leaderless, the Canadian ministers to be divided and erratic.

I am sunk in gloom, disappointment, and regret.

**OCTOBER 2, 1987** The corpse is revived. The United States has reconsidered its position and will go with the Gibbons-Gotlieb formula (as it now seems to be called in Washington). Cabinet decided to resume negotiations. On a beautiful, clear, cool autumn morning, I found myself back at Andrews airport waiting for the Challenger with the Wilson-Burney-Carney trio. This time Reisman was with them. We went right to Treasury.

I saw Jim Baker alone for a few minutes. “I had to break a lot of china,” he said. “I had to overrule Clayton. He

was against it. I had to call a half-dozen senators and various congressmen. I know I’m in deep trouble proposing this. I’ve taken a big risk for Canada.” He is right. Without his having taken charge, we would be nowhere.

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At our first meeting, we got good news and bad. The good news was their support for the new formula. The bad news was that the United States could not “freeze” the existing countervail and dumping laws. “Absolutely impossible,” Baker said. “We can’t bind the Congress.” This leaves us exposed to the omnibus trade bill and

every future change in U.S. trade law, with no protection whatsoever. Baker’s solution was to require new legislation to be GATT compatible, with a binding approval process, either by a GATT panel or the bilateral mechanism.

There were several other problems about dispute settlement to be addressed. The United States wanted the right to terminate the whole mechanism in five years if there was no agreement on joint countervail and dumping rules. We wanted a longer period. We wanted a tribunal, they a panel. (My own preference is for the U.S. position. With ad hoc panels you get less bureaucracy and better people. I’ve argued with Ottawa before about this, and they regard me as traitorous for it.)

**OCTOBER 3, 1987** Yom Kippur and the final day of trade talks. Yes or no by midnight tonight. I’m still fasting.

Baker demonstrated real flexibility, while playing hardball most of the time. He showed that he had extraordinary authority to negotiate — he was in full command. At a morning meeting I had with him in his office alone yesterday, an aide brought in a document prepared

by an official of the Department of Justice, stating that a dispute-settlement mechanism was unconstitutional. Baker said — in my personal presence in his office — “This is nonsense. Get me the attorney general.” He immediately spoke to Meese. The statement proved to have been a cooked-up move by protectionist Commerce officials.

But his willingness today to reverse his earlier stand on our last compromise approach was even more impressive. I had proposed to the Canadian team that we give the new mechanism the right to review any new legislation to see if it is compatible with the spirit, object, and

Our side eventually cooled down in the early evening, and we met Baker and Yeutter again on the dispute-settlement mechanism, only to have them completely reject our new proposal! I pressed Baker very hard. "We can't do it," he said. "Congress would

The deal was done and completed at ten minutes before midnight. Baker then dispatched a messenger, and notice was received in Congress at a minute before the deadline.

If it were not for Baker, there would be no agreement.

**We then prepared to announce failure. Burney went back in to see Baker alone to convey the news that the grand game was terminated and that we had failed. Our decision seemed to come as a thunderbolt to Baker. He pulled back and asked to be given more time. Burney agreed. An hour later, with only a few hours to go, Baker came back to us with a volte-face. He accepted our earlier proposal on dispute settlement. He had gotten the US side to agree to meet our fundamental requirements. Unbelievably, we had a deal.**

purposes of the agreement (the liberalization of our trade). The Canadian group jumped at this, and in our first restricted meeting with Baker, Burney put it forward, along with a suggestion for resolving our differences on the duration of the mechanism (extending to seven years from five). Baker made no comment.

Our two teams spent the next seven or eight hours ploughing through the agenda. Wilson showed his goodies — which were fascinating and should be very meaningful to Baker — and we got a lot of problems out of the way. At about 4 p.m. Baker pushed Wilson so hard on an element of financial services that Burney lost his cool and we adjourned.

We went back to our assigned room in Treasury to caucus. Burney and Reisman were shouting, angry and jumping all over the place. Burney said, "The reports from our people in the working groups are that the US is tightening up all over. They're squeezing, squeezing. Baker believes that the negotiations are going to fail, and he has decided to put the onus on us — on agriculture, financial services, and intellectual property." I said this was wrong. "The US wants an agreement, Baker wants one, and Reagan wants one, and we're going to get it." This is what I have been saying over and over again, like a broken record.

never agree to such a vague approach and any limits on its power."

We adjourned and the Canadians caucused again. It was about 9 p.m. Those in the room were polled — Wilson, Carney, Burney, Gotlieb, Reisman, and Hartt — and all agreed we could not go forward; the deal was off. The negotiations were over. Finished. Burney telephoned the prime minister in Toronto and Clark in cabinet. They accepted our conclusion that it was all over.

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We ironed out the remaining issues in a wild atmosphere, everyone running up and down corridors trying to keep up with the speed of developments. Baker kept popping into our caucus room saying, 50 minutes to go, 40 to go, and so on down to the wire.

**MIDNIGHT** The Canadians came back to the Residence. We drank. And we drank. The mood was ecstatic. The night was cold, so we had the first fire of the year. Everyone praised everyone for two hours non-stop, and we toasted the prime minister for his leadership and his courage. Sondra joined us and was very gay.

At 2:30 or 3 a.m., just as everyone was filing out, I got a call from Mulroney. I went over the events of the day. He was buoyant, in a state of absolute elation. I congratulated him and told him his finest hour was when he reversed his earlier decision to accept failure and an hour later accepted the new solution. You could have hesitated, I said, and it would have all been over. Maybe, I added, this is what Mackenzie King would have done. But you were bold and took a risk.

Mulroney told me how he had made his decision. When on the line with Burney at eleven o'clock, Mulroney asked him what the team's final recommendations were. When he learned that the people he put there and respected the most were all of the view that he should go with the accord, he determined to go. And thus it was done.

Mulroney told me he knew only two people in the country who were convinced a deal could be struck: he and I.

By the time we signed off the telephone conversation, it was past 3:30 a.m. I had yet another drink and went to bed, euphoric.

*Excerpted from The Washington Diaries: 1981-1989, by Allan Gotlieb. Now available in bookstores. Published by McClelland & Stewart Ltd. Reprinted by permission.*