



**David M. Culver and Thomas P. d'Aquino**

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***Bold executive leadership was crucial to free trade deal***

In the lead-up to the 25th anniversary of the Canada-United States Free Trade Agreement, generous plaudits accorded to then prime minister Brian Mulroney are richly deserved. His ambition and courage resulted in an historic achievement that changed the face of Canada. The prime minister's success was aided by a cadre of able ministers and officials. Among the stars, to name a few, were Michael Wilson, Don Mazankowski, John Crosbie, Pat Carney, Simon Reisman, Gordon Ritchie, Derek Burney and Allan -Gotlieb.

It is a given that great national undertakings owe their success to more than a few at the apex of political power. In the case of the Canada-United States Free Trade Agreement, the Canadian business community can justly claim a significant share of responsibility for the outcome. From the earliest days of the initiative through to its triumph in the single-issue election of 1988 and its implementation on Jan. 1, 1989, Canada's business leadership was bold, creative and engaged.

The story begins with a meeting of the Business Council on National Issues (BCNI), today known as the Canadian Council of Chief Executives (CCCE), in Toronto on Jan. 21, 1982. The country was feeling the effects of a deep recession and protectionism was on the rise in the United States. Free trade with our American partner was seen by some of us as a way of boosting economic growth, exports and domestic competitiveness. The prospects for a deal of this size with the United States, however, looked bleak. No federal party supported the idea, senior officials with few exceptions were deeply skeptical, and most notably, Canada's Toronto-centric business leadership was for the most part wary.

Nevertheless, the assembled CEOs agreed that "a comprehensive agreement that liberalizes trade across the board is worth pursuing. [Specifically if] It offers the promise of increased commerce between our two countries, improved access for our exports, more competitive companies and workers, and an improved rules-based regime to deal with disputes." A

commitment in principle now had to be translated into a concrete set of proposals. Following six months of research and consultations, the BCNI membership responsible for the vast majority of Canada's investment, exports and R&D, was solidly on side.

On the other hand, efforts to win support for our position in political circles were largely unsuccessful. At best, the Trudeau government was prepared to seek sectoral free trade agreements with the Americans, an initiative that had little traction. (Cabinet ministers Ed Lumley and Gerald Regan behind the scenes were quietly encouraging the BCNI to pursue our more ambitious goals.) One notable exception in a sea of doubters was Alberta Premier Peter Lougheed, who endorsed our position and helped to rally support among fellow premiers in Western Canada. Another notable exception was the ebullient Liberal Senator George Van Roggen, who chaired a Senate committee that was on record as favouring free trade negotiations with the United States.

Recognizing that a free trade agreement was a pipe dream without American support, we turned our attention to the United States. We met in Toronto with Reagan cabinet secretary William Brock, who signalled the administration's interest. In March 1983, at a private meeting at the Chateau Laurier in Ottawa chaired by BCNI chairman and Royal Bank CEO Rowland Frazee, we proposed the idea of a comprehensive Canada-United States free trade agreement with then vice-president George H.W. Bush. His response was that it had merit and

deserved study. At the same time we began to cultivate support from among senior members of the American CEO community.

The advent of the Mulroney government in 1984, followed by the Macdonald Royal Commission "leap of faith" recommendation in November 1984, and the "Shamrock Summit" in March 1985, set the course for the free trade negotiations that resulted in a signed agreement on Jan. 2, 1988. Along the way, the Canadian business community played a critical role, in part through offering constructive advice. A memorable example was when the BCNI presented a startled Simon Reisman, barely one day into his job as chief negotiator, with our council's version of the draft agreement. Another example was through the work of the International Trade Advisory Committee and its sectoral companion committees.

These highly productive committees provided for small, medium and large enterprises to channel their views to ministers and officials. The Canadian business community's most vital contribution to getting free trade over the top came in March 1987 with the launch of the Canadian Alliance for Trade and Job Opportunities (CATJO). Conceived, organized and financed by BCNI and its member companies, CATJO was created to marshal broad non-partisan support for the free trade agreement at a time when opposition throughout the country was growing. We invited Peter Lougheed and Donald Macdonald to co-chair the alliance and we signed up some 35 business organizations as members, including

the Canadian Chamber of Commerce and the Canadian Manufacturers Association.

The work of the alliance was buttressed by scores of prominent academics and the alliance's advocacy efforts reached out to all parts of Canada and even into the United States. Some chroniclers of the free trade saga credit CATJO with playing a decisive role in the 1988 electoral outcome. Whether or not this is the case, it involved the most active public engagement of the business community on a single public policy issue in Canadian history.

We believe that the enactment of the free trade agreement above all else changed the mindset of Canadians. It prompted our governments to embrace the benefits of an open economy, it spurred higher value in our Canadian exports, it jolted Canadian companies into looking beyond our national borders and to the world, it helped prepare our workforce for the onslaught of globalization that was to come, it made Canadians more confident that we could compete and win in a globalized world.

The free trade agreement at the time was hailed as the most ambitious bilateral accord ever negotiated and set the stage for the negotiation of the even larger North American Free Trade Agreement. Many hundreds of Canadian business leaders were directly involved in helping free trade with the United States become a reality.

At this time of celebration, it is appropriate to invite Canadian business to take a well-deserved bow.

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