



# Q&A

## A CONVERSATION WITH BRIAN MULRONEY

*“We’re a much more confident people”*

Prime Minister Mulroney greets President Reagan at Air Force One in Quebec City for the Shamrock Summit, March 17, 1985. Montreal Gazette archives

**In the run-up to the 25<sup>th</sup> anniversary of the negotiation of the Canada-US Free Trade Agreement, former Prime Minister Brian Mulroney met at the Montreal office of his law firm, Norton Rose, with *Inside Policy* Editor L. Ian MacDonald. Mulroney’s reflection on how free trade changed Canada: “We’re a much more confident, outward looking people.”**

En vue du 25<sup>e</sup> anniversaire de la conclusion de l’Accord de libre-échange Canada-États-Unis, le rédacteur en chef d’*Inside Policy* L. Ian MacDonald s’est entretenu

avec l’ancien premier ministre Brian Mulroney dans les bureaux montréalais du cabinet Norton Rose, dont il est aujourd’hui associé principal. Comment

le libre-échange a-t-il changé le Canada ? « Nous sommes aujourd’hui un peuple beaucoup plus confiant et ouvert sur le monde », répond M. Mulroney.

**Inside Policy:** Mr. Mulroney, thank you for doing this. On October 3, 1987, in the wee hours of Sunday morning, at the bottom of the staircase of the Langevin Block, you came down and met the media and said about the Free Trade Agreement: “A hundred years from now, all that will be remembered is that it was done, and the naysayers will be forgotten.” How do you feel about that statement 25 years later?

**The Rt. Hon. Brian Mulroney:** Well, I feel that statement was accurate. The Free Trade Agreement has proven to be of great significance for Canada, both economically and psychologically. It’s established Canada as a winner, a clear winner in our bilateral relationship, and by that I mean that we were not at all crushed as many of our opponents said. On the contrary, we’ve competed very effectively, as I believed we always could, and it’s helped us multilaterally, as it led to NAFTA, a tremendous profile now throughout Latin America, and it was the basis for the World Trade Organization multilateral agreements.

So I think the Free Trade Agreement did a lot of good, and I think it will be so regarded as the decades flow by.

**IP:** Do you regard it as your most important achievement?

**Brian Mulroney:** It is certainly an important achievement of the government of the day. There were others as well that range from the Meech Lake Accord, that had its own tremendous importance; to the work we did leading the Commonwealth with regard to the liberation of Nelson Mandela, and the fight against apartheid in South Africa; and the acid rain treaty with the US, which was very important.

But I think, generally speaking, the FTA had such an impact on the country that you’d have to say it’s right up there in terms of important achievements.

**IP:** Getting there really wasn’t half the fun, was it?

**Brian Mulroney:** (Laughs).

*I wanted to send a signal to President Reagan and his people that this was extremely serious, and that if this were not done, it would have enormous consequences for us all, including the United States. Moreover, we were against a unique backdrop here, because the fast track authority was set to expire in two days.*

**IP:** Could I take you back to the evening of October 1, 1987? You were standing in a back corridor of the York Club in Toronto, where you were speaking to the Bilderberg Group, talking on a public pay phone to your delegation at the US Treasury Department in Washington and ordering them home. And then they went back the next morning, and sat there until five minutes to midnight and the expiration of the US fast track authority. Take us through those two or three days. Why did you bring them home?

**Brian Mulroney:** Well, I wanted to send a signal to President Reagan and his people that this was extremely seri-

ous, and that if this were not done, it would have enormous consequences for us all, including the United States. Moreover, we were against a unique backdrop here, because the fast track authority was set to expire in two days, and with that, had we lost the fast track, my sense is that we could never have gotten the FTA, through normal means, because we would have been whipsawed to death by each Congressman and Senator, who would then have been able to deal with their pet projects to the disadvantage of Canada, whereas the fast track required an up or down vote on the entire package, without amendments.

And so it was vital to Canada that what we had secured be maintained, and we had one major bridge to cross, and that, of course, was the independent dispute settlement mechanism.

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**IP:** On the evening of October 3, as the fast track authority was running out, and the hands of the clock were ticking towards midnight, you had this famous conversation with Jim Baker, the US treasury secretary, who was their guy in charge of the file. Tell us about that.

**Brian Mulroney:** Well, Jim Baker was a godsend. President Reagan appointed him, towards the end of the negotiations, to take over the file, and my guess is that without him we wouldn’t have got the deal. He was a unique and powerful player in Washington.

Baker’s problem at the very end came from the Congressional leadership, with whom he met that night, and they said to him: “We’ll support this, but we cannot support an independent dispute settlement mechanism, as proposed by Canada, because this would have the effect of diluting Congressional oversight and authority in matters of international trade and commerce.”

**IP:** So that was your deal breaker.

**Brian Mulroney:** That was the deal breaker. I had made it very clear to them that we needed this, because without this, there was an economy on the one side 10 times as strong as ours, they could crush us in any dispute, and so we had to have some independence and some impartiality in that structure.

And so Jim Baker called me, and he and I had been good friends for some time, and still are all these years later. Jim called me and he said, “Prime Minister, look, we’re very close to an agreement, but I have to tell you I don’t think this is do-able with the independent dispute settlement mechanism for the reasons I’ve just mentioned.”

And I said: “Well, OK Jim, fine. I’m now going to call President Reagan at Camp David and I’m going to ask him one question.”

And he said: “PM, what’s that?” And I said, I’m going to say to him: ‘Ron, I want you to tell me how the United States of America can sign a nuclear reduction treaty with its worst enemy, the Soviet Union, but cannot sign a free trade agreement with its best friend, Canada.’ There was silence and then Baker said, “PM, can you give me 20 minutes?”

**IP:** And then what?

**Brian Mulroney:** And then the next thing was when I heard from Derek Burney, and received what I’m about to tell you, that 20 minutes later or thereabouts, they were seated, the Canadian delegation, eight of them, that they were sitting around in the boardroom of the Treasury Department in Washington that had been assigned to them for the negotiations, and Jim Baker charged in and he threw a piece of paper on the table, and he said: “There’s your goddamn dispute settlement resolution.” And he said: “Now, can we get this to Congress?” Before midnight was what he meant, before the fast track expired.



Prime Minister Mulroney welcomes President Reagan at the Shamrock Summit in Quebec City, March 17, 1985. *Montreal Gazette* archives

And so then, Derek Burney called me, and he was with the eight members of the Canadian delegation, and I was still in the Langevin Building. I asked him a few questions, and he said, “We’ve got our dispute settlement mechanism,” and I said, “That’s great, because without this, there’s no deal.”

Then we went through it. Then he read me the salient parts that he had agreed upon, and I wanted to make sure that they were all there the way we had written them, then I asked him a few more questions, then I asked all the members of the delegation: “Does this meet the test that we had set for the fundamental test, the criteria of this negotiation?” and every one of them responded, all eight of them, Yes.

**IP:** And it later proved to be the dispute settlement mechanism for the NAFTA, did it not?

**Brian Mulroney:** For the NAFTA and the WTO, it was incorporated into the WTO, the first dispute settlement mechanism since it ever existed.

**IP:** George H.W. Bush, the first President Bush, has said that he never had a better friend and that America never had a better ally than you as Prime Minister of Canada. But he also famously said once that he got “an earful” from you about acid rain. How did you keep the Americans close without being too close to them, and stating our interests along the way?

**Brian Mulroney:** Well, it’s largely a personal initiative between the prime minister and the president, and the vice-president, but also leaders on both sides of the aisle in the Senate and in the House of Representatives, and leaders of interest groups, the media, and so on, and I made it my business over nine years to do that. I was interested in it and I enjoyed it.

We had two excellent ambassadors, Allan Gotlieb and Derek Burney who did a tremendous amount on the ground, and we had great staff at the Embassy, and they would call me and say, “Senator Kennedy is upset about such and such a thing,” and I’d call him and I’d say, “Teddy, what’s going on, what about such and such?” And in the media, I often spoke to Ben Bradlee when he was editor of the *Washington Post* and also to the *New York Times*, and we would always explain Canada’s position to all of them, so that when there was a quarrel, it would take place with some firmness on our side, a lot of firmness, but without losing the friendship that you need from the president and his allies.

*We’re a much more confident, outward looking people. We’re much more competitive and confident, because we know we can compete and succeed with anyone in the world. Look, if you can do it with the United States of America, you can do it with anyone.*

**IP:** Did you have any doubts in your own mind at the time that this would be good for Canada? I remember you saying at the time that free trade with the US would fundamentally change the mindset of Canada as a trading nation.

**Brian Mulroney:** I think it’s one of the big achievements of the Free Trade Agreement, the transformation in our attitudes from being somewhat timorous about the Americans, and somewhat fearful of the Americans, to a situation where Canadians are not only confident about dealing with our friends in the US, but also around the world. We’re a much more confident, outward looking people. We’re much more competitive and confident, because we know we can compete and succeed with anyone in the world. Look, if you can do it with the United States of America, you can do it with anyone.

**IP:** In other words, that Canada has become a kick-ass country.

**Brian Mulroney:** You know how much I eschew vulgarity (laughs). But that's an apt way to describe it.

**IP:** There were some elements that were left out of the FTA. It used to be said back in the 1980s before the FTA that the main irritants in Canada-US trade were "hogs and logs, suds and spuds." And the logs got left out. Softwood lumber.

**Brian Mulroney:** That is true. Softwood lumber in the sense that it was always hanging out there, and that we had to make a decision. You know, President Reagan and the administration were under enormous pressure from the Pacific Northwest, the Senators and Congressmen out there were going to hold this thing hostage and so we had to make a decision. We had a terrific deal. Some of those guys out there were organizing their own little holdups.

If you tried to get the Free Trade Agreement today, in Washington, I think you'd be waiting in a big line at the White House. We were the first in line in those days. And we were able to do this because of the influence that President Reagan and then-Vice President Bush brought to bear on this. Without that we don't have a deal. The good faith that both of them showed in this, both of them, was absolutely remarkable.

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**IP:** You remember President Reagan's toast at Rideau Hall in April 1987 when he said, "Americans look forward, Your Excellency, to the day when they can toast an occasion such as this in fine California wines." And at the end of the day, wine was in the agreement and beer was out. And it was supposed to be the end of the Canadian wine industry, but it didn't turn out that way, did it?

**Brian Mulroney:** Well, it was supposed to be the end of Canada, too. You may remember Liberal ads in the 1988 election that erased the border, and this was the supposed consequence. Brian Mulroney, they intoned, was so enamoured of the Americans that he wanted to be governor of the 51st state. And he wanted to make Canada the 51st state. That was pretty preposterous stuff. But that's what they were peddling in those days.

Now one of the main victims was to be the wine industry. It's prospering today in the Niagara Peninsula and the Okanagan Valley as never before in our history. As, for example, the clothing industry was supposed to be shut down, and yet Peerless Clothing here in Montreal is, as I understand it, the largest manufacturer of men's suits in the world. And there are hundreds of examples like that. When you get privileged access to the largest, richest, most dynamic market in the world, as we did at that time, and trade expands to over \$700 billion a year between two countries, you're doing pretty well.

**IP:** Do you think the wine industry could serve as a model, in terms of transitioning, for supply management, in talks for the Trans-Pacific Partnership and the Canada-Europe Trade Area negotiations?

**Brian Mulroney:** Well, these are big challenges for the present government, and they're going to have to look at the precedents we established, and others, and see how to get it done. A government has to make some pretty vital decisions, based on their understanding and their appreciation of what the future is going to look like. You know, if you say, "I'm going to make a decision based on tomorrow's headlines," you'd probably be popular. But what will you have accomplished? You've got to be able to try, as best you can, to think, what is the world going to look like, 10 or 15 years down the road, and where does Canada fit in? How do we position Canada to make it more competitive and more prosperous with a greater capacity to create high-paying jobs in the new economy?

And that, of course, is led by our exports. And so our access to international trading markets is where it all begins and ends for the future. And it's up to the government, as it was for us, to try and anticipate where Canada's going to be in a decade, and what instruments can we provide Canadians that will enhance their capacity to grow and prosper into that new era? And they can learn from our successes and failures and take them all to heart and see how they can better position the country in this regard. I think the present government, the Harper government, is doing a very good job in that. They seem to be moving the ball down the field, in a methodical, prudent but successful manner.

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**IP:** They've got something like 60 bilateral negotiations on the go, that's a lot of balls to keep in the air at one time.

**Brian Mulroney:** It is a lot. And consider that when we came in, Canada didn't have a single trade agreement with anyone in the world. So I think that the free trade agreement that Sir Wilfrid Laurier was ready to sign in 1911, which we finally got in 1987, was a real ground-breaker, a seminal moment in Canada's history.

**IP:** How about the quality of our trade negotiators, both the politicians and the public servants?

**Brian Mulroney:** World class. The best in the world. The ones that I associated with, both the public service, and people like Derek Burney, Michael Wilson, Pat Carney, and their colleagues, they were fabulous. They did a wonderful job.

**IP:** Let me take you back again to the York Club in Toronto on the night of October 1, 1987, that pay phone, because

there were no cell phones in those days, except for the one in the back of your car that was as big as a shoe box. So how has the world changed? All these digital platforms didn't exist then. In your own lifetime, this has been a period of transformational change. Are we still at the beginning of this revolution?

**Brian Mulrone**y: I remember, soon after I left office in 1993, watching the television news with Mila one night. To show you how long ago it was, I was actually watching the CBC. (Laughs) And I remember Peter Mansbridge coming on at the end of one of his newscasts, and Peter said something to the effect that, in the future when you want to communicate with me at the CBC, and you'll write to petermansbridge@cbc.ca or something like that. And I saw that and I said to Mila, this will never work. That was my reaction to the Internet and its prospects. It's been an extraordinary revolution. It was really nurtured in its infancy by our own children. I mean, they were born into it, they've grown up in it, and they've mastered it. People like myself, it's taken a long time to catch on and catch up. But it's changed everything we do, how we communicate, how we think, how we share information, how we process information, how we benefit from it.

And we had none of that at the time, and so we had to rely on a lot of shoe leather and blood, sweat, and tears.

**IP:** You travel a lot. The Free Trade Agreement probably helped create such global Canadian brands such as BlackBerry, CAE, and Bombardier, companies that do 95 percent of their sales outside of Canada.

**Brian Mulrone**y: Well, look, when you're generating the kind of dollars that we are as a percentage of GDP, much of it coming through the Free Trade Agreement and NAFTA, it's astonishing. You can see not only the economic benefits of it, but the benefit of being a player in a broader region. When you look at Latin America, for example. NAFTA was an extension of the Canada-US FTA. Mexico is going to be a super power in the future. We had to fight to get in that negotiation, but we did, and we've made a terrific contribution, but Canada has also benefited from the entrée that we didn't have previously into Latin America. At the same time, we decided to join the Organization of American States. We had been absent from our own hemisphere for decades and now we are significant players down there, in all aspects of life, political and economic. And the present Harper government has made Latin America a priority, and one day I think you'll see a Free Trade Agreement of the Americas, with 34 countries and 900 million people, and a GDP of \$20 trillion to \$25 trillion a year, with Canada right in the catbird seat with the United States in promoting this huge development.

**IP:** You've just articulated President Reagan's original dream and vision of a hemispheric free trade area.

**Brian Mulrone**y: Well, he was consistent on that. President Reagan was a true free trader. And he was from the very beginning and to the end, in the FTA negotiations, when he stepped in and helped both his country and ours achieve this major objective.

**IP:** Finally, my 22-year old daughter says to me from time to time about the 1988 free trade election, "Dad, what was that

all about?" And it seems to me that it was the last election in Canada that was truly consequential, fought as a matter of honour, on a battlefield of honour among the three leaders, yourself, Mr. Turner, and Mr. Broadbent.

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**Brian Mulrone**y: It was a great election. It's referred to in one of the most recent books as one of the two or three most important elections in Canadian history, and I think it was. It was a tough one. John Turner was a very tough opponent, as was Ed Broadbent. But we had a position where I put free trade in the window and they were on the other side of the issue. They made it extremely difficult for us throughout. We had to defend against it and also be positive about what free trade could mean for our children and grandchildren. And you had people understandably terrified when you had responsible people like the leader of the opposition and the leader of the NDP saying we were going to lose our Medicare, we were going to lose our languages, we were going to lose regional development, we were going to lose our water. You name it, we were going to lose it. And we were going to be integrated into the United States and we were going to become the 51st state. This scares the hell out of a lot of people.

Good thinking, hard working people would say, "I don't want that." Of course, it never was that. But I'll tell you, in that election campaign, it sounded like that to a lot of people. So we had to fight off two very formidable adversaries, and we did. And we came back with another majority government. But I think Canada has benefited as a result of all that. And I'm glad that we were able to rally Canadians to our cause in 1988, because as I've said, you wouldn't want to try to secure this agreement today.

**IP:** But on a personal level, you liked those two guys, didn't you?

**Brian Mulrone**y: Yeah, sure. Still do. Mr. Broadbent was and is a great guy, and John Turner was not only impressive but a very persuasive person. I remember John Turner in his early years in politics in the House of Commons. He was a marvellously successful young man in those days. And he became a very effective cabinet minister, and then came back in very difficult circumstances, because Mr. Trudeau's government had been there for about 15 years, and so he was carrying the water for them, and that's a tough thing to do. But they're both very impressive people.

**IP:** Thank you for this.

**Brian Mulrone**y: Happy to do it. 