



"We are creating a new force ... one that will channel the ideas and the talents of Canada's senior business leaders ... our objective is to help strengthen the country's economy, its social fabric, and its democratic institutions."

The Founders  
1976

***REFLECTIONS ON A QUARTER CENTURY  
OF BUSINESS LEADERSHIP  
ON BEHALF OF  
ENTERPRISE AND COUNTRY***



A conversation with  
Thomas d'Aquino  
President and Chief Executive  
on the occasion of the 25th  
anniversary of the  
Business Council on National Issues

May 9, 2001

In preparation for the 25th anniversary celebrations of the Business Council on National Issues, Senior Vice President and Perspectives editor David Stewart-Patterson sat down with President and Chief Executive Thomas d'Aquino and asked him to reflect on the Council's achievements of the past quarter century and the critical factors behind that success. This is a summary of their conversation.



**Q. Both those who have worked with the BCNI and those who have opposed its positions seem to agree that it has had a major impact on public policy over the past 25 years. What do you see as the key factors that have enabled the BCNI to be so consistently effective?**

**A.** I would highlight three factors: philosophy, structure and commitment.

First, the BCNI's founders made it quite clear that the purpose of the BCNI was to enable chief executives to look beyond their immediate obligations to maximize shareholder value. As they put it in an early mission statement: *"We are creating a new force...one that will channel the ideas and the talents of Canada's senior business leaders. Our objective is to help strengthen the country's economy, its social fabric, and its democratic institutions."* This commitment to thinking and acting beyond the bottom line was in many respects leading-edge thinking in the mid-1970s, and it has been the core philosophy of the BCNI from the beginning.

Second, in terms of structure, the BCNI is one of the few country-wide, CEO-based organizations in the world dedicated to the study of public policy issues. By limiting its membership to a relatively small number of leading chief executives, it has been able to combine the entrepreneurial flexibility of a small organization with people representing a critical mass of economic activity in Canada.

Neither of these factors would suffice, however, were it not for the extraordinary level of commitment that members have brought to the work of the BCNI over the years. The BCNI's structure demands that our member CEOs lift their heads from their day-to-day duties of running their enterprises and get personally involved in public policy. Their readiness to roll up their sleeves and devote scarce personal time to making a difference on issues that matter to the country as a whole is the real secret to the BCNI's success.



**Q. *Amid today's rapidly changing global market, there is growing pressure on chief executives to stick to their knitting and avoid distractions that do not have a direct impact on the bottom line. How do you justify the level of personal commitment that you ask from member CEOs?***

**A.** First, public policy is important because the choices that governments make can have a direct impact on the bottom line. By working together at the CEO level, members can have a more effective voice on issues that affect the environment for doing business in Canada and the competitive base for all enterprises in the country.

Second, there always have been good business reasons for corporations to be involved more broadly in the communities in which they operate. A company's reputation has a powerful impact on its ability to attract customers and investors, to recruit and retain talented employees and more generally to do business around the world. And one of the key responsibilities of the chief executive today is to manage and indeed personify his or her company's reputation.

Over the years, our members clearly have found this to be a compelling business case. Building on the momentum of the organization's founders, Bill Twaits and Alf Powis, they have enabled the organization to maintain momentum, cohesion, loyalty and a sense of purpose for twenty-five years. That in itself is quite an achievement, keeping in mind that this is an organization of volunteers with such heavy and competing demands on their time. I have now worked with over 1000 CEOs through three, four, and in some cases, five generations of CEOs. I am filled with admiration for so many of these individuals who have given so generously of their time to learn and to contribute.



**Q. *Some of the BCNI's critics suggest that the organization has in fact been too effective, that it has allowed corporations to hold too much sway and to push political leaders into an agenda that serves business interests rather than that of all Canadians. How do you respond to this kind of charge?***

**A.** I always have believed that whatever influence the BCNI may have had on the public agenda over the past twenty-five years has been due in large measure to the strength of our ideas rather than to who we are. I shall never forget Prime Minister Trudeau's advice to me when I called on him shortly after taking on my post at the BCNI: *"Never forget, Tom, you are operating in a democracy and the BCNI's vote is like anyone else's."*

The BCNI has made a point of not lobbying on behalf of specific company or even sectoral concerns. Members are expected to leave those at the door. What is expected is a commitment to addressing national or global issues with a view to achieving a healthier and more productive economy. But the key to the BCNI's modus operandi is that the pursuit of prosperity in our eyes is only a *means* to an end. The result of any policy we support must be a positive social outcome. I would suggest that where the BCNI's ideas have been adopted, it is precisely because they have been judged to make sense and in many instances to serve the interests of the country as a whole.

I might add that one of the BCNI's first major initiatives was a comprehensive study on the reform of Canada's parliamentary institutions. The analysis and recommendations in that study continue to have great relevance today in that they appealed for a more representative and effective institution with greater influence on the part of individual members of parliament and parliamentary committees. We may not always agree on how large governments should be, but whatever they do, they must do well. And strong democratic institutions are a vital ingredient in Canada's competitiveness.



**Q. *Looking back at the specific contributions that the BCNI has made to the shaping of public policy in Canada, which initiatives stand out most in your mind?***

A. The BCNI is probably best known for its campaign during the 1980s in favour of a free trade agreement with the United States. When we first floated the idea early in the decade, no government in Canada favoured outright free trade and there was intense skepticism even in parts of the business community. Massive amounts of homework, extensive consultations and six years of advocacy helped to deliver a wide-ranging deal with our most important trading partner. The Canada – United States Free Trade Agreement proved to be one of the most powerful catalysts for economic and attitudinal reform of this century. This effort would not have been possible without tireless engagement of dozens upon dozens of CEOs who willingly stood up for what they believed was best for Canadian competitiveness, including exports, investment, innovation and job growth.

Looking back at other early efforts, I think of the fight against inflation in the early 1980s. It involved a voluntary effort known as “6 and 5”, representing proposed limits on annual percentage increases in wages and prices. BCNI chief executives played a key role, in concert with other economic players, in rolling back inflation. This was an act of collective responsibility in dealing with an insidious threat to the welfare of Canadians. Business leadership made a difference.

Another that stands out in my mind is our ten year project on defence policy. This took our member CEOs to all corners of the world and allowed us to see our very professional armed forces personnel at work in the field.

I am also proud of our contribution to helping shape a post National Energy Program environment. BCNI members, including CEOs of both energy producer and consumer-based companies, worked with Premiers Lougheed



of Alberta and Davis of Ontario as well as with the federal government to help shape a new, market-oriented consensus on energy policy.

Competition policy is an example of an issue on which the BCNI played a leadership role in breaking a decades-long deadlock of stalemate and suspicion. The result is that Canada has one of the world's most advanced systems of competition legislation.

**Q. *Throughout the 1980s and early 1990s, the BCNI's voice was heard over and over on the need to battle deficits and debt. What was the key to success in that campaign?***

A. That was a long and tough struggle. When our advocacy began in earnest in 1985, there was little appetite among governments for massive reform of spending. The members of the BCNI, however, could see the compounding damage to our economy and society that would flow from continued deficits. They spoke out frequently and persistently about those dangers.

As the debt spiraled higher, the damage became more obvious. As the economy slid into recession at the beginning of the 1990s, there was open talk about Canada hitting the debt wall, even of the possible need for intervention by the International Monetary Fund. Canadians finally said enough, their governments took action, and today Canada is significantly healthier in fiscal terms.

The willingness of the BCNI and so many of its members to call for reform so persistently even when it was unpopular to do so contributed to today's immensely improved outcome. For the longest time, we were among the few voices demanding reform. We faced a great deal of criticism, but we soldiered on.



**Q. *Tax issues have figured prominently in the BCNI's activities over the past couple of decades. What have been the most significant achievements on this front?***

A. Our first significant foray into the tax policy debate was in the mid 1980s on the issue of structural reform. A BCNI task force concluded in 1984 that Canada should embrace a consumption tax. We were told by politicians and officials to forget it, that it would never fly, but Finance Minister Michael Wilson eventually took up the challenge and pushed through the GST. The GST remains unpopular to this day, but its creation was the right decision and sound public policy.

More recently, as federal and provincial governments managed to balance their budgets and consider what to do with the fiscal dividend, the BCNI has been strongly identified with the push for tax cuts. As the global economy becomes more closely integrated, tax policies have a growing impact on a country's ability to attract investment and create well-paying jobs. Several strong political leaders, such as provincial Premiers Ralph Klein and Mike Harris, and federal Finance Minister Paul Martin, shared our concerns and showed courageous leadership.

I would add that, contrary to public perception especially after our statement at the April 2000 CEO Summit in Toronto, the need for tax cuts was never a one-note song for us. Tax policy has been and remains an essential element within a broader strategy that encompasses productivity, innovation, employment and investment. As we did when fighting inflation and deficits and when promoting free trade, the BCNI attracted a great deal of criticism in some quarters. But the vast majority of Canadians support tax cuts that are affordable and understand that competitive tax rates are vital to creating greater economic opportunity and building prosperity.





**Q. *To what extent has social policy been part of the BCNI's agenda?***

A. Good economic policy is good social policy. Reducing inflation led to lower interest rates and to greater social stability. Getting rid of deficits prevented rising debt charges from gobbling up steadily larger chunks of government revenue, and stopped the tax bill on Canadian families from rising higher every year. Free trade led to more employment as Canadian companies exported more and higher-value products, and gave consumers access to cheaper goods and services.

Collectively, all these initiatives contributed to the stronger growth that leads to higher family incomes and expands the tax base that in turn funds Canada's social programs. The fact is that economic and social policy are inextricably intertwined. As I suggested earlier, economic initiatives are the *means* to social ends, and the wisdom of those means must be measured in terms of the quality of social outcomes.

**Q. *BCNI task forces on the environment have been at work for close to fifteen years. What do you think they have accomplished?***

A. I see two main achievements. The first has been to build a broad understanding among CEOs that responsible environmentalism and good business go hand in hand. Environmentally sensitive and sophisticated businesses recognize that investments in the environment lead not just to clean air, water and land, but to more efficient enterprises and to an improved reputation with consumers and regulators alike.

The second is that business, and the ideas and technology that business people can marshal, are one of humanity's best hopes for dealing with issues such as global climate change, the despoliation of the land, explosive population growth and the destruction of wildlife. I have often said that environment and economy should be virtually seamless. Making this



interdependence work is the key to our ultimate challenge -- the survival of the planet.

**Q. *The extent of the BCNI's involvement in issues of governance often seems to surprise people. Why has this been such a priority?***

A. Good governance in a political sense is of profound importance. I believe it to be the key determinant of a country's ability to excel over a long period of time. While many Canadians may not give it much thought, honest, efficient and accountable government and deep respect for the rule of law are Canada's strongest competitive advantages.

We have to keep it that way. That is why the BCNI's CEOs have committed significant time to parliamentary and constitutional reform, and to making federalism work. That is why we have campaigned incessantly for the free movement of people, goods, services and capital throughout the federation. And that is why we have been such strong stalwarts of national unity.

**Q. *The BCNI is identified as a strong advocate of national unity within a balanced federation. Why should business leaders make this part of their mandate?***

A. A healthy federal system within a strongly unified country helps make Canada one of the most attractive countries in the world in which to live and to raise a family. In many respects, Canada has been and continues to be a model to the world, especially a world increasingly torn between the integrating force of globalization and the understandable desire for people and regions to retain their identity.



Striking this delicate balance is one of the supreme tests of political leadership, and we in the BCNI have always considered it our duty to try to lend a helping hand. But you constantly have to work at it. That is why we launched the *Confederation 2000 Initiative* several years ago. That is why we launched a major study and national consultation process in the immediate aftermath of the Meech Lake Accord failure. And that is why we devoted so much time and energy to build support for the idea of a “premiers-led initiative” that eventually came to be known as *The Calgary Declaration*. Frank McKenna, who was Premier of New Brunswick at the time, said that the Council played a decisive role in helping to make this initiative happen.

**Q. *As you look back over twenty-five years of BCNI activity, what is your greatest disappointment?***

A. The failure to build significant bridges to organized labour is my greatest disappointment -- but it has not been through lack of trying. In the early 1980s, I tried hard with Shirley Carr, then leader of the Canadian Labour Congress, to establish constructive dialogue through a common institution known as the Canadian Labour Market and Productivity Centre.

Over time, though, the level of co-operation dwindled. In hindsight, I think that business leaders initially failed to appreciate that the Canadian Labour Congress and some of its most powerful constituents are in effect political movements. As such, they have vociferously opposed virtually every major economic initiative that the BCNI has been allied with over the past twenty years. When it became clear that the CLC in its alliance with the New Democratic Party was seriously out of step with progressive and successful social democratic movements throughout the world, the basis for a productive dialogue fizzled.



Given the alienation facing the federal New Democratic Party and the fact that so many unionized voters do not support its agenda, it appears that the BCNI is on the right side of history. I am full of admiration for those social democrats who have shown their determination to bring fresh thinking to their cause. At the provincial level, I have to say that the former Premier of Saskatchewan, Roy Romanow, particularly stands out.

**Q. *The BCNI has never limited its activities to the domestic scene. What has driven its persistent engagement in international activities and global issues?***

**A.** Our work on the Canada-United States Free Trade Agreement and subsequently the North American Free Trade Agreement are notable examples of our activities on the international trade front. But our interests have gone well beyond North America.

For instance, the BCNI hosted the first-ever APEC CEO Summit in Vancouver in 1997, at which we received the Presidents of China and Mexico, the Prime Ministers of Canada, Australia and Malaysia, the Chief Executive of Hong Kong, and more than a dozen foreign ministers. Japan has been a BCNI priority for some twenty years and the Council has close links in Europe and Latin America. China is also a priority as are India and Brazil. These are countries that offer huge potential and who increasingly will be key world actors. Most recently, the BCNI participated in civil society dialogues at the Free Trade of the Americas Summit in Quebec City, and it remains a strong supporter of multilateralism and of global institutions such as the World Trade Organization.

An indication of the Council's level of global engagement is underscored by the fact that I have spoken in more than 100 cities worldwide and in some thirty countries. Keeping in touch around the world has taught me a great



deal and has helped connect our members to their counterparts in many different countries.

**Q. *Recently, you have responded to anti-globalization protests with some quite provocative comments. What's at issue here?***

**A.** The globalization phenomenon is being driven by trade, investment and capital flows. But even more important, it is being driven by an opening of countries and societies to the free flow of ideas. There is no greater threat to protectionism and autocracy than the desire for freedom. That is one of the reasons why it is resisted so strongly by some.

But the rapid change that is being foisted on the world by globalizing forces also is creating concerns, many of them legitimate. The poor and those who are not yet technologically empowered are fearful. In some societies, the political and business elites have little sense of social responsibility, and democratic institutions are fragile.

The greatest hope for those who are falling behind is to empower them politically and economically, and not to encircle them with protective walls as some well-heeled, Internet-toting evangelists from the first world are trying to do. In my view, Kofi Annan, Secretary General of the United Nations, summed up the challenge admirably. "Whatever cause you champion, the cure does not lie in protesting against globalization itself. I believe that the poor are not poor because of too much globalization, but because of too little."



Q. *As the BCNI celebrates its 25<sup>th</sup> anniversary, what do you see as its top priorities looking ahead?*

A. By the end of the 1990s, it was clear that the tough choices of the previous decade were really paying off. Inflation and interest rates were down, freer trade had transformed the private sector, government deficits had for the most part been eliminated, tax rates were beginning to fall while incomes and employment were clearly on the rise. Despite all that progress, we saw some worrying signs for the future combined with a dangerous level of complacency in relation to the speed of change in the world around us. The result was our decision in 1999 to launch the *Canada Global Leadership Initiative*, with an ambitious goal of making Canada “the best place in the world in which to live, to work, to invest and to grow”.

After 12 months of research and discussion, we held the *CEO Summit 2000* last spring, at which we laid out a call to action that attracted an immense amount of public and media attention. Much of that attention was focused on our push for accelerated tax cuts, but the BCNI’s statement also planted the seeds of a broader domestic agenda. In the months and years ahead, I see work on fiscal policy continuing, with an emphasis on structural reform of taxation as well as competitive rates and growing attention to the promotion of greater innovation and effectiveness in government spending. We will need to pay particular attention to the management of the two biggest budget items at the provincial level, health care and education. And the growing importance of national challenges involving provincial jurisdiction will require further expansion of our work in the area of governance.

But in addition to reinforcing our presence on domestic issues, the BCNI will be re-engineering its structure and mandate to give much greater emphasis to international issues. In order to enable our enterprises and our country to take full advantage of the opportunities of globalization, I think it is critical to ensure that Canadian chief executives are able to participate more effectively in policy issues at the North American and global level. The



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challenges ahead are daunting, but I think that the next quarter century will be even more exciting than the past 25 years -- for the BCNI, for Canadian enterprises and for our country.