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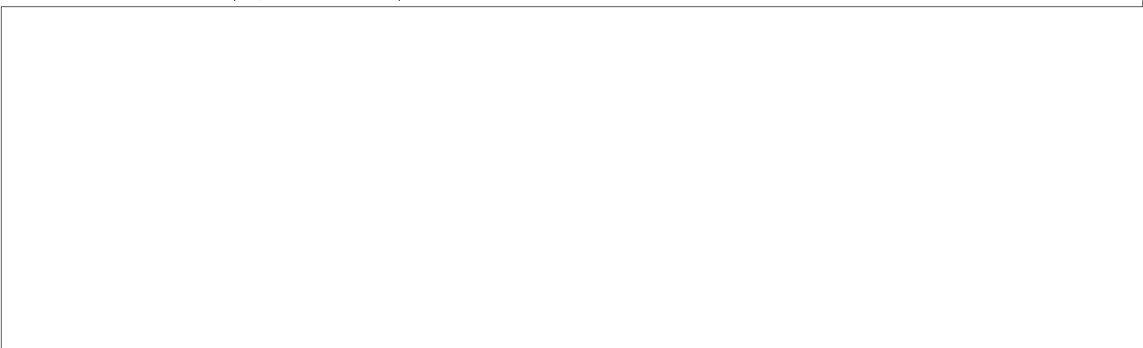
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AGENCY FOR P/M (INFO P/R); P/GF; P/FW; P/FN; VOA/BXN;
P/PFE; EU
STATE FOR EUR/CAN; EUR/PA
WHITE HOUSE PASS NSC/WEUROPE

E.O. 12356 N/A
TAGS: ECPS, PREL, CA, ETRD
SUBJECT: MEDIA REACTION - FREE TRADE

1.   THREE CANADIAN NEWSPAPERS MAY 18 REACTED TO U.S.
SENATE FINANCE COMMITTEE HEARINGS ON THE FREE TRADE
DEAL. PARTIAL TEXT FOLLOWS:

2.   THE TORONTO STAR CARRIED 2 COLUMNS. THE FIRST,
TITLED "TUGGING THS WAY AND THAT OVER TRADE DEAL" WAS
BY COMMENTATOR DAVID CRANE.   "....THE MULRONEY
GOVERNMENT IS CLEARLY CAUGHT BETWEEN THE DEMANDS OF THE
U.S. CONGRESS ON ONE SIDE AND THE PROVINCES ON THE
OTHER...THE PROPOSED FREE TRADE DEAL RAISES SEVERAL
OTHER QUESTIONS. WHAT EVIDENCE OF PROVINCIAL COMPLIANCE
WILL SATISFY THE U.S.? WILL THE AMERICANS WANT A
RESOLUTION OR OTHER LEGISLATIVE MEASURE ADOPTED BY EACH
PROVINCIAL LEGISLATURE?...WILL THE LEGISLATION ALTER
CANADA'S FEDERAL SYSTEM, MAKING IT MORE LIKE THE U.S.
SYSTEM IN WHICH THE FEDERAL GOVERNMENT HAS BROADER
POWERS? UNDER THE SOFTWOOD LUMBER PROVIS
ONS, FOR
EXAMPLE, CHANGES IN PROVINCIAL FORESTRY POLICIES SUCH AS
ROYALTY OR STUMPAGE FEES ON TREES CUT ON PROVINCIAL
LANDS CAN ONLY BE MADE WITH U.S. APPROVAL..."

2.   ROSEMARY SPEIRS, IN "WHO HOLDS TRUMP IN THE FREE
TRADE GAME?" OPINED :   "...LATER MONDAY, SENATOR LLOYD
BENTSEN SAID THE U.S. SENATE FINANCE COMMITTEE HAD VOTED
TO BLOCK FREE TRADE UNLESS THE CANADIAN GOVERNMENT CAN
GIVE ASSURANCES THAT THE PROVINCES ARE BOUND TO THE
TERMS OF THE DEAL. COMBINED WITH (ONTARIO PREMIER)
PETERSON'S NAY, CROSBIE HAS NO CHOICE -- HE HAS TO

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LEGISLATE COMPLIANCE...DIRECT DEFIANCE HAS ITS DOWNSIDE
FOR PETERSON, HOWEVER. OUTSIDE ONTARIO, THE MOVE WOULD
NO DOUBT ANGER WESTERNERS, WHO WANT TO SELL MORE OIL TO
THE AMERICANS, AND QUEBECERS, WHO ENVISION RICHES FROM
BIG HYDRO DEALS..."

3. AN EDITORIAL IN THE OTTAWA CITIZEN WAS TITLED
"PETERSON HANDED FREE-TRADE GRENADE:" "....THE ONTARIO
GOVERNMENT BELIEVES THERE ARE STRONG LEGAL GROUNDS TO
OPPOSE SUCH IMPLEMENTING LEGISLATION; IT WOULD CHANGE
THE FORMAL DIVISON OF POWERS BETWEEN THE FEDERAL
GOVERNMENT AND THE PROVINCES MORE THAN THE COURTS HAVE
BEEN WILLING TO ALLOW IN PAST CASES. FORTUNATELY,
THOUGH, PETERSON DOES NOT WANT TO BE KNOWN AS THE LEADER
WHO DESTROYED AN HISTORIC DEAL, SUPPORTED BY ALL THE
OTHER PROVINCES, SIMPLY TO PROTECT A SMALL DOMESTIC
MONOPOLY. AS A RESULT, HE HAS SUGGESTED HE WOULD NOT
CHALLENGE THE PACT IN COURT IF HE COULD NOT ENLIST SOME
OTHER PROVINCES TO SUPPORT HIS CASE.

4. "THAT STANCE WAS CHOSEN TO KEEP THE OPTION OF
QUIETLY ACQUIESCING TO THE WISHES OF THE REST OF THE
COUNTRY. THE RATIONALE WOULD BE THAT ONTARIO COULDN'T,
OR SHOULD'T, STOP FREE TRADE ALL BY ITSELF. NOW,
HOWEVER, THE U.S. SENATE HAS GIVEN PETERSON THE UNWANTED
OPTION OF BEING ABLE TO TORPEDO THE DEAL SIMPLY BY
REFUSING TO GIVE AN ASSURANCE OF COMPLIANCE. CANADA'S
FUTURE MAY WELL DEPEND OF PETERSON'S ABILITY TO RESIST
THE REACTIONARY FORCES OF PAROCHIAL POLITICS."

5. THE MONTREAL GAZETTE CARRIED THE EDITORIAL "LET'S
ASK THE JUDGES." "....MR. PETERSON IS NOT CONCERNED
ONLY ABOUT PROTECTING ONTARIO'S WINE INDUSTRY. HE
DISLIKES THE WHOLE TRADE DEAL BECAUSE HE THINKS IT IS
FUNDAMENTALLY FLAWED. IN THAT, HE IS ABSOLUTELY RIGHT.
THIS DEAL WOULD DRASTICALLY ERODE CANADA'S SOVEREIGNTY,
CURTAILING OUR ABILITY TO SET POLICY ON ENERGY, REGIONAL
AND INDUSTRIAL DEVELOPMENT, FOREIGN INVESTMENT, PROBABLY
CULTURE AND EVENTUALLY SOCIAL POLICY:..."
THURBER
END OF MESSAGE   UNCLASSIFIED

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