



CANADIAN PRIME MINISTER'S TALK/LUNCH WITH MRS THATCHER

CANADIAN CONSTITUTION

Points to Make

1. Parliamentary position here much eased by decision to await Supreme Court opinion - though we still face formidable problems.
2. Adhere to my intention to deal with request when it comes as quickly as possible. But it is far too late in the session to do anything before autumn.
3. A theoretical possibility would be to ask Parliament to remain for an extra week after the Royal Wedding; but this would have unfavourable impact on Parliamentary opinion. Some members, sympathetic to the Government case but not deeply committed to it, might well be absent. Better therefore to deal with the matter under less pressure in the autumn.
4. Understand pressures at your end; but there has been very substantial Canadian delay and Parliamentary opinion here highly sensitive on constitutional matters. Need for MPs to let off steam. Hope therefore you will understand need for us to play the matter at speed and in manner we judge right, to give it the best chance. Only we can judge best Parliamentary tactics.
5. Nature as well as timing of Supreme Court ruling will be important. We realise that a majority opinion is an opinion of the Court; but major divergence of views in the Court or a qualified judgement could have a damaging effect.
6. Worst timing at this end might be for the Supreme Court to give judgement in favour of the Federal position in early July and for the Resolution to be sent to the UK immediately thereafter. This would be most embarrassing as we could not in practice enact the legislation before the autumn and the field would be wide open to the provincial lobbyists. Better if Court delays judgement to the autumn.

.../7.



7. What is said publicly in Canada will have important impact on British Parliamentary opinion. Any public pressure for swift Parliamentary action could have negative effect. So could references to Parliament as 'rubber stamp'. Hope Mr Trudeau can urge restraint on his Ministers.

8. Hope for the chance of another chat in the margins of the Ottawa Summit.

NORTH AMERICA DEPARTMENT
FOREIGN AND COMMONWEALTH OFFICE
25 June 1981



CANADIAN CONSTITUTION: ESSENTIAL FACTS

Mr Trudeau

1. When Mr Trudeau called on Mrs Thatcher on 25 June 1980 he mentioned that it was 'not inconceivable' that the Canadians would be taking steps towards patriation. The Prime Minister indicated that whether or not the Canadian request was with the agreement of all the Provinces, a request to patriate would be agreed if it was the wish of the Government of Canada.
2. Mr Trudeau subsequently pressed ahead rapidly with plans for patriation. It soon emerged that he would not be able to do this on the basis of the agreement of all the Provinces. His majority in Parliament (both House of Commons and Senate) was however secure and by the autumn of 1980 he was able to formulate proposals for parliamentary discussions, including the controversial Charter of Rights.
3. Discussion in the Canadian Parliament was long and acrimonious. A number of modifications were made to Mr Trudeau's original proposals. Parliamentary consideration is at an end, apart from two days' debate (Commons) plus one day (Senate) immediately after the Supreme Court judgement. Meanwhile, questions relating to the patriation issues had been put to three provincial courts. Two of these later pronounced broadly in favour of the Federal position and one against. All three decisions were then appealed to the Supreme Court which held its hearings at the end of May.
4. Mr Trudeau had first taken the line that this was a political question and the opinion of the provincial courts and the Supreme Court was irrelevant. More recently he changed his line and said that if the Supreme Court ruled against the Federal position he would not attempt to press his proposals through.

Opposition to the Constitutional proposals in Canada

5. Mr Trudeau's new attitude on the Supreme Court has probably had a considerable impact on moderate opinion in Canada. It appears

.../however



however, to have made little or no difference to the entrenched position of eight of the ten provinces (all except Ontario and New Brunswick). A number of opposition provincial premiers have made it clear that they will come to this country to lobby against the Federal proposals if the Supreme Court pronounces in favour of the Federal position and the patriation request goes through. There is also considerable opposition among the native peoples.

Timing: The Present Position

6. The Supreme Court was expected to pronounce in early June. An announcement last week however, made it clear that no decision would be reached during their current session which finishes at the end of June. The delay could be a technical one (eg time needed for translation), in which case the Court might reconvene during the recess to give their judgement. Otherwise the outcome will not be known until they reconvene at the beginning of October. There are thus three possible scenarios:-

- (a) a Supreme Court judgement could be announced in time to allow Canadian Parliament to conclude final debate and vote by the time of their recess on 10 July, but with no time for the UK Parliament to deal with the request before its own recess on 28 July or 31 July. The resolution could then be despatched to the UK and stay in suspense until Parliament resumes in October, allowing full opportunity for provincial lobbying in London throughout summer recess.
- (b) the Supreme Court judgement could be announced after the Canadian Parliament goes into recess. The resolution would thus be in suspense in Canada until Canadian Parliament resumes in October, giving provincial opposition full rein in Canada, including probable referenda, during the summer recess.
- (c) the Supreme Court judgement held over until autumn. This would give less scope for the provinces.

.../Government



Government reply to the FAC Report

7. Cabinet have agreed that the Government reply to the FAC Report on the Constitution should not issue until (parliamentary) proceedings in Canada are at an end.

Mr Trudeau's personal attitude

8. Mr Trudeau has made it publicly clear that he hoped patriation would be through by 1 July which is Canada Day, 50 years after the 1931 Statute of Westminster. He will be disappointed that this is no longer in his grasp and keen to press matters through as early as possible thereafter in the hope of de-fusing the difficult situation between the Federal Government and the Provinces. On the other hand, Ministers have made it clear to the Canadians that even if we had the Canadian request by now, there would be considerable difficulty in getting the legislation through before the summer recess.

9. Mr Trudeau has indicated through his officials that he admires the way Mrs Thatcher has handled the Canadian constitutional issue in the UK Parliament.

NORTH AMERICA DEPARTMENT
FOREIGN AND COMMONWEALTH OFFICE
25 June 1981



PRIME MINISTER'S MEETING WITH MR TRUDEAU, 26 JUNE

HIJACKING IN RELATION TO THE ECONOMIC SUMMIT

Points to Make

1. Would be interested to hear outcome of any discussions that Trudeau may have had on this subject with Schmidt and Mitterrand.

2. In particular, is Schmidt - one of the original signatories of the Bonn Declaration - now prepared to implement it by applying civil aviation sanctions against Afghanistan?

3. UK view that Afghanistan's conduct presents the Seven with a challenge and an opportunity which may not be repeated (since their own civil aviation interests would in this case be scarcely affected) to give the Bonn Declaration credibility, and thereby make it a more effective deterrent to aircraft hijacking. But there must be complete solidarity between all members of the Seven.

MARITIME, AVIATION AND ENVIRONMENT DEPARTMENT
24 June 1981



PRIME MINISTER'S MEETING WITH MR TRUDEAU, 26 JUNE

Essential Facts

1. A Pakistan International Airways (PIA) aircraft was hijacked in March when on an internal flight in Pakistan; there were Canadian and American passengers on board (but no Europeans) and a Pakistani diplomat was murdered in Kabul. The Afghans failure to fulfil their legal obligations on two counts. Firstly, when the aircraft was flown direct to Kabul they failed to do their best to resolve the incident; quite the reverse, since there is evidence from the passengers of their collusion with the hijackers. Secondly, there is positive evidence that the hijackers, together with a number of the Pakistani prisoners released as a result of their demands on the Pakistan Government, flew back from Syria, where the hijack was ended, to Kabul. So far as we know they are still there at liberty.

2. The Bonn Declaration which was made at the Bonn Summit in 1978 is very clear: in all cases where a country refuses to extradite or prosecute hijackers all flights to and from that country should be cut off. However it was issued in some haste and with little preparation. In practice it has proved to be a blunt instrument particularly in cases where the interests of the Seven are only marginally involved. It has not yet been implemented in full although officials of the Seven have monitored hijackings which have ended with the hijackers remaining at liberty and have reminded the states concerned of their legal obligations and of the Bonn Declaration. The UK view, agreed by Ministers, is that the sanctions provided for in the Bonn Declaration should be applied in the case of Afghanistan unless it fulfils its legal obligations.

3. There was a meeting of an Experts Group in Ottawa last week for the purpose of making a report to the Personal Representatives on how this subject, and terrorism in general, might be handled at the Ottawa Summit. The Group was unable to agree on the question of sanctions against Afghanistan; the UK, Canada and the USA were

/in favour



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in favour and France against. The French position was supported by Japan and Italy, both of which, however, will probably go along with the majority at the end of the day, and rather more suprisingly, by the FRG.

4. The Germans have normally been robust on the Bonn Declaration for which Chancellor Schmidt takes some credit. On this occasion, however, the FRG had a limited brief from the German Transport Ministry which had apparently not been cleared by the Auswaertiges Amt and the Chancellor's Office. We understand that the Germans have an over-flying interest in Afghanistan which they may be reluctant to put at risk.

5. The French, on the other hand, have been consistently cool towards the Bonn Declaration basing themselves on the legal argument that there was no basis in international law to justify abrogation of their bilateral air services arrangements. We do not share this view but have had no success in arguing them out of it.

6. Mr Trudeau, whose initiative the Bonn Declaration was, is expected to raise the matter both in Bonn and Paris. It would not be surprising if he succeeded in winning round Chancellor Schmidt, the only other original signatory of the Declaration still in office, to a more robust position. His chances of success with President Mitterrand, however, are more uncertain. If the French remain adamantly opposed to the implementation of sanctions, even if they are eventually isolated on this point, we might have to consider whether it was worth continuing to pin our faith on the Bonn Declaration as an effective means of deterring hijacking.

MARITIME, AVIATION AND ENVIRONMENT DEPARTMENT
24 June 1981



PRIME MINISTER'S MEETING WITH MR TRUDEAU, 26 JUNE

FOREIGN INVESTMENT REVIEW AGENCY (FIRA)

Points to Make

1. Concerned at prospects of strengthened controls over inward investment into Canada likely to be introduced later this year. Existing control exercised by the Foreign Investment Review Agency already strict and acting as deterrent to British businessmen who wish to undertake projects in Canada.

CRE2/1a
24 June 1981



PRIME MINISTER'S MEETING WITH MR TRUDEAU, 26 JUNE
FOREIGN INVESTMENT REVIEW AGENCY (FIRA)

Background

1. FIRA was set up in Canada in 1975. It provides for the review by a federal agency of all proposed acquisitions of Canadian businesses by foreign investors; of the establishment of new foreign-controlled businesses; and of the expansion of existing foreign-controlled business into new business sectors.

2. FIRA originally set up to control growing US ownership of Canadian industry, but it operates equally strictly against all foreign investors. The Canadians argue that 90% of all formal applications to FIRA are approved; but it has certainly acted as an obstacle, particularly to small companies.

CRE2/1a
24 June 1981



PRIME MINISTER'S MEETING WITH PREMIER TRUDEAU, 26 JUNE

CANADIAN NATIONAL ENERGY PROGRAMME

Points to Make

1. Concerned that number/^{of}elements in the National Energy Programme (NEP) are hard on foreign companies and could harm interests of British companies which have been good corporate citizens of Canada (eg BP).

2. Hope Canada will reconsider those aspects of NEP which are inconsistent with its international commitments (eg undertakings of Summit, IEA, GATT).

Department of Energy
24 June 1981



PRIME MINISTER'S MEETING WITH PREMIER TRUDEAU, 26 JUNE

CANADIAN NATIONAL ENERGY PROGRAMME

Background

1. Canada's NEP, part of budget of 28 October 1980, contains a number of controversial and discriminatory elements especially:

- (a) a commitment that crude oil and gas prices will never exceed 85% of world prices;
- (b) a goal of 50% Canadian ownership of the oil and gas industry by 1990;
- (c) a condition that companies should be at least 50% Canadian owned before qualifying for the (rising scale) of favourable exploration incentive grants.

2. BP and Shell claim that the NEP has seriously disrupted their future plans; we have made it clear to the Canadians that we, along with our partners in OECD, IEA object to features of the NEP and that Canadianisation is inconsistent with their commitments and could impair their ability to carry out their summit undertaking to restructure their energy economy away from oil.

3. A sub-committee of the US House Energy and Commerce Committee held hearings in Washington on 19 June on Canada's energy policy and were highly critical of it.



TRUDEAU, THE RIGHT HON PIERRE ELLIOTT, PC MP

Prime Minister.

Born in 1919 of mixed French Canadian and Scottish ancestry, he comes from a wealthy Montreal family. Attended the Universities of Montreal, Harvard and Paris and the London School of Economics. Has travelled widely. Lecturer in Jurisprudence at Montreal University and a member of the Quebec Bar before entering politics. He has written various books and theses, particularly on constitutional matters and the French Canadian problem.

First became active in politics when he supported the asbestos miners in Quebec in the late 1950s. Opposed the corrupt regime of M Duplessis, Premier of Quebec. Later he came out clearly as a federalist French Canadian, maintaining that a separate Quebec could not be viable, that French Canadians could only find their fulfilment in Canada, and that it was largely the failure of Quebec provincial governments to exercise their powers under the Federal Constitution that had left Quebec as a ghetto for so long. He joined the Federal Liberal Party in 1965 and was elected to the Federal Parliament in the same year.

Mr Trudeau's star rose rapidly in the House of Commons. After a short spell as Parliamentary-Secretary to Mr Pearson who was then Prime Minister, he was appointed in 1967 as Minister of Justice, where he attracted favourable notice for his handling of a new Divorce Bill. In April 1968 he ran for the party leadership and swept aside a number of senior rivals as well as one or two other young hopefuls. In the general election that followed the Liberals were returned to power with an absolute majority, for the first time since 1953, as Trudeaumania swept the country.

Mr Trudeau was Prime Minister of Canada from 1968 until 1979. His first government lasted 4 years and included the October 1970 kidnapping crisis, which was, in retrospect, probably his finest period as Prime Minister. By the end of his first 4 years in office

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the force of Trudeaumania was, however, spent. The ease with which he had come to power, his pre-eminence within his own party and the ineffectiveness of the opposition led him to adopt an autocratic style, although he continued to philosophise from time to time about 'participatory democracy'. About this time his relations with the press deteriorated and were never to recover.

In the October 1972 election campaign, Mr Trudeau seemed to fight without enthusiasm. The Liberals scrapped back into power as a minority government and for the next 2 years were largely pre-occupied with holding on to office.

They did better in the 1974 election when Mr Trudeau barnstormed through the country demonstrating some of his old magic. But the 5 years of government that followed his electoral victory were on the whole undistinguished. His party had few new policies left, and Mr Trudeau's dominance and intolerance of opposition led to the resignations of two of his leading Ministers. It was during this time that a Separatist Government came to power in Quebec and this and the future of the federation became the over-riding - and the totally intractable - issue for Mr Trudeau. After the Liberal defeat in 1979 and five months in Opposition Mr Trudeau announced his resignation in November 1979. However, the next month the Conservative Government was brought down, almost by accident, and Mr Trudeau decided to run in another election in February 1980. It is unclear how long he will now remain in Ottawa, although he has stated that he would step down before the next election.

Mr Trudeau is not an easy man to summarise. He combined great personal charm with brutal insensitivity; a firmly rooted belief in the principles of democracy with an apparent contempt for the institutions and the men through whom they are secured; a wide ranging incisive mind and intellectually rigorous with sometimes disastrous judgement based on the advice of the political professionals who came to form a praetorian guard around him. For much of his time in power he has not hesitated to conceal his boredom with politics and on the one issue that excites his real interest, national unity, his strongly held beliefs and emotional involvement led him to take

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the confrontational approach vis-a-vis Quebec and Alberta that do nothing to facilitate the likelihood of a solution.

Mr Trudeau married in 1971. After a long period of difficulties he and his wife were separated in the summer of 1977. He retains custody of the three children.



PITFIELD, MICHAEL

Clerk of the Privy Council and Secretary to the Cabinet.

Born in Montreal 1937.

Joined a Montreal law firm after leaving school in 1955, and took an extramural degree. Entered Civil Service in 1959 as Administrative Assistant to the Conservative Minister of Justice. Secretary and Executive Director of the Royal Commission on Taxation 1962-5. Joined Privy Council Office 1965, appointed Assistant Secretary to the Cabinet 1966 and Deputy Secretary (Plans) 1969, after it was reorganised into Plans and Operations Branches.

A cold slow speaking intellectual with a brilliant academic reputation, he has had a meteoric career since joining the Privy Council, reaching Deputy Under-Secretary rank at 32. Fortune clearly favoured him: young, wealthy, a Montrealer, a man of ideas, known to Mr Trudeau, he came to the Privy Council at the same time as Mr Trudeau, entered the Federal Administration and was promoted by him to Deputy Secretary in 1969.

His appointment as Secretary to the Cabinet attracted a good deal of criticism resulting from his friendship with Mr Trudeau. He disdained the clubby atmosphere and modus operandi of the old school of top civil servants and was distrusted by many of them. He is very able, with a wide-ranging mind and considerable basis for his intellectual self-confidence; but his theoretical and impersonal approach to problems is a weakness and he seems to lack feel for the human side of affairs. Has a close working relationship with Allan Gotlieb.

Resigned at the request of Mr Clark in June 1979, but remained for a while to assist with the transition and then after a spell at Harvard, returned to Ottawa in the wake of the Liberal victory in February 1980.

Married.



GOTLIEB, ALLAN EZRA

Under-Secretary of State, Department of External Affairs.
Chairman of Committee of Deputy Ministers on Foreign and
Defence Policy

Born in Winnipeg 1928.

Educated at Universities of California, Harvard and Oxford
(Rhodes Scholar). Fellow of Wadham College, Oxford and University
Lecturer in Law 1954-56. Accepted for fellowship at All Souls
Oxford for 1974.

Joined External Affairs 1957; served in Geneva with the
Canadian Missions to the UN and the Disarmament Conference. Head
of Legal Division, External Affairs 1965-67. Assistant Under-
Secretary and Legal Adviser 1967-68. Deputy Minister of
Communications 1968-73. Deputy Minister of Manpower and
Immigration 1973-77. Appointed to his present post on 4 May 1977.

An able lawyer with a first class mind who, like many of
External Affairs' Legal Advisers, has risen rapidly in the Government
Service. His influence, as Under-Secretary has been strong and
pervasive. Can be a lively conversationalist who does not suffer
fools gladly. Held a (truncated) visiting Fellowship at All Souls
in 1975. An aesthete, he possesses an unrivalled collection of
etchings by the 19th century French artist, Tissot. An effective
rather than attractive personality.

Married. (His wife wrote a highly-fictionalised account of
their courtship that was a Canadian best-seller.) Three children.



PRIME MINISTER'S LUNCH FOR MR TRUDEAU - FRIDAY 26 JUNE 1981

GUEST LIST

Mr Trudeau

Mr Michael Pitfield,
Secretary to the
Cabinet

Mr Allan Gotlieb,
Under-Secretary of
State for External
Relations

Mr B Drabble,
Associate Deputy
Minister for Finance

Mr R Fowler,
Assistant Secretary
to the Cabinet
(Foreign and Defence
Policy)

Prime Minister

Lord Privy Seal

Secretary of State for Trade
(Mr Biffen)

Chief Whip (Mr Jopling)

Sir R Armstrong

Lord Bridges

Private Secretary, No 10



PROGRAMME FOR CANADIAN PRIME MINISTER'S VISIT TO LONDON:
26-27 JUNE 1981

Friday 26 June

11.30 am Arrive London Airport (South Side)
from Bonn.

Met by Secretary of State's Special
Representative (Sir D Muirhead)

Drive straight to No 10 Downing Street.

12.30 pm Private talks with Mrs Thatcher.

12.45 for 1.00 pm Working lunch at No 10.

2.40 pm Walk from No 10 to Foreign and Commonwealth
Office (Ambassador's entrance) accompanied
by the Lord Privy Seal.

2.45 pm Talks with the Secretary of State.

pm Private arrangements.
(Stay at Savoy Hotel).

Saturday 27 June

3.30 pm Depart London Airport for Ottawa. Seen
off by Secretary of State's Special
Representative.



MEETING BETWEEN CANADIAN PRIME MINISTER AND SECRETARY OF STATE,
FCO, 26 JUNE 1981 - 2.45 PM

Participants

Mr Trudeau

Mr Hardy

Mr Pitfield

Mr Gotlieb

Mr Fowler

Secretary of State

Lord Bridges

Mr Bullard (for last 15 mins)

Mr Ure

Private Secretary

Mr Berthoud NAD