

III. Future Strategic and Tactical Considerations

Our conclusion at the end of Week # 2, then, is that the Government of Canada's strategy is working well. The federal government has successfully taken the offensive with an approach that so far has proven to be attractive and "explainable" in public. The provinces as a consequence are on the defensive.

The situation, however, is unstable, and it is unlikely that the federal government will be able to retain the initiative if it does not make some selected moves in the course of the third week. The first two weeks have permitted the federal government to establish its negotiating position and to structure the framework of discussion in the way best suited to advance its interests.

It seems to us that the moment has come when some signals should be given of a willingness to move from a tough negotiating position towards common ground, assuming there is reciprocal movement on the other side. Because the Government of Canada currently enjoys the position of strength, it is in a better position than are the provinces to make the first move.

As you will see from a review of Part II of this note, we are now beyond the point where a generalized assertion of the principle of give-and-take will serve. If progress is to be made in Week 3, and if the federal government is to continue to preserve its position of strength, careful consideration needs to be given to precisely what signals might be given to the provinces. They need to be specific: we are prepared to consider giving way on this element in communications or fisheries or resources if you are prepared to move in the following way on the economic powers item. Thus it will be important to address the following questions as we move into the Vancouver sessions:

What might the federal government indicate that it was willing to give?

Conditional upon what reciprocal provincial movement?

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When and how would it be most useful to transmit the appropriate signals?

All this raises some broader considerations with which we would like to conclude this memorandum. Week 3 can be regarded as the conclusion of the first round of intensive negotiations, or as the beginning of the period leading through the late August session to the First Ministers Conference in September. It is clear that the latter perspective is the more appropriate fashion in which to approach the Vancouver discussions.

This being so, we should be bending our efforts to ensuring that we come out of the Vancouver meetings well set up for the month of August. On the assumption that it is in the interest of the federal government to have the process continue as expediently as possible, we should be seeking to establish a set of arrangements which will permit as much ground to be covered as possible in anticipation of the Ottawa August 24-28 CCMC meeting. Again, this argues for determining with as much clarity as possible the lines along which inter-governmental consensus might be developed and the directions officials should move in working out problems prior to the August meeting.

It might be useful for us to develop a negotiating timetable which would carry us through to the end of the First Ministers' Conference. With respect to each period it could establish the tactical objectives of the federal government, the negotiating position of the federal government (elaborated with respect to specific items), the federal government's expectations vis-a-vis the provinces, the communications plans of the federal government, etc. The periods which I would identify for this sort of treatment are:

Week 3	Vancouver
21 July - 25 August	Interim period prior to final CCMC meeting. Energy pricing negotiations and Winnipeg Premiers' Conference intervene.
26 - 27 August	CCMC
30 August - 7 Sept	Interim
8 - 12 September	FMC

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It is really in the light of this overall process, and in the light of federal government objectives leading up to the First Ministers' Conference, that one will be best able to determine the specific steps that it would be advisable to take at an earlier stage in the process. For example, if it is concluded that no major concerns can be contemplated until the late August CCMC meeting, but that it is desirable to accomplish some necessary preparatory work during the August interim period, then one might plan to give in Vancouver some discreet indications of where federal government thinking is moving, without in any sense boxing the federal government in.

The point to recognize is that, in our judgement, if there is no sign of give on Ottawa's part in Week 3, then the meeting will end on a sour note and one will not be able to expect that much useful work at the officials level will be done in the intervening four weeks. It may be that this will prove to be consistent with overall federal strategy, as it is blocked out for the next 6 weeks, but we should not stumble into this situation unwittingly.

Perhaps these considerations might be pursued in more detail at our meeting on Monday.