

Commission of Inquiry into Certain Allegations  
Respecting Business and Financial Dealings  
Between Karlheinz Schreiber and  
the Right Honourable Brian Mulroney



Commission d'enquête concernant les allégations  
au sujet des transactions financières et  
commerciales entre Karlheinz Schreiber et  
le très honorable Brian Mulroney

## Public Hearing

## Audience publique

**Commissioner**

L'Honorable juge /  
The Honourable Justice  
Jeffrey James Oliphant

**Commissaire**

**Held at:**

Bytown Pavillion  
Victoria Hall  
111 Sussex Drive  
Ottawa, Ontario

Tuesday, May 12, 2009

**Tenue à :**

pavillion Bytown  
salle Victoria  
111, promenade Sussex  
Ottawa (Ontario)

le mardi 12 mai 2009

## APPEARANCES / COMPARUTIONS

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1 Ottawa, Ontario / Ottawa (Ontario)  
2 --- Upon resuming on Tuesday, May 12, 2009  
3 at 9:32 a.m. / L'audience reprend le mardi  
4 12 mai 2009 à 9 h 32

5 33165 COMMISSIONER OLIPHANT: Good morning,  
6 counsel.

7 33166 Be seated, please.

8 33167 Mr. Mulroney...

9 33168 THE RIGHT HON. BRIAN MULRONEY: Good  
10 morning.

11 33169 COMMISSIONER OLIPHANT: Mr.  
12 Wolson...?

13 33170 MR. WOLSON: Yes. Before you swear  
14 in Mr. Mulroney, I want to make a couple of opening  
15 comments.

16 33171 First of all, the process and the  
17 procedure that we are using today is that Mr. Pratte is  
18 going to examine his own witness in-chief. I can tell  
19 you that our rules provide for that.

20 33172 Rule 36 in particular indicates that:  
21 "In the ordinary course  
22 Commission counsel will call and  
23 question witnesses who testify  
24 at the Inquiry. Counsel for a  
25 party may apply to the

1 Commissioner to lead a  
2 particular witness' evidence  
3 in-chief. If counsel is granted  
4 the right to do so, examination  
5 shall be confined to the normal  
6 rules governing the examination  
7 of one's own witness in court  
8 proceedings, unless otherwise  
9 directed by the Commissioner."

10 33173 This is an application that my friend  
11 Mr. Pratte has made on behalf of Mr. Mulroney. As I  
12 note, the rules that we have call for it. All counsel  
13 have agreed to this procedure. The rule comes and is  
14 adopted from other inquiries of this kind.

15 33174 So I make that statement first to  
16 you.

17 33175 Second, it has been reported that  
18 Mr. Mulroney was offered the right to make an opening  
19 statement. That is not so. Mr. Pratte will ask  
20 questions. There will be no formal opening statement.  
21 The witness is free to answer the questions in a manner  
22 that he sees fit.

23 33176 Any questions of course he answers  
24 would be the subject of potential cross-examination by  
25 other counsel.

1 33177 So I just wanted to put that on the  
2 record and subject to any questions you have, sir,  
3 those would be my comments.

4 33178 COMMISSIONER OLIPHANT: I have no  
5 questions, except to say this: Had any counsel for any  
6 other party to this proceeding made the same  
7 application as was made on behalf of Mr. Mulroney, and  
8 had that application been consented to by all the other  
9 counsel, I would not stand in the way of that kind of  
10 agreement and the same right would have been granted to  
11 any party.

12 33179 As it turns out, Mr. Mulroney's  
13 counsel was the only counsel who made the application  
14 and in allowing counsel the right to question his own  
15 witness, certain rights are given up.

16 33180 It is certainly not a preference that  
17 has been shown to Mr. Mulroney.

18 33181 Mr. Pratte...?

19 33182 Mr. Mulroney, could I ask you to  
20 stand, please, sir.

21 33183 Do you prefer to swear on the Bible  
22 or affirm?

23 33184 THE RIGHT HON. BRIAN MULRONEY:  
24 Swear.

25 33185 COMMISSIONER OLIPHANT: Thank you.

1 SWORN: THE RIGHT HON. BRIAN MULRONEY /  
2 ASSERMENTÉ : LE TRÈS HON. BRIAN MULRONEY  
3 33186 MR. PRATTE: Mr. Commissioner, before  
4 I start my questioning --  
5 33187 COMMISSIONER OLIPHANT: Could you  
6 turn your microphone on? There, it's on. Thank you.  
7 33188 MR. PRATTE: Thanks.  
8 33189 Before I start my questioning of Mr.  
9 Mulroney, I just have a couple of administrative  
10 matters to attend to.  
11 33190 There are three binders that need to  
12 be marked as Commission's evidence in respect of  
13 Mr. Mulroney.  
14 33191 It is called "Documents in support".  
15 33192 COMMISSIONER OLIPHANT: Yes.  
16 33193 MR. PRATTE: Binders 1 to 3. I  
17 believe the number to be given should be P-43.  
18 33194 COMMISSIONER OLIPHANT: All right.  
19 33195 And these binders, counsel, are going  
20 in by consent?  
21 33196 Mr. Vickery...?  
22 33197 MR. VICKERY: Yes, that's correct,  
23 sir.  
24 33198 COMMISSIONER OLIPHANT: Mr.  
25 Houston...?



1 33199 MR. HOUSTON: Yes, sir. Thank you.

2 33200 COMMISSIONER OLIPHANT: Mr. Auger...?

3 33201 MR. AUGER: Yes, Commissioner.

4 33202 COMMISSIONER OLIPHANT: Commission  
5 counsel...? All right.

6 33203 Then Binder 1 of 3, which constitutes  
7 the documents in support of Mr. Mulroney's testimony,  
8 will be received and marked as Exhibit P-43.

9 EXHIBIT NO. P-43: Binder  
10 entitled "Documents in support  
11 of The Rt. Honourable Brian  
12 Mulroney's testimony, Binder 1  
13 of 3

14 33204 COMMISSIONER OLIPHANT: Binder number  
15 2 of 3 will be received and marked as Exhibit P-44.

16 EXHIBIT NO. P-44: Binder  
17 entitled "Documents in support  
18 of The Rt. Honourable Brian  
19 Mulroney's testimony, Binder 2  
20 of 3

21 33205 COMMISSIONER OLIPHANT: The  
22 additional documents, is that the other book?

23 33206 MR. PRATTE: No, sir. There are  
24 just -- I wonder whether for the ease of reference  
25 whether we might --

1 33207 COMMISSIONER OLIPHANT: I'm sorry. I  
2 have so many binders on my desk. There is a third  
3 binder.

4 33208 MR. PRATTE: There are three binders  
5 and I just wondered whether --

6 33209 COMMISSIONER OLIPHANT: Yes. And  
7 that third binder, 3 of 3, will be received and marked  
8 as Exhibit P-45.

9 EXHIBIT NO. P-45: Binder  
10 entitled "Documents in support  
11 of The Rt. Honourable Brian  
12 Mulroney's testimony, Binder 3  
13 of 3

14 33210 MR. PRATTE: Then there is a fourth  
15 volume. There are actually two or three more, but  
16 another, a fourth to be marked as a new exhibit --

17 33211 COMMISSIONER OLIPHANT: Is that the  
18 additional documents?

19 33212 MR. PRATTE: Yes, sir. That I guess  
20 is P-47.

21 33213 COMMISSIONER OLIPHANT: P-46.

22 EXHIBIT NO. P-46: "Additional  
23 Documents, Examination of The  
24 Right Hon. Brian Mulroney"

25 33214 MR. PRATTE: There are also two other

1 volumes of documents already marked, the first one of  
2 which is Documents in support of Mr. Karlheinz  
3 Schreiber's testimony, Binder 4.

4 33215 COMMISSIONER OLIPHANT: Yes.

5 33216 MR. PRATTE: But Mr. Hughes did not  
6 give me the actual exhibit number.

7 33217 P-7, all right. Not P-5. That is  
8 something else we will talk about.

9 33218 Then I believe also Documents in  
10 support of Mr. Kaplan's testimony.

11 33219 COMMISSIONER OLIPHANT: Mr. Kaplan?

12 33220 MR. PRATTE: P-25. That's already  
13 marked.

14 33221 COMMISSIONER OLIPHANT: I don't have  
15 that in front of me, but what I do have is Binder 1 of  
16 2 of Fred Doucet's evidence.

17 33222 Did you want that?

18 33223 MR. PRATTE: Not for now,  
19 Mr. Commissioner.

20 33224 COMMISSIONER OLIPHANT: Okay. That  
21 is the eighth binder that was sitting on my desk.

22 33225 MR. PRATTE: All right.

23 33226 COMMISSIONER OLIPHANT: I couldn't  
24 see it; it was buried.

25 33227 MR. PRATTE: So that should do us for

1 the next 20 minutes or so and then we will move on to  
2 the next date.

3 EXAMINATION: THE RIGHT HON. BRIAN MULRONEY  
4 BY MR. PRATTE / INTERROGATOIRE : LE TRÈS HON. BRIAN  
5 MULRONEY PAR Me PRATTE

6 33228 Me PRATTE : Bonjour, M. Mulroney.

7 33229 LE TRÈS HON. BRIAN MULRONEY :  
8 Bonjour, Monsieur Pratte.

9 33230 Me PRATTE : On va parler, Monsieur  
10 Mulroney, avec détails de la transaction qui vous amène  
11 ici.

12 33231 But before I deal I deal in some  
13 detail over the next few hours of the detail of the  
14 events surrounding your business relationship with  
15 Mr. Schreiber, I would like to ask you this first  
16 question.

17 33232 In '93 who was Karlheinz Schreiber to  
18 you?

19 33233 THE RIGHT HON. BRIAN MULRONEY: Well,  
20 as I think everybody would acknowledge in life, context  
21 is everything. The Karlheinz Schreiber that I knew in  
22 1993 was not the man that we know here today.

23 33234 Then Mr. Schreiber was Chairman of  
24 Thyssen Bear Head and I think Chairman of Thyssen  
25 Canada and was respect -- and was associated with a

1 very respected international corporation with more than  
2 160,000 employees around the world that included  
3 slightly more than 3,000 here in Canada.

4 33235                   Moreover, he was highly recommended  
5 by a number of people here in Ottawa and elsewhere,  
6 including Elmer MacKay and Fred Doucet, two close  
7 friends of mine whom I had known for many years.

8 33236                   So while in office, when I dealt with  
9 him in office, Mr. Schreiber was a forceful, determined  
10 advocate of what became known as the Bear Head Project.

11 33237                   I saw the project as a very good  
12 concept in as much as it was proposed to be located at  
13 the time in either central northern Nova Scotia or Cape  
14 Breton, somewhere in Cape Breton Island, but ultimately  
15 Bear Head. That could have created hundreds of jobs  
16 and probably a similar number of spinoff jobs, and to  
17 any Prime Minister, but particularly to me who had  
18 represented Central Nova in the House of Commons, this  
19 got my attention immediately.

20 33238                   So that is the Mr. Schreiber that I  
21 knew.

22 33239                   But then in 1999 Mr. Schreiber was  
23 arrested in Toronto under an international Interpol  
24 warrant and jailed pending his extradition back to  
25 Germany for charges of bribery, corruption, fraud and

1 substantial income tax evasion. He was a fugitive from  
2 German justice, and so I had known nothing of these  
3 troubles that led to these charges. I knew him as an  
4 accomplished entrepreneur and now here he was, as I  
5 say, a fugitive from German justice.

6 33240 So we were dealing with two different  
7 people, in my judgment, a Mr. Schreiber I had known and  
8 the one who is with us today.

9 33241 MR. PRATTE: Well, let me ask you  
10 this then: Are you referring to this context to  
11 justify the manner in which you handled the transaction  
12 about which we will talk in some detail, in a lot of  
13 detail, in the next few hours?

14 33242 THE RIGHT HON. BRIAN MULRONEY: No,  
15 not at all. The context does not fully justify or  
16 explain why I dealt with Mr. Schreiber in the manner I  
17 did.

18 33243 My business relationship with  
19 Mr. Schreiber was legal and involved no wrongdoing of  
20 any kind at any time on my part.

21 33244 I genuinely regret, however, that the  
22 circumstances surrounding these transactions, for which  
23 I am largely responsible, give rise to suspicions as to  
24 their propriety, and I certainly accept that  
25 inadequately documented arrangements are inappropriate

1           for former public office holders and obviously should  
2           be avoided at all times.

3   33245                   MR. PRATTE: My last introductory  
4           general question, Mr. Mulroney, refers back to what you  
5           just said.

6   33246                   If in your mind these transactions --  
7           or the one transaction with several components -- was  
8           illegal, why, as we will see, did you seek to keep it  
9           private?

10   33247                   THE RIGHT HON. BRIAN MULRONEY: Well,  
11           as the answer to that question, anybody who has a  
12           family and anybody who has served in public life or is  
13           in the public eye, as I was, this goes back more than  
14           20 years.

15   33248                   Very, very briefly, in 1988 Air  
16           Canada, then a Crown Corporation, purchased 34 Airbus  
17           aircraft. Immediately whispers began, led by the  
18           unsuccessful bidder, I may say, that corruption was  
19           somehow involved. The RCMP immediately began an  
20           investigation and subsequently determined that no  
21           wrongdoing of any kind was associated with the Airbus  
22           purchases.

23   33249                   But the rumours and the innuendo  
24           continued, and they were nurtured over the years by  
25           Ms Stevie Cameron and the CBC's fifth estate program.

1           And to this day no evidence of wrongdoing has been  
2           established, some 20 years -- 20 years -- after the  
3           rumours first emerged.

4   33250                   As a result of this, in 1995 the RCMP  
5           sent a letter of request to the Government of  
6           Switzerland in which they said -- they didn't  
7           speculate -- in which they said I was a criminal from  
8           the day I was sworn into office on the 17th of  
9           September 1984 until the day I left office on the 25th  
10          of June 1993 and that I had secured \$5 million in  
11          corrupt money from the Airbus transaction, which was  
12          secured for me in a numbered and secret bank account in  
13          Switzerland.

14   33251                   The quote/unquote "reliable  
15          informants" -- remember those words -- the reliable  
16          informants who supplied the false information to the  
17          RCMP were Ms Stevie Cameron, by now herself a secret  
18          police informant for the RCMP, and Giorgio Pelossi, a  
19          convicted felon.

20   33252                   These are the people on whose words  
21          the RCMP acted.

22   33253                   When challenged by me, because I was  
23          there fighting for my life and my father's good name  
24          and our family honour, when challenged by me in a court  
25          case, the RCMP and the Government of Canada abandoned



1           their case on the courthouse steps au Palais de Justice  
2           de Montréal the moment -- the beginning of the trial,  
3           the day of the trial.

4   33254                    It was 14 months later and they  
5           acknowledged -- they sought a settlement. They asked  
6           for the settlement in which they acknowledged they had  
7           no evidence whatsoever to justify what they had said  
8           about me, to sustain their libelous accusations.

9   33255                    They apologized to me and my family  
10          and they were ordered to pay the legitimate costs of my  
11          defence.

12   33256                    But, Mr. Commissioner, the enormity  
13          of those events scarred me and my family for life and  
14          it explains my conduct in trying to keep private the  
15          private commercial transaction I entered into with  
16          Mr. Schreiber after I left office -- after I left  
17          office -- so as to avoid the same kinds of deceitful  
18          and false purveying of information that had led to the  
19          original Airbus matter in the first place.

20   33257                    Now, I know that the comment is  
21          easily made, you know, this is -- everybody gets  
22          criticized and this is a bit of paranoia. It is not  
23          paranoia.

24   33258                    Last week in this very room,  
25          notwithstanding the unequivocal and forceful statements

1 by Commission counsel and an expert witness that I did  
2 not and could not have known the source of the monies  
3 Mr. Schreiber used to pay me and that the payments had  
4 nothing to do with Airbus, in spite of these clear-cut  
5 forceful statements by Commission counsel, as you know,  
6 some media outlets distorted this evidence to suggest a  
7 link, however tenuous, to wrongdoing by me.

8 33259 And so, Mr. Pratte, perhaps as we  
9 examine my conduct here, and in particular my  
10 legitimate attempts to keep my private life private,  
11 and that of my family, this context should not be  
12 forgotten.

13 33260 MR. PRATTE: Thank you, sir.

14 33261 Maintenant, c'est le temps de  
15 commencer au commencement, en parlant de famille à  
16 Baie-Comeau.

17 33262 LE TRES HON. BRIAN MULRONEY : Oui.

18 33263 Me PARENT : Vous êtes né le 20 mars  
19 1939 à Baie-Comeau au Québec?

20 33264 LE TRES HON. BRIAN MULRONEY : C'est  
21 ça, oui.

22 33265 Me PRATTE : J'aimerais que vous nous  
23 parliez un peu de votre vie à Baie-Comeau, des membres  
24 de votre famille, évidemment, sans divulguer tous les  
25 détails, parce qu'il y a encore, quand même, des livres

1 que vous pourriez vendre, mais si vous nous donnez  
2 toute l'histoire, on ne les achètera pas. Alors,  
3 parlez-nous un peu de la ville dans laquelle vous êtes  
4 né et des membres de votre famille.

5 33266 LE TRES HON. BRIAN MULRONEY : Eh  
6 bien, mes parents sont originaires tous les deux d'un  
7 petit village à l'extérieur de la ville de Québec,  
8 Sainte-Catherine-de-Portneuf, une espèce d'endroit qui  
9 a été choisi par les immigrants irlandais dans les  
10 années trente et quarante, 1830, qui étaient chassés de  
11 l'Irlande à cause de la famine et qui cherchaient une  
12 nouvelle opportunité au Canada.

13 33267 Ils se sont mariés là, et peu de  
14 temps après, mon père travaillait à Donnacona et  
15 ensuite à High Falls, pas loin d'ici, comme  
16 électricien. Il était apprenti électricien à  
17 l'occasion de leur mariage, et puis il est allé à...  
18 durant la Dépression, la grande crise des années  
19 trente, il cherchait un emploi, sans succès. Alors, il  
20 s'est fait offrir, comme bien d'autres du Québec et  
21 d'ailleurs, l'occasion de se rendre sur la Côte-Nord  
22 pour la construction d'une usine qui s'appelait la  
23 Québec North Shore Paper Company.

24 33268 Alors, il est allé là sur la  
25 construction comme électricien, et après la conclusion

1 des travaux, on a offert aux employés de construction  
2 l'occasion d'y rester, avec des petites maisons  
3 permanentes, une école, un petit hôpital, et caetera,  
4 et pour mon père, qui venait de sortir de la grande  
5 noirceur de la Dépression, il a sauté sur l'occasion.  
6 Il a dit qu'il allait rester à Baie-Comeau le temps de  
7 faire un petit pot avant de retourner à Québec, puis il  
8 est mort là plusieurs années après.

9 33269 Me PRATTE : Et combien d'enfants  
10 a-t-il eus avec votre mère?

11 33270 LE TRES HON. BRIAN MULRONEY : Mes  
12 parents ont eu six enfants. Mon père a travaillé,  
13 comme je vous dis, comme électricien, mais vu qu'il  
14 manquait toujours d'argent, il s'est créé une très  
15 petite... on parle aujourd'hui de la petite et moyenne  
16 entreprise. Dans son cas, c'était une petite  
17 entreprise, si petite qu'il était le seul employé.

18 33271 Alors, le soir, après son ouvrage à  
19 l'usine, il travaillait dans les maisons de la rue  
20 Champlain, puis la rue Laurier, la rue Laval, et  
21 caetera, en train de travailler sur des problèmes  
22 électriques ou de chauffage, et caetera, des autres  
23 employés de l'usine.

24 33272 Me PRATTE : Et vous aviez cinq frères  
25 et sours, je crois?

- 1 33273 LE TRES HON. BRIAN MULRONEY : J'ai  
2 quatre sours et un frère.
- 3 33274 Me PRATTE : Un frère?
- 4 33275 LE TRES HON. BRIAN MULRONEY : Oui.
- 5 33276 Me PRATTE : Où avez-vous été éduqué?
- 6 33277 LE TRES HON. BRIAN MULRONEY : J'ai  
7 été éduqué dans les écoles locales de Baie-Comeau : à  
8 l'Académie Sainte-Amélie auprès des bonnes Sours de la  
9 Sainte-Croix; ensuite, quelques années plus tard,  
10 auprès des Clercs de Saint-Viateur. J'ai terminé mes  
11 études au Collège... High School à Chatham,  
12 Nouveau-Brunswick, et ensuite, je suis allé à  
13 l'Université Saint-François-Xavier à Antigonish,  
14 Nouvelle-Écosse.
- 15 33278 Me PRATTE : Vous êtes allé à  
16 Saint-François-Xavier pendant combien d'années?
- 17 33279 LE TRES HON. BRIAN MULRONEY : Pendant  
18 quatre ans.
- 19 33280 Me PRATTE : Et dans cette période-là,  
20 avez-vous été impliqué dans la chose politique, si je  
21 peux m'exprimer ainsi?
- 22 33281 LE TRES HON. BRIAN MULRONEY : Oui.
- 23 33282 Me PRATTE : Est-ce que c'est là que  
24 votre intérêt pour la politique...
- 25 33283 LE TRES HON. BRIAN MULRONEY : Oui.

1 33284 Me PRATTE : ...a pris source?

2 33285 LE TRES HON. BRIAN MULRONEY : Oui.

3 Mes parents, dans la mesure qu'ils s'intéressaient à la  
4 politique, mes parents, comme la quasi-totalité des  
5 Québécois de souche libérale catholique... de souche  
6 irlandaise catholique, étaient des supporteurs du Parti  
7 libéral.

8 33286 Mais moi, je n'avais aucune  
9 expérience dans quoi que ce soit, et je me suis rendu à  
10 l'Université Saint-François-Xavier, où il y avait des  
11 clubs politiques très actifs sur le campus. Alors,  
12 j'étais invité à me joindre au Parti  
13 progressiste-conservateur, et j'ai accepté en partie  
14 parce qu'en Nouvelle-Écosse à ce moment-là, les  
15 Libéraux provinciaux étaient au pouvoir depuis presque  
16 40 ans et à Ottawa depuis 20 ans... 22 ans. Alors, ça  
17 me donnait l'occasion de participer plus activement  
18 parce qu'il y avait moins de membres, moins de  
19 popularité pour le Parti conservateur.

20 33287 Me PRATTE : Ce que vous êtes en train  
21 de me dire, c'est que le Parti conservateur à l'époque  
22 recrutait des gens sans aucune expérience; c'est ça que  
23 vous me dites?

24 33288 LE TRES HON. BRIAN MULRONEY :

25 Absolument.

- 1 33289 Me PRATTE : Et là, avez-vous  
2 rencontré des gens comme monsieur Fred Doucet ou  
3 monsieur Lowell Murray, dont on reparlera plus tard?
- 4 33290 LE TRES HON. BRIAN MULRONEY : Oui.  
5 Effectivement, Lowell Murray était le leader du Parti  
6 progressiste du Club progressiste-conservateur sur le  
7 campus. C'est lui qui m'a recruté. Alors, il y a des  
8 Canadiens qui pourront le tenir responsable, mais c'est  
9 lui qui m'a recruté il y a au-delà de... en 1950, c'est  
10 ça. Ça fait au-delà de 50 ans passés.
- 11 33291 Et monsieur Doucet était du  
12 Cap-Breton, d'une famille acadienne très respectée, et  
13 son frère Gérald et lui se sont ramassés également à  
14 Saint-FX.
- 15 33292 Me PRATTE : Avez-vous gardé une  
16 association, une implication dans l'Université  
17 Saint-François-Xavier au fil des années ou plus tard?
- 18 33293 LE TRES HON. BRIAN MULRONEY : Oui,  
19 jusqu'à ce jour.
- 20 33294 Me PRATTE : Oui. Avez-vous joué un  
21 rôle dans une campagne de financement dans les  
22 années... fin années '70, début '80?
- 23 33295 LE TRES HON. BRIAN MULRONEY : Oui.  
24 L'Université, ce n'était pas... je veux dire, avec  
25 respect, à ce moment-là, l'Université

1 Saint-François-Xavier n'était pas Harvard, surtout pas  
2 dans le domaine des finances. On n'avait jamais, dans  
3 le coin, essayé une campagne de financement qui avait  
4 réussi.

5 33296 Alors, on m'avait approché. A ce  
6 moment-là, j'étais... en 1979, j'étais devenu président  
7 de la compagnie Iron Ore. On m'a demandé de présider  
8 une campagne de souscription au niveau international,  
9 ce que j'ai fait. Mais le travail de base, j'avais  
10 besoin de quelqu'un, bien sûr, pour m'aider. Alors,  
11 j'en avais parlé au recteur de l'Université, puis il  
12 avait choisi monsieur Doucet...

13 33297 Me PRATTE : Monsieur Fred Doucet?

14 33298 LE TRES HON. BRIAN MULRONEY : ...qui  
15 était là, avec qui j'ai travaillé pendant trois ans sur  
16 cette campagne-là.

17 33299 Me PRATTE : Maintenant, suite à vos  
18 études à Saint-François-Xavier, que faites-vous?

19 33300 LE TRES HON. BRIAN MULRONEY : Je  
20 passe brièvement à Dalhousie pour me rendre... par la  
21 suite, pour m'inscrire à l'Université Laval à Québec, à  
22 la Faculté de Droit.

23 33301 Me PRATTE : Et avez-vous obtenu une  
24 licence en droit de la Faculté Laval?

25 33302 LE TRES HON. BRIAN MULRONEY :



1 Effectivement.

2 33303 Me PRATTE : A l'été 1962, avez-vous  
3 été appelé à travailler sur la scène politique à  
4 Ottawa?

5 33304 LE TRES HON. BRIAN MULRONEY : Oui.  
6 Alors que j'étais étudiant en droit, à la fin de ma  
7 deuxième année, je pense, c'est en 1962, et le  
8 gouvernement de monsieur Diefenbaker avait déclenché  
9 des élections. Alvin Hamilton, qui était de la  
10 Saskatchewan, c'était un grand ministre de  
11 l'agriculture, est tombé malade. Il était atteint de  
12 Bell's Palsy, puis on avait besoin de quelqu'un pour  
13 voyager avec lui. Roy Fabish, qui était son... Roy  
14 Fabish, qui était son chef de cabinet, avait été muté  
15 auprès de monsieur Diefenbaker, premier ministre, pour  
16 la campagne, puis il avait besoin de quelqu'un pour  
17 voyager avec Alvin à travers l'Ouest canadien.

18 33305 Alors, Roy m'a invité. J'ai accepté.  
19 Alors, j'ai passé quatre ou cinq mois dans l'Ouest  
20 canadien avec Alvin. J'étais... on m'appelait  
21 secrétaire particulier, mais j'étais dans le fond le  
22 frotteur.

23 33306 Me PRATTE : O.K. Et donc...

24 33307 LE TRES HON. BRIAN MULRONEY : Je  
25 portais ses valises.

1 33308 Me PRATTE : Pardon?

2 33309 LE TRES HON. BRIAN MULRONEY : Je  
3 portais ses valises.

4 33310 Me PRATTE : Vous portiez ses valises?

5 33311 LE TRES HON. BRIAN MULRONEY : Oui.

6 33312 Me PRATTE : Il y a une question qui  
7 me chicote. Ma femme m'a dit de ne pas la poser,  
8 Monsieur Mulroney, mais je ne peux pas résister. Qui  
9 était le doyen de la Faculté de droit à Laval à  
10 l'époque?

11 33313 LE TRES HON. BRIAN MULRONEY : A ce  
12 moment-là?

13 33314 Me PRATTE : Oui.

14 33315 LE TRES HON. BRIAN MULRONEY : Je me  
15 souviens d'un doyen qui s'appelait Pratte. Je pense  
16 bien que c'était votre père.

17 33316 Me PRATTE : Ah, oui! Je pense que  
18 oui.

19 33317 LE TRES HON. BRIAN MULRONEY : Oui.

20 33318 Me PRATTE : Il m'a parlé de vous,  
21 d'ailleurs.

22 33319 LE TRES HON. BRIAN MULRONEY : Il  
23 était bon aussi.

24 --- Rires / Laughter

25 33320 LE TRES HON. BRIAN MULRONEY : Tough,

1 exigeant.

2 33321 Me PRATTE : Suite à vos études en  
3 droit, que se passe-t-il au niveau professionnel?

4 33322 LE TRES HON. BRIAN MULRONEY : Alors,  
5 je pensais... je devais retourner sur la Côte-Nord, à  
6 Baie-Comeau, pour pratiquer le droit, et j'ai reçu,  
7 subito presto, un appel de l'associé senior de chez  
8 Ogilvy Renault à Montréal, me demandant de m'y rendre.  
9 On avait entendu parler de moi à l'Université Laval, et  
10 puis on voulait me recruter pour venir chez Ogilvy  
11 Renault. Alors, c'était le plus grand cabinet  
12 d'avocats au Québec, d'excellente réputation. Alors,  
13 c'était un honneur pour moi d'accepter leur offre.

14 33323 Me PRATTE : Et est-ce que c'est ça  
15 qui vous a amené à déménager à Montréal?

16 33324 LE TRES HON. BRIAN MULRONEY : C'est  
17 ça qui... effectivement.

18 33325 Me PRATTE : Et en quelle année à peu  
19 près auriez-vous déménagé à Montréal?

20 33326 LE TRES HON. BRIAN MULRONEY :  
21 Soixante-quatre.

22 33327 Me PRATTE : Et vous vous êtes joint à  
23 Ogilvy Renault immédiatement?

24 33328 LE TRES HON. BRIAN MULRONEY : Oui.

25 33329 Me PRATTE : Et vous avez pratiqué

1           comme avocat chez Ogilvy Renault surtout dans le  
2           domaine du droit du travail; c'est ça?

3   33330                           LE TRES HON. BRIAN MULRONEY : C'est  
4           ça.

5   33331                           Me PRATTE : Et jusqu'à quelle année à  
6           peu près?

7   33332                           LE TRES HON. BRIAN MULRONEY :  
8           Jusqu'en 1976.

9   33333                           Me PRATTE : J'ai oublié de vous  
10          demander tantôt : Qu'est-il arrivé des membres de votre  
11          famille? Est-ce que tout le monde est resté à  
12          Baie-Comeau à cette période-là?

13   33334                           LE TRES HON. BRIAN MULRONEY : Non.  
14          Mon père est décédé le 16 février 1965, à l'âge de 61  
15          ans. Alors, ma mère était seule là avec les deux plus  
16          jeunes enfants, toujours d'âge scolaire. Alors, on  
17          n'avait pas les moyens de faire quoi que ce soit, sauf  
18          l'option pour moi de les déménager à Montréal, de  
19          quitter mon appartement de célibataire que j'avais loué  
20          et de prendre un appartement, à Notre-Dame-de-Grâce, un  
21          petit peu plus large pour ma mère, les deux plus jeunes  
22          enfants et moi.

23   33335                           Alors, pendant le temps, les années,  
24          je ne sais pas, quatre ou cinq ans, quatre ans  
25          peut-être, que ça pris pour les enfants de terminer

1 leurs études au collège, j'étais avec ma mère à  
2 Montréal, un peu comme le... un petit peu comme le  
3 pater familias de la famille, comme mon père l'avait  
4 souhaité.

5 33336 Me PRATTE : Et votre mère est décédée  
6 quand?

7 33337 LE TRES HON. BRIAN MULRONEY : En  
8 2002.

9 33338 Me PRATTE : Qui s'est occupé de ses  
10 besoins financiers principalement pendant cette période  
11 de '65 à 2002?

12 33339 LE TRES HON. BRIAN MULRONEY : C'est  
13 moi.

14 33340 Me PRATTE : En '76, Monsieur  
15 Mulroney, il est de notoriété publique que vous ayez  
16 brigué les suffrages pour la chefferie du Parti  
17 conservateur. Pouvez-vous m'expliquer brièvement  
18 comment ça s'est produit? Et je sais que ce n'est  
19 peut-être pas le souvenir le plus cher à votre cour.

20 33341 LE TRES HON. BRIAN MULRONEY :  
21 Effectivement. Monsieur Stanfield avait perdu trois  
22 élections de suite, et il a décidé de démissionner.  
23 Moi, je l'avais conseillé de rester parce que c'était  
24 un grand homme, mais il a décidé de partir, et il y a  
25 eu une course à la chefferie, et immédiatement, une

1           dizaine de députés se sont présentés à sa succession.

2           Et un moment donné, les gens...

3   33342                   Je venais de terminer à ce moment-là  
4           mon travail sur la Commission Cliche, qui a été établie  
5           par le gouvernement Bourassa suite au saccage de la  
6           Baie-James et la corruption qui existait dans  
7           l'industrie de la construction, des deux côtés, au  
8           Québec, qui était notre industrie la plus importante à  
9           ce moment-là. Alors, j'avais acquis un certain profil  
10          quand même assez modeste, mais j'étais connu au moins  
11          au Québec.

12   33343                   Alors, certains m'ont suggéré que je  
13          me présente contre tous ces députés-là pour devenir  
14          chef du Parti. Alors, j'ai dit non, bien sûr. Mais  
15          là, finalement, j'ai fait comme bien d'autres avant moi  
16          puis après, je me suis regardé dans le miroir un matin,  
17          puis j'étais d'accord avec celui-là pour dire, vous  
18          êtes compétent pour devenir chef du Parti. Alors, je  
19          me suis présenté.

20   33344                   J'avais dit en anglais un moment  
21          donné après l'expérience : Why would you ever run? You  
22          weren't a Member of Parliament or anything. Why would  
23          you ever run to be the leader of the Conservative  
24          Party? In 1976 you were 35 years old, you and Mila had  
25          two young kids. And I said : Well I finally figured

1 out this thing. The most important qualification to be  
2 a candidate for the leadership of a big political party  
3 is a remarkable capacity for self-delusion.

4 33345                   Alors, je me suis présenté. J'ai été  
5 battu. Monsieur Clark a gagné, et j'ai réintégré  
6 Montréal.

7 33346                   Me PRATTE : Brièvement, Monsieur  
8 Mulroney, dans la course au leadership de '76, à ce  
9 moment-là, est-ce que vous aviez rencontré, au meilleur  
10 de votre souvenir, monsieur Schreiber?

11 33347                   LE TRES HON. BRIAN MULRONEY : Non.

12 33348                   Me PRATTE : Aviez-vous connaissance  
13 de quelque aide financière qu'il aurait pu apporter à  
14 votre campagne au leadership en '76?

15 33349                   LE TRES HON. BRIAN MULRONEY : Non.

16 33350                   Me PRATTE : Après la défaite de 1976  
17 à la course au leadership, que se passe-t-il dans votre  
18 vie professionnelle?

19 33351                   LE TRES HON. BRIAN MULRONEY : Alors,  
20 j'ai retourné chez Ogilvy Renault et j'avais reçu  
21 quelques offres pour faire autre chose, et entre elles,  
22 il y avait la possibilité de devenir... de commencer  
23 comme vice-président exécutif de la compagnie minière  
24 IOC, the Iron Ore Company of Canada, et président  
25 l'année subséquente.

1 33352                   Alors, parle-parle, jase-jase, j'ai  
2           regardé ça, parlé à ma femme, et j'ai décidé que  
3           c'était une occasion en or. Ma mère disait souvent :  
4           Change is as good as a rest. Alors, j'ai accepté, puis  
5           je me suis ramassé bientôt à la présidence de la  
6           compagnie IOC.

7 33353                   MR. PRATTE: Well, I guess it was  
8           only restful for a time, because then you considered  
9           going back to politics around the early '80s, as we all  
10          know.

11 33354                  Could you tell us, tell the  
12          Commissioner, how it came about that in 1983 ultimately  
13          you sought the Leadership of the Conservative Party  
14          again?

15 33355                  THE RIGHT HON. BRIAN MULRONEY: Yes,  
16          I certainly had sworn off politics after the experience  
17          of '76. It is very painful after these things where  
18          you have to pay off your bills and try and get  
19          restarted. It is not easy for leadership candidates in  
20          any political party.

21 33356                  So I had accepted this offer and made  
22          a decision to do it. The Iron Ore Company of Canada  
23          had 7,500 employees. It was a billion-dollar  
24          operation. We had had 56 work stoppages prior to my  
25          arriving there and they hadn't made a profit in 11



1 years. Even the debt payments had to be delayed.

2 33357 We had a great team and we put it  
3 together and started to make money for our shareholders  
4 and for our employees and I felt very good about it,  
5 obviously. We were doing extremely well. There wasn't  
6 a day lost in work stoppages after I got there and  
7 solved the first one.

8 33358 So we were doing well and I thought I  
9 would be there probably for life, and Mila was very  
10 strongly of the view that that would be the best course  
11 of action for our family, which by this point to which  
12 we had Caroline and Ben and then, in '79 Marko was  
13 there.

14 33359 So this was very unusual to consider  
15 it again.

16 33360 Moreover, as you see from the  
17 recession that we are going through now and the  
18 consequence that bad markets can have on everybody, in  
19 1982 we encountered a very serious problem with the  
20 Iron Ore Company, and that was the extraordinary  
21 competition from Brazil with their very high-grade ores  
22 with very low cost to produce relative to us in  
23 northern Canada.

24 33361 We were in Labrador City at what we  
25 called the Carol Project, the huge Carol Project. We

1           were in Schefferville, Sept-Îles, Contrecoeur and  
2           elsewhere. But Schefferville -- the ore, Schefferville  
3           only started in '52 and it was getting mined out and we  
4           were into the very weak or bodies.

5   33362                   MR. PRATTE: Be careful now because  
6           we are not going to buy your book.

7   33363                   THE RIGHT HON. BRIAN MULRONEY: Well,  
8           I had to then go -- I had to make a determination and a  
9           recommendation to my Board, which I did, which was to  
10          shut down our Schefferville operation, which really  
11          meant closing down the town of Schefferville because  
12          that is all that was there.

13   33364                   And the Government of Québec had  
14          asked for a Parliamentary Commission to examine this  
15          decision, which was a very sensitive one, as you can  
16          imagine. So you can imagine that this was not an ideal  
17          way to launch a leadership campaign and so my -- that  
18          was far from my mind when in 1983 a leadership campaign  
19          was called.

20   33365                   MR. PRATTE: There has been evidence,  
21          Mr. Mulroney, in this proceeding, which I assume you  
22          have followed somewhat, that in that period of time  
23          leading up to the leadership -- first of all, explain  
24          to me, Mr. Mulroney, was there -- I don't think that is  
25          controversial -- before the leadership campaign

1 something called a Leadership Review that I believe  
2 took place in Winnipeg in early 1993?

3 33366 THE RIGHT HON. BRIAN MULRONEY: Yes.

4 33367 MR. PRATTE: I should say 1983, if I  
5 misspoke.

6 33368 THE RIGHT HON. BRIAN MULRONEY: Yes.  
7 Under the rules of the Progressive Conservative Party  
8 at the time, if a leader lost an election he was  
9 subject to a Leadership Review by the members and he  
10 had to get 50 per cent plus one to retain his  
11 leadership.

12 33369 MR. PRATTE: In the months or years,  
13 a year or two leading up to this Leadership Review --  
14 did you attend it, first of all?

15 33370 THE RIGHT HON. BRIAN MULRONEY: In  
16 Winnipeg?

17 33371 MR. PRATTE: The review in Winnipeg?

18 33372 THE RIGHT HON. BRIAN MULRONEY: Yes,  
19 I did.

20 33373 MR. PRATTE: Where were you living at  
21 the time in Montréal, or working at the time? Were you  
22 in Montréal?

23 33374 THE RIGHT HON. BRIAN MULRONEY: I was  
24 in Montréal. Our head office was in Montréal in the  
25 Standard Life building.

1 33375 MR. PRATTE: All right. Do you have  
2 any recollection of meeting Mr. Schreiber in that  
3 period of time prior to the Leadership Review in  
4 Winnipeg?

5 33376 THE RIGHT HON. BRIAN MULRONEY: I  
6 have no recollection whatsoever of having met him, but  
7 it may very well have taken place. I was being  
8 introduced on a regular basis to all kinds of people,  
9 as you might imagine.

10 33377 MR. PRATTE: Did you go from time to  
11 time to a well-known hotel in Montréal called the  
12 Ritz-Carlton?

13 33378 THE RIGHT HON. BRIAN MULRONEY: Yes.  
14 Yes, the Ritz-Carlton --

15 33379 MR. PRATTE: At the end of the day,  
16 whatever?

17 33380 THE RIGHT HON. BRIAN MULRONEY: Yes.  
18 If I hadn't gone, I would be the only person in  
19 Montréal who wasn't there in those days. It was  
20 immediately across the street from the Standard Life  
21 building. I was a member of the Board of Directors of  
22 the controlling company of the Ritz. So I and many  
23 others used together their sometimes after work and  
24 shoot the breeze and talk about anything that was going  
25 on in town.

1 33381 MR. PRATTE: Do you have any  
2 knowledge of Mr. Schreiber contributing in any way to  
3 the Leadership Review process?

4 33382 THE RIGHT HON. BRIAN MULRONEY: No.  
5 I don't, no.

6 33383 MR. PRATTE: Specifically, because I  
7 want to be clear, Mr. Mulroney, do you have any  
8 knowledge of Mr. Schreiber financially contributing to  
9 efforts made on your behalf at the Leadership Review in  
10 Winnipeg?

11 33384 THE RIGHT HON. BRIAN MULRONEY: I  
12 don't. And I think he testified somewhere to the  
13 effect that he had no role in the '83 campaign, the  
14 leadership campaign.

15 33385 Did he contribute to something else  
16 regarding the Leadership Review? I have no idea.

17 33386 COMMISSIONER OLIPHANT: Mr. Pratte,  
18 sorry. Are you talking about the review or the run for  
19 the leadership?

20 33387 MR. PRATTE: Let's clear that up.

21 33388 COMMISSIONER OLIPHANT: Okay.

22 33389 MR. PRATTE: My first question was in  
23 respect of the review. Let's clear that one up,  
24 Mr. Mulroney.

25 33390 There was some evidence that was led

1 to the effect that Mr. Schreiber might have contributed  
2 amounts of money connected with the Leadership Review.  
3 So my first question was: Were you aware of that or are  
4 you aware of that?

5 33391 THE RIGHT HON. BRIAN MULRONEY: No.

6 But maybe I could say something about that.

7 33392 One of the great canards in Canadian  
8 political history deals with the Leadership Review in  
9 Winnipeg.

10 33393 To win the leadership of the  
11 Progressive Conservative Party, or to retain it in  
12 those circumstances, required 50.1 per cent of the  
13 vote. Mr. Clark got 68 per cent of the vote almost and  
14 chose to resign. Why, I don't know.

15 33394 Believe me, if I had gotten 67 per  
16 cent and I was the leader, you would have had to get me  
17 out of there with a crowbar. There would have been no  
18 resignation. But he chose to resign for his own  
19 reasons.

20 33395 Then all of a sudden the suggestions  
21 started to flow, well there was -- and I was at the  
22 convention. I am a child of the Progressive  
23 Conservative Party. I came to Ottawa when I was 16  
24 years old in 1956 to vote for John Diefenbaker. I was  
25 the Vice-Chairman of the Youth for Diefenbaker and I

1           knew, I thought, every body in the Conservative Party  
2           and I could smell a conspiracy or a cabal a mile away,  
3           because for years I was probably involved in many of  
4           them. So I could recognize what was going on.

5   33396                    Here we are in Winnipeg and all of a  
6           sudden the canard is that somehow somebody -- they  
7           called it offshore money.

8   33397                    I think that Dalton Camp, in one of  
9           his whimsical moments, wrote a column or something  
10          about it.

11   33398                    But 450 Quebecers, in varying stages  
12          of lubrication, arrived in Winnipeg, in the middle of  
13          January, in a snowstorm, to vote in favour of  
14          leadership review. That's why Mr. Clark didn't get the  
15          difference between 68 and 70 percent.

16   33399                    If you think you can do that in  
17          Winnipeg and no Winnipeger ever saw it, no picture was  
18          ever taken, no one saw a thing, but here it is accepted  
19          as conventional wisdom by certain people.

20   33400                    That is the goofiest thing that  
21          anybody could ever say. But, if you want to know the  
22          truth, read a column that was written by Peter  
23          Mansbridge the weekend after, on a Saturday in 1983,  
24          whatever the date was. Mansbridge points out that Mr.  
25          Clark had the support of seven provincial premiers --

1 Progressive Conservative premiers across the country --  
2 and they had a combined 350, approximately, ex officio  
3 delegates who could have gone to Winnipeg and voted  
4 automatically for him, because the premiers, their  
5 bosses, were supporting Mr. Clark, all of them, as they  
6 should have. They were provincial premiers and they  
7 were supporting the national leader. That was fine.

8 33401 Less than 20 percent showed up to  
9 support their leaders.

10 33402 In fact, a number of the provincial  
11 premiers didn't show up.

12 33403 As Mansbridge, in his skilled,  
13 analytical manner pointed out, that's why Mr. Clark  
14 didn't get whatever he wanted to get -- 70 percent --  
15 and this goofy idea that 450 Quebecers flew in, in the  
16 middle of the night, to a snowstorm in Winnipeg, kind  
17 of wound up in the snowbank, where it deserves to be.

18 33404 MR. PRATTE: Let me ask you, then,  
19 the second question pointed out, or the distinction  
20 that the Commissioner asked me.

21 33405 In respect, then, of your leadership  
22 race, do you know whether Mr. Schreiber -

23 33406 When did the leadership race actually  
24 take place? What was the date, roughly?

25 33407 THE RIGHT HON. BRIAN MULRONEY: It



1 began, for me, in March and ended in June -- the 11th  
2 of June.

3 33408 MR. PRATTE: June of 1983.

4 33409 THE RIGHT HON. BRIAN MULRONEY: Yeah.

5 33410 MR. PRATTE: Do you know whether Mr.  
6 Schreiber contributed financially to your leadership  
7 bid in June of 1983?

8 33411 THE RIGHT HON. BRIAN MULRONEY: I  
9 don't know, but he has testified that he didn't.

10 33412 MR. PRATTE: Do you know a Mr. Frank  
11 Moores?

12 33413 THE RIGHT HON. BRIAN MULRONEY: Sure.

13 33414 MR. PRATTE: Do you know who Mr.  
14 Moores was supporting in the leadership campaign that  
15 culminated in your election in 1983?

16 33415 THE RIGHT HON. BRIAN MULRONEY: John  
17 Crosbie.

18 33416 MR. PRATTE: By the time you are  
19 elected, then, in June 1983 as Leader of the  
20 Progressive Conservative Party, how would you describe  
21 your relationship with Mr. Schreiber?

22 33417 Not Mr. Moores -

23 33418 THE RIGHT HON. BRIAN MULRONEY: I  
24 didn't have a relationship with him.

25 33419 MR. PRATTE: Thank you. We will get

1 back to Mr. Moores later.

2 33420 We are going to start the fumbling  
3 now, Mr. Mulroney, with the various volumes, and I am  
4 going to go, Mr. Commissioner, first to Exhibit P-43,  
5 which is the first binder.

6 33421 No, actually it is Binder 4, P-7.

7 It is the correspondence of Mr. Schreiber.

8 33422 COMMISSIONER OLIPHANT: Which binder  
9 is it?

10 33423 MR. PRATTE: It is P-7, Mr.  
11 Commissioner, documents in support of Karlheinz  
12 Schreiber's testimony, Binder 4.

13 33424 Just so everyone is clear, and the  
14 Registrar is clear, rather than reprinting all of the  
15 same documents, Mr. Commissioner, a second time, in  
16 addition to the three binders you have marked as P-43,  
17 P-44 and P-45, the Commission suggested, and it made  
18 sense, that we use a couple of the exhibits already  
19 filed, including this binder of correspondence. This  
20 is the correspondence that Mr. Schreiber addressed --  
21 or exchanged between himself and Mr. Mulroney over the  
22 years.

23 33425 COMMISSIONER OLIPHANT: I agree with  
24 that suggestion. I know that the pulp and paper  
25 industry is in trouble in Canada, but we have killed

1           enough trees already on this Commission, so let's do  
2           what we can.

3   33426                   MR. PRATTE: Thank you, sir.

4   33427                   Mr. Mulroney, are you at Tab 1 of  
5           this binder now?

6   33428                   It appears to be a telegram. Do you  
7           see that?

8   33429                   THE RIGHT HON. BRIAN MULRONEY: Yes.

9   33430                   MR. PRATTE: It may not be crystal  
10          clear, but if you look at the very first line in the  
11          document, there is a square rectangle at the top  
12          left-hand corner, and that's the date. I don't think  
13          there is any issue, it is February 1982.

14   33431                   THE RIGHT HON. BRIAN MULRONEY:  
15          M'hmm.

16   33432                   MR. PRATTE: Is this a telegram that  
17          you sent to Mr. Schreiber in or about that time?

18   33433                   THE RIGHT HON. BRIAN MULRONEY: It  
19          certainly appears to be.

20   33434                   MR. PRATTE: And on its face -- I  
21          won't read it, but if I could paraphrase, you are  
22          congratulating him for becoming a citizen of Canada.

23   33435                   THE RIGHT HON. BRIAN MULRONEY: Yes.

24   33436                   MR. PRATTE: Do you have any  
25          recollection of sending this telegram?

1 33437 THE RIGHT HON. BRIAN MULRONEY: No.

2 33438 MR. PRATTE: How could this have come  
3 about? Do you have any suggestion as to how you might  
4 come to send a telegram to someone you have described  
5 as having no relationship with at that time?

6 33439 THE RIGHT HON. BRIAN MULRONEY: I  
7 have no doubt how it came about, someone asked me to do  
8 it. Frank Moores or Bob Coates or someone said, "Mr.  
9 Schreiber is a friend of ours" -- who, by the way, I  
10 may have been introduced to at the Ritz or somewhere  
11 else in those days -- "Mr. Schreiber has become a  
12 Canadian citizen. He was a German national and he  
13 became a Canadian citizen. Here is a draft of  
14 telegram, would you mind sending it to congratulate  
15 him?"

16 33440 I have no problem.

17 33441 MR. PRATTE: Now, you had been  
18 elected Leader of the Progressive Conservative Party in  
19 June of 1983.

20 33442 THE RIGHT HON. BRIAN MULRONEY: Yes.

21 33443 MR. PRATTE: You don't have a seat in  
22 the House at that time.

23 33444 THE RIGHT HON. BRIAN MULRONEY: No.

24 33445 MR. PRATTE: Then tell us how you  
25 managed to get elected to the House of Commons in 1983.

1 33446 THE RIGHT HON. BRIAN MULRONEY: It  
2 was a big challenge because Mr. Trudeau was Prime  
3 Minister, and had been Prime Minister for a long time.  
4 He had a very strong lead in some areas, and if I  
5 hadn't got elected to the House of Commons in a  
6 by-election, I couldn't be in the House in the fall to  
7 lead the party into the next election, really.

8 33447 So it was a great day when Elmer  
9 MacKay, a highly respected and revered person in Nova  
10 Scotia, who had a very safe Conservative seat, offered  
11 to step down and let me run in a by-election. He was  
12 fantastic to have done that.

13 33448 So Mila and I and the kids moved down  
14 to Central Nova, which, by the way, was close -- cheek  
15 by jowl with where I had lived in Antigonish when I  
16 went to St. F.X., so I knew the region and I knew the  
17 people to some considerable extent, and I had spent the  
18 three previous years going back, as well, because of  
19 the St. F.X. fundraising campaign.

20 33449 So it was a natural, and Elmer  
21 stepped down and a by-election was called for the 29th  
22 of August. Mila and I and the kids lived in the Celtic  
23 Lodge down there, and campaigned seven days a week, and  
24 won the by-election on the 29th of August.

25 33450 MR. PRATTE: Were you familiar at

1           that time, or by that time, I should say, with the  
2           general economic circumstances of the Province of Nova  
3           Scotia?

4   33451                   THE RIGHT HON. BRIAN MULRONEY:  So  
5           much so that I ran on the slogan of committing myself  
6           that, if you elect me, there will only be three parts  
7           of my -- three planks in my platform:  jobs, jobs,  
8           jobs.

9   33452                   MR. PRATTE:  Before Mr. MacKay ceded  
10          his seat in the way you have described, had you known  
11          him prior to that time?

12   33453                   THE RIGHT HON. BRIAN MULRONEY:  Yes,  
13          I had, very favourably too.

14   33454                   MR. PRATTE:  What impact, if any, did  
15          his gesture toward you have in your relationship  
16          thereafter with Mr. MacKay?

17   33455                   THE RIGHT HON. BRIAN MULRONEY:  Well,  
18          look, if I had not gotten into the House in those  
19          circumstances, you can imagine -- given the gentle and  
20          forgiving nature of the Conservative Party, you can  
21          imagine how long I would have lasted as leader.  So it  
22          was absolutely key.

23   33456                   When I became the leader, I appointed  
24          Elmer, in the Office of the Leader of the Opposition,  
25          as my senior advisor, and then, when I formed a

1 government doing what I had promised to do, to run from  
2 Quebec and win seats in Quebec -- because it was the  
3 only way. You can't form a government without seats in  
4 Quebec, and if you do, you can't govern in this  
5 country, and you shouldn't govern.

6 33457 So it was very key that I run in  
7 Quebec, so I turned back the seat to Elmer, who ran and  
8 got elected, and he became a senior member of my  
9 government for nine years, and a valued counsellor  
10 throughout.

11 33458 MR. PRATTE: So you are now elected  
12 Leader of the Opposition. There has been evidence in  
13 this proceeding that during that period, adduced by Mr.  
14 Schreiber, you may have met with him and a Mr. Max  
15 Strauss.

16 33459 Does that name ring a bell with you,  
17 Max Strauss?

18 33460 THE RIGHT HON. BRIAN MULRONEY: What  
19 rings a bell is Franz Josef Strauss, whom I have never  
20 met in my life. I understand that -- and I had said  
21 elsewhere that I didn't know Max Strauss. You can be  
22 sure that's true.

23 33461 But Pat MacAdam, apparently, has said  
24 that while he was the gatekeeper in my parliamentary  
25 office, while I was Leader of the Opposition, that

1 after Question Period, when people come in to get  
2 pictures and shake hands, and in and out, that Mr.  
3 Schreiber apparently arrived with Max Strauss, who was  
4 about 22 years old, and one of Franz Josef's sons  
5 apparently, and there was a 90-second meet-and-greet in  
6 my office.

7 33462 MacAdam says that neither he nor I  
8 knew who they were, and that it had been arranged,  
9 possibly, by Bob Coates, who was also a friend of Mr.  
10 Schreiber's, but I have no recollection of that at all.

11 33463 But if MacAdam or someone says that  
12 it happened, then it happened.

13 33464 MR. PRATTE: Ultimately there is an  
14 election, when you become Prime Minister.

15 33465 THE RIGHT HON. BRIAN MULRONEY: Yes.

16 33466 MR. PRATTE: What was the date of  
17 that election?

18 33467 THE RIGHT HON. BRIAN MULRONEY: The  
19 election was 1984, the 4th of September.

20 33468 MR. PRATTE: And I am going to ask  
21 you the question again. When you become Prime Minister  
22 of Canada in 1984, how would you describe your  
23 relationship with Mr. Schreiber?

24 33469 THE RIGHT HON. BRIAN MULRONEY:  
25 Before I become Prime Minister?



1 33470 MR. PRATTE: Yes.

2 33471 THE RIGHT HON. BRIAN MULRONEY:

3 Non-existent.

4 33472 Essentially non-existent. I might  
5 have run into him at a political event or something  
6 like that.

7 33473 MR. PRATTE: All right. You are  
8 sworn in as Prime Minister on what date, Mr. Mulroney?

9 33474 THE RIGHT HON. BRIAN MULRONEY: The  
10 17th of September 1984.

11 33475 MR. PRATTE: The Commission has spent  
12 some time, as you know, Mr. Mulroney, looking at the  
13 Bear Head Project and how it was handled by various  
14 people. Perhaps before we get specifically onto the  
15 Bear Head Project, you can briefly tell us a little bit  
16 of your perception of the role of the Prime Minister,  
17 as well as the relationship with ministers, and then  
18 the bureaucracy.

19 33476 Give us a succinct description of how  
20 you perceive the role of the Prime Minister in our  
21 system of government.

22 33477 THE RIGHT HON. BRIAN MULRONEY: If  
23 you have never been Prime Minister and you haven't  
24 worked in the immediate entourage of a Prime Minister,  
25 which I had not, when you arrive and you are sworn in

1 as Prime Minister, it is quite a thing. The  
2 concentration -- as Donald Savoie has written, the  
3 concentration of power in the hands of the Canadian  
4 Prime Minister is probably unrivalled anywhere in the  
5 free world, simply by the manner in which we have  
6 chosen to do things.

7 33478 You learn that the Prime Minister has  
8 tremendous powers of appointment. He appoints the  
9 ambassadors, the deputy ministers, members of the  
10 judiciary, the Supreme Court, he appoints the cabinet,  
11 the Senate, and so on.

12 33479 So there is a great deal of power  
13 concentrated in the hands of the Prime Minister. He  
14 appoints the cabinet, and they are chosen to govern the  
15 country and to be responsible to Parliament, to the  
16 House of Commons.

17 33480 MR. PRATTE: In terms of the  
18 ministers now, in your tenure, what was the  
19 relationship with the ministers, in terms of sharing  
20 responsibilities?

21 33481 You say, ultimately, that the power  
22 rests with you, but how do you see your relationship  
23 with the ministers, generally?

24 33482 Now I am not talking about Bear Head,  
25 I just want to put this in context.

1 33483 THE RIGHT HON. BRIAN MULRONEY: Every  
2 Prime Minister, I suppose, has his own style. Mine was  
3 to choose the very best ministers I could, and to let  
4 them run their departments, not to interfere in any  
5 way.

6 33484 I told the ministers: If you have a  
7 problem, come and see me. We will solve it together.  
8 Don't expect me to be looking over your shoulder and  
9 telling you what to do. It's your responsibility, you  
10 go ahead and do it.

11 33485 MR. PRATTE: What about what is  
12 generically referred to, oftentimes, as the  
13 bureaucracy, i.e., the non-elected officials? What is  
14 the relationship there between the two entities, the  
15 elected side on the one hand and the non-elected on the  
16 other, the bureaucracy?

17 33486 THE RIGHT HON. BRIAN MULRONEY:  
18 Canada has an excellent Public Service, and there is  
19 always some degree of tension between the elected  
20 people, who are the ultimate decision-makers, and the  
21 Public Service, who are there to provide advice,  
22 assistance, help, counsel, and the benefits of the  
23 accumulated wisdom of 142 years of helping around the  
24 country.

25 33487 Moreover, over 142 years, Canada

1           being a country of laws, we have developed our own  
2           system of responsibility and accountability, and  
3           respect for the integrity of the process, and so on,  
4           and the Clerk of the Council is there to -

5   33488                   MR. PRATTE: This is the Privy  
6           Council.

7   33489                   THE RIGHT HON. BRIAN MULRONEY: The  
8           Privy Council.

9   33490                   The Clerk of the Privy Council is  
10          effectively the deputy minister of the Prime Minister.  
11          The Prime Minister appoints him, and then they appoint  
12          all of the deputy ministers.

13   33491                   The deputy ministers, while  
14          responsible for the minister's well-being et la saine  
15          gestion de son ministère. They are also -- they report  
16          to the Prime Minister through the Clerk of the Council,  
17          and it is on the recommendations of the Clerk of the  
18          Council that I would have moved deputy ministers here  
19          or there, or indeed, sometimes, ministers here or  
20          there, to satisfy the changing needs of the government.

21   33492                   MR. PRATTE: There has been a lot of  
22          evidence -- and we will talk about some of it in a  
23          minute or two -- about the Bear Head Project and  
24          certain views that the bureaucracy may have had, or  
25          other ministers, on its wisdom. But to put this in

1 context, Mr. Mulroney, just to have a sense of the  
2 rapport de force --

3 33493 LE TRÈS HON. BRIAN MULRONEY: Oui.

4 33494 MR. PRATTE: Can, for example, the  
5 Prime Minister, if he or she chooses to, override the  
6 wishes of the bureaucracy in a particular instance?

7 33495 Is that possible?

8 33496 THE RIGHT HON. BRIAN MULRONEY:

9 Absolutely, if the Prime Minister is ready to accept  
10 the consequences.

11 33497 I can perhaps give you a little  
12 anecdote about that.

13 33498 The Government of Canada, before I  
14 arrived as Prime Minister, sponsored an international  
15 competition for the design and the architecture of the  
16 new Canadian embassy in Washington, which was -- and  
17 you may remember the controversy -- very unique for all  
18 of us, but particularly unique for architects around  
19 the world, because we had secured from the Reagan  
20 administration the only spot on Pennsylvania Avenue for  
21 an embassy between the White House and Capitol Hill.  
22 You can imagine how valued this property was.

23 33499 As it turned out, the Trudeau  
24 government had the responsibility of choosing the  
25 architects; I had the responsibility of going ahead

1 with the project and the opening of the embassy, and so  
2 on.

3 33500 So when the contest was on and people  
4 from around the world sent in their maquettes, Mr.  
5 Trudeau -- who, by the way, was a student of  
6 architecture. He and I spent time one day in the lobby  
7 of the Supreme Court while he explained to me the work  
8 of the architects who had done each section of the  
9 building. He was very good at it.

10 33501 So he says to one of his assistants,  
11 Bob Fowler -- who was his foreign policy advisor, as he  
12 was mine, and then he went on to work for Mr.  
13 Chrétien -- he says to Fowler, "Bob, where are these  
14 maquettes for all of the designs for the Canadian  
15 embassy in Washington?" and Fowler says, "They are over  
16 in the West Block. They are all set up there."

17 33502 Trudeau says, "Fine. At seven  
18 o'clock at night, before I go home, let's go take a  
19 look at them."

20 33503 So they go over to the West Block,  
21 and there in a special room are all of the maquettes  
22 for the new embassy to be built on Pennsylvania Avenue.

23 33504 Mr. Trudeau looks around, and he is  
24 very impressed by the whole thing, and then he says to  
25 Bob Fowler, "Bob" -- and Trudeau was a great friend of

1 Arthur Erickson -- a tremendous friend of Erickson's --  
2 Trudeau says, "Bob, where is Arthur's maquette?" Bob  
3 says, "Prime Minister, I am very sorry, but Mr.  
4 Erickson didn't make the final cut." Trudeau said,  
5 "Gee, that's too bad, because he just won."

6 33505 That's what a Prime Minister can and  
7 will do if he is -- and, by the way, the embassy on  
8 Pennsylvania Avenue was designed by -- that magnificent  
9 building was designed by Erickson, which shows that, in  
10 spite of the advice from the contrary, Mr. Trudeau made  
11 the right decision.

12 33506 MR. PRATTE: Let's talk about ACOA.  
13 You are then Prime Minister. What does the acronym  
14 ACOA stand for, Mr. Mulroney?

15 33507 THE RIGHT HON. BRIAN MULRONEY: The  
16 Atlantic Canada Opportunities Agency.

17 33508 MR. PRATTE: And when did it come to  
18 be, or into being?

19 33509 THE RIGHT HON. BRIAN MULRONEY: It  
20 was created by my government.

21 33510 MR. PRATTE: Why?

22 33511 THE RIGHT HON. BRIAN MULRONEY:  
23 Because, with my experience in Atlantic Canada, I felt  
24 that Atlantic Canada had been badly deprived and badly  
25 treated over many years. There was no fairness in the

1 degree of economic opportunity, and all Canadians  
2 should strive for that.

3 33512 So we decided, on the advice of  
4 people like Elmer and others, to create the Atlantic  
5 Canada Opportunities Agency and locate it in Moncton,  
6 New Brunswick.

7 33513 MR. PRATTE: Very briefly, other than  
8 the Bear Head Project, which will occupy us presently,  
9 were there other projects that you were involved in in  
10 that region of Canada, Mr. Mulroney, where, in fact,  
11 you pushed the project forward, notwithstanding  
12 objections from others?

13 33514 THE RIGHT HON. BRIAN MULRONEY: We  
14 funded ACOA -- I had seen the experience with la Caisse  
15 de dépôt in Quebec, where the Caisse had a mission to  
16 help la petite et moyenne entreprise. French-Canadian  
17 entrepreneurs who had never had access to capital could  
18 now get it, in the sixties, for the first time from la  
19 Caisse, and that helped transform Quebec and, in a  
20 significant way, Canada. So you see these leading  
21 French-Canadian entrepreneurs now who were able to do  
22 what they did because of ready access to la Caisse de  
23 dépôt.

24 33515 The other provinces, of course,  
25 couldn't do that, because the feds were running their



1 pension plans. So we created ACOA to help Atlantic  
2 Canadians, small business people and others, to have  
3 access to credit and development, and that turned out  
4 to be, I think, successful -- obviously.

5 33516 Then we were confronted with, for  
6 example -- you know, I was determined to do something  
7 to help these people. We were confronted by a major  
8 choice in regard to a shipbuilding contract for 12 or  
9 14 frigates, \$6 billion, which was the largest  
10 procurement contract, to that point, in Canadian  
11 history.

12 33517 The argument was that it should be  
13 split between Quebec and Saint John, New Brunswick.  
14 Ultimately I said: No, we are going to put it all in  
15 Saint John, New Brunswick, because that will give them  
16 the opportunity to create a zone of excellence,  
17 technological excellence, which will help young New  
18 Brunswickers and Maritimers to develop, as they haven't  
19 had the chance before.

20 33518 We built the bridge. We worked on  
21 the building of the bridge from New Brunswick to Prince  
22 Edward Island, which a lot of people opposed. Most  
23 people opposed it because of the enormous cost.

24 33519 What happened there? Well, just in  
25 one instance, combined with the Free Trade Agreement,

1           which was part of our calculation, Prince Edward Island  
2           exports to the United States increased by 600 percent  
3           in the five years following the opening of the bridge.

4   33520                   Then there was one that was probably  
5           even more dramatic, Hibernia. In 1990, after Mr. Wells  
6           had sabotaged the Meech Lake Accord, immediately after,  
7           he said publicly that Hibernia was not worth two fish  
8           plants. But John Crosbie and I saw it differently.

9   33521                   Because of my years in Newfoundland  
10          and Labrador, I knew that this was a unique opportunity  
11          to kick-start the Newfoundland economy and give them a  
12          technological wave of development possibilities that  
13          they had never seen before, hopefully transforming that  
14          province from a have-not society into a rich, have  
15          province.

16   33522                   The problem was, at that very moment,  
17          they needed \$2.8 billion in loan guarantees, and  
18          everyone -- and I mean pretty well everyone -- was  
19          opposed to this. We had no money in the treasury to  
20          speak of, we were in a deficit, we were in the middle  
21          of a recession, and the guy down there in Newfoundland  
22          running the show had just sabotaged what I  
23          considered -- I don't mean to be unduly argumentative  
24          about it -- what I considered to have been a great  
25          national effort at reconciliation between us all.

1 33523                   John Crosbie came to see me and we  
2           had a long talk about it. We shared that view for  
3           Newfoundland.

4 33524                   I had the lonely job of going to my  
5           cabinet and my caucus, and in particular the Quebec  
6           caucus, where I had 63 members -- and we absolutely  
7           needed them to pass this through the House of  
8           Commons -- and I told them that even though -- not  
9           only did I understand, I felt very deeply their sense  
10          of loss and chagrin at what had happened in the  
11          Newfoundland legislature by Mr. Wells, this was not a  
12          question of dealing with political parties, this was  
13          about Canada and the future of Canada, and the  
14          opportunity for Newfoundlanders to get a fair break.

15 33525                   So I approved the \$2.8 billion in  
16          loan guarantees, Hibernia got going, the energy issue  
17          became paramount, and I was delighted to see one day a  
18          study which indicated that, in the previous five years,  
19          Newfoundland and Labrador, for the first time since  
20          they entered this country in 1949, led all of the  
21          Canadian provinces, including Alberta, in economic  
22          development as a percentage of GDP growth. It was  
23          fantastic.

24 33526                   Look at the growth down there, and  
25          the promise now of Newfoundland and Labrador.

1 33527                   These are the kinds of things that we  
2           encountered, which I am sure all prime ministers  
3           encounter. Those were some of the ones I encountered.

4 33528                   You asked me in the context of the  
5           development of Atlantic Canada; there it is.

6 33529                   MR. PRATTE: All right. Now, a  
7           couple of things in general, very briefly, so we  
8           understand how the system works.

9 33530                   There is a volume that I have  
10          referred you to, Mr. Mulroney, of Mr. Schreiber's  
11          correspondence with you, principally, which is P-7, the  
12          binder we were just looking at with the telegram.

13 33531                   THE RIGHT HON. BRIAN MULRONEY: Yes.

14 33532                   MR. PRATTE: I am going to take you  
15          to a couple of tabs in a moment, but I just want to  
16          know, very briefly, how the correspondence that is sent  
17          to the Prime Minister's Office -

18 33533                   I appreciate that there is an issue  
19          in this hearing, later on, that doesn't concern what I  
20          am asking about, but I just want to know, when you were  
21          there, Mr. Mulroney, as Prime Minister, if someone  
22          sends a letter to the Prime Minister, confidential or  
23          whatever it is, do they all get to you?

24 33534                   Very briefly, can you explain to us  
25          how the correspondence system, if I can call it that,

1 works.

2 33535 THE RIGHT HON. BRIAN MULRONEY: It is  
3 probably more sophisticated now, but in my time, which  
4 seems an eternity ago -- and it was probably fairly  
5 embryonic. What happened was, we had a correspondence  
6 unit, and a very good one.

7 33536 As Mr. Tellier, I think, has told  
8 you, the Prime Minister gets thousands and thousands of  
9 communications, memos and letters, and so on.

10 33537 What happened with us was, they  
11 tended to be segregated in various ways. One would be  
12 letters that came in dealing with public policy issues,  
13 non-political, which would have been referred to the  
14 PCO. They would have either answered them directly or  
15 prepared drafts for our consideration.

16 33538 The second was the political,  
17 strictly political stuff which would be sent to the  
18 PMO.

19 33539 Then the third was much smaller, was  
20 family and friends kind of thing. If someone wanted to  
21 write to me, there was some kind of a code that they  
22 put on it and people knew right away that this is the  
23 Prime Minister's Aunt Jenny who is writing to him and  
24 he is going to want to see it.

25 33540 So at night often people like Bill

1           Pristanski, who was my Executive Assistant, who is  
2           here, would take the three segregated files that  
3           happened to be available that day and put them in one  
4           of my briefcases.

5   33541                    I went home with two briefcases every  
6           night. One dealt essentially with the PCO business,  
7           with government business, and the other with either  
8           political or friends, and so on.

9   33542                    And so from this Bill and Hebert  
10          Piche and Paul Smith and others would prepare a  
11          telephone call list for me. It would emanate generally  
12          from this kind of stuff.

13   33543                    So either at the end of the day I  
14          would begin phoning from my office or from the car  
15          going to 24 Sussex. I would go home, have dinner with  
16          Mila and the kids, do what all parents do with their  
17          homework and so on, and then I would repair to the den  
18          where I would work for a couple of hours, until about  
19          11:00 when I would call Paul Tellier about 11 o'clock  
20          every night to talk briefly about the next day's work.

21   33544                    During that period I would have gone  
22          through the documents that were given to me and the  
23          correspondence files -- by that I mean the family and  
24          personal stuff -- and I would have throughout the  
25          night, if I came across a letter from a Premier or

1 former Premier or something, I would call him, call him  
2 at home and, you know "Hi, Bill", or "Duff" or what  
3 have you, "How are you? I got your letter", and such  
4 and such and so-and-so, just to place a call to make a  
5 connection with them.

6 33545 So that was the segregation, as I  
7 remember it.

8 33546 MR. PRATTE: Okay. Now, in the  
9 volume you have in front of you, Mr. Mulroney, there  
10 are, I guess starting at Tab 2 and going to Tab 17  
11 inclusively -- and I am just going to take you quickly  
12 to a couple of them. There are a number of letters,  
13 mainly from Mr. Schreiber to you and a couple of notes  
14 that I am going to take you to from you to him.

15 33547 My first question is: Do you have  
16 any recollection of receiving and/or reading any of  
17 Mr. Schreiber's letters -- and I am talking now only  
18 about the time when you were Prime Minister -- these  
19 letters between those two tabs?

20 33548 THE RIGHT HON. BRIAN MULRONEY: No, I  
21 don't know of a Prime Minister whose staff would  
22 include in any of his correspondence letters from  
23 lobbyists.

24 33549 MR. PRATTE: Well, let's look at a  
25 letter, Tab 2. This is a letter --

1 33550 THE RIGHT HON. BRIAN MULRONEY:  
2 Although, having said that, I can acknowledge that is  
3 it possible that once in a blue moon one slips through?  
4 Sure, that's possible.

5 33551 MR. PRATTE: Well, let's look at this  
6 one, the first one, Mr. Mulroney -- I believe that was  
7 when you were Prime Minister -- from Mr. Schreiber. It  
8 is addressed to you, at Tab 2, August 28, 1989, and it  
9 says:

10 "Dear Brian,  
11 I very much enjoyed meeting with  
12 you last week..."

13 33552 In the first paragraph. In the third  
14 paragraph:

15 "I listened with great interest  
16 to your address to the P.C.  
17 Annual Meeting ..."

18 33553 Et cetera, et cetera. Do you have  
19 any recollection of receiving that letter at the time?

20 33554 THE RIGHT HON. BRIAN MULRONEY: No.

21 33555 MR. PRATTE: Could you go to Tab --

22 33556 THE RIGHT HON. BRIAN MULRONEY: But  
23 he is referring to the PC Annual Meeting.

24 33557 MR. PRATTE: Yes...?

25 33558 THE RIGHT HON. BRIAN MULRONEY: It's



1           probably -- I'm sorry.

2   33559                   MR. PRATTE:   Let's then go to Tab 3.

3   33560                   THE RIGHT HON. BRIAN MULRONEY:   Yes.

4   33561                   MR. PRATTE:   You write:

5                           "Dear Karlheinz,

6                           Thank you for your letter of

7                           August 28.

8                           I too was pleased to have the

9                           opportunity to meet with you.

10                          The recent General Meeting

11                          provided a tremendous

12                          opportunity..."

13   33562                   And so forth.   Do you have any

14           recollection of meeting with Mr. Schreiber at the PC

15           meeting?

16   33563                   THE RIGHT HON. BRIAN MULRONEY:   No.

17   33564                   MR. PRATTE:   What kind of meeting was

18           that, first of all, so I know?

19   33565                   THE RIGHT HON. BRIAN MULRONEY:   Well,

20           it was the general meeting of the Party so there would

21           have been 3,000 or 4,000 delegates there and supporters

22           and people, all kinds of people.   It was a huge --

23           these are huge events for all political parties.   They

24           take place every -- they used to take place every other

25           year.

1 33566 So the Party faithful would come in  
2 droves to get together, particularly if you are in  
3 government, you know, to get together and so on.

4 33567 So I guess his letter to me where he  
5 says:

6 "I very much enjoyed meeting  
7 with you last week; it was an  
8 unexpected pleasure..."

9 33568 Yes, probably because he probably  
10 bumped into me, you know, at this meeting and I said  
11 hello of course and this is what he was referring to.

12 33569 MR. PRATTE: I asked you some  
13 questions about how the correspondence was handled. I  
14 was only talking about -- we only talked about how the  
15 correspondence is handled from the time it is sent into  
16 the --

17 33570 THE RIGHT HON. BRIAN MULRONEY: Yes.

18 33571 MR. PRATTE: -- Prime Minister'  
19 Office and so on.

20 33572 What about, then, responses. Do you  
21 draft every single response that may bear your name?  
22 How does that work?

23 33573 THE RIGHT HON. BRIAN MULRONEY: Well,  
24 no. The drafts would be prepared by the staff in the  
25 PMO or by the PCO, the correspondence unit, and the

1 Prime Minister would either -- if it was important it  
2 would be -- the other thing, I'm sorry, that I forgot  
3 to mention, communications from Heads of State,  
4 sometimes they come in.

5 33574 You would think it was all done by  
6 telephone, but certainly not in those days, and there  
7 would be substantive letters received from, say,  
8 President Reagan about the free-trade negotiations.  
9 That was a separate category in the PCO, in the PMO.  
10 That would have to be responded to very carefully and  
11 every word accessed.

12 33575 Tellier and Derek Burney, for  
13 example, and I would often sit down and ensure  
14 ourselves that the letter responded to that and then I  
15 would sign the letter.

16 33576 But normally speaking, these letters  
17 that you see would be signed by a signature machine.

18 33577 MR. PRATTE: And when you say "these  
19 letters that you see", which are you referring to?

20 33578 THE RIGHT HON. BRIAN MULRONEY: There  
21 is one here to Mr. Schreiber on the 18th of September  
22 after the annual meeting. It looks to me -- it looks  
23 to me like it was signed by a machine.

24 33579 MR. PRATTE: Do you actually see  
25 these letters --

1 33580 THE RIGHT HON. BRIAN MULRONEY: No.  
2 33581 MR. PRATTE: -- or do they just go  
3 out? These kinds of letters.  
4 33582 THE RIGHT HON. BRIAN MULRONEY: No.  
5 33583 MR. PRATTE: Do you have any  
6 recollection of signing this letter?  
7 33584 THE RIGHT HON. BRIAN MULRONEY: No.  
8 33585 MR. PRATTE: There is another one,  
9 Mr. Mulroney, I think perhaps it is the only other one  
10 from you, if you go to Tab 17.  
11 33586 THE RIGHT HON. BRIAN MULRONEY: Yes,  
12 sir.  
13 33587 MR. PRATTE: And I will just take you  
14 to Tab 13 as well. Maybe you can keep your finger  
15 under it.  
16 33588 Let's start with Tab 13.  
17 33589 THE RIGHT HON. BRIAN MULRONEY: Yes.  
18 33590 MR. PRATTE: It is dated March 15,  
19 1993:  
20 "Dear Prime Minister:  
21 Arriving back to Canada, I don't  
22 want to miss the opportunity to  
23 send you this letter, expressing  
24 my feelings of sadness about the  
25 political developments in Canada



1                                   our home."

2   33598                   MR. PRATTE:  And then he says:

3                                   "Don't you think it would..."

4   33599                   THE RIGHT HON. BRIAN MULRONEY:  Mr.

5           Schreiber.

6   33600                   MR. PRATTE:  "Don't you think it

7                                   would be a good idea to see us

8                                   there and allow us to

9                                   extent(sic) a little Bavarian

10                                  hospitality?"

11   33601                   Did you actually ever take him up on

12           that offer?

13   33602                   THE RIGHT HON. BRIAN MULRONEY:  No.

14   33603                   MR. PRATTE:  If you go to 17, Tab

15           17 --

16   33604                   THE RIGHT HON. BRIAN MULRONEY:  Yes.

17   33605                   MR. PRATTE:  -- there is a letter

18           there from you, a short letter, March 29, 1993.  The

19           words at the bottom are handwritten.

20   33606                   Is that your writing, Mr. Mulroney?

21   33607                   THE RIGHT HON. BRIAN MULRONEY:  That

22           is my writing, yes.

23   33608                   MR. PRATTE:  Would you have drafted

24           that letter?  Do you have any recollection, first of

25           all, of drafting a response?

1 33609 THE RIGHT HON. BRIAN MULRONEY: No,  
2 but I can tell you what it is.

3 33610 I announced my resignation on the  
4 24th of February 1993 and there was, as you can  
5 imagine, a lot of letters came in offering  
6 congratulations and best wishes to Mila and me. And so  
7 a draft would have been prepared by the PMO -- that is  
8 clearly what it is -- that is sufficiently generic to  
9 cover all expressions of good wishes. And I say except  
10 for those in the segregated files, this would be one of  
11 them.

12 33611 But these would have come to me  
13 because I am leaving office and I would add a little  
14 note here for Harry or Jim or Pat or something, that's  
15 all.

16 33612 MR. PRATTE: Okay. And lastly -- and  
17 then, Mr. Commissioner, we might come to an appropriate  
18 time for a break. I will then move directly into the  
19 Bear Head Project specifically.

20 33613 The last very brief area so that I  
21 understand the system, could you go to Tab 5 of the  
22 same binder, Mr. Mulroney. Just go back a few tabs.

23 33614 THE RIGHT HON. BRIAN MULRONEY: Tab  
24 what, sir?

25 33615 MR. PRATTE: Five.

1 33616 THE RIGHT HON. BRIAN MULRONEY: Yes.

2 33617 MR. PRATTE: There is a letter there

3 dated 27 August 1990, again from Mr. Schreiber. Just

4 in case I didn't cover this, there is in big bold

5 letters and it's marked "PERSONAL CONFIDENTIAL, FOR HIS

6 EYES ONLY".

7 33618 Does that generally, that mention

8 generally -- I don't mean necessarily in respect of

9 this -- affect how the mail would be handled. That is

10 to say, does that guarantee it goes to the Prime

11 Minister?

12 33619 THE RIGHT HON. BRIAN MULRONEY: Of

13 course not.

14 33620 MR. PRATTE: Then it says -- first it

15 says:

16 "Dear Prime Minister:"

17 33621 The first full paragraph,

18 Mr. Mulroney:

19 "First, let me thank you for the

20 telephone conversation last week

21 I hope that your mother's

22 birthday celebration was a happy

23 event for she and all of your

24 family."

25 33622 Do you recall having such a



1 conversation with Mr. Schreiber?

2 33623 THE RIGHT HON. BRIAN MULRONEY: No, I  
3 do not.

4 33624 MR. PRATTE: Is it possible that one  
5 happened or he was on the line?

6 33625 THE RIGHT HON. BRIAN MULRONEY: Well,  
7 look, he may have been -- he may have been put on the  
8 line. Maybe he was with Elmer or maybe he ran into me  
9 at a birthday party for my mother at the Chateau or  
10 something. I have no idea.

11 33626 But you know, the Prime Minister can  
12 call out all the time. It is pretty hard to get to  
13 him. You can't pick up the phone and call his -- call  
14 him at 24 Sussex normally.

15 33627 The Prime Minister has a special  
16 switchboard with a special number, and so the calls  
17 have to go to the switchboard and -- at least in my  
18 time, in terms of telephone calls.

19 33628 What I will tell you is about my  
20 time. I can't tell you what the system is now because  
21 I haven't had very many calls lately from the Prime  
22 Minister's office.

23 --- Laughter / Rires

24 33629 THE RIGHT HON. BRIAN MULRONEY: But  
25 in my time you would phone the switchboard and say I

1 would like to speak to the Prime Minister. Yes. The  
2 call would then be referred to one of my staffers.  
3 Either he recognized who it was or didn't and he would  
4 ask what it was about, prepare a note for me with the  
5 telephone numbers and say, you know, Mr. so-and-so,  
6 your friend from Calgary or Antigonish called and would  
7 like you to call back if you can.

8 33630 So that's when I would do the calls I  
9 told you about at the end of the day.

10 33631 Or he would say this call got  
11 through. I don't have a clue what it's about. He  
12 wants -- he wants to tell you -- you would like to tell  
13 you that you are the worst Prime Minister that Canada  
14 has ever had and then some. You know, put that under  
15 the undecided calls.

16 33632 Canada is a wonderful country, but  
17 there are lots of -- there are almost 35 million people  
18 and 35 million opinions.

19 33633 So calls were very carefully  
20 monitored and segregated.

21 33634 MR. PRATTE: Do you have a  
22 recollection of ever phoning Mr. Schreiber yourself in  
23 the period 1984 to '93, during your tenure as Prime  
24 Minister?

25 33635 THE RIGHT HON. BRIAN MULRONEY: No,

1 not of placing a call to him or receiving a call from  
2 him.

3 33636 MR. PRATTE: Mr. Commissioner, this  
4 might be a convenient break.

5 33637 Following Mr. Wolson's example, it is  
6 11 o'clock. It might be an appropriate time. I hope I  
7 am as successful for advocating for breaks as he has  
8 been, but we have been at it for an hour and a half.

9 33638 COMMISSIONER OLIPHANT: All right.  
10 We will take the morning break, 15 minutes.

11 --- Upon recessing at 11:00 a.m. / Suspension à 11 h 00

12 --- Upon resuming at 11:20 a.m. / Reprise à 11 h 20

13 33639 COMMISSIONER OLIPHANT: Be seated,  
14 please.

15 33640 MR. PRATTE: I'm sorry,  
16 Mr. Commissioner, I'm told that my voice was trailing  
17 off so I will try to speak closer to the microphone.

18 33641 COMMISSIONER OLIPHANT: It is  
19 important that we speak into the microphones as best we  
20 can.

21 33642 MR. PRATTE: Thank you, sir.

22 33643 Mr. Mulroney, when did you first hear  
23 of a project called the Bear Head Project whilst you  
24 were Prime Minister, roughly?

25 33644 THE RIGHT HON. BRIAN MULRONEY: I was

1           aware that in '84-'85 Sinc Stevens, who was then the  
2           Minister of Economic Development, and who did an  
3           excellent job in that portfolio, was interested in  
4           creating an economic trade zone, beneficial tax  
5           treatment to people, companies who would invest there  
6           and that would be used as a way of attracting  
7           investment to Cape Breton, to create jobs.

8   33645                    The first that I can remember hearing  
9           about the project with some definition had to be in, I  
10          suppose, '86-'87, early '87.

11   33646                   MR. PRATTE:  What was your  
12          understanding of the project at that time?  What did  
13          you understand it to involve?

14   33647                   THE RIGHT HON. BRIAN MULRONEY:  Well,  
15          the first approach that was made to the government of  
16          any kind, which was in writing, indicated that Thyssen  
17          might be interested in investing there if there was  
18          some infrastructure assistance benefiting from this tax  
19          treatment I told you about, and that they would design  
20          and build these vehicles that could be used for  
21          military purposes or in peacekeeping.  That was  
22          basically it.

23   33648                   MR. PRATTE:  Where was that going to  
24          be done?

25   33649                   THE RIGHT HON. BRIAN MULRONEY:  It

1           was going to be done in Cape Breton, across the Strait  
2           of Canso in Bear Head Point, I think.

3   33650                   MR. PRATTE: Do you remember who  
4           apprised you of this project in your government?

5   33651                   THE RIGHT HON. BRIAN MULRONEY: I  
6           don't, but I wouldn't be surprised if it -- it had to  
7           be probably Bob Coates or Elmer. Bob Coates was for a  
8           while Minister of Defence and also very interested in  
9           economic development in Nova Scotia. He was a Member  
10          of Nova Scotia. Elmer was a very important member of  
11          the government and for Nova Scotia as well.

12   33652                   It was very likely one of them.

13   33653                   MR. PRATTE: Did you, over the course  
14          of the years that ensued, have discussions with  
15          Mr. MacKay about the Bear Head Project?

16   33654                   THE RIGHT HON. BRIAN MULRONEY: Yes,  
17          I did.

18   33655                   MR. PRATTE: What was your initial  
19          reaction, impression to the worth of the project?

20   33656                   I am looking for the right word,  
21          but --

22   33657                   THE RIGHT HON. BRIAN MULRONEY: Well,  
23          it was really presented to me initially as a concept  
24          and I was very favourably disposed to the concept. Let  
25          me tell you this. You're the Prime Minister of Canada.

1           You have areas of your country, particularly as it  
2 happens areas in central or eastern Nova Scotia where  
3 unemployment rates frequently got as high as 50 per  
4 cent, and somebody comes in and says I can create  
5 500 -- a modern plant with new technology, with export  
6 dimension to it, that I can create 500 new jobs or  
7 1,000 new jobs with the multipliers spinoffs. You can  
8 bet your bottom dollar that I, and any other Prime  
9 Minister of Canada, is interested immediately.

10   33658                   MR. PRATTE: Was there, as best you  
11 can recollect, opposition, though, within the  
12 government, or differing views, about the wisdom of  
13 this project at that time?

14   33659                   I'm talking '87. I think you said  
15 maybe '86 or '87 --

16   33660                   THE RIGHT HON. BRIAN MULRONEY: Yes.

17   33661                   MR. PRATTE: -- you first heard of  
18 the project itself.

19   33662                   THE RIGHT HON. BRIAN MULRONEY: Yes.  
20 Well, the way it was presented -- I'm speaking  
21 essentially from memory, but the way it was presented  
22 originally was as I have told you. This thing went  
23 through various reincarnations and reconfigurations as  
24 time went on, but initially that was it.

25   33663                   The first comment at the government

1 level that I can remember is when the project or a part  
2 of the project came to Cabinet through the Cabinet  
3 Committee system and it indicated, like there were new  
4 dimensions being added to this as time went on.

5 33664 I had the bare bones in my mind,  
6 which was the concept I told you about that I favoured  
7 enthusiastically. Then all of a sudden there were new  
8 things that we had to consider.

9 33665 And one that I remember, and probably  
10 the first that came up, was the problem of Thyssen  
11 building items, vehicles in Canada which could be  
12 shipped to places like Saudi Arabia and Syria and so  
13 on.

14 33666 This went against our -- or could  
15 have been seen as going against our export control  
16 rules.

17 33667 MR. PRATTE: Let me take you in that  
18 regard briefly, Mr. Mulroney -- you should have in  
19 front of you and maybe you have, but just so we are  
20 sure we are talking from the same book, P-43, Binder 1  
21 of 3.

22 33668 Is that what you have?

23 33669 THE RIGHT HON. BRIAN MULRONEY: Yes.

24 33670 MR. PRATTE: Would you go to Tab 4.

25 33671 THE RIGHT HON. BRIAN MULRONEY: Yes.

1 33672 MR. PRATTE: First of all,  
2 Mr. Mulroney, just so we understand what that kind of  
3 document is, could you identify who the document is  
4 from?

5 33673 THE RIGHT HON. BRIAN MULRONEY: The  
6 document was from the Clerk of the Privy Council and  
7 Secretary of the Cabinet. It was Paul Tellier.

8 33674 MR. PRATTE: And that is the person  
9 whose responsibilities you described earlier in terms  
10 of the function of the Clerk in PCO.

11 33675 THE RIGHT HON. BRIAN MULRONEY: The  
12 Clerk is the number one public servant in Canada and  
13 all of the Deputy Ministers report to him for  
14 subsequent reporting to the Prime Minister.

15 33676 MR. PRATTE: Do you meet frequently  
16 with the Clerk of the Privy Council?

17 33677 Again, this is an aspect perhaps I  
18 didn't cover, but generally speaking what is your  
19 relationship, very succinctly, between the Clerk of the  
20 Council and yourself as Prime Minister? Very  
21 succinctly could you tell us?

22 33678 THE RIGHT HON. BRIAN MULRONEY: I met  
23 with him every morning and he was the last call I made  
24 at night and I saw him throughout the day.

25 33679 I think I can say that it was



1 generally acknowledged Paul Tellier was one of the most  
2 outstanding public servants in the history of Canada.

3 33680 MR. PRATTE: Did you appoint him when  
4 you became Prime Minister?

5 33681 THE RIGHT HON. BRIAN MULRONEY: He  
6 was in the government. He had worked as a Deputy  
7 Minister or maybe an ADM to Mr. Chrétien and he was  
8 head of the Canada Unity Office in the 1980 Referendum.  
9 And I think when I came in he was the Assistant --  
10 maybe I'm wrong -- Deputy in Energy.

11 33682 But I know that I promoted him and I  
12 then -- Gordon Osbaldeston, whom I had inherited from  
13 Mr. Turner, and Mr. Trudeau at the end, who also was  
14 tremendous, Gordon decided to retire and then I had to  
15 make a choice among the top people in Ottawa, and I  
16 determined that the Clerk of the Council should be Paul  
17 Tellier and I appointed him to that position.

18 33683 MR. PRATTE: And how long did he hold  
19 that position while you were Prime Minister, roughly?

20 33684 THE RIGHT HON. BRIAN MULRONEY: He  
21 achieved that at 1985 and he stayed there until I  
22 appointed him as President and Chief Executive Officer  
23 of CN in 1992, I believe. He moved to Montréal and  
24 took over the CN.

25 33685 MR. PRATTE: Now, if you read -- this

1 is a memorandum that is titled "MEMORANDUM FOR THE  
2 PRIME MINISTER".

3 33686 THE RIGHT HON. BRIAN MULRONEY: Yes.

4 33687 MR. PRATTE: Do you see that on the  
5 first page, Mr. Mulroney?

6 33688 THE RIGHT HON. BRIAN MULRONEY: Yes,  
7 I do. Yes.

8 33689 MR. PRATTE: We talked about how  
9 correspondence gets to the Prime Minister.

10 33690 THE RIGHT HON. BRIAN MULRONEY: Yes.

11 33691 MR. PRATTE: Am I right to assume  
12 that when the Clerk writes to you, we can assume you  
13 got it?

14 33692 THE RIGHT HON. BRIAN MULRONEY: The  
15 Clerk's memos are in my briefcase, in the PCO policy  
16 briefcase every night.

17 33693 MR. PRATTE: Okay.

18 33694 It says, the first paragraph says:

19 "The purpose of this memorandum  
20 is to provide you with an update  
21 on the Thyssen proposal to  
22 establish a manufacturing  
23 facility at Bear Head, Cape  
24 Breton Island."

25 33695 Do you see that?

1 33696 THE RIGHT HON. BRIAN MULRONEY: Yes,  
2 I do.

3 33697 MR. PRATTE: I am at the first page,  
4 Mr. Mulroney.

5 33698 THE RIGHT HON. BRIAN MULRONEY: Yes,  
6 I do, yes.

7 33699 MR. PRATTE: Okay. Do you recall  
8 receiving the document?

9 33700 THE RIGHT HON. BRIAN MULRONEY: I  
10 don't recall receiving it. I recall the argument that  
11 it makes and I know that I, as usual, perused this very  
12 carefully, because that is my writing --

13 33701 MR. PRATTE: When you say --

14 33702 THE RIGHT HON. BRIAN MULRONEY: -- on  
15 page 3.

16 33703 MR. PRATTE: All right. So let us go  
17 to page 3.

18 33704 When you say it's your writing, there  
19 is a paragraph, I guess it's the penultimate paragraph  
20 before Mr. Tellier's -- well, first of all, is this  
21 Mr. Tellier's handwritten initials at the bottom?

22 33705 THE RIGHT HON. BRIAN MULRONEY:  
23 That's him.

24 33706 MR. PRATTE: Okay.

25 33707 THE RIGHT HON. BRIAN MULRONEY:

1           That's him.

2   33708                   MR. PRATTE:  Sorry, sir?

3   33709                   THE RIGHT HON. BRIAN MULRONEY:

4           That's him.

5   33710                   MR. PRATTE:  There is in the margin

6           right beside a sentence in the penultimate paragraph

7           that is underlined and there is some writing there.

8   33711                   Is that your writing?

9   33712                   THE RIGHT HON. BRIAN MULRONEY:

10          That's me.

11   33713                   MR. PRATTE:  And what does it say?

12   33714                   THE RIGHT HON. BRIAN MULRONEY:  "NB",

13          which means pay particular attention to that statement.

14   33715                   The statement is:

15                           "Having reviewed ... the Thyssen

16                           proposal, both from an economic

17                           and regional development and

18                           foreign policy perspective, and

19                           in view of significant foreign

20                           policy considerations, we would

21                           recommend against Government

22                           approval of the Thyssen

23                           proposal."

24   33716                   MR. PRATTE:  Is that what you were

25          referring to earlier -- well, what is the issue that is

1           being referred to there, as best as you can --

2   33717                   THE RIGHT HON. BRIAN MULRONEY: Well,  
3           I think there is reference to it here in which I think  
4           on page 2, where it is noted that, you know:

5                            "You should be aware that a few  
6                            years ago ... (a German firm  
7                            which built the Leopard tanks  
8                            and now used by ...) attempted  
9                            to sell an updated version of  
10                          that tank to Saudi Arabia. The  
11                          German Government intervened and  
12                          stopped the sale, arguing that  
13                          they did not want to be  
14                          perceived as descendants of the  
15                          Nazi regime selling arms to a  
16                          country in dispute with Israel."

17   33718                   So this came to Cabinet and there was  
18           a memorandum or an argument from Mr. Clark, and  
19           Mr. Clark also would have called me before. We had a  
20           very close and good relationship and he was, as I have  
21           said many times, an outstanding Foreign Minister. And  
22           we chatted about this.

23   33719                   So I said to Cabinet, before you get  
24           started -- because there was a conflict here between  
25           economic development part and the foreign policy part,

1 and that is when the Prime Minister resolves these  
2 matters. That's --

3 33720 MR. PRATTE: The memo is copied to or  
4 appears to --

5 33721 COMMISSIONER OLIPHANT: Just a  
6 moment. Were you finished your answer, Mr. Mulroney?

7 33722 THE RIGHT HON. BRIAN MULRONEY: I'm  
8 sorry, sir?

9 33723 COMMISSIONER OLIPHANT: Had you  
10 finished your answer? I thought maybe Mr. Pratte  
11 started another question before you were finished.

12 33724 THE RIGHT HON. BRIAN MULRONEY: Yes.  
13 I guess all I was going to say, sir, was that my  
14 recollection of the thrust of the different arguments  
15 was that -- you know, it's what you get today  
16 between -- we didn't get so much then. For example,  
17 today it is the environment versus economic  
18 development; then it was economic development versus  
19 foreign policy. And the consideration dealt with this  
20 German manufacturer, a very good one, but that had been  
21 associated with the Nazi regime.

22 33725 And that this product -- now we found  
23 out. This wasn't in the original statement by them.  
24 Now we find out this stuff is going to be -- could be  
25 sold to sensitive areas of the Middle East.

1 33726                   So my simple statement to the Cabinet  
2           was, look, Mr. Clark has brought this forward in that  
3           regard. Let me give you -- to save some time, let me  
4           give you the position of the Government. We will not,  
5           under any circumstances, ship any equipment to the  
6           Middle East that places Israel in a disadvantaged  
7           position. We will not do it. So you can stop talking  
8           about it and if this is the ultimate project, it is not  
9           going anywhere.

10 33727                   That was the position in regard to  
11           that.

12 33728                   MR. PRATTE: How was this issue  
13           addressed? Was it resolved, as we know the project did  
14           continue.

15 33729                   THE RIGHT HON. BRIAN MULRONEY: Well,  
16           I think we will see that it came back in a different  
17           configuration and that the issue of the export controls  
18           and the possible shipment -- look, the Israeli  
19           government was communicating with me at the time.  
20           Shimon Peres was the -- Shimon was the Foreign Affairs  
21           Minister I think at the time, yes. We got lots of  
22           communications back and forth in that regard, just that  
23           this was unacceptable.

24 33730                   I found myself with bifurcated  
25           emotions, in the sense that I wanted the economic jobs

1 in Cape Breton, but there were no circumstances that  
2 even given that desire by me that I would ever allow  
3 anything to take place, as I say, that placed Israel in  
4 a disadvantaged position.

5 33731 MR. PRATTE: Very well. If you go to  
6 Tab 11 now, Mr. Mulroney.

7 33732 THE RIGHT HON. BRIAN MULRONEY: Yes.

8 33733 MR. PRATTE: You will find a  
9 document -- first of all, because I didn't mention it,  
10 Mr. Commissioner, the first memo from Mr. Tellier  
11 appeared to be in 1986. That is the memo at Tab 4.

12 33734 Now, Mr. Mulroney, we are at Tab 11  
13 and there is another memo -- well, I should ask you  
14 this. Is that another memo to you?

15 33735 THE RIGHT HON. BRIAN MULRONEY: From  
16 Mr. Tellier, yes.

17 33736 MR. PRATTE: Yes. It is dated  
18 September 17, 1987 and it is entitled "Thyssen Proposal  
19 for Cape Breton Facility".

20 33737 It starts:

21 "It would appear that the  
22 proposal by Thyssen to build a  
23 facility on Cape Breton Island  
24 is still active."

25 33738 Let me just stop there, Mr. Mulroney.



1 33739                   Why is Mr. Tellier reporting to you  
2           about this project? How does he come to be the  
3           reporter, if I will, if I can call him that, in  
4           connection with any new information in regard to this  
5           project?

6 33740                   THE RIGHT HON. BRIAN MULRONEY: That  
7           would be part of the process I described earlier.  
8           Nothing of significance occurs in the Government of  
9           Canada without the knowledge of the Secretary of the  
10          Cabinet, the Clerk of the Privy Council. If there is a  
11          major project that is heading to Cabinet in any way, it  
12          comes to the centre, which is the Privy Council Office.

13 33741                  Mr. Tellier, apart from being the  
14          Secretary to the Cabinet and Clerk of the Privy  
15          Council, was my Deputy Minister. I had to know as  
16          Prime Minister, because the Prime Minister is  
17          responsible to Parliament and to the country for the  
18          functioning of his government -- I had to know what was  
19          going on.

20 33742                  So Mr. Tellier would get this  
21          information from various other Deputy Ministers. He  
22          would say to them what's going on here? I see an item  
23          on the agenda that you guys are trying to put on the  
24          agenda from, say, the Health Department. That has not  
25          been cleared by Cabinet Committee or this has not been

1 looked at by the Privy Council Office. Get your ducks  
2 in a row and come back with it.

3 33743 That's what he would do. When he  
4 had -- I'm sorry, when they had satisfied him, the  
5 various departments or a department, that this was  
6 worthy, if I may put it that way, of consideration by  
7 Cabinet Committee or by Cabinet, then he would prepare  
8 this, giving me his opinion on it.

9 33744 MR. PRATTE: Okay.

10 33745 THE RIGHT HON. BRIAN MULRONEY: It  
11 may be, I just say at the time, you may have noticed  
12 that -- I don't know if it's here, but you may have  
13 noticed in other circumstances and other  
14 communications -- let me see if it's here.

15 33746 Yes, that often -- it's not here, but  
16 often times you will see a carbon copy on the bottom  
17 for my Chief of Staff.

18 33747 MR. PRATTE: If we go back,  
19 Mr. Mulroney, in fact to the first one we looked at,  
20 Tab 4, I was going to ask you about that actually and I  
21 omitted to.

22 33748 If you go to Tab 4, page 3,  
23 Mr. Commissioner, the last page under the tab,  
24 Mr. Mulroney, that is the first memo we just looked  
25 at --

1 33749 THE RIGHT HON. BRIAN MULRONEY: Yes.

2 33750 MR. PRATTE: -- with your annotation.

3 33751 THE RIGHT HON. BRIAN MULRONEY: Yes.

4 33752 MR. PRATTE: You see at the bottom of

5 the page it says "c.c. Bernard Roy". Who is Bernard

6 Roy?

7 33753 THE RIGHT HON. BRIAN MULRONEY: He

8 was my Chief Of Staff in PMO.

9 33754 MR. PRATTE: The PMO being the Prime

10 Minister's Office.

11 33755 THE RIGHT HON. BRIAN MULRONEY: The

12 Prime Minister's Office.

13 33756 MR. PRATTE: Okay.

14 33757 THE RIGHT HON. BRIAN MULRONEY: So

15 this is Mr. Tellier telling Mr. Roy this is what is

16 going on on this file.

17 33758 And why did he do that? Because

18 there are only two ways to get this kind of sensitive

19 information to a Prime Minister, and that is from the

20 Clerk of the Council or the Chief of Staff of the Prime

21 Minister. It has to go through either of those.

22 33759 There may be exceptions from time to

23 time, but believe me, not often on major projects.

24 33760 MR. PRATTE: Okay. Let's go -- I'm

25 sorry, Mr. Mulroney, go ahead.

1 33761 THE RIGHT HON. BRIAN MULRONEY: And  
2 I'm just going to say the reason for it is that Prime  
3 Ministers are sometimes confronted -- I was, where you  
4 get down to 24 Sussex and you are studying this stuff,  
5 tons of it, and you look at it and you get through the  
6 Privy Council stuff. It makes a lot of sense. All  
7 right, I think I'm going to go this way. You open the  
8 PMO stuff, and here is a memo from some guy in the PMO  
9 who says politically this is all wet, we shouldn't  
10 touch this, and gives the reasons.

11 33762 So my instructions to them was get  
12 your own ducks in a row. I don't want to hear three or  
13 four opinions at the end. The time for the opinions is  
14 before, the debate before. Give me a recommendation  
15 from the government.

16 33763 MR. PRATTE: If you would go back,  
17 Mr. Mulroney, to Tab 11.

18 33764 THE RIGHT HON. BRIAN MULRONEY: Yes.

19 33765 MR. PRATTE: I read you the first  
20 sentence.

21 33766 THE RIGHT HON. BRIAN MULRONEY: Yes.

22 33767 MR. PRATTE: It then says:

23 "Senator Murray and officials  
24 from the Atlantic Canada  
25 Opportunities Agency have met



1 forwarded to Mr. Tellier?

2 33775 THE RIGHT HON. BRIAN MULRONEY: The  
3 Deputy Minister of Mr. Murray's department -- I think  
4 it was Don McPhail at the time -- would automatically  
5 keep Mr. Tellier informed.

6 33776 MR. PRATTE: We are going to look at  
7 a few more memos from Mr. Tellier, Mr. Mulroney, but as  
8 best as you can recollect, was Mr. Tellier kept  
9 informed of developments, or the evolution of this  
10 project, whilst he was Clerk of the Privy Council?

11 33777 THE RIGHT HON. BRIAN MULRONEY: Mr.  
12 Tellier was kept fully informed of this throughout, as  
13 I think the documents indicate. And it should be  
14 pointed out, as I have said, from the beginning to the  
15 end his enthusiasm for this project was well under  
16 control.

17 --- Laughter / Rires

18 33778 MR. PRATTE: Is that why he might  
19 say, in the second paragraph on the first page:

20 "In our view, this proposal is  
21 highly questionable from a  
22 variety of viewpoints."

23 33779 Is that --

24 33780 THE RIGHT HON. BRIAN MULRONEY:

25 Absolutely.

1 33781 MR. PRATTE: When he says "this  
2 proposal is highly questionable from a variety of  
3 viewpoints", he says "In our view".

4 33782 THE RIGHT HON. BRIAN MULRONEY: Yes.

5 33783 MR. PRATTE: Who is the -- whose view  
6 is he talking about?

7 33784 THE RIGHT HON. BRIAN MULRONEY: The  
8 bureaucracy.

9 33785 MR. PRATTE: The bureaucracy.

10 33786 THE RIGHT HON. BRIAN MULRONEY: In  
11 this case he is really talking on behalf of the  
12 Department of National Defence.

13 33787 MR. PRATTE: If you just go in fact  
14 to page 2 --

15 33788 THE RIGHT HON. BRIAN MULRONEY: Yes.

16 33789 MR. PRATTE: -- you will see under  
17 his signature -- well, his typed signature and I guess  
18 that is his initial. Is that right?

19 33790 THE RIGHT HON. BRIAN MULRONEY: That  
20 is his initial.

21 33791 MR. PRATTE: Okay. There are three  
22 names on the left-hand side, the very last line.

23 33792 THE RIGHT HON. BRIAN MULRONEY: Yes.

24 33793 MR. PRATTE: "Swan/Hagen/Swain". Do  
25 you know who these people are?

1 33794 THE RIGHT HON. BRIAN MULRONEY: Yes.

2 33795 MR. PRATTE: Who is Mr. Swain, for  
3 example?

4 33796 THE RIGHT HON. BRIAN MULRONEY: He is  
5 a -- Harry is a Deputy Minister -- was a Deputy  
6 Minister of Industry, but at the time he would have  
7 worked in the Privy Council Office.

8 33797 MR. PRATTE: Okay. And the other  
9 two...?

10 33798 THE RIGHT HON. BRIAN MULRONEY: They  
11 would have been assisted Secretaries in the Privy  
12 Council at the time. I can't remember exactly the  
13 permutations of their career at the time.

14 33799 MR. PRATTE: Okay.

15 33800 THE RIGHT HON. BRIAN MULRONEY: But  
16 they are all very good and well known, Messrs. Swan,  
17 Hagen and Swain. They worked for Tellier.

18 33801 MR. PRATTE: Okay.

19 33802 COMMISSIONER OLIPHANT: Mr. Mulroney,  
20 we have been told earlier that where names like those  
21 appear on a memo to you from Mr. Tellier that that is  
22 indicative that those individuals probably played a  
23 significant role in drafting the final memo that went  
24 to you.

25 33803 Is that your recollection?



1 33804 THE RIGHT HON. BRIAN MULRONEY: Yes,  
2 sir.

3 33805 COMMISSIONER OLIPHANT: Okay. So  
4 that we can take it from the fact, for example, that  
5 Harry Swain's name appears there, he played a role in  
6 drafting the memorandum that ultimately went to you  
7 from Mr. Tellier?

8 33806 THE RIGHT HON. BRIAN MULRONEY: That  
9 is right.

10 33807 COMMISSIONER OLIPHANT: Okay.

11 33808 THE RIGHT HON. BRIAN MULRONEY: And  
12 what you would get, Mr. Commissioner, from time to  
13 time, is that Paul, at his office, he would get a  
14 draft, so the equivalent of a draft. He would get it  
15 and say this doesn't make any sense and he would  
16 scribble something and send it back. You would see his  
17 handwriting on it, and he would look at it. Then I  
18 would get it in the system, and I would look at the  
19 revised one and I would say this doesn't make any  
20 sense. My government is not going to do this, so you  
21 better get back to the drafting board and consider  
22 points (a) and (b).

23 33809 Because while public servants -- and  
24 we are blessed with a good public service in Canada.  
25 While they are very good, they are not infallible, nor

1 do they have to seek re-election.

2 33810 The Prime Minister is also a leader  
3 of a political party. I mentioned en passant, you take  
4 Mr. Harper's decision to run in that election and cut  
5 two points off the GST. There wouldn't be an economist  
6 in the Finance Department or the Bank of Canada that  
7 say that that was a smart thing to do. It cuts  
8 \$12 billion out of your revenues and you have lost the  
9 best thing that the country has had in fiscal policy,  
10 namely the GST. It hurts your exports and it is great  
11 because it comes off at the border.

12 33811 But Mr. Harper's answer is you guys  
13 might be right, but I ran and told the Canadian people  
14 that if you elected me Prime Minister I am going to cut  
15 the GST by two points. It might be bad policy, bad  
16 economic policy, but it is good politics because I won,  
17 and I am here as Prime Minister and I want that done.

18 33812 All of the bureaucrats who were  
19 opposed -- and I would bet you my bottom dollar that  
20 they all were -- they have no choice. The people rule.  
21 Mr. Harper won the election fair and square and it is  
22 up to him to decide what he wants to do. Because, if  
23 he is wrong -- or the same thing with me or Chrétien --  
24 we pay the price the next time out.

25 33813 So, you know, people have to be

1           careful in saying well, you know, Mr. Harper or  
2           Mr. Chrétien or Mr. Mulroney or Trudeau went against --  
3           when you get a recommendation from the public service,  
4           always treat it with respect, but this is not a papal  
5           edict. There is no infallibility associated with this.

6   33814                    So I think that has to be taken into  
7           consideration when people say oh, those nasty  
8           politicians, they didn't listen to all the public  
9           servants and so on. I think there is just a fact of  
10          life.

11   33815                   MR. PRATTE: I won't ask you who was  
12          the father of the GST, Mr. Mulroney.

13   33816                   THE RIGHT HON. BRIAN MULRONEY: It  
14          was Michael Wilson's idea.

15          --- Laughter / Rires

16   33817                   MR. PRATTE: We will send him an  
17          excerpt of that transcript.

18          --- Laughter / Rires

19   33818                   MR. PRATTE: Mr. Mulroney, would you  
20          then turn to Tab 15? We were just looking at a  
21          document where Mr. Tellier was expressing reservations  
22          on behalf of the public service, and there you have a  
23          letter now -- you are there, Mr. Mulroney, Tab 15?

24   33819                   THE RIGHT HON. BRIAN MULRONEY: Yes.  
25          Yes.

1 33820 MR. PRATTE: It is a letter on Bear  
2 Head Thyssen letterhead addressed to you directly.

3 33821 THE RIGHT HON. BRIAN MULRONEY: Yes.

4 33822 MR. PRATTE: If you just go to page  
5 3, you will see who signed the letter.

6 33823 THE RIGHT HON. BRIAN MULRONEY: Yes.

7 33824 MR. PRATTE: Two people whose names  
8 we have heard before, Mr. Massmann and a Mr. Haastert.

9 33825 THE RIGHT HON. BRIAN MULRONEY: Yes,  
10 I guess so.

11 33826 MR. PRATTE: Did you know these  
12 people?

13 33827 THE RIGHT HON. BRIAN MULRONEY: No.

14 33828 MR. PRATTE: Do you know if you got  
15 this letter?

16 33829 THE RIGHT HON. BRIAN MULRONEY: I  
17 have no idea. I have no recollection of ever getting  
18 it.

19 33830 MR. PRATTE: Would you go, then, to  
20 the last page under the tab.

21 33831 THE RIGHT HON. BRIAN MULRONEY: Here?

22 33832 MR. PRATTE: Yes, same tab.

23 33833 THE RIGHT HON. BRIAN MULRONEY: Yes.

24 33834 MR. PRATTE: It looks as if it is  
25 a -- well, what does it look to you, Mr. Mulroney, is

1           what I should -- you see there is a line there "Lowell  
2           Murray, Minister". It is not signed.

3   33835                           THE RIGHT HON. BRIAN MULRONEY: Yes.

4   33836                           MR. PRATTE: Maybe you could just  
5           review it quickly and see if it --

6   33837                           THE RIGHT HON. BRIAN MULRONEY: Yes.

7           It says:

8                                   "The Prime Minister has asked me  
9                                   to reply on his behalf to your  
10                                  February 1 letter concerning  
11                                  Thyssen Industrie AG's proposal  
12                                  to develop a production facility  
13                                  in Nova Scotia.

14                                 The Thyssen proposal has been  
15                                 under active consideration for  
16                                 some time. As you know, it has  
17                                 implications for a number of  
18                                 major procurement decisions, and  
19                                 I am unable, therefore, to  
20                                 respond on behalf of the  
21                                 government at this time. Please  
22                                 accept my thanks for your  
23                                 expression of interest in this  
24                                 matter.

25                                 I have sent an identical letter

1 to your colleague, Mr. Haastert.  
2 Yours sincerely,  
3 Lowell Murray  
4 Minister".

5 33838 MR. PRATTE: Okay. Do you know if  
6 that letter was sent?

7 33839 THE RIGHT HON. BRIAN MULRONEY: I  
8 have no idea. I didn't -- you know, this is clearly in  
9 response to this letter, so either the PMO or the PCO  
10 would have sent it along to Sen. Murray as the Minister  
11 Responsible for ACOA and he responded.

12 33840 MR. PRATTE: Okay. Well, you see  
13 there he says that -- at least the draft says -- well,  
14 first of all, why would Mr. Murray be drafting or  
15 considering a draft of this letter? What is his role  
16 in this?

17 33841 THE RIGHT HON. BRIAN MULRONEY: He  
18 was Minister for ACOA.

19 33842 MR. PRATTE: Okay. He says in the  
20 penultimate paragraph of the draft:

21 "Please accept my thanks for  
22 your expression of interest in  
23 this matter."

24 33843 Do you see that?

25 33844 THE RIGHT HON. BRIAN MULRONEY: Yes.

1 33845 MR. PRATTE: Now let me take you to  
2 Tab 19.

3 33846 THE RIGHT HON. BRIAN MULRONEY: Yes.

4 33847 MR. PRATTE: The first page of that  
5 is a memo, at least in draft form, from a Mr. McPhail  
6 to the Honourable Lowell Murray.

7 33848 THE RIGHT HON. BRIAN MULRONEY: Yes.

8 33849 MR. PRATTE: And you see it says:  
9 "Attached letter to the Prime  
10 Minister concerning Thyssen".

11 33850 THE RIGHT HON. BRIAN MULRONEY: Yes.

12 33851 MR. PRATTE: It says then:  
13 "Attached for your signature, if  
14 you agree, is a letter to the  
15 Prime Minister providing an  
16 assessment of the Thyssen  
17 proposal and stressing the  
18 significant economic benefits  
19 the Thyssen project would create  
20 in Cape Breton."

21 33852 Do you see that?

22 33853 THE RIGHT HON. BRIAN MULRONEY: Yes.

23 33854 MR. PRATTE: Would you then go to one  
24 page over?

25 33855 THE RIGHT HON. BRIAN MULRONEY: Yes.

1 33856 MR. PRATTE: There is a letter there  
2 dated July 12, 1988.

3 33857 THE RIGHT HON. BRIAN MULRONEY: Yes.

4 33858 MR. PRATTE: If you go to the third  
5 page, do you recognize the handwriting of the person  
6 who signed the letter?

7 33859 THE RIGHT HON. BRIAN MULRONEY: Yes.

8 33860 MR. PRATTE: Whose is it?

9 33861 THE RIGHT HON. BRIAN MULRONEY:  
10 Lowell Murray.

11 33862 MR. PRATTE: Okay. Do you have any  
12 recollection of receiving that letter?

13 33863 THE RIGHT HON. BRIAN MULRONEY: I  
14 don't, but it would be entirely appropriate that he  
15 would send me -- or would send that.

16 33864 MR. PRATTE: Okay. Go back, then, if  
17 you would, to the first page of his letter,  
18 Mr. Mulroney, the second --

19 33865 THE RIGHT HON. BRIAN MULRONEY: Yes.

20 33866 MR. PRATTE: It says:  
21 "My dear Prime Minister:  
22 Some time ago, you requested me  
23 to examine and further  
24 developed, as required, the  
25 proposal by Thyssen Industries



- 1 A.G. to establish a  
2 heavy-industry manufacturing  
3 facility in Cape Breton. I am  
4 writing to provide you with my  
5 assessment, and to recommend a  
6 course of action for the  
7 Government to facilitate the  
8 realization of the Thyssen  
9 project."
- 10 33867 THE RIGHT HON. BRIAN MULRONEY: Yes.
- 11 33868 MR. PRATTE: You said to me you have  
12 no recollection of seeing this letter. Is nevertheless  
13 what he recounts there, Mr. Murray, about what you  
14 asked him to do, is that in accordance with your best  
15 recollection of what you told him to do?
- 16 33869 THE RIGHT HON. BRIAN MULRONEY: Yes.  
17 Sure.
- 18 33870 MR. PRATTE: You have seen this  
19 document before. Was Mr. Murray in favour of the  
20 project at the moment, notwithstanding I guess  
21 reservations from other quarters?
- 22 33871 THE RIGHT HON. BRIAN MULRONEY: Yes.
- 23 33872 MR. PRATTE: Would you go to page 2,  
24 the second paragraph.
- 25 33873 THE RIGHT HON. BRIAN MULRONEY: Yes.

1 33874 MR. PRATTE: He says, and I quote:  
2 "I have directed Don McPhail to  
3 negotiate with Thyssen on the  
4 basis of a 'statement of  
5 intent', which would set out the  
6 status of our progress to date.  
7 While of a non-binding character  
8 a written confirmation of our  
9 understandings so far would be  
10 quite helpful to Thyssen, not  
11 only to shore up its partnership  
12 negotiations with General  
13 Dynamics, but would also  
14 facilitate the authorization  
15 from Thyssen's own board of  
16 directors, to proceed in Cape  
17 Breton."

18 33875 Do you have any recollection of  
19 discussing with Mr. Murray or being advised that a  
20 possible statement of intent, as it is then described,  
21 might be negotiated?

22 33876 THE RIGHT HON. BRIAN MULRONEY: Yes.

23 33877 MR. PRATTE: Did you tell Mr. Murray  
24 anything about that statement of intent which then  
25 becomes an Understanding of Principle?

1 33878 THE RIGHT HON. BRIAN MULRONEY: Well,  
2 as we discussed, I saw Lowell all the time. He was a  
3 very senior Cabinet Minister and very close to me and  
4 he was my Minister in regard to the constitutional  
5 negotiations at Meech Lake. I have known him for 50  
6 years, had great confidence in him. We would have  
7 lunch or dinner all the time -- I shouldn't say all the  
8 time, but very often.

9 33879 So these things would come up either  
10 on the constitutional side, because he remained the  
11 Minister of FPRO and he was also --

12 33880 MR. PRATTE: I'm sorry, just another  
13 acronym there. I'm not sure whether that has been --

14 33881 THE RIGHT HON. BRIAN MULRONEY:  
15 Federal-Provincial Relations Office.

16 33882 MR. PRATTE: FPRO, thank you.

17 33883 THE RIGHT HON. BRIAN MULRONEY: Yes.  
18 So he was Minister of that, plus he was in charge of  
19 Atlantic Canada Opportunities Agency. So we certainly  
20 had a lot to talk about.

21 33884 So the answer to your question is  
22 yes, I did deal specifically with this.

23 33885 MR. PRATTE: Okay. If you go to the  
24 paragraph just below the one I just read to you, it  
25 says:

1 "Such a statement of intent  
2 would be restricted to an  
3 affirmation of the Government's  
4 policy on economic development  
5 programming, and defence  
6 site-establishment assistance,  
7 for which Thyssen would normally  
8 be expected to be eligible.  
9 There would be no commitment,  
10 implied or otherwise, to source  
11 a military contract to Thyssen,  
12 on other than competitive  
13 grounds in complete accordance  
14 with our existing procurement  
15 policy."

16 33886 Did you discuss with him this issue  
17 of whether or not there would be a commitment, how he  
18 describes it, "implied or otherwise", from the  
19 Government of Canada?

20 33887 THE RIGHT HON. BRIAN MULRONEY: Very  
21 specifically. When we got down to this, I said to  
22 Lowell I would like you to ensure you do the following.

23 33888 I had brought Frank Iacobucci into  
24 government from the University of Toronto Law School  
25 and appointed him as Deputy Minister of Justice. He

1 worked with me on the constitutional file very closely.  
2 and I had learned to appreciate his great skills. He  
3 was with us for a number of years before I appointed  
4 him to the Federal Court and then to the Supreme Court  
5 of Canada. I had great confidence in him.

6 33889 I could see what was starting to  
7 happen here. What we are talking about at this  
8 point -- this is not -- I will just get right to your  
9 question.

10 33890 All of a sudden the political matter  
11 that Mr. Clark had raised is being resolved, because at  
12 this point in time they had changed the project again  
13 and the project now at this particular point deals  
14 with -- in terms of the exports and what have you deals  
15 with a military joint defence sharing agreement we have  
16 with the Americans, and they are trying to make a deal  
17 with one of the big American suppliers so that it was  
18 said most if not all of the products could then be sold  
19 into the North American defence market.

20 33891 So it is entirely different from what  
21 they set out to do. That was point number one.

22 33892 Point number two is that  
23 traditionally this kind of product was supplied by a  
24 General Motors plant in London, Ontario, and it was a  
25 major employer in southwestern Ontario, which is an

1 important part of the country as well.

2 33893 So the argument was, look, we  
3 understand that Atlantic Canada is in bad economic  
4 shape.

5 33894 This is coming from the ministers.

6 33895 But, you know, we are from  
7 southwestern Ontario. We don't want our people to be  
8 put out of work simply to accommodate something else in  
9 some other part of the country.

10 33896 That kind of thing.

11 33897 So that's the subtext of some of the  
12 argument that is being made here.

13 33898 While I continued -- and we are now  
14 talking about a somewhat reconfigured deal -- while I  
15 continued to be enthusiastic about anything that could  
16 help Atlantic Canada in terms of job creation, I  
17 realized the implications of what was going on. You  
18 have Mr. Tellier talking about procurement policy. Bob  
19 Fowler is doing the same at Defence. So I said to  
20 Lowell: I want you to go to Frank, and I want Frank  
21 himself to draft the clause in this agreement to ensure  
22 that we are not bound to do anything contractually.  
23 This doesn't trigger anything.

24 33899 It was put to me, in those  
25 circumstances, as a letter of comfort.

1 33900 MR. PRATTE: Okay. Then go to the  
2 letter -

3 33901 THE RIGHT HON. BRIAN MULRONEY: And  
4 that's what was done, by the way.

5 33902 MR. PRATTE: Yes, we will get to the  
6 agreement -- the UIP -- in a moment.

7 33903 Mr. Mulroney, would you then go, in  
8 the same tab -

9 33904 Actually, I want to go to July 19  
10 now.

11 33905 I would ask you to turn to Tab 21.  
12 You then get another memorandum from Mr. Tellier, dated  
13 July 19, 1988, a short while later.

14 33906 THE RIGHT HON. BRIAN MULRONEY: Yes.

15 33907 MR. PRATTE: Would you go to the  
16 conclusion -- there is a paragraph at page 3 entitled  
17 "Conclusion".

18 33908 Maybe, Mr. Mulroney, you might read  
19 it aloud.

20 33909 THE RIGHT HON. BRIAN MULRONEY: Yes.  
21 "While an investment of this  
22 magnitude with an important  
23 employment potential would be of  
24 significant benefit to the Cape  
25 Breton economy, I urge you

1                   personally to request that due  
2                   process be followed in this  
3                   case. This would allow the  
4                   major concerns of key  
5                   departments to be addressed. I  
6                   would recommend that Senator  
7                   Murray be asked to prepare a  
8                   Memorandum for consideration in  
9                   the normal manner by Cabinet and  
10                  Treasury Board. The PCO will  
11                  ensure that proper Ministerial  
12                  consideration is arranged on  
13                  high priority basis.  
14                  Paul M. Tellier."

15   33910                   MR. PRATTE: Do you know if you gave  
16           the instructions that Mr. Tellier was seeking from you?

17   33911                   THE RIGHT HON. BRIAN MULRONEY:  
18           Absolutely. That's why the Memorandum of  
19           Understanding, or letter of comfort, contained  
20           absolutely no guarantee by the Government of Canada to  
21           do a single thing, in terms of future economic  
22           development, with Thyssen.

23   33912                   MR. PRATTE: Would you go to Tab 27.

24   33913                   THE RIGHT HON. BRIAN MULRONEY: Yes.

25   33914                   MR. PRATTE: We find there, Mr.



1 Mulroney, the Understanding in Principle, dated  
2 September 27, 1988.

3 33915 THE RIGHT HON. BRIAN MULRONEY: Yes.

4 33916 MR. PRATTE: Do you know if you saw  
5 that document at the time it was signed?

6 33917 THE RIGHT HON. BRIAN MULRONEY: No, I  
7 didn't. I received it after I had spoken to Lowell and  
8 to Paul, further to his memo, and I received the  
9 assurance from both of them that Iacobucci had indeed  
10 provided exactly the kind of documentation that I  
11 required. It had been incorporated into the final  
12 document, and it, eventually, was signed on that basis.

13 33918 MR. PRATTE: Could you look at the  
14 signature page -- seeing as how we are talking about  
15 signing it -- at page 6?

16 33919 THE RIGHT HON. BRIAN MULRONEY: Page  
17 6, yes.

18 33920 MR. PRATTE: There are various  
19 signatures there. The first one, can you read it?

20 33921 THE RIGHT HON. BRIAN MULRONEY: Yes,  
21 it's Gerry Merrithew, from Saint John, who I see is the  
22 Minister responsible for ACOA.

23 33922 That change took place as we prepared  
24 for an election. Lowell was a senator and didn't have  
25 to run, fortunately for him.

1 33923 But this was an Atlantic Canada  
2 minister.

3 33924 MR. PRATTE: So he replaced Mr.  
4 Murray -

5 33925 THE RIGHT HON. BRIAN MULRONEY: In  
6 ACOA.

7 33926 MR. PRATTE: -- in ACOA.

8 33927 And then Mr. de Cotret?

9 33928 THE RIGHT HON. BRIAN MULRONEY:  
10 Robert de Cotret.

11 33929 MR. PRATTE: And Mr. Beatty.

12 33930 THE RIGHT HON. BRIAN MULRONEY:  
13 Perrin Beatty, yes.

14 33931 MR. PRATTE: Were you involved in any  
15 way in Mr. Beatty, the then Minister of National  
16 Defence, signing this document?

17 33932 THE RIGHT HON. BRIAN MULRONEY: No.

18 33933 MR. PRATTE: Did you instruct him to  
19 do so?

20 33934 THE RIGHT HON. BRIAN MULRONEY: No.

21 33935 MR. PRATTE: Did you, through other  
22 people, have it made clear to him that he should sign,  
23 that that was your wish?

24 33936 THE RIGHT HON. BRIAN MULRONEY: No.

25 33937 MR. PRATTE: Mr. Mulroney, the

1 Commission has heard evidence that following, as you  
2 know, the signing of this Understanding in Principle,  
3 some payments were received by various people,  
4 including Mr. Frank Moores, I believe his company -  
5 33938 COMMISSIONER OLIPHANT: GCI.  
6 33939 MR. PRATTE: -- GCI -  
7 33940 Thank you, Mr. Commissioner.  
8 33941 First of all, were you familiar with  
9 GCI?  
10 33942 THE RIGHT HON. BRIAN MULRONEY: Well,  
11 of course, it was the company that we are talking about  
12 here. Yeah.  
13 33943 MR. PRATTE: Well, I mean, the  
14 company, GCI -- Government Consultants International -  
15 33944 THE RIGHT HON. BRIAN MULRONEY: Oh,  
16 yeah. Sure, yeah.  
17 33945 MR. PRATTE: Okay. I believe, also,  
18 that evidence was led to the effect that Mr. Fred  
19 Doucet, about whom we will talk in a second, may have  
20 received a payment in or about November 1988, as a  
21 result of the signing of this document.  
22 33946 THE RIGHT HON. BRIAN MULRONEY:  
23 That's right, yes.  
24 33947 MR. PRATTE: Did you have any  
25 knowledge or information about those payments being

1 triggered to these people?

2 33948 THE RIGHT HON. BRIAN MULRONEY: None.

3 33949 MR. PRATTE: When did you learn for  
4 the first time that this may have happened; that is,  
5 that upon signing this document these people received  
6 money in respect of, or following, or in the wake of  
7 signing the Understanding in Principle?

8 33950 THE RIGHT HON. BRIAN MULRONEY: I  
9 think when the documents were filed before the  
10 parliamentary committee last year.

11 33951 MR. PRATTE: Just give me a moment,  
12 Mr. Commissioner.

13 --- Pause

14 33952 MR. PRATTE: Mr. Mulroney, I just  
15 mentioned Mr. Moores.

16 33953 THE RIGHT HON. BRIAN MULRONEY: Yes.

17 33954 MR. PRATTE: We mentioned him briefly  
18 earlier on, when we were talking about the leadership  
19 campaign in 1983. Can you tell the Commissioner what  
20 your relationship was with Mr. Moores as of 1988?

21 33955 THE RIGHT HON. BRIAN MULRONEY: In  
22 1988 my relationship with Mr. Moores was non-existent.

23 33956 MR. PRATTE: Why so?

24 33957 THE RIGHT HON. BRIAN MULRONEY:  
25 Because in 1987 he gave an interview to a journalist

1           that appeared on the front page of the national papers,  
2           saying that I was going to be defeated in the next  
3           election, and that I deserved to be defeated.

4   33958                    When my caucus and cabinet woke up --  
5           I think this was in `87, late `87 -- and saw Mr.  
6           Moores' statement, you can imagine that this went over  
7           like a lead balloon.

8   33959                    So I simply severed communications  
9           with him completely.

10   33960                   Mr. Moores I had known well. He was  
11          a federal Member of Parliament. He became married to  
12          Janis Johnson, a lovely friend of ours from Winnipeg.  
13          He was elected Premier of Newfoundland, and I had a  
14          fair amount to do with him in the years that I was  
15          President of the Iron Ore Company of Canada.

16   33961                    He had moved to Montreal. I saw a  
17          lot of him.

18   33962                    There was much to enjoy and admire in  
19          the personality and the style of Frank Moores. In many  
20          ways he was a delightful character.

21   33963                    But apart from enjoying delightful  
22          characters, I was also struggling to ensure that my  
23          government was re-elected in 1988. So, when I saw  
24          Frank's statement to this effect, that was the end of  
25          the relationship, which I don't think was restored in

1 any way until he became ill, at the end of his life,  
2 and I spoke to him and intervened on his behalf in New  
3 York, to get him into the Maine -

4 33964 And Mila remained in communication  
5 with his wife, who, herself, is a wonderful person.

6 33965 But that's what happened.

7 33966 MR. PRATTE: All right. Let me take  
8 you now -

9 33967 Mr. Commissioner, I am in P-46.

10 33968 COMMISSIONER OLIPHANT: How long do  
11 you expect to go before you -

12 33969 MR. PRATTE: I will do whatever you  
13 like, Mr. Commissioner.

14 33970 COMMISSIONER OLIPHANT: No, but at a  
15 time that is convenient to break. Okay?

16 33971 MR. PRATTE: Yes, I am aware of that,  
17 sir. I might go for another ten minutes or so, close  
18 to the normal lunch break.

19 33972 Could I take you, Mr. Mulroney, to  
20 Tab 25 -- and Mr. Hughes will put that new set of  
21 documents before you.

22 33973 THE RIGHT HON. BRIAN MULRONEY: Yes.

23 33974 MR. PRATTE: What I am showing you,  
24 Mr. Mulroney, is a letter that has been filed in  
25 evidence. It is a letter from Mr. Schreiber, dated

1 March 3rd, 2008, addressed to the then Chair of the  
2 Ethics Committee, Mr. Szabo.

3 33975 Could you go to page 2 of that  
4 document?

5 33976 THE RIGHT HON. BRIAN MULRONEY: Yes.

6 33977 MR. PRATTE: You see, just below the  
7 middle of the page, that there is a sentence in bold  
8 print, and it says -- I will read it:

9 "This \$2 million was divided  
10 amongst Mr. Mulroney and his  
11 friends as follows."

12 33978 Let me stop you there, Mr. Mulroney.  
13 When it refers to \$2 million, do you understand what  
14 Mr. Schreiber might be referring to?

15 33979 THE RIGHT HON. BRIAN MULRONEY: I  
16 haven't a clue what Mr. Schreiber refers to.

17 33980 MR. PRATTE: I think the evidence is  
18 clear that a payment of \$2 million was, apparently,  
19 triggered, that was part of the money, in the fall of  
20 `88.

21 33981 Then he says, and I quote:

22 "On November 2, 1988 GCI (Frank  
23 Moores) deposited \$500 000.00 to  
24 the Swiss bank account, Codename  
25 `Frankfurt' concerning the

1 Thyssen Bear Head project and  
2 the Right Honourable Brian  
3 Mulroney."  
4 33982 First of all, did you know of this  
5 Frankfurt account?  
6 33983 THE RIGHT HON. BRIAN MULRONEY: No.  
7 33984 MR. PRATTE: Then it says:  
8 "Mr. Mulroney would know that  
9 this money was marked for him  
10 (corroborating bank document  
11 attached)."  
12 33985 What do you say to that statement,  
13 Mr. Mulroney; that you would know about this money, or  
14 that it was set aside for you?  
15 33986 THE RIGHT HON. BRIAN MULRONEY: It's  
16 preposterous, as are most of Mr. Schreiber's statements  
17 and allegations, although I am not surprised to see it  
18 in this correspondence with the distinguished Chairman  
19 Szabo of the Ethics Committee, which Mr. Kaplan  
20 described as a national disgrace, and which the Prime  
21 Minister of Canada described as a kangaroo court.  
22 33987 And I commend both of them for their  
23 gift of understatement.  
24 33988 MR. PRATTE: All right. Let's get  
25 back to the evidence in this case, Mr. Mulroney.



1 33989 I mentioned the name a little  
2 earlier, in terms of your association with St. F.X., of  
3 Mr. Doucet.

4 33990 THE RIGHT HON. BRIAN MULRONEY: Yes.

5 33991 MR. PRATTE: You told me that you  
6 were involved with him after you left St. F.X. when, I  
7 guess, you led a campaign in the late seventies, early  
8 1980s, to raise funds for your alma mater.

9 33992 Is that right?

10 33993 THE RIGHT HON. BRIAN MULRONEY:  
11 That's right.

12 33994 MR. PRATTE: Did he come back into  
13 your life, as a politician, later, after that campaign?

14 33995 THE RIGHT HON. BRIAN MULRONEY: Yes.

15 33996 MR. PRATTE: That was a very badly  
16 worded sentence.

17 33997 Did you work together after that?

18 33998 THE RIGHT HON. BRIAN MULRONEY: Yes.

19 33999 MR. PRATTE: The Commissioner is  
20 nodding at my comment.

21 34000 THE RIGHT HON. BRIAN MULRONEY: After  
22 the St. F.X. fundraising experience, and then the  
23 decision was made to run for the leadership of the  
24 party in 1983, Fred and Stewart McInnes, from Halifax,  
25 offered to organize the Province of Nova Scotia for me,

1 leading up to the June vote. I was very happy to have  
2 their support, and after I had won the leadership and  
3 won the by-election in late August, I appointed my  
4 staff, as Leader of the Opposition, and I appointed  
5 Fred Doucet as my chief of staff, and Lee Richardson,  
6 from Calgary, an old and good friend of mine, a very  
7 competent guy, as the deputy chief of staff.

8 34001 MR. PRATTE: Mr. Doucet, then, when  
9 you became Prime Minister -- and we don't need to get  
10 this in great detail, Mr. Mulroney, but in, I guess,  
11 the 1984 to 1988 period, did Mr. Doucet continue to  
12 occupy positions within your government?

13 34002 THE RIGHT HON. BRIAN MULRONEY: Yes.  
14 When I formed a government, I changed the structure and  
15 the people involved, and Mr. Bernard Roy became what  
16 was then called the Principal Secretary to the Prime  
17 Minister. He was, effectively, the chief of staff, but  
18 the title was first used in my office when Derek Burney  
19 succeeded Mr. Roy as chief of staff.

20 34003 When I came into government, Bernard  
21 was the effective chief of staff, and Fred became an  
22 advisor to the Prime Minister.

23 34004 After a period of time, we were given  
24 a unique opportunity, in terms of the summits. Canada  
25 had been selected as the home for the Sommet de la

1 Francophonie, which we had created with France,  
2 principally with Mitterrand -- President Mitterrand --  
3 regrouping, for the first time in history, the 45 or 50  
4 French-speaking countries in the world, creating  
5 thereby a French-speaking commonwealth.

6 34005 I was asked to chair that, which I  
7 did, in October, I think, of 1987.

8 34006 It was immediately followed by the  
9 British Commonwealth -- by the Commonwealth meetings in  
10 Vancouver, on the same thing. In those days, as you  
11 know, I was functioning principally on behalf of Nelson  
12 Mandela and the campaign against apartheid in South  
13 Africa.

14 34007 And we were chosen to host the G7  
15 summit in Toronto in June.

16 34008 So we had these three major  
17 international summits within eight or nine months, and  
18 when we looked at the program, it was very clear that  
19 we needed something special to deal with this. So it  
20 was recommended that a new structure be created to deal  
21 with these three summits and to make sure that they  
22 went smoothly. It was a great challenge for Canada.

23 34009 Fred Doucet, because of his great  
24 organizational skills, was chosen by the government to  
25 become the head of the organizational office to run the

1           summits, to organize them.

2   34010                    So, as of that time, the date of  
3           appointment -- it must have been sometime in late '86,  
4           I guess -- he was operating as the head of this unique  
5           institution, functionally running out of the Department  
6           of External Affairs, to organize these three major  
7           events.

8   34011                    MR. PRATTE: May I take you to -- and  
9           we will finish on this perhaps, Mr. Commissioner -- or  
10          adjourn on this -- Tab 22.

11   34012                    We are back in the big binder, Mr.  
12          Mulroney, Volume 1, Tab 22.

13   34013                    THE RIGHT HON. BRIAN MULRONEY: Yes,  
14          sir.

15   34014                    MR. PRATTE: Do you have a  
16          recollection of when Mr. Doucet -

17   34015                    How long did Mr. Doucet stay?

18   34016                    We know that he left the government's  
19          employ. Do you know when that was, approximately?

20   34017                    THE RIGHT HON. BRIAN MULRONEY: Look,  
21          I think that Fred left my office -- you know, as  
22          advisor to the Prime Minister -- probably in late '86,  
23          and he served in the capacity I have just described  
24          until the summits were over, in the summer of 1988, at  
25          which point in time he resigned. He had had massive

1 cardiac problems, serious problems, and he had a number  
2 of children and a wife to support, and he was very  
3 concerned, quite understandably, about his health, and  
4 he felt that -

5 34018 And he had done an incredible job  
6 organizing these three things.

7 34019 He thought it was time to pack it in,  
8 which he did, and resigned from the government.

9 34020 MR. PRATTE: The letter that I have  
10 taken you to, or the document that I have taken you to,  
11 is a letter to Mr. Doucet from Treasury Board of Canada  
12 Secretariat. If you look to page 2, it is signed by  
13 Mr. Jean-Pierre Kingsley.

14 34021 Do you see that at Tab 22, Mr.  
15 Mulroney?

16 34022 THE RIGHT HON. BRIAN MULRONEY: Yes.

17 34023 MR. PRATTE: Who was Mr. Kingsley?

18 34024 THE RIGHT HON. BRIAN MULRONEY: At  
19 the time, I am not sure -

20 34025 Mr. Kingsley was, at the time, I see,  
21 working for the Treasury Board, but he may have been  
22 the Assistant Deputy Registrar, in charge of lobbying,  
23 and all of that stuff, because I subsequently appointed  
24 him as the Chief Electoral Officer, I think, in -- I  
25 can't remember the year, but I think that was it.

1 34026 But I don't know what capacity he was  
2 functioning in at the time of that letter.

3 34027 MR. PRATTE: Okay. Page 2, if you  
4 are there, paragraph 4, at the very top -

5 34028 THE RIGHT HON. BRIAN MULRONEY: Yes.

6 34029 MR. PRATTE: It says:  
7 "The one year limitation period  
8 on your making representation  
9 for or on behalf of any other  
10 person or entity to any  
11 department with which you had  
12 significant dealings.will be  
13 waived."

14 34030 Do you see that?

15 34031 THE RIGHT HON. BRIAN MULRONEY: Yes.

16 34032 MR. PRATTE: I am skipping over -

17 34033 THE RIGHT HON. BRIAN MULRONEY: Yes.

18 34034 MR. PRATTE: Did you have any  
19 involvement in that waiver being obtained or procured  
20 for Mr. Doucet's benefit?

21 34035 THE RIGHT HON. BRIAN MULRONEY: No.

22 34036 MR. PRATTE: When did you become  
23 aware that such a waiver had been secured?

24 34037 THE RIGHT HON. BRIAN MULRONEY: I  
25 think when it was produced before Judge Oliphant's

1 commission.

2 34038 MR. PRATTE: This would be a  
3 convenient point to break, Mr. Commissioner.

4 34039 COMMISSIONER OLIPHANT: Thank you  
5 very much, Mr. Pratte.

6 34040 We will adjourn for lunch, and return  
7 at two o'clock this afternoon.

8 --- Upon recessing at 12:23 p.m. / Suspension à 12 h 23

9 --- Upon resuming at 2:05 p.m. / Reprise à 14 h 05

10 34041 COMMISSIONER OLIPHANT: Be seated,  
11 please.

12 34042 Mr. Pratte...?

13 34043 MR. PRATTE: Thank you, sir.

14 34044 Mr. Mulroney, I have a few more  
15 questions relating to the Bear Head Project while you  
16 are Prime Minister and then we will move on to other  
17 events.

18 34045 I omitted to ask you, though, when I  
19 was asking you about Mr. Moores and his firm GCI,  
20 Government Consulting International or Inc. -- I can't  
21 recall frankly -- International -- around 1988 and the  
22 payments triggered by the UIP, Understanding in  
23 Principle.

24 34046 Was there ever any discussion between  
25 you and Mr. Moores or other representatives of GCI of

1           your joining them at a point in the future after you  
2           had stepped down as Prime Minister?

3   34047                   THE RIGHT HON. BRIAN MULRONEY:  No.  
4           Surely it has to be recognized that would be a great  
5           aspiration for a person who served nine years as Prime  
6           Minister of Canada to work as a lobbyist for Frank  
7           Moores.  Gee, I really missed a good one.  
8           --- Laughter / Rires

9   34048                   THE RIGHT HON. BRIAN MULRONEY:  This  
10          is the kind of lunacy that impregnates Canadian  
11          politics when a rumour get started and the media gets  
12          at it.  And hey, this is true.

13   34049                   It is hard to imagine anything more  
14          nonsensical than Pierre Trudeau, Jean Chrétien, me or  
15          anybody else working for a lobby firm in Ottawa after  
16          you had a long-standing career as Prime Minister of  
17          this country.

18   34050                   MR. PRATTE:  Mr. Mulroney, fast  
19          forwarding -- well, perhaps not fast forwarding as much  
20          as I should.  But in 1990 we looked at some memos from  
21          Mr. Tellier, et cetera, and in 1990 a person appears in  
22          this picture whose name is Mr. Norman Spector.

23   34051                   Who was Norman Spector at that  
24          time -- well, at any time but what role did he perform?

25   34052                   THE RIGHT HON. BRIAN MULRONEY:



1 Norman Spector was a public servant from British  
2 Columbia who was recommended to the public service by  
3 Fred Doucet. We hired him as -- I hired him as  
4 Secretary of the Cabinet for Federal-Provincial  
5 Relations. I then appointed him as Chief of Staff to  
6 the Prime Minister of Canada. I then appointed him, at  
7 his request, as Canada's Ambassador to Israel.

8 34053 Three of the most important  
9 appointments that a Prime Minister can make, I gave  
10 them to Mr. Spector.

11 34054 MR. PRATTE: When Mr. Spector was --

12 34055 THE RIGHT HON. BRIAN MULRONEY: I  
13 hope you saw the gratitude on his face.

14 34056 MR. PRATTE: When Mr. Spector was  
15 your Chief of Staff, Mr. Mulroney, first of all, do you  
16 remember roughly what time, what time frame?

17 34057 THE RIGHT HON. BRIAN MULRONEY: He  
18 came in after Stanley Hartt, a great Chief of Staff, in  
19 '90-'91 I think.

20 34058 MR. PRATTE: Okay. Do you recollect  
21 whether or not Mr. Spector played any role in  
22 connection with the Bear Head Project and whether you  
23 had discussions with him in connection with that  
24 project?

25 34059 THE RIGHT HON. BRIAN MULRONEY: Yes,

1 I did. Mr. Spector was new. He had had no association  
2 with the project in any way, because prior thereto he  
3 was the Secretary to the Cabinet for Federal-Provincial  
4 Relations dealing exclusively with constitutional  
5 change. And he was now in a position as Chief of  
6 Staff, which is like Clerk of the Council, a highly  
7 critical one in Ottawa.

8 34060 So I thought that he would be able to  
9 take a careful and thoughtful look at this with a pair  
10 of fresh eyes and let me know whether this was good,  
11 bad or indifferent, in his judgment, having analyzed  
12 the changing nature of the presentation on the one  
13 hand, the changing dimensions of costs on the other,  
14 and the changed political circumstances.

15 34061 And so he did that for me.

16 34062 MR. PRATTE: Did he report to you  
17 after doing whatever investigation and reflection he  
18 deemed appropriate? Did he come to you with some  
19 conclusion in his evaluation of the Bear Head Project  
20 in 1990?

21 34063 THE RIGHT HON. BRIAN MULRONEY: Yes,  
22 he did. He was, as usual, very diligent in his  
23 approach and he saw pretty well everybody that counted,  
24 the Department of National Defence, the Privy Council  
25 Office, ACOA and so on.

1 34064 My recollection is that I was -- this  
2 was I'm going to say 1990, 1990 or '91, in that  
3 timeframe. I believe I was going to Buckingham,  
4 Québec, to make a national unity speech and he got in  
5 the car with me and we drove over together.

6 34065 In the course of that he told me that  
7 his conclusion was something to the effect that the  
8 cost of this project which, as you will remember at the  
9 beginning was to cost nothing except an infrastructure  
10 sharing agreement with Nova Scotia and then it kind of  
11 graduated -- was to cost a minimum of \$100 million more  
12 than had then been forecast, a minimum of \$100 million,  
13 yes.

14 34066 MR. PRATTE: And then did you react  
15 to this information?

16 34067 THE RIGHT HON. BRIAN MULRONEY: I  
17 said well, Norman, in that case this project is dead.

18 34068 He knew what to do. He immediately  
19 communicated with Mr. Tellier, who was the Secretary of  
20 the Cabinet, and they put in train whatever was  
21 required to deal with that situation.

22 34069 MR. PRATTE: Did you personally  
23 advise Mr. Schreiber or Thyssen that the project was  
24 dead or would not be proceeded with?

25 34070 THE RIGHT HON. BRIAN MULRONEY: Of

1 course not. The Prime Minister doesn't call up  
2 lobbyists around town and say we are going to do such a  
3 thing or we're not going to do such a thing.

4 34071 MR. PRATTE: The project, though, as  
5 we know, didn't die right then.

6 34072 I will take you, Mr. Mulroney, to a  
7 memo involving Mr. Tellier.

8 34073 Just a moment, if I can find my  
9 reference. It will be in Volume 1.

10 34074 Let's look at Tab 54, Mr. Mulroney,  
11 in your big Volume 1.

12 34075 THE RIGHT HON. BRIAN MULRONEY: Yes.

13 34076 MR. PRATTE: This is a letter, as you  
14 will see, to Mr. Tellier, dated May 1991. The original  
15 of the letter -- this one is marked up and I believe it  
16 has been accepted, when Mr. Tellier testified, that  
17 that was his writing in the margins there.

18 34077 THE RIGHT HON. BRIAN MULRONEY: Yes.

19 34078 MR. PRATTE: But I just want to take  
20 you first to the first two paragraphs of that letter.

21 34079 THE RIGHT HON. BRIAN MULRONEY: Yes.

22 34080 MR. PRATTE: It says:

23 "Dear Mr. Tellier:

24 This letter follows from my  
25 meeting of April 10th with the

1 Prime Minister, yourself and  
2 Fred Doucet.  
3 At the conclusion of that  
4 meeting, it was understood that  
5 you would bring your personal  
6 leadership to the file and chair  
7 a meeting between Government and  
8 company officials as early as  
9 possible within one week's  
10 time."  
11 34081 First of all, Mr. Mulroney, do you  
12 recall meeting with Mr. Schreiber, Mr. Doucet and  
13 Mr. Tellier in or about that time?  
14 34082 THE RIGHT HON. BRIAN MULRONEY: Yes.  
15 34083 MR. PRATTE: Do you recall how the  
16 meeting came about?  
17 34084 THE RIGHT HON. BRIAN MULRONEY: Like  
18 all the other meetings would have come about, I would  
19 have been -- some people, including the distinguished  
20 Mr. Spector, was wondering aloud as to how these  
21 meetings could take place with Mr. Schreiber.  
22 34085 They didn't take place with  
23 Mr. Schreiber. I never consented to a meeting with  
24 Mr. Schreiber. I was asked by Elmer MacKay and/or Fred  
25 Doucet if I would meet with them. That's how the

1 meetings came about.

2 34086 I owed everything to Elmer MacKay  
3 because of what he had done to get me into the House of  
4 Commons and to give me his support. And he was a  
5 tremendous friend. But, more than that, politically he  
6 had gone to the well for me.

7 34087 So when Elmer asked me at Cabinet,  
8 leaned over at Cabinet or saying look, can I come by  
9 and see you on this development project in Nova Scotia?  
10 Sure, Elmer. We can't do it this afternoon, but how  
11 about tomorrow for breakfast?

12 34088 I would move mountains for him if I  
13 could, and I did.

14 34089 And Mr. Doucet was a friend of mine  
15 for 50 years. I was aware that he was representing  
16 Mr. Schreiber, but I want to make it clear:  
17 Mr. Schreiber had no access to me whatsoever.

18 34090 What he had was access to his friend  
19 Elmer and to his lobbyist, Mr. Doucet. And I accepted  
20 to see him because they were associated with it.

21 34091 MR. PRATTE: Well, whichever way --

22 34092 THE RIGHT HON. BRIAN MULRONEY: But I  
23 remember this event, yes.

24 34093 MR. PRATTE: Okay. We will come back  
25 to it in the second.

1 34094 But whichever way Mr. Schreiber got  
2 to you, did the fact that he did have access to you for  
3 a number of meetings influence the way you ultimately  
4 handled this project, as the Prime Minister of Canada?

5 34095 THE RIGHT HON. BRIAN MULRONEY: Well,  
6 he had so much influence with me and I was so deeply  
7 indebted to him that I cancelled the project. I killed  
8 the deal.

9 34096 MR. PRATTE: Let's go back to the  
10 letter, Mr. Mulroney.

11 34097 I should ask, you first of all, the  
12 meeting that is referred to there is Mr. Doucet,  
13 Mr. Tellier and Mr. Schreiber and yourself.

14 34098 Do you have a recollection of the  
15 number of meetings you may have had over the period of  
16 time from '86, or whatever the project first came  
17 forward, to the time you left your office as Prime  
18 Minister with Mr. Schreiber?

19 34099 THE RIGHT HON. BRIAN MULRONEY: I  
20 have no idea. But, you know, if you told me it was  
21 six, I would agree with you. If you told me it was  
22 eight or nine, I would agree with you. I have no idea.

23 34100 But I do know that I had  
24 photographers, as all Prime Ministers do, and many of  
25 those or some of those meetings were recorded with

1 pictures. So I --

2 34101 MR. PRATTE: Were there --

3 34102 THE RIGHT HON. BRIAN MULRONEY: I'm

4 sorry...?

5 34103 MR. PRATTE: I'm sorry, no. Finish,

6 Mr. Mulroney, I wasn't --

7 34104 THE RIGHT HON. BRIAN MULRONEY: So I

8 have seen some of those and obviously these took

9 place -- this one, by the way, I can remember because I

10 think it exemplifies what I was able to do for Elmer

11 and/or Fred, be it for that client or somebody else.

12 34105 I wasn't going to make a decision for

13 them. I clearly didn't. I made the wrong decision.

14 34106 What I could give them -- and this

15 changed all the time. We are looking at different

16 projects in different years in different locations.

17 34107 But what I could give them was

18 access, not access to me but access in the following

19 sense. If they came to me, as Elmer did -- and I think

20 as you know from the correspondence -- and said look, I

21 don't think that this project is -- it has now been

22 changed from the original letter that you got in 1985

23 from Thyssen. It has changed from that. It is going

24 to cost more, but it can do much more, more jobs

25 created and so on. I don't think this is getting a



1 fair shake from the federal bureaucracy.

2 34108 They got into fights with Fowler,  
3 whom I had appointed as Deputy Minister of National  
4 Defence. They were getting into disagreements with  
5 other people. And if Elmer was concerned, then what  
6 could I do about it?

7 34109 I never interfered in my Ministers'  
8 departments. I never gave them an order what to do and  
9 what I could do was ensure that somebody took a look at  
10 this.

11 34110 So I said to Paul Tellier: Paul, I  
12 want you to come down to a meeting. You take a look at  
13 this thing, evaluate it yourself, it is a new deal, and  
14 let me know what you think. They could not have gotten  
15 to see Mr. Tellier without my intervention.

16 34111 And he of course responded to my  
17 request that he came down and he met with them and this  
18 is one of the consequences.

19 34112 May I just say this, because I think  
20 it is relevant. I think Mr. Tellier testified in  
21 response to Mr. Wolson that the bane of everybody's  
22 existence in this town is people running around saying  
23 the Prime Minister wants this and the PMO wants that  
24 and all of this stuff.

25 34113 I told my Cabinet -- and they would

1 do this with Ministers and other people. I told my  
2 Cabinet if anybody walks into your office and says the  
3 Prime Minister wants this or the PMO wants that, I want  
4 you to do two things. First, you are going to throw  
5 them out of your office and, secondly, you are going to  
6 call me personally and tell me who it was and exactly  
7 what was said.

8 34114 That was my instructions to my  
9 Cabinet, because there was a lot of this stuff going  
10 on.

11 34115 But legitimate economic development  
12 projects like this, particularly in a sensitive area  
13 like Nova Scotia, I wanted to be certain that they had  
14 a fair shake.

15 34116 And look, it wouldn't be the first  
16 time that biases crept into a decision by anybody,  
17 including a public servant. So I wanted to be certain  
18 that Paul, who had no axe to grind anywhere, took a  
19 good look at it. So I invited him down to take a look  
20 at this.

21 34117 MR. PRATTE: Okay. You alluded to  
22 the fact that the project was shifting.

23 34118 I would like to take you now to  
24 Exhibit P-7, which is the additional book of  
25 documents -- sorry, it is the documents from Mr.

1 Schreiber. It's this book, Mr. Mulroney. I'm sure  
2 that Mr. Hughes will help you.

3 34119 THE RIGHT HON. BRIAN MULRONEY: Is it  
4 this one here?

5 34120 MR. PRATTE: No, this one at Tab 10.

6 34121 COMMISSIONER OLIPHANT: What exhibit  
7 is it?

8 34122 MR. PRATTE: It is P-7, which was the  
9 documents in support of Mr. Schreiber's testimony. It  
10 is the correspondence Binder 4.

11 34123 I don't know what shape you have it  
12 in, Mr. Commissioner. Tab 10.

13 34124 THE RIGHT HON. BRIAN MULRONEY: Yes.

14 34125 MR. PRATTE: Mr. Mulroney, this is  
15 a -- well, really there are two documents dated the  
16 same day. The first one is a letter dated 13 May  
17 1992 --

18 34126 THE RIGHT HON. BRIAN MULRONEY: Yes.

19 34127 MR. PRATTE: -- addressed to you from  
20 Mr. Schreiber. It encloses a letter to Mr. Masse.

21 34128 THE RIGHT HON. BRIAN MULRONEY: Yes.

22 34129 MR. PRATTE: Now, who was Mr. Masse  
23 at the time, in 1992?

24 34130 THE RIGHT HON. BRIAN MULRONEY:  
25 Marcel Masse was, I believe at the time, Minister of

- 1 National Defence.
- 2 34131 MR. PRATTE: Yes. You can see that  
3 actually if you just flip over. The copy of the letter  
4 that is included --
- 5 34132 THE RIGHT HON. BRIAN MULRONEY: There  
6 you go.
- 7 34133 MR. PRATTE: Okay. In what region of  
8 the country was he from?
- 9 34134 THE RIGHT HON. BRIAN MULRONEY: He  
10 was from the Thetford region of Eastern Townships.
- 11 34135 He was from Joliette, but he was  
12 representing that riding.
- 13 34136 MR. PRATTE: What province?
- 14 34137 THE RIGHT HON. BRIAN MULRONEY:  
15 Québec.
- 16 34138 MR. PRATTE: Okay. If you go back to  
17 the first letter --
- 18 34139 THE RIGHT HON. BRIAN MULRONEY: Of  
19 what date, sir?
- 20 34140 MR. PRATTE: Same tab, 13 May 1992.
- 21 34141 THE RIGHT HON. BRIAN MULRONEY: Yes.
- 22 34142 MR. PRATTE: There are two letters.  
23 One attaches -- the first one is a letter to you and  
24 then it attaches the letter to Mr. Masse.
- 25 34143 THE RIGHT HON. BRIAN MULRONEY: Yes.

- 1 34144 MR. PRATTE: And it says "Mr. Prime  
2 Minister" -- this is a letter to you obviously:  
3 "Subsequent to our meeting last  
4 week and the meeting with the  
5 Hon. Marcel Masse, I am pleased  
6 to inform you that I have now  
7 had very encouraging meetings  
8 with representatives of the  
9 Premier and officials from the  
10 Province of Quebec, and with  
11 four senior Army Generals."
- 12 34145 Mr. Mulroney, my question is very  
13 simple: Did you encourage Mr. Schreiber or Thyssen to  
14 make approaches to the Province of Québec to move the  
15 project from Nova Scotia to the Province of Québec?
- 16 34146 THE RIGHT HON. BRIAN MULRONEY: No.
- 17 34147 MR. PRATTE: Did that idea come from  
18 you?
- 19 34148 THE RIGHT HON. BRIAN MULRONEY: No.
- 20 34149 MR. PRATTE: Did you ever discuss the  
21 Bear Head project with Premier Bourassa?
- 22 34150 THE RIGHT HON. BRIAN MULRONEY: No.
- 23 34151 MR. PRATTE: Now, Mr. Mulroney, I  
24 would like to take you --
- 25 34152 THE RIGHT HON. BRIAN MULRONEY: May

1 I, just before we go on?

2 34153 MR. PRATTE: Yes, sir, if you have  
3 something to complete your answer.

4 34154 THE RIGHT HON. BRIAN MULRONEY: You  
5 drew my attention and I want to point out to you, sir,  
6 in this item that you drew my attention to, the letter  
7 to Paul Tellier from Mr. Schreiber on May 7, 1991.

8 34155 Here is the challenge of dealing with  
9 Mr. Schreiber.

10 34156 Here is a letter to Mr. Tellier, not  
11 to me, and as you look at Mr. Tellier's analysis of  
12 this letter that he received three or four weeks after  
13 he held a meeting with Mr. Schreiber: paragraph 2  
14 Tellier writes "Not accurate"; paragraph 3 "Not  
15 accurate"; page 3, paragraph 2, "not accurate"; page 5  
16 "Not accurate"; page 7, in which he quotes him, "I  
17 never said this".

18 34157 This is Mr. Tellier. I give this guy  
19 the opportunity to meet with Canada's number one public  
20 servant, a guy of great independent judgment, listen,  
21 Tellier gave you the unvarnished truth any time. He  
22 didn't give a hell about anybody. He just did his very  
23 best and told the truth at all times.

24 34158 So I gave him access to him, who is a  
25 big decision maker. And what does he do? He has the

1 meeting with him and then has the temerity to write to  
2 him summarizing the meeting with seven different errors  
3 in there, what Tellier says this never happened and  
4 this is false.

5 34159 This is the problem of dealing with  
6 Mr. Schreiber.

7 34160 MR. PRATTE: But did you know that at  
8 the time?

9 34161 THE RIGHT HON. BRIAN MULRONEY: Right  
10 here.

11 34162 MR. PRATTE: Did you know that at the  
12 time?

13 34163 THE RIGHT HON. BRIAN MULRONEY: I was  
14 certainly learning it, but I didn't know it was to this  
15 extent, that's for sure.

16 34164 MR. PRATTE: Let's go to the next  
17 year now, Mr. Mulroney, to a meeting on June the 3rd.

18 34165 For that you will need Binder No 2.

19 34166 THE RIGHT HON. BRIAN MULRONEY: No.  
20 2, yes.

21 34167 COMMISSIONER OLIPHANT: I'm sorry,  
22 what is the tab?

23 34168 MR. PRATTE: One twenty-three,  
24 Mr. Commissioner.

25 34169 COMMISSIONER OLIPHANT: Thank you.

1 34170 THE RIGHT HON. BRIAN MULRONEY: One  
2 twenty-three.

3 34171 MR. PRATTE: You will see there, when  
4 you are there, there are a number of photocopies of  
5 various photographs.

6 34172 THE RIGHT HON. BRIAN MULRONEY: One  
7 twenty-three.

8 34173 MR. PRATTE: Yes.

9 34174 THE RIGHT HON. BRIAN MULRONEY: Yes.

10 34175 MR. PRATTE: If you just flip through  
11 that tab to the fifth document, you should see four  
12 people.

13 34176 THE RIGHT HON. BRIAN MULRONEY: Yes.

14 34177 MR. PRATTE: All right. First of  
15 all, Mr. Mulroney, where is that? Whose office is  
16 this?

17 34178 THE RIGHT HON. BRIAN MULRONEY: That  
18 was my office in the Parliament Buildings.

19 34179 MR. PRATTE: Okay. And are you able  
20 to decipher or identify the people who are there?

21 34180 THE RIGHT HON. BRIAN MULRONEY: Yes,  
22 there is Mr. Schreiber, Mr. Doucet, myself and David  
23 McLaughlin.

24 34181 MR. PRATTE: And who is David  
25 McLaughlin?



1 34182 THE RIGHT HON. BRIAN MULRONEY: My  
2 Chief of Staff.

3 34183 MR. PRATTE: I think it has been  
4 established without much doubt, Mr. Mulroney, that this  
5 meeting took place June 3, 1993.

6 34184 Do you recall this meeting?

7 34185 THE RIGHT HON. BRIAN MULRONEY: I  
8 don't recall it, but there is a picture of it there and  
9 Mr. Mclaughlin taking notes, so I assume it was  
10 something that they wanted to raise with regard to the  
11 business.

12 34186 MR. PRATTE: Is it unusual that a  
13 picture should have been taken of that event?

14 34187 THE RIGHT HON. BRIAN MULRONEY:  
15 Every -- as I say, we had every -- all the Prime  
16 Ministers had personal photographers. When you had a  
17 meeting or people in, it would be exceptional if a  
18 photo was not taken. And then what happens is a lot of  
19 them are -- they immediately come back to you and  
20 people ask for copies, mementos of having been there.

21 34188 So at a given point in time Bill  
22 Pristanski or Paul Smith would sit me down and there  
23 would be hundreds of these to sign in various ways,  
24 which I would do.

25 34189 But most of these things were

1 recorded with photographs.

2 34190 MR. PRATTE: Okay. This is June 3,  
3 1993, a short time before you step down as Prime  
4 Minister. We will get to those events presently.

5 34191 Do you recall whether or not there  
6 was any discussion at that meeting of the possibility  
7 of your entering into some commercial transaction with  
8 Mr. Schreiber?

9 34192 THE RIGHT HON. BRIAN MULRONEY:  
10 Absolutely not.

11 34193 MR. PRATTE: Do you have any idea of  
12 the business that might have been discussed at that  
13 time?

14 34194 Well, I shouldn't say -- what else  
15 was discussed? I didn't want to put words --

16 34195 THE RIGHT HON. BRIAN MULRONEY: Look,  
17 I can only assume with Mr. Doucet there and  
18 Mr. Schreiber and David Mclaughlin, the Chief of Staff,  
19 that we were talking about they had asked for a  
20 meeting. Fred or Elmer would have asked for a meeting,  
21 and even though I was on my way out I would have  
22 listened to what they raised, which I can only assume  
23 had to do something with the project.

24 34196 MR. PRATTE: May I take you now,  
25 Mr. Mulroney, to another Binder, No. 3. This is going

1 to require a little work.

2 34197 Tab 9, Mr. Commissioner, Binder 3.

3 34198 THE RIGHT HON. BRIAN MULRONEY: Yes.

4 34199 MR. PRATTE: Maybe Mr. Hughes could

5 assist you. I would like you to take Tab 9 --

6 34200 THE RIGHT HON. BRIAN MULRONEY: Yes.

7 34201 MR. PRATTE: No. 3, Tab 9.

8 34202 What those are, just so as to situate

9 you, is they are excerpts from Mr. Schreiber's agenda.

10 34203 You will see -- if you just take the

11 first -- the first page has been marked 1993, the very

12 first page. Then we go through excerpts of the

13 calendar.

14 34204 THE RIGHT HON. BRIAN MULRONEY: Yes.

15 34205 MR. PRATTE: Now, I think it is

16 mainly in German, but if you flip three or four pages

17 in, you should see a day for the 3rd of June in the

18 left-hand side column at the very top.

19 34206 Do you see that?

20 34207 THE RIGHT HON. BRIAN MULRONEY: Yes.

21 Yes, I do.

22 34208 MR. PRATTE: And then you see that

23 there are basically four columns in this document.

24 34209 THE RIGHT HON. BRIAN MULRONEY: Yes.

25 34210 MR. PRATTE: The left-hand side

1 appears to be for notes, then times of the day.

2 34211 THE RIGHT HON. BRIAN MULRONEY: Yes.

3 34212 MR. PRATTE: Okay. If you go down

4 for June 3, "15:30 PM. Meeting".

5 34213 Could this have been the meeting we

6 were just talking about on June 3, 1993?

7 34214 THE RIGHT HON. BRIAN MULRONEY: Quite

8 likely.

9 34215 MR. PRATTE: Okay. Then the next to

10 the right, now we are on the 4th of June.

11 34216 THE RIGHT HON. BRIAN MULRONEY: Yes.

12 34217 MR. PRATTE: And you see the second

13 annotation in the right-hand most column.

14 34218 THE RIGHT HON. BRIAN MULRONEY: Yes.

15 34219 MR. PRATTE: It reads, and I will

16 read it for the record. The Commission's attention has

17 been drawn to that by other examinations.

18 34220 It says "Frankfurt Brian.Max 1236".

19 34221 Do you see that?

20 34222 THE RIGHT HON. BRIAN MULRONEY: Yes.

21 34223 MR. PRATTE: Do you have any idea

22 what this refers to, Mr. Mulroney?

23 34224 THE RIGHT HON. BRIAN MULRONEY: None.

24 34225 MR. PRATTE: Does that trigger any

25 memory of any kind of any discussion you might have had

1 with Mr. Schreiber on or about June 3, 1993?

2 34226 THE RIGHT HON. BRIAN MULRONEY: None.

3 --- Pause

4 34227 MR. PRATTE: Just before we leave the

5 Prime Minister's Office and the discussion of Bear Head

6 Project specifically, Mr. Mulroney, I am going to ask

7 you a very quick series of questions, as follows, and I

8 will do them in respect of various people.

9 34228 Did you ever pressure or direct Paul

10 Tellier to approve the Bear Head Project in any

11 incarnation?

12 34229 THE RIGHT HON. BRIAN MULRONEY: No.

13 34230 MR. PRATTE: The same question in

14 respect of Mr. Lowell Murray.

15 34231 THE RIGHT HON. BRIAN MULRONEY: No.

16 34232 MR. PRATTE: Elmer MacKay...?

17 34233 THE RIGHT HON. BRIAN MULRONEY: No.

18 34234 MR. PRATTE: Perrin Beatty...?

19 34235 THE RIGHT HON. BRIAN MULRONEY: No.

20 34236 MR. PRATTE: Mr. Bill McKnight...?

21 34237 THE RIGHT HON. BRIAN MULRONEY: No.

22 34238 MR. PRATTE: Former Prime Minister

23 Kim Campbell...?

24 34239 THE RIGHT HON. BRIAN MULRONEY: No.

25 34240 MR. PRATTE: Derek Burney...?

1 34241 THE RIGHT HON. BRIAN MULRONEY: No.  
2 34242 MR. PRATTE: Norman Spector...?  
3 34243 THE RIGHT HON. BRIAN MULRONEY: No.  
4 34244 MR. PRATTE: Did you ever order or  
5 direct anyone to approve the Bear Head Project at any  
6 time between 1985 and 1993?  
7 34245 THE RIGHT HON. BRIAN MULRONEY: No.  
8 34246 MR. PRATTE: So summer has arrived,  
9 Mr. Mulroney, and we will move to Harrington Lake for  
10 the summer.  
11 34247 When did you announce your  
12 resignation or your intention to resign as Prime  
13 Minister of Canada in 1993?  
14 34248 THE RIGHT HON. BRIAN MULRONEY: In --  
15 I think it was February 25, 1993.  
16 34249 MR. PRATTE: And did that trigger a  
17 leadership race?  
18 34250 THE RIGHT HON. BRIAN MULRONEY: It  
19 triggered both great cries of mourning and regret in  
20 the nation --  
21 --- Laughter / Rires  
22 34251 THE RIGHT HON. BRIAN MULRONEY: --  
23 and a leadership race.  
24 34252 MR. PRATTE: Well, I'm not sure which  
25 was more important to the country --

1 --- Laughter / Rires

2 34253 MR. PRATTE: -- but let's stick --

3 34254 THE RIGHT HON. BRIAN MULRONEY: You  
4 know what it was all about, all of this stuff? They  
5 hated free trade and the GST and they knew that the  
6 next government was gonna get rid of both. So there you  
7 go.

8 --- Laughter / Rires

9 34255 MR. PRATTE: All right. Do you  
10 recall, Mr. Mulroney, when the leadership race then saw  
11 its dénouement, as it were, within the Conservative  
12 Party? What date was that roughly, do you know?

13 34256 THE RIGHT HON. BRIAN MULRONEY: I  
14 believe the -- I was elected on the 11th of June and it  
15 was about 10 years almost to the day 10 years later.  
16 So I think it was the 13th of June maybe.

17 34257 MR. PRATTE: Okay. And did that in  
18 any way affect your plans for the summer in terms --  
19 because you are residing at 24 Sussex up until that  
20 time.

21 34258 THE RIGHT HON. BRIAN MULRONEY: Yes.  
22 We moved out of 24 Sussex, as we did every year, and  
23 went and spent the summer at Harrington Lake with the  
24 children and operated out of there.

25 34259 This year, because we were leaving

1 office and Mila wanted to make sure that the home was  
2 ready for the new occupant, either Kim or Jean Charest,  
3 that we moved out earlier than we normally did and  
4 moved to Harrington Lake.

5 34260 It was agreed that I would leave  
6 office and resign officially on the 25th. But in truth  
7 I had said to the winner, Ms Campbell, I would like to  
8 leave earlier and Mila and I and the children would  
9 like to be out of here -- I forget the exact date. I  
10 think it was perhaps the 19th, but Kim asked me to stay  
11 on because she was working on the Cabinet and other  
12 things after the Leadership Convention. So I stayed  
13 for four or five days or a week and, when she was  
14 ready, turned it over to her.

15 34261 MR. PRATTE: Do you recall a meeting  
16 with Mr. Schreiber on or about June 23, 1993?

17 34262 THE RIGHT HON. BRIAN MULRONEY: Yes,  
18 I do.

19 34263 MR. PRATTE: Do you know how that  
20 meeting came about?

21 34264 THE RIGHT HON. BRIAN MULRONEY: I  
22 don't know specifically, but it would have had to be  
23 arranged by Mr. MacKay or requested by Mr. MacKay or  
24 Mr. Doucet.

25 34265 They are the only people that I was



1           aware of associating to that extent with Mr. Schreiber.

2   34266                   I was advised, I think by Paul Smith,  
3           that the request was for a courtesy call to say goodbye  
4           from Mr. Schreiber.

5   34267                   MR. PRATTE:   Why did you agree to  
6           meet with Mr. Schreiber?

7   34268                   THE RIGHT HON. BRIAN MULRONEY:   I was  
8           asked for it by, as I say, Elmer or Fred and there were  
9           lots of people coming by to say goodbye.   I was able to  
10          do it and I did it.

11   34269                   MR. PRATTE:   Did you in any way  
12          initiate Mr. Schreiber coming to Harrington Lake for  
13          that meeting --

14   34270                   THE RIGHT HON. BRIAN MULRONEY:   I  
15          never --

16   34271                   MR. PRATTE:   -- directly or  
17          indirectly?

18   34272                   THE RIGHT HON. BRIAN MULRONEY:   I  
19          have never initiated a meeting with Mr. Schreiber in my  
20          life.

21   34273                   MR. PRATTE:   Do you know  
22          approximately when Mr. Schreiber arrived at Harrington  
23          Lake?

24   34274                   THE RIGHT HON. BRIAN MULRONEY:   I  
25          don't.   But on looking at this, some of the documents

1 here, I gather it was sometime around 11 o'clock.

2 34275 MR. PRATTE: Okay.

3 34276 I'm not going to get into the  
4 business of what kind of car he was driven up or driven  
5 down, Mr. Mulroney, but maybe we can just -- I mean  
6 unless you know something about the kind of car he  
7 drove up. Do you?

8 34277 THE RIGHT HON. BRIAN MULRONEY: Well,  
9 I do only because with the remarkable -- I think widely  
10 acknowledged objective and fair-minded treatment, the  
11 fifth estate reported that he arrived in a big black  
12 limousine with rocks flying all over the place, and so  
13 on.

14 34278 So I was kind of disappointed to  
15 learn that he had arrived in Paul Smith's second-hand  
16 jeep.

17 34279 So I knew how he got there and I had  
18 an idea of when the meeting began.

19 34280 MR. PRATTE: What did you discuss at  
20 the meeting? What do you recall being discussed at the  
21 meeting?

22 34281 THE RIGHT HON. BRIAN MULRONEY: What  
23 was discussed at the meeting was, as we say, a courtesy  
24 goodbye meeting. It lasted about 25-30 minutes, I  
25 guess, something like that.

1 34282 And it was in the living room at  
2 Harrington, which is wide open. There are no walls or  
3 anything like that; people coming and going, staff,  
4 children, family walk in and out kind of thing. And we  
5 were sitting there and he said delighted to be able to  
6 see you to say goodbye.

7 34283 He then I think talked about the  
8 election campaign, the imminent election campaign and  
9 what did I think. With my usual unerring accuracy, I  
10 forecast a majority government for Ms Campbell.

11 34284 That didn't happen but we talked  
12 about that and how that might happen, and so on.

13 34285 And then he talked about a subject  
14 that he raised with me many times, and that is German  
15 reunification and how beneficial that had been to his  
16 native country, and so on. He was very grateful for  
17 the role that I had played in that because,  
18 Mr. Commissioner, that had been a subject of great  
19 interest to me.

20 34286 And in Chancellor Kohl's famous  
21 speech to the Bundestag talking about this historic  
22 development, he said that Germany will always have  
23 three leaders to thank from the outside for what had  
24 happened, because he was the architect of it all  
25 really. And the three leaders he thanked were

1 President Bush and President Gorbachev and me.

2 34287 So I knew a little bit about it and I  
3 took some pride in it because of what Canada was able  
4 to do, and he knew a lot about it obviously. So we  
5 chatted. It changed his country and it changed his  
6 country of origin, so we talked about that.

7 34288 And that was basically the  
8 conversation.

9 34289 When we got up to -- he got up to  
10 leave, he had asked me what I planned to do and I said  
11 well, I plan to go back to Montréal and practise law  
12 and probably do some international directorships or  
13 things like that.

14 34290 He said given -- we had just finished  
15 talking about German reunification and he said given  
16 your tremendous range of contacts around the world and  
17 the very high regard in which you are held by these  
18 foreign leaders, perhaps I would like to be in touch  
19 with you in this regard later on.

20 34291 I said well, I don't know exactly  
21 where I am going to be but it will be somewhere in  
22 Montréal and if you want to get a hold of me, call Fred  
23 and Fred will give me a shout.

24 34292 MR. PRATTE: Was there, in that  
25 discussion, any discussion or mention of the Bear Head

1 Project in relation to his retaining you for that?

2 34293 THE RIGHT HON. BRIAN MULRONEY:

3 Actually there was. I should have mentioned it.

4 34294 I said -- and that was right at the  
5 beginning. I said, you know, I regret that we weren't  
6 able to make this happen. I'm sorry this didn't take  
7 place, because God knows we could have used the jobs in  
8 eastern Nova Scotia. That was it.

9 34295 MR. PRATTE: Okay. Did you have --  
10 I'm going to put to you a question that Mr. Wolson put  
11 to Mr. Schreiber when he was back here on May 7, 2009.

12 34296 Did you have an agreement with  
13 Mr. Schreiber at Harrington Lake to work together in  
14 the future?

15 34297 THE RIGHT HON. BRIAN MULRONEY:  
16 Absolutely not.

17 34298 MR. PRATTE: Did Mr. Schreiber make  
18 any mention, in the course of the discussions, of his  
19 having to check whether or not there was some money  
20 left in some account regarding the Bear Head Project?

21 34299 THE RIGHT HON. BRIAN MULRONEY:  
22 Absolutely not.

23 34300 MR. PRATTE: I would like to take you  
24 back now, Mr. Mulroney -- I'm sorry to be jumping  
25 around -- to Binder No. 2 to the photographs. It is

1           Tab 123.

2   34301                   THE RIGHT HON. BRIAN MULRONEY:  One  
3           twenty-three.

4   34302                   MR. PRATTE:  The second picture in  
5           the tab.

6   34303                   THE RIGHT HON. BRIAN MULRONEY:  Yes.

7   34304                   MR. PRATTE:  Do you recognize that  
8           guy?

9   34305                   THE RIGHT HON. BRIAN MULRONEY:  Just  
10          as distinguished as ever.  I do.

11   34306                   MR. PRATTE:  There is an annotation  
12          at the bottom, Mr. Mulroney.

13   34307                   Mr. Schreiber has testified that you  
14          promised him or he asked for a picture, a portrait of  
15          you, which was later delivered I think he said at his  
16          office and he found it when he was back in Canada  
17          sometime later.

18   34308                   Do you remember any discussion of a  
19          picture?

20   34309                   THE RIGHT HON. BRIAN MULRONEY:  I  
21          remember him asking me for personalized photo that he  
22          would like to, you know, place on his wall or do with  
23          whatever.  He asked me if I would send him one and  
24          autograph it for him so that he would have in his  
25          collection.

1 34310 MR. PRATTE: Okay. Was that a rare  
2 occurrence, that people would ask you for your  
3 photograph?

4 34311 THE RIGHT HON. BRIAN MULRONEY: No.  
5 I think that Paul Smith mentioned to you that I would  
6 sign hundreds and hundreds of photographs, so it was  
7 far from a rare occurrence.

8 34312 MR. PRATTE: You write -- well, first  
9 of all, can you confirm that it is your handwriting at  
10 the bottom there?

11 34313 THE RIGHT HON. BRIAN MULRONEY: Yes.

12 34314 MR. PRATTE: And it says, and I  
13 quote:  
14 "for my friend, Karlheinz  
15 much(sic) gratitude and best  
16 personal..."

17 34315 THE RIGHT HON. BRIAN MULRONEY: No,  
18 "with gratitude".

19 34316 MR. PRATTE: I should have asked you  
20 to read it then.

21 34317 THE RIGHT HON. BRIAN MULRONEY: Yes.

22 34318 MR. PRATTE: Let's start over so we  
23 get the record clear.

24 34319 THE RIGHT HON. BRIAN MULRONEY: Yes.

25 34320 MR. PRATTE: What does it read,

1 Mr. Mulroney?

2 34321 THE RIGHT HON. BRIAN MULRONEY: It  
3 says:

4 "for my friend, Karlheinz  
5 with gratitude and best personal  
6 regards  
7 Brian Mulroney"

8 34322 MR. PRATTE: And what was this --  
9 what were these words supposed to signify? Why were  
10 you saying with gratitude and personal regards?

11 34323 THE RIGHT HON. BRIAN MULRONEY: It  
12 was a not untypical inscription in the political world  
13 about anybody who kind of helped you, went out of their  
14 way, tried to raise votes for you, tried to have  
15 dinners for you to support your candidates or your  
16 party, knocked on doors for you.

17 34324 I would send hundreds and hundreds of  
18 photos and notes, handwritten notes, across the country  
19 to people who helped us.

20 34325 It's the only way you keep a caucus  
21 together. You have to focus on your caucus and your  
22 party because when the crunch comes, if the caucus is  
23 not with you, you're dead. And I made certain, and I  
24 learned that there, and I kept working on it.

25 34326 So this was not untypical at all.



1 34327 MR. PRATTE: I just want to be clear,  
2 Mr. Mulroney, did these words related in any way, shape  
3 or form to any work that you might do for Mr. Schreiber  
4 in the future?

5 34328 THE RIGHT HON. BRIAN MULRONEY: No,  
6 not at all.

7 34329 May I just point out one thing that  
8 might be just a small nuance.

9 34330 I read some of Mr. Schreiber's  
10 testimony where he said that I had sent him a copy of  
11 the photo -- excuse me, the copy of the portrait, my  
12 official portrait which is in Parliament along with the  
13 other Prime Ministers and that this is what this is.

14 34331 It's not that at all. This is a  
15 photograph that I use thousands of times with people  
16 across the country. This was given to him in 1993. I  
17 think my portrait was unveiled 10 years later or 12  
18 years later in Parliament.

19 34332 And there are photos of that portrait  
20 which are sent out, but this is not -- this was an  
21 entirely conventional political photo that politicians  
22 and Prime Ministers have to use.

23 34333 MR. PRATTE: Mr. Mulroney, thank you,  
24 sir. You can put that book away for now.

25 34334 You indicated before that you stepped

1 down as Prime Minister on June 25, 1993.

2 34335 THE RIGHT HON. BRIAN MULRONEY:

3 That's right.

4 34336 MR. PRATTE: Did you remain a Member  
5 of Parliament, though, for some time thereafter?

6 34337 THE RIGHT HON. BRIAN MULRONEY: I  
7 did. I had recommended to Kim Campbell that she call  
8 the House back and deliver a throne speech and put out  
9 an economic statement and then dissolve the House and  
10 call an election, and I would remain a Member of  
11 Parliament in the event that she needed me in the  
12 House, for a day or two, because that's all the time  
13 she really would have had.

14 34338 She chose not to do that. She was  
15 doing extremely well during the summer of 1993, and I  
16 think what happened, her numbers went up; she was doing  
17 very well. On Labour Day she was significantly ahead  
18 of the Liberals, and I guess she figured she didn't  
19 need that. So she pulled the plug and called the  
20 election.

21 34339 I had only agreed to stand on as a  
22 courtesy in the event that she called the House back  
23 and needed me for whatever.

24 34340 MR. PRATTE: Perhaps you could just  
25 bring your microphone a bit closer, Mr. Mulroney.

1 34341 THE RIGHT HON. BRIAN MULRONEY:

2 Sorry.

3 34342 MR. PRATTE: Some people may have  
4 difficulty hearing you.

5 34343 Did you carry on any formal  
6 activities as a Member of Parliament between the time  
7 you resigned, or you stepped down as Prime Minister,  
8 and the time the election was called?

9 34344 THE RIGHT HON. BRIAN MULRONEY: No.  
10 I made my last trip swing through my riding on I think  
11 the second, third and fourth of June, and that was it.

12 34345 MR. PRATTE: Now, Mr. Mulroney, after  
13 finishing nine years as Prime Minister of Canada I  
14 assume that the question arises: Well, what am I going  
15 to do now?

16 34346 How did you answer that question?

17 34347 THE RIGHT HON. BRIAN MULRONEY: Well,  
18 I was asked -- do you mean in terms of career choices?

19 34348 MR. PRATTE: Yes.

20 34349 THE RIGHT HON. BRIAN MULRONEY: Yes.  
21 Well, I was asked to rejoin the law firm of Ogilvy  
22 Renault in Montréal and Toronto, Québec City, Ottawa, a  
23 big law firm, as a senior partner, and I agreed to do  
24 that.

25 34350 I was asked to join the Board of

1 Archer Daniels Midland, one of the great agribusiness  
2 corporations in America.

3 34351 I was asked to join the Board of the  
4 Barrick Gold Corporation, which is the largest gold  
5 company in the world; the Horsham Corp. which owns  
6 Trizec and many other things.

7 34352 And so while there is always  
8 uncertainty, anybody who has left a job or has moved  
9 somewhere else, there is uncertainty as to how well you  
10 are going to do. But I had always done pretty well.

11 34353 And while I had less money going out  
12 than I had coming in, I figured that I will be able to  
13 look after Mila and the kids and my mother and my other  
14 obligations pretty well. So I was pretty confident  
15 about it.

16 34354 COMMISSIONER OLIPHANT: Just so that  
17 I understand: I had less money going out than coming  
18 in.

19 34355 THE RIGHT HON. BRIAN MULRONEY: Yes.

20 34356 COMMISSIONER OLIPHANT: Are you  
21 talking about the flow of money or going out of office  
22 and coming into office?

23 34357 THE RIGHT HON. BRIAN MULRONEY: No,  
24 what I'm talking about, Mr. Commissioner, is this. The  
25 highest I ever received as Prime Minister of Canada for

1           nine years at the end was \$113,000 a year before tax.  
2           I was the first Prime Minister to take a 15 per cent  
3           pay cut and I was the first Prime Minister in history  
4           to pay for my own food and that of my family.

5   34358                    So I was able, because of my work at  
6           the Iron Ore Company, to self subsidize our  
7           requirements through my savings and investments while I  
8           was there, because this gave me about -- I don't know  
9           what that would be, say \$40,000 or \$50,000 a year,  
10          something like that, after tax.

11   34359                   So, as I say -- I had maybe a little  
12          more. So I had -- you know, when I came in I was  
13          coming from the Presidency of the Iron Ore Company. I  
14          was very fortunate and privileged. I had a -- like a  
15          lot of CEOs, I had a pretty good deal and so I was  
16          coming -- all I meant was I'm coming out with less than  
17          I had when I went in.

18   34360                   MR. PRATTE: I know this is a bit  
19          uncomfortable, Mr. Mulroney, but the suggestion has  
20          certainly been floated around by Mr. Schreiber when he  
21          was here, as he had done elsewhere, that you were in  
22          desperate need for money when he -- we will get to that  
23          point presently -- but when he offered you some money  
24          at Mirabel.

25   34361                   What do you say to that?

1 34362 THE RIGHT HON. BRIAN MULRONEY: Well,  
2 I just answered. You can figure that out for yourself  
3 approximately how much that might be. It is a lot of  
4 money.

5 34363 I never -- you know, when my father  
6 died, I told you that, it was the first year that he  
7 ever made \$10,000 raising six kids. We were such that  
8 my mother had to take in boarders. My father had two  
9 jobs and my mother took in boarders and the kids were  
10 stacked like lumber in that millhouse. And I worked  
11 every summer and every year as a labourer, sometimes as  
12 a driver of small trucks, working for Cargill Grain or  
13 the Québec North Shore. I knew the value of a dollar.

14 34364 So I was very fortunate with the way  
15 my life unfolded. So I was not ungrateful at all by  
16 what was happening. I was very happy to be able to  
17 look after my wife and my four young kids and others.

18 34365 MR. PRATTE: I just have a few more  
19 questions, Mr. Commissioner, and then perhaps it would  
20 be -- as I am going to be switching places -- time for  
21 a break.

22 34366 On this topic, Mr. Mulroney, apart  
23 from the directorships that you were talking about just  
24 a moment ago, were you also involved in maybe what has  
25 been your trademark, the communications business, in a

1 manner of speaking?

2 34367 THE RIGHT HON. BRIAN MULRONEY: Yes.

3 I was approached, Mr. Commissioner, by the owners of  
4 the Washington Speakers Bureau to see if I would sign  
5 on with them. They represented President Reagan and  
6 Mrs. Thatcher, among others. They wanted me to sign on  
7 with them and join the speakers tour.

8 34368 I eventually did that. That was an  
9 important part of my income starting out.

10 34369 MR. PRATTE: What was -- I don't know  
11 if it is public, if you mind telling us, but what kind  
12 of fees would they pay for a person engaged in such  
13 activity?

14 34370 THE RIGHT HON. BRIAN MULRONEY: In  
15 1993 -- I can mention it because it was public. It was  
16 published in the Washingtonian Magazine.

17 34371 I was being paid -- you were asked to  
18 deliver a 30-minute speech, take a few questions. I  
19 was being paid \$45,000 U.S. a speech. As the Canadian  
20 dollar, as you will remember, began to trade down to  
21 \$.63 Canadian, this meant that I was getting for most  
22 of the time in the neighbourhood of \$65,000 or \$70,000  
23 a speech.

24 34372 So I don't think anybody could say  
25 with those kinds of revenues that I was in any way

1           deprived, and I was deeply grateful for the  
2           opportunity.

3   34373                    I had no clue that this existed, you  
4           know, like that.

5   34374                    And I can tell you, if I may,  
6           exactly, Mr. Commissioner, what happened. It wouldn't  
7           be a strange feeling to some of us.

8   34375                    He came to see me in New York, the  
9           owner of the thing, and I said no, I'm tired of this  
10          stuff. Thank you very much, I'm tired of it and I'm  
11          not -- I want to rest. I had been there for a long  
12          time.

13   34376                    So I reported this to Mila who came  
14          in an hour or so later, and she said how did you make  
15          out with the Washington Speakers Bureau? I said well,  
16          they are terrific and they want me to make speeches  
17          around the world. And she said what did you tell him?  
18          I said I told him I can't do it. I'm tired and I'm not  
19          going to do it.

20   34377                    She said well, that's too bad. How  
21          much are they going to pay you? I said \$45,000 U.S. a  
22          speech.

23   34378                    She said let me tell you something.  
24          You've made 11,000 speeches for nothing. You are going  
25          to make these speeches for the Washington Speakers



1 Bureau.

2 --- Laughter / Rires

3 34379 THE RIGHT HON. BRIAN MULRONEY: And  
4 that's how I got launched in the speaking business.

5 34380 So if you put it all together, I  
6 guess the fast answer is that Mr. Schreiber's  
7 preposterous suggestions -- well, you have seen them  
8 all over the place. They are unworthy to be dignified  
9 with any serious comment.

10 34381 MR. PRATTE: Can we take a break,  
11 Mr. Commissioner?

12 34382 COMMISSIONER OLIPHANT: It's  
13 3 o'clock. We will come back at 3:15 then.

14 34383 MR. PRATTE: Thank you, sir.

15 --- Upon recessing at 3:00 p.m. / Suspension à 15 h 00  
16 --- Upon resuming at 3:21 p.m. / Reprise à 15 h 21

17 34384 COMMISSIONER OLIPHANT: Be seated,  
18 please.

19 34385 Mr. Pratte, just before you continue,  
20 when we get to around 4:30, at a time that is  
21 convenient for you, I think we will break. It is a  
22 long day, especially for the person who is on the  
23 witness stand.

24 34386 THE RIGHT HON. BRIAN MULRONEY: Thank  
25 you, Mr. Commissioner.

1 34387 MR. PRATTE: Thank you, Mr.  
2 Commissioner.  
3 34388 Mr. Mulroney, might I take you to  
4 Binder No. 1, Tab 68.  
5 34389 THE RIGHT HON. BRIAN MULRONEY: Yes.  
6 34390 MR. PRATTE: You will find a document  
7 there entitled "Extract from Agreement Entered into  
8 August 2, 1993, between Ogilvy Renault and Brian  
9 Mulroney..."  
10 34391 Do you see that?  
11 34392 THE RIGHT HON. BRIAN MULRONEY: Yes.  
12 34393 MR. PRATTE: You told us before that  
13 you had decided to join, I guess, your alma mater,  
14 Ogilvy Renault.  
15 34394 THE RIGHT HON. BRIAN MULRONEY: Yes.  
16 34395 MR. PRATTE: Could you just, without  
17 necessarily reading this, tell us what this clause is?  
18 34396 It is an extract from the Partnership  
19 Agreement of Ogilvy Renault.  
20 34397 Is that right?  
21 34398 THE RIGHT HON. BRIAN MULRONEY: Yes.  
22 34399 MR. PRATTE: What is this extract  
23 about?  
24 34400 THE RIGHT HON. BRIAN MULRONEY: When  
25 I returned, I signed the conventional Partnership

1 Agreement with Ogilvy Renault, with one exception. I  
2 asked that they consider my view in regard to Clause 6,  
3 which simply excludes from common revenues certain  
4 personal matters that I thought I might be able to  
5 entertain. So that is just an exclusion from one of  
6 the general rules.

7 34401 MR. PRATTE: What kind of revenues  
8 would be excluded?

9 34402 THE RIGHT HON. BRIAN MULRONEY:  
10 Revenue derived from personal consulting mandates,  
11 revenues for acting as a director, revenues derived  
12 from speaking engagements.

13 34403 MR. PRATTE: If you just flip to the  
14 tab before that, Tab 67, Mr. Mulroney, you will see a  
15 number of --

16 34404 Actually, I have you at the wrong  
17 tab.

18 34405 If you go to Tab 67C -- you will see  
19 that the tab is divided into a number of sub-tabs.

20 34406 THE RIGHT HON. BRIAN MULRONEY: Yes.

21 34407 MR. PRATTE: At Tab C you should find  
22 an excerpt from corporate registration documents.

23 34408 Do you see that?

24 34409 THE RIGHT HON. BRIAN MULRONEY: Yes,  
25 I do.

1 34410 MR. PRATTE: It pertains to a  
2 numbered company, which, if I may be permitted to lead,  
3 we know becomes a company known by the name of Cansult,  
4 if you look at Tab D.

5 34411 THE RIGHT HON. BRIAN MULRONEY: Yes.

6 34412 MR. PRATTE: It was established when,  
7 do you know, roughly?

8 34413 THE RIGHT HON. BRIAN MULRONEY:  
9 Sometime, I think, in early September.

10 34414 MR. PRATTE: In fact, if you go back  
11 to Tab C, you will see that there is the date of August  
12 1993.

13 34415 THE RIGHT HON. BRIAN MULRONEY: Yes,  
14 in that --

15 34416 MR. PRATTE: Okay. Can you tell me  
16 briefly what that company was, or is?

17 34417 THE RIGHT HON. BRIAN MULRONEY: I  
18 think I had asked my friend and literary executor Sam  
19 Minnsberg to incorporate this for me in anticipation of  
20 what was going on. I believe that was the case, and it  
21 was simply a vehicle that would enable me to function  
22 within the partnership at all times, with this  
23 exception.

24 34418 MR. PRATTE: Very well. Now, when  
25 did you actually start at Ogilvy Renault?

1 34419 Of course, we are in 1993 now.

2 34420 THE RIGHT HON. BRIAN MULRONEY: Yes.

3 I think I started sometime in early September.

4 34421 MR. PRATTE: Did you do any work

5 during the summer, or August?

6 34422 Where were you during --

7 34423 THE RIGHT HON. BRIAN MULRONEY: Mila

8 and I and the children went away, right after, from

9 Harrington Lake, to Europe, and we came back and moved

10 up north. We had no home at the time. We moved up

11 north to L'Esterel. We had a cottage on the lake. But

12 I think that I --

13 34424 I am a workhorse by nature, and I

14 couldn't stand the -- even though I had just finished

15 as Prime Minister, I told Raymond Crevier, "I've got to

16 work." He said, "Well, we don't have an office for

17 you. We are building your office for September." I

18 said, "Just give me what you've got."

19 34425 So I would come down from time to

20 time to the office, to start learning the routine

21 again.

22 34426 MR. PRATTE: Who is Mr. Crevier, so

23 that we all know --

24 34427 THE RIGHT HON. BRIAN MULRONEY:

25 Raymond Crevier was the managing partner of the firm.

1           There was always a managing partner and a chairman  
2           and --

3   34428                    Like, today, it is Pierre Bienvenu  
4           and Norm Steinberg who run the -- or John Coleman who  
5           runs the operation now.

6   34429                   MR. PRATTE:    And where is L'Esterel,  
7           where you were staying, geographically, if I could ask?

8   34430                   THE RIGHT HON. BRIAN MULRONEY:  It is  
9           due north of Montreal.  I guess it's about an hour and  
10          a half drive north of Montreal.  It's a resort area.

11  34431                    Because we didn't have a home ready  
12          in Montreal, we rented a cottage there, until, I think,  
13          even after the kids went to school.

14  34432                    Mark and Nicolas were very young, and  
15          Caroline and Ben, I think, were at college.  They left  
16          early to go to college.  So the two young ones stayed  
17          with us, and we kept the cottage until we were able to  
18          move into our home.

19  34433                    MR. PRATTE:  We all know, Mr.  
20          Mulroney, that there is a meeting that takes place at a  
21          hotel near Mirabel, Quebec, on or about August 27,  
22          1993, between you and Mr. Schreiber.  Can you tell me  
23          how that came about?

24  34434                    THE RIGHT HON. BRIAN MULRONEY:  I got  
25          a call from Mr. Doucet, who said that Mr. Schreiber

1           would like to meet with me when next he was in Canada.

2   34435                   I believe there was a second call,  
3           after Fred had ascertained what he wanted to talk to me  
4           about, because Fred told me on the phone that Mr.  
5           Schreiber wanted to meet with me to discuss an  
6           international mandate on behalf of either his company  
7           or himself, or a group of companies. All I knew was  
8           that it was an international mandate, which struck me  
9           as being okay because I was, obviously, into that  
10          business, or I thought I would be.

11   34436                   MR. PRATTE: All right. So what next  
12          happened so that you would attend such a meeting at  
13          Mirabel?

14   34437                   Did Mr. Doucet tell you where to go?  
15          How did you actually know --

16   34438                   THE RIGHT HON. BRIAN MULRONEY: Not  
17          at that time.

18   34439                   He called me shortly thereafter, or  
19          soon thereafter, and said, "Look, Mr. Schreiber is  
20          going to be returning to Europe" -- at the end of the  
21          day, or the early evening, whatever the date was --

22   34440                   MR. PRATTE: The 27th was when --

23   34441                   THE RIGHT HON. BRIAN MULRONEY: The  
24          27th, yeah.

25   34442                   "Inasmuch as you are at L'Esterel,"

1           which is, I don't know, 20, 25 minutes away -- it is  
2           also up north -- "could you meet him at the CP hotel at  
3           the airport?"

4   34443                    You may remember that the Canadian  
5           government decided to build Mirabel way the hell out in  
6           the boonies, up north of Montreal, and people would get  
7           out there and get snowed in, and they would have to  
8           come all the way back, an hour and a half or  
9           something -- an hour to Montreal. So CP put up a hotel  
10          there, and it was largely used for meetings and people  
11          who were delayed or who were going over.

12   34444                    I said, "Fine."

13   34445                    Mr. Doucet told me that the meeting  
14          would take place at such-and-such a time, that Mr.  
15          Schreiber couldn't spend a long time because he was  
16          going on a flight soon thereafter to Europe -- I guess  
17          it was Switzerland or Germany. I said, "Fine."

18   34446                    MR. PRATTE: Did you arrange for the  
19          room at the Mirabel Hotel?

20   34447                    THE RIGHT HON. BRIAN MULRONEY: No, I  
21          did not.

22   34448                    MR. PRATTE: How did you get yourself  
23          to that hotel for the meeting?

24   34449                    THE RIGHT HON. BRIAN MULRONEY: How  
25          did I get there?



1 34450 MR. PRATTE: How did you get there?

2 34451 THE RIGHT HON. BRIAN MULRONEY: I was  
3 driven to the Mirabel Hotel and escorted to the room --  
4 Mr. Schreiber's room -- by the RCMP.

5 34452 MR. PRATTE: All right. Then what?

6 34453 THE RIGHT HON. BRIAN MULRONEY: I had  
7 RCMP duty officers with me at the time, as a former  
8 Prime Minister.

9 34454 They were at L'Esterel with us. They  
10 drove me -- the two officers drove me to the hotel and  
11 walked me to the room, and I knocked on the door, and  
12 Mr. Schreiber opened the door.

13 34455 MR. PRATTE: And then what?

14 34456 THE RIGHT HON. BRIAN MULRONEY: Then  
15 he invited me in, and there began the conversation.

16 34457 MR. PRATTE: What was the  
17 conversation, Mr. Mulroney, as best you can recall it?

18 34458 THE RIGHT HON. BRIAN MULRONEY: The  
19 first thing that happened was, actually, pretty  
20 startling, as a result of which I thought that the  
21 meeting was going to be short and sweet, and would that  
22 it had been. Mr. Schreiber began by telling me that he  
23 had retained the services of a very distinguished  
24 solicitor, or barrister, Ian Scott, to sue my  
25 government for non-performance in regard to the project

1 at Bear Head, and he handed me a copy of the Statement  
2 of Claim that he proposed to file against the  
3 Government of Canada.

4 34459 MR. PRATTE: Could you look to the  
5 next tab, 69?

6 34460 It is in the same book that you are  
7 in, and it is probably the last tab, Mr. Mulroney.

8 34461 THE RIGHT HON. BRIAN MULRONEY: Yes.

9 34462 MR. PRATTE: If you go to page 14,  
10 the document is dated August 20th, 1993.

11 34463 Can you identify that document?

12 34464 THE RIGHT HON. BRIAN MULRONEY: I'm  
13 sorry, page 14?

14 34465 MR. PRATTE: Yes.

15 34466 THE RIGHT HON. BRIAN MULRONEY: Yes.

16 34467 MR. PRATTE: Can you identify that  
17 document?

18 34468 THE RIGHT HON. BRIAN MULRONEY: This  
19 is the document that he gave me.

20 34469 MR. PRATTE: All right. I'm sorry, I  
21 interrupted you. He gave you this, and what was the  
22 discussion around this?

23 34470 THE RIGHT HON. BRIAN MULRONEY: I  
24 told him that I -- all I could. I said, "If you feel  
25 that you've got a cause of action against the

1 Government of Canada, go ahead and file it."

2 34471 MR. PRATTE: All right. And then  
3 what happened?

4 34472 THE RIGHT HON. BRIAN MULRONEY: Then  
5 he began to talk to me about these vehicles -- back in  
6 action with the vehicles. He told me that he would  
7 like me to be on an international peacekeeping track  
8 for Thyssen, for these vehicles, and could I assist  
9 them internationally in this regard.

10 34473 The manner in which he spoke, quite  
11 frankly, I construed -- not that second, but in the  
12 fullness of time it was very clear to me that he was  
13 describing a watching brief, whereby I would, under  
14 fairly general conditions, do my very best to promote  
15 the interests of Mr. Schreiber internationally.

16 34474 Then he handed me some documents that  
17 dealt with the vehicles and the roles that they could  
18 play, with what appeared to be some merchandising --  
19 sales approaches internationally.

20 34475 MR. PRATTE: Mr. Commissioner, these  
21 documents are copied in various tabs, but I would like  
22 to put the originals to the witness.

23 34476 Apart from the Statement of Claim --

24 34477 I will give you the references, Mr.  
25 Commissioner. They are contained in Binder 1, at Tabs

1           62, 63 and 64, and at Tab 70 of Binder 2.

2   34478                   The two brochures are also found at  
3           the additional documents of Mr. Mulroney's testimony,  
4           which is P-46, Tab 3.

5   34479                   I have handed you, Mr. Mulroney, a  
6           folder with various documents --

7   34480                   THE RIGHT HON. BRIAN MULRONEY: Yes.

8   34481                   MR. PRATTE: -- and I wonder if you  
9           could look at them and tell me whether you recognize  
10          those documents.

11   34482                   Maybe, as you go through, you could  
12          describe what these are.

13   34483                   THE RIGHT HON. BRIAN MULRONEY: Yes,  
14          these are the documents that he gave me.

15   34484                   The first one is from Thyssen  
16          Henschel, "Defence Technology", the 495 Infantry Combat  
17          Vehicle, and there is a portrait of the product with  
18          the United Nations insignia on it, on all sides.

19   34485                   Inside there is another portrait of  
20          the vehicle, with the United Nations on it, and an  
21          indication of "the state of the art technology for a  
22          state of the art system."

23   34486                   And this was perfectly -- and here it  
24          is again, at the end, the vehicle with the United  
25          Nations marked all over it.

1 34487 Then the other --

2 34488 Do you want me to go to the next one?

3 34489 MR. PRATTE: Yes.

4 34490 THE RIGHT HON. BRIAN MULRONEY: The

5 next one is --

6 34491 MR. PRATTE: I'm sorry, we will just

7 go through them. Mr. Wolson is indicating, of course,

8 that they should be filed as a separate exhibit. I am

9 just asking the witness to go through them, and I think

10 we should mark them collectively, as one exhibit --

11 34492 THE RIGHT HON. BRIAN MULRONEY:

12 Should I show them to the Commissioner now?

13 34493 MR. PRATTE: Why don't you go through

14 them, Mr. Mulroney, and then we will show them to the

15 Commissioner for the purpose of their being marked.

16 34494 THE RIGHT HON. BRIAN MULRONEY: Okay.

17 The next one he gave me was in the same line, but a

18 different brochure, dealing with different aspects.

19 34495 It is very clear that these are

20 important merchandising documents. I am not surprised

21 that he gives them to me, he is asking me if I would

22 represent the company internationally, and he is

23 showing me -- and he gave me documents with United

24 Nations markings. What does he think I am going to do,

25 go back to Baie Comeau and ask them if they are

1 interested?

2 34496 Look, this is what the thing was  
3 about.

4 34497 He then turns around and he gives me  
5 documents, with which I was more familiar, about the  
6 Thyssen project in Canada, and he gives me the  
7 Statement of Claim to which I have referred.

8 34498 That was essentially the  
9 documentation that he gave me.

10 34499 MR. PRATTE: Very well.

11 34500 Perhaps we could show these to the  
12 Commissioner, and then we could have them marked.

13 --- Pause

14 34501 COMMISSIONER OLIPHANT: I have been  
15 handed by Mr. Mulroney four documents. These are to be  
16 marked as individual exhibits, is that your wish?

17 34502 MR. PRATTE: That suits the  
18 Commission.

19 34503 Maybe we could mark them  
20 collectively, Mr. Commissioner.

21 34504 COMMISSIONER OLIPHANT: As one  
22 exhibit?

23 34505 MR. PRATTE: As one exhibit.

24 34506 COMMISSIONER OLIPHANT: All right.

25 34507 Just for the record, what Mr.

1 Mulroney has given me comprises two sales brochures for  
2 Thyssen Henschel. Both cover the TH 495 vehicle. One  
3 is a light, sort of grey colour, with the UN insignia  
4 marked in each of the drawings of the vehicle.

5 34508 The second brochure depicts a dark  
6 vehicle, a vehicle with a camouflage, and I don't see,  
7 I don't think, the United Nations on this particular  
8 one.

9 34509 The third document is a document that  
10 consists of six pages. It appears to be a photocopied  
11 document, "Thyssen Project in Canada".

12 34510 And the last is a copy of the  
13 Statement of Claim naming Bear Head Industries Limited,  
14 and others, as plaintiffs, against Her Majesty, and  
15 others, as defendants.

16 34511 That package of documents, then, will  
17 be received and marked, unless there is an objection.

18 34512 Mr. Vickery, any objection to those  
19 documents going in?

20 34513 MR. VICKERY: No objection, thank  
21 you.

22 34514 COMMISSIONER OLIPHANT: Mr.  
23 Houston...

24 34515 MR. HOUSTON: No, sir, thank you.

25 34516 COMMISSIONER OLIPHANT: Mr. Auger...

1 34517 MR. AUGER: No objection.

2 34518 MR. PRATTE: May I make an amendment,  
3 if you will; the same number, but maybe A, B, C and D,  
4 if the clerk could figure that out.

5 34519 COMMISSIONER OLIPHANT: All right.

6 34520 Then the brochure with the  
7 light-coloured vehicle, bearing the insignia of the  
8 United Nations, will be received and marked as Exhibit  
9 P-47A.

10 34521 The sales brochure with the dark or  
11 camouflaged light-armoured vehicle, TH 495, will be  
12 received and marked as Exhibit P-47B.

13 34522 The "Thyssen Project in Canada"  
14 documents will be received and marked as P-47C.

15 34523 And the Statement of Claim will be  
16 marked as P-47D.

17 EXHIBIT NO. P-47A: Brochure  
18 depicting a light-coloured  
19 vehicle bearing the insignia of  
20 the United Nations

21 EXHIBIT NO. P-47B: Brochure  
22 depicting dark/camouflaged  
23 light-armoured vehicle TH 495

24 EXHIBIT NO. P-47C: Documents  
25 entitled "Thyssen Project in



1 Canada"  
2 EXHIBIT NO. P-47D: Statement of  
3 Claim naming Bear Head  
4 Industries Limited, and others,  
5 as plaintiffs, against Her  
6 Majesty, and others, as  
7 defendants  
8 34524 MR. PRATTE: Thank you, sir.  
9 34525 THE RIGHT HON. BRIAN MULRONEY: I  
10 think, Mr. Pratte, contained therein -- I think -- is  
11 some correspondence in regard to the sale -- involving  
12 the sale of these vehicles, or similar vehicles --  
13 34526 COMMISSIONER OLIPHANT: I will just  
14 have the document go back to you.  
15 34527 THE RIGHT HON. BRIAN MULRONEY: I'm  
16 sorry.  
17 34528 COMMISSIONER OLIPHANT: You are  
18 referring to P-47C?  
19 34529 THE RIGHT HON. BRIAN MULRONEY: Yes.  
20 34530 COMMISSIONER OLIPHANT: I might say  
21 that I was looking at the first page, which is entitled  
22 "Thyssen Project in Canada".  
23 34531 THE RIGHT HON. BRIAN MULRONEY: Yes.  
24 34532 I would just point out, Mr.  
25 Commissioner, that there was also a letter that he gave

1 me, that had been sent to the head of Thyssen in  
2 Germany from Major-General A.C.P. Stone, Director  
3 General, Land Fighting Systems, Procurement Executive,  
4 Minister of Defence, in the U.K., and it is very clear  
5 from this that the entire object of the exercise is, of  
6 course, the sale of these vehicles around the world,  
7 both in NATO requirements and possibly something else.

8 34533 MR. PRATTE: Mr. Mulroney, you used  
9 the term "watching brief".

10 34534 THE RIGHT HON. BRIAN MULRONEY: Yes.

11 34535 MR. PRATTE: Was that a term that was  
12 spoken?

13 34536 THE RIGHT HON. BRIAN MULRONEY: No,  
14 it was not.

15 34537 MR. PRATTE: Why did you use that  
16 term?

17 34538 THE RIGHT HON. BRIAN MULRONEY:  
18 Because I construed -- subsequently I construed --

19 34539 By "subsequently" I mean in the next  
20 number of days, when I sat down to figure out what I  
21 might usefully do here -- that what he was asking me to  
22 do, with no requirements to report or write anything --  
23 "Do what you can to help us promote this  
24 internationally."

25 34540 I construed this as a watching brief

1           for him, who I assumed to be a major associate of  
2           Thyssen, and that's what I proceeded to do.

3   34541                   MR. PRATTE:  You mentioned the  
4           international arena.  Was there any mention of doing  
5           anything in respect of this mandate in Canada?

6   34542                   THE RIGHT HON. BRIAN MULRONEY:  No.

7   34543                   MR. PRATTE:  In the Province of  
8           Quebec?

9   34544                   I know it's still in Canada, but just  
10          to be clear.

11   34545                   THE RIGHT HON. BRIAN MULRONEY:  No.

12   34546                   MR. PRATTE:  Did he mention any  
13          discussions with Mr. Charest at that meeting?

14   34547                   THE RIGHT HON. BRIAN MULRONEY:  No.

15          In fact, I found out when he testified here that the  
16          day before he had a meeting with Charest and Jean  
17          Corbeil and others about this relocation of the  
18          project.  He never mentioned it to me.

19   34548                   MR. PRATTE:  Did he give you any  
20          specific instructions as to how to carry out your  
21          international mandate?

22   34549                   THE RIGHT HON. BRIAN MULRONEY:  The  
23          international mandate?

24   34550                   MR. PRATTE:  Yes.  Did he give you --

25   34551                   THE RIGHT HON. BRIAN MULRONEY:  No.

1 34552 MR. PRATTE: -- any more specific  
2 instruction?

3 34553 THE RIGHT HON. BRIAN MULRONEY:  
4 That's what I was saying.

5 34554 And, Mr. Commissioner, that's why I  
6 was -- that's what happened. That is the documentation  
7 he gave me, and so on.

8 34555 So the conversation that I have  
9 described flowed naturally from those documents. I  
10 mean, you are getting stuff with the United Nations  
11 stamped all over it. This is not a project that you  
12 were going to dispose of, you know, in downtown -- as I  
13 say, in downtown Baie Comeau or something. It doesn't  
14 work that way.

15 34556 But that is why I was startled when I  
16 heard Mr. Schreiber's latest version of things, that he  
17 had retained my services to work domestically, because  
18 he had sworn in other circumstances that he had never  
19 asked me to do a single thing vis-à-vis the Government  
20 of Canada.

21 34557 But more importantly, I brought in  
22 myself into the House of Commons the rules and  
23 regulations in regard to conflict of interest. And it  
24 is quite a stretch to think -- because he now says that  
25 well, maybe it took place at Harrington Lake and maybe

1           it didn't, the agreement -- but I would agree, having  
2           served nine years as Prime Minister of Canada, that I  
3           would agree 48 hours before I left office to violate  
4           the code of conduct that I brought in myself.

5   34558                   And what is even more preposterous,  
6           Mr. Commissioner, is that I would be asked to do that  
7           later, at Mirabel, a few weeks later, a month, two  
8           months later, that I would be asked, when you consider  
9           this, to act domestically for him.

10  34559                   He is asking me and he is  
11           compensating me, according to his version, to do  
12           something domestically, as a private consultant on the  
13           outside, that which I was unable or unwilling to do as  
14           Prime Minister of Canada.

15  34560                   This is pretty extraordinary stuff  
16           when you take a second to think about this latest  
17           version of his interpretation.

18  34561                   He gave me those documents. That was  
19           the conversation that took place and that is where I  
20           sought to be helpful.

21  34562                   MR. PRATTE: We will get to exactly  
22           what you thought you could do for him in a moment.

23  34563                   THE RIGHT HON. BRIAN MULRONEY: Yes.

24  34564                   MR. PRATTE: Did anything else happen  
25           at that meeting after you received the documents,

1 Mr. Mulroney?

2 34565 THE RIGHT HON. BRIAN MULRONEY: Yes.

3 After we had that conversation I got those documents  
4 and he asked me -- I was looking at those documents  
5 there, and he asked me whether I thought that I could  
6 help him internationally in that.

7 34566 And I said yes, I think this is  
8 something that I can usefully do. It is quite up my  
9 alley. I think it is something that I can do.

10 34567 And he got up. We were seated in one  
11 corner of the room. He got up and he went to a sofa  
12 not far away and he opened his briefcase and he came  
13 back and he had a legal sized envelope, and he gave me  
14 the envelope and he said here is the first payment on  
15 the retainer.

16 34568 I asked to retain your services.  
17 Here is the first payment on the retainer.

18 34569 MR. PRATTE: Did you open the  
19 envelope?

20 34570 THE RIGHT HON. BRIAN MULRONEY: No, I  
21 did not.

22 34571 MR. PRATTE: Did you know what was in  
23 it?

24 34572 THE RIGHT HON. BRIAN MULRONEY: Well,  
25 I knew that it wasn't a cheque because it had a

1 dimension about it that...

2 34573 And when I expressed by body language  
3 my -- I would call it a hesitation, he said to me  
4 spontaneously: I am an international businessman and I  
5 only deal in cash.

6 34574 Now, it was at that moment that I  
7 should have said: Look, this is something that I think  
8 I could usefully do for you, but I'm going to require a  
9 cheque. Just give me a cheque.

10 34575 I wish I had done that, because had I  
11 done it we wouldn't be here today. But I didn't.

12 34576 And that was the reason that I  
13 indicated that while nothing was illegal, that this  
14 kind of transaction, undocumented to that extent, as it  
15 is, could give rise to legitimate suspicions by  
16 reasonable people.

17 34577 MR. PRATTE: Was anything else  
18 discussed at the meeting?

19 34578 I think you indicated it was a brief  
20 meeting.

21 34579 THE RIGHT HON. BRIAN MULRONEY: Yes.

22 34580 MR. PRATTE: After he handed you the  
23 envelope, then what happened?

24 34581 THE RIGHT HON. BRIAN MULRONEY: I  
25 think he said soon thereafter that he had to -- that

1 his wife was waiting for him in the main airport and he  
2 had to go back because they were getting on the plane  
3 to go to Europe.

4 34582 MR. PRATTE: Did you have a briefcase  
5 with you?

6 34583 THE RIGHT HON. BRIAN MULRONEY: No, I  
7 did not.

8 34584 MR. PRATTE: How did you get back --  
9 well, I shouldn't ask you get back to.

10 34585 Where did you go after that,  
11 Mr. Mulroney?

12 34586 THE RIGHT HON. BRIAN MULRONEY: I  
13 went out, walked out and the Mounties were there and  
14 they took me to the vehicle and drove me back to  
15 l'Estérel.

16 34587 MR. PRATTE: Did you accept this  
17 envelope of cash for past services related to Airbus?

18 34588 THE RIGHT HON. BRIAN MULRONEY: Of  
19 course not.

20 34589 MR. PRATTE: Did you accept this cash  
21 envelope -- or this envelope for past services in  
22 relation to Eurocopter or Bear Head?

23 34590 THE RIGHT HON. BRIAN MULRONEY: No.

24 34591 MR. PRATTE: Did you accept this  
25 envelope in relation to any work you were undertaking



1 to do for Mr. Schreiber in Canada?

2 34592 THE RIGHT HON. BRIAN MULRONEY: No.

3 34593 MR. PRATTE: So then you went home,

4 you said?

5 34594 THE RIGHT HON. BRIAN MULRONEY: I

6 went home.

7 34595 MR. PRATTE: I may have missed your

8 answer. In the same way you came?

9 34596 THE RIGHT HON. BRIAN MULRONEY:

10 Absolutely. The RCMP drove me to the cottage. I went

11 inside. We had a small safe in the house for various

12 items and documents. I opened the envelope. I counted

13 it. It was \$75,000, and I put it in the safe.

14 34597 MR. PRATTE: How long did it stay in

15 that safe?

16 34598 THE RIGHT HON. BRIAN MULRONEY: Until

17 the house was completed in Montréal, I think, and then

18 we moved it to the safe -- I moved it to the safe in

19 Montréal.

20 34599 MR. PRATTE: Okay. Did you at any

21 time put that money in the bank?

22 34600 THE RIGHT HON. BRIAN MULRONEY: No, I

23 did not.

24 34601 MR. PRATTE: Did you advise your

25 accountant that you had received that money?

1 34602 THE RIGHT HON. BRIAN MULRONEY: No, I  
2 did not.  
3 --- Pause

4 34603 MR. PRATTE: Did you record that  
5 transaction in the books of the company Cansult?

6 34604 THE RIGHT HON. BRIAN MULRONEY: No.

7 34605 MR. PRATTE: What -- in French we say  
8 coupures -- denominations were the dollar bills?

9 34606 THE RIGHT HON. BRIAN MULRONEY:  
10 C'était des coupures de mille.

11 34607 MR. PRATTE: Okay. I'm going to  
12 defer, Mr. Mulroney, to the end of my examination the  
13 question as to why you handled it that way.

14 34608 I would like to ask you now about the  
15 UN that you have mentioned, that you noticed I guess on  
16 these brochures.

17 34609 You took -- well, you told me about  
18 the envelope with the compensation. What about the  
19 documents? What did you do with them?

20 34610 THE RIGHT HON. BRIAN MULRONEY: Well,  
21 I brought them home with me and it was a number of days  
22 later when I was sitting out -- not having had any  
23 explicit instructions at all, I was sitting out looking  
24 at them and noticing of course -- they jump out at  
25 you -- the UN inscriptions. You know, what can I

1           usefully do to be helpful here? And I thought  
2           obviously of the United Nations itself, with which both  
3           I and Canada have had a long association.

4   34611                   MR. PRATTE: Well, tell me about  
5           that, Mr. Mulroney, because we are not necessarily all  
6           as familiar as you are with the United Nations.

7   34612                   And briefly when you mentioned that  
8           you had had an association with the United Nations, I  
9           want to understand what you mean by that.

10   34613                   Perhaps you could briefly tell us  
11           when you were Prime Minister -- I should probably have  
12           asked you that a little earlier -- what your interest  
13           in and familiarity with United Nations had been whilst  
14           you were Prime Minister?

15   34614                   THE RIGHT HON. BRIAN MULRONEY: Well,  
16           for me the United Nations was a cornerstone of Canada's  
17           foreign policy. Mr. Pearson originally had played a  
18           great role there. One of the first things that I did  
19           was to break ranks with tradition and appoint Stephen  
20           Lewis, the former NDP leader in Ontario, as Canada's  
21           new Ambassador to the United Nations, because I knew  
22           that he shared my views in areas like Africa, Middle  
23           East, apartheid, and so on, and I wanted someone down  
24           there who was eloquent and able, which Stephen Lewis  
25           surely was.

1 34615                   These were the days of Senator Jesse  
2           Helms controlling the Foreign Relations Committee of  
3           the United States Senate. America became hostile to  
4           the United Nations and Sen. Helms from North Carolina  
5           decided he was going to shut it down because the United  
6           Nations was running off in weird directions. So he cut  
7           the funding, American funding to the United Nations.

8 34616                   You cripple all kinds of programs,  
9           you cripple opportunities. You cripple the  
10          opportunities for action by countries like Canada  
11          because the best way that you can function as the  
12          Canadian Prime Minister is through the United Nations.

13 34617                  So I went down to the United Nations  
14          and met with the Secretary General and announced that  
15          Canada would pay our bills with the United Nations in  
16          advance on the 1st of January every year.

17 34618                  We were paying the sixth largest  
18          amount to the UN and its agencies of the other hundred  
19          and 75 countries in the world at that time.

20 34619                  So Ambassador Lewis -- I said  
21          publicly Canada does not want the Secretary of the  
22          United Nations to become a public mendicant going  
23          around with a tin cup asking people to pay their bills,  
24          because with the collapse or the damage of the United  
25          Nations we all pay an enormous price.

1 34620 So I became familiar of course with  
2 the workings of the United Nations and very, very  
3 strongly supportive of them in that context.

4 34621 MR. PRATTE: What about peacekeeping,  
5 Mr. Mulroney? I'm talking about while you are Prime  
6 Minister. Was your government involved in peacekeeping  
7 missions sponsored by or authorized by the United  
8 Nations?

9 34622 THE RIGHT HON. BRIAN MULRONEY: I  
10 determined that Canada was going to participate in  
11 every single peacekeeping initiative that the United  
12 Nations undertook while I was Prime Minister and I  
13 believe we did. And as a result of that Canada, when I  
14 left office, was supplying 10 per cent of all of the  
15 peacekeeping activities in the world.

16 34623 I think today the number is down  
17 to -- or it was, I don't know where it is now -- one  
18 tenth of one per cent.

19 34624 But I wanted what I consider to be  
20 the Pearsonian tradition to be maintained and enhanced  
21 and we did that.

22 34625 I should say parenthetically that  
23 this was an opinion fully shared by Joe Clark, and he  
24 became an extremely active and effective representative  
25 for Canada around the world, but in the United Nations

1 in particular.

2 34626 MR. PRATTE: He was Minister of  
3 Foreign Affairs.

4 34627 THE RIGHT HON. BRIAN MULRONEY:  
5 Minister of Foreign Affairs.

6 34628 MR. PRATTE: Did you involve  
7 yourself, Mr. Mulroney, with resolutions that the  
8 United Nations may pass from time to time, including  
9 resolutions regarding peacekeeping missions while you  
10 were Prime Minister?

11 34629 THE RIGHT HON. BRIAN MULRONEY: Yes.

12 34630 MR. PRATTE: And maybe you can  
13 explain to us briefly, I don't know if it is an agency  
14 of the United Nations, but the role of what is referred  
15 to I guess as the Security Council.

16 34631 THE RIGHT HON. BRIAN MULRONEY: Yes.

17 34632 MR. PRATTE: And then perhaps the  
18 inner sanctum, the P5 briefly.

19 34633 What role, what power do they have  
20 and then how does that relate to peacekeeping, if at  
21 all?

22 34634 THE RIGHT HON. BRIAN MULRONEY: Well,  
23 there is the General Assembly of course and then there  
24 is the Security Council, which is really the deciding  
25 body of the United Nations. It is composed of 15

1 members, five of which are permanent.

2 34635 They are really the powers after the  
3 Second World War and what makes or gives them the  
4 extraordinary influence they have is the fact that they  
5 are permanent members of the body.

6 34636 The other ten have to seek election  
7 every two years and they are replaced on a tour basis.

8 34637 So the United Kingdom, France, China,  
9 Russia and the United States are the P5, and within the  
10 Security Council they are the dominant players. And  
11 the Secretary General of the United Nations really is  
12 their -- if I could put it this way -- their executive  
13 director in the sense he executes their mandates.

14 34638 MR. PRATTE: Do the P5 -- what is  
15 there ability to either sponsor or oppose any  
16 initiatives that emerges at the Security Council?

17 34639 THE RIGHT HON. BRIAN MULRONEY: They  
18 can kill it because they are the only people in the  
19 entire organization with a veto.

20 34640 MR. PRATTE: Did you, while you were  
21 Prime Minister, develop relationships with the leaders  
22 of the countries that constitute the P5?

23 34641 THE RIGHT HON. BRIAN MULRONEY: Yes,  
24 I did.

25 34642 MR. PRATTE: I can't remember if I

1           asked you that, but can you tell me, since I have asked  
2           that question before, who the members of the P5 are?

3   34643                   THE RIGHT HON. BRIAN MULRONEY: Well,  
4           I just did that.

5   34644                   MR. PRATTE: Oh, you just answered  
6           that. Well, I should listen to my own witness I guess,  
7           particularly this one.

8   34645                   THE RIGHT HON. BRIAN MULRONEY: Yes.

9   34646                   COMMISSIONER OLIPHANT: Just before  
10          you move on, you talked about the veto --

11   34647                   THE RIGHT HON. BRIAN MULRONEY: Yes.

12   34648                   COMMISSIONER OLIPHANT: -- of the P5.  
13          Isn't it the case that any one of the five can exercise  
14          the right of veto and that kills whatever is happening?

15   34649                   THE RIGHT HON. BRIAN MULRONEY:  
16          That's right, sir.

17   34650                   COMMISSIONER OLIPHANT: It doesn't  
18          need to be a majority?

19   34651                   THE RIGHT HON. BRIAN MULRONEY: No,  
20          no.

21   34652                   COMMISSIONER OLIPHANT: It is any one  
22          of the five?

23   34653                   THE RIGHT HON. BRIAN MULRONEY: That  
24          is right.

25   34654                   COMMISSIONER OLIPHANT: Okay.



1 34655 THE RIGHT HON. BRIAN MULRONEY: And  
2 we saw that, for example, in one of the last major  
3 initiatives in which I was involved in the United  
4 Nations, and that was the deployment of our  
5 peacekeeping forces to the former Yugoslavia as it  
6 began to disintegrate and the Croats and Serbia got  
7 into it and Bosnia, Herzegovina, and so on.

8 34656 I think that we had -- well, we would  
9 have to check it, but certainly 3,000 or 4,000  
10 peacekeepers in that general area, and it got very,  
11 very dangerous, obviously, because there was a war  
12 going on.

13 34657 The deployment was very difficult  
14 because the Russians have a veto, and the Russians  
15 allied themselves naturally and historically with the  
16 Serbs and the Germans, although they didn't have a  
17 veto, with the Croats, and so this presented a great  
18 challenge.

19 34658 So every adjective in every  
20 resolution was important.

21 34659 Canada, I sought election for Canada  
22 to the Security Council in 1988. After Stephen left I  
23 appointed Yves Fortier as Ambassador. Yves was a  
24 former Chairman of the Bar Association and he was a  
25 great Ambassador.

1 34660 The first thing we did was get him  
2 elected to the Security Council, and we happened to be  
3 on the Security Council as a result of that when the  
4 Gulf War was being built up. And it gave Canada a  
5 unique opportunity, because we became one of the 15 in  
6 that.

7 34661 But through all of this of course we  
8 picked up a lot of information and friendships, I may  
9 say, with the leaders in the United Nations.

10 34662 MR. PRATTE: I just have two or three  
11 more questions on this topic, Mr. Mulroney.

12 34663 You mentioned peacekeeping and  
13 Canada's involvement in those missions. Did you have  
14 any -- I can't pronounce this word well in English so I  
15 will say it in French -- familiarité or knowledge in  
16 respect of equipment issues that might arise when  
17 several countries are involved in the same mission?

18 34664 THE RIGHT HON. BRIAN MULRONEY: Yes.  
19 I didn't have any technical expertise on it but I  
20 certainly knew what the challenge was.

21 34665 The challenge was that peacekeepers  
22 would be thrown together with people and/or equipment  
23 from Bangladesh, Canada, you name it, all these  
24 countries thrown together, and they would bring their  
25 own equipment in some significant measure.

1 34666 It would break down or parts  
2 problems. There was servicing problems. There was  
3 chaos. You're in the middle of the Congo and you have  
4 all these things going every which way. It is an  
5 extraordinary difficult thing for the United Nations to  
6 do.

7 34667 That was a problem, a very  
8 significant problem for the United Nations.

9 34668 I should tell you, Mr. Pratte, that  
10 at the same time it is also a concept that was gaining  
11 traction in NATO. Every time I went to a NATO Heads of  
12 Government meeting, and when they discussed the  
13 difficult challenges that they faced on an operating  
14 basis -- because we had troops in NATO as well, in  
15 Germany and elsewhere in Europe. Obviously the absence  
16 of standardization was a main challenge in NATO as it  
17 was in the United Nations in respect of the procurement  
18 and maintenance of equipment.

19 34669 MR. PRATTE: I asked you a little  
20 earlier, Mr. Mulroney, whether at any time you had  
21 discussed the possibility -- this just kind of comes to  
22 my mind -- of joining GCI.

23 34670 Did you ever think of joining the  
24 United Nations?

25 34671 THE RIGHT HON. BRIAN MULRONEY: Well,

1 I can tell you that -- well, I felt the United Nations,  
2 as I have indicated, was a great instrument of good and  
3 in 1992 I was approached by Sec. James Baker of the  
4 United States on behalf of President Bush and a number  
5 of other members of the Permanent 5 to become the  
6 Secretary General of the United Nations.

7 34672 It is something that I certainly  
8 didn't dismiss out of hand obviously. I suppose there  
9 was no guarantee that you could get it, but they wanted  
10 me, they told me. And they shared some information  
11 with my Chief of Staff, Derek Burney as well, and they  
12 thought that a Canadian Secretary General in these  
13 circumstances -- because Canada's record over so many  
14 years was so supportive there. They thought that a  
15 Canadian Secretary General who had some executive  
16 experience as head of a G7 country would be what they  
17 wanted.

18 34673 It turned out that I couldn't do it.  
19 The timing was not good and so I conveyed to them that  
20 I couldn't do it and I didn't.

21 34674 So that only left me I guess with the  
22 opportunity to work with Frank Moores.

23 34675 MR. PRATTE: Mr. Commissioner, I am  
24 about to move on now to another subject which will take  
25 some time. And since candour is critical in these

1           hearings, I am tired, Mr. Commissioner, and I would be  
2           grateful if we might suspend until tomorrow morning.

3   34676                           COMMISSIONER OLIPHANT:   Yes.

4   34677                           MR. WOLSON:   Mr. Commissioner, if  
5           Mr. Pratte is tired, we should go ahead.

6   34678                           I did rise when Mr. Schreiber was  
7           testifying, and he is a man of 75, I know a lot older  
8           than Mr. Mulroney.  But as the day gets on, it is very  
9           tiring and the same offer should be made to  
10          Mr. Mulroney and to Mr. Pratte.

11   34679                           COMMISSIONER OLIPHANT:  Mr. Wolson,  
12          we are going to stop for the day.  I don't need to be  
13          ganged up on here.

14          --- Laughter / Rires

15   34680                           COMMISSIONER OLIPHANT:  I'm tired,  
16          too.

17   34681                           We will recess at this time until  
18          tomorrow morning at 9:30.

19   34682                           Good afternoon, everyone.

20   34683                           THE RIGHT HON. BRIAN MULRONEY:  Thank  
21          you, sir.

22          --- Whereupon the hearing adjourned at 4:08 p.m.,  
23          to resume on Wednesday, May 13, 2009 at 9:30 a.m. /  
24          L'audience est ajournée à 16 h 08, pour reprendre  
25          le mercredi 13 mai 2009 à 9 h 30

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Nous certifions que ce qui précède est une  
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\_\_\_\_\_  
Lynda Johansson

\_\_\_\_\_  
Jean Desaulniers

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Fiona Potvin

\_\_\_\_\_  
Sue Villeneuve