

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 MR. PRATTE: Good morning, M.  
7 Mulroney.

8 33229 THE RIGHT HON. BRIAN MULRONEY: Good  
9 morning, Mr. Pratte.

10 33230 MR. PRATTE: Mr. Mulroney, we will be  
11 talking in detail about the transaction that has  
12 brought you here today.

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

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

20 33233 THE RIGHT HON. BRIAN MULRONEY: Well,  
21 as I think everybody would acknowledge in life, context  
22 is everything. The Karlheinz Schreiber that I knew in  
23 1993 was not the man that we know here today.

24 33234 Then Mr. Schreiber was Chairman of  
25 Thyssen Bear Head and I think Chairman of Thyssen

1 Canada and was respect -- and was associated with a  
2 very respected international corporation with more than  
3 160,000 employees around the world that included  
4 slightly more than 3,000 here in Canada.

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

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

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

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

23 33239                   But then in 1999 Mr. Schreiber was  
24 arrested in Toronto under an international Interpol  
25 warrant and jailed pending his extradition back to

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

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

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

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

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

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

1           inadequately documented arrangements are inappropriate  
2           for former public office holders and obviously should  
3           be avoided at all times.

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

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

11   33247                   THE RIGHT HON. BRIAN MULRONEY: Well,  
12          as the answer to that question, anybody who has a  
13          family and anybody who has served in public life or is  
14          in the public eye, as I was, this goes back more than  
15          20 years.

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

24   33249                   But the rumours and the innuendo  
25          continued, and they were nurtured over the years by

1 Ms Stevie Cameron and the CBC's fifth estate program.  
2 And to this day no evidence of wrongdoing has been  
3 established, some 20 years -- 20 years -- after the  
4 rumours first emerged.

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

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

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

23 33253 When challenged by me, because I was  
24 there fighting for my life and my father's good name  
25 and our family honour, when challenged by me in a court



1 case, the RCMP and the Government of Canada abandoned  
2 their case on the courthouse steps au Palais de Justice  
3 de Montréal the moment -- the beginning of the trial,  
4 the day of the trial.

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

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

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

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

25 33258 Last week in this very room,

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

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

14   33260                   MR. PRATTE: Thank you, sir.

15   33261                   Now it's time to begin at the  
16           beginning, talking about family in Baie-Comeau.

17   33262                   THE RIGHT HON. BRIAN MULRONEY: Yes.

18   33263                   MR. PARENT: You were born on March 20  
19           1939, in Baie-Comeau, Quebec?

20   33264                   THE RIGHT HON. BRIAN MULRONEY:  
21           That's right, yes.

22   33265                   MR. PRATTE: I'd like you to talk a  
23           little bit about your life in Baie-Comeau, your family  
24           members, obviously without disclosing all the details,  
25           because after all there are still books you could sell,

1 but if you give us the whole story, people won't buy  
2 them. So, please tell us a little about your home town  
3 and your family members.

4 33266 THE RIGHT HON. BRIAN MULRONEY: Well,  
5 both my parents came from a small village outside  
6 Quebec City, Sainte-Catherine-de-Portneuf, the kind of  
7 place that was chosen by Irish immigrants in the 30s  
8 and 40s, 1830, who were driven out of Ireland by the  
9 famine and were seeking a new opportunity in Canada.

10 33267 They were married there, and shortly  
11 thereafter, my father was working in Donnacona and then  
12 in High Falls, not far from here, as an electrician.  
13 He was apprenticed as an electrician when they were  
14 married, and then he went to... during the Depression  
15 in the 30s, he was looking for work, unsuccessfully.  
16 Then he was offered the opportunity, as were many other  
17 people from Quebec and elsewhere, to go to the North  
18 Shore for the construction of a plant called the Québec  
19 North Shore Paper Company.

20 33268 So, he went there to work as an  
21 electrician on the construction, and when the work was  
22 finished, the construction workers were offered the  
23 opportunity to stay on, with small permanent homes, a  
24 school, a small hospital, and so on, and my father, who  
25 had just come through the dark days of the Depression,

1 jumped at the opportunity. He said he'd stay in  
2 Baie-Comeau for as long as it took to make a little  
3 money before returning to Quebec City, but he died  
4 there several years later.

5 33269 MR. PRATTE: And how many children did  
6 he and your mother have?

7 33270 THE RIGHT HON. BRIAN MULRONEY: My  
8 parents had six children. As I said, my father worked  
9 as an electrician, but because he was still short of  
10 money, he set up a very small... today we talk about  
11 small and medium-sized businesses. In his case, it was  
12 a small business, so small that he was the only  
13 employee.

14 33271 So in the evenings, after his job at  
15 the plant, he worked in houses on Champlain Street, then  
16 Laurier Street, Laval Street, and so on, working on  
17 electrical or heating problems, and so on, for other  
18 plant employees.

19 33272 MR. PRATTE: And you had five brothers  
20 and sisters, I believe?

21 33273 THE RIGHT HON. BRIAN MULRONEY: I have  
22 four sisters and one brother.

23 33274 MR. PRATTE: One brother?

24 33275 THE RIGHT HON. BRIAN MULRONEY: Yes.

25 33276 MR. PRATTE: Where were you educated?

- 1 33277 THE RIGHT HON. BRIAN MULRONEY: I was  
2 educated in local schools in Baie-Comeau: at the  
3 Académie Sainte-Amélie and then the Sisters of the Holy  
4 Cross; then a few year later with the Clercs de  
5 Saint-Viateur. I completed my studies at the  
6 College... High School in Chatham, New Brunswick, and  
7 then I went to St. Francis Xavier University in  
8 Antigonish, Nova Scotia.
- 9 33278 MR. PRATTE: How long were you at St.  
10 Francis Xavier?
- 11 33279 THE RIGHT HON. BRIAN MULRONEY: Four  
12 years.
- 13 33280 MR. PRATTE: And during that time,  
14 were you involved in the political side, if I may so  
15 express myself?
- 16 33281 THE RIGHT HON. BRIAN MULRONEY: Yes.
- 17 33282 MR. PRATTE: Was it there that your  
18 interest in politics...
- 19 33283 THE RIGHT HON. BRIAN MULRONEY: Yes.
- 20 33284 MR. PRATTE: ...originated?
- 21 33285 THE RIGHT HON. BRIAN MULRONEY: Yes.  
22 My parents, insofar as they were interested in  
23 politics, my parents, like almost all Quebecers of  
24 Catholic liberal origin... of Irish Catholic origin,  
25 were Liberal party supporters.

1 33286 But I didn't have any experience in  
2 anything, and I went to St. Francis Xavier University,  
3 where there were very active political clubs on campus.  
4 So I was invited to join the Progressive-Conservative  
5 Party, and I accepted partly because in Nova Scotia at  
6 that time the provincial Liberals had been in power for  
7 almost 40 years and in Ottawa for 20 years... 22 years.  
8 So that gave me the opportunity to participate more  
9 actively, because there were fewer members, less  
10 popularity for the Conservative Party.

11 33287 MR. PRATTE: You're saying that the  
12 Conservative Party at the time recruited people with no  
13 experience; is that correct?

14 33288 THE RIGHT HON. BRIAN MULRONEY:  
15 Absolutely.

16 33289 MR. PRATTE: And is that where you met  
17 people like Mr. Fred Doucet or Mr. Lowell Murray, whom  
18 we'll talk about later?

19 33290 THE RIGHT HON. BRIAN MULRONEY: Yes.  
20 In fact, Lowell Murray was the leader of the  
21 Progressive Conservative club on campus. He's the one  
22 who recruited me. So, there are Canadians who will hold  
23 him responsible for that, but he's the one who  
24 recruited me over... in 1950, to be exact. That's over  
25 50 years ago.

- 1 33291 And Mr Doucet was from Cape Breton,  
2 from a highly respected Acadian family, and his brother  
3 Gérald and he also went to St. FX.
- 4 33292 MR. PRATTE: Did you stay in touch,  
5 stay involved with St. Francis Xavier University over  
6 the years or later?
- 7 33293 THE RIGHT HON. BRIAN MULRONEY: Yes,  
8 up to this day.
- 9 33294 MR. PRATTE: Yes. Did you play a role  
10 in the fundraising campaign in the... late '70s, early  
11 '80s?
- 12 33295 THE RIGHT HON. BRIAN MULRONEY: Yes.  
13 The University was not... I mean, with all due respect,  
14 St. Francis Xavier University at that time was not  
15 Harvard, especially not as far as finances were  
16 concerned. There had never been a fundraising campaign  
17 there that met with any success.
- 18 33296 So, they approached me. At that  
19 time, I was... in 1979, I had become president of the  
20 Iron Ore company. I was asked to chair a membership  
21 campaign at the international level, which I did. But  
22 I needed someone to help me with the groundwork, of  
23 course. So I spoke with the Rector of the University,  
24 and he had chosen Mr. Doucet...
- 25 33297 MR. PRATTE: Mr. Fred Doucet?

- 1 33298 THE RIGHT HON. BRIAN MULRONEY: ...who  
2 was there, with whom I worked for three years on that  
3 campaign.
- 4 33299 MR. PRATTE: Now, what did you do  
5 after completing your studies at St. Francis Xavier,?
- 6 33300 THE RIGHT HON. BRIAN MULRONEY: I was  
7 at Dalhousie briefly... and then enrolled at Université  
8 Laval in Quebec City, in the Law Faculty.
- 9 33301 MR. PRATTE: Did you get a law degree  
10 from Laval?
- 11 33302 THE RIGHT HON. BRIAN MULRONEY:  
12 Indeed.
- 13 33303 MR. PRATTE: In the summer of 1962,  
14 were you asked to work on the political scene in  
15 Ottawa?
- 16 33304 THE RIGHT HON. BRIAN MULRONEY: Yes.  
17 I was a law student at the time, finishing my second  
18 year, I believe, in 1962, and Mr. Diefenbaker's  
19 government had called an election. Alvin Hamilton,  
20 from Saskatchewan, who was a great agriculture  
21 minister, had taken ill. He had Bell's Palsy, and  
22 someone was needed to travel with him. Roy Fabish, his  
23 chief of staff, had been assigned to Mr. Diefenbaker,  
24 the Prime Minister, for the campaign, and he needed  
25 someone to travel with Alvin throughout Western Canada.



- 1 33305 So, Roy asked me. I said yes. So I  
2 spent four or five months in Western Canada with Alvin.  
3 I was... my title was special secretary, but basically  
4 I was the gopher.
- 5 33306 MR. PRATTE: O.K. So...
- 6 33307 THE RIGHT HON. BRIAN MULRONEY: I  
7 carried his luggage.
- 8 33308 MR. PRATTE: Pardon?
- 9 33309 THE RIGHT HON. BRIAN MULRONEY: I  
10 carried his luggage.
- 11 33310 MR. PRATTE: You carried his luggage?
- 12 33311 THE RIGHT HON. BRIAN MULRONEY: Yes.
- 13 33312 MR. PRATTE: There's something that's  
14 been bugging me. My wife said I shouldn't ask, Mr  
15 Mulroney, but I can't resist. Who was the dean of the  
16 Laval Law Faculty at that time?
- 17 33313 THE RIGHT HON. BRIAN MULRONEY: At  
18 that time?
- 19 33314 MR. PRATTE: Yes.
- 20 33315 THE RIGHT HON. BRIAN MULRONEY: I  
21 remember a dean by the name of Pratte. I think it was  
22 your father, actually.
- 23 33316 MR. PRATTE: That's right! I believe  
24 so.
- 25 33317 THE RIGHT HON. BRIAN MULRONEY: Yes.

- 1 33318 MR. PRATTE: He talked to me about  
2 you, as it happens.
- 3 33319 THE RIGHT HON. BRIAN MULRONEY: He was  
4 good, too.  
5 --- Rires / Laughter
- 6 33320 THE RIGHT HON. BRIAN MULRONEY: Tough,  
7 demanding.
- 8 33321 MR. PRATTE: After you completed your  
9 law degree, what happened career-wise?
- 10 33322 THE RIGHT HON. BRIAN MULRONEY: Well,  
11 I thought... I was supposed to go back to the North  
12 Shore, to Baie-Comeau, to practise law, when out of the  
13 blue I got a call from the senior partner at Ogilvy  
14 Renault in Montreal, asking me to go there. They had  
15 heard about me at Université Laval, and they wanted to  
16 recruit me at Ogilvy Renault. Well, that was the  
17 biggest law firm in Quebec, with an excellent  
18 reputation. So it was an honour for me to accept their  
19 offer.
- 20 33323 MR. PRATTE: Is that why you moved to  
21 Montreal?
- 22 33324 THE RIGHT HON. BRIAN MULRONEY: Yes,  
23 that's why, actually.
- 24 33325 MR. PRATTE: And in about what year  
25 did you move to Montreal?

1 33326 THE RIGHT HON. BRIAN MULRONEY: Sixty-  
2 four.

3 33327 MR. PRATTE: And you joined Ogilvy  
4 Renault right away?

5 33328 THE RIGHT HON. BRIAN MULRONEY: Yes.

6 33329 MR. PRATTE: And you practised law at  
7 Ogilvy Renault, specializing in labour law; is that  
8 right?

9 33330 THE RIGHT HON. BRIAN MULRONEY: That's  
10 correct.

11 33331 MR. PRATTE: Until what year, roughly?

12 33332 THE RIGHT HON. BRIAN MULRONEY: Until  
13 1976.

14 33333 MR. PRATTE: I forget to ask you  
15 earlier: What happened to your family members? Did  
16 they all stay in Baie-Comeau during that time?

17 33334 THE RIGHT HON. BRIAN MULRONEY: No.  
18 My father died on February 16, 1965, at 61 years of  
19 age. So my mother was alone with the two youngest  
20 children, who were still school-aged. So we didn't  
21 have the means to do anything, except the option of my  
22 moving to Montreal, leaving my rented bachelor  
23 apartment and taking an apartment in  
24 Notre-Dame-de-Grâce, a little bigger for my mother, the  
25 two youngest children and me.

- 1 33335 So during that time, in the, I don't  
2 know, four or five years, four years perhaps, that it  
3 took for the children to finish their college studies,  
4 I was with my mother in Montreal, a little like the  
5 pater familias of the family, as my father had wanted.
- 6 33336 MR. PRATTE: And when did your mother  
7 die?
- 8 33337 THE RIGHT HON. BRIAN MULRONEY: In  
9 2002.
- 10 33338 MR. PRATTE: Who mainly looked after  
11 her financially during that time, from '65 to 2002?
- 12 33339 THE RIGHT HON. BRIAN MULRONEY: I did.
- 13 33340 MR. PRATTE: In '76, Mr. Mulroney, it  
14 is public knowledge that you ran for the leadership of  
15 the Conservative Party. Can you briefly explain how  
16 that came about? And I know know it may not be your  
17 happiest memory.
- 18 33341 THE RIGHT HON. BRIAN MULRONEY:  
19 Indeed. Mr. Stanfield had lost three elections in a  
20 row, and he decided to step down. I had advised him to  
21 stay on, because he was a great man, but he decided to  
22 go, and there was a leadership race, and right away,  
23 around a dozen MPs ran to succeed him. And at one  
24 point, people...
- 25 33342 At that time I had just finished

1 working for the Cliche Commission, which had been  
2 struck by the Bourassa government following the Bay  
3 James scandal and the corruption that existed in the  
4 construction industry, on both sides, in Quebec, which  
5 was our largest industry at that time. So I had  
6 acquired a certain profile, albeit a modest one, but I  
7 was known at least in Quebec.

8 33343 So, some people suggested that I run  
9 against all those MPs for the party leadership. I said  
10 no, of course. But in the end, I did what many others  
11 have done before and since, I looked in the mirror one  
12 morning and told myself, you're capable of becoming  
13 party leader. So I ran.

14 33344 I said in English at some point after  
15 that experience: Why would you ever run? You weren't a  
16 Member of Parliament or anything. Why would you ever  
17 run to be the leader of the Conservative Party? In  
18 1976 you were 35 years old, you and Mila had two young  
19 kids. And I said : Well I finally figured out this  
20 thing. The most important qualification to be a  
21 candidate for the leadership of a big political party  
22 is a remarkable capacity for self-delusion.

23 33345 And so I ran. And I got beat. Mr.  
24 Clark won, and I went back to Montreal.

25 33346 MR. PRATTE: Brifly, Mr. Mulroney,

1 during the '76 leadership race, at that time, had you  
2 met Mr Schreiber, to the best of your recollection?

3 33347 THE RIGHT HON. BRIAN MULRONEY: No.

4 33348 MR. PRATTE: Were you aware of any  
5 financial assistance he might have given to your  
6 leadership campaign in '76?

7 33349 THE RIGHT HON. BRIAN MULRONEY: No.

8 33350 MR. PRATTE: After losing the  
9 leadership race in 1976, what happened in your  
10 professional life?

11 33351 THE RIGHT HON. BRIAN MULRONEY: Well,  
12 I went back to Ogilvy Renault and I received some  
13 offers to do something else, one of them being the  
14 opportunity to become... to start as executive vice-  
15 president of the IOC mining company, the Iron Ore  
16 Company of Canada, and president the year after that.

17 33352 So, after a lot of talking and  
18 disucssion, I looked at the offer, talked with my wife,  
19 and decided it was a golden opportunity. My mother  
20 often said: Change is as good as a rest. So I  
21 accepted, and I was soon president of the IOC company.

22 33353 MR. PRATTE: Well, I guess it was  
23 only restful for a time, because then you considered  
24 going back to politics around the early '80s, as we all  
25 know.

1 33354                    Could you tell us, tell the  
2                    Commissioner, how it came about that in 1983 ultimately  
3                    you sought the Leadership of the Conservative Party  
4                    again?

5 33355                    THE RIGHT HON. BRIAN MULRONEY:  Yes,  
6                    I certainly had sworn off politics after the experience  
7                    of '76.  It is very painful after these things where  
8                    you have to pay off your bills and try and get  
9                    restarted.  It is not easy for leadership candidates in  
10                   any political party.

11 33356                    So I had accepted this offer and made  
12                   a decision to do it.  The Iron Ore Company of Canada  
13                   had 7,500 employees.  It was a billion-dollar  
14                   operation.  We had had 56 work stoppages prior to my  
15                   arriving there and they hadn't made a profit in 11  
16                   years.  Even the debt payments had to be delayed.

17 33357                    We had a great team and we put it  
18                   together and started to make money for our shareholders  
19                   and for our employees and I felt very good about it,  
20                   obviously.  We were doing extremely well.  There wasn't  
21                   a day lost in work stoppages after I got there and  
22                   solved the first one.

23 33358                    So we were doing well and I thought I  
24                   would be there probably for life, and Mila was very  
25                   strongly of the view that that would be the best course

1 of action for our family, which by this point to which  
2 we had Caroline and Ben and then, in '79 Marko was  
3 there.

4 33359 So this was very unusual to consider  
5 it again.

6 33360 Moreover, as you see from the  
7 recession that we are going through now and the  
8 consequence that bad markets can have on everybody, in  
9 1982 we encountered a very serious problem with the  
10 Iron Ore Company, and that was the extraordinary  
11 competition from Brazil with their very high-grade ores  
12 with very low cost to produce relative to us in  
13 northern Canada.

14 33361 We were in Labrador City at what we  
15 called the Carol Project, the huge Carol Project. We  
16 were in Schefferville, Sept-Îles, Contrecoeur and  
17 elsewhere. But Schefferville -- the ore, Schefferville  
18 only started in '52 and it was getting mined out and we  
19 were into the very weak or bodies.

20 33362 MR. PRATTE: Be careful now because  
21 we are not going to buy your book.

22 33363 THE RIGHT HON. BRIAN MULRONEY: Well,  
23 I had to then go -- I had to make a determination and a  
24 recommendation to my Board, which I did, which was to  
25 shut down our Schefferville operation, which really



1           meant closing down the town of Schefferville because  
2           that is all that was there.

3   33364                   And the Government of Québec had  
4           asked for a Parliamentary Commission to examine this  
5           decision, which was a very sensitive one, as you can  
6           imagine. So you can imagine that this was not an ideal  
7           way to launch a leadership campaign and so my -- that  
8           was far from my mind when in 1983 a leadership campaign  
9           was called.

10   33365                   MR. PRATTE: There has been evidence,  
11           Mr. Mulroney, in this proceeding, which I assume you  
12           have followed somewhat, that in that period of time  
13           leading up to the leadership -- first of all, explain  
14           to me, Mr. Mulroney, was there -- I don't think that is  
15           controversial -- before the leadership campaign  
16           something called a Leadership Review that I believe  
17           took place in Winnipeg in early 1993?

18   33366                   THE RIGHT HON. BRIAN MULRONEY: Yes.

19   33367                   MR. PRATTE: I should say 1983, if I  
20           misspoke.

21   33368                   THE RIGHT HON. BRIAN MULRONEY: Yes.

22           Under the rules of the Progressive Conservative Party  
23           at the time, if a leader lost an election he was  
24           subject to a Leadership Review by the members and he  
25           had to get 50 per cent plus one to retain his

1 leadership.

2 33369 MR. PRATTE: In the months or years,  
3 a year or two leading up to this Leadership Review --  
4 did you attend it, first of all?

5 33370 THE RIGHT HON. BRIAN MULRONEY: In  
6 Winnipeg?

7 33371 MR. PRATTE: The review in Winnipeg?

8 33372 THE RIGHT HON. BRIAN MULRONEY: Yes,  
9 I did.

10 33373 MR. PRATTE: Where were you living at  
11 the time in Montréal, or working at the time? Were you  
12 in Montréal?

13 33374 THE RIGHT HON. BRIAN MULRONEY: I was  
14 in Montréal. Our head office was in Montréal in the  
15 Standard Life building.

16 33375 MR. PRATTE: All right. Do you have  
17 any recollection of meeting Mr. Schreiber in that  
18 period of time prior to the Leadership Review in  
19 Winnipeg?

20 33376 THE RIGHT HON. BRIAN MULRONEY: I  
21 have no recollection whatsoever of having met him, but  
22 it may very well have taken place. I was being  
23 introduced on a regular basis to all kinds of people,  
24 as you might imagine.

25 33377 MR. PRATTE: Did you go from time to

1 time to a well-known hotel in Montréal called the  
2 Ritz-Carlton?

3 33378 THE RIGHT HON. BRIAN MULRONEY: Yes.  
4 Yes, the Ritz-Carlton --

5 33379 MR. PRATTE: At the end of the day,  
6 whatever?

7 33380 THE RIGHT HON. BRIAN MULRONEY: Yes.  
8 If I hadn't gone, I would be the only person in  
9 Montréal who wasn't there in those days. It was  
10 immediately across the street from the Standard Life  
11 building. I was a member of the Board of Directors of  
12 the controlling company of the Ritz. So I and many  
13 others used together their sometimes after work and  
14 shoot the breeze and talk about anything that was going  
15 on in town.

16 33381 MR. PRATTE: Do you have any  
17 knowledge of Mr. Schreiber contributing in any way to  
18 the Leadership Review process?

19 33382 THE RIGHT HON. BRIAN MULRONEY: No.  
20 I don't, no.

21 33383 MR. PRATTE: Specifically, because I  
22 want to be clear, Mr. Mulroney, do you have any  
23 knowledge of Mr. Schreiber financially contributing to  
24 efforts made on your behalf at the Leadership Review in  
25 Winnipeg?

1 33384 THE RIGHT HON. BRIAN MULRONEY: I  
2 don't. And I think he testified somewhere to the  
3 effect that he had no role in the '83 campaign, the  
4 leadership campaign.

5 33385 Did he contribute to something else  
6 regarding the Leadership Review? I have no idea.

7 33386 COMMISSIONER OLIPHANT: Mr. Pratte,  
8 sorry. Are you talking about the review or the run for  
9 the leadership?

10 33387 MR. PRATTE: Let's clear that up.

11 33388 COMMISSIONER OLIPHANT: Okay.

12 33389 MR. PRATTE: My first question was in  
13 respect of the review. Let's clear that one up,  
14 Mr. Mulroney.

15 33390 There was some evidence that was led  
16 to the effect that Mr. Schreiber might have contributed  
17 amounts of money connected with the Leadership Review.  
18 So my first question was: Were you aware of that or are  
19 you aware of that?

20 33391 THE RIGHT HON. BRIAN MULRONEY: No.  
21 But maybe I could say something about that.

22 33392 One of the great canards in Canadian  
23 political history deals with the Leadership Review in  
24 Winnipeg.

25 33393 To win the leadership of the

1 Progressive Conservative Party, or to retain it in  
2 those circumstances, required 50.1 per cent of the  
3 vote. Mr. Clark got 68 per cent of the vote almost and  
4 chose to resign. Why, I don't know.

5 33394 Believe me, if I had gotten 67 per  
6 cent and I was the leader, you would have had to get me  
7 out of there with a crowbar. There would have been no  
8 resignation. But he chose to resign for his own  
9 reasons.

10 33395 Then all of a sudden the suggestions  
11 started to flow, well there was -- and I was at the  
12 convention. I am a child of the Progressive  
13 Conservative Party. I came to Ottawa when I was 16  
14 years old in 1956 to vote for John Diefenbaker. I was  
15 the Vice-Chairman of the Youth for Diefenbaker and I  
16 knew, I thought, every body in the Conservative Party  
17 and I could smell a conspiracy or a cabal a mile away,  
18 because for years I was probably involved in many of  
19 them. So I could recognize what was going on.

20 33396 Here we are in Winnipeg and all of a  
21 sudden the canard is that somehow somebody -- they  
22 called it offshore money.

23 33397 I think that Dalton Camp, in one of  
24 his whimsical moments, wrote a column or something  
25 about it.

1 33398 But 450 Quebecers, in varying stages  
2 of lubrication, arrived in Winnipeg, in the middle of  
3 January, in a snowstorm, to vote in favour of  
4 leadership review. That's why Mr. Clark didn't get the  
5 difference between 68 and 70 percent.

6 33399 If you think you can do that in  
7 Winnipeg and no Winnipeger ever saw it, no picture was  
8 ever taken, no one saw a thing, but here it is accepted  
9 as conventional wisdom by certain people.

10 33400 That is the goofiest thing that  
11 anybody could ever say. But, if you want to know the  
12 truth, read a column that was written by Peter  
13 Mansbridge the weekend after, on a Saturday in 1983,  
14 whatever the date was. Mansbridge points out that Mr.  
15 Clark had the support of seven provincial premiers --  
16 Progressive Conservative premiers across the country --  
17 and they had a combined 350, approximately, ex officio  
18 delegates who could have gone to Winnipeg and voted  
19 automatically for him, because the premiers, their  
20 bosses, were supporting Mr. Clark, all of them, as they  
21 should have. They were provincial premiers and they  
22 were supporting the national leader. That was fine.

23 33401 Less than 20 percent showed up to  
24 support their leaders.

25 33402 In fact, a number of the provincial

1           premiers didn't show up.

2   33403                   As Mansbridge, in his skilled,  
3           analytical manner pointed out, that's why Mr. Clark  
4           didn't get whatever he wanted to get -- 70 percent --  
5           and this goofy idea that 450 Quebecers flew in, in the  
6           middle of the night, to a snowstorm in Winnipeg, kind  
7           of wound up in the snowbank, where it deserves to be.

8   33404                   MR. PRATTE: Let me ask you, then,  
9           the second question pointed out, or the distinction  
10          that the Commissioner asked me.

11   33405                  In respect, then, of your leadership  
12          race, do you know whether Mr. Schreiber -

13   33406                  When did the leadership race actually  
14          take place? What was the date, roughly?

15   33407                  THE RIGHT HON. BRIAN MULRONEY: It  
16          began, for me, in March and ended in June -- the 11th  
17          of June.

18   33408                  MR. PRATTE: June of 1983.

19   33409                  THE RIGHT HON. BRIAN MULRONEY: Yeah.

20   33410                  MR. PRATTE: Do you know whether Mr.  
21          Schreiber contributed financially to your leadership  
22          bid in June of 1983?

23   33411                  THE RIGHT HON. BRIAN MULRONEY: I  
24          don't know, but he has testified that he didn't.

25   33412                  MR. PRATTE: Do you know a Mr. Frank

1            Moores?

2    33413                            THE RIGHT HON. BRIAN MULRONEY:    Sure.

3    33414                            MR. PRATTE:    Do you know who Mr.

4            Moores was supporting in the leadership campaign that

5            culminated in your election in 1983?

6    33415                            THE RIGHT HON. BRIAN MULRONEY:    John

7            Crosbie.

8    33416                            MR. PRATTE:    By the time you are

9            elected, then, in June 1983 as Leader of the

10           Progressive Conservative Party, how would you describe

11           your relationship with Mr. Schreiber?

12   33417                            Not Mr. Moores -

13   33418                            THE RIGHT HON. BRIAN MULRONEY:    I

14            didn't have a relationship with him.

15   33419                            MR. PRATTE:    Thank you.    We will get

16            back to Mr. Moores later.

17   33420                            We are going to start the fumbling

18            now, Mr. Mulroney, with the various volumes, and I am

19            going to go, Mr. Commissioner, first to Exhibit P-43,

20            which is the first binder.

21   33421                            No, actually it is Binder 4, P-7.

22            It is the correspondence of Mr. Schreiber.

23   33422                            COMMISSIONER OLIPHANT:    Which binder

24            is it?

25   33423                            MR. PRATTE:    It is P-7, Mr.



1 Commissioner, documents in support of Karlheinz  
2 Schreiber's testimony, Binder 4.

3 33424 Just so everyone is clear, and the  
4 Registrar is clear, rather than reprinting all of the  
5 same documents, Mr. Commissioner, a second time, in  
6 addition to the three binders you have marked as P-43,  
7 P-44 and P-45, the Commission suggested, and it made  
8 sense, that we use a couple of the exhibits already  
9 filed, including this binder of correspondence. This  
10 is the correspondence that Mr. Schreiber addressed --  
11 or exchanged between himself and Mr. Mulroney over the  
12 years.

13 33425 COMMISSIONER OLIPHANT: I agree with  
14 that suggestion. I know that the pulp and paper  
15 industry is in trouble in Canada, but we have killed  
16 enough trees already on this Commission, so let's do  
17 what we can.

18 33426 MR. PRATTE: Thank you, sir.

19 33427 Mr. Mulroney, are you at Tab 1 of  
20 this binder now?

21 33428 It appears to be a telegram. Do you  
22 see that?

23 33429 THE RIGHT HON. BRIAN MULRONEY: Yes.

24 33430 MR. PRATTE: It may not be crystal  
25 clear, but if you look at the very first line in the

1 document, there is a square rectangle at the top  
2 left-hand corner, and that's the date. I don't think  
3 there is any issue, it is February 1982.

4 33431 THE RIGHT HON. BRIAN MULRONEY:

5 M'hmm.

6 33432 MR. PRATTE: Is this a telegram that  
7 you sent to Mr. Schreiber in or about that time?

8 33433 THE RIGHT HON. BRIAN MULRONEY: It  
9 certainly appears to be.

10 33434 MR. PRATTE: And on its face -- I  
11 won't read it, but if I could paraphrase, you are  
12 congratulating him for becoming a citizen of Canada.

13 33435 THE RIGHT HON. BRIAN MULRONEY: Yes.

14 33436 MR. PRATTE: Do you have any  
15 recollection of sending this telegram?

16 33437 THE RIGHT HON. BRIAN MULRONEY: No.

17 33438 MR. PRATTE: How could this have come  
18 about? Do you have any suggestion as to how you might  
19 come to send a telegram to someone you have described  
20 as having no relationship with at that time?

21 33439 THE RIGHT HON. BRIAN MULRONEY: I  
22 have no doubt how it came about, someone asked me to do  
23 it. Frank Moores or Bob Coates or someone said, "Mr.  
24 Schreiber is a friend of ours" -- who, by the way, I  
25 may have been introduced to at the Ritz or somewhere

1           else in those days -- "Mr. Schreiber has become a  
2           Canadian citizen. He was a German national and he  
3           became a Canadian citizen. Here is a draft of  
4           telegram, would you mind sending it to congratulate  
5           him?"

6   33440                   I have no problem.

7   33441                   MR. PRATTE: Now, you had been  
8           elected Leader of the Progressive Conservative Party in  
9           June of 1983.

10 33442                   THE RIGHT HON. BRIAN MULRONEY: Yes.

11 33443                   MR. PRATTE: You don't have a seat in  
12           the House at that time.

13 33444                   THE RIGHT HON. BRIAN MULRONEY: No.

14 33445                   MR. PRATTE: Then tell us how you  
15           managed to get elected to the House of Commons in 1983.

16 33446                   THE RIGHT HON. BRIAN MULRONEY: It  
17           was a big challenge because Mr. Trudeau was Prime  
18           Minister, and had been Prime Minister for a long time.  
19           He had a very strong lead in some areas, and if I  
20           hadn't got elected to the House of Commons in a  
21           by-election, I couldn't be in the House in the fall to  
22           lead the party into the next election, really.

23 33447                   So it was a great day when Elmer  
24           MacKay, a highly respected and revered person in Nova  
25           Scotia, who had a very safe Conservative seat, offered

1 to step down and let me run in a by-election. He was  
2 fantastic to have done that.

3 33448 So Mila and I and the kids moved down  
4 to Central Nova, which, by the way, was close -- cheek  
5 by jowl with where I had lived in Antigonish when I  
6 went to St. F.X., so I knew the region and I knew the  
7 people to some considerable extent, and I had spent the  
8 three previous years going back, as well, because of  
9 the St. F.X. fundraising campaign.

10 33449 So it was a natural, and Elmer  
11 stepped down and a by-election was called for the 29th  
12 of August. Mila and I and the kids lived in the Celtic  
13 Lodge down there, and campaigned seven days a week, and  
14 won the by-election on the 29th of August.

15 33450 MR. PRATTE: Were you familiar at  
16 that time, or by that time, I should say, with the  
17 general economic circumstances of the Province of Nova  
18 Scotia?

19 33451 THE RIGHT HON. BRIAN MULRONEY: So  
20 much so that I ran on the slogan of committing myself  
21 that, if you elect me, there will only be three parts  
22 of my -- three planks in my platform: jobs, jobs,  
23 jobs.

24 33452 MR. PRATTE: Before Mr. MacKay ceded  
25 his seat in the way you have described, had you known

1           him prior to that time?

2   33453                   THE RIGHT HON. BRIAN MULRONEY:  Yes,  
3           I had, very favourably too.

4   33454                   MR. PRATTE:  What impact, if any, did  
5           his gesture toward you have in your relationship  
6           thereafter with Mr. MacKay?

7   33455                   THE RIGHT HON. BRIAN MULRONEY:  Well,  
8           look, if I had not gotten into the House in those  
9           circumstances, you can imagine -- given the gentle and  
10          forgiving nature of the Conservative Party, you can  
11          imagine how long I would have lasted as leader.  So it  
12          was absolutely key.

13   33456                   When I became the leader, I appointed  
14          Elmer, in the Office of the Leader of the Opposition,  
15          as my senior advisor, and then, when I formed a  
16          government doing what I had promised to do, to run from  
17          Quebec and win seats in Quebec -- because it was the  
18          only way.  You can't form a government without seats in  
19          Quebec, and if you do, you can't govern in this  
20          country, and you shouldn't govern.

21   33457                   So it was very key that I run in  
22          Quebec, so I turned back the seat to Elmer, who ran and  
23          got elected, and he became a senior member of my  
24          government for nine years, and a valued counsellor  
25          throughout.

1 33458 MR. PRATTE: So you are now elected  
2 Leader of the Opposition. There has been evidence in  
3 this proceeding that during that period, adduced by Mr.  
4 Schreiber, you may have met with him and a Mr. Max  
5 Strauss.

6 33459 Does that name ring a bell with you,  
7 Max Strauss?

8 33460 THE RIGHT HON. BRIAN MULRONEY: What  
9 rings a bell is Franz Josef Strauss, whom I have never  
10 met in my life. I understand that -- and I had said  
11 elsewhere that I didn't know Max Strauss. You can be  
12 sure that's true.

13 33461 But Pat MacAdam, apparently, has said  
14 that while he was the gatekeeper in my parliamentary  
15 office, while I was Leader of the Opposition, that  
16 after Question Period, when people come in to get  
17 pictures and shake hands, and in and out, that Mr.  
18 Schreiber apparently arrived with Max Strauss, who was  
19 about 22 years old, and one of Franz Josef's sons  
20 apparently, and there was a 90-second meet-and-greet in  
21 my office.

22 33462 MacAdam says that neither he nor I  
23 knew who they were, and that it had been arranged,  
24 possibly, by Bob Coates, who was also a friend of Mr.  
25 Schreiber's, but I have no recollection of that at all.

1 33463 But if MacAdam or someone says that  
2 it happened, then it happened.

3 33464 MR. PRATTE: Ultimately there is an  
4 election, when you become Prime Minister.

5 33465 THE RIGHT HON. BRIAN MULRONEY: Yes.

6 33466 MR. PRATTE: What was the date of  
7 that election?

8 33467 THE RIGHT HON. BRIAN MULRONEY: The  
9 election was 1984, the 4th of September.

10 33468 MR. PRATTE: And I am going to ask  
11 you the question again. When you become Prime Minister  
12 of Canada in 1984, how would you describe your  
13 relationship with Mr. Schreiber?

14 33469 THE RIGHT HON. BRIAN MULRONEY:  
15 Before I become Prime Minister?

16 33470 MR. PRATTE: Yes.

17 33471 THE RIGHT HON. BRIAN MULRONEY:  
18 Non-existent.

19 33472 Essentially non-existent. I might  
20 have run into him at a political event or something  
21 like that.

22 33473 MR. PRATTE: All right. You are  
23 sworn in as Prime Minister on what date, Mr. Mulroney?

24 33474 THE RIGHT HON. BRIAN MULRONEY: The  
25 17th of September 1984.

1 33475 MR. PRATTE: The Commission has spent  
2 some time, as you know, Mr. Mulroney, looking at the  
3 Bear Head Project and how it was handled by various  
4 people. Perhaps before we get specifically onto the  
5 Bear Head Project, you can briefly tell us a little bit  
6 of your perception of the role of the Prime Minister,  
7 as well as the relationship with ministers, and then  
8 the bureaucracy.

9 33476 Give us a succinct description of how  
10 you perceive the role of the Prime Minister in our  
11 system of government.

12 33477 THE RIGHT HON. BRIAN MULRONEY: If  
13 you have never been Prime Minister and you haven't  
14 worked in the immediate entourage of a Prime Minister,  
15 which I had not, when you arrive and you are sworn in  
16 as Prime Minister, it is quite a thing. The  
17 concentration -- as Donald Savoie has written, the  
18 concentration of power in the hands of the Canadian  
19 Prime Minister is probably unrivalled anywhere in the  
20 free world, simply by the manner in which we have  
21 chosen to do things.

22 33478 You learn that the Prime Minister has  
23 tremendous powers of appointment. He appoints the  
24 ambassadors, the deputy ministers, members of the  
25 judiciary, the Supreme Court, he appoints the cabinet,



1 the Senate, and so on.

2 33479 So there is a great deal of power  
3 concentrated in the hands of the Prime Minister. He  
4 appoints the cabinet, and they are chosen to govern the  
5 country and to be responsible to Parliament, to the  
6 House of Commons.

7 33480 MR. PRATTE: In terms of the  
8 ministers now, in your tenure, what was the  
9 relationship with the ministers, in terms of sharing  
10 responsibilities?

11 33481 You say, ultimately, that the power  
12 rests with you, but how do you see your relationship  
13 with the ministers, generally?

14 33482 Now I am not talking about Bear Head,  
15 I just want to put this in context.

16 33483 THE RIGHT HON. BRIAN MULRONEY: Every  
17 Prime Minister, I suppose, has his own style. Mine was  
18 to choose the very best ministers I could, and to let  
19 them run their departments, not to interfere in any  
20 way.

21 33484 I told the ministers: If you have a  
22 problem, come and see me. We will solve it together.  
23 Don't expect me to be looking over your shoulder and  
24 telling you what to do. It's your responsibility, you  
25 go ahead and do it.

1 33485 MR. PRATTE: What about what is  
2 generically referred to, oftentimes, as the  
3 bureaucracy, i.e., the non-elected officials? What is  
4 the relationship there between the two entities, the  
5 elected side on the one hand and the non-elected on the  
6 other, the bureaucracy?

7 33486 THE RIGHT HON. BRIAN MULRONEY:  
8 Canada has an excellent Public Service, and there is  
9 always some degree of tension between the elected  
10 people, who are the ultimate decision-makers, and the  
11 Public Service, who are there to provide advice,  
12 assistance, help, counsel, and the benefits of the  
13 accumulated wisdom of 142 years of helping around the  
14 country.

15 33487 Moreover, over 142 years, Canada  
16 being a country of laws, we have developed our own  
17 system of responsibility and accountability, and  
18 respect for the integrity of the process, and so on,  
19 and the Clerk of the Council is there to -

20 33488 MR. PRATTE: This is the Privy  
21 Council.

22 33489 THE RIGHT HON. BRIAN MULRONEY: The  
23 Privy Council.

24 33490 The Clerk of the Privy Council is  
25 effectively the deputy minister of the Prime Minister.

1           The Prime Minister appoints him, and then they appoint  
2           all of the deputy ministers.

3   33491                   The deputy ministers, while  
4           responsible for the minister's well-being and the sound  
5           management of his department. They are also -- they  
6           report to the Prime Minister through the Clerk of the  
7           Council, and it is on the recommendations of the Clerk  
8           of the Council that I would have moved deputy ministers  
9           here or there, or indeed, sometimes, ministers here or  
10          there, to satisfy the changing needs of the government.

11   33492                   MR. PRATTE: There has been a lot of  
12          evidence -- and we will talk about some of it in a  
13          minute or two -- about the Bear Head Project and  
14          certain views that the bureaucracy may have had, or  
15          other ministers, on its wisdom. But to put this in  
16          context, Mr. Mulroney, just to have a sense of the  
17          rapport de force --

18   33493                   THE RIGHT HON. BRIAN MULRONEY: Yes.

19   33494                   MR. PRATTE: Can, for example, the  
20          Prime Minister, if he or she chooses to, override the  
21          wishes of the bureaucracy in a particular instance?

22   33495                   Is that possible?

23   33496                   THE RIGHT HON. BRIAN MULRONEY:  
24          Absolutely, if the Prime Minister is ready to accept  
25          the consequences.

1 33497 I can perhaps give you a little  
2 anecdote about that.

3 33498 The Government of Canada, before I  
4 arrived as Prime Minister, sponsored an international  
5 competition for the design and the architecture of the  
6 new Canadian embassy in Washington, which was -- and  
7 you may remember the controversy -- very unique for all  
8 of us, but particularly unique for architects around  
9 the world, because we had secured from the Reagan  
10 administration the only spot on Pennsylvania Avenue for  
11 an embassy between the White House and Capitol Hill.  
12 You can imagine how valued this property was.

13 33499 As it turned out, the Trudeau  
14 government had the responsibility of choosing the  
15 architects; I had the responsibility of going ahead  
16 with the project and the opening of the embassy, and so  
17 on.

18 33500 So when the contest was on and people  
19 from around the world sent in their maquettes, Mr.  
20 Trudeau -- who, by the way, was a student of  
21 architecture. He and I spent time one day in the lobby  
22 of the Supreme Court while he explained to me the work  
23 of the architects who had done each section of the  
24 building. He was very good at it.

25 33501 So he says to one of his assistants,

1 Bob Fowler -- who was his foreign policy advisor, as he  
2 was mine, and then he went on to work for Mr.  
3 Chrétien -- he says to Fowler, "Bob, where are these  
4 maquettes for all of the designs for the Canadian  
5 embassy in Washington?" and Fowler says, "They are over  
6 in the West Block. They are all set up there."  
7 33502 Trudeau says, "Fine. At seven  
8 o'clock at night, before I go home, let's go take a  
9 look at them."  
10 33503 So they go over to the West Block,  
11 and there in a special room are all of the maquettes  
12 for the new embassy to be built on Pennsylvania Avenue.  
13 33504 Mr. Trudeau looks around, and he is  
14 very impressed by the whole thing, and then he says to  
15 Bob Fowler, "Bob" -- and Trudeau was a great friend of  
16 Arthur Erickson -- a tremendous friend of Erickson's --  
17 Trudeau says, "Bob, where is Arthur's maquette?" Bob  
18 says, "Prime Minister, I am very sorry, but Mr.  
19 Erickson didn't make the final cut." Trudeau said,  
20 "Gee, that's too bad, because he just won."  
21 33505 That's what a Prime Minister can and  
22 will do if he is -- and, by the way, the embassy on  
23 Pennsylvania Avenue was designed by -- that magnificent  
24 building was designed by Erickson, which shows that, in  
25 spite of the advice from the contrary, Mr. Trudeau made

1 the right decision.

2 33506 MR. PRATTE: Let's talk about ACOA.  
3 You are then Prime Minister. What does the acronym  
4 ACOA stand for, Mr. Mulroney?

5 33507 THE RIGHT HON. BRIAN MULRONEY: The  
6 Atlantic Canada Opportunities Agency.

7 33508 MR. PRATTE: And when did it come to  
8 be, or into being?

9 33509 THE RIGHT HON. BRIAN MULRONEY: It  
10 was created by my government.

11 33510 MR. PRATTE: Why?

12 33511 THE RIGHT HON. BRIAN MULRONEY:  
13 Because, with my experience in Atlantic Canada, I felt  
14 that Atlantic Canada had been badly deprived and badly  
15 treated over many years. There was no fairness in the  
16 degree of economic opportunity, and all Canadians  
17 should strive for that.

18 33512 So we decided, on the advice of  
19 people like Elmer and others, to create the Atlantic  
20 Canada Opportunities Agency and locate it in Moncton,  
21 New Brunswick.

22 33513 MR. PRATTE: Very briefly, other than  
23 the Bear Head Project, which will occupy us presently,  
24 were there other projects that you were involved in in  
25 that region of Canada, Mr. Mulroney, where, in fact,

1           you pushed the project forward, notwithstanding  
2           objections from others?

3   33514                           THE RIGHT HON. BRIAN MULRONEY:  We  
4           funded ACOA -- I had seen the experience with la Caisse  
5           de dépôt in Quebec, where the Caisse had a mission to  
6           help la petite et moyenne entreprise.  French-Canadian  
7           entrepreneurs who had never had access to capital could  
8           now get it, in the sixties, for the first time from la  
9           Caisse, and that helped transform Quebec and, in a  
10          significant way, Canada.  So you see these leading  
11          French-Canadian entrepreneurs now who were able to do  
12          what they did because of ready access to la Caisse de  
13          dépôt.

14   33515                           The other provinces, of course,  
15          couldn't do that, because the feds were running their  
16          pension plans.  So we created ACOA to help Atlantic  
17          Canadians, small business people and others, to have  
18          access to credit and development, and that turned out  
19          to be, I think, successful -- obviously.

20   33516                           Then we were confronted with, for  
21          example -- you know, I was determined to do something  
22          to help these people.  We were confronted by a major  
23          choice in regard to a shipbuilding contract for 12 or  
24          14 frigates, \$6 billion, which was the largest  
25          procurement contract, to that point, in Canadian

1 history.

2 33517 The argument was that it should be  
3 split between Quebec and Saint John, New Brunswick.  
4 Ultimately I said: No, we are going to put it all in  
5 Saint John, New Brunswick, because that will give them  
6 the opportunity to create a zone of excellence,  
7 technological excellence, which will help young New  
8 Brunswickers and Maritimers to develop, as they haven't  
9 had the chance before.

10 33518 We built the bridge. We worked on  
11 the building of the bridge from New Brunswick to Prince  
12 Edward Island, which a lot of people opposed. Most  
13 people opposed it because of the enormous cost.

14 33519 What happened there? Well, just in  
15 one instance, combined with the Free Trade Agreement,  
16 which was part of our calculation, Prince Edward Island  
17 exports to the United States increased by 600 percent  
18 in the five years following the opening of the bridge.

19 33520 Then there was one that was probably  
20 even more dramatic, Hibernia. In 1990, after Mr. Wells  
21 had sabotaged the Meech Lake Accord, immediately after,  
22 he said publicly that Hibernia was not worth two fish  
23 plants. But John Crosbie and I saw it differently.

24 33521 Because of my years in Newfoundland  
25 and Labrador, I knew that this was a unique opportunity



1 to kick-start the Newfoundland economy and give them a  
2 technological wave of development possibilities that  
3 they had never seen before, hopefully transforming that  
4 province from a have-not society into a rich, have  
5 province.

6 33522 The problem was, at that very moment,  
7 they needed \$2.8 billion in loan guarantees, and  
8 everyone -- and I mean pretty well everyone -- was  
9 opposed to this. We had no money in the treasury to  
10 speak of, we were in a deficit, we were in the middle  
11 of a recession, and the guy down there in Newfoundland  
12 running the show had just sabotaged what I  
13 considered -- I don't mean to be unduly argumentative  
14 about it -- what I considered to have been a great  
15 national effort at reconciliation between us all.

16 33523 John Crosbie came to see me and we  
17 had a long talk about it. We shared that view for  
18 Newfoundland.

19 33524 I had the lonely job of going to my  
20 cabinet and my caucus, and in particular the Quebec  
21 caucus, where I had 63 members -- and we absolutely  
22 needed them to pass this through the House of  
23 Commons -- and I told them that even though -- not  
24 only did I understand, I felt very deeply their sense  
25 of loss and chagrin at what had happened in the

1 Newfoundland legislature by Mr. Wells, this was not a  
2 question of dealing with political parties, this was  
3 about Canada and the future of Canada, and the  
4 opportunity for Newfoundlanders to get a fair break.

5 33525 So I approved the \$2.8 billion in  
6 loan guarantees, Hibernia got going, the energy issue  
7 became paramount, and I was delighted to see one day a  
8 study which indicated that, in the previous five years,  
9 Newfoundland and Labrador, for the first time since  
10 they entered this country in 1949, led all of the  
11 Canadian provinces, including Alberta, in economic  
12 development as a percentage of GDP growth. It was  
13 fantastic.

14 33526 Look at the growth down there, and  
15 the promise now of Newfoundland and Labrador.

16 33527 These are the kinds of things that we  
17 encountered, which I am sure all prime ministers  
18 encounter. Those were some of the ones I encountered.

19 33528 You asked me in the context of the  
20 development of Atlantic Canada; there it is.

21 33529 MR. PRATTE: All right. Now, a  
22 couple of things in general, very briefly, so we  
23 understand how the system works.

24 33530 There is a volume that I have  
25 referred you to, Mr. Mulroney, of Mr. Schreiber's

1           correspondence with you, principally, which is P-7, the  
2           binder we were just looking at with the telegram.

3   33531                   THE RIGHT HON. BRIAN MULRONEY:   Yes.

4   33532                   MR. PRATTE:   I am going to take you  
5           to a couple of tabs in a moment, but I just want to  
6           know, very briefly, how the correspondence that is sent  
7           to the Prime Minister's Office -

8   33533                   I appreciate that there is an issue  
9           in this hearing, later on, that doesn't concern what I  
10          am asking about, but I just want to know, when you were  
11          there, Mr. Mulroney, as Prime Minister, if someone  
12          sends a letter to the Prime Minister, confidential or  
13          whatever it is, do they all get to you?

14   33534                   Very briefly, can you explain to us  
15          how the correspondence system, if I can call it that,  
16          works.

17   33535                   THE RIGHT HON. BRIAN MULRONEY:   It is  
18          probably more sophisticated now, but in my time, which  
19          seems an eternity ago -- and it was probably fairly  
20          embryonic.  What happened was, we had a correspondence  
21          unit, and a very good one.

22   33536                   As Mr. Tellier, I think, has told  
23          you, the Prime Minister gets thousands and thousands of  
24          communications, memos and letters, and so on.

25   33537                   What happened with us was, they

1 tended to be segregated in various ways. One would be  
2 letters that came in dealing with public policy issues,  
3 non-political, which would have been referred to the  
4 PCO. They would have either answered them directly or  
5 prepared drafts for our consideration.

6 33538 The second was the political,  
7 strictly political stuff which would be sent to the  
8 PMO.

9 33539 Then the third was much smaller, was  
10 family and friends kind of thing. If someone wanted to  
11 write to me, there was some kind of a code that they  
12 put on it and people knew right away that this is the  
13 Prime Minister's Aunt Jenny who is writing to him and  
14 he is going to want to see it.

15 33540 So at night often people like Bill  
16 Pristanski, who was my Executive Assistant, who is  
17 here, would take the three segregated files that  
18 happened to be available that day and put them in one  
19 of my briefcases.

20 33541 I went home with two briefcases every  
21 night. One dealt essentially with the PCO business,  
22 with government business, and the other with either  
23 political or friends, and so on.

24 33542 And so from this Bill and Hebert  
25 Piche and Paul Smith and others would prepare a

1 telephone call list for me. It would emanate generally  
2 from this kind of stuff.

3 33543 So either at the end of the day I  
4 would begin phoning from my office or from the car  
5 going to 24 Sussex. I would go home, have dinner with  
6 Mila and the kids, do what all parents do with their  
7 homework and so on, and then I would repair to the den  
8 where I would work for a couple of hours, until about  
9 11:00 when I would call Paul Tellier about 11 o'clock  
10 every night to talk briefly about the next day's work.

11 33544 During that period I would have gone  
12 through the documents that were given to me and the  
13 correspondence files -- by that I mean the family and  
14 personal stuff -- and I would have throughout the  
15 night, if I came across a letter from a Premier or  
16 former Premier or something, I would call him, call him  
17 at home and, you know "Hi, Bill", or "Duff" or what  
18 have you, "How are you? I got your letter", and such  
19 and such and so-and-so, just to place a call to make a  
20 connection with them.

21 33545 So that was the segregation, as I  
22 remember it.

23 33546 MR. PRATTE: Okay. Now, in the  
24 volume you have in front of you, Mr. Mulroney, there  
25 are, I guess starting at Tab 2 and going to Tab 17

1           inclusively -- and I am just going to take you quickly  
2           to a couple of them. There are a number of letters,  
3           mainly from Mr. Schreiber to you and a couple of notes  
4           that I am going to take you to from you to him.

5   33547                   My first question is: Do you have  
6           any recollection of receiving and/or reading any of  
7           Mr. Schreiber's letters -- and I am talking now only  
8           about the time when you were Prime Minister -- these  
9           letters between those two tabs?

10  33548                   THE RIGHT HON. BRIAN MULRONEY: No, I  
11           don't know of a Prime Minister whose staff would  
12           include in any of his correspondence letters from  
13           lobbyists.

14  33549                   MR. PRATTE: Well, let's look at a  
15           letter, Tab 2. This is a letter --

16  33550                   THE RIGHT HON. BRIAN MULRONEY:  
17           Although, having said that, I can acknowledge that is  
18           it possible that once in a blue moon one slips through?  
19           Sure, that's possible.

20  33551                   MR. PRATTE: Well, let's look at this  
21           one, the first one, Mr. Mulroney -- I believe that was  
22           when you were Prime Minister -- from Mr. Schreiber. It  
23           is addressed to you, at Tab 2, August 28, 1989, and it  
24           says:

25                           "Dear Brian,

1 I very much enjoyed meeting with  
2 you last week..."

3 33552 In the first paragraph. In the third  
4 paragraph:

5 "I listened with great interest  
6 to your address to the P.C.  
7 Annual Meeting ..."

8 33553 Et cetera, et cetera. Do you have  
9 any recollection of receiving that letter at the time?

10 33554 THE RIGHT HON. BRIAN MULRONEY: No.  
11 33555 MR. PRATTE: Could you go to Tab --  
12 33556 THE RIGHT HON. BRIAN MULRONEY: But  
13 he is referring to the PC Annual Meeting.

14 33557 MR. PRATTE: Yes...?

15 33558 THE RIGHT HON. BRIAN MULRONEY: It's  
16 probably -- I'm sorry.

17 33559 MR. PRATTE: Let's then go to Tab 3.  
18 33560 THE RIGHT HON. BRIAN MULRONEY: Yes.  
19 33561 MR. PRATTE: You write:  
20 "Dear Karlheinz,  
21 Thank you for your letter of  
22 August 28.  
23 I too was pleased to have the  
24 opportunity to meet with you.  
25 The recent General Meeting

1 provided a tremendous  
2 opportunity..."

3 33562 And so forth. Do you have any  
4 recollection of meeting with Mr. Schreiber at the PC  
5 meeting?

6 33563 THE RIGHT HON. BRIAN MULRONEY: No.

7 33564 MR. PRATTE: What kind of meeting was  
8 that, first of all, so I know?

9 33565 THE RIGHT HON. BRIAN MULRONEY: Well,  
10 it was the general meeting of the Party so there would  
11 have been 3,000 or 4,000 delegates there and supporters  
12 and people, all kinds of people. It was a huge --  
13 these are huge events for all political parties. They  
14 take place every -- they used to take place every other  
15 year.

16 33566 So the Party faithful would come in  
17 droves to get together, particularly if you are in  
18 government, you know, to get together and so on.

19 33567 So I guess his letter to me where he  
20 says:

21 "I very much enjoyed meeting  
22 with you last week; it was an  
23 unexpected pleasure..."

24 33568 Yes, probably because he probably  
25 bumped into me, you know, at this meeting and I said



1 hello of course and this is what he was referring to.

2 33569 MR. PRATTE: I asked you some  
3 questions about how the correspondence was handled. I  
4 was only talking about -- we only talked about how the  
5 correspondence is handled from the time it is sent into  
6 the --

7 33570 THE RIGHT HON. BRIAN MULRONEY: Yes.

8 33571 MR. PRATTE: -- Prime Minister'  
9 Office and so on.

10 33572 What about, then, responses. Do you  
11 draft every single response that may bear your name?  
12 How does that work?

13 33573 THE RIGHT HON. BRIAN MULRONEY: Well,  
14 no. The drafts would be prepared by the staff in the  
15 PMO or by the PCO, the correspondence unit, and the  
16 Prime Minister would either -- if it was important it  
17 would be -- the other thing, I'm sorry, that I forgot  
18 to mention, communications from Heads of State,  
19 sometimes they come in.

20 33574 You would think it was all done by  
21 telephone, but certainly not in those days, and there  
22 would be substantive letters received from, say,  
23 President Reagan about the free-trade negotiations.  
24 That was a separate category in the PCO, in the PMO.  
25 That would have to be responded to very carefully and

1 every word accessed.

2 33575 Tellier and Derek Burney, for  
3 example, and I would often sit down and ensure  
4 ourselves that the letter responded to that and then I  
5 would sign the letter.

6 33576 But normally speaking, these letters  
7 that you see would be signed by a signature machine.

8 33577 MR. PRATTE: And when you say "these  
9 letters that you see", which are you referring to?

10 33578 THE RIGHT HON. BRIAN MULRONEY: There  
11 is one here to Mr. Schreiber on the 18th of September  
12 after the annual meeting. It looks to me -- it looks  
13 to me like it was signed by a machine.

14 33579 MR. PRATTE: Do you actually see  
15 these letters --

16 33580 THE RIGHT HON. BRIAN MULRONEY: No.

17 33581 MR. PRATTE: -- or do they just go  
18 out? These kinds of letters.

19 33582 THE RIGHT HON. BRIAN MULRONEY: No.

20 33583 MR. PRATTE: Do you have any  
21 recollection of signing this letter?

22 33584 THE RIGHT HON. BRIAN MULRONEY: No.

23 33585 MR. PRATTE: There is another one,  
24 Mr. Mulroney, I think perhaps it is the only other one  
25 from you, if you go to Tab 17.

1 33586 THE RIGHT HON. BRIAN MULRONEY: Yes,  
2 sir.

3 33587 MR. PRATTE: And I will just take you  
4 to Tab 13 as well. Maybe you can keep your finger  
5 under it.

6 33588 Let's start with Tab 13.

7 33589 THE RIGHT HON. BRIAN MULRONEY: Yes.

8 33590 MR. PRATTE: It is dated March 15,  
9 1993:

10 "Dear Prime Minister:  
11 Arriving back to Canada, I don't  
12 want to miss the opportunity to  
13 send you this letter, expressing  
14 my feelings of sadness about the  
15 political developments in Canada  
16 since we last met over breakfast  
17 at your house."

18 33591 I think it was accepted that it was  
19 at 24 Sussex he meant at the time, not your private --  
20 did Mr. Schreiber ever go to your private residence,  
21 Mr. Mulroney?

22 33592 THE RIGHT HON. BRIAN MULRONEY: No.

23 33593 MR. PRATTE: Then he says, in the  
24 last paragraph:  
25 "Without doubt, you are also

1                   sure to soon find out who your  
2                   real friends are."  
3   33594           THE RIGHT HON. BRIAN MULRONEY: "Keep  
4                   in mind that two of them live  
5                   partly" -- "your real friends".  
6   33595           MR. PRATTE: Okay.  
7   33596           THE RIGHT HON. BRIAN MULRONEY: Your  
8           true friends.  
9                   "Keep in mind..."  
10  33597           He says:  
11                   "... that two of them live  
12                   partly in Bavaria, expecting  
13                   that Mila and you may soon find  
14                   the time to travel the so called  
15                   'Romantic Road', which passes  
16                   our home."  
17  33598           MR. PRATTE: And then he says:  
18                   "Don't you think it would..."  
19  33599           THE RIGHT HON. BRIAN MULRONEY: Mr.  
20           Schreiber.  
21  33600           MR. PRATTE: "Don't you think it  
22                   would be a good idea to see us  
23                   there and allow us to  
24                   extent(sic) a little Bavarian  
25                   hospitality?"

1 33601 Did you actually ever take him up on  
2 that offer?

3 33602 THE RIGHT HON. BRIAN MULRONEY: No.

4 33603 MR. PRATTE: If you go to 17, Tab  
5 17 --

6 33604 THE RIGHT HON. BRIAN MULRONEY: Yes.

7 33605 MR. PRATTE: -- there is a letter  
8 there from you, a short letter, March 29, 1993. The  
9 words at the bottom are handwritten.

10 33606 Is that your writing, Mr. Mulroney?

11 33607 THE RIGHT HON. BRIAN MULRONEY: That  
12 is my writing, yes.

13 33608 MR. PRATTE: Would you have drafted  
14 that letter? Do you have any recollection, first of  
15 all, of drafting a response?

16 33609 THE RIGHT HON. BRIAN MULRONEY: No,  
17 but I can tell you what it is.

18 33610 I announced my resignation on the  
19 24th of February 1993 and there was, as you can  
20 imagine, a lot of letters came in offering  
21 congratulations and best wishes to Mila and me. And so  
22 a draft would have been prepared by the PMO -- that is  
23 clearly what it is -- that is sufficiently generic to  
24 cover all expressions of good wishes. And I say except  
25 for those in the segregated files, this would be one of

1           them.

2   33611                   But these would have come to me  
3           because I am leaving office and I would add a little  
4           note here for Harry or Jim or Pat or something, that's  
5           all.

6   33612                   MR. PRATTE:   Okay.   And lastly -- and  
7           then, Mr. Commissioner, we might come to an appropriate  
8           time for a break.   I will then move directly into the  
9           Bear Head Project specifically.

10  33613                   The last very brief area so that I  
11           understand the system, could you go to Tab 5 of the  
12           same binder, Mr. Mulroney.   Just go back a few tabs.

13  33614                   THE RIGHT HON. BRIAN MULRONEY:   Tab  
14           what, sir?

15  33615                   MR. PRATTE:   Five.

16  33616                   THE RIGHT HON. BRIAN MULRONEY:   Yes.

17  33617                   MR. PRATTE:   There is a letter there  
18           dated 27 August 1990, again from Mr. Schreiber.   Just  
19           in case I didn't cover this, there is in big bold  
20           letters and it's marked "PERSONAL CONFIDENTIAL, FOR HIS  
21           EYES ONLY".

22  33618                   Does that generally, that mention  
23           generally -- I don't mean necessarily in respect of  
24           this -- affect how the mail would be handled.   That is  
25           to say, does that guarantee it goes to the Prime

1 Minister?

2 33619 THE RIGHT HON. BRIAN MULRONEY: Of  
3 course not.

4 33620 MR. PRATTE: Then it says -- first it  
5 says:  
6 "Dear Prime Minister:"  
7 33621 The first full paragraph,  
8 Mr. Mulroney:  
9 "First, let me thank you for the  
10 telephone conversation last week  
11 I hope that your mother's  
12 birthday celebration was a happy  
13 event for she and all of your  
14 family."  
15 33622 Do you recall having such a  
16 conversation with Mr. Schreiber?

17 33623 THE RIGHT HON. BRIAN MULRONEY: No, I  
18 do not.

19 33624 MR. PRATTE: Is it possible that one  
20 happened or he was on the line?

21 33625 THE RIGHT HON. BRIAN MULRONEY: Well,  
22 look, he may have been -- he may have been put on the  
23 line. Maybe he was with Elmer or maybe he ran into me  
24 at a birthday party for my mother at the Chateau or  
25 something. I have no idea.

1 33626 But you know, the Prime Minister can  
2 call out all the time. It is pretty hard to get to  
3 him. You can't pick up the phone and call his -- call  
4 him at 24 Sussex normally.

5 33627 The Prime Minister has a special  
6 switchboard with a special number, and so the calls  
7 have to go to the switchboard and -- at least in my  
8 time, in terms of telephone calls.

9 33628 What I will tell you is about my  
10 time. I can't tell you what the system is now because  
11 I haven't had very many calls lately from the Prime  
12 Minister's office.

13 --- Laughter / Rires

14 33629 THE RIGHT HON. BRIAN MULRONEY: But  
15 in my time you would phone the switchboard and say I  
16 would like to speak to the Prime Minister. Yes. The  
17 call would then be referred to one of my staffers.  
18 Either he recognized who it was or didn't and he would  
19 ask what it was about, prepare a note for me with the  
20 telephone numbers and say, you know, Mr. so-and-so,  
21 your friend from Calgary or Antigonish called and would  
22 like you to call back if you can.

23 33630 So that's when I would do the calls I  
24 told you about at the end of the day.

25 33631 Or he would say this call got



1 through. I don't have a clue what it's about. He  
2 wants -- he wants to tell you -- you would like to tell  
3 you that you are the worst Prime Minister that Canada  
4 has ever had and then some. You know, put that under  
5 the undecided calls.

6 33632 Canada is a wonderful country, but  
7 there are lots of -- there are almost 35 million people  
8 and 35 million opinions.

9 33633 So calls were very carefully  
10 monitored and segregated.

11 33634 MR. PRATTE: Do you have a  
12 recollection of ever phoning Mr. Schreiber yourself in  
13 the period 1984 to '93, during your tenure as Prime  
14 Minister?

15 33635 THE RIGHT HON. BRIAN MULRONEY: No,  
16 not of placing a call to him or receiving a call from  
17 him.

18 33636 MR. PRATTE: Mr. Commissioner, this  
19 might be a convenient break.

20 33637 Following Mr. Wolson's example, it is  
21 11 o'clock. It might be an appropriate time. I hope I  
22 am as successful for advocating for breaks as he has  
23 been, but we have been at it for an hour and a half.

24 33638 COMMISSIONER OLIPHANT: All right.  
25 We will take the morning break, 15 minutes.

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

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

3 33639 COMMISSIONER OLIPHANT: Be seated,  
4 please.

5 33640 MR. PRATTE: I'm sorry,  
6 Mr. Commissioner, I'm told that my voice was trailing  
7 off so I will try to speak closer to the microphone.

8 33641 COMMISSIONER OLIPHANT: It is  
9 important that we speak into the microphones as best we  
10 can.

11 33642 MR. PRATTE: Thank you, sir.

12 33643 Mr. Mulroney, when did you first hear  
13 of a project called the Bear Head Project whilst you  
14 were Prime Minister, roughly?

15 33644 THE RIGHT HON. BRIAN MULRONEY: I was  
16 aware that in '84-'85 Sinc Stevens, who was then the  
17 Minister of Economic Development, and who did an  
18 excellent job in that portfolio, was interested in  
19 creating an economic trade zone, beneficial tax  
20 treatment to people, companies who would invest there  
21 and that would be used as a way of attracting  
22 investment to Cape Breton, to create jobs.

23 33645 The first that I can remember hearing  
24 about the project with some definition had to be in, I  
25 suppose, '86-'87, early '87.

1 33646 MR. PRATTE: What was your  
2 understanding of the project at that time? What did  
3 you understand it to involve?

4 33647 THE RIGHT HON. BRIAN MULRONEY: Well,  
5 the first approach that was made to the government of  
6 any kind, which was in writing, indicated that Thyssen  
7 might be interested in investing there if there was  
8 some infrastructure assistance benefiting from this tax  
9 treatment I told you about, and that they would design  
10 and build these vehicles that could be used for  
11 military purposes or in peacekeeping. That was  
12 basically it.

13 33648 MR. PRATTE: Where was that going to  
14 be done?

15 33649 THE RIGHT HON. BRIAN MULRONEY: It  
16 was going to be done in Cape Breton, across the Strait  
17 of Canso in Bear Head Point, I think.

18 33650 MR. PRATTE: Do you remember who  
19 apprised you of this project in your government?

20 33651 THE RIGHT HON. BRIAN MULRONEY: I  
21 don't, but I wouldn't be surprised if it -- it had to  
22 be probably Bob Coates or Elmer. Bob Coates was for a  
23 while Minister of Defence and also very interested in  
24 economic development in Nova Scotia. He was a Member  
25 of Nova Scotia. Elmer was a very important member of

1 the government and for Nova Scotia as well.

2 33652 It was very likely one of them.

3 33653 MR. PRATTE: Did you, over the course  
4 of the years that ensued, have discussions with  
5 Mr. MacKay about the Bear Head Project?

6 33654 THE RIGHT HON. BRIAN MULRONEY: Yes,  
7 I did.

8 33655 MR. PRATTE: What was your initial  
9 reaction, impression to the worth of the project?

10 33656 I am looking for the right word,  
11 but --

12 33657 THE RIGHT HON. BRIAN MULRONEY: Well,  
13 it was really presented to me initially as a concept  
14 and I was very favourably disposed to the concept. Let  
15 me tell you this. You're the Prime Minister of Canada.  
16 You have areas of your country, particularly as it  
17 happens areas in central or eastern Nova Scotia where  
18 unemployment rates frequently got as high as 50 per  
19 cent, and somebody comes in and says I can create  
20 500 -- a modern plant with new technology, with export  
21 dimension to it, that I can create 500 new jobs or  
22 1,000 new jobs with the multipliers spinoffs. You can  
23 bet your bottom dollar that I, and any other Prime  
24 Minister of Canada, is interested immediately.

25 33658 MR. PRATTE: Was there, as best you

1 can recollect, opposition, though, within the  
2 government, or differing views, about the wisdom of  
3 this project at that time?

4 33659 I'm talking '87. I think you said  
5 maybe '86 or '87 --

6 33660 THE RIGHT HON. BRIAN MULRONEY: Yes.

7 33661 MR. PRATTE: -- you first heard of  
8 the project itself.

9 33662 THE RIGHT HON. BRIAN MULRONEY: Yes.  
10 Well, the way it was presented -- I'm speaking  
11 essentially from memory, but the way it was presented  
12 originally was as I have told you. This thing went  
13 through various reincarnations and reconfigurations as  
14 time went on, but initially that was it.

15 33663 The first comment at the government  
16 level that I can remember is when the project or a part  
17 of the project came to Cabinet through the Cabinet  
18 Committee system and it indicated, like there were new  
19 dimensions being added to this as time went on.

20 33664 I had the bare bones in my mind,  
21 which was the concept I told you about that I favoured  
22 enthusiastically. Then all of a sudden there were new  
23 things that we had to consider.

24 33665 And one that I remember, and probably  
25 the first that came up, was the problem of Thyssen

1 building items, vehicles in Canada which could be  
2 shipped to places like Saudi Arabia and Syria and so  
3 on.

4 33666 This went against our -- or could  
5 have been seen as going against our export control  
6 rules.

7 33667 MR. PRATTE: Let me take you in that  
8 regard briefly, Mr. Mulroney -- you should have in  
9 front of you and maybe you have, but just so we are  
10 sure we are talking from the same book, P-43, Binder 1  
11 of 3.

12 33668 Is that what you have?

13 33669 THE RIGHT HON. BRIAN MULRONEY: Yes.

14 33670 MR. PRATTE: Would you go to Tab 4.

15 33671 THE RIGHT HON. BRIAN MULRONEY: Yes.

16 33672 MR. PRATTE: First of all,  
17 Mr. Mulroney, just so we understand what that kind of  
18 document is, could you identify who the document is  
19 from?

20 33673 THE RIGHT HON. BRIAN MULRONEY: The  
21 document was from the Clerk of the Privy Council and  
22 Secretary of the Cabinet. It was Paul Tellier.

23 33674 MR. PRATTE: And that is the person  
24 whose responsibilities you described earlier in terms  
25 of the function of the Clerk in PCO.

1 33675 THE RIGHT HON. BRIAN MULRONEY: The  
2 Clerk is the number one public servant in Canada and  
3 all of the Deputy Ministers report to him for  
4 subsequent reporting to the Prime Minister.

5 33676 MR. PRATTE: Do you meet frequently  
6 with the Clerk of the Privy Council?

7 33677 Again, this is an aspect perhaps I  
8 didn't cover, but generally speaking what is your  
9 relationship, very succinctly, between the Clerk of the  
10 Council and yourself as Prime Minister? Very  
11 succinctly could you tell us?

12 33678 THE RIGHT HON. BRIAN MULRONEY: I met  
13 with him every morning and he was the last call I made  
14 at night and I saw him throughout the day.

15 33679 I think I can say that it was  
16 generally acknowledged Paul Tellier was one of the most  
17 outstanding public servants in the history of Canada.

18 33680 MR. PRATTE: Did you appoint him when  
19 you became Prime Minister?

20 33681 THE RIGHT HON. BRIAN MULRONEY: He  
21 was in the government. He had worked as a Deputy  
22 Minister or maybe an ADM to Mr. Chrétien and he was  
23 head of the Canada Unity Office in the 1980 Referendum.  
24 And I think when I came in he was the Assistant --  
25 maybe I'm wrong -- Deputy in Energy.

1 33682 But I know that I promoted him and I  
2 then -- Gordon Osbaldeston, whom I had inherited from  
3 Mr. Turner, and Mr. Trudeau at the end, who also was  
4 tremendous, Gordon decided to retire and then I had to  
5 make a choice among the top people in Ottawa, and I  
6 determined that the Clerk of the Council should be Paul  
7 Tellier and I appointed him to that position.

8 33683 MR. PRATTE: And how long did he hold  
9 that position while you were Prime Minister, roughly?

10 33684 THE RIGHT HON. BRIAN MULRONEY: He  
11 achieved that at 1985 and he stayed there until I  
12 appointed him as President and Chief Executive Officer  
13 of CN in 1992, I believe. He moved to Montréal and  
14 took over the CN.

15 33685 MR. PRATTE: Now, if you read -- this  
16 is a memorandum that is titled "MEMORANDUM FOR THE  
17 PRIME MINISTER".

18 33686 THE RIGHT HON. BRIAN MULRONEY: Yes.

19 33687 MR. PRATTE: Do you see that on the  
20 first page, Mr. Mulroney?

21 33688 THE RIGHT HON. BRIAN MULRONEY: Yes,  
22 I do. Yes.

23 33689 MR. PRATTE: We talked about how  
24 correspondence gets to the Prime Minister.

25 33690 THE RIGHT HON. BRIAN MULRONEY: Yes.



1 33691 MR. PRATTE: Am I right to assume  
2 that when the Clerk writes to you, we can assume you  
3 got it?

4 33692 THE RIGHT HON. BRIAN MULRONEY: The  
5 Clerk's memos are in my briefcase, in the PCO policy  
6 briefcase every night.

7 33693 MR. PRATTE: Okay.

8 33694 It says, the first paragraph says:  
9 "The purpose of this memorandum  
10 is to provide you with an update  
11 on the Thyssen proposal to  
12 establish a manufacturing  
13 facility at Bear Head, Cape  
14 Breton Island."

15 33695 Do you see that?

16 33696 THE RIGHT HON. BRIAN MULRONEY: Yes,  
17 I do.

18 33697 MR. PRATTE: I am at the first page,  
19 Mr. Mulroney.

20 33698 THE RIGHT HON. BRIAN MULRONEY: Yes,  
21 I do, yes.

22 33699 MR. PRATTE: Okay. Do you recall  
23 receiving the document?

24 33700 THE RIGHT HON. BRIAN MULRONEY: I  
25 don't recall receiving it. I recall the argument that

1           it makes and I know that I, as usual, perused this very  
2           carefully, because that is my writing --

3   33701                   MR. PRATTE:  When you say --

4   33702                   THE RIGHT HON. BRIAN MULRONEY:  -- on  
5           page 3.

6   33703                   MR. PRATTE:  All right.  So let us go  
7           to page 3.

8   33704                   When you say it's your writing, there  
9           is a paragraph, I guess it's the penultimate paragraph  
10          before Mr. Tellier's -- well, first of all, is this  
11          Mr. Tellier's handwritten initials at the bottom?

12   33705                   THE RIGHT HON. BRIAN MULRONEY:  
13          That's him.

14   33706                   MR. PRATTE:  Okay.

15   33707                   THE RIGHT HON. BRIAN MULRONEY:  
16          That's him.

17   33708                   MR. PRATTE:  Sorry, sir?

18   33709                   THE RIGHT HON. BRIAN MULRONEY:  
19          That's him.

20   33710                   MR. PRATTE:  There is in the margin  
21          right beside a sentence in the penultimate paragraph  
22          that is underlined and there is some writing there.

23   33711                   Is that your writing?

24   33712                   THE RIGHT HON. BRIAN MULRONEY:  
25          That's me.

1 33713 MR. PRATTE: And what does it say?

2 33714 THE RIGHT HON. BRIAN MULRONEY: "NB",  
3 which means pay particular attention to that statement.

4 33715 The statement is:

5 "Having reviewed ... the Thyssen  
6 proposal, both from an economic  
7 and regional development and  
8 foreign policy perspective, and  
9 in view of significant foreign  
10 policy considerations, we would  
11 recommend against Government  
12 approval of the Thyssen  
13 proposal."

14 33716 MR. PRATTE: Is that what you were  
15 referring to earlier -- well, what is the issue that is  
16 being referred to there, as best as you can --

17 33717 THE RIGHT HON. BRIAN MULRONEY: Well,  
18 I think there is reference to it here in which I think  
19 on page 2, where it is noted that, you know:

20 "You should be aware that a few  
21 years ago ... (a German firm  
22 which built the Leopard tanks  
23 and now used by ...) attempted  
24 to sell an updated version of  
25 that tank to Saudi Arabia. The

1 German Government intervened and  
2 stopped the sale, arguing that  
3 they did not want to be  
4 perceived as descendants of the  
5 Nazi regime selling arms to a  
6 country in dispute with Israel."

7 33718 So this came to Cabinet and there was  
8 a memorandum or an argument from Mr. Clark, and  
9 Mr. Clark also would have called me before. We had a  
10 very close and good relationship and he was, as I have  
11 said many times, an outstanding Foreign Minister. And  
12 we chatted about this.

13 33719 So I said to Cabinet, before you get  
14 started -- because there was a conflict here between  
15 economic development part and the foreign policy part,  
16 and that is when the Prime Minister resolves these  
17 matters. That's --

18 33720 MR. PRATTE: The memo is copied to or  
19 appears to --

20 33721 COMMISSIONER OLIPHANT: Just a  
21 moment. Were you finished your answer, Mr. Mulroney?

22 33722 THE RIGHT HON. BRIAN MULRONEY: I'm  
23 sorry, sir?

24 33723 COMMISSIONER OLIPHANT: Had you  
25 finished your answer? I thought maybe Mr. Pratte

1 started another question before you were finished.

2 33724 THE RIGHT HON. BRIAN MULRONEY: Yes.

3 I guess all I was going to say, sir, was that my  
4 recollection of the thrust of the different arguments  
5 was that -- you know, it's what you get today  
6 between -- we didn't get so much then. For example,  
7 today it is the environment versus economic  
8 development; then it was economic development versus  
9 foreign policy. And the consideration dealt with this  
10 German manufacturer, a very good one, but that had been  
11 associated with the Nazi regime.

12 33725 And that this product -- now we found  
13 out. This wasn't in the original statement by them.  
14 Now we find out this stuff is going to be -- could be  
15 sold to sensitive areas of the Middle East.

16 33726 So my simple statement to the Cabinet  
17 was, look, Mr. Clark has brought this forward in that  
18 regard. Let me give you -- to save some time, let me  
19 give you the position of the Government. We will not,  
20 under any circumstances, ship any equipment to the  
21 Middle East that places Israel in a disadvantaged  
22 position. We will not do it. So you can stop talking  
23 about it and if this is the ultimate project, it is not  
24 going anywhere.

25 33727 That was the position in regard to

1           that.

2   33728                   MR. PRATTE:   How was this issue  
3           addressed?   Was it resolved, as we know the project did  
4           continue.

5   33729                   THE RIGHT HON. BRIAN MULRONEY:   Well,  
6           I think we will see that it came back in a different  
7           configuration and that the issue of the export controls  
8           and the possible shipment -- look, the Israeli  
9           government was communicating with me at the time.  
10          Shimon Peres was the -- Shimon was the Foreign Affairs  
11          Minister I think at the time, yes.   We got lots of  
12          communications back and forth in that regard, just that  
13          this was unacceptable.

14   33730                   I found myself with bifurcated  
15          emotions, in the sense that I wanted the economic jobs  
16          in Cape Breton, but there were no circumstances that  
17          even given that desire by me that I would ever allow  
18          anything to take place, as I say, that placed Israel in  
19          a disadvantaged position.

20   33731                   MR. PRATTE:   Very well.   If you go to  
21          Tab 11 now, Mr. Mulroney.

22   33732                   THE RIGHT HON. BRIAN MULRONEY:   Yes.

23   33733                   MR. PRATTE:   You will find a  
24          document -- first of all, because I didn't mention it,  
25          Mr. Commissioner, the first memo from Mr. Tellier

1 appeared to be in 1986. That is the memo at Tab 4.

2 33734 Now, Mr. Mulroney, we are at Tab 11  
3 and there is another memo -- well, I should ask you  
4 this. Is that another memo to you?

5 33735 THE RIGHT HON. BRIAN MULRONEY: From  
6 Mr. Tellier, yes.

7 33736 MR. PRATTE: Yes. It is dated  
8 September 17, 1987 and it is entitled "Thyssen Proposal  
9 for Cape Breton Facility".

10 33737 It starts:

11 "It would appear that the  
12 proposal by Thyssen to build a  
13 facility on Cape Breton Island  
14 is still active."

15 33738 Let me just stop there, Mr. Mulroney.

16 33739 Why is Mr. Tellier reporting to you  
17 about this project? How does he come to be the  
18 reporter, if I will, if I can call him that, in  
19 connection with any new information in regard to this  
20 project?

21 33740 THE RIGHT HON. BRIAN MULRONEY: That  
22 would be part of the process I described earlier.  
23 Nothing of significance occurs in the Government of  
24 Canada without the knowledge of the Secretary of the  
25 Cabinet, the Clerk of the Privy Council. If there is a

1 major project that is heading to Cabinet in any way, it  
2 comes to the centre, which is the Privy Council Office.

3 33741 Mr. Tellier, apart from being the  
4 Secretary to the Cabinet and Clerk of the Privy  
5 Council, was my Deputy Minister. I had to know as  
6 Prime Minister, because the Prime Minister is  
7 responsible to Parliament and to the country for the  
8 functioning of his government -- I had to know what was  
9 going on.

10 33742 So Mr. Tellier would get this  
11 information from various other Deputy Ministers. He  
12 would say to them what's going on here? I see an item  
13 on the agenda that you guys are trying to put on the  
14 agenda from, say, the Health Department. That has not  
15 been cleared by Cabinet Committee or this has not been  
16 looked at by the Privy Council Office. Get your ducks  
17 in a row and come back with it.

18 33743 That's what he would do. When he  
19 had -- I'm sorry, when they had satisfied him, the  
20 various departments or a department, that this was  
21 worthy, if I may put it that way, of consideration by  
22 Cabinet Committee or by Cabinet, then he would prepare  
23 this, giving me his opinion on it.

24 33744 MR. PRATTE: Okay.

25 33745 THE RIGHT HON. BRIAN MULRONEY: It



1           may be, I just say at the time, you may have noticed  
2           that -- I don't know if it's here, but you may have  
3           noticed in other circumstances and other  
4           communications -- let me see if it's here.

5   33746                            Yes, that often -- it's not here, but  
6           often times you will see a carbon copy on the bottom  
7           for my Chief of Staff.

8   33747                            MR. PRATTE:  If we go back,  
9           Mr. Mulroney, in fact to the first one we looked at,  
10          Tab 4, I was going to ask you about that actually and I  
11          omitted to.

12   33748                            If you go to Tab 4, page 3,  
13          Mr. Commissioner, the last page under the tab,  
14          Mr. Mulroney, that is the first memo we just looked  
15          at --

16   33749                            THE RIGHT HON. BRIAN MULRONEY:  Yes.

17   33750                            MR. PRATTE:  -- with your annotation.

18   33751                            THE RIGHT HON. BRIAN MULRONEY:  Yes.

19   33752                            MR. PRATTE:  You see at the bottom of  
20          the page it says "c.c. Bernard Roy".  Who is Bernard  
21          Roy?

22   33753                            THE RIGHT HON. BRIAN MULRONEY:  He  
23          was my Chief Of Staff in PMO.

24   33754                            MR. PRATTE:  The PMO being the Prime  
25          Minister's Office.

1 33755 THE RIGHT HON. BRIAN MULRONEY: The  
2 Prime Minister's Office.

3 33756 MR. PRATTE: Okay.

4 33757 THE RIGHT HON. BRIAN MULRONEY: So  
5 this is Mr. Tellier telling Mr. Roy this is what is  
6 going on on this file.

7 33758 And why did he do that? Because  
8 there are only two ways to get this kind of sensitive  
9 information to a Prime Minister, and that is from the  
10 Clerk of the Council or the Chief of Staff of the Prime  
11 Minister. It has to go through either of those.

12 33759 There may be exceptions from time to  
13 time, but believe me, not often on major projects.

14 33760 MR. PRATTE: Okay. Let's go -- I'm  
15 sorry, Mr. Mulroney, go ahead.

16 33761 THE RIGHT HON. BRIAN MULRONEY: And  
17 I'm just going to say the reason for it is that Prime  
18 Ministers are sometimes confronted -- I was, where you  
19 get down to 24 Sussex and you are studying this stuff,  
20 tons of it, and you look at it and you get through the  
21 Privy Council stuff. It makes a lot of sense. All  
22 right, I think I'm going to go this way. You open the  
23 PMO stuff, and here is a memo from some guy in the PMO  
24 who says politically this is all wet, we shouldn't  
25 touch this, and gives the reasons.

1 33762 So my instructions to them was get  
2 your own ducks in a row. I don't want to hear three or  
3 four opinions at the end. The time for the opinions is  
4 before, the debate before. Give me a recommendation  
5 from the government.

6 33763 MR. PRATTE: If you would go back,  
7 Mr. Mulroney, to Tab 11.

8 33764 THE RIGHT HON. BRIAN MULRONEY: Yes.

9 33765 MR. PRATTE: I read you the first  
10 sentence.

11 33766 THE RIGHT HON. BRIAN MULRONEY: Yes.

12 33767 MR. PRATTE: It then says:  
13 "Senator Murray and officials  
14 from the Atlantic Canada  
15 Opportunities Agency have met  
16 recently with Thyssen officials  
17 to discuss the specifics of  
18 their proposal."

19 33768 Do you see that?

20 33769 THE RIGHT HON. BRIAN MULRONEY: Yes.

21 33770 MR. PRATTE: You mentioned earlier  
22 when we were at St. FX briefly, Lowell Murray. What  
23 role does Mr. Murray play -- well, we see has been  
24 appointed Senator, but what role does he play in your  
25 government and specifically in regard or with regard to

1 the Bear Head Project as of 1987?

2 33771 THE RIGHT HON. BRIAN MULRONEY: Mr.  
3 Murray had been appointed to the Senate by Prime  
4 Minister Clark in 1979, and when I formed a government  
5 I brought him into my Cabinet as Minister of  
6 Federal-Provincial Relations and subsequently asked him  
7 to take on the added responsibility of Minister  
8 Responsible for ACOA.

9 33772 MR. PRATTE: In that capacity,  
10 Mr. Mulroney -- well, let me put it a different way.

11 33773 Does he have interaction with  
12 Mr. Tellier? Does he keep Mr. Tellier informed or how  
13 does Mr. Tellier come to know that Mr. Murray has met  
14 and others from the ACOA have met with Thyssen?

15 33774 How does that communication get  
16 forwarded to Mr. Tellier?

17 33775 THE RIGHT HON. BRIAN MULRONEY: The  
18 Deputy Minister of Mr. Murray's department -- I think  
19 it was Don McPhail at the time -- would automatically  
20 keep Mr. Tellier informed.

21 33776 MR. PRATTE: We are going to look at  
22 a few more memos from Mr. Tellier, Mr. Mulroney, but as  
23 best as you can recollect, was Mr. Tellier kept  
24 informed of developments, or the evolution of this  
25 project, whilst he was Clerk of the Privy Council?

1 33777 THE RIGHT HON. BRIAN MULRONEY: Mr.  
2 Tellier was kept fully informed of this throughout, as  
3 I think the documents indicate. And it should be  
4 pointed out, as I have said, from the beginning to the  
5 end his enthusiasm for this project was well under  
6 control.  
7 --- Laughter / Rires

8 33778 MR. PRATTE: Is that why he might  
9 say, in the second paragraph on the first page:  
10 "In our view, this proposal is  
11 highly questionable from a  
12 variety of viewpoints."  
13 33779 Is that --

14 33780 THE RIGHT HON. BRIAN MULRONEY:  
15 Absolutely.

16 33781 MR. PRATTE: When he says "this  
17 proposal is highly questionable from a variety of  
18 viewpoints", he says "In our view".

19 33782 THE RIGHT HON. BRIAN MULRONEY: Yes.

20 33783 MR. PRATTE: Who is the -- whose view  
21 is he talking about?

22 33784 THE RIGHT HON. BRIAN MULRONEY: The  
23 bureaucracy.

24 33785 MR. PRATTE: The bureaucracy.

25 33786 THE RIGHT HON. BRIAN MULRONEY: In

1           this case he is really talking on behalf of the  
2           Department of National Defence.

3   33787                   MR. PRATTE:  If you just go in fact  
4           to page 2 --

5   33788                   THE RIGHT HON. BRIAN MULRONEY:  Yes.

6   33789                   MR. PRATTE:  -- you will see under  
7           his signature -- well, his typed signature and I guess  
8           that is his initial.  Is that right?

9   33790                   THE RIGHT HON. BRIAN MULRONEY:  That  
10          is his initial.

11   33791                   MR. PRATTE:  Okay.  There are three  
12          names on the left-hand side, the very last line.

13   33792                   THE RIGHT HON. BRIAN MULRONEY:  Yes.

14   33793                   MR. PRATTE:  "Swan/Hagen/Swain".  Do  
15          you know who these people are?

16   33794                   THE RIGHT HON. BRIAN MULRONEY:  Yes.

17   33795                   MR. PRATTE:  Who is Mr. Swain, for  
18          example?

19   33796                   THE RIGHT HON. BRIAN MULRONEY:  He is  
20          a -- Harry is a Deputy Minister -- was a Deputy  
21          Minister of Industry, but at the time he would have  
22          worked in the Privy Council Office.

23   33797                   MR. PRATTE:  Okay.  And the other  
24          two...?

25   33798                   THE RIGHT HON. BRIAN MULRONEY:  They

1 would have been assisted Secretaries in the Privy  
2 Council at the time. I can't remember exactly the  
3 permutations of their career at the time.

4 33799 MR. PRATTE: Okay.

5 33800 THE RIGHT HON. BRIAN MULRONEY: But  
6 they are all very good and well known, Messrs. Swan,  
7 Hagen and Swain. They worked for Tellier.

8 33801 MR. PRATTE: Okay.

9 33802 COMMISSIONER OLIPHANT: Mr. Mulroney,  
10 we have been told earlier that where names like those  
11 appear on a memo to you from Mr. Tellier that that is  
12 indicative that those individuals probably played a  
13 significant role in drafting the final memo that went  
14 to you.

15 33803 Is that your recollection?

16 33804 THE RIGHT HON. BRIAN MULRONEY: Yes,  
17 sir.

18 33805 COMMISSIONER OLIPHANT: Okay. So  
19 that we can take it from the fact, for example, that  
20 Harry Swain's name appears there, he played a role in  
21 drafting the memorandum that ultimately went to you  
22 from Mr. Tellier?

23 33806 THE RIGHT HON. BRIAN MULRONEY: That  
24 is right.

25 33807 COMMISSIONER OLIPHANT: Okay.

1 33808 THE RIGHT HON. BRIAN MULRONEY: And  
2 what you would get, Mr. Commissioner, from time to  
3 time, is that Paul, at his office, he would get a  
4 draft, so the equivalent of a draft. He would get it  
5 and say this doesn't make any sense and he would  
6 scribble something and send it back. You would see his  
7 handwriting on it, and he would look at it. Then I  
8 would get it in the system, and I would look at the  
9 revised one and I would say this doesn't make any  
10 sense. My government is not going to do this, so you  
11 better get back to the drafting board and consider  
12 points (a) and (b).

13 33809 Because while public servants -- and  
14 we are blessed with a good public service in Canada.  
15 While they are very good, they are not infallible, nor  
16 do they have to seek re-election.

17 33810 The Prime Minister is also a leader  
18 of a political party. I mentioned en passant, you take  
19 Mr. Harper's decision to run in that election and cut  
20 two points off the GST. There wouldn't be an economist  
21 in the Finance Department or the Bank of Canada that  
22 say that that was a smart thing to do. It cuts  
23 \$12 billion out of your revenues and you have lost the  
24 best thing that the country has had in fiscal policy,  
25 namely the GST. It hurts your exports and it is great



1           because it comes off at the border.

2   33811                   But Mr. Harper's answer is you guys  
3           might be right, but I ran and told the Canadian people  
4           that if you elected me Prime Minister I am going to cut  
5           the GST by two points. It might be bad policy, bad  
6           economic policy, but it is good politics because I won,  
7           and I am here as Prime Minister and I want that done.

8   33812                   All of the bureaucrats who were  
9           opposed -- and I would bet you my bottom dollar that  
10          they all were -- they have no choice. The people rule.  
11          Mr. Harper won the election fair and square and it is  
12          up to him to decide what he wants to do. Because, if  
13          he is wrong -- or the same thing with me or Chrétien --  
14          we pay the price the next time out.

15   33813                   So, you know, people have to be  
16          careful in saying well, you know, Mr. Harper or  
17          Mr. Chrétien or Mr. Mulroney or Trudeau went against --  
18          when you get a recommendation from the public service,  
19          always treat it with respect, but this is not a papal  
20          edict. There is no infallibility associated with this.

21   33814                   So I think that has to be taken into  
22          consideration when people say oh, those nasty  
23          politicians, they didn't listen to all the public  
24          servants and so on. I think there is just a fact of  
25          life.

1 33815 MR. PRATTE: I won't ask you who was  
2 the father of the GST, Mr. Mulroney.

3 33816 THE RIGHT HON. BRIAN MULRONEY: It  
4 was Michael Wilson's idea.  
5 --- Laughter / Rires

6 33817 MR. PRATTE: We will send him an  
7 excerpt of that transcript.  
8 --- Laughter / Rires

9 33818 MR. PRATTE: Mr. Mulroney, would you  
10 then turn to Tab 15? We were just looking at a  
11 document where Mr. Tellier was expressing reservations  
12 on behalf of the public service, and there you have a  
13 letter now -- you are there, Mr. Mulroney, Tab 15?

14 33819 THE RIGHT HON. BRIAN MULRONEY: Yes.  
15 Yes.

16 33820 MR. PRATTE: It is a letter on Bear  
17 Head Thyssen letterhead addressed to you directly.

18 33821 THE RIGHT HON. BRIAN MULRONEY: Yes.

19 33822 MR. PRATTE: If you just go to page  
20 3, you will see who signed the letter.

21 33823 THE RIGHT HON. BRIAN MULRONEY: Yes.

22 33824 MR. PRATTE: Two people whose names  
23 we have heard before, Mr. Massmann and a Mr. Haastert.

24 33825 THE RIGHT HON. BRIAN MULRONEY: Yes,  
25 I guess so.

1 33826 MR. PRATTE: Did you know these  
2 people?

3 33827 THE RIGHT HON. BRIAN MULRONEY: No.

4 33828 MR. PRATTE: Do you know if you got  
5 this letter?

6 33829 THE RIGHT HON. BRIAN MULRONEY: I  
7 have no idea. I have no recollection of ever getting  
8 it.

9 33830 MR. PRATTE: Would you go, then, to  
10 the last page under the tab.

11 33831 THE RIGHT HON. BRIAN MULRONEY: Here?

12 33832 MR. PRATTE: Yes, same tab.

13 33833 THE RIGHT HON. BRIAN MULRONEY: Yes.

14 33834 MR. PRATTE: It looks as if it is  
15 a -- well, what does it look to you, Mr. Mulroney, is  
16 what I should -- you see there is a line there "Lowell  
17 Murray, Minister". It is not signed.

18 33835 THE RIGHT HON. BRIAN MULRONEY: Yes.

19 33836 MR. PRATTE: Maybe you could just  
20 review it quickly and see if it --

21 33837 THE RIGHT HON. BRIAN MULRONEY: Yes.  
22 It says:  
23 "The Prime Minister has asked me  
24 to reply on his behalf to your  
25 February 1 letter concerning

1 Thyssen Industrie AG's proposal  
2 to develop a production facility  
3 in Nova Scotia.  
4 The Thyssen proposal has been  
5 under active consideration for  
6 some time. As you know, it has  
7 implications for a number of  
8 major procurement decisions, and  
9 I am unable, therefore, to  
10 respond on behalf of the  
11 government at this time. Please  
12 accept my thanks for your  
13 expression of interest in this  
14 matter.  
15 I have sent an identical letter  
16 to your colleague, Mr. Haastert.  
17 Yours sincerely,  
18 Lowell Murray  
19 Minister".

20 33838 MR. PRATTE: Okay. Do you know if  
21 that letter was sent?

22 33839 THE RIGHT HON. BRIAN MULRONEY: I  
23 have no idea. I didn't -- you know, this is clearly in  
24 response to this letter, so either the PMO or the PCO  
25 would have sent it along to Sen. Murray as the Minister

1 Responsible for ACOA and he responded.

2 33840 MR. PRATTE: Okay. Well, you see  
3 there he says that -- at least the draft says -- well,  
4 first of all, why would Mr. Murray be drafting or  
5 considering a draft of this letter? What is his role  
6 in this?

7 33841 THE RIGHT HON. BRIAN MULRONEY: He  
8 was Minister for ACOA.

9 33842 MR. PRATTE: Okay. He says in the  
10 penultimate paragraph of the draft:

11 "Please accept my thanks for  
12 your expression of interest in  
13 this matter."

14 33843 Do you see that?

15 33844 THE RIGHT HON. BRIAN MULRONEY: Yes.

16 33845 MR. PRATTE: Now let me take you to  
17 Tab 19.

18 33846 THE RIGHT HON. BRIAN MULRONEY: Yes.

19 33847 MR. PRATTE: The first page of that  
20 is a memo, at least in draft form, from a Mr. McPhail  
21 to the Honourable Lowell Murray.

22 33848 THE RIGHT HON. BRIAN MULRONEY: Yes.

23 33849 MR. PRATTE: And you see it says:  
24 "Attached letter to the Prime  
25 Minister concerning Thyssen".

1 33850 THE RIGHT HON. BRIAN MULRONEY: Yes.

2 33851 MR. PRATTE: It says then:

3 "Attached for your signature, if

4 you agree, is a letter to the

5 Prime Minister providing an

6 assessment of the Thyssen

7 proposal and stressing the

8 significant economic benefits

9 the Thyssen project would create

10 in Cape Breton."

11 33852 Do you see that?

12 33853 THE RIGHT HON. BRIAN MULRONEY: Yes.

13 33854 MR. PRATTE: Would you then go to one

14 page over?

15 33855 THE RIGHT HON. BRIAN MULRONEY: Yes.

16 33856 MR. PRATTE: There is a letter there

17 dated July 12, 1988.

18 33857 THE RIGHT HON. BRIAN MULRONEY: Yes.

19 33858 MR. PRATTE: If you go to the third

20 page, do you recognize the handwriting of the person

21 who signed the letter?

22 33859 THE RIGHT HON. BRIAN MULRONEY: Yes.

23 33860 MR. PRATTE: Whose is it?

24 33861 THE RIGHT HON. BRIAN MULRONEY:

25 Lowell Murray.

1 33862 MR. PRATTE: Okay. Do you have any  
2 recollection of receiving that letter?

3 33863 THE RIGHT HON. BRIAN MULRONEY: I  
4 don't, but it would be entirely appropriate that he  
5 would send me -- or would send that.

6 33864 MR. PRATTE: Okay. Go back, then, if  
7 you would, to the first page of his letter,  
8 Mr. Mulroney, the second --

9 33865 THE RIGHT HON. BRIAN MULRONEY: Yes.

10 33866 MR. PRATTE: It says:  
11 "My dear Prime Minister:  
12 Some time ago, you requested me  
13 to examine and further  
14 developed, as required, the  
15 proposal by Thyssen Industries  
16 A.G. to establish a  
17 heavy-industry manufacturing  
18 facility in Cape Breton. I am  
19 writing to provide you with my  
20 assessment, and to recommend a  
21 course of action for the  
22 Government to facilitate the  
23 realization of the Thyssen  
24 project."

25 33867 THE RIGHT HON. BRIAN MULRONEY: Yes.

1 33868 MR. PRATTE: You said to me you have  
2 no recollection of seeing this letter. Is nevertheless  
3 what he recounts there, Mr. Murray, about what you  
4 asked him to do, is that in accordance with your best  
5 recollection of what you told him to do?

6 33869 THE RIGHT HON. BRIAN MULRONEY: Yes.  
7 Sure.

8 33870 MR. PRATTE: You have seen this  
9 document before. Was Mr. Murray in favour of the  
10 project at the moment, notwithstanding I guess  
11 reservations from other quarters?

12 33871 THE RIGHT HON. BRIAN MULRONEY: Yes.

13 33872 MR. PRATTE: Would you go to page 2,  
14 the second paragraph.

15 33873 THE RIGHT HON. BRIAN MULRONEY: Yes.

16 33874 MR. PRATTE: He says, and I quote:  
17 "I have directed Don McPhail to  
18 negotiate with Thyssen on the  
19 basis of a 'statement of  
20 intent', which would set out the  
21 status of our progress to date.  
22 While of a non-binding character  
23 a written confirmation of our  
24 understandings so far would be  
25 quite helpful to Thyssen, not



1                   only to shore up its partnership  
2                   negotiations with General  
3                   Dynamics, but would also  
4                   facilitate the authorization  
5                   from Thyssen's own board of  
6                   directors, to proceed in Cape  
7                   Breton."

8   33875                   Do you have any recollection of  
9           discussing with Mr. Murray or being advised that a  
10          possible statement of intent, as it is then described,  
11          might be negotiated?

12   33876                   THE RIGHT HON. BRIAN MULRONEY:   Yes.

13   33877                   MR. PRATTE:   Did you tell Mr. Murray  
14          anything about that statement of intent which then  
15          becomes an Understanding of Principle?

16   33878                   THE RIGHT HON. BRIAN MULRONEY:   Well,  
17          as we discussed, I saw Lowell all the time.   He was a  
18          very senior Cabinet Minister and very close to me and  
19          he was my Minister in regard to the constitutional  
20          negotiations at Meech Lake.   I have known him for 50  
21          years, had great confidence in him.   We would have  
22          lunch or dinner all the time -- I shouldn't say all the  
23          time, but very often.

24   33879                   So these things would come up either  
25          on the constitutional side, because he remained the

1 Minister of FPRO and he was also --

2 33880 MR. PRATTE: I'm sorry, just another  
3 acronym there. I'm not sure whether that has been --

4 33881 THE RIGHT HON. BRIAN MULRONEY:  
5 Federal-Provincial Relations Office.

6 33882 MR. PRATTE: FPRO, thank you.

7 33883 THE RIGHT HON. BRIAN MULRONEY: Yes.  
8 So he was Minister of that, plus he was in charge of  
9 Atlantic Canada Opportunities Agency. So we certainly  
10 had a lot to talk about.

11 33884 So the answer to your question is  
12 yes, I did deal specifically with this.

13 33885 MR. PRATTE: Okay. If you go to the  
14 paragraph just below the one I just read to you, it  
15 says:

16 "Such a statement of intent  
17 would be restricted to an  
18 affirmation of the Government's  
19 policy on economic development  
20 programming, and defence  
21 site-establishment assistance,  
22 for which Thyssen would normally  
23 be expected to be eligible.  
24 There would be no commitment,  
25 implied or otherwise, to source

1 a military contract to Thyssen,  
2 on other than competitive  
3 grounds in complete accordance  
4 with our existing procurement  
5 policy."

6 33886 Did you discuss with him this issue  
7 of whether or not there would be a commitment, how he  
8 describes it, "implied or otherwise", from the  
9 Government of Canada?

10 33887 THE RIGHT HON. BRIAN MULRONEY: Very  
11 specifically. When we got down to this, I said to  
12 Lowell I would like you to ensure you do the following.

13 33888 I had brought Frank Iacobucci into  
14 government from the University of Toronto Law School  
15 and appointed him as Deputy Minister of Justice. He  
16 worked with me on the constitutional file very closely.  
17 and I had learned to appreciate his great skills. He  
18 was with us for a number of years before I appointed  
19 him to the Federal Court and then to the Supreme Court  
20 of Canada. I had great confidence in him.

21 33889 I could see what was starting to  
22 happen here. What we are talking about at this  
23 point -- this is not -- I will just get right to your  
24 question.

25 33890 All of a sudden the political matter

1           that Mr. Clark had raised is being resolved, because at  
2           this point in time they had changed the project again  
3           and the project now at this particular point deals  
4           with -- in terms of the exports and what have you deals  
5           with a military joint defence sharing agreement we have  
6           with the Americans, and they are trying to make a deal  
7           with one of the big American suppliers so that it was  
8           said most if not all of the products could then be sold  
9           into the North American defence market.

10   33891                    So it is entirely different from what  
11           they set out to do. That was point number one.

12   33892                    Point number two is that  
13           traditionally this kind of product was supplied by a  
14           General Motors plant in London, Ontario, and it was a  
15           major employer in southwestern Ontario, which is an  
16           important part of the country as well.

17   33893                    So the argument was, look, we  
18           understand that Atlantic Canada is in bad economic  
19           shape.

20   33894                    This is coming from the ministers.

21   33895                    But, you know, we are from  
22           southwestern Ontario. We don't want our people to be  
23           put out of work simply to accommodate something else in  
24           some other part of the country.

25   33896                    That kind of thing.

1 33897 So that's the subtext of some of the  
2 argument that is being made here.

3 33898 While I continued -- and we are now  
4 talking about a somewhat reconfigured deal -- while I  
5 continued to be enthusiastic about anything that could  
6 help Atlantic Canada in terms of job creation, I  
7 realized the implications of what was going on. You  
8 have Mr. Tellier talking about procurement policy. Bob  
9 Fowler is doing the same at Defence. So I said to  
10 Lowell: I want you to go to Frank, and I want Frank  
11 himself to draft the clause in this agreement to ensure  
12 that we are not bound to do anything contractually.  
13 This doesn't trigger anything.

14 33899 It was put to me, in those  
15 circumstances, as a letter of comfort.

16 33900 MR. PRATTE: Okay. Then go to the  
17 letter -

18 33901 THE RIGHT HON. BRIAN MULRONEY: And  
19 that's what was done, by the way.

20 33902 MR. PRATTE: Yes, we will get to the  
21 agreement -- the UIP -- in a moment.

22 33903 Mr. Mulroney, would you then go, in  
23 the same tab -

24 33904 Actually, I want to go to July 19  
25 now.

1 33905 I would ask you to turn to Tab 21.  
2 You then get another memorandum from Mr. Tellier, dated  
3 July 19, 1988, a short while later.

4 33906 THE RIGHT HON. BRIAN MULRONEY: Yes.  
5 33907 MR. PRATTE: Would you go to the  
6 conclusion -- there is a paragraph at page 3 entitled  
7 "Conclusion".

8 33908 Maybe, Mr. Mulroney, you might read  
9 it aloud.

10 33909 THE RIGHT HON. BRIAN MULRONEY: Yes.  
11 "While an investment of this  
12 magnitude with an important  
13 employment potential would be of  
14 significant benefit to the Cape  
15 Breton economy, I urge you  
16 personally to request that due  
17 process be followed in this  
18 case. This would allow the  
19 major concerns of key  
20 departments to be addressed. I  
21 would recommend that Senator  
22 Murray be asked to prepare a  
23 Memorandum for consideration in  
24 the normal manner by Cabinet and  
25 Treasury Board. The PCO will

1 ensure that proper Ministerial  
2 consideration is arranged on  
3 high priority basis.  
4 Paul M. Tellier."

5 33910 MR. PRATTE: Do you know if you gave  
6 the instructions that Mr. Tellier was seeking from you?

7 33911 THE RIGHT HON. BRIAN MULRONEY:  
8 Absolutely. That's why the Memorandum of  
9 Understanding, or letter of comfort, contained  
10 absolutely no guarantee by the Government of Canada to  
11 do a single thing, in terms of future economic  
12 development, with Thyssen.

13 33912 MR. PRATTE: Would you go to Tab 27.

14 33913 THE RIGHT HON. BRIAN MULRONEY: Yes.

15 33914 MR. PRATTE: We find there, Mr.  
16 Mulroney, the Understanding in Principle, dated  
17 September 27, 1988.

18 33915 THE RIGHT HON. BRIAN MULRONEY: Yes.

19 33916 MR. PRATTE: Do you know if you saw  
20 that document at the time it was signed?

21 33917 THE RIGHT HON. BRIAN MULRONEY: No, I  
22 didn't. I received it after I had spoken to Lowell and  
23 to Paul, further to his memo, and I received the  
24 assurance from both of them that Iacobucci had indeed  
25 provided exactly the kind of documentation that I

1 required. It had been incorporated into the final  
2 document, and it, eventually, was signed on that basis.

3 33918 MR. PRATTE: Could you look at the  
4 signature page -- seeing as how we are talking about  
5 signing it -- at page 6?

6 33919 THE RIGHT HON. BRIAN MULRONEY: Page  
7 6, yes.

8 33920 MR. PRATTE: There are various  
9 signatures there. The first one, can you read it?

10 33921 THE RIGHT HON. BRIAN MULRONEY: Yes,  
11 it's Gerry Merrithew, from Saint John, who I see is the  
12 Minister responsible for ACOA.

13 33922 That change took place as we prepared  
14 for an election. Lowell was a senator and didn't have  
15 to run, fortunately for him.

16 33923 But this was an Atlantic Canada  
17 minister.

18 33924 MR. PRATTE: So he replaced Mr.  
19 Murray -

20 33925 THE RIGHT HON. BRIAN MULRONEY: In  
21 ACOA.

22 33926 MR. PRATTE: -- in ACOA.

23 33927 And then Mr. de Cotret?

24 33928 THE RIGHT HON. BRIAN MULRONEY:  
25 Robert de Cotret.



1 33929 MR. PRATTE: And Mr. Beatty.

2 33930 THE RIGHT HON. BRIAN MULRONEY:  
3 Perrin Beatty, yes.

4 33931 MR. PRATTE: Were you involved in any  
5 way in Mr. Beatty, the then Minister of National  
6 Defence, signing this document?

7 33932 THE RIGHT HON. BRIAN MULRONEY: No.

8 33933 MR. PRATTE: Did you instruct him to  
9 do so?

10 33934 THE RIGHT HON. BRIAN MULRONEY: No.

11 33935 MR. PRATTE: Did you, through other  
12 people, have it made clear to him that he should sign,  
13 that that was your wish?

14 33936 THE RIGHT HON. BRIAN MULRONEY: No.

15 33937 MR. PRATTE: Mr. Mulroney, the  
16 Commission has heard evidence that following, as you  
17 know, the signing of this Understanding in Principle,  
18 some payments were received by various people,  
19 including Mr. Frank Moores, I believe his company -

20 33938 COMMISSIONER OLIPHANT: GCI.

21 33939 MR. PRATTE: -- GCI -

22 33940 Thank you, Mr. Commissioner.

23 33941 First of all, were you familiar with  
24 GCI?

25 33942 THE RIGHT HON. BRIAN MULRONEY: Well,

1 of course, it was the company that we are talking about  
2 here. Yeah.

3 33943 MR. PRATTE: Well, I mean, the  
4 company, GCI -- Government Consultants International -

5 33944 THE RIGHT HON. BRIAN MULRONEY: Oh,  
6 yeah. Sure, yeah.

7 33945 MR. PRATTE: Okay. I believe, also,  
8 that evidence was led to the effect that Mr. Fred  
9 Doucet, about whom we will talk in a second, may have  
10 received a payment in or about November 1988, as a  
11 result of the signing of this document.

12 33946 THE RIGHT HON. BRIAN MULRONEY:  
13 That's right, yes.

14 33947 MR. PRATTE: Did you have any  
15 knowledge or information about those payments being  
16 triggered to these people?

17 33948 THE RIGHT HON. BRIAN MULRONEY: None.

18 33949 MR. PRATTE: When did you learn for  
19 the first time that this may have happened; that is,  
20 that upon signing this document these people received  
21 money in respect of, or following, or in the wake of  
22 signing the Understanding in Principle?

23 33950 THE RIGHT HON. BRIAN MULRONEY: I  
24 think when the documents were filed before the  
25 parliamentary committee last year.

1 33951 MR. PRATTE: Just give me a moment,  
2 Mr. Commissioner.  
3 --- Pause

4 33952 MR. PRATTE: Mr. Mulroney, I just  
5 mentioned Mr. Moores.

6 33953 THE RIGHT HON. BRIAN MULRONEY: Yes.

7 33954 MR. PRATTE: We mentioned him briefly  
8 earlier on, when we were talking about the leadership  
9 campaign in 1983. Can you tell the Commissioner what  
10 your relationship was with Mr. Moores as of 1988?

11 33955 THE RIGHT HON. BRIAN MULRONEY: In  
12 1988 my relationship with Mr. Moores was non-existent.

13 33956 MR. PRATTE: Why so?

14 33957 THE RIGHT HON. BRIAN MULRONEY:  
15 Because in 1987 he gave an interview to a journalist  
16 that appeared on the front page of the national papers,  
17 saying that I was going to be defeated in the next  
18 election, and that I deserved to be defeated.

19 33958 When my caucus and cabinet woke up --  
20 I think this was in `87, late `87 -- and saw Mr.  
21 Moores' statement, you can imagine that this went over  
22 like a lead balloon.

23 33959 So I simply severed communications  
24 with him completely.

25 33960 Mr. Moores I had known well. He was

1 a federal Member of Parliament. He became married to  
2 Janis Johnson, a lovely friend of ours from Winnipeg.  
3 He was elected Premier of Newfoundland, and I had a  
4 fair amount to do with him in the years that I was  
5 President of the Iron Ore Company of Canada.

6 33961 He had moved to Montreal. I saw a  
7 lot of him.

8 33962 There was much to enjoy and admire in  
9 the personality and the style of Frank Moores. In many  
10 ways he was a delightful character.

11 33963 But apart from enjoying delightful  
12 characters, I was also struggling to ensure that my  
13 government was re-elected in 1988. So, when I saw  
14 Frank's statement to this effect, that was the end of  
15 the relationship, which I don't think was restored in  
16 any way until he became ill, at the end of his life,  
17 and I spoke to him and intervened on his behalf in New  
18 York, to get him into the Maine -

19 33964 And Mila remained in communication  
20 with his wife, who, herself, is a wonderful person.

21 33965 But that's what happened.

22 33966 MR. PRATTE: All right. Let me take  
23 you now -

24 33967 Mr. Commissioner, I am in P-46.

25 33968 COMMISSIONER OLIPHANT: How long do

1           you expect to go before you -

2   33969                   MR. PRATTE:  I will do whatever you  
3           like, Mr. Commissioner.

4   33970                   COMMISSIONER OLIPHANT:  No, but at a  
5           time that is convenient to break.  Okay?

6   33971                   MR. PRATTE:  Yes, I am aware of that,  
7           sir.  I might go for another ten minutes or so, close  
8           to the normal lunch break.

9   33972                   Could I take you, Mr. Mulroney, to  
10          Tab 25 -- and Mr. Hughes will put that new set of  
11          documents before you.

12   33973                   THE RIGHT HON. BRIAN MULRONEY:  Yes.

13   33974                   MR. PRATTE:  What I am showing you,  
14          Mr. Mulroney, is a letter that has been filed in  
15          evidence.  It is a letter from Mr. Schreiber, dated  
16          March 3rd, 2008, addressed to the then Chair of the  
17          Ethics Committee, Mr. Szabo.

18   33975                   Could you go to page 2 of that  
19          document?

20   33976                   THE RIGHT HON. BRIAN MULRONEY:  Yes.

21   33977                   MR. PRATTE:  You see, just below the  
22          middle of the page, that there is a sentence in bold  
23          print, and it says -- I will read it:

24                            "This \$2 million was divided  
25                            amongst Mr. Mulroney and his

1 friends as follows."

2 33978 Let me stop you there, Mr. Mulroney.

3 When it refers to \$2 million, do you understand what

4 Mr. Schreiber might be referring to?

5 33979 THE RIGHT HON. BRIAN MULRONEY: I

6 haven't a clue what Mr. Schreiber refers to.

7 33980 MR. PRATTE: I think the evidence is

8 clear that a payment of \$2 million was, apparently,

9 triggered, that was part of the money, in the fall of

10 `88.

11 33981 Then he says, and I quote:

12 "On November 2, 1988 GCI (Frank

13 Moores) deposited \$500 000.00 to

14 the Swiss bank account, Codename

15 `Frankfurt' concerning the

16 Thyssen Bear Head project and

17 the Right Honourable Brian

18 Mulroney."

19 33982 First of all, did you know of this

20 Frankfurt account?

21 33983 THE RIGHT HON. BRIAN MULRONEY: No.

22 33984 MR. PRATTE: Then it says:

23 "Mr. Mulroney would know that

24 this money was marked for him

25 (corroborating bank document

1 attached)."

2 33985 What do you say to that statement,  
3 Mr. Mulroney; that you would know about this money, or  
4 that it was set aside for you?

5 33986 THE RIGHT HON. BRIAN MULRONEY: It's  
6 preposterous, as are most of Mr. Schreiber's statements  
7 and allegations, although I am not surprised to see it  
8 in this correspondence with the distinguished Chairman  
9 Szabo of the Ethics Committee, which Mr. Kaplan  
10 described as a national disgrace, and which the Prime  
11 Minister of Canada described as a kangaroo court.

12 33987 And I commend both of them for their  
13 gift of understatement.

14 33988 MR. PRATTE: All right. Let's get  
15 back to the evidence in this case, Mr. Mulroney.

16 33989 I mentioned the name a little  
17 earlier, in terms of your association with St. F.X., of  
18 Mr. Doucet.

19 33990 THE RIGHT HON. BRIAN MULRONEY: Yes.

20 33991 MR. PRATTE: You told me that you  
21 were involved with him after you left St. F.X. when, I  
22 guess, you led a campaign in the late seventies, early  
23 1980s, to raise funds for your alma mater.

24 33992 Is that right?

25 33993 THE RIGHT HON. BRIAN MULRONEY:

1           That's right.

2   33994                   MR. PRATTE: Did he come back into  
3           your life, as a politician, later, after that campaign?

4   33995                   THE RIGHT HON. BRIAN MULRONEY: Yes.

5   33996                   MR. PRATTE: That was a very badly  
6           worded sentence.

7   33997                   Did you work together after that?

8   33998                   THE RIGHT HON. BRIAN MULRONEY: Yes.

9   33999                   MR. PRATTE: The Commissioner is  
10          nodding at my comment.

11   34000                  THE RIGHT HON. BRIAN MULRONEY: After  
12          the St. F.X. fundraising experience, and then the  
13          decision was made to run for the leadership of the  
14          party in 1983, Fred and Stewart McInnes, from Halifax,  
15          offered to organize the Province of Nova Scotia for me,  
16          leading up to the June vote. I was very happy to have  
17          their support, and after I had won the leadership and  
18          won the by-election in late August, I appointed my  
19          staff, as Leader of the Opposition, and I appointed  
20          Fred Doucet as my chief of staff, and Lee Richardson,  
21          from Calgary, an old and good friend of mine, a very  
22          competent guy, as the deputy chief of staff.

23   34001                  MR. PRATTE: Mr. Doucet, then, when  
24          you became Prime Minister -- and we don't need to get  
25          this in great detail, Mr. Mulroney, but in, I guess,



1 the 1984 to 1988 period, did Mr. Doucet continue to  
2 occupy positions within your government?

3 34002 THE RIGHT HON. BRIAN MULRONEY: Yes.  
4 When I formed a government, I changed the structure and  
5 the people involved, and Mr. Bernard Roy became what  
6 was then called the Principal Secretary to the Prime  
7 Minister. He was, effectively, the chief of staff, but  
8 the title was first used in my office when Derek Burney  
9 succeeded Mr. Roy as chief of staff.

10 34003 When I came into government, Bernard  
11 was the effective chief of staff, and Fred became an  
12 advisor to the Prime Minister.

13 34004 After a period of time, we were given  
14 a unique opportunity, in terms of the summits. Canada  
15 had been selected as the home for the Sommet de la  
16 Francophonie, which we had created with France,  
17 principally with Mitterrand -- President Mitterrand --  
18 regrouping, for the first time in history, the 45 or 50  
19 French-speaking countries in the world, creating  
20 thereby a French-speaking commonwealth.

21 34005 I was asked to chair that, which I  
22 did, in October, I think, of 1987.

23 34006 It was immediately followed by the  
24 British Commonwealth -- by the Commonwealth meetings in  
25 Vancouver, on the same thing. In those days, as you

1 know, I was functioning principally on behalf of Nelson  
2 Mandela and the campaign against apartheid in South  
3 Africa.

4 34007 And we were chosen to host the G7  
5 summit in Toronto in June.

6 34008 So we had these three major  
7 international summits within eight or nine months, and  
8 when we looked at the program, it was very clear that  
9 we needed something special to deal with this. So it  
10 was recommended that a new structure be created to deal  
11 with these three summits and to make sure that they  
12 went smoothly. It was a great challenge for Canada.

13 34009 Fred Doucet, because of his great  
14 organizational skills, was chosen by the government to  
15 become the head of the organizational office to run the  
16 summits, to organize them.

17 34010 So, as of that time, the date of  
18 appointment -- it must have been sometime in late '86,  
19 I guess -- he was operating as the head of this unique  
20 institution, functionally running out of the Department  
21 of External Affairs, to organize these three major  
22 events.

23 34011 MR. PRATTE: May I take you to -- and  
24 we will finish on this perhaps, Mr. Commissioner -- or  
25 adjourn on this -- Tab 22.

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

3 34013 THE RIGHT HON. BRIAN MULRONEY: Yes,  
4 sir.

5 34014 MR. PRATTE: Do you have a  
6 recollection of when Mr. Doucet -

7 34015 How long did Mr. Doucet stay?

8 34016 We know that he left the government's  
9 employ. Do you know when that was, approximately?

10 34017 THE RIGHT HON. BRIAN MULRONEY: Look,  
11 I think that Fred left my office -- you know, as  
12 advisor to the Prime Minister -- probably in late '86,  
13 and he served in the capacity I have just described  
14 until the summits were over, in the summer of 1988, at  
15 which point in time he resigned. He had had massive  
16 cardiac problems, serious problems, and he had a number  
17 of children and a wife to support, and he was very  
18 concerned, quite understandably, about his health, and  
19 he felt that -

20 34018 And he had done an incredible job  
21 organizing these three things.

22 34019 He thought it was time to pack it in,  
23 which he did, and resigned from the government.

24 34020 MR. PRATTE: The letter that I have  
25 taken you to, or the document that I have taken you to,

1 is a letter to Mr. Doucet from Treasury Board of Canada  
2 Secretariat. If you look to page 2, it is signed by  
3 Mr. Jean-Pierre Kingsley.

4 34021 Do you see that at Tab 22, Mr.  
5 Mulroney?

6 34022 THE RIGHT HON. BRIAN MULRONEY: Yes.

7 34023 MR. PRATTE: Who was Mr. Kingsley?

8 34024 THE RIGHT HON. BRIAN MULRONEY: At  
9 the time, I am not sure -

10 34025 Mr. Kingsley was, at the time, I see,  
11 working for the Treasury Board, but he may have been  
12 the Assistant Deputy Registrar, in charge of lobbying,  
13 and all of that stuff, because I subsequently appointed  
14 him as the Chief Electoral Officer, I think, in -- I  
15 can't remember the year, but I think that was it.

16 34026 But I don't know what capacity he was  
17 functioning in at the time of that letter.

18 34027 MR. PRATTE: Okay. Page 2, if you  
19 are there, paragraph 4, at the very top -

20 34028 THE RIGHT HON. BRIAN MULRONEY: Yes.

21 34029 MR. PRATTE: It says:

22 "The one year limitation period  
23 on your making representation  
24 for or on behalf of any other  
25 person or entity to any

1 department with which you had  
2 significant dealings.will be  
3 waived."  
4 34030 Do you see that?  
5 34031 THE RIGHT HON. BRIAN MULRONEY: Yes.  
6 34032 MR. PRATTE: I am skipping over -  
7 34033 THE RIGHT HON. BRIAN MULRONEY: Yes.  
8 34034 MR. PRATTE: Did you have any  
9 involvement in that waiver being obtained or procured  
10 for Mr. Doucet's benefit?  
11 34035 THE RIGHT HON. BRIAN MULRONEY: No.  
12 34036 MR. PRATTE: When did you become  
13 aware that such a waiver had been secured?  
14 34037 THE RIGHT HON. BRIAN MULRONEY: I  
15 think when it was produced before Judge Oliphant's  
16 commission.  
17 34038 MR. PRATTE: This would be a  
18 convenient point to break, Mr. Commissioner.  
19 34039 COMMISSIONER OLIPHANT: Thank you  
20 very much, Mr. Pratte.  
21 34040 We will adjourn for lunch, and return  
22 at two o'clock this afternoon.  
23 --- Upon recessing at 12:23 p.m. / Suspension à 12 h 23  
24 --- Upon resuming at 2:05 p.m. / Reprise à 14 h 05  
25 34041 COMMISSIONER OLIPHANT: Be seated,

1 please.

2 34042 Mr. Pratte...?

3 34043 MR. PRATTE: Thank you, sir.

4 34044 Mr. Mulroney, I have a few more  
5 questions relating to the Bear Head Project while you  
6 are Prime Minister and then we will move on to other  
7 events.

8 34045 I omitted to ask you, though, when I  
9 was asking you about Mr. Moores and his firm GCI,  
10 Government Consulting International or Inc. -- I can't  
11 recall frankly -- International -- around 1988 and the  
12 payments triggered by the UIP, Understanding in  
13 Principle.

14 34046 Was there ever any discussion between  
15 you and Mr. Moores or other representatives of GCI of  
16 your joining them at a point in the future after you  
17 had stepped down as Prime Minister?

18 34047 THE RIGHT HON. BRIAN MULRONEY: No.  
19 Surely it has to be recognized that would be a great  
20 aspiration for a person who served nine years as Prime  
21 Minister of Canada to work as a lobbyist for Frank  
22 Moores. Gee, I really missed a good one.

23 --- Laughter / Rires

24 34048 THE RIGHT HON. BRIAN MULRONEY: This  
25 is the kind of lunacy that impregnates Canadian

1 politics when a rumour get started and the media gets  
2 at it. And hey, this is true.

3 34049 It is hard to imagine anything more  
4 nonsensical than Pierre Trudeau, Jean Chrétien, me or  
5 anybody else working for a lobby firm in Ottawa after  
6 you had a long-standing career as Prime Minister of  
7 this country.

8 34050 MR. PRATTE: Mr. Mulroney, fast  
9 forwarding -- well, perhaps not fast forwarding as much  
10 as I should. But in 1990 we looked at some memos from  
11 Mr. Tellier, et cetera, and in 1990 a person appears in  
12 this picture whose name is Mr. Norman Spector.

13 34051 Who was Norman Spector at that  
14 time -- well, at any time but what role did he perform?

15 34052 THE RIGHT HON. BRIAN MULRONEY:  
16 Norman Spector was a public servant from British  
17 Columbia who was recommended to the public service by  
18 Fred Doucet. We hired him as -- I hired him as  
19 Secretary of the Cabinet for Federal-Provincial  
20 Relations. I then appointed him as Chief of Staff to  
21 the Prime Minister of Canada. I then appointed him, at  
22 his request, as Canada's Ambassador to Israel.

23 34053 Three of the most important  
24 appointments that a Prime Minister can make, I gave  
25 them to Mr. Spector.

1 34054 MR. PRATTE: When Mr. Spector was --  
2 34055 THE RIGHT HON. BRIAN MULRONEY: I  
3 hope you saw the gratitude on his face.  
4 34056 MR. PRATTE: When Mr. Spector was  
5 your Chief of Staff, Mr. Mulroney, first of all, do you  
6 remember roughly what time, what time frame?  
7 34057 THE RIGHT HON. BRIAN MULRONEY: He  
8 came in after Stanley Hartt, a great Chief of Staff, in  
9 '90-'91 I think.  
10 34058 MR. PRATTE: Okay. Do you recollect  
11 whether or not Mr. Spector played any role in  
12 connection with the Bear Head Project and whether you  
13 had discussions with him in connection with that  
14 project?  
15 34059 THE RIGHT HON. BRIAN MULRONEY: Yes,  
16 I did. Mr. Spector was new. He had had no association  
17 with the project in any way, because prior thereto he  
18 was the Secretary to the Cabinet for Federal-Provincial  
19 Relations dealing exclusively with constitutional  
20 change. And he was now in a position as Chief of  
21 Staff, which is like Clerk of the Council, a highly  
22 critical one in Ottawa.  
23 34060 So I thought that he would be able to  
24 take a careful and thoughtful look at this with a pair  
25 of fresh eyes and let me know whether this was good,



1 bad or indifferent, in his judgment, having analyzed  
2 the changing nature of the presentation on the one  
3 hand, the changing dimensions of costs on the other,  
4 and the changed political circumstances.

5 34061 And so he did that for me.

6 34062 MR. PRATTE: Did he report to you  
7 after doing whatever investigation and reflection he  
8 deemed appropriate? Did he come to you with some  
9 conclusion in his evaluation of the Bear Head Project  
10 in 1990?

11 34063 THE RIGHT HON. BRIAN MULRONEY: Yes,  
12 he did. He was, as usual, very diligent in his  
13 approach and he saw pretty well everybody that counted,  
14 the Department of National Defence, the Privy Council  
15 Office, ACOA and so on.

16 34064 My recollection is that I was -- this  
17 was I'm going to say 1990, 1990 or '91, in that  
18 timeframe. I believe I was going to Buckingham,  
19 Québec, to make a national unity speech and he got in  
20 the car with me and we drove over together.

21 34065 In the course of that he told me that  
22 his conclusion was something to the effect that the  
23 cost of this project which, as you will remember at the  
24 beginning was to cost nothing except an infrastructure  
25 sharing agreement with Nova Scotia and then it kind of

1 graduated -- was to cost a minimum of \$100 million more  
2 than had then been forecast, a minimum of \$100 million,  
3 yes.

4 34066 MR. PRATTE: And then did you react  
5 to this information?

6 34067 THE RIGHT HON. BRIAN MULRONEY: I  
7 said well, Norman, in that case this project is dead.

8 34068 He knew what to do. He immediately  
9 communicated with Mr. Tellier, who was the Secretary of  
10 the Cabinet, and they put in train whatever was  
11 required to deal with that situation.

12 34069 MR. PRATTE: Did you personally  
13 advise Mr. Schreiber or Thyssen that the project was  
14 dead or would not be proceeded with?

15 34070 THE RIGHT HON. BRIAN MULRONEY: Of  
16 course not. The Prime Minister doesn't call up  
17 lobbyists around town and say we are going to do such a  
18 thing or we're not going to do such a thing.

19 34071 MR. PRATTE: The project, though, as  
20 we know, didn't die right then.

21 34072 I will take you, Mr. Mulroney, to a  
22 memo involving Mr. Tellier.

23 34073 Just a moment, if I can find my  
24 reference. It will be in Volume 1.

25 34074 Let's look at Tab 54, Mr. Mulroney,

1 in your big Volume 1.

2 34075 THE RIGHT HON. BRIAN MULRONEY: Yes.

3 34076 MR. PRATTE: This is a letter, as you  
4 will see, to Mr. Tellier, dated May 1991. The original  
5 of the letter -- this one is marked up and I believe it  
6 has been accepted, when Mr. Tellier testified, that  
7 that was his writing in the margins there.

8 34077 THE RIGHT HON. BRIAN MULRONEY: Yes.

9 34078 MR. PRATTE: But I just want to take  
10 you first to the first two paragraphs of that letter.

11 34079 THE RIGHT HON. BRIAN MULRONEY: Yes.

12 34080 MR. PRATTE: It says:

13 "Dear Mr. Tellier:

14 This letter follows from my  
15 meeting of April 10th with the  
16 Prime Minister, yourself and  
17 Fred Doucet.

18 At the conclusion of that  
19 meeting, it was understood that  
20 you would bring your personal  
21 leadership to the file and chair  
22 a meeting between Government and  
23 company officials as early as  
24 possible within one week's  
25 time."

1 34081 First of all, Mr. Mulroney, do you  
2 recall meeting with Mr. Schreiber, Mr. Doucet and  
3 Mr. Tellier in or about that time?

4 34082 THE RIGHT HON. BRIAN MULRONEY: Yes.  
5 34083 MR. PRATTE: Do you recall how the  
6 meeting came about?

7 34084 THE RIGHT HON. BRIAN MULRONEY: Like  
8 all the other meetings would have come about, I would  
9 have been -- some people, including the distinguished  
10 Mr. Spector, was wondering aloud as to how these  
11 meetings could take place with Mr. Schreiber.

12 34085 They didn't take place with  
13 Mr. Schreiber. I never consented to a meeting with  
14 Mr. Schreiber. I was asked by Elmer MacKay and/or Fred  
15 Doucet if I would meet with them. That's how the  
16 meetings came about.

17 34086 I owed everything to Elmer MacKay  
18 because of what he had done to get me into the House of  
19 Commons and to give me his support. And he was a  
20 tremendous friend. But, more than that, politically he  
21 had gone to the well for me.

22 34087 So when Elmer asked me at Cabinet,  
23 leaned over at Cabinet or saying look, can I come by  
24 and see you on this development project in Nova Scotia?  
25 Sure, Elmer. We can't do it this afternoon, but how

1 about tomorrow for breakfast?

2 34088 I would move mountains for him if I  
3 could, and I did.

4 34089 And Mr. Doucet was a friend of mine  
5 for 50 years. I was aware that he was representing  
6 Mr. Schreiber, but I want to make it clear:  
7 Mr. Schreiber had no access to me whatsoever.

8 34090 What he had was access to his friend  
9 Elmer and to his lobbyist, Mr. Doucet. And I accepted  
10 to see him because they were associated with it.

11 34091 MR. PRATTE: Well, whichever way --

12 34092 THE RIGHT HON. BRIAN MULRONEY: But I  
13 remember this event, yes.

14 34093 MR. PRATTE: Okay. We will come back  
15 to it in the second.

16 34094 But whichever way Mr. Schreiber got  
17 to you, did the fact that he did have access to you for  
18 a number of meetings influence the way you ultimately  
19 handled this project, as the Prime Minister of Canada?

20 34095 THE RIGHT HON. BRIAN MULRONEY: Well,  
21 he had so much influence with me and I was so deeply  
22 indebted to him that I cancelled the project. I killed  
23 the deal.

24 34096 MR. PRATTE: Let's go back to the  
25 letter, Mr. Mulroney.

1 34097 I should ask, you first of all, the  
2 meeting that is referred to there is Mr. Doucet,  
3 Mr. Tellier and Mr. Schreiber and yourself.

4 34098 Do you have a recollection of the  
5 number of meetings you may have had over the period of  
6 time from '86, or whatever the project first came  
7 forward, to the time you left your office as Prime  
8 Minister with Mr. Schreiber?

9 34099 THE RIGHT HON. BRIAN MULRONEY: I  
10 have no idea. But, you know, if you told me it was  
11 six, I would agree with you. If you told me it was  
12 eight or nine, I would agree with you. I have no idea.

13 34100 But I do know that I had  
14 photographers, as all Prime Ministers do, and many of  
15 those or some of those meetings were recorded with  
16 pictures. So I --

17 34101 MR. PRATTE: Were there --

18 34102 THE RIGHT HON. BRIAN MULRONEY: I'm  
19 sorry...?

20 34103 MR. PRATTE: I'm sorry, no. Finish,  
21 Mr. Mulroney, I wasn't --

22 34104 THE RIGHT HON. BRIAN MULRONEY: So I  
23 have seen some of those and obviously these took  
24 place -- this one, by the way, I can remember because I  
25 think it exemplifies what I was able to do for Elmer

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

2 34105 I wasn't going to make a decision for  
3 them. I clearly didn't. I made the wrong decision.

4 34106 What I could give them -- and this  
5 changed all the time. We are looking at different  
6 projects in different years in different locations.

7 34107 But what I could give them was  
8 access, not access to me but access in the following  
9 sense. If they came to me, as Elmer did -- and I think  
10 as you know from the correspondence -- and said look, I  
11 don't think that this project is -- it has now been  
12 changed from the original letter that you got in 1985  
13 from Thyssen. It has changed from that. It is going  
14 to cost more, but it can do much more, more jobs  
15 created and so on. I don't think this is getting a  
16 fair shake from the federal bureaucracy.

17 34108 They got into fights with Fowler,  
18 whom I had appointed as Deputy Minister of National  
19 Defence. They were getting into disagreements with  
20 other people. And if Elmer was concerned, then what  
21 could I do about it?

22 34109 I never interfered in my Ministers'  
23 departments. I never gave them an order what to do and  
24 what I could do was ensure that somebody took a look at  
25 this.

1 34110 So I said to Paul Tellier: Paul, I  
2 want you to come down to a meeting. You take a look at  
3 this thing, evaluate it yourself, it is a new deal, and  
4 let me know what you think. They could not have gotten  
5 to see Mr. Tellier without my intervention.

6 34111 And he of course responded to my  
7 request that he came down and he met with them and this  
8 is one of the consequences.

9 34112 May I just say this, because I think  
10 it is relevant. I think Mr. Tellier testified in  
11 response to Mr. Wolson that the bane of everybody's  
12 existence in this town is people running around saying  
13 the Prime Minister wants this and the PMO wants that  
14 and all of this stuff.

15 34113 I told my Cabinet -- and they would  
16 do this with Ministers and other people. I told my  
17 Cabinet if anybody walks into your office and says the  
18 Prime Minister wants this or the PMO wants that, I want  
19 you to do two things. First, you are going to throw  
20 them out of your office and, secondly, you are going to  
21 call me personally and tell me who it was and exactly  
22 what was said.

23 34114 That was my instructions to my  
24 Cabinet, because there was a lot of this stuff going  
25 on.



1 34115 But legitimate economic development  
2 projects like this, particularly in a sensitive area  
3 like Nova Scotia, I wanted to be certain that they had  
4 a fair shake.

5 34116 And look, it wouldn't be the first  
6 time that biases crept into a decision by anybody,  
7 including a public servant. So I wanted to be certain  
8 that Paul, who had no axe to grind anywhere, took a  
9 good look at it. So I invited him down to take a look  
10 at this.

11 34117 MR. PRATTE: Okay. You alluded to  
12 the fact that the project was shifting.

13 34118 I would like to take you now to  
14 Exhibit P-7, which is the additional book of  
15 documents -- sorry, it is the documents from Mr.  
16 Schreiber. It's this book, Mr. Mulroney. I'm sure  
17 that Mr. Hughes will help you.

18 34119 THE RIGHT HON. BRIAN MULRONEY: Is it  
19 this one here?

20 34120 MR. PRATTE: No, this one at Tab 10.

21 34121 COMMISSIONER OLIPHANT: What exhibit  
22 is it?

23 34122 MR. PRATTE: It is P-7, which was the  
24 documents in support of Mr. Schreiber's testimony. It  
25 is the correspondence Binder 4.

- 1 34123 I don't know what shape you have it  
2 in, Mr. Commissioner. Tab 10.
- 3 34124 THE RIGHT HON. BRIAN MULRONEY: Yes.
- 4 34125 MR. PRATTE: Mr. Mulroney, this is  
5 a -- well, really there are two documents dated the  
6 same day. The first one is a letter dated 13 May  
7 1992 --
- 8 34126 THE RIGHT HON. BRIAN MULRONEY: Yes.
- 9 34127 MR. PRATTE: -- addressed to you from  
10 Mr. Schreiber. It encloses a letter to Mr. Masse.
- 11 34128 THE RIGHT HON. BRIAN MULRONEY: Yes.
- 12 34129 MR. PRATTE: Now, who was Mr. Masse  
13 at the time, in 1992?
- 14 34130 THE RIGHT HON. BRIAN MULRONEY:  
15 Marcel Masse was, I believe at the time, Minister of  
16 National Defence.
- 17 34131 MR. PRATTE: Yes. You can see that  
18 actually if you just flip over. The copy of the letter  
19 that is included --
- 20 34132 THE RIGHT HON. BRIAN MULRONEY: There  
21 you go.
- 22 34133 MR. PRATTE: Okay. In what region of  
23 the country was he from?
- 24 34134 THE RIGHT HON. BRIAN MULRONEY: He  
25 was from the Thetford region of Eastern Townships.

1 34135 He was from Joliette, but he was  
2 representing that riding.

3 34136 MR. PRATTE: What province?

4 34137 THE RIGHT HON. BRIAN MULRONEY:  
5 Québec.

6 34138 MR. PRATTE: Okay. If you go back to  
7 the first letter --

8 34139 THE RIGHT HON. BRIAN MULRONEY: Of  
9 what date, sir?

10 34140 MR. PRATTE: Same tab, 13 May 1992.

11 34141 THE RIGHT HON. BRIAN MULRONEY: Yes.

12 34142 MR. PRATTE: There are two letters.  
13 One attaches -- the first one is a letter to you and  
14 then it attaches the letter to Mr. Masse.

15 34143 THE RIGHT HON. BRIAN MULRONEY: Yes.

16 34144 MR. PRATTE: And it says "Mr. Prime  
17 Minister" -- this is a letter to you obviously:  
18 "Subsequent to our meeting last  
19 week and the meeting with the  
20 Hon. Marcel Masse, I am pleased  
21 to inform you that I have now  
22 had very encouraging meetings  
23 with representatives of the  
24 Premier and officials from the  
25 Province of Quebec, and with

1 four senior Army Generals."

2 34145 Mr. Mulroney, my question is very  
3 simple: Did you encourage Mr. Schreiber or Thyssen to  
4 make approaches to the Province of Québec to move the  
5 project from Nova Scotia to the Province of Québec?

6 34146 THE RIGHT HON. BRIAN MULRONEY: No.

7 34147 MR. PRATTE: Did that idea come from  
8 you?

9 34148 THE RIGHT HON. BRIAN MULRONEY: No.

10 34149 MR. PRATTE: Did you ever discuss the  
11 Bear Head project with Premier Bourassa?

12 34150 THE RIGHT HON. BRIAN MULRONEY: No.

13 34151 MR. PRATTE: Now, Mr. Mulroney, I  
14 would like to take you --

15 34152 THE RIGHT HON. BRIAN MULRONEY: May  
16 I, just before we go on?

17 34153 MR. PRATTE: Yes, sir, if you have  
18 something to complete your answer.

19 34154 THE RIGHT HON. BRIAN MULRONEY: You  
20 drew my attention and I want to point out to you, sir,  
21 in this item that you drew my attention to, the letter  
22 to Paul Tellier from Mr. Schreiber on May 7, 1991.

23 34155 Here is the challenge of dealing with  
24 Mr. Schreiber.

25 34156 Here is a letter to Mr. Tellier, not

1 to me, and as you look at Mr. Tellier's analysis of  
2 this letter that he received three or four weeks after  
3 he held a meeting with Mr. Schreiber: paragraph 2  
4 Tellier writes "Not accurate"; paragraph 3 "Not  
5 accurate"; page 3, paragraph 2, "not accurate"; page 5  
6 "Not accurate"; page 7, in which he quotes him, "I  
7 never said this".

8 34157 This is Mr. Tellier. I give this guy  
9 the opportunity to meet with Canada's number one public  
10 servant, a guy of great independent judgment, listen,  
11 Tellier gave you the unvarnished truth any time. He  
12 didn't give a hell about anybody. He just did his very  
13 best and told the truth at all times.

14 34158 So I gave him access to him, who is a  
15 big decision maker. And what does he do? He has the  
16 meeting with him and then has the temerity to write to  
17 him summarizing the meeting with seven different errors  
18 in there, what Tellier says this never happened and  
19 this is false.

20 34159 This is the problem of dealing with  
21 Mr. Schreiber.

22 34160 MR. PRATTE: But did you know that at  
23 the time?

24 34161 THE RIGHT HON. BRIAN MULRONEY: Right  
25 here.

1 34162 MR. PRATTE: Did you know that at the  
2 time?  
3 34163 THE RIGHT HON. BRIAN MULRONEY: I was  
4 certainly learning it, but I didn't know it was to this  
5 extent, that's for sure.  
6 34164 MR. PRATTE: Let's go to the next  
7 year now, Mr. Mulroney, to a meeting on June the 3rd.  
8 34165 For that you will need Binder No 2.  
9 34166 THE RIGHT HON. BRIAN MULRONEY: No.  
10 2, yes.  
11 34167 COMMISSIONER OLIPHANT: I'm sorry,  
12 what is the tab?  
13 34168 MR. PRATTE: One twenty-three,  
14 Mr. Commissioner.  
15 34169 COMMISSIONER OLIPHANT: Thank you.  
16 34170 THE RIGHT HON. BRIAN MULRONEY: One  
17 twenty-three.  
18 34171 MR. PRATTE: You will see there, when  
19 you are there, there are a number of photocopies of  
20 various photographs.  
21 34172 THE RIGHT HON. BRIAN MULRONEY: One  
22 twenty-three.  
23 34173 MR. PRATTE: Yes.  
24 34174 THE RIGHT HON. BRIAN MULRONEY: Yes.  
25 34175 MR. PRATTE: If you just flip through

1           that tab to the fifth document, you should see four  
2           people.

3   34176                   THE RIGHT HON. BRIAN MULRONEY:   Yes.

4   34177                   MR. PRATTE:   All right.   First of  
5           all, Mr. Mulroney, where is that?   Whose office is  
6           this?

7   34178                   THE RIGHT HON. BRIAN MULRONEY:   That  
8           was my office in the Parliament Buildings.

9   34179                   MR. PRATTE:   Okay.   And are you able  
10          to decipher or identify the people who are there?

11   34180                   THE RIGHT HON. BRIAN MULRONEY:   Yes,  
12          there is Mr. Schreiber, Mr. Doucet, myself and David  
13          Mclaughlin.

14   34181                   MR. PRATTE:   And who is David  
15          Mclaughlin?

16   34182                   THE RIGHT HON. BRIAN MULRONEY:   My  
17          Chief of Staff.

18   34183                   MR. PRATTE:   I think it has been  
19          established without much doubt, Mr. Mulroney, that this  
20          meeting took place June 3, 1993.

21   34184                   Do you recall this meeting?

22   34185                   THE RIGHT HON. BRIAN MULRONEY:   I  
23          don't recall it, but there is a picture of it there and  
24          Mr. Mclaughlin taking notes, so I assume it was  
25          something that they wanted to raise with regard to the

1 business.

2 34186 MR. PRATTE: Is it unusual that a  
3 picture should have been taken of that event?

4 34187 THE RIGHT HON. BRIAN MULRONEY:  
5 Every -- as I say, we had every -- all the Prime  
6 Ministers had personal photographers. When you had a  
7 meeting or people in, it would be exceptional if a  
8 photo was not taken. And then what happens is a lot of  
9 them are -- they immediately come back to you and  
10 people ask for copies, mementos of having been there.

11 34188 So at a given point in time Bill  
12 Pristanski or Paul Smith would sit me down and there  
13 would be hundreds of these to sign in various ways,  
14 which I would do.

15 34189 But most of these things were  
16 recorded with photographs.

17 34190 MR. PRATTE: Okay. This is June 3,  
18 1993, a short time before you step down as Prime  
19 Minister. We will get to those events presently.

20 34191 Do you recall whether or not there  
21 was any discussion at that meeting of the possibility  
22 of your entering into some commercial transaction with  
23 Mr. Schreiber?

24 34192 THE RIGHT HON. BRIAN MULRONEY:  
25 Absolutely not.



1 34193 MR. PRATTE: Do you have any idea of  
2 the business that might have been discussed at that  
3 time?

4 34194 Well, I shouldn't say -- what else  
5 was discussed? I didn't want to put words --

6 34195 THE RIGHT HON. BRIAN MULRONEY: Look,  
7 I can only assume with Mr. Doucet there and  
8 Mr. Schreiber and David Mclaughlin, the Chief of Staff,  
9 that we were talking about they had asked for a  
10 meeting. Fred or Elmer would have asked for a meeting,  
11 and even though I was on my way out I would have  
12 listened to what they raised, which I can only assume  
13 had to do something with the project.

14 34196 MR. PRATTE: May I take you now,  
15 Mr. Mulroney, to another Binder, No. 3. This is going  
16 to require a little work.

17 34197 Tab 9, Mr. Commissioner, Binder 3.

18 34198 THE RIGHT HON. BRIAN MULRONEY: Yes.

19 34199 MR. PRATTE: Maybe Mr. Hughes could  
20 assist you. I would like you to take Tab 9 --

21 34200 THE RIGHT HON. BRIAN MULRONEY: Yes.

22 34201 MR. PRATTE: No. 3, Tab 9.

23 34202 What those are, just so as to situate  
24 you, is they are excerpts from Mr. Schreiber's agenda.

25 34203 You will see -- if you just take the

1 first -- the first page has been marked 1993, the very  
2 first page. Then we go through excerpts of the  
3 calendar.

4 34204 THE RIGHT HON. BRIAN MULRONEY: Yes.

5 34205 MR. PRATTE: Now, I think it is  
6 mainly in German, but if you flip three or four pages  
7 in, you should see a day for the 3rd of June in the  
8 left-hand side column at the very top.

9 34206 Do you see that?

10 34207 THE RIGHT HON. BRIAN MULRONEY: Yes.

11 Yes, I do.

12 34208 MR. PRATTE: And then you see that  
13 there are basically four columns in this document.

14 34209 THE RIGHT HON. BRIAN MULRONEY: Yes.

15 34210 MR. PRATTE: The left-hand side  
16 appears to be for notes, then times of the day.

17 34211 THE RIGHT HON. BRIAN MULRONEY: Yes.

18 34212 MR. PRATTE: Okay. If you go down  
19 for June 3, "15:30 PM. Meeting".

20 34213 Could this have been the meeting we  
21 were just talking about on June 3, 1993?

22 34214 THE RIGHT HON. BRIAN MULRONEY: Quite  
23 likely.

24 34215 MR. PRATTE: Okay. Then the next to  
25 the right, now we are on the 4th of June.

1 34216 THE RIGHT HON. BRIAN MULRONEY: Yes.

2 34217 MR. PRATTE: And you see the second  
3 annotation in the right-hand most column.

4 34218 THE RIGHT HON. BRIAN MULRONEY: Yes.

5 34219 MR. PRATTE: It reads, and I will  
6 read it for the record. The Commission's attention has  
7 been drawn to that by other examinations.

8 34220 It says "Frankfurt Brian.Max 1236".

9 34221 Do you see that?

10 34222 THE RIGHT HON. BRIAN MULRONEY: Yes.

11 34223 MR. PRATTE: Do you have any idea  
12 what this refers to, Mr. Mulroney?

13 34224 THE RIGHT HON. BRIAN MULRONEY: None.

14 34225 MR. PRATTE: Does that trigger any  
15 memory of any kind of any discussion you might have had  
16 with Mr. Schreiber on or about June 3, 1993?

17 34226 THE RIGHT HON. BRIAN MULRONEY: None.

18 --- Pause

19 34227 MR. PRATTE: Just before we leave the  
20 Prime Minister's Office and the discussion of Bear Head  
21 Project specifically, Mr. Mulroney, I am going to ask  
22 you a very quick series of questions, as follows, and I  
23 will do them in respect of various people.

24 34228 Did you ever pressure or direct Paul  
25 Tellier to approve the Bear Head Project in any

1           incarnation?

2   34229                   THE RIGHT HON. BRIAN MULRONEY:  No.

3   34230                   MR. PRATTE:  The same question in

4           respect of Mr. Lowell Murray.

5   34231                   THE RIGHT HON. BRIAN MULRONEY:  No.

6   34232                   MR. PRATTE:  Elmer MacKay...?

7   34233                   THE RIGHT HON. BRIAN MULRONEY:  No.

8   34234                   MR. PRATTE:  Perrin Beatty...?

9   34235                   THE RIGHT HON. BRIAN MULRONEY:  No.

10  34236                   MR. PRATTE:  Mr. Bill McKnight...?

11  34237                   THE RIGHT HON. BRIAN MULRONEY:  No.

12  34238                   MR. PRATTE:  Former Prime Minister

13           Kim Campbell...?

14  34239                   THE RIGHT HON. BRIAN MULRONEY:  No.

15  34240                   MR. PRATTE:  Derek Burney...?

16  34241                   THE RIGHT HON. BRIAN MULRONEY:  No.

17  34242                   MR. PRATTE:  Norman Spector...?

18  34243                   THE RIGHT HON. BRIAN MULRONEY:  No.

19  34244                   MR. PRATTE:  Did you ever order or

20           direct anyone to approve the Bear Head Project at any

21           time between 1985 and 1993?

22  34245                   THE RIGHT HON. BRIAN MULRONEY:  No.

23  34246                   MR. PRATTE:  So summer has arrived,

24           Mr. Mulroney, and we will move to Harrington Lake for

25           the summer.

1 34247                   When did you announce your  
2           resignation or your intention to resign as Prime  
3           Minister of Canada in 1993?

4 34248                   THE RIGHT HON. BRIAN MULRONEY:  In --  
5           I think it was February 25, 1993.

6 34249                   MR. PRATTE:  And did that trigger a  
7           leadership race?

8 34250                   THE RIGHT HON. BRIAN MULRONEY:  It  
9           triggered both great cries of mourning and regret in  
10          the nation --  
11          --- Laughter / Rires

12 34251                   THE RIGHT HON. BRIAN MULRONEY:  --  
13          and a leadership race.

14 34252                   MR. PRATTE:  Well, I'm not sure which  
15          was more important to the country --  
16          --- Laughter / Rires

17 34253                   MR. PRATTE:  -- but let's stick --

18 34254                   THE RIGHT HON. BRIAN MULRONEY:  You  
19          know what it was all about, all of this stuff?  They  
20          hated free trade and the GST and they knew that the  
21          next government was gonna get rid of both.  So there you  
22          go.

23          --- Laughter / Rires

24 34255                   MR. PRATTE:  All right.  Do you  
25          recall, Mr. Mulroney, when the leadership race then saw

1           its dénouement, as it were, within the Conservative  
2           Party? What date was that roughly, do you know?

3   34256                   THE RIGHT HON. BRIAN MULRONEY: I  
4           believe the -- I was elected on the 11th of June and it  
5           was about 10 years almost to the day 10 years later.  
6           So I think it was the 13th of June maybe.

7   34257                   MR. PRATTE: Okay. And did that in  
8           any way affect your plans for the summer in terms --  
9           because you are residing at 24 Sussex up until that  
10          time.

11   34258                   THE RIGHT HON. BRIAN MULRONEY: Yes.  
12          We moved out of 24 Sussex, as we did every year, and  
13          went and spent the summer at Harrington Lake with the  
14          children and operated out of there.

15   34259                   This year, because we were leaving  
16          office and Mila wanted to make sure that the home was  
17          ready for the new occupant, either Kim or Jean Charest,  
18          that we moved out earlier than we normally did and  
19          moved to Harrington Lake.

20   34260                   It was agreed that I would leave  
21          office and resign officially on the 25th. But in truth  
22          I had said to the winner, Ms Campbell, I would like to  
23          leave earlier and Mila and I and the children would  
24          like to be out of here -- I forget the exact date. I  
25          think it was perhaps the 19th, but Kim asked me to stay

1 on because she was working on the Cabinet and other  
2 things after the Leadership Convention. So I stayed  
3 for four or five days or a week and, when she was  
4 ready, turned it over to her.

5 34261 MR. PRATTE: Do you recall a meeting  
6 with Mr. Schreiber on or about June 23, 1993?

7 34262 THE RIGHT HON. BRIAN MULRONEY: Yes,  
8 I do.

9 34263 MR. PRATTE: Do you know how that  
10 meeting came about?

11 34264 THE RIGHT HON. BRIAN MULRONEY: I  
12 don't know specifically, but it would have had to be  
13 arranged by Mr. MacKay or requested by Mr. MacKay or  
14 Mr. Doucet.

15 34265 They are the only people that I was  
16 aware of associating to that extent with Mr. Schreiber.

17 34266 I was advised, I think by Paul Smith,  
18 that the request was for a courtesy call to say goodbye  
19 from Mr. Schreiber.

20 34267 MR. PRATTE: Why did you agree to  
21 meet with Mr. Schreiber?

22 34268 THE RIGHT HON. BRIAN MULRONEY: I was  
23 asked for it by, as I say, Elmer or Fred and there were  
24 lots of people coming by to say goodbye. I was able to  
25 do it and I did it.

1 34269 MR. PRATTE: Did you in any way  
2 initiate Mr. Schreiber coming to Harrington Lake for  
3 that meeting --

4 34270 THE RIGHT HON. BRIAN MULRONEY: I  
5 never --

6 34271 MR. PRATTE: -- directly or  
7 indirectly?

8 34272 THE RIGHT HON. BRIAN MULRONEY: I  
9 have never initiated a meeting with Mr. Schreiber in my  
10 life.

11 34273 MR. PRATTE: Do you know  
12 approximately when Mr. Schreiber arrived at Harrington  
13 Lake?

14 34274 THE RIGHT HON. BRIAN MULRONEY: I  
15 don't. But on looking at this, some of the documents  
16 here, I gather it was sometime around 11 o'clock.

17 34275 MR. PRATTE: Okay.

18 34276 I'm not going to get into the  
19 business of what kind of car he was driven up or driven  
20 down, Mr. Mulroney, but maybe we can just -- I mean  
21 unless you know something about the kind of car he  
22 drove up. Do you?

23 34277 THE RIGHT HON. BRIAN MULRONEY: Well,  
24 I do only because with the remarkable -- I think widely  
25 acknowledged objective and fair-minded treatment, the



1 fifth estate reported that he arrived in a big black  
2 limousine with rocks flying all over the place, and so  
3 on.

4 34278 So I was kind of disappointed to  
5 learn that he had arrived in Paul Smith's second-hand  
6 jeep.

7 34279 So I knew how he got there and I had  
8 an idea of when the meeting began.

9 34280 MR. PRATTE: What did you discuss at  
10 the meeting? What do you recall being discussed at the  
11 meeting?

12 34281 THE RIGHT HON. BRIAN MULRONEY: What  
13 was discussed at the meeting was, as we say, a courtesy  
14 goodbye meeting. It lasted about 25-30 minutes, I  
15 guess, something like that.

16 34282 And it was in the living room at  
17 Harrington, which is wide open. There are no walls or  
18 anything like that; people coming and going, staff,  
19 children, family walk in and out kind of thing. And we  
20 were sitting there and he said delighted to be able to  
21 see you to say goodbye.

22 34283 He then I think talked about the  
23 election campaign, the imminent election campaign and  
24 what did I think. With my usual unerring accuracy, I  
25 forecast a majority government for Ms Campbell.

1 34284 That didn't happen but we talked  
2 about that and how that might happen, and so on.

3 34285 And then he talked about a subject  
4 that he raised with me many times, and that is German  
5 reunification and how beneficial that had been to his  
6 native country, and so on. He was very grateful for  
7 the role that I had played in that because,  
8 Mr. Commissioner, that had been a subject of great  
9 interest to me.

10 34286 And in Chancellor Kohl's famous  
11 speech to the Bundestag talking about this historic  
12 development, he said that Germany will always have  
13 three leaders to thank from the outside for what had  
14 happened, because he was the architect of it all  
15 really. And the three leaders he thanked were  
16 President Bush and President Gorbachev and me.

17 34287 So I knew a little bit about it and I  
18 took some pride in it because of what Canada was able  
19 to do, and he knew a lot about it obviously. So we  
20 chatted. It changed his country and it changed his  
21 country of origin, so we talked about that.

22 34288 And that was basically the  
23 conversation.

24 34289 When we got up to -- he got up to  
25 leave, he had asked me what I planned to do and I said

1 well, I plan to go back to Montréal and practise law  
2 and probably do some international directorships or  
3 things like that.

4 34290 He said given -- we had just finished  
5 talking about German reunification and he said given  
6 your tremendous range of contacts around the world and  
7 the very high regard in which you are held by these  
8 foreign leaders, perhaps I would like to be in touch  
9 with you in this regard later on.

10 34291 I said well, I don't know exactly  
11 where I am going to be but it will be somewhere in  
12 Montréal and if you want to get a hold of me, call Fred  
13 and Fred will give me a shout.

14 34292 MR. PRATTE: Was there, in that  
15 discussion, any discussion or mention of the Bear Head  
16 Project in relation to his retaining you for that?

17 34293 THE RIGHT HON. BRIAN MULRONEY:  
18 Actually there was. I should have mentioned it.

19 34294 I said -- and that was right at the  
20 beginning. I said, you know, I regret that we weren't  
21 able to make this happen. I'm sorry this didn't take  
22 place, because God knows we could have used the jobs in  
23 eastern Nova Scotia. That was it.

24 34295 MR. PRATTE: Okay. Did you have --  
25 I'm going to put to you a question that Mr. Wolson put

1 to Mr. Schreiber when he was back here on May 7, 2009.

2 34296 Did you have an agreement with  
3 Mr. Schreiber at Harrington Lake to work together in  
4 the future?

5 34297 THE RIGHT HON. BRIAN MULRONEY:

6 Absolutely not.

7 34298 MR. PRATTE: Did Mr. Schreiber make  
8 any mention, in the course of the discussions, of his  
9 having to check whether or not there was some money  
10 left in some account regarding the Bear Head Project?

11 34299 THE RIGHT HON. BRIAN MULRONEY:

12 Absolutely not.

13 34300 MR. PRATTE: I would like to take you  
14 back now, Mr. Mulroney -- I'm sorry to be jumping  
15 around -- to Binder No. 2 to the photographs. It is  
16 Tab 123.

17 34301 THE RIGHT HON. BRIAN MULRONEY: One  
18 twenty-three.

19 34302 MR. PRATTE: The second picture in  
20 the tab.

21 34303 THE RIGHT HON. BRIAN MULRONEY: Yes.

22 34304 MR. PRATTE: Do you recognize that  
23 guy?

24 34305 THE RIGHT HON. BRIAN MULRONEY: Just  
25 as distinguished as ever. I do.

1 34306 MR. PRATTE: There is an annotation  
2 at the bottom, Mr. Mulroney.

3 34307 Mr. Schreiber has testified that you  
4 promised him or he asked for a picture, a portrait of  
5 you, which was later delivered I think he said at his  
6 office and he found it when he was back in Canada  
7 sometime later.

8 34308 Do you remember any discussion of a  
9 picture?

10 34309 THE RIGHT HON. BRIAN MULRONEY: I  
11 remember him asking me for personalized photo that he  
12 would like to, you know, place on his wall or do with  
13 whatever. He asked me if I would send him one and  
14 autograph it for him so that he would have in his  
15 collection.

16 34310 MR. PRATTE: Okay. Was that a rare  
17 occurrence, that people would ask you for your  
18 photograph?

19 34311 THE RIGHT HON. BRIAN MULRONEY: No.  
20 I think that Paul Smith mentioned to you that I would  
21 sign hundreds and hundreds of photographs, so it was  
22 far from a rare occurrence.

23 34312 MR. PRATTE: You write -- well, first  
24 of all, can you confirm that it is your handwriting at  
25 the bottom there?

1 34313 THE RIGHT HON. BRIAN MULRONEY: Yes.

2 34314 MR. PRATTE: And it says, and I

3 quote:

4 "for my friend, Karlheinz

5 much(sic) gratitude and best

6 personal..."

7 34315 THE RIGHT HON. BRIAN MULRONEY: No,

8 "with gratitude".

9 34316 MR. PRATTE: I should have asked you

10 to read it then.

11 34317 THE RIGHT HON. BRIAN MULRONEY: Yes.

12 34318 MR. PRATTE: Let's start over so we

13 get the record clear.

14 34319 THE RIGHT HON. BRIAN MULRONEY: Yes.

15 34320 MR. PRATTE: What does it read,

16 Mr. Mulroney?

17 34321 THE RIGHT HON. BRIAN MULRONEY: It

18 says:

19 "for my friend, Karlheinz

20 with gratitude and best personal

21 regards

22 Brian Mulroney"

23 34322 MR. PRATTE: And what was this --

24 what were these words supposed to signify? Why were

25 you saying with gratitude and personal regards?

1 34323 THE RIGHT HON. BRIAN MULRONEY: It  
2 was a not untypical inscription in the political world  
3 about anybody who kind of helped you, went out of their  
4 way, tried to raise votes for you, tried to have  
5 dinners for you to support your candidates or your  
6 party, knocked on doors for you.

7 34324 I would send hundreds and hundreds of  
8 photos and notes, handwritten notes, across the country  
9 to people who helped us.

10 34325 It's the only way you keep a caucus  
11 together. You have to focus on your caucus and your  
12 party because when the crunch comes, if the caucus is  
13 not with you, you're dead. And I made certain, and I  
14 learned that there, and I kept working on it.

15 34326 So this was not untypical at all.

16 34327 MR. PRATTE: I just want to be clear,  
17 Mr. Mulroney, did these words related in any way, shape  
18 or form to any work that you might do for Mr. Schreiber  
19 in the future?

20 34328 THE RIGHT HON. BRIAN MULRONEY: No,  
21 not at all.

22 34329 May I just point out one thing that  
23 might be just a small nuance.

24 34330 I read some of Mr. Schreiber's  
25 testimony where he said that I had sent him a copy of

1 the photo -- excuse me, the copy of the portrait, my  
2 official portrait which is in Parliament along with the  
3 other Prime Ministers and that this is what this is.

4 34331 It's not that at all. This is a  
5 photograph that I use thousands of times with people  
6 across the country. This was given to him in 1993. I  
7 think my portrait was unveiled 10 years later or 12  
8 years later in Parliament.

9 34332 And there are photos of that portrait  
10 which are sent out, but this is not -- this was an  
11 entirely conventional political photo that politicians  
12 and Prime Ministers have to use.

13 34333 MR. PRATTE: Mr. Mulroney, thank you,  
14 sir. You can put that book away for now.

15 34334 You indicated before that you stepped  
16 down as Prime Minister on June 25, 1993.

17 34335 THE RIGHT HON. BRIAN MULRONEY:  
18 That's right.

19 34336 MR. PRATTE: Did you remain a Member  
20 of Parliament, though, for some time thereafter?

21 34337 THE RIGHT HON. BRIAN MULRONEY: I  
22 did. I had recommended to Kim Campbell that she call  
23 the House back and deliver a throne speech and put out  
24 an economic statement and then dissolve the House and  
25 call an election, and I would remain a Member of



1 Parliament in the event that she needed me in the  
2 House, for a day or two, because that's all the time  
3 she really would have had.

4 34338 She chose not to do that. She was  
5 doing extremely well during the summer of 1993, and I  
6 think what happened, her numbers went up; she was doing  
7 very well. On Labour Day she was significantly ahead  
8 of the Liberals, and I guess she figured she didn't  
9 need that. So she pulled the plug and called the  
10 election.

11 34339 I had only agreed to stand on as a  
12 courtesy in the event that she called the House back  
13 and needed me for whatever.

14 34340 MR. PRATTE: Perhaps you could just  
15 bring your microphone a bit closer, Mr. Mulroney.

16 34341 THE RIGHT HON. BRIAN MULRONEY:  
17 Sorry.

18 34342 MR. PRATTE: Some people may have  
19 difficulty hearing you.

20 34343 Did you carry on any formal  
21 activities as a Member of Parliament between the time  
22 you resigned, or you stepped down as Prime Minister,  
23 and the time the election was called?

24 34344 THE RIGHT HON. BRIAN MULRONEY: No.  
25 I made my last trip swing through my riding on I think

1 the second, third and fourth of June, and that was it.

2 34345 MR. PRATTE: Now, Mr. Mulroney, after  
3 finishing nine years as Prime Minister of Canada I  
4 assume that the question arises: Well, what am I going  
5 to do now?

6 34346 How did you answer that question?

7 34347 THE RIGHT HON. BRIAN MULRONEY: Well,  
8 I was asked -- do you mean in terms of career choices?

9 34348 MR. PRATTE: Yes.

10 34349 THE RIGHT HON. BRIAN MULRONEY: Yes.

11 Well, I was asked to rejoin the law firm of Ogilvy  
12 Renault in Montréal and Toronto, Québec City, Ottawa, a  
13 big law firm, as a senior partner, and I agreed to do  
14 that.

15 34350 I was asked to join the Board of  
16 Archer Daniels Midland, one of the great agribusiness  
17 corporations in America.

18 34351 I was asked to join the Board of the  
19 Barrick Gold Corporation, which is the largest gold  
20 company in the world; the Horsham Corp. which owns  
21 Trizec and many other things.

22 34352 And so while there is always  
23 uncertainty, anybody who has left a job or has moved  
24 somewhere else, there is uncertainty as to how well you  
25 are going to do. But I had always done pretty well.

1 34353                   And while I had less money going out  
2           than I had coming in, I figured that I will be able to  
3           look after Mila and the kids and my mother and my other  
4           obligations pretty well. So I was pretty confident  
5           about it.

6 34354                   COMMISSIONER OLIPHANT: Just so that  
7           I understand: I had less money going out than coming  
8           in.

9 34355                   THE RIGHT HON. BRIAN MULRONEY: Yes.

10 34356                  COMMISSIONER OLIPHANT: Are you  
11          talking about the flow of money or going out of office  
12          and coming into office?

13 34357                  THE RIGHT HON. BRIAN MULRONEY: No,  
14          what I'm talking about, Mr. Commissioner, is this. The  
15          highest I ever received as Prime Minister of Canada for  
16          nine years at the end was \$113,000 a year before tax.  
17          I was the first Prime Minister to take a 15 per cent  
18          pay cut and I was the first Prime Minister in history  
19          to pay for my own food and that of my family.

20 34358                  So I was able, because of my work at  
21          the Iron Ore Company, to self subsidize our  
22          requirements through my savings and investments while I  
23          was there, because this gave me about -- I don't know  
24          what that would be, say \$40,000 or \$50,000 a year,  
25          something like that, after tax.

1 34359 So, as I say -- I had maybe a little  
2 more. So I had -- you know, when I came in I was  
3 coming from the Presidency of the Iron Ore Company. I  
4 was very fortunate and privileged. I had a -- like a  
5 lot of CEOs, I had a pretty good deal and so I was  
6 coming -- all I meant was I'm coming out with less than  
7 I had when I went in.

8 34360 MR. PRATTE: I know this is a bit  
9 uncomfortable, Mr. Mulroney, but the suggestion has  
10 certainly been floated around by Mr. Schreiber when he  
11 was here, as he had done elsewhere, that you were in  
12 desperate need for money when he -- we will get to that  
13 point presently -- but when he offered you some money  
14 at Mirabel.

15 34361 What do you say to that?

16 34362 THE RIGHT HON. BRIAN MULRONEY: Well,  
17 I just answered. You can figure that out for yourself  
18 approximately how much that might be. It is a lot of  
19 money.

20 34363 I never -- you know, when my father  
21 died, I told you that, it was the first year that he  
22 ever made \$10,000 raising six kids. We were such that  
23 my mother had to take in boarders. My father had two  
24 jobs and my mother took in boarders and the kids were  
25 stacked like lumber in that millhouse. And I worked

1 every summer and every year as a labourer, sometimes as  
2 a driver of small trucks, working for Cargill Grain or  
3 the Québec North Shore. I knew the value of a dollar.

4 34364 So I was very fortunate with the way  
5 my life unfolded. So I was not ungrateful at all by  
6 what was happening. I was very happy to be able to  
7 look after my wife and my four young kids and others.

8 34365 MR. PRATTE: I just have a few more  
9 questions, Mr. Commissioner, and then perhaps it would  
10 be -- as I am going to be switching places -- time for  
11 a break.

12 34366 On this topic, Mr. Mulroney, apart  
13 from the directorships that you were talking about just  
14 a moment ago, were you also involved in maybe what has  
15 been your trademark, the communications business, in a  
16 manner of speaking?

17 34367 THE RIGHT HON. BRIAN MULRONEY: Yes.  
18 I was approached, Mr. Commissioner, by the owners of  
19 the Washington Speakers Bureau to see if I would sign  
20 on with them. They represented President Reagan and  
21 Mrs. Thatcher, among others. They wanted me to sign on  
22 with them and join the speakers tour.

23 34368 I eventually did that. That was an  
24 important part of my income starting out.

25 34369 MR. PRATTE: What was -- I don't know

1 if it is public, if you mind telling us, but what kind  
2 of fees would they pay for a person engaged in such  
3 activity?

4 34370 THE RIGHT HON. BRIAN MULRONEY: In  
5 1993 -- I can mention it because it was public. It was  
6 published in the Washingtonian Magazine.

7 34371 I was being paid -- you were asked to  
8 deliver a 30-minute speech, take a few questions. I  
9 was being paid \$45,000 U.S. a speech. As the Canadian  
10 dollar, as you will remember, began to trade down to  
11 \$.63 Canadian, this meant that I was getting for most  
12 of the time in the neighbourhood of \$65,000 or \$70,000  
13 a speech.

14 34372 So I don't think anybody could say  
15 with those kinds of revenues that I was in any way  
16 deprived, and I was deeply grateful for the  
17 opportunity.

18 34373 I had no clue that this existed, you  
19 know, like that.

20 34374 And I can tell you, if I may,  
21 exactly, Mr. Commissioner, what happened. It wouldn't  
22 be a strange feeling to some of us.

23 34375 He came to see me in New York, the  
24 owner of the thing, and I said no, I'm tired of this  
25 stuff. Thank you very much, I'm tired of it and I'm

1 not -- I want to rest. I had been there for a long  
2 time.

3 34376 So I reported this to Mila who came  
4 in an hour or so later, and she said how did you make  
5 out with the Washington Speakers Bureau? I said well,  
6 they are terrific and they want me to make speeches  
7 around the world. And she said what did you tell him?  
8 I said I told him I can't do it. I'm tired and I'm not  
9 going to do it.

10 34377 She said well, that's too bad. How  
11 much are they going to pay you? I said \$45,000 U.S. a  
12 speech.

13 34378 She said let me tell you something.  
14 You've made 11,000 speeches for nothing. You are going  
15 to make these speeches for the Washington Speakers  
16 Bureau.

17 --- Laughter / Rires

18 34379 THE RIGHT HON. BRIAN MULRONEY: And  
19 that's how I got launched in the speaking business.

20 34380 So if you put it all together, I  
21 guess the fast answer is that Mr. Schreiber's  
22 preposterous suggestions -- well, you have seen them  
23 all over the place. They are unworthy to be dignified  
24 with any serious comment.

25 34381 MR. PRATTE: Can we take a break,

1 Mr. Commissioner?

2 34382 COMMISSIONER OLIPHANT: It's  
3 3 o'clock. We will come back at 3:15 then.

4 34383 MR. PRATTE: Thank you, sir.

5 --- Upon recessing at 3:00 p.m. / Suspension à 15 h 00  
6 --- Upon resuming at 3:21 p.m. / Reprise à 15 h 21

7 34384 COMMISSIONER OLIPHANT: Be seated,  
8 please.

9 34385 Mr. Pratte, just before you continue,  
10 when we get to around 4:30, at a time that is  
11 convenient for you, I think we will break. It is a  
12 long day, especially for the person who is on the  
13 witness stand.

14 34386 THE RIGHT HON. BRIAN MULRONEY: Thank  
15 you, Mr. Commissioner.

16 34387 MR. PRATTE: Thank you, Mr.  
17 Commissioner.

18 34388 Mr. Mulroney, might I take you to  
19 Binder No. 1, Tab 68.

20 34389 THE RIGHT HON. BRIAN MULRONEY: Yes.

21 34390 MR. PRATTE: You will find a document  
22 there entitled "Extract from Agreement Entered into  
23 August 2, 1993, between Ogilvy Renault and Brian  
24 Mulroney..."

25 34391 Do you see that?



1 34392 THE RIGHT HON. BRIAN MULRONEY: Yes.

2 34393 MR. PRATTE: You told us before that

3 you had decided to join, I guess, your alma mater,

4 Ogilvy Renault.

5 34394 THE RIGHT HON. BRIAN MULRONEY: Yes.

6 34395 MR. PRATTE: Could you just, without

7 necessarily reading this, tell us what this clause is?

8 34396 It is an extract from the Partnership

9 Agreement of Ogilvy Renault.

10 34397 Is that right?

11 34398 THE RIGHT HON. BRIAN MULRONEY: Yes.

12 34399 MR. PRATTE: What is this extract

13 about?

14 34400 THE RIGHT HON. BRIAN MULRONEY: When

15 I returned, I signed the conventional Partnership

16 Agreement with Ogilvy Renault, with one exception. I

17 asked that they consider my view in regard to Clause 6,

18 which simply excludes from common revenues certain

19 personal matters that I thought I might be able to

20 entertain. So that is just an exclusion from one of

21 the general rules.

22 34401 MR. PRATTE: What kind of revenues

23 would be excluded?

24 34402 THE RIGHT HON. BRIAN MULRONEY:

25 Revenue derived from personal consulting mandates,

1 revenues for acting as a director, revenues derived  
2 from speaking engagements.

3 34403 MR. PRATTE: If you just flip to the  
4 tab before that, Tab 67, Mr. Mulroney, you will see a  
5 number of --

6 34404 Actually, I have you at the wrong  
7 tab.

8 34405 If you go to Tab 67C -- you will see  
9 that the tab is divided into a number of sub-tabs.

10 34406 THE RIGHT HON. BRIAN MULRONEY: Yes.

11 34407 MR. PRATTE: At Tab C you should find  
12 an excerpt from corporate registration documents.

13 34408 Do you see that?

14 34409 THE RIGHT HON. BRIAN MULRONEY: Yes,  
15 I do.

16 34410 MR. PRATTE: It pertains to a  
17 numbered company, which, if I may be permitted to lead,  
18 we know becomes a company known by the name of Cansult,  
19 if you look at Tab D.

20 34411 THE RIGHT HON. BRIAN MULRONEY: Yes.

21 34412 MR. PRATTE: It was established when,  
22 do you know, roughly?

23 34413 THE RIGHT HON. BRIAN MULRONEY:  
24 Sometime, I think, in early September.

25 34414 MR. PRATTE: In fact, if you go back

1 to Tab C, you will see that there is the date of August  
2 1993.

3 34415 THE RIGHT HON. BRIAN MULRONEY: Yes,  
4 in that --

5 34416 MR. PRATTE: Okay. Can you tell me  
6 briefly what that company was, or is?

7 34417 THE RIGHT HON. BRIAN MULRONEY: I  
8 think I had asked my friend and literary executor Sam  
9 Minnsberg to incorporate this for me in anticipation of  
10 what was going on. I believe that was the case, and it  
11 was simply a vehicle that would enable me to function  
12 within the partnership at all times, with this  
13 exception.

14 34418 MR. PRATTE: Very well. Now, when  
15 did you actually start at Ogilvy Renault?

16 34419 Of course, we are in 1993 now.

17 34420 THE RIGHT HON. BRIAN MULRONEY: Yes.  
18 I think I started sometime in early September.

19 34421 MR. PRATTE: Did you do any work  
20 during the summer, or August?

21 34422 Where were you during --

22 34423 THE RIGHT HON. BRIAN MULRONEY: Mila  
23 and I and the children went away, right after, from  
24 Harrington Lake, to Europe, and we came back and moved  
25 up north. We had no home at the time. We moved up

1 north to L'Esterel. We had a cottage on the lake. But  
2 I think that I --

3 34424 I am a workhorse by nature, and I  
4 couldn't stand the -- even though I had just finished  
5 as Prime Minister, I told Raymond Crevier, "I've got to  
6 work." He said, "Well, we don't have an office for  
7 you. We are building your office for September." I  
8 said, "Just give me what you've got."

9 34425 So I would come down from time to  
10 time to the office, to start learning the routine  
11 again.

12 34426 MR. PRATTE: Who is Mr. Crevier, so  
13 that we all know --

14 34427 THE RIGHT HON. BRIAN MULRONEY:  
15 Raymond Crevier was the managing partner of the firm.  
16 There was always a managing partner and a chairman  
17 and --

18 34428 Like, today, it is Pierre Bienvenu  
19 and Norm Steinberg who run the -- or John Coleman who  
20 runs the operation now.

21 34429 MR. PRATTE: And where is L'Esterel,  
22 where you were staying, geographically, if I could ask?

23 34430 THE RIGHT HON. BRIAN MULRONEY: It is  
24 due north of Montreal. I guess it's about an hour and  
25 a half drive north of Montreal. It's a resort area.

1 34431                   Because we didn't have a home ready  
2           in Montreal, we rented a cottage there, until, I think,  
3           even after the kids went to school.

4 34432                   Mark and Nicolas were very young, and  
5           Caroline and Ben, I think, were at college. They left  
6           early to go to college. So the two young ones stayed  
7           with us, and we kept the cottage until we were able to  
8           move into our home.

9 34433                   MR. PRATTE: We all know, Mr.  
10          Mulroney, that there is a meeting that takes place at a  
11          hotel near Mirabel, Quebec, on or about August 27,  
12          1993, between you and Mr. Schreiber. Can you tell me  
13          how that came about?

14 34434                  THE RIGHT HON. BRIAN MULRONEY: I got  
15          a call from Mr. Doucet, who said that Mr. Schreiber  
16          would like to meet with me when next he was in Canada.

17 34435                  I believe there was a second call,  
18          after Fred had ascertained what he wanted to talk to me  
19          about, because Fred told me on the phone that Mr.  
20          Schreiber wanted to meet with me to discuss an  
21          international mandate on behalf of either his company  
22          or himself, or a group of companies. All I knew was  
23          that it was an international mandate, which struck me  
24          as being okay because I was, obviously, into that  
25          business, or I thought I would be.

1 34436 MR. PRATTE: All right. So what next  
2 happened so that you would attend such a meeting at  
3 Mirabel?

4 34437 Did Mr. Doucet tell you where to go?  
5 How did you actually know --

6 34438 THE RIGHT HON. BRIAN MULRONEY: Not  
7 at that time.

8 34439 He called me shortly thereafter, or  
9 soon thereafter, and said, "Look, Mr. Schreiber is  
10 going to be returning to Europe" -- at the end of the  
11 day, or the early evening, whatever the date was --

12 34440 MR. PRATTE: The 27th was when --

13 34441 THE RIGHT HON. BRIAN MULRONEY: The  
14 27th, yeah.

15 34442 "Inasmuch as you are at L'Esterel,"  
16 which is, I don't know, 20, 25 minutes away -- it is  
17 also up north -- "could you meet him at the CP hotel at  
18 the airport?"

19 34443 You may remember that the Canadian  
20 government decided to build Mirabel way the hell out in  
21 the boonies, up north of Montreal, and people would get  
22 out there and get snowed in, and they would have to  
23 come all the way back, an hour and a half or  
24 something -- an hour to Montreal. So CP put up a hotel  
25 there, and it was largely used for meetings and people

1           who were delayed or who were going over.

2   34444                   I said, "Fine."

3   34445                   Mr. Doucet told me that the meeting

4           would take place at such-and-such a time, that Mr.

5           Schreiber couldn't spend a long time because he was

6           going on a flight soon thereafter to Europe -- I guess

7           it was Switzerland or Germany. I said, "Fine."

8   34446                   MR. PRATTE: Did you arrange for the

9           room at the Mirabel Hotel?

10  34447                   THE RIGHT HON. BRIAN MULRONEY: No, I

11           did not.

12  34448                   MR. PRATTE: How did you get yourself

13           to that hotel for the meeting?

14  34449                   THE RIGHT HON. BRIAN MULRONEY: How

15           did I get there?

16  34450                   MR. PRATTE: How did you get there?

17  34451                   THE RIGHT HON. BRIAN MULRONEY: I was

18           driven to the Mirabel Hotel and escorted to the room --

19           Mr. Schreiber's room -- by the RCMP.

20  34452                   MR. PRATTE: All right. Then what?

21  34453                   THE RIGHT HON. BRIAN MULRONEY: I had

22           RCMP duty officers with me at the time, as a former

23           Prime Minister.

24  34454                   They were at L'Esterel with us. They

25           drove me -- the two officers drove me to the hotel and

1           walked me to the room, and I knocked on the door, and  
2           Mr. Schreiber opened the door.

3   34455                   MR. PRATTE:   And then what?

4   34456                   THE RIGHT HON. BRIAN MULRONEY:   Then  
5           he invited me in, and there began the conversation.

6   34457                   MR. PRATTE:   What was the  
7           conversation, Mr. Mulroney, as best you can recall it?

8   34458                   THE RIGHT HON. BRIAN MULRONEY:   The  
9           first thing that happened was, actually, pretty  
10          startling, as a result of which I thought that the  
11          meeting was going to be short and sweet, and would that  
12          it had been.   Mr. Schreiber began by telling me that he  
13          had retained the services of a very distinguished  
14          solicitor, or barrister, Ian Scott, to sue my  
15          government for non-performance in regard to the project  
16          at Bear Head, and he handed me a copy of the Statement  
17          of Claim that he proposed to file against the  
18          Government of Canada.

19   34459                   MR. PRATTE:   Could you look to the  
20          next tab, 69?

21   34460                   It is in the same book that you are  
22          in, and it is probably the last tab, Mr. Mulroney.

23   34461                   THE RIGHT HON. BRIAN MULRONEY:   Yes.

24   34462                   MR. PRATTE:   If you go to page 14,  
25          the document is dated August 20th, 1993.



1 34463 Can you identify that document?

2 34464 THE RIGHT HON. BRIAN MULRONEY: I'm  
3 sorry, page 14?

4 34465 MR. PRATTE: Yes.

5 34466 THE RIGHT HON. BRIAN MULRONEY: Yes.

6 34467 MR. PRATTE: Can you identify that  
7 document?

8 34468 THE RIGHT HON. BRIAN MULRONEY: This  
9 is the document that he gave me.

10 34469 MR. PRATTE: All right. I'm sorry, I  
11 interrupted you. He gave you this, and what was the  
12 discussion around this?

13 34470 THE RIGHT HON. BRIAN MULRONEY: I  
14 told him that I -- all I could. I said, "If you feel  
15 that you've got a cause of action against the  
16 Government of Canada, go ahead and file it."

17 34471 MR. PRATTE: All right. And then  
18 what happened?

19 34472 THE RIGHT HON. BRIAN MULRONEY: Then  
20 he began to talk to me about these vehicles -- back in  
21 action with the vehicles. He told me that he would  
22 like me to be on an international peacekeeping track  
23 for Thyssen, for these vehicles, and could I assist  
24 them internationally in this regard.

25 34473 The manner in which he spoke, quite

1           frankly, I construed -- not that second, but in the  
2           fullness of time it was very clear to me that he was  
3           describing a watching brief, whereby I would, under  
4           fairly general conditions, do my very best to promote  
5           the interests of Mr. Schreiber internationally.

6   34474                   Then he handed me some documents that  
7           dealt with the vehicles and the roles that they could  
8           play, with what appeared to be some merchandising --  
9           sales approaches internationally.

10   34475                  MR. PRATTE: Mr. Commissioner, these  
11           documents are copied in various tabs, but I would like  
12           to put the originals to the witness.

13   34476                  Apart from the Statement of Claim --

14   34477                  I will give you the references, Mr.  
15           Commissioner. They are contained in Binder 1, at Tabs  
16           62, 63 and 64, and at Tab 70 of Binder 2.

17   34478                  The two brochures are also found at  
18           the additional documents of Mr. Mulroney's testimony,  
19           which is P-46, Tab 3.

20   34479                  I have handed you, Mr. Mulroney, a  
21           folder with various documents --

22   34480                  THE RIGHT HON. BRIAN MULRONEY: Yes.

23   34481                  MR. PRATTE: -- and I wonder if you  
24           could look at them and tell me whether you recognize  
25           those documents.

1 34482                   Maybe, as you go through, you could  
2           describe what these are.

3 34483                   THE RIGHT HON. BRIAN MULRONEY:  Yes,  
4           these are the documents that he gave me.

5 34484                   The first one is from Thyssen  
6           Henschel, "Defence Technology", the 495 Infantry Combat  
7           Vehicle, and there is a portrait of the product with  
8           the United Nations insignia on it, on all sides.

9 34485                   Inside there is another portrait of  
10          the vehicle, with the United Nations on it, and an  
11          indication of "the state of the art technology for a  
12          state of the art system."

13 34486                   And this was perfectly -- and here it  
14          is again, at the end, the vehicle with the United  
15          Nations marked all over it.

16 34487                   Then the other --

17 34488                   Do you want me to go to the next one?

18 34489                   MR. PRATTE:  Yes.

19 34490                   THE RIGHT HON. BRIAN MULRONEY:  The  
20          next one is --

21 34491                   MR. PRATTE:  I'm sorry, we will just  
22          go through them.  Mr. Wolson is indicating, of course,  
23          that they should be filed as a separate exhibit.  I am  
24          just asking the witness to go through them, and I think  
25          we should mark them collectively, as one exhibit --

1 34492 THE RIGHT HON. BRIAN MULRONEY:  
2 Should I show them to the Commissioner now?

3 34493 MR. PRATTE: Why don't you go through  
4 them, Mr. Mulroney, and then we will show them to the  
5 Commissioner for the purpose of their being marked.

6 34494 THE RIGHT HON. BRIAN MULRONEY: Okay.  
7 The next one he gave me was in the same line, but a  
8 different brochure, dealing with different aspects.

9 34495 It is very clear that these are  
10 important merchandising documents. I am not surprised  
11 that he gives them to me, he is asking me if I would  
12 represent the company internationally, and he is  
13 showing me -- and he gave me documents with United  
14 Nations markings. What does he think I am going to do,  
15 go back to Baie Comeau and ask them if they are  
16 interested?

17 34496 Look, this is what the thing was  
18 about.

19 34497 He then turns around and he gives me  
20 documents, with which I was more familiar, about the  
21 Thyssen project in Canada, and he gives me the  
22 Statement of Claim to which I have referred.

23 34498 That was essentially the  
24 documentation that he gave me.

25 34499 MR. PRATTE: Very well.

1 34500 Perhaps we could show these to the  
2 Commissioner, and then we could have them marked.  
3 --- Pause

4 34501 COMMISSIONER OLIPHANT: I have been  
5 handed by Mr. Mulrone y four documents. These are to be  
6 marked as individual exhibits, is that your wish?

7 34502 MR. PRATTE: That suits the  
8 Commission.

9 34503 Maybe we could mark them  
10 collectively, Mr. Commissioner.

11 34504 COMMISSIONER OLIPHANT: As one  
12 exhibit?

13 34505 MR. PRATTE: As one exhibit.

14 34506 COMMISSIONER OLIPHANT: All right.

15 34507 Just for the record, what Mr.  
16 Mulrone y has given me comprises two sales brochures for  
17 Thyssen Henschel. Both cover the TH 495 vehicle. One  
18 is a light, sort of grey colour, with the UN insignia  
19 marked in each of the drawings of the vehicle.

20 34508 The second brochure depicts a dark  
21 vehicle, a vehicle with a camouflage, and I don't see,  
22 I don't think, the United Nations on this particular  
23 one.

24 34509 The third document is a document that  
25 consists of six pages. It appears to be a photocopied

1 document, "Thyssen Project in Canada".

2 34510 And the last is a copy of the  
3 Statement of Claim naming Bear Head Industries Limited,  
4 and others, as plaintiffs, against Her Majesty, and  
5 others, as defendants.

6 34511 That package of documents, then, will  
7 be received and marked, unless there is an objection.

8 34512 Mr. Vickery, any objection to those  
9 documents going in?

10 34513 MR. VICKERY: No objection, thank  
11 you.

12 34514 COMMISSIONER OLIPHANT: Mr.  
13 Houston...

14 34515 MR. HOUSTON: No, sir, thank you.

15 34516 COMMISSIONER OLIPHANT: Mr. Auger...

16 34517 MR. AUGER: No objection.

17 34518 MR. PRATTE: May I make an amendment,  
18 if you will; the same number, but maybe A, B, C and D,  
19 if the clerk could figure that out.

20 34519 COMMISSIONER OLIPHANT: All right.

21 34520 Then the brochure with the  
22 light-coloured vehicle, bearing the insignia of the  
23 United Nations, will be received and marked as Exhibit  
24 P-47A.

25 34521 The sales brochure with the dark or

1 camouflaged light-armoured vehicle, TH 495, will be  
2 received and marked as Exhibit P-47B.

3 34522 The "Thyssen Project in Canada"  
4 documents will be received and marked as P-47C.

5 34523 And the Statement of Claim will be  
6 marked as P-47D.

7 EXHIBIT NO. P-47A: Brochure  
8 depicting a light-coloured  
9 vehicle bearing the insignia of  
10 the United Nations

11 EXHIBIT NO. P-47B: Brochure  
12 depicting dark/camouflaged  
13 light-armoured vehicle TH 495

14 EXHIBIT NO. P-47C: Documents  
15 entitled "Thyssen Project in  
16 Canada"

17 EXHIBIT NO. P-47D: Statement of  
18 Claim naming Bear Head  
19 Industries Limited, and others,  
20 as plaintiffs, against Her  
21 Majesty, and others, as  
22 defendants

23 34524 MR. PRATTE: Thank you, sir.

24 34525 THE RIGHT HON. BRIAN MULRONEY: I  
25 think, Mr. Pratte, contained therein -- I think -- is

1           some correspondence in regard to the sale -- involving  
2           the sale of these vehicles, or similar vehicles --  
3   34526                           COMMISSIONER OLIPHANT:  I will just  
4           have the document go back to you.  
5   34527                           THE RIGHT HON. BRIAN MULRONEY:  I'm  
6           sorry.  
7   34528                           COMMISSIONER OLIPHANT:  You are  
8           referring to P-47C?  
9   34529                           THE RIGHT HON. BRIAN MULRONEY:  Yes.  
10  34530                           COMMISSIONER OLIPHANT:  I might say  
11           that I was looking at the first page, which is entitled  
12           "Thyssen Project in Canada".  
13  34531                           THE RIGHT HON. BRIAN MULRONEY:  Yes.  
14  34532                           I would just point out, Mr.  
15           Commissioner, that there was also a letter that he gave  
16           me, that had been sent to the head of Thyssen in  
17           Germany from Major-General A.C.P. Stone, Director  
18           General, Land Fighting Systems, Procurement Executive,  
19           Minister of Defence, in the U.K., and it is very clear  
20           from this that the entire object of the exercise is, of  
21           course, the sale of these vehicles around the world,  
22           both in NATO requirements and possibly something else.  
23  34533                           MR. PRATTE:  Mr. Mulroney, you used  
24           the term "watching brief".  
25  34534                           THE RIGHT HON. BRIAN MULRONEY:  Yes.



1 34535 MR. PRATTE: Was that a term that was  
2 spoken?

3 34536 THE RIGHT HON. BRIAN MULRONEY: No,  
4 it was not.

5 34537 MR. PRATTE: Why did you use that  
6 term?

7 34538 THE RIGHT HON. BRIAN MULRONEY:  
8 Because I construed -- subsequently I construed --  
9 34539 By "subsequently" I mean in the next  
10 number of days, when I sat down to figure out what I  
11 might usefully do here -- that what he was asking me to  
12 do, with no requirements to report or write anything --  
13 "Do what you can to help us promote this  
14 internationally."  
15 34540 I construed this as a watching brief  
16 for him, who I assumed to be a major associate of  
17 Thyssen, and that's what I proceeded to do.

18 34541 MR. PRATTE: You mentioned the  
19 international arena. Was there any mention of doing  
20 anything in respect of this mandate in Canada?

21 34542 THE RIGHT HON. BRIAN MULRONEY: No.

22 34543 MR. PRATTE: In the Province of  
23 Quebec?

24 34544 I know it's still in Canada, but just  
25 to be clear.

1 34545 THE RIGHT HON. BRIAN MULRONEY: No.  
2 34546 MR. PRATTE: Did he mention any  
3 discussions with Mr. Charest at that meeting?  
4 34547 THE RIGHT HON. BRIAN MULRONEY: No.  
5 In fact, I found out when he testified here that the  
6 day before he had a meeting with Charest and Jean  
7 Corbeil and others about this relocation of the  
8 project. He never mentioned it to me.  
9 34548 MR. PRATTE: Did he give you any  
10 specific instructions as to how to carry out your  
11 international mandate?  
12 34549 THE RIGHT HON. BRIAN MULRONEY: The  
13 international mandate?  
14 34550 MR. PRATTE: Yes. Did he give you --  
15 34551 THE RIGHT HON. BRIAN MULRONEY: No.  
16 34552 MR. PRATTE: -- any more specific  
17 instruction?  
18 34553 THE RIGHT HON. BRIAN MULRONEY:  
19 That's what I was saying.  
20 34554 And, Mr. Commissioner, that's why I  
21 was -- that's what happened. That is the documentation  
22 he gave me, and so on.  
23 34555 So the conversation that I have  
24 described flowed naturally from those documents. I  
25 mean, you are getting stuff with the United Nations

1 stamped all over it. This is not a project that you  
2 were going to dispose of, you know, in downtown -- as I  
3 say, in downtown Baie Comeau or something. It doesn't  
4 work that way.

5 34556 But that is why I was startled when I  
6 heard Mr. Schreiber's latest version of things, that he  
7 had retained my services to work domestically, because  
8 he had sworn in other circumstances that he had never  
9 asked me to do a single thing vis-à-vis the Government  
10 of Canada.

11 34557 But more importantly, I brought in  
12 myself into the House of Commons the rules and  
13 regulations in regard to conflict of interest. And it  
14 is quite a stretch to think -- because he now says that  
15 well, maybe it took place at Harrington Lake and maybe  
16 it didn't, the agreement -- but I would agree, having  
17 served nine years as Prime Minister of Canada, that I  
18 would agree 48 hours before I left office to violate  
19 the code of conduct that I brought in myself.

20 34558 And what is even more preposterous,  
21 Mr. Commissioner, is that I would be asked to do that  
22 later, at Mirabel, a few weeks later, a month, two  
23 months later, that I would be asked, when you consider  
24 this, to act domestically for him.

25 34559 He is asking me and he is

1           compensating me, according to his version, to do  
2           something domestically, as a private consultant on the  
3           outside, that which I was unable or unwilling to do as  
4           Prime Minister of Canada.

5   34560                   This is pretty extraordinary stuff  
6           when you take a second to think about this latest  
7           version of his interpretation.

8   34561                   He gave me those documents. That was  
9           the conversation that took place and that is where I  
10          sought to be helpful.

11   34562                   MR. PRATTE: We will get to exactly  
12          what you thought you could do for him in a moment.

13   34563                   THE RIGHT HON. BRIAN MULRONEY: Yes.

14   34564                   MR. PRATTE: Did anything else happen  
15          at that meeting after you received the documents,  
16          Mr. Mulroney?

17   34565                   THE RIGHT HON. BRIAN MULRONEY: Yes.  
18          After we had that conversation I got those documents  
19          and he asked me -- I was looking at those documents  
20          there, and he asked me whether I thought that I could  
21          help him internationally in that.

22   34566                   And I said yes, I think this is  
23          something that I can usefully do. It is quite up my  
24          alley. I think it is something that I can do.

25   34567                   And he got up. We were seated in one

1 corner of the room. He got up and he went to a sofa  
2 not far away and he opened his briefcase and he came  
3 back and he had a legal sized envelope, and he gave me  
4 the envelope and he said here is the first payment on  
5 the retainer.

6 34568 I asked to retain your services.  
7 Here is the first payment on the retainer.

8 34569 MR. PRATTE: Did you open the  
9 envelope?

10 34570 THE RIGHT HON. BRIAN MULRONEY: No, I  
11 did not.

12 34571 MR. PRATTE: Did you know what was in  
13 it?

14 34572 THE RIGHT HON. BRIAN MULRONEY: Well,  
15 I knew that it wasn't a cheque because it had a  
16 dimension about it that...

17 34573 And when I expressed by body language  
18 my -- I would call it a hesitation, he said to me  
19 spontaneously: I am an international businessman and I  
20 only deal in cash.

21 34574 Now, it was at that moment that I  
22 should have said: Look, this is something that I think  
23 I could usefully do for you, but I'm going to require a  
24 cheque. Just give me a cheque.

25 34575 I wish I had done that, because had I

1 done it we wouldn't be here today. But I didn't.

2 34576 And that was the reason that I  
3 indicated that while nothing was illegal, that this  
4 kind of transaction, undocumented to that extent, as it  
5 is, could give rise to legitimate suspicions by  
6 reasonable people.

7 34577 MR. PRATTE: Was anything else  
8 discussed at the meeting?

9 34578 I think you indicated it was a brief  
10 meeting.

11 34579 THE RIGHT HON. BRIAN MULRONEY: Yes.

12 34580 MR. PRATTE: After he handed you the  
13 envelope, then what happened?

14 34581 THE RIGHT HON. BRIAN MULRONEY: I  
15 think he said soon thereafter that he had to -- that  
16 his wife was waiting for him in the main airport and he  
17 had to go back because they were getting on the plane  
18 to go to Europe.

19 34582 MR. PRATTE: Did you have a briefcase  
20 with you?

21 34583 THE RIGHT HON. BRIAN MULRONEY: No, I  
22 did not.

23 34584 MR. PRATTE: How did you get back --  
24 well, I shouldn't ask you get back to.

25 34585 Where did you go after that,

1 Mr. Mulroney?

2 34586 THE RIGHT HON. BRIAN MULRONEY: I  
3 went out, walked out and the Mounties were there and  
4 they took me to the vehicle and drove me back to  
5 l'Estérel.

6 34587 MR. PRATTE: Did you accept this  
7 envelope of cash for past services related to Airbus?

8 34588 THE RIGHT HON. BRIAN MULRONEY: Of  
9 course not.

10 34589 MR. PRATTE: Did you accept this cash  
11 envelope -- or this envelope for past services in  
12 relation to Eurocopter or Bear Head?

13 34590 THE RIGHT HON. BRIAN MULRONEY: No.

14 34591 MR. PRATTE: Did you accept this  
15 envelope in relation to any work you were undertaking  
16 to do for Mr. Schreiber in Canada?

17 34592 THE RIGHT HON. BRIAN MULRONEY: No.

18 34593 MR. PRATTE: So then you went home,  
19 you said?

20 34594 THE RIGHT HON. BRIAN MULRONEY: I  
21 went home.

22 34595 MR. PRATTE: I may have missed your  
23 answer. In the same way you came?

24 34596 THE RIGHT HON. BRIAN MULRONEY:  
25 Absolutely. The RCMP drove me to the cottage. I went

1           inside. We had a small safe in the house for various  
2           items and documents. I opened the envelope. I counted  
3           it. It was \$75,000, and I put it in the safe.

4   34597                   MR. PRATTE: How long did it stay in  
5           that safe?

6   34598                   THE RIGHT HON. BRIAN MULRONEY: Until  
7           the house was completed in Montréal, I think, and then  
8           we moved it to the safe -- I moved it to the safe in  
9           Montréal.

10   34599                  MR. PRATTE: Okay. Did you at any  
11          time put that money in the bank?

12   34600                  THE RIGHT HON. BRIAN MULRONEY: No, I  
13          did not.

14   34601                  MR. PRATTE: Did you advise your  
15          accountant that you had received that money?

16   34602                  THE RIGHT HON. BRIAN MULRONEY: No, I  
17          did not.

18          --- Pause

19   34603                  MR. PRATTE: Did you record that  
20          transaction in the books of the company Cansult?

21   34604                  THE RIGHT HON. BRIAN MULRONEY: No.

22   34605                  MR. PRATTE: What -- in French we say  
23          coupures -- denominations were the dollar bills?

24   34606                  THE RIGHT HON. BRIAN MULRONEY:  
25          C'était des coupures de mille.



1 34607 MR. PRATTE: Okay. I'm going to  
2 defer, Mr. Mulroney, to the end of my examination the  
3 question as to why you handled it that way.

4 34608 I would like to ask you now about the  
5 UN that you have mentioned, that you noticed I guess on  
6 these brochures.

7 34609 You took -- well, you told me about  
8 the envelope with the compensation. What about the  
9 documents? What did you do with them?

10 34610 THE RIGHT HON. BRIAN MULRONEY: Well,  
11 I brought them home with me and it was a number of days  
12 later when I was sitting out -- not having had any  
13 explicit instructions at all, I was sitting out looking  
14 at them and noticing of course -- they jump out at  
15 you -- the UN inscriptions. You know, what can I  
16 usefully do to be helpful here? And I thought  
17 obviously of the United Nations itself, with which both  
18 I and Canada have had a long association.

19 34611 MR. PRATTE: Well, tell me about  
20 that, Mr. Mulroney, because we are not necessarily all  
21 as familiar as you are with the United Nations.

22 34612 And briefly when you mentioned that  
23 you had had an association with the United Nations, I  
24 want to understand what you mean by that.

25 34613 Perhaps you could briefly tell us

1           when you were Prime Minister -- I should probably have  
2           asked you that a little earlier -- what your interest  
3           in and familiarity with United Nations had been whilst  
4           you were Prime Minister?

5   34614                   THE RIGHT HON. BRIAN MULRONEY: Well,  
6           for me the United Nations was a cornerstone of Canada's  
7           foreign policy. Mr. Pearson originally had played a  
8           great role there. One of the first things that I did  
9           was to break ranks with tradition and appoint Stephen  
10          Lewis, the former NDP leader in Ontario, as Canada's  
11          new Ambassador to the United Nations, because I knew  
12          that he shared my views in areas like Africa, Middle  
13          East, apartheid, and so on, and I wanted someone down  
14          there who was eloquent and able, which Stephen Lewis  
15          surely was.

16   34615                   These were the days of Senator Jesse  
17          Helms controlling the Foreign Relations Committee of  
18          the United States Senate. America became hostile to  
19          the United Nations and Sen. Helms from North Carolina  
20          decided he was going to shut it down because the United  
21          Nations was running off in weird directions. So he cut  
22          the funding, American funding to the United Nations.

23   34616                   You cripple all kinds of programs,  
24          you cripple opportunities. You cripple the  
25          opportunities for action by countries like Canada

1           because the best way that you can function as the  
2           Canadian Prime Minister is through the United Nations.

3   34617                   So I went down to the United Nations  
4           and met with the Secretary General and announced that  
5           Canada would pay our bills with the United Nations in  
6           advance on the 1st of January every year.

7   34618                   We were paying the sixth largest  
8           amount to the UN and its agencies of the other hundred  
9           and 75 countries in the world at that time.

10   34619                  So Ambassador Lewis -- I said  
11          publicly Canada does not want the Secretary of the  
12          United Nations to become a public mendicant going  
13          around with a tin cup asking people to pay their bills,  
14          because with the collapse or the damage of the United  
15          Nations we all pay an enormous price.

16   34620                  So I became familiar of course with  
17          the workings of the United Nations and very, very  
18          strongly supportive of them in that context.

19   34621                  MR. PRATTE: What about peacekeeping,  
20          Mr. Mulroney? I'm talking about while you are Prime  
21          Minister. Was your government involved in peacekeeping  
22          missions sponsored by or authorized by the United  
23          Nations?

24   34622                  THE RIGHT HON. BRIAN MULRONEY: I  
25          determined that Canada was going to participate in

1 every single peacekeeping initiative that the United  
2 Nations undertook while I was Prime Minister and I  
3 believe we did. And as a result of that Canada, when I  
4 left office, was supplying 10 per cent of all of the  
5 peacekeeping activities in the world.

6 34623 I think today the number is down  
7 to -- or it was, I don't know where it is now -- one  
8 tenth of one per cent.

9 34624 But I wanted what I consider to be  
10 the Pearsonian tradition to be maintained and enhanced  
11 and we did that.

12 34625 I should say parenthetically that  
13 this was an opinion fully shared by Joe Clark, and he  
14 became an extremely active and effective representative  
15 for Canada around the world, but in the United Nations  
16 in particular.

17 34626 MR. PRATTE: He was Minister of  
18 Foreign Affairs.

19 34627 THE RIGHT HON. BRIAN MULRONEY:  
20 Minister of Foreign Affairs.

21 34628 MR. PRATTE: Did you involve  
22 yourself, Mr. Mulroney, with resolutions that the  
23 United Nations may pass from time to time, including  
24 resolutions regarding peacekeeping missions while you  
25 were Prime Minister?

1 34629 THE RIGHT HON. BRIAN MULRONEY: Yes.

2 34630 MR. PRATTE: And maybe you can

3 explain to us briefly, I don't know if it is an agency

4 of the United Nations, but the role of what is referred

5 to I guess as the Security Council.

6 34631 THE RIGHT HON. BRIAN MULRONEY: Yes.

7 34632 MR. PRATTE: And then perhaps the

8 inner sanctum, the P5 briefly.

9 34633 What role, what power do they have

10 and then how does that relate to peacekeeping, if at

11 all?

12 34634 THE RIGHT HON. BRIAN MULRONEY: Well,

13 there is the General Assembly of course and then there

14 is the Security Council, which is really the deciding

15 body of the United Nations. It is composed of 15

16 members, five of which are permanent.

17 34635 They are really the powers after the

18 Second World War and what makes or gives them the

19 extraordinary influence they have is the fact that they

20 are permanent members of the body.

21 34636 The other ten have to seek election

22 every two years and they are replaced on a tour basis.

23 34637 So the United Kingdom, France, China,

24 Russia and the United States are the P5, and within the

25 Security Council they are the dominant players. And

1 the Secretary General of the United Nations really is  
2 their -- if I could put it this way -- their executive  
3 director in the sense he executes their mandates.

4 34638 MR. PRATTE: Do the P5 -- what is  
5 there ability to either sponsor or oppose any  
6 initiatives that emerges at the Security Council?

7 34639 THE RIGHT HON. BRIAN MULRONEY: They  
8 can kill it because they are the only people in the  
9 entire organization with a veto.

10 34640 MR. PRATTE: Did you, while you were  
11 Prime Minister, develop relationships with the leaders  
12 of the countries that constitute the P5?

13 34641 THE RIGHT HON. BRIAN MULRONEY: Yes,  
14 I did.

15 34642 MR. PRATTE: I can't remember if I  
16 asked you that, but can you tell me, since I have asked  
17 that question before, who the members of the P5 are?

18 34643 THE RIGHT HON. BRIAN MULRONEY: Well,  
19 I just did that.

20 34644 MR. PRATTE: Oh, you just answered  
21 that. Well, I should listen to my own witness I guess,  
22 particularly this one.

23 34645 THE RIGHT HON. BRIAN MULRONEY: Yes.

24 34646 COMMISSIONER OLIPHANT: Just before  
25 you move on, you talked about the veto --

1 34647 THE RIGHT HON. BRIAN MULRONEY: Yes.

2 34648 COMMISSIONER OLIPHANT: -- of the P5.

3 Isn't it the case that any one of the five can exercise

4 the right of veto and that kills whatever is happening?

5 34649 THE RIGHT HON. BRIAN MULRONEY:

6 That's right, sir.

7 34650 COMMISSIONER OLIPHANT: It doesn't

8 need to be a majority?

9 34651 THE RIGHT HON. BRIAN MULRONEY: No,

10 no.

11 34652 COMMISSIONER OLIPHANT: It is any one

12 of the five?

13 34653 THE RIGHT HON. BRIAN MULRONEY: That

14 is right.

15 34654 COMMISSIONER OLIPHANT: Okay.

16 34655 THE RIGHT HON. BRIAN MULRONEY: And

17 we saw that, for example, in one of the last major

18 initiatives in which I was involved in the United

19 Nations, and that was the deployment of our

20 peacekeeping forces to the former Yugoslavia as it

21 began to disintegrate and the Croats and Serbia got

22 into it and Bosnia, Herzegovina, and so on.

23 34656 I think that we had -- well, we would

24 have to check it, but certainly 3,000 or 4,000

25 peacekeepers in that general area, and it got very,

1 very dangerous, obviously, because there was a war  
2 going on.

3 34657 The deployment was very difficult  
4 because the Russians have a veto, and the Russians  
5 allied themselves naturally and historically with the  
6 Serbs and the Germans, although they didn't have a  
7 veto, with the Croats, and so this presented a great  
8 challenge.

9 34658 So every adjective in every  
10 resolution was important.

11 34659 Canada, I sought election for Canada  
12 to the Security Council in 1988. After Stephen left I  
13 appointed Yves Fortier as Ambassador. Yves was a  
14 former Chairman of the Bar Association and he was a  
15 great Ambassador.

16 34660 The first thing we did was get him  
17 elected to the Security Council, and we happened to be  
18 on the Security Council as a result of that when the  
19 Gulf War was being built up. And it gave Canada a  
20 unique opportunity, because we became one of the 15 in  
21 that.

22 34661 But through all of this of course we  
23 picked up a lot of information and friendships, I may  
24 say, with the leaders in the United Nations.

25 34662 MR. PRATTE: I just have two or three



1 more questions on this topic, Mr. Mulroney.

2 34663 You mentioned peacekeeping and  
3 Canada's involvement in those missions. Did you have  
4 any -- I can't pronounce this word well in English so I  
5 will say it in French -- familiarité or knowledge in  
6 respect of equipment issues that might arise when  
7 several countries are involved in the same mission?

8 34664 THE RIGHT HON. BRIAN MULRONEY: Yes.  
9 I didn't have any technical expertise on it but I  
10 certainly knew what the challenge was.

11 34665 The challenge was that peacekeepers  
12 would be thrown together with people and/or equipment  
13 from Bangladesh, Canada, you name it, all these  
14 countries thrown together, and they would bring their  
15 own equipment in some significant measure.

16 34666 It would break down or parts  
17 problems. There was servicing problems. There was  
18 chaos. You're in the middle of the Congo and you have  
19 all these things going every which way. It is an  
20 extraordinary difficult thing for the United Nations to  
21 do.

22 34667 That was a problem, a very  
23 significant problem for the United Nations.

24 34668 I should tell you, Mr. Pratte, that  
25 at the same time it is also a concept that was gaining

1 traction in NATO. Every time I went to a NATO Heads of  
2 Government meeting, and when they discussed the  
3 difficult challenges that they faced on an operating  
4 basis -- because we had troops in NATO as well, in  
5 Germany and elsewhere in Europe. Obviously the absence  
6 of standardization was a main challenge in NATO as it  
7 was in the United Nations in respect of the procurement  
8 and maintenance of equipment.

9 34669 MR. PRATTE: I asked you a little  
10 earlier, Mr. Mulroney, whether at any time you had  
11 discussed the possibility -- this just kind of comes to  
12 my mind -- of joining GCI.

13 34670 Did you ever think of joining the  
14 United Nations?

15 34671 THE RIGHT HON. BRIAN MULRONEY: Well,  
16 I can tell you that -- well, I felt the United Nations,  
17 as I have indicated, was a great instrument of good and  
18 in 1992 I was approached by Sec. James Baker of the  
19 United States on behalf of President Bush and a number  
20 of other members of the Permanent 5 to become the  
21 Secretary General of the United Nations.

22 34672 It is something that I certainly  
23 didn't dismiss out of hand obviously. I suppose there  
24 was no guarantee that you could get it, but they wanted  
25 me, they told me. And they shared some information

1 with my Chief of Staff, Derek Burney as well, and they  
2 thought that a Canadian Secretary General in these  
3 circumstances -- because Canada's record over so many  
4 years was so supportive there. They thought that a  
5 Canadian Secretary General who had some executive  
6 experience as head of a G7 country would be what they  
7 wanted.

8 34673 It turned out that I couldn't do it.  
9 The timing was not good and so I conveyed to them that  
10 I couldn't do it and I didn't.

11 34674 So that only left me I guess with the  
12 opportunity to work with Frank Moores.

13 34675 MR. PRATTE: Mr. Commissioner, I am  
14 about to move on now to another subject which will take  
15 some time. And since candour is critical in these  
16 hearings, I am tired, Mr. Commissioner, and I would be  
17 grateful if we might suspend until tomorrow morning.

18 34676 COMMISSIONER OLIPHANT: Yes.

19 34677 MR. WOLSON: Mr. Commissioner, if  
20 Mr. Pratte is tired, we should go ahead.

21 34678 I did rise when Mr. Schreiber was  
22 testifying, and he is a man of 75, I know a lot older  
23 than Mr. Mulroney. But as the day gets on, it is very  
24 tiring and the same offer should be made to  
25 Mr. Mulroney and to Mr. Pratte.

1 34679 COMMISSIONER OLIPHANT: Mr. Wolson,  
2 we are going to stop for the day. I don't need to be  
3 ganged up on here.

4 --- Laughter / Rires

5 34680 COMMISSIONER OLIPHANT: I'm tired,  
6 too.

7 34681 We will recess at this time until  
8 tomorrow morning at 9:30.

9 34682 Good afternoon, everyone.

10 34683 THE RIGHT HON. BRIAN MULRONEY: Thank  
11 you, sir.

12 --- Whereupon the hearing adjourned at 4:08 p.m.,  
13 to resume on Wednesday, May 13, 2009 at 9:30 a.m. /  
14 L'audience est ajournée à 16 h 08, pour reprendre  
15 le mercredi 13 mai 2009 à 9 h 30

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20 We hereby certify that we have accurately  
21 transcribed the foregoing to the best of  
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                  Jean Desaulniers

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12           Fiona Potvin

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