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Foreign and Commonwealth Office

London SW1A 2AH

29 October 1982

*See John*

Call by Lord Moran

Thank you for your letter of 18 October about Lord Moran's call on the Prime Minister on Monday morning.

// I enclose a biographical note, and a very short note on Canadian economic and political developments.

The High Commissioner will no doubt wish to discuss ways in which Britain could pay more attention to Canada. He is likely to say that he would welcome an early visit by the Prime Minister. As you will recall, the Prime Minister is holding over the possibility of visiting Canada next year en route to the economic summit, but no decision has yet been taken.

Of current bilateral problems under discussion, the most important is our current policy of charging full costs to Canada for military training. As a result the Canadians are now proposing to charge Britain for the facilities we use in Canada, including the irreplaceable training area on the prairies of Alberta, which hitherto have been heavily subsidised by the Canadian Government. Preliminary examination suggests that this could lead to an additional cost to HMG of upwards of \$9 million annually. Talks with the Canadians on this are continuing. Lord Moran will doubtless wish to brief the Prime Minister on the present state of play.

/Lord Moran

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Lord Moran may also refer to the bad reception given in Canada to the increase in fees for overseas students which has resulted in a significant reduction in the number of Canadians studying in Britain.

*Yours*

*R B Bone*

(R B Bone)  
Private Secretary

A J Coles Esq  
10 Downing Street

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THE LORD MORAN KCMG

British High Commissioner at Ottawa  
since June 1981

Born 22 September 1924, son of the first Baron Moran, the Physician, who died in 1977. Educated at Eton and King's College, Cambridge. Joined the Navy in 1943.

Joined the Foreign Service in 1945. Has served in Ankara, Tel Aviv, Rio de Janeiro, Washington, Pretoria. Was Head of West Africa and General Department in London throughout most of the Nigerian civil war. HM Ambassador at Budapest 1973 to 1976; HM Ambassador at Lisbon 1976 to 1981.

Lord Moran was made a CMG in 1970 and a KCMG in the 1981 New Year Honours.

In 1948 he married Shirley Rowntree Harris, daughter of the late Mr G J Harris, Chairman of Rowntrees, who is interested in horses and farming. The Morans have a small farm in Wales. One daughter (1950) now married; two sons (1952 and 1956). Lord Moran has written a book, a life of Sir Henry Campbell-Bannerman, published in 1973.



## CANADA: POLITICAL AND ECONOMIC

### ESSENTIAL FACTS

1. The Canadian economy is currently suffering a deep recession (unemployment 11.8%, interest rates 16%) and the Liberal government is in the doldrums. The annual meeting of provincial premiers in August was critical of the federal government's economic and foreign investment policies. The June budget introduced measures to restrain inflation including pay restraint (6% this year and 5% in 1983), was welcomed by business (but not by the unions) but has not restored confidence in the government. Mr Trudeau cancelled a planned late September visit to ASEAN countries and Japan. He announced in September a number of Cabinet changes, including the move of Mr MacEachen (Finance) to External Affairs. Mr MacEachen has served before as Secretary of State for External Affairs though not with distinction. He retains his position as Deputy Prime Minister. The shuffle moved the right-wing business orientated Ed Lumley in to be responsible for FIRA (Foreign Investment Review Agency), which has been welcomed by investors. Efforts are being made to streamline and speed-up procedures.

2. On 19, 20 and 21 October Mr Trudeau gave three 15 minute addresses to the nation on television in which he called upon Canadians to face up to the forthcoming winter of worsening economic difficulties. He made no concrete suggestions for remedies, but measures are to be announced in the speech

/from...



from the Throne. The problem is that he has lost credibility in the country, but shows no sign yet of standing down. He is thought likely to stay until somewhat nearer the next election (spring 1985 at the latest). The Progressive Conservative leader, Joe Clark, also seems determined to stay, notwithstanding some disaffection in his party. The PCs are gaining ground a little at the Liberals' expense in the opinion polls.

3. The Liberal Government seems to be making some effort towards mending fences with the provinces after the confrontation which has characterised their term of office so far. Quebec has passed legislation qualifying the application of the Charter of Rights to that province but continues to participate in meetings with other provinces. The Quebec Supreme Court recently overruled Quebec legislation which restricted the right of anglophone education in the province on the grounds that it conflicted with the Charter of Rights.

NORTH AMERICA DEPARTMENT  
29 October 1982