
The Lobby Monitor

March 16, 1998

Volume 9, Number 11

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In the midst of a major campaign to change their public image, the banks decide to add an extra challenge, sell the public on a giant merger. The resulting situation raises the possibility of a public affairs campaign that could have dramatic consequences for all concerned (2)

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Registrations in this issue

Client Organizations

Appraisal Inst of Canada
AT&T Canada
BHP Minerals Canada
Biotecanada
Canada West Airlines
Canon USA
Cdn Pulp & Paper Assn
Cdn Red Cross Frac
Embraer - Empresa Bras de Aero
GasTOPS
Labatt Breweries
Labour Sponsored Inv Funds Allce

Laurentian Corp
Medical Devices Canada
Mutual Life of Canada
Palmer Jarvis D.D.B.
Purolator Courier
Reader's Digest Assn
Specialty & Premium TV Assn
St Joseph
Tanknology Canada
Television Northern Canada

Lobby Firms

Earncliffe Strategy Group
Flavell Kubrick & Lalonde

GPC Gov't Policy Cons (Ott)
Grey, Clark, Shih & Assoc
Humphreys Public Affairs Gp
Lane, Edward J (Self-Employed)
McMillan Binch (Tor)
National PR
Para Public & Regulatory Affrs
Summa Strategies
Thorsteinssons (Van)
Veritas Comm
Wallding Int'l
The Capital Hill Group

Effort equal to money

The mergers — both underway and proposed — in the financial services sector are estimated to have added more than 12 billion to the value of the shares of the banks. When you start talking about that amount of money — and more — hinging on a public policy decision, you have the motivation and ingredients for a massive lobby campaign. And, that's exactly what is happening.

The proposed merger between the **Royal Bank** and the **Bank of Montreal** has transformed what was a fairly intense but focussed lobby battle involving the various camps from the financial sector into a full-blown campaign reaching into every corner of Canada. While the two participating banks are the key players, all the rest have been swept up in the share-price escalation and are now engaged in managing the outcome.

In the eye of the storm sits a small task force which, many opponents argue, is not suitably constituted to qualify in any of an expert or dispassionate or representative capacity. That, and the way the Task Force worked, who did the position papers and so on might prove to be an important point when the report is finally released. The advice it provides to Finance Minister **Paul Martin** with respect to the merger could either trigger off a bang, that will be heard from sea to sea to sea, or a whimper, that won't be heard even by the sensitive ears of **Tony Ianno**. Which it will be hinges much on the effectiveness of the lobby campaigns between now and then.

The proposition is on, not in

This issue will *not* be won by applying pressure *in* Ottawa but by applying pressure *on* Ottawa.

The banks have proven to be vulnerable to a grass-roots lobby in the past. The steady rotation of staff, and the fact that high movers in these institutions see their roots and futures in those bank towers on Toronto has made it very hard for the banks to develop any sense of community or belonging. Because of that, any concerted effort at the constituency level by savvy and active local insurance agents has made mincemeat of the banks' Ottawa-centred lobby initiatives.

Can the anti-merger forces sustain a concerted effort at the local level? Very soon after the merger announcement, a reporter asked LM about the comparison between the banks seeming vulnerability to the insurance lobby and the current

situation. But, the anti-merger lobby is not the same as the insurance lobby. It is not as homogenous and does not as much at stake. While the balance of public sentiment still seems to be slightly against the merger, that sentiment is unlikely to be self-sustaining over the next six months, especially in light of the active campaign by the banks to change it. If the anti-merger lobby cannot change the mob into a movement, it could be all over by the time the task force gives the nod.

Other outside forces

The banks know they cannot mobilize the general public to clamour on their behalf. But that does not mean that they stand alone. The increased value of financial shares accounts for the lion's share of the rise of the TSE over the last quarter. By placing their bets that Martin will allow the Royal-Montreal merger to proceed, large pension funds, mutual funds, are adding to the pressure operating on Martin and Finance. A nix of the merger could send these share prices crashing, with serious ramifications across the board.

Just as the political market left Jean Charest few options, so, too, could the financial market do the same to Paul Martin.

For the market pressure to be maintained, share prices have to remain buoyant. If there were any developments that would lead to share prices collapsing on the *expectation* that Martin will have to say No, before he actually renders a verdict, market pressure to allow the merger would dissipate into some quick profit taking.

Time, time, time is on whose side?

All the parties have stepped up their monitoring of the Financial Services Task Force. While there are few in the know who think that the task force will rule against the merger, there is still the concern that the price tag the task force could attach could be too high. The possibilities of reduced autonomy, adoption of community re-investment rules and the like to counteract a reduction in competition would be a bit like not being able to eat the cake.

The ideal situation for the banks is that the level of public antipathy continues to subside with the passage of time. A factor that has swung in their favour is the slide in the unemployment rate over the past two months, which should dissipate

some of the anxiety over possible staff cut-backs. While things look good at the moment, a quick assessment shows that the anti-merger forces have yet to get it into gear.

The tactic, at the moment, is to keep the merger in the headlines, if not daily, then at least monthly, while a coalition gets put together.

Duff Conacher of the **Canadian Community Reinvestment Coalition**, one of the driving forces of the anti-merger campaign, says that the short term goal is to keep the issue alive in the media until the grassroots campaign can be put in place. He is confident that his loose coalition of 73 groups will be able to mobilize a cohesive lobby over the next few months. However, in some ways, CCRC suffers from much the same problem as the banks, too much of its firepower is Ottawa-centric. Whether it can muster the sort of grassroots campaign that will be necessary to win is yet to be determined.

It is still a little too soon to say whether this will turn into a real David and Goliath match-up, or whether everything is already over but the shouting. But it won't be long before we have the answer.

LM

Pollsters up to their necks

A very important component of the pro and anti bank-merger campaigns will be the ongoing interpretation of the views of John Q. and Joan R. Public. Most of the major financial institutions have pollsters out in the field at the moment. They are tracking the swings of public opinion on the merger question and assessing its impact on the banking and financial community, in general.

One pollster not working for the banks, yet, is Liberal Party pollster **Michael Marzolini** of **Pollara**. He took some knocks from the critics for his recent poll that included questions on the bank-merger issue. Marzolini brought the results of his analysis to the attention of the Liberal caucus at their meeting in Collingwood. The result was some passion-arousing publicity — something that the banks who are following a low-ball strategy don't care to see. The sooner this fades from the public eye, the better. Marzolini says, however, that this is just the beginning, and just the tip of the iceberg, as far as polling on this subject.

In addition to tracking public attitudes as events unfold in the financial universe, the banks are also using polls to create their own good news and to raise a different profile in the community. As part of the campaign to improve their public image, Canadians can expect more events such as that last week of John Cleghorn and the Royal Bank releasing the feel-good survey done for it by **Angus Reid**, *Communities 2000*.

The bankers also have the dean of pollsters, **Allan Gregg** of **The Strategic Counsel**, who started off this latest round by looking for ways for the banking sector to improve its image. Gregg is now said to be in the thick of the flurry of surveys and focus group work underway.

Given the amount of money at stake — and the current profitability of the financial services sector — little money will be spared in an effort to keep on top of the issue. That makes the pollsters very happy.

LM

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63 Sparks Street, Suite 800, Ottawa, Canada K1P 5A6.

Phone (613)230-3029 Fax (613) 237-9617 E-mail arc@arcpub.com

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Additions to the Lobbyists Registry

<u>Lobby Firm</u>	<u>Lobbyist</u>	<u>Client</u>	<u>Issue</u>
Earncliffe Strategy Gp	King, Charles	AT&T Canada	monitoring of iss re: competition of long-distance telecom services
Earncliffe Strategy Gp	Robinson, Michael W.	Mutual Life of Canada	advice re: Mutual's activities in financial services industry
Earncliffe Strategy Gp	King, Charles	Specialty & Premium TV Assn	advice re: SPTV's activities in broadcasting policy
Flavell Kubrick & Lalonde	Flavell, C.J. Michael	Reader's Digest Assn	implementation of WTO decision re: periodicals
Flavell Kubrick & Lalonde	Lalonde, Paul	Reader's Digest Assn	implementation of WTO decision re: periodicals
GPC Gov't Policy Cons (Ott)	Jones, Bryan	Canon USA	provide optical card tech for Canpass & citizenship ID cards
GPC Gov't Policy Cons (Ott)	Jones, Bryan	Cdn Pulp & Paper Assn	CEPA review; Canada Transpo Act; Nat'l Marine policy; climate change policy
GPC Gov't Policy Cons (Ott)	Murdock, Bruce	Cdn Pulp & Paper Assn	CEPA review; Canada Transpo Act; Nat'l Marine policy; climate change policy
GPC Gov't Policy Cons (Ott)	Saker, Michael	GasTOPS	contract opps w/ depts of Nat'l Defence re: efficient mgt of machinery
Grey,Clark,Shih & Assoc	Clark, J. Peter	Embraer - Empresa Bras de Aero	research & advise re: assistance to Cdn auto industry
Humphreys Public Affr Gp	Burton, Angela	Appraisal Inst of Can	amend to nat'l Housing Act; automated mortgage risk assessment
Humphreys Public Affr Gp	Burton, Angela	Cdn Real Estate Assn	mortgage disclosure; retirement income policy
Lane, Edward J (Self-Employed)	Lane, Ed	Cdn Red Cross Frac	seeks financing & policy from gov't for blood frac facility
McMillan Binch (Tor)	Kinsella, Warren	Labatt Breweries of Canada	reg dev (Nova Scotia)
McMillan Binch (Tor)	Kinsella, Warren	Palmer Jarvis DDB	charity registration
National PR	Barton, Michael	Labour Sponsored Inv Funds All	amendments to Income Tax Act re: labour sponsored venture capital funds
National PR	Mains, Howard	Labour Sponsored Inv Funds All	amendments to Income Tax Act re: labour spnsored venture capital funds
Para Public & Regulatory Affrs	Maase, Jill	BioteCanada	Cdn biotech strategy
Summa Strategies	Whiting, Kenneth	Purolator Courier	int'l air agreements re: courier industry
Summa Strategies	Young, Douglas	Purolator Courier	int'l air agreements re: courier industry
Summa Strategies	Whiting, Kenneth	Canada West Airlines Corp	
Thorsteinssons (Van)	Gamble, Ian	BHP Minerals Canada	resolution 44 of ways & means motion to amend Income Tax Act
Veritas Comm	Holman, Tim	Medical Devices Canada	medical device regs; cost recovery
Wallding Int'l	Dingwall, David	Laurentian Corp	dev economic opps in off-shor oil & gas sector
Wallding Int'l	Dingwall, David	St Joseph	contracts w/ various gov't dept & agencies for printing services
The Capital Hill Group (Ott)	Woods, Nanci	Tanknology Canada	enviro opportunities to test & manage storage tank systems
The Capital Hill Group (Ott)	Angus, David	Television Northern Canada	CRTC regs: TV coverage; one time heritage grant

Conferences

April 16-17 San Antonio Texas Public Affairs Innovations and Best Practices The Public Affairs Council is gathering public affairs professionals together to share their experiences and talk about innovations they've used that have worked. Information Phone (202)872-1790, Fax (202) 835-8343, E-mail pac@pac.org

REGISTRATION NOTES

The X-(Minister) Files

Former ministers *Doug Young* and *David Dingwall* continue to make inroads in the GR profession. *Doug Young* of **Summa Strategies** has registered for a **Canada Post** subsidiary, **Purolator Courier** as the government enters into the delicate stages of renegotiating part of its open-skies agreements with the Americans. Purolator, which already has *Paul Brown* on the file, has decided that a former minister of Transport instrumental in getting the Open Skies Agreement rolling might be just the person to represent it in this round. Also working with Young on the file is *Kenneth Whiting*

Young and Whiting have also registered for **Canada West Airlines Corp** to help that company win some cargo contracts and scheduled cargo routes serving the Asian markets.

Over in another part of town, *David Dingwall*, who, as Minister of **Public Works & Government Services** started the ball rolling on the privatization of the **Canada Communications Group** is now working for the company that took it over, **St Joseph**. Dingwall, under his company name **Wallding International**, has registered to help St Joseph land more government contracts. If anyone knows how the procurment machine under the Liberals functions, Dingwall's the man. Dingwall has also registered to help **Laurentian Corporation** cut its way into a slice of the burgeoning East coast off-shore oil and gas sector.

Insurance for Mutual Life

Mutual Life has all but put the wrap on the financial aspects of its takeover of **Metropolitan Life**. The next hurdle is government approval. To help it along that path, Mutual has acquired the services of *Michael Robinson* et al of the **Earnscliffe Strategies Group**. Meanwhile, on the other side of the Chinese Wall, the communications division at Earnscliffe will be providing advice to Finance officials and Paul Martin on how to deal with these latest developments in the financial sector.

Charitable numbers game

Registering a charity these days is fraught with difficulty. There are problems with the definition, the process and the consistency of the decisions rendered by **Revenue Canada**. That's why a number of groups have pursued a case up to the Supreme Court. While the Court is deciding whether there needs to be an updated version of what constitutes a charity, and another lobby is fighting about who should apply the criteria, the registration of charities goes on. One of those in the midst of the process is *Warren Kinsella* of **McMillan Binch** who is representing **Palmer Jarvis D.D.B.** and **Skate for Hope** of Vancouver with its registration.

Biotech discussions

The beginning of the end is in sight for the discussion of where Canada's biotech strategy should be headed. The government has circulated a paper and is looking for comments from the biotech industry. *Jill Maase* of **Para-Public & regulatory Affairs** who is already quite active in the biotech area has added another client that is carefully tracking the process. Her latest client is **Biote-Canada**

Government still digesting

The government still has not announced how it intends to overcome the hurdle of the WTO decision that would force Canada to allow split-run magazines. The days of spinning wheels should end very soon, however, and **Reader's Digest** which enjoyed a special status under the old rules, has hired lawyers *Michael Flavell* and *Paul Lalonde* of **Flavell Kubrick & Lalonde** to make sure that the outcome of the government's deliberations does not harm its chances.

Issue Management 101

The handling of the NWT wolf hunt is a classic case of misreading the environment. An off-hand, damaging comment by a NWT minister laid waste to the millions spent to repair the prospects of the fur trade in Europe.

LM

The Delta Report:

Lobbyists added to the registry

Consultant Lobbyists

Ed Lane	Consultant	Lane, Edward J (Self-Employed)
Ian Gamble	Tax Lawyer	Thorsteinssons (Van)
Tim Holman	Director	Veritas Comm

Organization Lobbyists

Arnold Knapp	Exec Dir	Cdn Copper & Brass Dev Assn
Amanda Maltby	Dir of Comm	Cdn Direct Marketing Assn
Shelagh MacDonald	Prog Dir	Cdn Fed of Humane Societies
Bill Anderson	Reg Rep	Cdn Labour Congress
Janet Dassinger	Nat'l Coor	Cdn Labour Congress
Michael Desautels	Cons Coor	Cdn Labour Congress
Tamara Levine	Proj Coor	Cdn Labour Congress
Marcella Munro	Nat'l Rep	Cdn Labour Congress
Barinder Rasode	Sr Reg Training	Cdn Labour Congress
Mary Shortall	Sr Reg Training	Cdn Labour Congress
Judy Vanta	Sr Reg Training	Cdn Labour Congress
Brenda Wall	Sr Reg Training	Cdn Labour Congress
Maureen Werlin	Sr Reg Training	Cdn Labour Congress

Corporate Lobbyists

Susan Rogers	Director	Abitibi-Consolidated
Jacques Vachon	VP	Abitibi-Consolidated
Graham Williams	Sr VP	Agra Monenco
Diane Moser-Elliott	Manager	Air Canada
Fraser Thomson	Research Off	Alcan Aluminum
Janet Yale	Sr VP	AT&T Can Long Dist Serv Co
Douglas Christensen	Director	Atomic Energy of Canada
Kamal Chopra	Sr Admin	Bombardier Aerospace
J Scott Bradley	Manager	Cdn Airlines Int'l
Malcolm McRae	Manager	Cdn Airlines Int'l
James Kienzler	Manager	Cdn Pacific Rail
William Liddell	Manager	Cdn Pacific Rail
Donald McKibbin	Director	Connaught Laboratories
Trevor Williams	Manager	Ford Motor Co of Canada
Richard Pringle	Director	Glaxo Wellcome
Daniel Audet	VP	Groupe Videotron
Byron Neiles	Manager	IPL Energy
William Neil	Director	Northern Telecom
Peter Washburn	VP, Gov't Rel	Northern Telecom
Doug Wallace	Sr Advisor	PanCdn Petro
John Zahary	VP, Bus Aff	PanCdn Resources
David Martin	President	Pharmacia & Upjohn
Tim Turnbull	Director	Pharmacia & Upjohn
Robert Fichtner	Assoc Dir	Proctor & Gamble
Mike Morris	VP	SR Telecom
Rick King	Pub Aff Sup	United Parcel Service Canada
Derrick Gill	Exec VP	Voisey's Bay Nickel Co
William Napier	VP	Voisey's Bay Nickel Co

A Day In the Life

Whether the lobbyist works for a large organization, a private individual, or the general public, her goals and strategies are the same. First and foremost, a lobbyist must be adept at the art of persuasion, which is the mainstay of her job. She must figure out how to sway politicians to vote on legislation in a way that favors the interest she represents. This means tailoring appeals to specific individuals as well as to group voting blocs, such as southerners or pro-choicers. Lobbyists also occasionally lobby one another. When normally opposing groups find a common area of interest and can present a united front they are extremely effective.

Quality of Life

Two Years Out

Unless a lobbyist obtained his job through well-established connections he is struggling to learn all those names! Those who leave the field at this time usually do so involuntarily — they are fired because they can't integrate themselves well enough into the system. Those who remain are excited by the power around them and the lives they are affecting.

Professional Profile

# of people in profession	106,000
% male:	65
% female:	35
average hours per week:	55
average starting salary:	\$16,000
average salary after 5 years:	\$24,000
average salary 10 to 15 years:	\$60,000

Professionals Read

Washington Post
National Journal
Congressional Quarterly

You'll Have Contact With

Campaign Managers
Political Aides
Politicians
Publicists

Five Years Out

Most lobbyists have proven their ability to get things done by advancing their agendas regardless of the party in office. Their diplomacy and flexibility have allowed them to climb the ladder, and they have earned their own assistants.

Ten Years Out

The job security of a lobbyist grows proportionally with his every year of experience. By networking his way to familiarity with much of Washington, the lobbyist has become increasingly valuable to his organization, and enjoys a high salary and the trust and respect of his employers and colleagues.

Sources

This above information is taken from a careers page on the internet. The site address is <http://www.aboutwork.com/career/Careers/Car088.html>

While slanted towards the American system and experience, LM recommends GR specialists to check it out.

In the near future, a Canadianized version will be found on the ARC Publications website at arcpub.com

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Future issues

- The hum of the lawbees at the Liberal convention.

Organized effort

The registrations for **General Motor of Canada** show what size and specialization mean for a sophisticated public affairs initiative. The employees whose job it is to liaise with government on behalf of GM have just filed their annual registrations. These show how the work is parceled out and who is responsible for coordinating which parts.

The overseer for most of the GR program is VP of Corporate Affairs, Ms. **Tayce Wakefield**, who has registered for the key files of MMT, emissions, UI reform, trade and tax policy. A number of managers under Ms Wakefield pursue the more specific goals of various campaigns.

Bryan Swift, one of several managers of Government Relations, directs the actions aimed at the regulatory issues of concern to GM in the areas of fuels, emissions and safety. Another Manager Government Relations, **Pamela McLaughlin** concerns herself with EI, the Bank Act, CPP and federal labour legislation. Yet another Manager of Government Relations, **Miriam Christie**, has that part of financial legislation that relates more to the consumer such as GST, cost of credit and consumer disclosure. Senior Analyst **Faye Roberts**, formerly with GPC, assists Ms Christie pursue these endeavours.

Techies

On the more technical side, **Carl Wintermeyer** the manager of R&D and new business ventures focuses on R&D tax incentives, the activities of Industry Canada and the budgets of the science and research councils. Manager Regulatory Activities **Roger Thomas** is responsible for safety, fuel economy and emission standards as is Emissions and Fuel Economy Manager **Greg Parker**. A similar profile is in place for Liaison Engineer **Andy Miklosik**

Taxes

David Penney, General Director Taxes and Customs, is monitoring developments in all aspects of tax (income, GST, customs) as well as changes to EI and CPP. Senior Tax Manager **David Bessey** and Senior Tax Counsel **Victoria McInnis** have a similar profile of concerns, although the former seems more skewed towards the payroll tax matters.

Trade

Responsibility for trade and tariff issues seems to rest with Counsel **Heather Innes** (free trade agreements, bilateral/multilateral trade agreements, int'l trade conventions, customs legislation, Canadian trade and trade remedy) and Senior Analyst Government Relations **Richard James** (Canada Chile bilateral agreement, NAFTA expansion, steel customs rulings, duty drawbacks).

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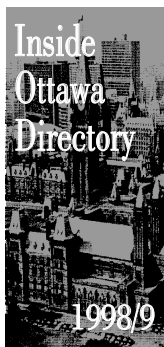
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