

- make a minor contribution towards easing it, but the amounts of money required to solve the problem were much larger than the \$300 million being proposed;
- the government had recently cut back other higher priority programs on grounds of restraint;
 - subsidies to improve the quality of urban transport would not discourage people from using their cars. What was required was penalties, or disincentives such as limited or extremely costly parking facilities to discourage car owners from bringing their cars into the center of the cities;
 - it was inappropriate to launch a cost-sharing program at a time when the government was withdrawing from other tax-sharing programs.

Discussion of this item was not completed, due to lack of time. Further consideration was postponed until the July 15 meeting of Cabinet.

Dairy Policy 1976-77

Politique laitière 1976-1977

The Cabinet had for consideration a memorandum from the Minister of Agriculture (Cab. Doc. 340-76 dated July 2 and a report from the Cabinet Committee on Government Operations (Cab. Doc. 340-76CR dated July 6, concerning dairy policy for the 1976-77 fiscal year.

There was inadequate time to discuss this item. However it was agreed that it should be given priority on the agenda of the July 15 Cabinet Meeting. It was also agreed that the Minister of Agriculture should assess for the July 15 Cabinet meeting the impact that the current drought in Europe could have on the market for Canadian powdered milk.

General Discussion: Olympics - Taiwan

Discussion d'ordre général: Olympiques - Taiwan

The Prime Minister mentioned that he understood negotiations were about to take place between the International Olympic Committee and the Department of External Affairs. The government's position on the recognition of one China was clear, and at this stage little could be done beyond awaiting the outcome of the negotiations between the I.O.C. and External Affairs. Several Ministers expressed disappointment with the press coverage of this issue, and the tendency of the Canadian press to take the side of the other party in a dispute involving the federal government.

The Prime Minister wondered whether the government should not reconsider its decision not to offer a subsidy to the organizers of the Olympiad for the Physically Disabled. The decision was consistent with our policy not to encourage sporting events with South Africa since the organizers of the Olympiad refused to withdraw their invitation to South Africa. However, he wondered if the government would receive any credit from the African states for having taken this decision. It was certainly unpopular within Canada, and difficult to explain domestically. It was agreed that this question should be reviewed by Cabinet at its July 15 meeting.

Enforcement of Fishing Vessels
Safety Standards and Availability
of Air Rescue Facilities on the
West Coast

Application des normes de sécurité
relatives aux bateaux de pêche
et disponibilité des services de
sauvetage aériens sur la côte ouest

The Cabinet had for consideration a memorandum from the Minister of State (Fisheries) (Cab. Doc. 321-76 dated June 24) and a report from the Cabinet Committee on Government Operations (Cab. Doc. 321-76CR) dated July 6 concerning safety of fishing vessels used in the herring roe fishery on the West Coast.

The Minister of State (Fisheries) said this item was not controversial. However he was agreeable to a suggestion that had been made that a review of the fishing vessels safety standards and availability of air rescue facilities on the East Coast should be carried out if he considered it to be necessary.

The Cabinet agreed that:

Le Cabinet convient que:

(a) approval in principle be given to a two-stage program to reduce the loss of life and vessels in the herring roe fishery and other fisheries in British Columbia;

(a) soit approuvé en principe un programme en deux temps visant à réduire les pertes de vies humaines et de navires dans l'industrie de la roque de hareng et de la pêche en général, en Colombie-Britannique;

(b) the first stage, to be financed from existing resources and consisting of the following measures related to the enforcement of fishing vessel safety standards, be put into effect immediately:

(b) soit mise en oeuvre dès maintenant la première phase du programme, financée à même les crédits actuels, c'est-à-dire que soient prises les mesures ci-après concernant l'application des normes de sécurité relatives aux bâtiments de pêche:

(i) a program of upgrading in standards and regular inspections should be implemented for vessels less than 15 tons, but only after the usual consultations with the vessel owners;

(i) mise à effet après les pourparlers d'usage avec les propriétaires de navires, d'un programme d'amélioration des normes et des contrôles périodiques pour les navires de moins de 15 tonnes;

agreed that:

- (i) the Minister of Agriculture should enter into discussions with the Government of Quebec and Quebec producers in order to obtain binding assurances that would provide credibility and substance to the provincial undertaking set out in recommendation (b) above and, after having consulted with the President of the Treasury Board, would report to Cabinet; and that
- (ii) recommendations (a) and (b) above would be reconsidered in conjunction with this report.

convient que:

- (i) le ministre de l'Agriculture engage des pourparlers avec le gouvernement et les producteurs laitiers du Québec aux fins d'obtenir une promesse qui les lierait assez pour donner crédibilité et consistance à l'engagement que prendrait la province aux termes de la recommandation (b) ci-dessus et que, après consultation du président du Conseil du Trésor, il lui fasse rapport; et que
- (ii) les recommandations (a) et (b) ci-dessus soient réexaminées avec ce rapport.

General Discussion

Admission of Athletes from Taiwan to the Montreal Olympic Games

Discussion d'ordre général

Admission des athlètes de Taïwan aux Jeux olympiques de Montréal

The Prime Minister drew the attention of Ministers to the evolving situation concerning the admission of the athletes from Taiwan to the Montreal Olympic Games. Ministers should evaluate what the risks might be of maintaining the current policy of the government and determine whether they were prepared to take those risks. The Prime Minister was particularly concerned about actions that the United States government and the U.S. Olympic Committee might take and the impact that such actions could have on the holding of the Olympic Games.

The Secretary of State for External Affairs explained the background to the current issue. Since Canada had recognized the People's Republic of China (PRC) the government had, on the basis of its understanding with the PRC, admitted individual businessmen, athletes and visitors from Taiwan on the condition that they did not claim to represent or act as representatives of either the "Republic of China" or "China". The Canadian policy of recognizing only one government as representative of China, had been applied consistently in all circumstances over the past six years.

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In May 1975, an official from the Department of External Affairs, Mr. Arthur Andrew, had met with the President of the International Olympic Committee (IOC), Lord Killanin, in Toronto. In the course of that meeting, which had reviewed several issues, the subject of the participation of representatives of China had been fully discussed. The Canadian official had explained the problem to Lord Killanin and had urged him to do something about it, particularly to arrive at a determination as to the appropriate representation of China. Lord Killanin had pressed Mr. Andrew for assurances concerning the admission of Taiwan athletes into Canada. Mr. Andrew had declined to provide any such assurances noting that this would be a matter of national policy, subject to the decision of Ministers. The matter had been raised again in February, 1976 at Innsbruck where Canadian officials had noted that the International Olympic Committee had made no progress whatsoever in resolving the issue of Chinese representation at the Olympic Games. Mr. Sharp, as Acting Secretary of State for External Affairs, had therefore sent a letter to Lord Killanin in May 1976 stating that Canada was quite prepared to admit athletes from Taiwan as representatives of Taiwan but not of China. In that letter it had been suggested that the precedent created in Rome in 1960 could be repeated on the occasion of the 1976 Games.

The Minister of National Defence noted that in a recent television interview Lord Killanin had denied there had been any discussion about Taiwan at the 1975 meeting, stating that Rhodesia and China had been discussed but not Taiwan. Mr. MacEachen noted that the government had a careful record of that meeting at which Lord Killanin himself had pressed Canadian officials for assurances concerning the admission of Taiwan. Mr. MacEachen felt that Lord Killanin was quite vulnerable vis-à-vis his own committee because he had been told by the Canadian government more than a year ago that there was a problem to be resolved. It was true that Canadian officials had not affirmed definitely that athletes from Taiwan would be refused admission if they claimed to represent China because this was a decision for Ministers and not for officials; but the issue had been put clearly to Lord Killanin that there would be a serious problem and that the International Olympic Committee should come to grips with that problem before it was too late.

Mr. MacEachen felt that, at this stage, there were two types of pressure on the government: first the pressure from the Taiwanese delegation which had refused to accept the proposal of the IOC to participate under the Olympic banner; and second the reaction that could be expected from the United States delegation including the question of whether that delegation would actually withdraw should the Taiwanese athletes refuse to participate under the conditions stipulated by Canada.

There was a further complicating element in the situation. There were now in Kingston four members of the Taiwanese delegation, two athletes and two officials, who held United States passports and birth certificates and who had been admitted to Canada on the strength of those documents. These four persons constituted the entire Taiwanese yachting team. There were also up to seven officials and/or athletes from Taiwan now in Montreal who had succeeded in coming into Canada one way or another. There was therefore a question to be faced by the government as to what attitude to take vis-à-vis the eleven persons from Taiwan who might simply march

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in at the opening ceremony with their flag. It was clear that the government couldn't authorize explicitly these athletes to march as representatives of the "Republic of China" but the only alternative might be deportation of these people from Canada and Mr. MacEachen had not and would not be advocating such action.

In summary, Mr. MacEachen stated that it seemed to him that the Canadian position had been entirely reasonable. Clearly, it was not one that had been meant to please the People's Republic of China who had urged Canada to prohibit the admission of any Taiwanese to Canada. Indeed, the PRC could be expected to be quite upset if the athletes were allowed to march even under the name of Taiwan.

There thus appeared to be three stumbling blocks at the moment: (1) the attitude of the delegation for Taiwan, (2) the attitude of the United States Olympic Committee and (3) the presence of the eleven athletes from Taiwan in Canada. Mr. MacEachen felt, however, that the government was now in a good bargaining position. Since the International Olympic Committee had decided to go ahead with the Games, having offered a compromise solution to Taiwan, it was now a matter for Canada to retain control of the issue.

In the course of Mr. MacEachen's explanation, the Prime Minister received a telephone call from Lord Killanin. The Prime Minister then reported on his conversation with Lord Killanin. Lord Killanin had informed the Prime Minister that Taiwan had now definitely rejected the "compromise" offered by the IOC. The United States delegation had itself made efforts to have Taiwan accept the compromise but the Taiwanese were clearly under strict orders not to accept any compromise. Lord Killanin had therefore felt it necessary to inform the Prime Minister that there were in Canada athletes from Taiwan who were fully accredited and had entered Canada legally. What should be done about these people? The Prime Minister had reported that they could certainly be deported and that Canada would probably have to do so. Lord Killanin had replied that he hoped Canada would not take such measures as that would be extremely disruptive. The Prime Minister had asked why the Taiwanese delegation could not accept the Rome formula. Lord Killanin had replied that the IOC had never got to discussing the Rome formula in its negotiations with the delegation; that as soon as it had been said that the delegation could not come in as representatives of the "Republic of China" this had been the end of the matter and there had in fact been no negotiation. The Prime Minister reported that he had suggested to Lord Killanin that the Rome formula should probably be proposed to the delegation, that it might be possible to allow them to fly their flag and play their national anthem as long as they would not use the name of China under any circumstances. When Lord Killanin had enquired as to whether he could be authorized to propose this formula as a compromise, the Prime Minister had replied that he would find out from his colleagues whether such a compromise could be offered and let Lord Killanin know. The Prime Minister added that Lord Killanin had expressed the view that the flag and the anthem used by the delegation were immaterial so long as the name by which they were recognized was correct. It was also the Prime Minister's view that as long as the delegation did not claim to represent China it did not matter what flag they flew or what anthem they played.

In the course of further discussion the following points were made:

(a) Several Ministers expressed concern about the lack of understanding and support in Canada for the position adopted by the government, suggesting that no matter how correct the policy was, it might not receive the support of Canadians; it was therefore necessary for the Canadian government to show its willingness to accommodate the situation as much as possible. Ministers expressed the view that as long as the name used by the delegation was the correct one, i.e. Taiwan, there should be no concern as to which flag and anthem were used. The Minister of National Defence felt that the government was making a mistake by taking such a hard line and that it would be accused of "bringing politics into the Olympics". As the host of the Games, the government had an obligation to admit the Taiwanese athletes under whatever name they wished to use. Mr. Richardson stressed that nobody cared about the issue except government policy makers and that this would come back to haunt the government politically. The Minister of State for Urban Affairs felt that the government should protest as loudly as it could and take a strong stand on the issue but in the ultimate analysis not prevent the athletes from taking part in the Games as this would clearly be a very unpopular decision. On the other hand, other Ministers felt that to back down on the issue would have negative consequences for the government in the long run. It was not so clear that public opinion was against the government; indeed to back down at this stage might turn against the government which would appear unable to withstand a challenge to its policy.

(b) Several Ministers expressed the need to explore the possibility of applying a "Rome formula" as proposed by the Prime Minister and to examine the various alternatives possible under that formula. It was felt that as long as the team did not use the name "Republic of China" or "China" it did not really matter what flag it used. The Secretary of State for External Affairs noted, however, that the "Republic of China" flag was used by the Government of Taiwan to assert its sovereignty over all China and that in Rome the delegation had carried a banner and not the flag of the "Republic of China." Mr. MacEachen felt there was really no need for the government to concede anything to the delegation from Taiwan at this time. He would, however, explore the realm of possibilities that could be suggested under the broad definition of the "Rome formula".

(c) Ministers enquired as to the degree of specificity of the discussions that had taken place with Lord Killanin in May 1975. Was it possible to contradict definitely the version offered to the public by Lord Killanin to the effect that the issue had not been discussed? The Prime Minister noted that the record of that meeting did not give the impression that Lord Killanin had backed off from his stand concerning Taiwan or that Canadian officials had not pursued the issue in unequivocal terms. The President of the Privy Council noted further that he would have been happier had the memorandum given an accounting of a Canadian position put more firmly and clearly. The Secretary of State for External Affairs replied that the memorandum left

absolutely no doubt that the issue had been raised and that Lord Killanin had clearly been told of the difficulties the Government of Canada would have if the problem were not resolved. Lord Killanin had sought assurances concerning the admission of the athletes from Taiwan but he had not been given these assurances. As head of an international organization, Lord Killanin was clearly then in a position to see that there was a serious issue at stake. Though it was correct that officials did not, at that stage, pretend to anticipate a government decision, it was clear that Lord Killanin had been fully warned about the issue as early as May 1975. Mr. MacEachen further noted that he would eventually be prepared, if necessary, to make such information public on an appropriate occasion.

- (d) Concern was expressed about the role of the United States Olympic delegation and of the U.S. government. Though it was noted that the U.S. delegation had apparently encouraged the delegation from Taiwan to accept the compromise offered by the IOC, there remained a genuine threat that the U.S. delegation would withdraw if a satisfactory conclusion were not reached. There was also concern that President Ford might feel obliged, because of the electoral situation in the United States, to take steps that would satisfy the more right-wing elements in the United States which generally supported the Taiwanese government and to apply pressure on the U.S. delegation to withdraw. Though it was recognized that it was not possible for the Canadian government to intervene directly with the U.S. government, as the latter would disclaim any influence over this matter, the pressure from the White House on the Olympic committee was undeniable. Some Ministers felt strongly that the government should not let itself be forced into a compromise situation over its policy because of direct or indirect pressure from the United States government.
- (e) In noting the reaction outside Canada, which had, particularly in the United States, been largely unfavourable to the Canadian government's position, the Prime Minister drew attention to a recent editorial in the New York Times. The Solicitor General suggested that a reply should be addressed to the New York Times because of the importance of that newspaper as a paper of record. Mr. MacEachen confirmed that the Canadian government's position would be sent to the New York Times for publication.
- (f) Concern was expressed about the presence of the members of the Taiwan delegation already in Canada and the measures to be taken regarding the rest of the delegation currently in the United States and seeking admission to Canada. It was generally agreed that no measures should be taken to deport those athletes currently in the country. A discussion ensued on the possibility of preventing the other members from gaining admission to Canada. It was finally agreed that the government did have the ability to deny entry to those athletes on the delegation not currently in Canada and that it exercise this ability.
- (g) There was, finally, substantive discussion as to whether the pressure for compromise was on the government or whether the government was indeed in a bargaining situation which it could face with confidence given the

decision of the IOC to go ahead with the Games. Some Ministers felt that not only was there no need to back down but that to back down to Taiwan was really more than the government should do. To renounce Canada's China policy would be to capitulate under circumstances in which Canada had a correct position, this would signify a major reversal of Canadian policy vis-à-vis China. On the other hand, the Prime Minister and several other Ministers were not sure that the pressure was not on the Canadian government and that the general public would accept an attitude that seemed unbending in the face of a threat to cancel the Olympic Games.

The Secretary of State for External Affairs reported on the impressions he had obtained in the course of a meeting concerning the application of a "Rome formula." He noted first of all that the Prime Minister, Mr. Sharp, and he himself had alluded publicly to the Rome formula and that to propose such a formula at this stage would not be a withdrawal from the position taken earlier by the government. Mr. MacEachen further noted that there might be several variations on the formula that could be considered and that the emphasis should be put on ensuring that the name of the delegation be clearly stated as Taiwan to the exclusion of any reference to "China" or the "Republic of China". The display of the flag of the "Republic of China" would undoubtedly cause major difficulties to the Government of the People's Republic of China but would not be inconsistent with the formula used in Rome in 1960. The Assistant Under-Secretary of State for External Affairs, Mr. Bissonette, in his discussions with Lord Killanin, had suggested that it might be possible to apply a "Rome formula" where the flag to be flown would be the "Republic of China" flag with Olympic motif. Such possibilities might be worth exploring before Canada acceded to the request of the delegation to fly the "Republic of China" flag.

It was agreed that this position would be put to Lord Killanin by the Prime Minister and that it would represent the ultimate compromise that Canada was able to make on the matter.

The Prime Minister reported later on his second telephone conversation with Lord Killanin in which he had put to him the opinion of Ministers. The Prime Minister reported that Lord Killanin had said such a proposal "might be helpful" and that he would try to put it before the Taiwanese delegation. The Prime Minister confirmed that the government's stand on the issue should continue to be that Canada welcomed the Taiwanese athletes; the government felt they should not masquerade under the name of another country and that they were welcome as representatives of Taiwan. The position presented to Lord Killanin was agreed as the ultimate position that the government could take and it was also generally agreed that while the Taiwanese athletes currently in Canada would be allowed to stay until clarification of the situation, no further members of that delegation should be admitted in the country.

The Cabinet reaffirmed:

(i) the policy of the Canadian government that residents from Taiwan cannot be recognized as representatives of the "Republic of China" or "China" and

(ii) that athletes from Taiwan will be welcomed in

Le Cabinet réaffirme:

(i) La politique du gouvernement canadien, à savoir que les habitants de Taiwan ne peuvent être reconnus comme représentants de la "Republique de Chine" ou de la "Chine", et que

(ii) les athlètes de Taiwan seront accueillis au Canada comme

Canada as representatives of Taiwan as long as they do not claim to represent the "Republic of China" or "China".

The Cabinet agreed that:

(a) in order to assist the International Olympic Committee in meeting some of the difficulties caused by the refusal of the Taiwan delegation to participate under the Olympic banner, the Secretary of State for External Affairs be authorized to agree to a formula such as used in Rome in 1960 whereby the delegation from Taiwan will be identified in writing by the word "Taiwan" to the exclusion of any mention of "China" or "Republic of China". That, preferably, the flag to be used by the delegation be the Olympic flag or the flag of the "Republic of China" with Olympic motif added; that in last analysis the flag of the "Republic of China" be accepted as long as all written identification refers exclusively to Taiwan.

(b) members of the Taiwan delegation which have gained legal admission to Canada be allowed to remain.

(c) the members of the Taiwan delegation which have not yet entered Canada not be authorized to enter until a final agreement is reached concerning the status of the delegation and the modalities of its participation.

représentants de Taïwan pourvu qu'ils ne prétendent pas représenter la "République de Chine" ou la "Chine".

Le Cabinet convient que:

(a) pour faciliter la tâche du Comité international olympique, face aux difficultés que soulève le refus de la délégation de Taïwan de se présenter sous la bannière olympique, le secrétaire d'Etat aux Affaires extérieures soit autorisé à accepter une formule semblable à celle qui a été adoptée à Rome en 1960, formule en vertu de laquelle la délégation de Taïwan sera désignée par le mot "Taïwan" sans mention aucune de la "Chine" ou de la "République de Chine". Que la délégation utilise de préférence le drapeau olympique ou celui de la "République de Chine" auquel aura été ajouté le motif olympique; qu'en dernier ressort, le drapeau de la "République de Chine" soit accepté en autant que les inscriptions ne mentionneront que le nom de Taïwan;

(b) les membres de la délégation de Taïwan qui ont été légalement admis au Canada soient autorisés à rester;

(c) les membres de ladite délégation qui ne sont pas encore arrivés au Canada se voient refuser l'autorisation d'y entrer tant que l'on ne se sera pas entendu quant à son statut et aux modalités de sa participation.

Relocation of Federal Government Units

Réinstallation d'entités administratives du gouvernement fédéral

The Cabinet had for consideration a memorandum from the President of the Treasury Board and a Committee Report from the Treasury Board (Cab. Doc. 349-76, June 25, 1976 and Committee Report 349-76CR (TB), dated July 12, 1976) proposing further examination of a second phase for the relocation of Federal Government Units outside the National Capital Region.

The Minister of State for Urban Affairs noted the interest of these proposals and the significant impact they would have on urban