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CANADA

# **Standing Committee on Access to Information, Privacy and Ethics**

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**EVIDENCE**

**Thursday, December 13, 2007**

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**Chair**

**Mr. Paul Szabo**

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## Standing Committee on Access to Information, Privacy and Ethics

Thursday, December 13, 2007

• (0900)

[English]

**The Chair (Mr. Paul Szabo (Mississauga South, Lib.)):** I call to order the tenth meeting of the House of Commons Standing Committee on Access to Information, Privacy and Ethics.

Our order of the day is to study the Mulrone Airbus settlement, pursuant to the following resolution adopted by the committee on November 22, 2007:

That in order to examine whether there were violations of ethical and code of conduct standards by any office holder, the Standing Committee on Access to Information, Privacy and Ethics review matters relating to the Mulrone Airbus settlement, including any and all new evidence, testimony and information not available at the time of settlement and including allegations relating to the The Right Honourable Brian Mulrone made by Karlheinz Schreiber and, in particular, the handling of allegations by the present and past governments including the circulation of relevant correspondence in the Privy Council Office and Prime Minister's Office;

Good morning, colleagues. I want to advise you that there likely will be a vote at 10 o'clock. We will get an indication as to the time of the bells. We may have to suspend. I will keep you informed.

First of all, I'd like to ask the indulgence of everyone in the room to maintain as much silence as possible. It is important that there be no distractions or disruptions that may interfere with the ability of the witness or the members to speak or to hear clearly what is being said. Secondly, I would ask you to please turn off any and all cellphones now.

This meeting will proceed until approximately 1 p.m. In view of the duration, I will be suspending the proceedings at appropriate times for health breaks.

Our witness today is the The Right Honourable Brian Mulrone, former Prime Minister of Canada. He is accompanied by Mr. Guy Pratte, who may advise his client but who may not address the committee.

Good morning, gentlemen.

Mr. Mulrone, I expect you will recall the rules, procedures, and traditions of the House of Commons. In particular, you will recall the general expectation that witnesses appearing before committee testify in a truthful and complete manner.

We could proceed on this understanding. Alternatively, would you feel more comfortable being formally sworn in by the clerk of the committee?

**Right Hon. Brian Mulrone (P.C., As an Individual):** Proceed in this manner.

**The Chair:** Thank you.

Mr. Mulrone, you will also recall that testimony given before committee proceedings is protected by the law of parliamentary privilege, which is to say that your testimony here cannot be used for any other purpose in any other legal proceedings. Perjury, however, is another matter entirely.

You will also know that refusing to answer a question is not an option. However, should a question be posed that you believe should not be answered, I will consider your argument for justification.

Finally, you will also know that our proceedings are broadcast in both official languages. If you will be reading any statements or quoting from any documents, I would ask that copies, if available, be provided in advance to the clerk, to be delivered to the translation booth.

Do you have any questions, sir, about what I have said?

**Right Hon. Brian Mulrone:** No, sir.

**The Chair:** Thank you.

Do you have any documents at this time that you would like to provide to the committee?

**Right Hon. Brian Mulrone:** No, sir.

**The Chair:** I understand that you have an opening statement. As with our previous witness, I also offer to you that if at any time during these proceedings you wish to make any further statements to the committee that are relevant and germane to the matter before us and that will clarify what has been said, or to provide any additional information that you believe would benefit our study, I will give you that opportunity.

We will now proceed with your opening statement.

Mr. Mulrone, please proceed.

[Translation]

**Right Hon. Brian Mulrone:** Mr. Chairman, members of the House of Commons, I served as Prime Minister of Canada between 1984 and 1993.

During those years, I devoted all my energy and efforts to what I considered to be Canada's best interests.

I am proud of our record of accomplishment.

Like all leaders, however, I also knew moments of failure, sorrow and error.

[English]

My second-biggest mistake in life, for which I have no one to blame but myself, is having accepted payments in cash from Karlheinz Schreiber for a mandate he gave me after I left office. I will tell you today how that came about.

My biggest mistake in life, by far, was ever agreeing to be introduced to Karlheinz Schreiber in the first place. I will tell you today what the involvement was.

As a result, some Canadians are asking whether I was involved in improper or unethical conduct during or after my term in office. Let me say here and now, clearly and unequivocally:

First, I never received a cent from anyone for services rendered to anyone in connection with the purchase by Air Canada from Airbus of 34 aircraft in 1988.

Second, I did not receive a cent from Thyssen Industries or any other client of Mr. Schreiber while I was in office.

Third, I have never had a lawyer in Geneva, or elsewhere in Switzerland, except to defend myself against the false charges laid against me in 1995.

Fourth, I have never had a bank account in Switzerland.

Fifth, neither I nor anyone on my behalf ever asked Mr. Schreiber or his lawyer to perjure themselves or otherwise lie about the payments received from him.

● (0905)

[Translation]

Let me say here and now, clearly and unequivocally:

First, I never received a cent from anyone for services rendered to anyone in connection with the purchase by Air Canada from Airbus of 34 aircraft in 1988.

Second, I did not receive a cent from Thyssen Industries or any other client of Mr. Schreiber while I was in office.

Third, I have never had a lawyer in Geneva or elsewhere in Switzerland except to defend myself against the false charges in 1995.

I have never had a bank account in Switzerland.

Finally, neither I nor anyone on my behalf ever asked Mr. Schreiber or his lawyers to perjure themselves or otherwise lie about the payments received from him.

[English]

Mr. Chairman, let me set out a few of the facts regarding the matters you are inquiring into. Then I will be pleased to answer your questions.

Twelve years and one month ago, my family and I were hit by the biggest calamity of my life. The Canadian government sent an official letter of request for assistance to Switzerland. It said that I had accepted bribes in connection with the purchase of Airbus planes by Air Canada and that I had \$5 million in a Swiss bank account as a

result. The Government of Canada stated formally, to a foreign government, that I was a criminal from the time I took office.

I was completely devastated by these totally false allegations. They had the capacity to destroy my reputation and to destroy my family. We learned only later, through sworn RCMP testimony, that the police had based their statements to Switzerland largely on information gathered mainly from a member of the Canadian media who, as it turned out, was a confidential informant to the RCMP.

Because I knew that all of the charges were false, I sued the federal government for defamation and began a two-year battle to clear my name.

This was immensely painful for both me and my family. The resulting stress and anguish for all of us arising from these allegations, and the wide coverage of the matter in the media here and around the world, is almost impossible to describe. The damage caused cannot ever be measured in dollars or cents. Only a person who has gone through such an ordeal can fathom its impact. It was like a near-death experience.

● (0910)

[Translation]

On January 6, 1997, the federal government sought out my lawyers and requested a settlement.

The government issued a full apology to me and my family. In addition, they made the following statement:

Based on the evidence received today, the RCMP acknowledges that any conclusions of wrongdoing by the former Prime Minister were—and are—unjustified.

After continuing its investigation for another six years, the Commissioner of the RCMP wrote me a letter, dated April 17, 2003, in which he said:

On April 22, 2003, the RCMP will announce that after an exhaustive investigation in Canada and abroad, the remaining investigation into the 1995 allegations of wrongdoing involving MBB Helicopters, Thyssen and Airbus has concluded that the outstanding allegations cannot be substantiated, and that no charges will be laid.

On October 6, 1997, the late former Chief Justice Alan B. Gold of the Superior Court of Quebec, acting as special arbitrator, ordered the government to pay \$2.1 million in legal fees and other costs.

This entire amount went straight to my lawyers and advisors. Contrary to the allegations of some, I never received a cent.

[English]

On October 6, 1997, the late former Chief Justice Alan B. Gold of the Quebec Superior Court, acting as special arbitrator, ordered the Government of Canada to pay \$2.1 million in legal fees and other costs. This entire amount went straight to my lawyers and advisors. Contrary to the allegations of some, I never received a cent.

Mr. Chairman, by 1998, having gone through this travesty, my family and I believed that this long and painful nightmare in our lives was finally over, but here we are again, my family and I, ten years later.

I first encountered Mr. Schreiber through the political process. I knew him only as an able businessman, chairman of Thyssen in Canada, a subsidiary of a very large multinational company with some 180,000 employees. I really had no significant dealings with him until he became a strong promoter of a project in Nova Scotia that came to be known as the Bear Head project. It involved the establishment of a plant to build Thyssen light armoured vehicles. I was supportive of the project, as I believed that it was sound and would contribute to the economic development of eastern Nova Scotia, which, in light of the closures in Glace Bay and Cape Breton, desperately required jobs. But ultimately, after a detailed study by government officials, it was concluded that the direct cost to the government of \$100 million was simply more than the government at that time could afford, so the cabinet later made the decision not to approve it. I was genuinely disappointed that we were unable to complete this important job-creating project in the region.

I subsequently learned that Mr. Schreiber was very upset by this decision, but he was persistent. In the early 1990s he came back to government with a modified proposal that would see the required plant being built in the east end of Montreal.

In June 1993 I was told that Mr. Schreiber wished to see me for a farewell courtesy visit, as many others had done. There was no reason to refuse the request. Accordingly, he came up to see me on June 23, 1993, not in a pre-arranged limousine, as has been reported on a television program, but in a young staffer's second-hand Jeep.

Apart from exchanging the usual pleasantries, Mr. Schreiber and I talked about the Canadian political scene, and we also discussed the reunification of Germany, a topic very close to his heart. Bear Head was mentioned. I expressed regret that we had not been able to make it happen, and wished him well. He did not ask or suggest that he wanted me to play any role whatsoever, upon my return to private life, in assisting him with any business venture of any kind, except to say that given my international background and contacts, he would like to keep in touch and perhaps call on me again some day in the future.

I can't tell you, Mr. Chairman, what was in his mind, but I can tell you that not a word—not a word—was breathed at Harrington Lake about concluding any future business arrangements with him.

• (0915)

[Translation]

Now, let me tell you of my first meeting with Mr. Schreiber where he did ask me to do some work for him. Sometime in late August 1993, after I had resumed the practice of law in Montreal, I received a call from Mr. Fred Doucet whom I knew to be acting as a representative/lobbyist for Mr. Schreiber, and for others as well, I presume, here in Ottawa. He told me of his having received a call from Mr. Schreiber asking if I would be willing to meet him to discuss my participation in an international economic mandate. There was certainly no reason to decline such a possibility. It was entirely consistent with the applicable conflict of interest guidelines. I understand that Fred Doucet conveyed my acceptance to Mr. Schreiber because eventually Mr. Doucet called back to say that Mr. Schreiber wished to meet me on August 27, at the CP Hotel at the International Airport in Mirabel, Quebec, where he had booked a room in anticipation of a flight that night to Europe.

I agreed to meet there because my family and I were living in a rented cottage at L'Estérel, less than a half hour away. I was driven by an RCMP detail to the hotel and escorted to Mr. Schreiber's room.

During our discussion, Mr. Schreiber initially expressed annoyance that the government which I had headed had not approved the Bear Head project and told me he planned to institute legal action to recover costs and damages. He left me with a copy of the lawsuit. I told him he was free to take whatever course of action he chose.

[English]

He then indicated that it would be very helpful to Thyssen to have a former prime minister assist in the international promotion of their peacekeeping vehicles and he gave me a copy of merchandising documents regarding the vehicle. He said he would like to retain me for this international representation.

When I indicated that this kind of global activity was something I thought I could usefully do, provided that none of the activity would relate to domestic Canadian representation, he produced a legal-sized envelope and handed it to me.

At that point, Mr. Schreiber said, "This is the first retainer payment." He told me there would be a total of three payments for three years. When I hesitated, he said, "I'm an international businessman and I only deal in cash. This is the way I do business."

When I look back on it today, I realize I made a serious error of judgment in receiving a payment in cash for this assignment, even though it was decidedly not illegal to do so. That mistake in judgment was mine alone. I apologize, and I accept full responsibility for it.

• (0920)

[Translation]

When I look back on it today, I realize I made a serious error of judgment in receiving a payment in cash for this assignment, even though it was decidedly not illegal to do so.

That mistake in judgment was mine alone. I apologize and accept full responsibility for it.

[English]

Mr. Schreiber recently acknowledged in the media that the cash payment was "a way of putting some distance between myself and the former prime minister". Then he said: "Do you think Mr. Mulroney would have wanted to receive a cheque with my signature on it?"

The answer to his question is a resounding yes. Had he offered to pay by cheque, of course I would have accepted it. As I have said, he was known to me at that time only as a successful businessman, and naturally I would have preferred payment that way.

The truth is that I should have declined the offer. I should have insisted that payment be in a more transparent or accountable manner. By not doing so, I inadvertently created an impression of impropriety that I hope will not reflect adversely on the high office I was privileged to hold.

When I left office after a decade of public service in Ottawa, I experienced the same uncertainty that confronts many former parliamentarians as they return to private life. But I thought my prospects were good. The economic opportunity presented to me by Mr. Schreiber seemed a good one, and one I could handle well, given the international dimension of the requirements.

After accepting the international payment on the retainer, and during the time that two subsequent payments were made, I made trips to China, Russia, Europe, and throughout the United States of America, where I met with government and industry leaders and explored with them the prospects for this peacekeeping vehicle, either for their national needs or for use in international peacekeeping initiatives, either under their sponsorship or under the sponsorship of the United Nations.

About two years after this agreement—which Mr. Schreiber himself has characterized as perfectly legal in all respects, as I have already noted—my world almost ended with the publication of the false and defamatory letter to Switzerland by the Government of Canada on the Airbus matter. I was paralyzed with anxiety and incomprehension when it hit, as I struggled to understand the nature of this unfolding catastrophe and to reassure family, friends, and country that I was fully innocent.

As Mr. Schreiber was also accused in the same letter to the Swiss, obviously all of my retainer work came to an abrupt and immediate halt. I had only used the retainer for the expenses I had incurred promoting Mr. Schreiber's interests as I travelled internationally.

In August 1999, Mr. Schreiber was arrested in Toronto under an international warrant and charged in Germany with corruption, fraud, bribery, and income tax evasion. Although, Mr. Chairman, I had learned four years earlier to be highly skeptical of some charges made by governments against private citizens, this stunning new development put in serious doubt my relationship with him. I thought the best way to deal with this situation was to declare the entire amount as income, although I had only used it for expenses—absorbing the expenses myself and compensating myself for the fees to which I was entitled.

•(0925)

Accordingly, I then instructed my advisers to contact the income tax authorities and to ensure that the full amount received in this private transaction was declared by me as income and all applicable taxes paid.

Now, as you may know, Mr. Chairman, at this moment in Toronto, Mr. Schreiber and I are in litigation over the value of services rendered. That dispute will be decided in court.

[Translation]

There is another matter that has led to some confusion in the media regarding the relationship I had with Mr. Schreiber and which I should like to bring to the attention of the committee so that any possible misperception is avoided.

In my defamation lawsuit arising from the Airbus allegations, government attorneys asked to examine me on discovery before plea in April 1996. In Quebec, the law is crystal clear that a defendant who chooses to do this before filing his defence can only ask

questions relevant to the allegation contained in the statement of claim. The claim I had made against the Government of Canada was confined to the defamatory nature of the statements they had made, namely, the allegations that I had received bribes during my time as Prime Minister, notably in relation to Airbus.

That was the legal background to my appearance in the Montreal court house. When I took the stand that morning, the Government of Canada was represented by no less than nine lawyers.

After only one and a half days of the scheduled two-day hearing, the nine government attorneys said they had no further questions and the examination was adjourned. They never once asked me directly if I had entered into a commercial relationship with Mr. Schreiber after leaving office.

[English]

Much has been made in the media of an alleged statement by me that “I never had dealings with Mr. Schreiber” as amounting to a denial of the business dealings I had with him after I had left public life. This report of my testimony is clearly false, as even Mr. Schreiber himself made absolutely clear last week.

But although the charge has been resuscitated lately, it had been corrected earlier this year by both the *National Post* and *The Globe and Mail*, which published apologies and/or clarifications for having repeated this libel. For example, I quote from the *National Post*:

In the column...some of the testimony of former prime minister Brian Mulroney in his libel action against the government of Canada in 1996 was quoted. The column did not set the full context of a quote from the transcript where Mr. Mulroney said he had not had dealings with Karlheinz Schreiber. The column did not report that Mr. Mulroney was answering a question about the purchase by the federal government of the Airbus product and stated that he had no dealings with Mr. Schreiber in that context.

•(0930)

[Translation]

Any reasonable reading of my testimony indicates that when I used the language “I had never had any dealings with Mr. Schreiber”, I was clearly referring to the sale of Airbus aircraft and my time in government.

[English]

In a final word, members of the committee, I ask you to take a minute to consider how you and your families would feel if you were wrongly accused.

Last week a fine young parliamentarian had his reputation assaulted when a fellow MP made damaging and false allegations about him in the House of Commons. Within minutes this story was across the country, particularly in British Columbia, where he lives, works, and represents a constituency in this House of Commons. His reputation was damaged, his credibility affected, and his integrity challenged. As Edward R. Murrow once said, “A lie can make its way around the world before the truth has a chance to put on its pants in the morning.” Fortunately, the errant MP soon apologized and withdrew the false accusation, but the damage was done.

What happens to you and your family if there is no prompt withdrawal and you are forced to fight on, frequently for years and at enormous emotional and financial cost, to defend yourself and your family against this false accusation? What happens to you and your kids?

Twelve years ago my reputation, legacy, and family honour were almost destroyed on the basis of false information conveyed to the Swiss government. As noted, the individual largely at the source of this enormous travesty was a member of the Canadian media who was also, as it turned out, an RCMP police informant with a huge axe to grind.

Since November, I have again been smeared and dragged through the mud as a result of an affidavit filed in court by Mr. Schreiber. Every single relevant allegation made by Mr. Schreiber about me in that document is completely false.

So, Mr. Chairman, now we know why I am here today: because of an error in judgment I made 15 years ago while I was in the private sector, out of office, but principally because Karlheinz Schreiber, as you saw last week and again this week, will say anything, sign anything, and do anything to avoid extradition.

Thank you, sir.

• (0935)

**The Chair:** Thank you, Mr. Mulroney, for your statement.

Just one clarification may assist the members in their questions. Twice during your statement to the committee you referred to leaving public office. Questions have come up through our proceedings related to the timing of matters as it related to stepping down as Prime Minister but before you ceased to be a member of Parliament. In the context in which you gave your statements about having dealings, when you said you left public office, were you referring to being Prime Minister or to when you left and were no longer a member of Parliament?

**Right Hon. Brian Mulroney:** No, I was referring to stepping down as Prime Minister.

**The Chair:** Thank you kindly.

Let me advise the members that the House has had some agreement that there won't be a vote at 10 o'clock. We do have some time.

I understand, Mr. Mulroney, you would like to have a little break at this time. I'm going to accede to your request.

Because there won't be a vote at ten, could we take ten minutes?

I will suspend now and resume at 9:50.

• \_\_\_\_\_ (Pause) \_\_\_\_\_

•  
• (0950)

**The Chair:** We'll now resume.

Mr. Mulroney, is there anything else you wanted to say at this time?

**Right Hon. Brian Mulroney:** No, sir.

**The Chair:** Thank you. Are you prepared now to take questions from the members?

**Right Hon. Brian Mulroney:** Yes, sir.

**The Chair:** Thank you.

I will now give the floor to the Honourable Robert Thibault, for the first round.

[Translation]

**Hon. Robert Thibault (West Nova, Lib.):** Thank you, Mr. Chairman.

Welcome to the committee, Mr. Mulroney. It is an honour to have a former prime minister appear before us.

You said in your opening remarks that it was difficult for you and your family to be affected again by all these questions and allegations. That is certainly understandable.

However, you must acknowledge that we are here today because of a mistake you admit you made—namely taking \$300,000 in cash. As a result of that, Canadians generally and I myself have many questions.

Like Mr. Schreiber, you say that he never gave you any money from the Airbus deal, either directly or through others. However, one question remains. What happened to all the commissions paid by Airbus, MBB or Thyssen and how were they distributed in Canada? If you did not receive them, did people close to your government receive them? That is the question we have to continue to explore. I think—and you said this as well—that we need a public inquiry.

My questions have to do with Thyssen and your work for this company after stepping down as Prime Minister.

[English]

You indicated that you were working for Thyssen on international matters and not on domestic matters. Is that correct?

**Right Hon. Brian Mulroney:** Yes, sir.

**Hon. Robert Thibault:** The first payment you received while still a member of Parliament. The two subsequent payments of \$100,000 each you received at the time you were employed with a law firm. Is that correct?

**Right Hon. Brian Mulroney:** That's correct.

**Hon. Robert Thibault:** Did these payments go through the law firm, or to you directly?

**Right Hon. Brian Mulroney:** Perhaps I should say, Mr. Chairman, before Mr. Thibault goes any further, that I want to indicate formally what I indicated the only time I discussed this matter on the record with anyone. That was with *The Globe and Mail* on November 10, 2003. I was asked about the matter, and I indicated that I had been compensated in cash for the transaction. But as I told *The Globe and Mail* that day, there was a dispute as to the amount. The reason for that was that the amount was not \$100,000; it was \$75,000 a year for three years' work, for a total of \$225,000. That was the amount.

I wanted to correct that, sir, before you went any further.

• (0955)

**Hon. Robert Thibault:** Okay. My question was whether the money—the two subsequent payments after you left office—went through the law firm.

**Right Hon. Brian Mulroney:** I'm sorry, let me try this again.

**Hon. Robert Thibault:** The two subsequent payments that you received from Mr. Schreiber after you left the parliamentary office, after you left as an MP—did they go through your law firm, or did you handle them personally without going through the law firm?

**Right Hon. Brian Mulroney:** They didn't go through the law firm because before joining the law firm I negotiated a special provision in my partnership agreement with the law firm that allowed me to specifically deal with this kind of matter in the manner in which I did. It was an exception, a single exception of the partnership rule.

**Hon. Robert Thibault:** Thank you.

We have a lot of questions, and we don't want to have call you back 10 or 15 times, so I would appreciate brevity.

You were working for Thyssen internationally. Did you give written reports to Thyssen or Mr. Schreiber on the work that you did through those years?

**Right Hon. Brian Mulroney:** Not in written reports. I reported to Mr. Schreiber, yes.

**Hon. Robert Thibault:** Did you make notes of your progress?

**Right Hon. Brian Mulroney:** Yes indeed.

**Hon. Robert Thibault:** Can you provide those to the committee?

**Right Hon. Brian Mulroney:** I can't provide them to the committee today. That was some 14 or 15 years ago. I reported, for example, in great detail for almost an hour in the presence of another person to Mr. Schreiber in New York City in the Pierre Hotel at the end of 1994 about my visits to China, Russia, and France, for example. I referred in particular to the summer of 1994, when my family and I were invited by President Yeltsin to Russia. We went there, and I thought it was an excellent opportunity.

**The Chair:** Mr. Thibault, I'm going to add another minute or so to your time.

Mr. Mulroney, the members will maybe ask more detailed questions about the nature of the report, but I think that at this point what the member is after is whether you have written documents and whether the committee can have copies of those documents.

**Right Hon. Brian Mulroney:** Any documents I have, I'll be happy to share with members of the committee.

But perhaps my honourable friend would be interested in me concluding simply this point, because he was asking me about the reporting process and what I might have said.

**The Chair:** Sir, if you prefer to make more full comments on some straightforward questions, I'm going to give you an opportunity to make a statement without being in the middle of the member's time.

**Mr. Dean Del Mastro (Peterborough, CPC):** Point of order, Mr. Chair.

Mr. Chair, you showed great leniency with Mr. Schreiber in allowing him to elaborate on statements and meander on into dead ends all over the place. I think that if the witness chooses to provide explanations in his answers, he should be given that latitude. We certainly gave it to Mr. Schreiber. In the interest of fairness, I believe the witness should be allowed to complete his statements.

**The Chair:** I think the point is that if the flow of the member's questions is going to be interrupted by statements, I want the witness to be—

**Mr. Dean Del Mastro:** My point, on the point of order, is that if he is speaking relative to the question that's being asked, he should be able to answer. He should be permitted the time to answer the question.

**The Chair:** I agree, and I think the question was whether you have notes and whether we can have them. That was the question. But Mr. Mulroney—

• (1000)

**Right Hon. Brian Mulroney:** Mr. Chairman, the question was did I report to Mr. Schreiber, and I said yes, I did.

I'll be very brief on this, but just to give you an idea of it, I reported to him in New York very fully, for over an hour, on the contacts I had made, one of which involved a visit with President Yeltsin. I put forward, on a social, personal occasion, in discussion with President Yeltsin, knowing their requirements for peacekeeping vehicles and their own problems in Chechnya and elsewhere, whether they would be interested in discussing this with me and perhaps moving the file along. President Yeltsin told me that he knew the company. He thought highly of it. And I said, "Well, in that case, do you think we can take the next step together?", which in my mind was to the P5. And he said, "Brian, I'd love to, but I have a problem. I'd love to get some of these." I asked, "What's the problem?". He said, "We're broke. We have no money." So as a result of that, I kind of moved on. I looked for another prospect.

Obviously, this was the kind of consultation I was doing around the world with President Mitterrand, with the Chinese leadership, with leaders of the United States government, trying to promote the international dimension of the mandate I had been given.

**The Chair:** Thank you.

So we don't get into this problem, I certainly want to make sure that you have all the time you need to elaborate on or amplify matters that are generally touched on in questions. I'll interrupt the proceedings at the end of anybody's question slot to allow you to make such statements so that the record is clear and not ambiguous, maybe, in an answer to a very brief question.

Mr. Thibault, you have five minutes remaining.

**Hon. Robert Thibault:** When you received the money at the Hotel Pierre in New York, did you bring that money back into Canada?

**Right Hon. Brian Mulroney:** No, I did not.

**Hon. Robert Thibault:** Did you deposit it in the United States?

**Right Hon. Brian Mulroney:** Yes, I did.

**Hon. Robert Thibault:** In your deposition on the lawsuit against the Government of Canada, in answer to question 276 on page 98, you stated, "I haven't got a bank account anywhere in the world, except Montreal, and never have." How can you explain that statement?

**Right Hon. Brian Mulroney:** It was a safety deposit box.

**Hon. Robert Thibault:** It wasn't an account. Thank you.

Mr. Mulroney, the allegation or the suggestion of Karlheinz Schreiber is that on October 17, 1999, your counsel approached Mr. Schreiber's lawyer seeking an affidavit or declaration. Your counsel requested that Mr. Schreiber produce an affidavit indicating that at no time did you, Mr. Mulroney, solicit or receive money from Mr. Schreiber. Is that correct?

**Right Hon. Brian Mulroney:** What is correct is that there was a discussion, as I understand it, between counsel. And on January 26, 2000—and Mr. Chairman, I'll be happy to provide this to your secretariat—Mr. Schreiber's lawyer in Edmonton wrote to the lawyer in Toronto and said: "...received a call from Mr. Mulroney who advised that he had instructed Mr. Tremblay"—my lawyer—"to issue a letter to CBC's Fifth Estate indicating that if there was the slightest indication that Mr. Schreiber, Mr. Moores and Brian Mulroney were involved in any way...then there would be terrible consequences (I assumed that to mean a lawsuit)."

The only memorialization that was being sought was that, as Mr. Schreiber has now told you, there was no—

**Hon. Robert Thibault:** The question, Mr. Mulroney, with respect, is did your counsel contact Mr. Schreiber's Edmonton lawyer on October 17, 1999?

**Right Hon. Brian Mulroney:** No, I said I contacted—in 1999 I contacted Mr. Hladun, who is an excellent lawyer out in Edmonton representing Mr. Schreiber.

He says that the reason for the contact by me was, as he says, "I assumed"—with regard to Mr. Mulroney not being involved in any way—"as alleged in Letter of Request".

He assumed that my call, quite properly, related to the allegations and the money that went through the system on the Airbus deal, from which I received not a cent.

But sir, in the interest of completeness and accuracy for your important question, from the same lawyer, in 2005, on the same issue, to the CBC:

I have learned that the CBC has referenced that they have evidence that the writer

—Mr. Hladun—

was asked to have Mr. Schreiber provide a letter to Mr. Mulroney that "at no time did Mr. Mulroney solicit or receive compensation of any kind from Mr. Karlheinz Schreiber".

First off, to my mind, there is no such evidence because I have never had a conversation with Brian Mulroney about compensation. The only conversations I had with anyone were in the context of and limited to the allegations of improper payments made as referenced in the September, 1995, Letter of Request delivered by the Canadian government to the Swiss authorities, in what became known as

the "Airbus" case. My retainer was directed to the allegations stated in that Letter of Request.

• (1005)

**Hon. Robert Thibault:** The suggestion here—and then I need to go on to another question—is that this would have been leading from the Thyssen money. It would have suggested the \$300,000—and you argue it's \$225,000, but that amount of money—and that two days subsequent to that conversation, you would have made your late declaration.

But we'll have a chance to explain that later.

**Right Hon. Brian Mulroney:** Sir, that's completely false. You can't throw that out as a prefatory remark, because it's completely false.

**Hon. Robert Thibault:** I accept that as your comment and as your testimony.

In the summer of 2006, you met with Prime Minister Harper at Harrington Lake. Did you, through Elmer MacKay, solicit the letter from Mr. Schreiber for that meeting?

**Right Hon. Brian Mulroney:** Of course not.

**Hon. Robert Thibault:** Did you discuss the wireless spectrum issue with the Prime Minister at that time or at any other time?

**Right Hon. Brian Mulroney:** I think the Prime Minister has already responded in the House of Commons to that suggestion.

**Hon. Robert Thibault:** I'm asking you.

**Right Hon. Brian Mulroney:** The answer of course is in the negative.

**Hon. Robert Thibault:** Mr. Mulroney, this whole thing, you admit, is an error. I suggest to you that what Canadians are asking—

**Right Hon. Brian Mulroney:** No, I don't admit the whole thing is an error.

**The Chair:** Order.

**Right Hon. Brian Mulroney:** I admit that my decision—

**Hon. Robert Thibault:** To accept the money was an error.

**Right Hon. Brian Mulroney:** It was an error, yes, sir.

**Hon. Robert Thibault:** To accept in cash.... And Canadians are asking that question.

**Right Hon. Brian Mulroney:** That's fair.

**Hon. Robert Thibault:** They remember a great debater in Canadian politics suggesting, "Sir, you had an option."

You chose at Harrington Lake—from your testimony—to suggest to Mr. Schreiber that he could go back to you with his dealings.

Then you exercised the option to accept money, in cash, in a hotel room in Montreal.

In a deposition, you said that you were having coffee every now and then.

**Right Hon. Brian Mulroney:** That is not right, sir.

**Hon. Robert Thibault:** Then you again accepted the option of accepting money at the Queen Elizabeth Hotel, and again accepting money, in cash, at Hotel Pierre in New York.

This question remains for Canada: Is this—and perhaps not by you, but in the whole dealing with Schreiber and these commissions—the tip of an iceberg of a lot of money that flowed?

**The Chair:** Thank you, Mr. Thibault.

I'm going to allow Mr. Mulroney to respond to the statements you've just made.

**Right Hon. Brian Mulroney:** Well, I hope, sir, we can come to some of your prefatory remarks. I think in the course of testimony, I'll be able to persuade you that you have been seriously misled in regard to some of your remarks.

The answer to your question is that I don't have a clue what Mr. Schreiber may or may not have done internationally with his money.

Mr. Schreiber came before you.

[Translation]

Ms. Lavallée from the Bloc Québécois asked him questions almost non-stop, without getting any answers. She did everything she could—she asked specific questions about the name of the lawyer, the amounts, the benefits, but she got no answers.

You are asking me to tell you how Mr. Schreiber conducted his business internationally.

I know no more than Ms. Lavallée did following her close questioning of Mr. Schreiber. I am sorry, but I cannot help you with that.

[English]

**The Chair:** Thank you kindly.

I'm now going to give the floor to Madame Lavallée.

[Translation]

You have the floor.

**Mrs. Carole Lavallée (Saint-Bruno—Saint-Hubert, BQ):** I will turn the floor over to Mr. Ménard, and I will come back on the second round.

**Mr. Serge Ménard (Marc-Aurèle-Fortin, BQ):** Thank you, Mr. Mulroney. I hope I'll have more luck with you than Ms. Lavallée had. I have prepared some simple questions.

How much did you receive in the first payment?

• (1010)

**Right Hon. Brian Mulroney:** It was \$75,000.

**Mr. Serge Ménard:** And it was in cash?

**Right Hon. Brian Mulroney:** Yes.

**Mr. Serge Ménard:** I was wondering what type of bills were used.

**Right Hon. Brian Mulroney:** It was in \$1,000 bills.

**Mr. Serge Ménard:** What did you do with this \$75,000?

**Right Hon. Brian Mulroney:** I put into a safe in the house.

As I mentioned, Mr. Ménard, I didn't touch any of it, because I used only a very small amount of this money to cover the expenses I incurred on this international mandate.

**Mr. Serge Ménard:** So you saw this amount as an advance...

**Right Hon. Brian Mulroney:** Yes.

**Mr. Serge Ménard:** ... a cash advance.

**Right Hon. Brian Mulroney:** Yes.

**Mr. Serge Ménard:** Why did you put it into a safe? I imagine you felt you had earned this money. Why did you not invest it?

**Right Hon. Brian Mulroney:** We were staying in l'Estérel. I put it into the safe and when we moved back to Montreal, I did exactly the same thing.

**Mr. Serge Ménard:** You put it in a safe.

**Right Hon. Brian Mulroney:** In our home in Montreal.

**Mr. Serge Ménard:** How long did you keep it there?

**Right Hon. Brian Mulroney:** Until the matter was settled. As I mentioned in my opening statement, I had to pay my expenses, and after I concluded that our relationship was over, I paid myself some compensation for my professional work.

**Mr. Serge Ménard:** Did you keep a record of your work?

**Right Hon. Brian Mulroney:** Yes, I spoke about that.

**Mr. Serge Ménard:** It's true that you spoke about it. So you had some system of accounting or time sheets, then.

**Right Hon. Brian Mulroney:** No, I didn't have any accounting system for that, but as you know, Mr. Ménard, I was travelling around the world. For example, I met with the leaders of the government in China, in Russia and in France, as well as some U. S. leaders. The purpose of these trips was the same as the one that I mentioned earlier, during which I met with Mr. Yeltsine.

**Mr. Serge Ménard:** It's precisely what I'm trying to understand.

You had \$75,000 in cash in a safe. You were travelling around. Did you regularly dip into the safe to pay for your trips?

**Right Hon. Brian Mulroney:** Not at all, I paid everything using my credit cards. This was just part of the cost, it was not the full cost. I was a lawyer in Montreal. When I travelled to China, Russia or elsewhere, I did so for a number of clients. I used credit cards only, and in the end, I calculated a very modest amount for Mr. Schreiber's work. The rest of the cost was paid for either by my office, or by my clients or by myself.

**Mr. Serge Ménard:** Did you keep any notes on the amount that you attributed to him? Where did you keep track of that?

**Right Hon. Brian Mulroney:** At that time, I had the records with me. For example, I gave President Yeltzine a file on the matter of international sales...

**Mr. Serge Ménard:** We do not have time to go into all these details, which are actually relatively unimportant, Mr. Mulroney.

So you were travelling around the world for other clients. Is it not true that there were notes or some system of accounting for all the other clients? Clients received statements on which they could see how much you spent or how much you attributed to your travel costs.

**Right Hon. Brian Mulroney:** Yes.

**Mr. Serge Ménard:** All that sort of thing was done in a large firm of the type where you worked. In addition, there are accounts in trust in large firms of this type, are there not?

**Right Hon. Brian Mulroney:** Yes.

**Mr. Serge Ménard:** Why, in the case of this client, did you not deposit this amount in the bank as an advance, as you would do for other clients from whom you received advances?

**Right Hon. Brian Mulroney:** As I said, Mr. Ménard, this was an error in judgment on my part. I have already spoken about that. I should have done things differently, and I am here before the committee today to acknowledge that this was an error in judgment and to apologize for it.

**Mr. Serge Ménard:** What intrigues me is that it took you so long to realize that you had made such an error in judgment. In which year did you realize that you had made an error in judgment?

• (1015)

**Right Hon. Brian Mulroney:** A human error is not divisible, Mr. Ménard. When a person makes a mistake and acknowledges it, that covers all aspects of this human error. That is what I have done.

**Mr. Serge Ménard:** As I understand it, the error recurred. You received other cash payments, and rather than depositing them in the bank and keeping some records of this part of your travel expenses, as you did in the case of your other clients, in this case, you dipped into your safe at home.

**Right Hon. Brian Mulroney:** As I told you at the outset, Mr. Ménard, this was a sort of watching brief that Mr. Schreiber had given me for work I was to do internationally. I think I also told you that he was the only client who offered me this type of compensation. I believe I said that the reason for this was that Mr. Schreiber had told me that he dealt in cash only. I did mention, Mr. Ménard, that I should not have accepted the money. I should have asked for a more transparent way...

**Mr. Serge Ménard:** If you thought that the money was legitimate and that this was a transaction just like any other, why did you not deposit these funds in the bank, so that there could be some records kept and you could account for the part of the expenses you incurred for Mr. Schreiber as opposed to the expenses you incurred for other matters? You even said that you would have preferred a cheque. So you were somewhat concerned about handling such large sums, were you not?

**Right Hon. Brian Mulroney:** As I said, this was a personal decision. It should be remembered, Mr. Ménard, that I did not claim any expenses from the Canadian government when I reported this income. I absorbed all the expenses myself. With reference to your questions about particular expenses, I would say that I never tried to recover them from the Canadian government. Not at all. I declared everything as...

**Mr. Serge Ménard:** That was not my question, Mr. Mulroney. We will move on to something else, because I do have only 10 minutes.

I believe you received a second payment two months later. Was that in November or December 1993? I know that two dates are mentioned in the documents. Once again, this was a cash payment. How much was it that time?

**Right Hon. Brian Mulroney:** Seventy-five.

**Mr. Serge Ménard:** So it was another \$75,000.

Was the third payment, which you received at the Pierre Hotel, also in cash?

**Right Hon. Brian Mulroney:** Yes.

**Mr. Serge Ménard:** And you brought that money back to your home.

**Right Hon. Brian Mulroney:** No.

**Mr. Serge Ménard:** What did you do with it?

**Right Hon. Brian Mulroney:** I put it in a place in New York. I left it in New York.

**Mr. Serge Ménard:** Did you travel to New York to go and get the money you used?

**Right Hon. Brian Mulroney:** Not at all.

**Mr. Serge Ménard:** You always left it in New York?

**Right Hon. Brian Mulroney:** I left it in New York until I declared the entire amount as income and specified the amount of the expenses I had absorbed. At that point, it became my money. That was when I allowed myself to use it. It was not in an account, as you know, it was in what is called a safety deposit box.

**Mr. Serge Ménard:** Do you realize, Mr. Mulroney, that your actions do not give the impression that you were conducting a legitimate transaction?

**Right Hon. Brian Mulroney:** The transaction, Mr. Ménard, was not only legitimate, but also perfectly legal, but I admit that the circumstances give rise to fears—the English word is perhaps more precise—of impropriety.

**Mr. Serge Ménard:** Yes, but these circumstances lasted—

**Right Hon. Brian Mulroney:** And that is why, Mr. Ménard, I explained to you, I accepted responsibility and I apologized.

**Mr. Serge Ménard:** I have one last question, Mr. Mulroney. Do you know why \$1,000 bills were eliminated?

**Right Hon. Brian Mulroney:** Yes, absolutely. It was precisely to avoid transactions of \$1,000.

**Mr. Serge Ménard:** No, it was because those bills were generally used for illegal purposes.

**Right Hon. Brian Mulroney:** Yes, that is what I was saying.

But you are not saying or you are not suggesting that there was anything illegal about that transaction?

• (1020)

**Mr. Serge Ménard:** I am suggesting that it should have suggested to you that there was something illegal.

**Right Hon. Brian Mulroney:** There was nothing illegal. It was a legitimate transaction, and absolutely a legitimate and legal one. There was nothing illegal involved.

What you are right about, Mr. Ménard, is that it should have suggested caution, and it was something to think about. That, I will admit.

**Mr. Serge Ménard:** It should have suggested that you were acting like someone involved in an illegal transaction.

**Right Hon. Brian Mulroney:** No, sir, not at all, not at all. I was acting like someone conducting a legal transaction, but in circumstances that raised questions.

Not at all.

[*English*]

**The Chair:** Mr. Mulroney, I neglected to ask something. During Mr. Thibault's questioning you were quoting from certain documents. I would ask if the committee could have a copy of the document you were reading from, if you could please provide that.

**Right Hon. Brian Mulroney:** Yes, sir.

**The Chair:** In addition, you had also indicated you had an agreement with your law firm that you would be doing this other work, some internationally. Was this legal work, Mr. Mulroney?

**Right Hon. Brian Mulroney:** No, it was business.

**The Chair:** It was business.

Did you file income tax returns in any other jurisdiction than Canada?

**Right Hon. Brian Mulroney:** Than Canada? Probably in the United States, if I had, under our tax agreements.... Probably in the United States, if I was receiving revenue from my activities in the United States at that time, which I believe I was, so they would have been in keeping with our mutual tax treaties.

**The Chair:** Finally, you also referred to the safety deposit box in your home where you put the cash, but you also referred to the record or the ledger you were keeping. You had your expenses and then you paid yourself.

**Right Hon. Brian Mulroney:** Yes, that's right.

**The Chair:** Do you have a written ledger?

**Right Hon. Brian Mulroney:** No, I do not, sir. That was 15 years ago. Ever since the matter was resolved with the tax department, I disposed of those documents.

**The Chair:** Could you at this time or later provide us with a general summary of the disposition of the \$75,000, please?

**Right Hon. Brian Mulroney:** Yes, I'd be happy to, sir. I'd be happy to record the various trips on those four or five important occasions, plus the full report I gave to Mr. Schreiber in the presence of someone else in New York, explaining fully what had taken place.

**The Chair:** Who was that someone else, Mr. Mulroney?

**Right Hon. Brian Mulroney:** Mr. Doucet was with me.

**The Chair:** Mr. Fred Doucet?

**Right Hon. Brian Mulroney:** Yes.

**The Chair:** Thank you. And I appreciate your offer.

I should also indicate to all who might be interested parties that Mr. Mulroney was invited to be here, and he is here voluntarily and fully cooperative.

I'd like to move now to Mr. Pat Martin.

**Mr. Pat Martin (Winnipeg Centre, NDP):** Thank you, Mr. Chair.

Mr. Mulroney, people use cash in business deals of that size when they're either trying to hide any record of something that they know to be wrong or if they're trying to avoid taxes. That's the way most ordinary Canadians would see it, and neither look very good for a former prime minister, let me simply say.

You're saying, or you would have us believe, that you made this second-worst mistake of your life so you could promote world peace by selling peacemaking vehicles to other countries, the presidents of other countries. Did you also try to sell pasta-making machines to the President of Italy while you were touring the world?

One of your spokespeople said that the money was to promote pasta-making machines in one of the early incarnations of what this money was really for.

**Right Hon. Brian Mulroney:** Mr. Martin, it was Mr. Schreiber who said that, and under oath.

**Mr. Pat Martin:** It was Luc Lavoie who said that.

**Right Hon. Brian Mulroney:** No, sir, it was said under oath by Mr. Schreiber in the Eurocopter case down the street here in 2004; that's where he said that.

**Mr. Pat Martin:** All right, fair enough.

**Right Hon. Brian Mulroney:** Excuse me, sir.

**Mr. Pat Martin:** You said you had a safety deposit box—

**Right Hon. Brian Mulroney:** I'm trying to answer your question.

**The Chair:** Order.

The translators have enough difficulty, and when two people are talking at the same time it doesn't work. I'm going to ask for everyone's cooperation. Pose a question, and please wait for the answer.

In regard to the member's time, should the answer take substantial time, I will not penalize the member in his questioning time. I'll try to make sure you get equitable speaking time.

Mr. Martin, could you pose your question to Mr. Mulroney and allow him to finish his answer?

• (1025)

**Mr. Pat Martin:** Yes, I will.

Rather than take the money—

**Right Hon. Brian Mulroney:** Excuse me, sir. He posed a question—

**The Chair:** I just wanted him to repeat it.

**Right Hon. Brian Mulroney:** Oh, repeat the question. Okay.

**Mr. Pat Martin:** The question I'd like answered is that you said you didn't deposit the money you got in New York into a bank account; you put it into a safety deposit box. Do you have any access to, or have you ever had—

**The Chair:** Mr. Martin, order.

**Mr. Pat Martin:** —a safety deposit box in Switzerland?

**The Chair:** Order, please.

**Mr. Pat Martin:** Mr. Chairman, I have the floor—

**The Chair:** Order please.

**Mr. Pat Martin:** —I'll put the questions that I choose to put.

**The Chair:** Order, please.

That's not the question that you just repeated. I think Mr. Mulroney wanted to respond to your previous question. If you care to, you can repeat that question where the pasta reference was made. I believe that's where Mr. Mulroney wanted to make a response.

If you don't want to repeat it, I think Mr. Mulroney, at this time, would like to respond to the content of that question.

I won't dock your time for this, but I want to be fair to the witness.

**Mr. Pat Martin:** All right, pasta machines, then.

**Right Hon. Brian Mulroney:** Mr. Martin suggested that I somehow suggested, either myself or through someone else, that this had something to do with the pasta machines and that I was out promoting world peace. I would hope that something would have resulted, but that wasn't my objective.

Here was the objective as quoted by the gentleman who gave me the mandate, Mr. Schreiber, in the case of R. v. MBB Helicopter in 2004. Here's the mandate—

**Mr. Pat Martin:** This is taking a long time, Mr. Chair.

**Right Hon. Brian Mulroney:** You asked me whether I did.

**Mr. Pat Martin:** I don't need to know this.

**The Chair:** No, no, that's okay. I'm stopping the clock on your question, but let him proceed, please.

**Right Hon. Brian Mulroney:** Here's Mr. Schreiber—

**Mr. David Tilson (Dufferin—Caledon, CPC):** Point of order.

Mr. Chairman, I don't understand this stopping-the-clock business. I mean, Mr. Martin asks a question. The witness is entitled to answer the question. This stopping-the-clock business is nutty.

So if Mr. Martin asks a question, the Prime Minister is entitled to answer the question. It has nothing to do with stopping the clock. That's the way the place works.

**The Chair:** Order.

On the same point of order, Mr. Murphy.

**Mr. Brian Murphy (Moncton—Riverview—Dieppe, Lib.):** Very briefly, Mr. Chairman, I agree wholeheartedly with Mr. Tilson. You're very magnanimous with other members' time, with all due respect. Maybe other members want to pursue other lines of questioning, and Mr. Mulroney should make his brief and succinct comments within the timeframes of the questioner.

**The Chair:** Thank you, colleagues.

I want to be equitable to all members. When there's a disagreement or clarification to be made, I have been stopping the clock because it's not.... All members should get a reasonable portion of their time to pose questions. So I'm not going to do this any more, provided everyone just....

Ten minutes is supposed to be for the question and answer, but in the event that the answer is exceptionally long, I want to provide additional time for the members, because it's—

**Mr. David Tilson:** Well, the response is long on this one.

**The Chair:** Thank you.

So I'm going to go back for questioning from Mr. Martin, and I'm going to tell you that you have seven minutes left, sir.

**Mr. Pat Martin:** Thank you.

Do you—

**Right Hon. Brian Mulroney:** Mr. Chairman, I was asked a question about the mandate. This goes to the core of the entire issue, and I am telling you that the mandate was given under oath by Mr. Schreiber in 2004 in the Eurocopter case. Here is what he said:

I had many things in mind, and I told you, I wanted to hire Mr. Mulroney for Thyssen, to do the same thing that he's doing now, and it would have been a nice thing to have a previous Canadian Prime Minister on a peacekeeping track for Thyssen products, again, as this government wanted the German companies to do. I was also involved in the pasta business, enriched durum semolina products, and this is the moment I spoke to him about Archer Daniels Midland, and he provided me with material.

I was a senior director of Archer Daniels Midland. This is where the mandate came from. It's not some snarky comment about pasta machines saving the peace of the world. It's an entirely legitimate business proposal, which he proposed, and I accepted. And I think Mr. Ménard is right—the only dubious part about it, which I've acknowledged, was that I ought not to have accepted the payment in cash.

**Mr. Pat Martin:** I'll go back to my question then. You said that you put the money you took in New York City into a safety deposit box. Do you have a safety deposit box in Switzerland? Do you have access, or have you ever had access, to a safety deposit box in Switzerland?

• (1030)

**Right Hon. Brian Mulroney:** No, sir.

**Mr. Pat Martin:** You sued the Government of Canada for \$50 million for saying that you took money from Karlheinz Schreiber and you received a \$2.1 million settlement. I believe you did in fact take money from Karlheinz Schreiber, and I believe that if the Government of Canada knew you had taken money from Schreiber you would not have received that settlement. They probably would have fought that court battle to its logical end. Are you willing to give that \$2.1 million back to the people of Canada, now that we know that you did take money from Schreiber?

**Right Hon. Brian Mulroney:** No, I took compensation from Schreiber for serious work done on his behalf around the world. I was paid to execute this mandate that he articulated in court. I have also indicated—

**Mr. Pat Martin:** Then why did you deny even having any dealings with the man?

**Right Hon. Brian Mulroney:** That's completely false.

**Mr. Pat Martin:** By omission you led us to believe you had virtually no dealings with the man under a sworn testimony.

**Right Hon. Brian Mulroney:** I did not omit anything. I explained to you that in the province of Quebec, the manner in which—

**Mr. Pat Martin:** You're splitting hairs, sir.

**Right Hon. Brian Mulroney:** I'm not splitting hairs.

**Mr. Pat Martin:** You're splitting hairs, sir, and the country isn't buying it.

I'm not calling you a liar, Mr. Mulroney, but I don't want anybody here to think I believe you. Let's put it that way.

One of the most disturbing allegations is that Karlheinz Schreiber and Franz Josef Strauss interfered with Canadian politics with foreign money to unseat, in 1983 in Winnipeg, Joe Clark, who may in fact have been the next Prime Minister of Canada had foreign money not intervened from this neo-conservative government, which, by Mr. Schreiber's testimony, was going around the world trying to promote neo-conservative governments and interfering with their money.

Were you aware at that time that Walter Wolf, Franz Josef Strauss, Karlheinz Schreiber, and Frank Moores were parachuting delegates in by charter plane to unseat Joe Clark's leadership and to place you as the next leader and the next Prime Minister of Canada?

**Right Hon. Brian Mulroney:** Mr. Chairman, the idea that somebody would charter two Boeings loaded with 450 delegates and fly them into Winnipeg in the middle of a snowstorm in January of 1983 without anybody knowing about it...it's pretty exceptional at a Conservative meeting.

You quote Mr. Schreiber approvingly. He was asked this question under oath, about what role he played in 1983. He was asked by Mr. Bernstein: "Who did you understand this donation was in favour of?" He responded: "I donated this for the leadership campaign of Mr. Mulroney in 1976." He was asked: "And just to be clear, was this the leadership that resulted in Mr. Clark's election?" Answer: "Yes, yes." Question: "Did you support Mr. Mulroney's leadership bid, the second one, the one in which he ultimately won?" Answer: "No."

He had nothing to do with the 1983 campaign—zero.

I say this respectfully, sir: I hope before we leave you'll find it in your heart to withdraw that charge. It's completely false. It's repudiated by your friend Schreiber right here.

**Mr. Pat Martin:** Let me set the record straight too: he's no friend of mine, Mr. Mulroney.

**Right Hon. Brian Mulroney:** Then I'll withdraw that, sir. I withdraw that if you'll make your own withdrawal.

**Mr. Pat Martin:** We'll see how the day goes.

Mr. Mulroney, you said you had absolutely nothing to do with the Air Canada purchase of Airbus. Yet during the period of time in the two years leading up to the Airbus purchase you replaced virtually all of the board of directors of Air Canada, 13 out of 15, including appointing Frank Moores to the board of directors of Air Canada. Your long-term associate and colleague in the Conservative Party was also the principal lobbyist working for Airbus.

Did you know when you appointed Frank Moores to the board of directors of Air Canada that he was lobbying for Airbus?

**Right Hon. Brian Mulroney:** First, Mr. Moores was part of a group appointed to the board of—

**Mr. Pat Martin:** Thirteen out of fifteen. I presume the other two were already Conservatives.

**Right Hon. Brian Mulroney:** You know what, you may be right. I have no idea. But I do know that Mr. Moores is the former Premier of Newfoundland, a former member of this House, chair of the transport committee, I think. I think that Mr. Moores was appointed because he was the Newfoundland representative on the board. These were recommendations made by the Minister of Transport to cabinet, and we acted on them.

Mr. Moores was appointed, I think for a few months, and then withdrew and retired, not because he was representing Airbus but because he had a conflict because he had an economic association with Wardair. So he had to resign. Of his own volition, he announced his conflict and stepped down within months.

So, sir, let me tell you when the Airbus matter came up—

● (1035)

**Mr. Pat Martin:** You have made your point, sir. I have one minute left, and I need to ask you one more question about your blind trust, sir, as a prime minister.

A lot of public office holders have blind trusts. Did you have any shares or any interests in GCI or any subsidiary in the blind trust you were holding when you were the Prime Minister or a member of Parliament?

**Right Hon. Brian Mulroney:** Of course not.

**The Chair:** Thank you very much.

We'll now move to Mr. Russ Hiebert.

**Mr. Russ Hiebert (South Surrey—White Rock—Cloverdale, CPC):** Thank you, Mr. Chairman.

Mr. Mulroney, thank you for being here this morning.

Today you've spoken to the nation and provided answers to some of the questions that have lingered in the minds of Canadians for years. However, that doesn't change the fact that Canadians feel their trust has been broken. What we've been told recently has cast a shadow over the institution of government. This committee has sought to shed light on your actions. Canadians understand that the Prime Minister is just a person, but they expect that individual to reflect the dignity of that high office. Even if at the end of the day no code of conduct or law was broken, even the appearance of wrongdoing is troubling to Canadians. We want to know exactly what happened, so that Canadians can put this saga behind us.

My first question has to do with the cash. Mr. Mulroney, when you received that first payment, were you still a member of Parliament?

**Right Hon. Brian Mulroney:** Yes, I was. And that is, as you know, not a violation of the House of Commons Act.

**Mr. Russ Hiebert:** You've told this committee that you declared that money as income, but you've also indicated that that money was used for expenses.

**Right Hon. Brian Mulroney:** Partially, sir.

**Mr. Russ Hiebert:** Did you declare all the money as income, or a part of the money as income because some of it was expenses?

**Right Hon. Brian Mulroney:** All of it, sir. I absorbed the money that I legitimately spent on expenses. I took it from my own account. In other words, I did not take the legitimate expenses. I filed for the full amount and paid full tax on it.

**Mr. Russ Hiebert:** When Mr. Schreiber gave you that money, did you provide him with any kind of a receipt?

**Right Hon. Brian Mulroney:** No, I didn't. He didn't even indicate to me what.... In fact, he told a newspaper the other day that when he gave it to me, I had no idea what the amount was or what the denominations were. He told someone the other night on television that he's a European businessman, he deals in cash, and that's the way he did it. That's essentially what he told me. But I had no idea, sir.

**Mr. Russ Hiebert:** Did you ever ask Mr. Schreiber what the source of the cash was?

**Right Hon. Brian Mulroney:** No, I didn't.

**Mr. Russ Hiebert:** So you had no idea where the money was coming from?

**Right Hon. Brian Mulroney:** Mr. Hiebert, the reason I didn't, as I tried to indicate.... You know, it's easy to look 15 years later and see a Karlheinz Schreiber or anybody else. We have to look back 15 years and see the gentleman I was meeting. I was meeting with the chairman of Thyssen Canada, which had 3,000 employees in Canada, as a part of Thyssen Industries, which had 180,000 employees worldwide. Mr. Schreiber had been promoting an entirely legitimate project in eastern Nova Scotia, and that's the way I knew him, as a perfectly legitimate businessman. So when I met with him, I met with the Karlheinz Schreiber of 1993, not the Karlheinz Schreiber of today.

**Mr. Russ Hiebert:** Mr. Mulroney, the following questions relate to the 1985 code of conduct for public office holders that you personally put in place as Prime Minister.

My first question is a very direct question. Did you ever violate the 1985 code of conduct for public office holders?

**Right Hon. Brian Mulroney:** No, sir.

**Mr. Russ Hiebert:** Did Mr. Schreiber ever offer you employment?

**Right Hon. Brian Mulroney:** While I was in office? No, sir.

**Mr. Russ Hiebert:** After you stepped down as Prime Minister, did you ever have an agreement with Mr. Schreiber to act for him in connection with any—and I quote from the code—"specific ongoing proceeding, transaction, negotiation, or case to which the government of the day was a party"?

• (1040)

**Right Hon. Brian Mulroney:** Mr. Hiebert, that's a very important question. If you'll allow me, I'd like to respond to the words of Mr. Schreiber himself, just so you'll know.

Mr. Schreiber testified in the MBB Helicopter case under oath, and here's the question from the chief prosecutor, Mr. Bernstein:

Those thoughts or this idea that you had, this plan [to retain the services of Mr. Mulroney], what time are we talking about?

**Mr. Schreiber:** After Mr. Mulroney has left government.

**Question: Mr. Bernstein:** After he had ceased? After he had stepped down as the Prime Minister?

**Answer: Mr. Schreiber:** Yes. *Ja*.

Under oath, Mr. Schreiber repudiates completely the basic provision. Under oath, given within a stone's throw of this room in 2004, in the Eurocopter case he repudiates the key provision of the affidavit that he filed on November 7, which gave rise to this activity. He is saying under oath that he hired me only after I was no longer Prime Minister, which is true. In the affidavit he filed, he said the exact opposite, that the deal was taking place on June 23 at Harrington Lake.

I told you, sir, at the beginning that every single relevant provision that Mr. Schreiber made in that affidavit about me is false, and with your permission, I will go through that affidavit with you and indicate the extent to which these falsehoods are now on your record unchallenged.

**Mr. Russ Hiebert:** Mr. Mulroney, after you stepped down as Prime Minister, did Mr. Schreiber ask you to contact any federal government department on his behalf?

**Right Hon. Brian Mulroney:** No, sir.

**Mr. Russ Hiebert:** After you stepped down as Prime Minister, did Mr. Schreiber ever ask you to advise him on how his business could benefit from the programs or policies of any department of government at the time?

**Right Hon. Brian Mulroney:** No, sir.

**Mr. Russ Hiebert:** Mr. Mulroney, there have been some questions related to your activity after you stepped down as Prime Minister but while you were still sitting as a member of Parliament. I'm now referring to the provisions under the Parliament of Canada Act.

You've already indicated that you accepted some amount of money—Mr. Schreiber says \$100,000, and you say \$75,000—in cash while you were still sitting as an MP. Did you render any service to Mr. Schreiber, either directly or indirectly, in relation to any bill, proceeding, contract, claim, controversy, charge, accusation, arrest, or other matter before Parliament?

**Right Hon. Brian Mulroney:** No, sir.

**Mr. Russ Hiebert:** Did you influence or attempt to influence, on behalf of Mr. Schreiber or any of his interests, any other member of Parliament while you were sitting as a member of Parliament?

**Right Hon. Brian Mulroney:** No, sir.

**Mr. Russ Hiebert:** Mr. Chair, I believe it's clear to everyone that Mr. Schreiber is desperate to avoid facing extradition to Germany. We've known about his legal proceedings. He testified to those in the last meeting we had. Prime Minister Harper has stated that he has never spoken to or met Mr. Schreiber, and Mr. Schreiber confirmed that in his own testimony.

Mr. Mulroney, you are undoubtedly aware that Mr. Schreiber hoped you would advocate on his behalf to Prime Minister Harper to help him with his extradition problems. Mr. Schreiber indicated that he believed you were going to raise this matter with Prime Minister Harper last summer. Prime Minister Harper has stated that he has never discussed this matter with you.

My question to you, Mr. Mulroney: Can you tell the committee whether you raised this matter with the current Prime Minister, and if you did not, why not?

**Right Hon. Brian Mulroney:** Prime Minister Harper is completely accurate. Moreover, he has had nothing to do, directly or indirectly, with any aspect of this, in any way.

I did not raise, directly or indirectly, anything relating to Mr. Schreiber, not only with Prime Minister Harper, but with any member of the House, on either side, at any time.

Mr. Hiebert, let me draw this to your attention. I'll read it carefully because it's very important. I've told you, and I just indicated to you, about the falsity of Mr. Schreiber's statements in his affidavit. He repudiated himself in his own testimony under oath.

Here's another article from his affidavit, section 39:

I wrote the July 20, 2006 letter at the request of Mr. Mulroney because he told me that he was going to meet with The Right Honourable Stephen Harper, the current Prime Minister of Canada...and that he (Mr. Mulroney) was going to show to Mr. Harper a copy of Exhibit 15...

He wrote the letter "because he told me". I have not spoken to Mr. Schreiber in seven years, so that's a complete fabrication, and it's an indication of the entire affidavit that has generated this feeding frenzy.

Look, he succeeded. He got what he wanted. He's succeeding. He's sitting in his mansion over in Rockcliffe, chuckling. He organized this November 7 affidavit. It's all false—demonstrably false—but he got his "get out of jail" card. He's sitting over there, and he got what he wanted.

One thing he did do—and I point this out to all members—I think he seriously misled every member of this House, and all of you, with this false affidavit. It is false. I'll conclude, sir, by this. How do we

know it's false? Because he has repudiated every single important provision of it in different testimonies given under oath.

• (1045)

**The Chair:** Thank you.

Before I move to the next questioner, Mr. Mulroney, you made reference that—

**Mr. Dean Del Mastro:** On a point of order, Mr. Chair, if I could, you extended the opportunity to the witness to make a statement at any time, should he wish. The witness did indicate that he would like to go through the affidavit of November 7. I'd like to request that the chair grant the witness the opportunity to go through the sections of that affidavit for the committee. I think it's very relevant. You did extend the opportunity to the witness, if he wished, to make a statement. I'd like you to extend that offer to him regarding the November 7 affidavit.

**The Chair:** If it's germane and relevant to the proceedings, and you feel, Mr. Mulroney, that it's very important, I'm going to give you that opportunity.

**An hon. member:** Point of order.

**The Chair:** We're on a point of order. Hang on for a moment.

I'm contemplating our next break, and I'd like to know from you, Mr. Mulroney, how long a statement that might be.

**Right Hon. Brian Mulroney:** I could make it very brief, sir.

**The Chair:** Five minutes? Ten minutes?

**Right Hon. Brian Mulroney:** I would say that would be the max. I won't go through the entire affidavit; I've dealt with a number of them.

Let me draw to your attention something that should be persuasive to all of you, irrespective of political parties. If the object of this is a quest for the truth—and I assume it is—then those who appear before you must respect you by telling the truth in regard to everything, even, sir, if it's embarrassing, as it is for me, to have acknowledged the transaction with Mr. Schreiber.

I would just say, sir—

**The Chair:** I'm going to allow you to make that statement on the affidavit. But if I may, in one of the responses you made to Mr. Hiebert—it was about the money received—I believe you indicated it was not in violation of the House of Commons Act. Were you in fact referring to the Parliament of Canada Act?

**Right Hon. Brian Mulroney:** I'm sorry, Parliament of Canada Act, yes.

• (1050)

**The Chair:** Okay, and that was with regard to section 41, under influence peddling. Thank you.

If you wish, Mr. Mulroney, is this an appropriate time for you to make your comments? Would that be a way to complement or finish off what Mr. Hiebert had asked you?

**Right Hon. Brian Mulroney:** Yes.

**The Chair:** Okay. Please proceed.

**Right Hon. Brian Mulroney:** In the affidavit of November 7 that was given to you, which triggered all of this, at section 15, Mr. Schreiber swears under oath that

It was at this meeting that Mr. Mulroney and I entered into the Agreement. On June 23, 1993 Mr. Mulroney was still in office as Prime Minister of Canada and consequently resided at 24 Sussex Drive, Ottawa, Ontario.

So the thrust of it: June 23, I am still Prime Minister. According to him, we make a deal at Harrington Lake.

Mr. Schreiber also filed another affidavit, in another trial, dealing with his extradition, before another court, which he did not share with you, and it was the same year. Eight months before he filed the false affidavit we're talking about, he filed another affidavit. In this affidavit, filed before the Federal Court of Canada, he discusses his testimony in the Eurocopter case. He takes great pride in the fact that Mr. Justice Paul Bélanger, in that case, examined his testimony very carefully and declared that he was not a hostile witness.

That's because Mr. Bernstein, the chief crown prosecutor, sought to have him declared a hostile witness, saying he wasn't telling the truth. But Mr. Justice Bélanger disagreed, and rendered a decision saying Mr. Schreiber was telling the truth, that he was not a hostile witness, that in the Eurocopter case he was telling the truth.

Mr. Schreiber was so proud of that that he filed it in his affidavit that he filed on March 3 this year, eight months before he gave you the phony affidavit, the "get out of jail" affidavit of November 7.

So here we are with the affidavit in which Mr. Schreiber says that Judge Bélanger agreed that every word he said in the Eurocopter case was true. And what did he say in the Eurocopter case? What he said in the Eurocopter case was:

Question: "These thoughts of this idea that you had, this plan to hire Mr. Mulroney, what time are we talking about?"

Answer by Mr. Schreiber: "After Mr. Mulroney had left government."

Question by Mr. Bernstein: "After he had ceased? After he had stepped down as Prime Minister?"

Answer by Mr. Schreiber: "Yes. Ja."

In Eurocopter, he says this under oath, so proud of it that he repeats it and files it in an affidavit. In March of this year, eight months later, he files an affidavit, his "get out of jail" affidavit, and says exactly the opposite: that he made a deal with me on June 23 at Harrington Lake. Which one is perjury?

Which one is perjury, Mr. Chairman and colleagues? Is it the one under oath, which he filed in another affidavit on March 3? Or is it the affidavit he filed under oath in a courtroom in Toronto on November 7? They can't both be true.

And I'll tell you, as I said in my opening statement, at no time, directly or indirectly, was the matter of anything that dealt with employment raised by Mr. Schreiber with me. How do we know? He said so, under oath, which is the only time he has ever testified under oath in Canada until he got here. And this was down the street here, a stone's throw from this building in the Ottawa courthouse, and you

have.... I invite you to read carefully. He didn't file this one. You don't have this one, but you should have it. Take a look at it. It's interesting.

• (1055)

**The Chair:** Thank you.

We're going to continue for a little while with some questions. I'm contemplating a break very soon, but I think we should move on to one more section.

I'm going to now give the floor to the Honourable Ken Dryden.

**Hon. Ken Dryden (York Centre, Lib.):** Mr. Chair, I'll be splitting my time with Monsieur Rodriguez.

Mr. Mulroney, I have only a short period of time. I will ask my questions all together. I will not interrupt you.

Mr. Mulroney, you held the most privileged position in the country. Once Prime Minister of Canada, you are always Prime Minister of Canada, with all the expectations, assumptions, and hopes that come with this honoured position.

I have followed this matter far more closely as a citizen than I have as a member of Parliament. What I want to know is what I think most Canadians want to know.

Mr. Schreiber is at least a shadowy character, and he has been for a long time. I understand how first contacts happen and how mistakes can be made, but why did your association with Mr. Schreiber go on year after year? Why was the money exchanged in cash? Why in different cities? Why in hotel rooms? Why, Mr. Mulroney?

**Right Hon. Brian Mulroney:** Yes, sir.

You say that Mr. Schreiber is, at best, or at least, a shadowy character. Few people would disagree with that assessment today. But I ask you, Mr. Dryden, to reflect on the fact that it wasn't always so. Fifteen years ago, as I said, perhaps you missed it in my opening statement, he was the chairman of Thyssen Canada, with 3,000 employees in this country. He had an important association with Thyssen worldwide, with 180,000 employees. He was known in Canada—Alberta, Ottawa, Montreal—as a successful businessman, hard-driving, but successful.

That's the Karlheinz Schreiber who I knew and met. His associates involved people like Marc Lalonde and Allan MacEachen, with whom he was very friendly. This was reassuring, because these are people of the highest quality. These are the kinds of people on both sides of the aisle he tended to associate with. Elmer MacKay—you won't find a finer gentleman in Canada and of more honour than Elmer MacKay. This was the kind of person the association was with, and this is all I knew about him at the time.

Today, Mr. Dryden, it's a legitimate question. You and I might view life a little differently from what we did 15 years ago, and view people differently.

You ask, why in cash? I tried to answer that question in my opening statement and in a number of questions. Mr. Dryden, it's because, as he has said to me and then said publicly, he was an international businessman, and as he said, "I only dealt in cash." I hesitated. He told one of the papers: "Do you think Brian Mulroney would have accepted a cheque from me?" Of course I would have, because in those days, 15 years ago, as I've told you, he was known to me only as a respectable businessman. But he said he only dealt in cash.

I've acknowledged, sir, that this was a mistake in judgment, and I've apologized for it.

Your question is, why in different cities? In Montreal, he was going through Mirabel. He had hired a suite. He was in the hotel, going to Europe.

In Montreal, he had a room at the Queen Elizabeth Hotel. He had come from elsewhere in Canada and that night he was going back to Germany—excuse me, to Switzerland. Through an intermediary he asked if I could come by and have a cup of coffee with him.

In New York, he was, as I understand it, at the Pierre Hotel to attend, the night before, a dinner with the Honourable Allan MacEachen, celebrating a North American-Germany experience of some kind, of some association. And that's where he was the night before. He planned to attend, as did I. I had been invited to a lunch and dinner to celebrate Elmer MacKay's wedding. He had just gotten married and there was a small luncheon or dinner party for him in New York. The coincidence worked. I met him at his hotel, the Pierre Hotel. That's the transaction and that's where it took place.

I know that if you look at it in retrospect, without knowledge of the details, you can say that this looks bad. It does. But it was, as strange as this might sound, as innocent as I've just told you. He was there with Allan MacEachen. We were going to participate in a wedding tribute to Elmer MacKay that noon, so we met there in his hotel.

•(1100)

I think your question is also significant, sir, because questions were asked about reporting.

I sat in his hotel room, in his suite, at his invitation, and gave him a report in excess of an hour on the various initiatives I had undertaken around the world to try to bring to fruition some success internationally to this product. My ultimate objective, Mr. Dryden, was where could I be helpful—how could I be helpful in this process?

I thought that if I could see the members of the P-5, the permanent five of the United Nations—the United States, China, France, the United Kingdom, and Russia—that I could then see the Secretary General, if any interest had been evinced, and put to him the proposal that this Thyssen product—which, by the way, everybody agreed was superb—would better protect our peacekeepers and anybody else's. The object of the exercise was to see if we could persuade the United Nations to take advantage of this and generalize the opportunity for members who were on peacekeeping missions. That's why I went to Russia, to China, to Europe, and to the United States, in the hope that I could advance those interests.

**The Chair:** Thank you.

I'm going to move to Mr. Rodriguez right now. You have about five minutes.

[*Translation*]

**Mr. Pablo Rodriguez (Honoré-Mercier, Lib.):** Thank you.

Thank you for being here today, Mr. Mulroney.

On November 9, 2007, Prime Minister Harper stated that his ministers, the members of his caucus and he himself were to put an end to contact with you. I would like to take a somewhat more in-depth look at the scope of your relationship with the Harper government.

Is it true that you were asked to make telephone calls on behalf of the Prime Minister, his office, his ministers or his members, for example when Mr. Michael Chong wanted to resign from cabinet?

**Right Hon. Brian Mulroney:** No, no one asked me to do anything. Michael Chong is a young man whom I have known for some time. He was one of my supporters when I was in office. I heard a rumour from someone outside, I believe, that Michael was preparing to step down as minister. I thought that was a senseless decision on his part.

I simply called him, as a friend, to tell him that I had been around the block a few times. Of course, there are circumstances when a minister may resign. But resigning because of a motion from the House recognizing Quebec as a nation supported by almost all members made no sense whatsoever. I called him in that context. I suggested that he reconsider. I even suggested that he speak to his spouse before making the decision, but it was in vain.

•(1105)

**Mr. Pablo Rodriguez:** Thank you. In preparing for today's meeting, did you or a member of your team have contact with a member of the government or a member of Parliament?

**Right Hon. Brian Mulroney:** Not at all.

**Mr. Pablo Rodriguez:** Correct me if I am wrong, but I assume that Mr. Harper or his government consulted you regularly, for example regarding election strategies in Quebec.

**Right Hon. Brian Mulroney:** No. From time to time, I received a friendly call, nothing more.

[*English*]

**Mr. Pablo Rodriguez:** It has been reported that you had a discussion with Minister Maxime Bernier about the wireless spectrum issue, and that during that discussion you reportedly asked the minister to meet with Pierre Karl Péladeau of Quebecor.

**Mr. David Tilson:** Point of order, Mr. Chairman.

**The Chair:** Order, order.

Mr. Tilson, could you give me the nature of your point of order?

**Mr. David Tilson:** The nature of the point of order is that this is biggest fishing trip I've ever seen. It has absolutely nothing to do with the mandate of these proceedings. We're going off and talking about things that have absolutely nothing to do with the mandate you read to the committee.

Mr. Rodriguez comes in here as a johnny-come-lately with questions that have nothing to do with these proceedings. It's completely out of order.

[Translation]

**Mr. Pablo Rodriguez:** Mr. Chairman...

[English]

**The Chair:** The point of order is that the matter is not relevant.

At this point, I would like you to address the member's point of order. Can you please explain, without getting into too much detail, why you believe this question is relevant and germane to the matter before us?

[Translation]

**Mr. Pablo Rodriguez:** With pleasure, Mr. Chairman.

However, before doing that, I would like to tell Mr. Tilson, with all due respect, that he could raise the same point of order...

[English]

**The Chair:** Mr. Rodriguez, please go directly to the question I asked you.

[Translation]

**Mr. Pablo Rodriguez:** There are two aspects in answer to his question.

First of all, it is part of the mandate; allow me to refer to it:

[...] in particular, the handling of allegations by the present and past governments including the circulation of relevant correspondence in the Privy Council Office and Prime Minister's Office [...] to examine whether there were violations of ethical and code of conduct standards by any office holder [...]

Secondly, Mr. Schreiber mentioned on several occasions that he asked Mr. Mulroney to intervene on his behalf with the Harper government. Therefore, it is helpful if not necessary for the committee to know if Mr. Mulroney had the necessary contacts and influence in the Harper government, as Mr. Schreiber stated.

[English]

**The Chair:** Okay. On the same point of order I have Mr. Murphy and Mr. Del Mastro.

Mr. Murphy, please.

**Mr. Brian Murphy:** It is precisely the point that Mr. Harper forbade members of his government to contact Mr. Mulroney.

Also, Mr. Chair, it goes to the core of any parliamentary hearing or any testimony, and that is credibility. We have knowledge that Mr. Mulroney did meet and speak. He will say yes or no. It's crucial to his credibility, Mr. Chair.

**The Chair:** Thank you.

Mr. Del Mastro, please.

**Mr. Dean Del Mastro:** Thank you, Mr. Chair.

Mr. Chair, we've been saying for a while that we were afraid these hearings could descend into a bit of a partisan witch hunt.

This is clearly not relevant. The issue before this committee pertains to Mr. Schreiber, his extradition, the Airbus settlement. Everybody knows this. It is known to the committee.

And I would extend to Mr. Rodriguez that he has not been here for very much of it—any of it, as a matter of fact—and it is relevant, Mr. Chair, because—

**The Chair:** His attendance isn't relevant.

**Mr. Dean Del Mastro:** Okay, so his attendance isn't relevant.

Let me make this point. In this case, everybody knows that the only inference to the current PMO is whether or not they interfered in extradition proceedings. We have heard extensive testimony that that is not the case, and their actions dictate that they have not. And that is the only way it could be at all relevant.

His question is simply not relevant to the witness's testimony here today.

**The Chair:** Colleagues, we have had this discussion on a number of occasions, and the members will know that we have in there, in addition to the Airbus settlement issue, allegations made by any party coming before us, testimony, and new evidence. And we have already found contradictions. For instance, Mr. Schreiber has testified that the moneys given to Mr. Mulroney were not to do with Airbus but were rather to do with Bear Head.

That starts to change the dynamic and the understanding of our hearings. Also, the other evidence that has come out has broadened the complexity and the details here.

I believe it was Mr. Wallace who amended the original motion before the committee to include the concept of present or past governments and how those allegations would....

In view of that, I understand it may ultimately turn out to be not critical or relevant in terms of our recommendations, etc., but I believe that Mr. Rodriguez has raised an item that is on the border. I believe—and he believes—in the argument that the matter is relevant in a general way to our motion.

I would rule the question in order.

Could you please repeat the question for the witness? We will then allow the witness to respond. Thank you.

● (1110)

**Mr. Pablo Rodriguez:** Thank you, Mr. Chair.

Mr. Mulroney, again, it has been reported that you had a discussion with Minister Maxime Bernier about the wireless spectrum issue. During that discussion you had reportedly asked the minister to meet with Pierre Karl Péladeau, of Quebecor, and he agreed. The minister has not publicly denied these facts. Can you confirm that these discussions took place?

**Right Hon. Brian Mulroney:** I think I can tell you that Mr. Pierre Karl Péladeau, who is one of the most successful and influential people in the province of Quebec, in Montreal, whose company controls the largest media empire in Canada, knows Minister Maxime Bernier a lot better than I do. Pierre Karl Péladeau doesn't need me for an introduction to Maxime Bernier or anybody else.

[Translation]

**Mr. Pablo Rodriguez:** So you did not talk to Mr. Bernier about that.

**Right Hon. Brian Mulroney:** No. I spoke to no one in that area.

**Mr. Pablo Rodriguez:** If I understand correctly, you did not talk to Mr. Bernier about that.

**Right Hon. Brian Mulroney:** Correct.

[English]

**The Chair:** Monsieur Rodriguez, your time has run out, unfortunately.

I'm going to move now to Mr. Tilson.

**Mr. David Tilson:** Mr. Prime Minister, we have talked a little bit about section 41 of the Parliament of Canada Act, and you have indicated that you have not violated that legislation. We have talked about the conflict of interest and post-employment code for public office holders of September 1985, and you have indicated—I think you must have written that one, probably—that you have not violated that document.

My question to you is specifically with regard to section 60, and that's the limitation period. Your counsel is providing that for you. Section 60 talks about.... I guess I'm getting into the area, sir, where you have talked about how you travelled to different countries—Russia, China, etc. This section says:

former public office holders, except for ministers for whom the prescribed period is two years, shall not, within a period of one year after leaving office: (1) accept services contracts, appointment to a board of directors of, or employment with, an entity with which they had direct and significant official dealings during the period of one year immediately prior to the termination of their service in public office

And then it goes on. Dealing specifically with that section, sir, do you feel that you might have perhaps violated that section?

**Right Hon. Brian Mulroney:** No, I don't believe I did, because my association was entirely international, with a view to representing the company outside of Canada totally and with a view to ascertaining the nature of the opportunities that might be available.

•(1115)

**Mr. David Tilson:** So you believe that this section deals strictly with dealings within Canada, and it has nothing to do with dealings outside of Canada.

**Right Hon. Brian Mulroney:** That was my interpretation.

**Mr. David Tilson:** That's your interpretation.

**Right Hon. Brian Mulroney:** As it was, sir, for section 59. I read them together.

**Mr. David Tilson:** And you're quite right, you should read them together. You're absolutely right. However, it does talk about those times. Clearly, what you were doing was within that prescribed period.

**Right Hon. Brian Mulroney:** That's right, sir.

**Mr. David Tilson:** You mentioned in your opening statement—and I'm curious as to what you meant—that the Government of Canada showed up at the legal proceedings with nine lawyers and didn't deal with certain things. I'd like you to elaborate on that.

**Right Hon. Brian Mulroney:** I can tell you two things, sir. Before the Airbus matter exploded, and we wanted to do everything...obviously, you'll understand. We had a couple of days' warning that this thing was going to hit. I knew it was all false, but I could see the end of my life with this thing becoming public.

So I asked one of my lawyers, Roger Tassé, Q.C.—former deputy minister of justice under Mr. Trudeau and under Jean Chrétien—to go to Ottawa to visit with the officials in the RCMP and Department of Justice to say, “Look, this thing is coming out. These are accusations against Mr. Mulroney. They are false. They will be established, clearly, to be false. He is ready now to come up to see you. I'll bring him up here. He'll bring his tax returns, his statement of net worth, anything you want. You can interrogate him on anything, every business association he's ever had.” Roger Tassé made that appeal to the federal government.

They turned him down cold. They went out and hired a ton of lawyers, trying to prove the unprovable—namely, that the allegations in the 1995 document were true.

When it became clear that they were all false, they collapsed on the courthouse steps and initiated the settlement. They didn't initiate the settlement because they didn't know about a subsequent commercial relationship with Mr. Schreiber, which they never asked about; they settled the case because it was false. It was a hoax, a complete fabrication. That's why they settled the case.

So when I show up for the examination on discovery, I walk into the Palais de justice de Montréal, and what do I see? I'm there with my lawyer and there are nine lawyers lined up here on the other side, representing the Government of Canada and its agencies. They interrogate me for a day and a half of the two-day thing, and not one of them asked me the question directly: Did you have a business association with Mr. Schreiber after you left office?

By the way, that question would have been out of order totally, but I would have answered it. It would have been out of order because it violated the provisions of the Quebec civil code and it would not have been allowed by a judge, but I was ready to answer. They never asked it. That's what happened.

The hostility that we saw when Roger Tassé went up to Ottawa, that hostility was overwhelming. Rather than say we should sit down, they kept hiring more lawyers, and we saw what happened.

**Mr. David Tilson:** You believe this incident is one of the things that led to what we're doing today.

**Right Hon. Brian Mulroney:** Absolutely. The false statements in the affidavit triggered this feeding frenzy, where Mr. Schreiber—aided by, shall we call them, two different either broadcasting or publishing groups, his enablers—filed a false affidavit to generate this feeding frenzy, and here we are today. Did you get anything new out of him? Did you find out this big secret thing he was supposed to do?

I'll tell you that on November 15 the *National Post* interviewed Mr. Schreiber. There were big headlines: Boy, when I get down there, have I got things to say. This is the greatest scandal in Canadian history. Boy, oh boy, you just let me out of jail and give me bail, and boy, oh boy, are you going to love me, because it's going to be Christmas every day.

Well, he gets.... The *National Post* asks him the following question, the final question of the story. This is from the *National Post*, November 15, 2007. I ask you all to pay particular attention to this. This is eight days after he filed his false affidavit. The *National Post* wrote:

While Mr. Schreiber will save his new revelations for the inquiry, when asked outright if he knows of any wrongdoing by Mr. Mulroney he answered: "I don't know, the inquiry has to find out."

The devil made me do it.

He goes on: "This is something I would like to find out. I am very suspicious in the meantime that things happened I might not even have known about." Question: "Do you know of any wrongdoing by Mr. Mulroney?" Answer: "No, I don't know."

This is the man who a week before had signed an affidavit loaded down with falsehoods, like a Christmas tree on December 25. That was his "get out of jail" card. He created a frenzy with his two media allies, and here we all are today.

• (1120)

**The Chair:** Okay. Mr. Tilson, I'm going to give you another two minutes.

**Mr. David Tilson:** In your opening statement you mentioned comments about an RCMP police informant who caused you a lot of problems. I'd like you to tell us the name of that person and what that person did.

**Right Hon. Brian Mulroney:** Well, as you know, I didn't place any name. But everybody knows, I think, in Canada. Look, in politics, I know we all have people who don't like us or disagree with us, though there are so few in my case—

**Some hon. members:** Oh, oh!

**Right Hon. Brian Mulroney:** —that it's not hard to remember them. We all have people who dislike us for whatever reason, and denigrate us, but very few make a life's work of pursuing us, of engineering a vendetta, so consumed are they with hatred for an individual, be it Mr. Dryden, or you, sir, or me. Very few people make this their life's work.

This person did. How we found out was there was a trial in Toronto and the RCMP had to produce a very lengthy affidavit, and in the affidavit they identified Ms. Stevie Cameron as a secret police informant, so deeply embedded in secrecy for the force that they gave her a code number, which I believe was A-2648. She was a

journalist. She was passing herself off as an investigative journalist while she was a police informant.

If you read the testimony of Gallant and Fiegenwald, here's what you find: They go to Toronto on the instructions of Commissioner Murray, who had told them, "Well, we've got nothing on Airbus, but I heard on the CBC that Stevie Cameron has a lot of stuff, so you go down and see her."

So they go to Toronto. This is testimony from Gallant and Fiegenwald. They go to her home, and after a to-ing and fro-ing, she hands over her files. And it's on the basis of this, together with a comment or so from Mr. Pelossi, that the entire matter was initiated. So failed and flawed was the letter to Switzerland that the Government of Canada—the Department of Justice here—had to redo the letter seven times, upping the ante every time so that the Swiss would take cognizance of it and do something about it. Where did they get the information? They got it from her.

• (1125)

**The Chair:** Thank you, sir.

I'm going to suggest that we take another health break at this time, until 11:35 or 11:40, somewhere in there. We have lots more questions, but I think it's a good time. And please, no cameras in the room.

We'll suspend.

•

\_\_\_\_\_ (Pause) \_\_\_\_\_

•

• (1140)

**The Chair:** We're going to resume our proceedings.

I want to advise the members that there are no further votes planned, other than the vote at one o'clock, and there will be 15-minute bells for that. We will be terminating this meeting promptly, so that members will be able to attend the vote.

I have also been advised that Mr. Mulroney would like to make a very brief final statement to the committee at the end, prior to the adjournment of the meeting. The chair will have a couple of sentences to say to the witness at that time.

Now we're going to move to Mr. Ménard.

[*Translation*]

Please proceed, you have the floor.

**Mr. Serge Ménard:** Thank you, Mr. Chairman.

Mr. Mulroney, we are going to get back to the point, if you don't mind.

I came here with an open mind. But as you know, many people, like me, are asking themselves a fundamental question: was Mr. Mulroney paid for services rendered and for services to be rendered? Bear in mind that the majority of Canadians earn between \$30,000 and \$50,000 per year. For them, \$150,000 in a safe, and \$75,000 in another safety deposit box abroad is a lot of money. You were somewhat aware of that, because you had hesitated to accept cash in the beginning.

If you had received a cheque, Mr. Mulroney, what account would you have put it in? A personal account? A business account? The bar's in trust account? The trust account? Into what account would you have deposited it?

• (1145)

**Right Hon. Brian Mulroney:** In a personal or a business account.

Excuse me, Mr. Ménard.

**Mr. Serge Ménard:** Yes.

**Right Hon. Brian Mulroney:** You say that some people may be wondering whether it was for services rendered or services to be rendered. Mr. Schreiber answered your question when he said...

**Mr. Serge Ménard:** Mr. Mulroney, I know your answer. Everyone knows it. It was for services to be rendered, and that is my starting point.

The fundamental question is whether or not one is to believe you. You will convince us by explaining to us that you dealt with Mr. Schreiber in the same way you dealt with other clients who gave you money for services to be rendered.

In the case of other clients, I understand that all expenses on their behalf and fees that you could charge went through bank accounts. You withdrew money that they had provided to you in advance or you sent them an invoice? Did you not?

The way you shake your head is not recorded, you must answer yes or no.

**Right Hon. Brian Mulroney:** Yes.

**Mr. Serge Ménard:** Yes? All right.

In this particular case, it didn't work this way. If I understand correctly, Mr. Mulroney, this is the only client with whom you operated in this fashion.

**Right Hon. Brian Mulroney:** Yes. This was the only client, Mr. Ménard, who offered and almost insisted in proceeding in this fashion, telling me that this is the way he worked internationally.

**Mr. Serge Ménard:** So he insisted on how he would pay you, not on the way to be invoiced.

**Right Hon. Brian Mulroney:** According to our conversations, I understood that, at that time, he was giving me what we refer to in law as a type of watching brief for Mr. Schreiber's interests throughout the world, especially at the international level, to promote and possibly sell vehicles used for defence or peacekeeping.

So, this was not for—

**Mr. Serge Ménard:** Yes, but you could incur expenses. I understand that—

**Right Hon. Brian Mulroney:** Excuse me, Mr. Ménard. It was not only for a specific purpose, it was international, a type of watching brief. So this is what I did globally.

**Mr. Serge Ménard:** You did tell us that you nevertheless incurred expenses. So you used the money that was in your deposit boxes. When you decided that this had gone on long enough and that the mandate was over, may I ask you how much money remained in your safety deposit boxes?

**Right Hon. Brian Mulroney:** About \$180,000.

**Mr. Serge Ménard:** Very well.

So you had incurred expenses of approximately \$45,000.

**Right Hon. Brian Mulroney:** Yes, \$45,000, or nearly \$15,000 per year.

**Mr. Serge Ménard:** If you felt that you had incurred legitimate expenses for this client and that the money that you took was indeed money owed to you and that it was perfectly legal, then decide to declare the total amount of what he gave you, namely \$225,000, I believe, to the Department of Revenue?

**Right Hon. Brian Mulroney:** Because \$225,000, after taxes, is about \$120,000, and this amount divided by three, meaning over three years, amounts to approximately \$40,000 per year. That is more or less the expenses I could bill for my time, that is for meeting with executives from France, Russia, etc. So did I serve my client well? Absolutely. I don't think that you would find one lawyer in Montreal, in Quebec or in Canada, who would say that charging \$40,000 per year, after taxes, for this work was the least bit exaggerated.

But careful now, you are asking me why I declared the total amount. It's because when Mr. Schreiber was arrested and charged, I didn't know. I thought that this was the Mr. Schreiber that I did business with in 1993, the able businessman. He was arrested and charged with fraud, corruption, etc. I said to myself immediately that this was not the Schreiber that I had known, and that I was obliged, in my interest and in the interest of everyone, to clear the whole matter up by paying, by agreeing to accept responsibility for—

• (1150)

**Mr. Serge Ménard:** Out of these advances, you spent \$45,000.

**Right Hon. Brian Mulroney:** Yes, that is correct.

**Mr. Serge Ménard:** But these were expenses.

**Right Hon. Brian Mulroney:** Against the retainer, yes.

**Mr. Serge Ménard:** Yes, but these were expenses and not a fee. Right?

**Right Hon. Brian Mulroney:** That's right.

**Mr. Serge Ménard:** So you could deduct these expenses from the \$225,000?

**Right Hon. Brian Mulroney:** Yes.

**Mr. Serge Ménard:** But you didn't do that.

**Right Hon. Brian Mulroney:** No, sir. I decided to pay tax on everything, including expenditures. I declared everything; I didn't claim any expenses.

**Mr. Serge Ménard:** You were generous with the tax department.

**Right Hon. Brian Mulroney:** Yes, I was generous.

**Mr. Serge Ménard:** It was only in the case of this client that you were generous with the tax department.

**Right Hon. Brian Mulroney:** No, no, it was not because of that. I was generous because I wanted to ensure that there would never be any question whatsoever—but God knows that there are now!—and that everything would be resolved in favour of the Canadian and Quebec tax department. That is why I decided to declare all expenses as income and I paid the bill.

**Mr. Serge Ménard:** Yes, but you do realize, Mr. Mulroney, that in the eyes of ordinary citizens, when a person keeps cash, when a person does not want to deposit it at the bank and takes out the amounts in cash, it's because this individual wants to hide something, generally from the tax department, but also from other people.

**Right Hon. Brian Mulroney:** No.

**Mr. Serge Ménard:** But with your experience, you were aware of that.

**Right Hon. Brian Mulroney:** But you have the proof that this is false: I declared everything to the tax department, including my...

**Mr. Serge Ménard:** But you did that very late.

**Right Hon. Brian Mulroney:** Let's be clear about this, this was a retainer. Under tax law, disbursements from a retainer are not taxable. No tax is payable until the individual has completed his invoice.

**Mr. Serge Ménard:** Mr. Mulroney, the fundamental question remains. In the case of this money, described by you as being perfectly legitimate, why did you not treat it the same way that you did with other legitimate money paid to you, namely, deposit it in the bank and then subsequently prepare invoices related to services rendered?

**Right Hon. Brian Mulroney:** Mr. Ménard, I told you that this was a mistake. I made an error.

**Mr. Serge Ménard:** But this was an error that you repeated over two years.

**Right Hon. Brian Mulroney:** Yes, an error is not divisible. This was a complete error, and I have apologized for it.

**Mr. Serge Ménard:** One of my friends said: "*Errare humanum est, perseverare diabolicum*". I would say: "*perseverare in errare est diabolicum*".

**Right Hon. Brian Mulroney:** A chap from Baie-Comeau had an answer to that. He said: "*Lex Rhodia de jactu*".

**Mr. Serge Ménard:** Mr. Mulroney, I would like to understand your initial reaction to the cash amount you were offered.

You had been the leader of the party, and I imagine that like all party leaders, you had to keep some discipline amongst your members. If you had heard that a member had received \$75,000 in cash and that he was keeping this amount in a safety deposit box in his home, supposedly for future needs, would you have sought any explanations from him?

**Right Hon. Brian Mulroney:** Yes, and if the explanation...

**Mr. Serge Ménard:** ... was the one that you have given us?

**Right Hon. Brian Mulroney:** If he explained that this was for a contract that had nothing illegal about it and that the member had provided visible and tangible services to his client, I would have been in agreement, but I would have told him, as I am telling myself now, that he had committed an error and that he should have done things differently.

**Mr. Serge Ménard:** Exactly. But that would have been your reaction as party leader.

**Right Hon. Brian Mulroney:** Yes.

**Mr. Serge Ménard:** But it was not for you yourself for two years.

**Right Hon. Brian Mulroney:** But I am explaining to you that it was a mistake.

Look, Mr. Ménard, if I may...

**Mr. Serge Ménard:** I have one last question, because I have very little time.

Did you keep a record of the expenses you incurred for Mr. Schreiber?

**Right Hon. Brian Mulroney:** I answered that question. Yes, up to the point when I resolved the tax issue and absorbed all of my expenses. At that point, everything was settled, including the expenses. I provided the file, I think...

**Mr. Serge Ménard:** This is not a court and we have little time.

Someone asked if you were experiencing financial difficulties when Mr. Schreiber offered you the cash.

**Right Hon. Brian Mulroney:** No, sir.

[English]

**The Chair:** Merci.

Mr. Dean Del Mastro.

**Mr. Dean Del Mastro:** Thank you, Mr. Chair.

Mr. Mulroney, you've stated a number of times today that you believe Mr. Schreiber would say or do anything to avoid extradition. His lawyer, Mr. Greenspan, is on the record saying as much. Mr. Schreiber made it clear to the committee that he would sign his own name to any statement that might assist him in avoiding extradition. The reason I think these things have stuck to you, sir, is because he's the only person who has been talking.

You have never sought to defend yourself. You have spoken through spokespersons, but you, yourself, have not. I think Canadians have wanted to hear from you. Why haven't you done that?

• (1155)

**Right Hon. Brian Mulroney:** I didn't do it, sir, because it was a private matter that was undertaken in the private sector. Obviously, in retrospect, not only did I make an unwise decision, but I made an unwise decision in regard to the defence of this.

Let me give you an illustration of the enormity of what he has said and done. A number of people I saw on television....

I think my friend Mr. Thériault....

[Translation]

I apologize, Mr. Thibault. Thériault and Thibault sound a lot alike.

[English]

Mr. Thibault spoke the last time about the "Britan" account and how Mr. Schreiber said the deal was done at Harrington Lake and that he scurried off to Europe and created this "Britan" account. He wasn't sure if there was \$500,000, or \$300,000, or whatever, but the "Britan" account, he said, was created for me. I think that Mr. Thibault interrogated him very closely on this. That's an important point. He interrogated him very closely and very thoroughly.

Mr. Schreiber sat here and swore under oath that yes, indeed, Mr. Thibault, that's what I did; the Britan account was for Brian Mulroney. He neglected to tell you that eight years earlier, on October 20, 1999, he instructed his lawyer, Mr. Greenspan, to write to the CBC and say this:

Before I wrote this letter this morning, I read Phillip Mathias's article in the *National Post*, wherein he states that the show *The Fifth Estate* is expected to report that the word "Britan" appears in banking documents belonging to Mr. Schreiber. He stated that *The Fifth Estate* will suggest that "Britan" is close to the word "Brian" in order to imply a connection between Mr. Mulroney and Mr. Schreiber. If Mr. Mathias is correct in what he expects you to report and run on your show tonight, without the benefit of my on-air answer to the questions and answers, you will have committed grave wrongs against Mr. Mulroney and Mr. Schreiber. That would be a false, inaccurate, malicious, groundless inference. There is no resemblance to the truth in that reckless suggestion. Your conduct will attempt to ruin the reputation of people by innuendo and falsehoods, when I can give you an accurate, truthful, meaningful, and balanced response to your irresponsible innuendo.

So much for the "Britan" account.

It was signed by Edward Greenspan, Q.C., an excellent lawyer in Toronto, who represents Mr. Schreiber's interests.

Now, sir, if you have ever seen a repudiation more total and complete than this, I'd like to examine it with you.

**Mr. Dean Del Mastro:** I agree with you; I just think that had that statement been made by you in 1999, that would have been a powerful statement.

**Right Hon. Brian Mulroney:** Yes.

Oh, excuse me. This statement by Mr. Greenspan was sent to *The Fifth Estate*. They never referred to it. They just continued their implication that Britan was Brian, as they have been doing, playing this leading, enabling role for the get-out-of-jail card for Mr. Schreiber.

**Mr. Dean Del Mastro:** With regard to Mr. Schreiber's lawsuit against you, I've asked him a number of questions on that. Certainly it seems there have been references and speculation—we've heard some today—that the money he paid you was for services perhaps already provided to him; they were bribes or kickbacks.

I've gone after Mr. Schreiber several times and said to him, you wouldn't sue for a bribe or a kickback. He has emphatically indicated that they were not bribes or kickbacks, and that they had nothing to do with Airbus. But why, do you believe, is Mr. Schreiber suing you?

I recognize that this is a private matter, but it seems to me he has no receipts, he has no contracts, and his allegations are all of one-on-one meetings, so he'd have a pretty tough time proving this in court. I'm not a lawyer, but it seems to me he has an uphill battle to win this case.

Why is he doing it?

• (1200)

**Right Hon. Brian Mulroney:** I think it was part and parcel of his strategy to dupe certain members of this committee and two important media institutions, to assist him in his ultimate objective to avoid deportation to Germany—where, as people have said, once his two feet touch German soil, he will never again have any freedom.

But your question, sir, is very important, because it says "What did he do for the money?" And why, 14 years later—again, that's 14 years later—did he sue me? Let me tell you very briefly, if I may, what he was saying just three years ago.

He sued me as part of his strategy to excite interest in Canada with false statements about Mr. Harper, who had nothing to do with anything, and with false statements about me to attract attention. I mean, what better way to do it than to accuse a Prime Minister and a former Prime Minister of impropriety and get the feeding frenzy going in the media?

Listen to this, an unsolicited letter—and I will have copies for you, sir—from Mr. Schreiber:

July 22, 2004

Dear Brian,

Friends from around the world called and told me that they never understood better than now why I like the man Brian Mulroney even more than the Prime Minister Brian Mulroney.

It is the quality of the human being which counts most in life.

Your performance at President Ronald Reagan's funeral, "I say 'au revoir' today to a gifted leader, historic president and gracious human being", has put you to the top of respect and admiration around the world.

Then, lo and behold, I get another letter from Mr. Schreiber in July of 2004:

Dear Brian,

"Now he's got power". Is Brian Mulroney Canada's greatest deal broker? Ever? I say: Yes! I saw it already coming when I met you at Harrington Lake. Since the Reagan funeral, in my opinion, your personal power increased even more and so do your personal obligations to the world.

Fate plays an important role in the life of human beings. We know this. Nobody can escape fate. Fate has put you in my opinion in a position where you are able to help the human beings, especially the children of North America and around the world, in a dramatic way and your skill may put you in a special historical place and win a Nobel Peace Prize.

He concludes:

Dear Brian, with your help and the support of Mr. Bill Gates or the Bill and Melinda Gates Foundation we should be able to help fighting the Obesity Epidemic in the U.S.A.

This relates directly to the anti-obesity pasta file.

The involvement of Mr. Gates would be to help financing the Pasta-Machines for the schools.

I am convinced that the project will impress you and find your interest to help the children.

This is in 2004. He says I'm the greatest guy in the world. I'll admit that this is not a universally held opinion, but it's interesting that it's his. He knows that I know Bill Gates, and here he is asking me to intervene with Gates, or the Gates foundation, in this regard.

**Mr. Dean Del Mastro:** Mr. Mulroney, of the evidence that Mr. Schreiber presented to the committee, the most troubling document is a letter dated May 8, 2007, a letter that makes some very significant accusations. Did you receive that letter, and if so, did you respond to that letter?

• (1205)

**Right Hon. Brian Mulroney:** It was May 8?

**Mr. Dean Del Mastro:** That was 2007. He indicates that he's prepared to disclose a number of accusations—

**Right Hon. Brian Mulroney:** Oh, the blackmail letter, the extortion letter.

**Mr. Dean Del Mastro:** Yes, that's the letter.

**Right Hon. Brian Mulroney:** Yes. Yes, I got it.

**Mr. Dean Del Mastro:** Did you respond to it?

**Right Hon. Brian Mulroney:** No, I did not.

**The Chair:** Thank you.

Just for clarification, Mr. Mulroney, during your comments with regard to Mr. Schreiber, you made reference to his deportation.

**Right Hon. Brian Mulroney:** Extradition. I'm sorry.

**The Chair:** Thank you kindly.

I will now move to Mr. Comartin, please.

**Right Hon. Brian Mulroney:** I should just say to the gentleman, sir, that yes, I received it, and I didn't respond in any way. It was a letter of blackmail and extortion.

**The Chair:** Thank you.

Go ahead, Mr. Comartin, please.

[*Translation*]

**Mr. Joe Comartin (Windsor—Tecumseh, NDP):** Mr. Mulroney, were the \$1,000 bills in Canadian or US currency?

**Right Hon. Brian Mulroney:** They were Canadian.

**Mr. Joe Comartin:** Was the same true for the \$1,000 bills in New York?

**Right Hon. Brian Mulroney:** Yes.

**Mr. Joe Comartin:** That sum of money in New York has never been returned to Canada?

**Right Hon. Brian Mulroney:** Never.

**Mr. Joe Comartin:** Nor to any other country?

**Right Hon. Brian Mulroney:** It was in the United States.

**Mr. Joe Comartin:** Did you declare that money as income and did you pay tax on it in the United States?

**Right Hon. Brian Mulroney:** No, I declared it in Canada. I paid all of the tax on that amount under the law and international treaties, because I am a Canadian citizen. Under our legislation,

[*English*]

all worldwide revenues have to be paid in Canada.

[*Translation*]

**Mr. Joe Comartin:** When did you declare the income in Canada?

**Right Hon. Brian Mulroney:** At the time of the statement, after Mr. Schreiber's arrest.

**Mr. Joe Comartin:** In what year?

**Right Hon. Brian Mulroney:** In 1999.

**Mr. Joe Comartin:** For just one year?

**Right Hon. Brian Mulroney:** Pardon?

[*English*]

**Mr. Joe Comartin:** Did you declare it as income in one year, or over a two-year period?

**Right Hon. Brian Mulroney:** My adviser met with the tax authorities and they worked it out. They told me what cheques to sign and send, and I did that, sir.

**Mr. Joe Comartin:** From 1993 through to 1999, let's say through to 2000, I'm assuming you had your own accounting firm that did your income tax returns.

**Right Hon. Brian Mulroney:** Yes.

**Mr. Joe Comartin:** Who were they?

**Right Hon. Brian Mulroney:** It's Alain Paris, in Montreal.

**Mr. Joe Comartin:** You've taken the position today that when this money was received it was not declarable as income taxable, because you did not provide an invoice or bill to Mr. Schreiber. Is that correct? Is that your position today?

**Right Hon. Brian Mulroney:** No, because at the time, what I had used was simply money for expenses, and expenses are not taxable until the matter is resolved and the bill is sent.

**Mr. Joe Comartin:** Well, you practised law, Mr. Mulroney, for a long period of time—

**Right Hon. Brian Mulroney:** Yes, I have.

**Mr. Joe Comartin:** —before you became Prime Minister, before you became a member of the House.

**Right Hon. Brian Mulroney:** Yes, I did.

**Mr. Joe Comartin:** But you were not treating this as revenue coming in to you as a practising lawyer. Is that correct, from what I understood earlier today?

**Right Hon. Brian Mulroney:** It was completely separate from my law firm.

**Mr. Joe Comartin:** Okay, and how would you categorize...? Were you a consultant?

**Right Hon. Brian Mulroney:** Yes.

**Mr. Joe Comartin:** You didn't see yourself as an employee of Thyssen.

**Right Hon. Brian Mulroney:** No, I was an international consultant.

**Mr. Joe Comartin:** Just in that regard, in terms of employment, when you received the first \$100,000—

**Right Hon. Brian Mulroney:** It was \$75,000.

**Mr. Joe Comartin:** —the \$75,000, you were still being paid as a member of Parliament. Is that correct?

**Right Hon. Brian Mulroney:** I think that's probably right, sir.

**Mr. Joe Comartin:** The record shows that you received a payment in August, late August.

**Right Hon. Brian Mulroney:** I think that's probably right.

**Mr. Joe Comartin:** But again, you did not see yourself as an employee.

**Right Hon. Brian Mulroney:** No, I did not.

**Mr. Joe Comartin:** Right. Did you see yourself as a consultant?

**Right Hon. Brian Mulroney:** Yes, I did, sir.

**Mr. Joe Comartin:** All right. Were you registered as a lobbyist, either under the federal legislation or under any other legislation in this country at that time?

**Right Hon. Brian Mulroney:** No, sir. I have never lobbied any government at any time since I left office.

**Mr. Joe Comartin:** And you've taken the position that the work you did with regard to the military vehicle was all done internationally.

• (1210)

**Right Hon. Brian Mulroney:** Yes, sir.

**Mr. Joe Comartin:** You had this exchange with Mr. Martin earlier this morning, and I'm not clear what your position is. Did you in fact feel you had also been retained to work on obtaining contracts or business for Mr. Schreiber around the pasta business?

**Right Hon. Brian Mulroney:** Well, he says that.

**Mr. Joe Comartin:** I understand what he says, because you've read it to us two or three times today so far. What was your perception of your job? Was it only for the military vehicle, or was it for the pasta business as well?

**Right Hon. Brian Mulroney:** I believe that although he said that in his testimony, he's in error. I believe that the pasta matters to which he refers, in which he has written to me about Bill Gates and all the other, came later, although in his testimony he says he hired me for two principal reasons, the Thyssen work and the anti-obesity pasta business he proposed to develop.

**Mr. Joe Comartin:** During the meeting in Harrington Lake on June 23, while you were still Prime Minister, did the business of a pasta machine arise at any time?

**Right Hon. Brian Mulroney:** No, sir.

**Mr. Joe Comartin:** It was only about the military vehicles.

**Right Hon. Brian Mulroney:** No, sir, it was about nothing. I've indicated in my statement that there was no conversation or undertaking of any kind in regard to my employment. I said in my statement that Bear Head was mentioned, and my only comment about it was that I regretted that it hadn't come about.

I was in favour of it, Mr. Comartin. I thought it would be a great job creator in eastern Nova Scotia, where—

**Mr. Joe Comartin:** Let me ask you this, Mr. Mulroney: when did you feel you were first retained as a consultant to promote the use of that vehicle?

**Right Hon. Brian Mulroney:** I believe it was at the end of August.

**Mr. Joe Comartin:** At the time you received the first payment?

**Right Hon. Brian Mulroney:** Yes, although Mr. Schreiber testifies that it was late 1993 or early 1994.

**Mr. Joe Comartin:** Well, he also testified that he gave you the money on August 27, 1993.

**Right Hon. Brian Mulroney:** That's what I'm saying.

**Mr. Joe Comartin:** At the time you received that money, when you were in the hotel room and he handed you that envelope of \$75,000, by your evidence, was there any discussion at that time of what the \$75,000 was for?

**Right Hon. Brian Mulroney:** Of course.

**Mr. Joe Comartin:** All right, and what was your understanding? Was it just the military vehicle, or the pasta business also?

**Right Hon. Brian Mulroney:** No, just the military vehicle.

**Mr. Joe Comartin:** Again, you were still a member of Parliament at that time.

**Right Hon. Brian Mulroney:** Yes, I was, sir.

**Mr. Joe Comartin:** All right.

With regard to how these funds were handled, I'm still not clear about the money that was in New York, although you declared it here as revenue and paid full taxes on it, with no deductions for any of those expenses of flying around the world. What happened to that money? Literally, we have \$75,000 sitting in a safety deposit box in New York.

**Right Hon. Brian Mulroney :** That is right.

**Mr. Joe Comartin:** What happened to that money?

**Right Hon. Brian Mulroney:** It stayed there until I resolved the entire matter with the income tax authorities in Ottawa and Quebec.

**Mr. Joe Comartin:** You've already told us that. What I'm asking you is what happened to it?

**Right Hon. Brian Mulroney:** Then, after that period, I integrated those funds over a period of time into my own requirements in the United States.

**Mr. Joe Comartin:** So you never, in your belief, ran afoul of the legislation that prohibits you from moving \$10,000 or more in cash across international boundaries.

**Right Hon. Brian Mulroney:** Never.

**Mr. Joe Comartin:** You say you integrated it into your businesses in—

**Right Hon. Brian Mulroney:** My cash float.

**Mr. Joe Comartin:** But you never declared income on it in the United States.

**Right Hon. Brian Mulroney:** No, I didn't, because I didn't have to.

**Mr. Joe Comartin:** Even though you integrated it into your business affairs?

**Right Hon. Brian Mulroney:** Yes, of course, because under the tax treaty between Canada and the United States I declared all of my worldwide income, as we all must, and I paid full taxes on it.

**Mr. Joe Comartin:** Concerning the position you're taking that you did not have to declare this money when received, but only when you sent a bill, the first question is did you ever send Mr. Schreiber a bill?

**Right Hon. Brian Mulroney:** No, I didn't send him a bill, in that sense.

**Mr. Joe Comartin:** Why not?

**Right Hon. Brian Mulroney:** Because it was not part of the.... As he told you in his testimony, "I viewed Mr. Mulroney's initiative"—

**Mr. Joe Comartin:** So we're supposed to believe him, now?

**Right Hon. Brian Mulroney:** No, no. Not at all.

It's his money. You're asking me what he explained to you about his money.

**Mr. Joe Comartin:** Today I'm asking you what you did with that, and why—

•(1215)

**Right Hon. Brian Mulroney:** Oh, well, that's okay.

**Mr. Joe Comartin:** Mr. Mulroney, it's really difficult. I practised law for a long time, and for me it's pretty basic for every business person I ever acted for, every professional I ever acted for, every consultant I ever acted for: you take money in, you take the deductions off it, you declare the income, and you do it in the year you're doing it, and you do it all with records and all the rest of it.

You didn't do any of that, did you, Mr. Mulroney?

**Right Hon. Brian Mulroney:** I kept records myself, but generally speaking, sir, you're right.

**Mr. Joe Comartin:** I'm suggesting to you that you didn't declare those expenses because in fact you didn't keep records and you couldn't show to the income tax people what you had spent.

**Right Hon. Brian Mulroney:** You can suggest whatever you want; it doesn't matter, because I didn't claim any expenses. I paid it all as income to the tax authority of Canada.

I'm sorry, sir; if you wish to impugn my integrity or impugn my intentions, that's okay.

**Mr. Joe Comartin:** I only have a bit of time left. Are you able to produce records to show specifically that the \$40,000 a year you claim you spent—

**Right Hon. Brian Mulroney:** No, not \$40,000 a year, but \$40,000 in total.

**Mr. Joe Comartin:** Okay. Do you have expense sheets showing: I flew to Russia to see Mr. Yeltsin; I flew to France to see Mr. Mitterrand; I apportioned \$1,000 for that flight, for this flight; I had these meals in these hotels, in these restaurants—or whatever. Do you have those kinds of bills?

**Right Hon. Brian Mulroney:** I had all of them until such time as I resolved the matter and assumed, for my burden, all of the expenses and paid tax on it.

**The Chair:** Thank you.

We'll now move to Mr. Rodriguez.

[*Translation*]

**Mr. Pablo Rodriguez:** Thank you, Mr. Chairman.

Mr. Mulroney, I am going to ask you a series of questions, and you may answer after that.

Then, Mr. Chairman, Mr. Dhaliwal will continue.

[*English*]

Mr. Mulroney, you said you made no presentation to Maxime Bernier on the wireless spectrum issue. While he was the industry minister, did you ever have a private or public meeting, dinner, or lunch with him in Montreal or any other city? Have you ever met

with him at all? If so, how many times, in which city? Have you ever placed a telephone call to him, or has he called you? On any of these occasions, did you discuss the wireless spectrum issue?

[*Translation*]

Have you ever discussed, on any occasion, the wireless spectrum issue with Minister Maxime Bernier?

[*English*]

**Right Hon. Brian Mulroney:** Is this...?

**The Chair:** Mr. Mulroney, I have already ruled on this matter. Please answer the question.

**Right Hon. Brian Mulroney:** I'm sorry; I thought this would be overruled, because it has nothing to do with our mandate.

I'm sorry, sir. Could you please repeat it?

[*Translation*]

**Mr. Pablo Rodriguez:** Of course, with pleasure. From the beginning?

**Right Hon. Brian Mulroney:** Please.

[*English*]

**Mr. Pablo Rodriguez:** You said you made no presentation to Maxime Bernier on the wireless spectrum issue while he was industry minister. Have you ever had a private or public meeting, dinner, or lunch with him in Montreal or any other city? Have you ever met with him at all? If so, how many times, in which city?

**Mr. David Tilson:** Mr. Chairman, on a point of order, I'd like to challenge your ruling on this. I understand you ruled the first time that it's an issue of credibility, as pointed out by Mr. Murphy, but he's continuing on an issue of cross-examination. I challenge your ruling that he can continue in this line of questioning, which goes far beyond the mandate of this committee.

**The Chair:** That's not debatable. We'll have to put the question on it.

Do the members understand the challenge of the chair's ruling on the admissibility of this line of questioning? I previously ruled and continue to uphold that ruling, for the reasons given.

Mr. Hiebert.

**Mr. Russ Hiebert:** May I know which members are signed in at the present time?

**The Chair:** The clerk will confirm, but a recorded vote will be fine.

Mr. Mulroney, unfortunately this is not debatable. The decision of the chair is being challenged on this matter.

Would the clerk please call the vote by a roll call?

[*Translation*]

**Mr. Serge Ménard:** Mr. Chairman, what is the question?

[*English*]

**The Chair:** He challenged the chair's decision. The question is: shall the decision of the chairman be sustained? Do you support the chair, yes or no?

[Translation]

**Mr. Serge Ménard:** Is it about your decision that it is inadmissible?

[English]

**Right Hon. Brian Mulroney:** Mr. Chairman, would you hear me for five seconds, please?

**The Chair:** Mr. Mulroney, we're in the middle of a vote. I'm sorry, no.

**Right Hon. Brian Mulroney:** Just for five seconds? I think it's highly relevant.

I had a communication from your committee that said we are invited here to answer questions concerning matters relating to the Airbus settlement.

• (1220)

**The Chair:** Mr. Mulroney, order, please.

I'm sorry, sir; this is not debatable. It is an important question. My decision has been challenged. I'm asking whether the committee is agreeing with the chair, and I'd ask for a roll call vote, please.

(Ruling of the chair sustained: yeas 6; nays 5)

**The Chair:** The question has been put. Should we put the question again, or do you understand the question, Mr. Mulroney? Put it again?

Mr. Rodriguez, would you please repeat the question for Mr. Mulroney?

[Translation]

**Mr. Pablo Rodriguez:** Absolutely, with pleasure. I think that in all fairness, it is normal to repeat the questions. Once again, I will ask them one after the other.

[English]

Mr. Mulroney, you said you made no presentation to Maxime Bernier on the wireless spectrum issue. While he was industry minister, did you ever had a private or public meeting, dinner, or lunch with him, in Montreal or in any other city? Have you ever met with him at all? If so, how many times and in which city? Have you ever placed a telephone call to him, or has he called you? Did you discuss on any of these occasions the wireless spectrum issue?

[Translation]

Did you ever discuss, on any occasion, the wireless spectrum issue with Minister Maxime Bernier?

[English]

**Right Hon. Brian Mulroney:** Mr. Maxime Bernier's father, Mr. Gilles Bernier, was a member of my caucus for nine years. I'm very close to the family and have been—they're an outstanding family in Quebec—and when Maxime Bernier was elected, he of course communicated with me for some advice and counsel and I tried to help him along.

In particular, when he was moved to Foreign Affairs, we had a discussion, we had dinner—I don't think there was a lunch, I think we had dinner—in Montreal for a discussion of foreign policy issues

and some larger perspective of the dealings with the Canada-U.S. relationship, new trading initiatives that the—

**The Chair:** I apologize for interrupting. The member's question was specifically with regard to Mr. Bernier when he was industry minister, and whether there was any discussion with regard to wireless.

**Right Hon. Brian Mulroney:** Well, I was trying to answer his question.

**The Chair:** But you're on foreign affairs, and that's—

**Mr. Dean Del Mastro:** On a point of order, it's relevant to the question that you've allowed. He's responding to the question as to whether he has ever had any meetings. He's responding to what the meetings were about. It's relevant to the question.

**The Chair:** I will allow Mr. Mulroney to go on, but maybe we need to answer the questions in the chronology in which they were asked. Industry happened before Foreign Affairs.

I think everyone understands. I want to let Mr. Mulroney answer it in his own words, but please be cognizant that the question, the principal question, related to when the minister was industry minister, and the subject matter, whether or not that subject matter was discussed.

**Right Hon. Brian Mulroney:** The meetings and communications, as I say, were principally in regard to his time at Foreign Affairs. I have no recollection of having met with him when he was industry minister. I certainly did when he was in Foreign Affairs.

I have no recollection of that, and I have no recollection of any discussion that bore directly on any given file at the time. The discussions, I may say, were general in nature and designed to assist him, to the extent that I might be able to, in his political responsibilities in Quebec, in Canada, and then later internationally, as opposed to any specific file.

I think I was asked by the honourable member—perhaps it wasn't him, perhaps it was someone else—about whether I had met with Mr. Bernier to introduce him to Pierre Karl Péladeau for a discussion in this matter. I think that was asked this morning by someone.

Perhaps the honourable member missed it, but I said no, I did not, and I didn't think that Pierre Karl Péladeau needed me or anyone else to arrange an introduction for a legitimate meeting with Mr. Bernier.

• (1225)

[Translation]

**Mr. Pablo Rodriguez:** That is what I think too, but the question was broader. It dealt with any discussion about the wireless spectrum issue, and not totally and specifically a meeting.

I will give the floor to Mr. Dhaliwal.

[English]

**Mr. Sukh Dhaliwal (Newton—North Delta, Lib.):** Thank you, Mr. Chair.

Welcome, former Prime Minister Mr. Mulroney. It's an honour to have you here.

Mr. Mulroney, I and many Canadians have never seen that amount of cash. What currency was the money in? How did you know that there was \$75,000 in each? Did you count it?

**Right Hon. Brian Mulroney:** When I deposited the amount in the safe it was split up, I think, into tens and one five.

But let me tell you, sir.... I'm sorry, go ahead.

**Mr. Sukh Dhaliwal:** You can finish if you want to.

**Right Hon. Brian Mulroney:** It's okay. It was extraneous.

**Mr. Sukh Dhaliwal:** Okay.

You said the cash was in a legal-sized envelope. Can you show us with your hands how thick the envelope was?

**Right Hon. Brian Mulroney:** No, I can't.

**Voices:** Oh, oh!

**Mr. Sukh Dhaliwal:** We want to know.

Was it your third great mistake, Mr. Mulroney, that you did not know where the cash came from?

**Right Hon. Brian Mulroney:** I think that would be a legitimate question if you had not heard from Mr. Schreiber that he didn't have a clue where the cash came from, and moreover that he had devised a system to ensure that no one else knew, that everything was conducted in such a manner as to be totally secret. I had no idea, sir. I had the view at the time that I was dealing with a legitimate businessman, whom I knew in 1993.

I think it's worth mentioning, at least briefly, sir, in defence of the position I've just articulated, that he also told you at that time—and he may have told Madame Lavallée, as well—that this money came from the “Britan” account, which was designed for “Brian”. We now know that was a hoax. The whole thing was false. He formally denied it in 1999.

So sir, I don't have a clue where the money came from. I assumed I was dealing with a legitimate businessman.

**Mr. Sukh Dhaliwal:** Mr. Mulroney, you did not charge GST on \$225,000. You are the father of imposing this tax on Canadians, and most Canadians would like to know why you did not remit the GST.

**Right Hon. Brian Mulroney:** The GST is a consumption tax that comes off at the border. This was for international work; the GST was not applicable.

I must say, *en passant*, how grateful I am, to you and the Liberal Party, for your strong defence of the GST.

[Laughter]

**Mr. Sukh Dhaliwal:** Mr. Mulroney, on the other side, I met with charities over the weekend and they asked me to ask you whether you donated any of this cash to any charity.

**Right Hon. Brian Mulroney:** No, sir. Not at all. At the time, I established scholarships in the name of my late parents at St. FX University in Antigonish, Nova Scotia; St. Thomas University in Fredericton, New Brunswick; and Concordia University in Montreal. Those were the principal charities. I financed all those scholarships out of my own pocket.

**Mr. Sukh Dhaliwal:** You declared the income tax after Karlheinz Schreiber had been arrested. If he had not been arrested, would you not have declared the income?

● (1230)

**Right Hon. Brian Mulroney:** I don't know the answer to that, sir. It depends. If you look at the letters he sent me in 2004, saying that he thought I was going to get a Nobel Peace Prize for the tremendous work we were going to do on this anti-obesity project if I could get Bill and Melinda Gates to finance it, who knows? We may have had ongoing meetings and so on. But when he was arrested and charged with fraud, bribery, corruption, and income tax evasion, obviously this was not the guy I thought I had been dealing with, and it was time to bring it to a halt and resolve matters to the satisfaction of all the authorities.

**The Chair:** Thank you kindly.

We're now going to move to Mr. Mike Wallace.

**Mr. Mike Wallace (Burlington, CPC):** Thank you, Mr. Chair.

Thank you, Mr. Prime Minister, for being here today.

To be frank with you, I haven't been following your career since you left office. Are you still with the same law firm you joined as soon as you left office?

**Right Hon. Brian Mulroney:** Yes I am, sir.

**Mr. Mike Wallace:** So the agreement you had with that law office, that partnership agreement that allowed you to have your independent international consulting business—would that still be in existence?

**Right Hon. Brian Mulroney:** Yes, it is.

**Mr. Mike Wallace:** So would we be able to get a copy of that to see what the agreement was?

**Right Hon. Brian Mulroney:** Sure.

**Mr. Mike Wallace:** Were you expecting to make money, as an individual, on your international consulting business?

**Right Hon. Brian Mulroney:** I didn't have a clue.

**Mr. Mike Wallace:** Would you not have registered for a GST number, then?

**Right Hon. Brian Mulroney:** I didn't have a clue when I started out.

**Mr. Mike Wallace:** From my perspective, we need some sense of proof that you were creating a legitimate second business for yourself, being a lawyer for the law firm plus this consulting business. I happen to be familiar with records-of-management issues and that you can get rid of them after seven years and so on. Do you have paper proof that you had a legitimate international consulting business on the side of your legal business? Can you provide this committee with anything?

**Right Hon. Brian Mulroney:** With regard to this particular transaction?

**Mr. Mike Wallace:** Well, yes.... Have you done other business under that umbrella?

**Right Hon. Brian Mulroney:** No, I have a legitimate international consulting business.

**Mr. Mike Wallace:** That you pay tax on every year?

**Right Hon. Brian Mulroney:** Yes, of course.

I have indicated to all the members of the committee, this is the only transaction. That's why I'm here. To explain, to indicate to you what had happened, and also to acknowledge my error. This was the only transaction of this nature I've ever been involved with. Everything else, both with my law firm—which is one of the great law firms in Canadian history and has been around for 135 years—and with my consulting business, has been done in a perfectly—

**Mr. Mike Wallace:** Does your consulting business have a name?

**Right Hon. Brian Mulroney:** Yes.

**Mr. Mike Wallace:** And it's legally registered to pay PST, GST, all that stuff?

**Right Hon. Brian Mulroney:** Yes, absolutely.

**Mr. Mike Wallace:** So you'd be able to provide that information to us?

**Right Hon. Brian Mulroney:** Yes, sir.

**Mr. Mike Wallace:** So other than these dealings with Mr. Schreiber, everything else has a record we can look at.

**Right Hon. Brian Mulroney:** Absolutely.

**Mr. Mike Wallace:** Okay.

I've seen you on television, Mr. Prime Minister, talking about a public inquiry, which this government has committed to. Mr. Schreiber wants one. You want one. I'm not sure I want one. But what are your expectations from the public inquiry, and why are you asking for it?

**Right Hon. Brian Mulroney:** Let's put that, perhaps, in a different tense.

On November 7, Mr. Schreiber filed an affidavit, which provoked the feeding frenzy he wanted. It resulted in a "get out of jail" card and the creation of this committee, before whose members he appeared four or five times.

Provisions of the affidavit were chosen to provoke public concern and alarm, because he invoked the name of the present Prime Minister and a former Prime Minister and suggested impropriety at a given point in time and then made other statements in the affidavit as well that would raise legitimate matters of public concern. All hell broke loose, with everybody running around asking for a public inquiry. Statements were made that were so outrageous that quite frankly I was forced to sue my new friend, Mr. Thibault, for libel.

So at that time, what am I supposed to do? I'm sitting at home with my wife and my family. Here we go again, with a series of false accusations designed to destroy my reputation and drag me through the mud.

So as a result of that, I called to indicate my innocence...total innocence. I asked for a royal commission of inquiry into this. But

when you look at what has happened now, the evidence that you have.... Let me just close on this, sir.

• (1235)

**Mr. Mike Wallace:** This is eating into my time, Mr. Chair.

**Right Hon. Brian Mulroney:** This will take one second.

**Mr. Mike Wallace:** Okay, while you're looking, can I ask you another question?

**Right Hon. Brian Mulroney:** It's right here. I have it right here.

I mentioned this earlier, and I'm sorry to be repetitious on it, but I think it is so significant and important, as it would be to every one of you, if you and your families were falsely accused.

Consider this. After he has triggered all of this activity with his false statements about Mr. Harper and me, and his false affidavits, he is asked directly—and I repeat it, and I ask you to reflect carefully on this.... While Mr. Schreiber will save his new revelations for the inquiry, when asked outright if he knows of any wrongdoing by Mr. Mulroney, he answered, "I don't know. The inquiry has to find out."

This is why I asked for the full inquiry. I think it's now clear that we have an entirely different situation on our hands.

**Mr. Mike Wallace:** Thank you for that.

Mr. Schreiber sent us two binders, plus a third binder with a bunch of Googled stuff. Really it has about seven letters to you from him personally, starting in 2006. It goes to 2007, and there's a wide variety.... In one, he admits he hasn't talked to you or corresponded with you, or you have not responded, since you saw him at an event with Mr. Munk. I think there was a dinner in honour of Mr. Munk in 2000. Is that accurate? You have not spoken to him or sent him anything directly yourself in response to any of his letters since 2000?

**Right Hon. Brian Mulroney:** That's right.

**Mr. Mike Wallace:** And before 2000, before seeing him at this event, had you been in contact with Mr. Schreiber on a regular basis?

**Right Hon. Brian Mulroney:** I would say intermittently, if at all. But I know that since 2000, I haven't had a word with him. I've never responded to anything that he says.

**Mr. Mike Wallace:** So when he gave you that \$300,000 or \$225,000, whatever the number is—

**Right Hon. Brian Mulroney:** It's \$225,000.

**Mr. Mike Wallace:** Sorry, sir, it was \$225,000. He didn't provide us with any correspondence regarding that. Do you have any correspondence in which he is asking for any record of the work that you have done on behalf of that \$225,000?

**Right Hon. Brian Mulroney:** No, sir, I have none at all.

**Mr. Mike Wallace:** So you provided him no receipt for it, and he asked for no receipt?

**Right Hon. Brian Mulroney:** He asked for absolutely none, and he was very satisfied with the full report of over an hour that I gave him in New York City at the Pierre Hotel. He said, “This is tremendous initiative. It's hard work visiting these chiefs of state to see if —”

**Mr. Mike Wallace:** And this was a verbal report? There was actually no paper exchanged at that time?

**Right Hon. Brian Mulroney:** That's right, exactly.

**Mr. Mike Wallace:** But there is a witness to that discussion, is that correct?

**Right Hon. Brian Mulroney:** That's right.

**Mr. Mike Wallace:** Do I have any time left?

**The Chair:** You have one minute.

**Right Hon. Brian Mulroney:** May I take five seconds of it, sir?

**Mr. Mike Wallace:** Sure.

**Right Hon. Brian Mulroney:** You said you weren't sure if it was \$300,000 or \$225,000. You shouldn't be surprised. Mr. Schreiber came here and said that he gave \$30,000 cash to Jean Charest's brother for his leadership campaign. Then he told Stevie Cameron and Harvey Cashore for their book, “Schreiber had expressed his approval of Charest in the time-honoured fashion with a donation to his campaign...of \$13,000.” And then Mr. Charest said that he got \$10,000. Surely—

**Mr. Mike Wallace:** That segues nicely into my last question. You've quoted Mr. Schreiber from court cases. You've quoted him from affidavits, which I believe you have to swear to—I've never had to do it. You're basically saying he's lying in at least one of them. How do we know he's not telling the truth in the last affidavit and that he didn't lie in court? How are we supposed to know the difference?

• (1240)

**Right Hon. Brian Mulroney:** If you figure that one out, you're going to heaven.

**Mr. Mike Wallace:** Thank you.

**The Chair:** Thank you kindly.

We're now going to move to Mr. Murphy, please.

**Mr. Brian Murphy:** Thank you, Mr. Chair.

Mr. Mulroney, my name is Brian Francis Patrick Murphy. I was born on St. Patrick's Day.

When you were elected, as a non-partisan gesture, I'd like to say that we in the Irish community were very proud of an Irish prime minister. You've done a lot, Mr. Mulroney, to help the Irish community.

Notwithstanding that, you will understand that I have some questions for you that I will ask with a great deal of respect. But they are more or less clean-up questions on things that have been left on the table here in the exigency of a ten-minute question round.

The first one I'd like to ask you is in regard to the letter of May 8, 2007, written to you by Mr. Schreiber. There were a number of questions on it. Very briefly, Mr. Mulroney, the letter, among other things, uses language such as the following: “This is my last

warning” and “I am prepared to disclose...”, and there are a number of volatile....

**The Chair:** They're having some translation difficulty.

*Ça marche?*

**An hon. member:** *Je n'entends rien.*

**Mr. Brian Murphy:** Well, that's because I'm not speaking. I'd have trouble if I were being translated and not speaking. I'd believe this conspiracy stuff.

The letter says, among other things, “This is my last warning”, and “I am prepared to disclose”. And there are a number of very damning comments there that would cause anyone, especially you, Mr. Mulroney, great concern. Then there is a threat. It says, “It is in your hands what is going to happen”. That was May 8, 2007. You referred to it twice as a blackmail letter.

Why did you not take this letter to the RCMP or the OPP to have it investigated? It is clearly a damning letter that intends to threaten you. Why did you not do that?

**Right Hon. Brian Mulroney:** This is what he did. This is the way he operated. You look through the correspondence. Look what he did with the affidavit. His movements are determined throughout the piece by his need to avoid extradition. He will do and say anything.

If you look at the correspondence carefully, one day he blames Mr. Chrétien and the Liberal government for the entire Airbus affair and demands a royal commission. Whoops! Mr. Harper wins, and he's expecting something from him. He doesn't get it, and he blames Mr. Harper and the Conservatives. One day, through Mr. Greenspan, and in many other instances, he is threatening to sue *The Fifth Estate* television program. The next day, he's the sweetheart of Sigma Chi with them, arm in arm down the lane, and they become his champions when it's to his interest to advance the cause of seeking to avoid extradition.

I got this thing. This was....

[*Translation*]

That was pure Schreiber.

[*English*]

I just took it aside and sent it to my lawyer, and that was the end of it.

**Mr. Brian Murphy:** I understand your answer, Mr. Mulroney.

Moving on, you declared voluntarily on your tax return in 1999, or by way of voluntary declaration, the sum of \$225,000. As I understand the tax law at that time, you would have had to write a letter asking for the indulgence of the Canadian government to report income later than you had incurred it. I understand the reason why you did it. You've made it very clear.

The question I have for you, Mr. Mulroney, is this. In that letter, you would have had to set out the reason why you were late in filing, the reason why you accepted the money, and what work was to have been done for the income. Therefore, I would ask you to table the letter you used to seek that indulgence from the Canadian government.

If you can't find it with your lawyer or your accountants or in your personal records, maybe Revenue Canada has a copy of it, and I would ask your indulgence, please, sir, in providing us with that letter.

**Right Hon. Brian Mulroney:** Well, first of all, I didn't write any letter. None was asked and none was required. I would just remind you that the only thing left that's sacred in Canada is the secrecy of our tax returns. I've told you that I declared it all, \$225,000, and paid full tax on it. I had no dealings with anybody beyond that.

• (1245)

**Mr. Brian Murphy:** So you did not declare it for years past; you declared it in the year you declared it. Is that what you're saying? Otherwise, a voluntary declaration setting out the reasons would be required, Mr. Mulroney.

**Right Hon. Brian Mulroney:** You can have this debate if you'd like, sir, but I was involved in no such procedure.

**Mr. Brian Murphy:** Fine.

There are also allegations out there—you might want to clear the air—that somehow you and your family needed money in August of 1993. You were leaving the office of prime ministership. You did say to Mr. Newman in one of those tapes—I have all your books—that you were going to do fine. And you've done very well, obviously. But was there an interregnum when you didn't have money, or is this completely false that you needed money? I suggest to you that it probably is, because you didn't really, as per your testimony today, use the money for personal expenses whatsoever.

**Right Hon. Brian Mulroney:** Mr. Chairman, I can't be brief in this response, because I can only go on at length when I'm being taped.

**The Chair:** Mr. Mulroney, please try your best.

**Right Hon. Brian Mulroney:** I'll try my best to accommodate that.

**The Chair:** You're on the member's time right now. So we want to share it between the both of you.

**Right Hon. Brian Mulroney:** Absolutely.

I would be, like any member here leaving office, as I've indicated, somewhat uncertain about the future but confident that I could move along. Did I have a ton of money? No. Was I broke? No. I had a wife and four young children and my mother, my late mother, to support. But I had been able to do it since my father's death, and without too much difficulty, and I felt confident that I could do it again.

I know that some people have said that they thought I had financial concerns. That's not accurate. I think it's more solicitude on their part than accuracy.

**Mr. Brian Murphy:** That's good, and I'm glad to hear it. We're all going to leave politics some day. We're all hopeful.

You've said the lawsuit was a hoax, that it collapsed on the courtroom steps, and you sought \$2.1 million through Alan Gold's intervention and most of your fees and expenses were paid. Some \$38,000 and change to KPMG was not allowed, so that must have come out of your pocket.

You were very firm today that the lawsuit was a hoax and collapsed on the courtroom steps for lack of evidence. Why did you settle and pay \$38,000 out of your pocket? Why did you settle and not seek money for the damage to you and your family and its reputation? Why didn't you continue the lawsuit?

**Right Hon. Brian Mulroney:** I said publicly that I would not accept any money for myself, because that money would come from the Canadian taxpayers. I didn't want any.

I didn't want money from this, although you have to sue for funds to get your case before the court. I have been gravely libelled around the world and damaged severely by this, so I initiated my lawsuit, sir, but not with a view to collecting money for myself.

When the government collapsed on the courthouse steps, they met with my lawyers, who came to see me and said, "Inasmuch as you're not going to accept any money for yourself, this collapse and what the government is ready to acknowledge is at least as good as you're going to do in any court filing, in any court judgment." Therefore, I accepted the advice—and it was mine as well; they didn't have to push me too hard.

Mr. Murphy, there's another point. I've told you about the family, about my family. If it were your family, at a given point in time after this calamity and the sleepless nights and the problems and the challenges and the abuse and the headlines, you want to get on with your life. You just want to call it a day and get on with your life. And that's all I wanted to do.

**Mr. Brian Murphy:** This is my final question, I guess, Mr. Mulroney. You have said that you weren't asked the question about future dealings or all your dealings with Mr. Schreiber at the discovery in the Palais de justice. Your declaration, the claim that you made in the libel suit, quotes the request for assistance and mentions Mr. Schreiber's name a number of times in that repeated request for assistance. Yet in the claim that you made, you have said, at paragraph 12(ii), that the plaintiff—that's you—"has never received any of the alleged payments, in any form, from any person, whether named or not in the Request for Assistance, for any consideration whatsoever".

At the time you filed this claim—and it sounds from your earlier answers that you know what the claim says, and you are a lawyer of some high repute—that was not exactly true. You received money. This is very broad. You received money from Karlheinz Schreiber. So that statement, which I know is not a sworn statement—I'm a lawyer too—is a declaration that you made that you'd never received any payments from any person in any form for any consideration whatsoever.

•(1250)

**Right Hon. Brian Mulroney:** It's exactly true. It relates to the letter of request with the accusation that money had been received by me from Airbus, Thyssen, or MBB Helicopter. That statement, Mr. Murphy, is absolutely true.

**The Chair:** Okay, thank you.

I'm going to give the floor to Mr. David Van Kesteren for about three minutes. He hasn't had an opportunity. It is his turn, but we will not be able to complete, so he'll have about three minutes. If you would accommodate each other, that would be great.

**Mr. Dave Van Kesteren (Chatham-Kent—Essex, CPC):** Thank you, Mr. Chair.

Thank you, Mr. Prime Minister.

Just quickly, then, we're going to go right into it.

Mr. Schreiber has alleged that he, Frank Moores, and Gary Ouellet were the principals in supporting your successful 1983 leadership campaign. Is that true? Was he a big player? Do you owe him anything?

**Right Hon. Brian Mulroney:** Was who a big player?

**Mr. Dave Van Kesteren:** Herr Schreiber.

**Right Hon. Brian Mulroney:** Of course not. He said in a book he had nothing to do with 1983; he didn't participate in any way. That's what he said in his testimony.

**Mr. Dave Van Kesteren:** Moving on in that direction, then, were you aware that Mr. Moores had an interest in GCI at the time, when you appointed him to the board of Air Canada?

**Right Hon. Brian Mulroney:** I don't think GCI existed at the time. I think he and a fine young man from Winnipeg, Jamie Burns, had an embryonic organization here called Alta Vista—I think that was it—and I think they worked together, and when he was appointed to the board of Air Canada, along with many others, his appointment lasted hardly at all, as I remember, because it was ascertained that he had received a mandate from Wardair and he was in conflict with Wardair.

**Mr. Dave Van Kesteren:** Thank you, sir.

When Mr. Schreiber was here he made some subtle suggestion that decisions of major purchases go far beyond government, even beyond the Prime Minister's Office, and involve other players. Would you want to comment on that? Is there truth to those kinds of allegations?

**Right Hon. Brian Mulroney:** Well, I'm not familiar with the international conspiracies very well. The Germans, the Liberals, the Conservatives, Irwin Cotler, me, Stephen Harper, all of you—I'm not too familiar with that. So I would be like most Canadians: I don't have a clue what he's talking about.

**Mr. Dave Van Kesteren:** Well, that's settling.

We have brought forward some important legislation, the Accountability Act. During your tenure as Prime Minister, did decisions like Airbus pass significant scrutiny to avoid suspicion, the very things we're talking about?

We have now enacted and put these things into place, but at the time, were there enough measures to make sure we could be assured that this was a good deal and it passed the litmus test?

**Right Hon. Brian Mulroney:** You know, life moves on. This was twenty years ago. Ottawa was different then; life was different. So you are all to be congratulated for the rigour that all of you now bring to public policy, which is greater than in our time. I think it's tremendous. I think the Accountability Act that you brought in is excellent. The more rigour, the more transparency, the better it is and the better it will be.

The Airbus matter was examined by the RCMP, then re-examined by the RCMP, and then the examination went on for another six years to 2003, when I received a letter from the commissioner saying there's nothing here. We've investigated this both in Canada and around the world. After an exhaustive inquiry by the RCMP, there's nothing here and no charges will ever be laid.

Although we don't have the instruments of transparency that you have given yourselves—which is much to your credit—in this case that you raise, it was clean as a hound's tooth.

•(1255)

**The Chair:** Thank you.

I've been advised, Mr. Mulroney, that you would like an opportunity to make a brief closing statement to the committee. If you're prepared at this time, we'll hear from you now.

**Right Hon. Brian Mulroney:** It will be extremely brief.

I want to thank all the members of the committee, from all parties, for taking the time to examine this matter. You'll draw whatever conclusions you think are appropriate.

This has been another very demanding and brutal time for my family and me. Only through courts or through the Parliament of Canada can the rights of individuals be protected, and it's up to you to judge the credibility of people who appear before you and swear to tell you the truth, which I have done: I've sworn to tell you the truth, and I've told you the absolute truth.

I won't go into any of the stuff that was.... False affidavits, false statements, a letter of extortion, and blackmail.... This has to tell you something of the kind of person you're dealing with, and the kind of man. What regard would he have for your reputation if you were part of his "get out of jail" possibility? You'd be going down in flames. He tried to take me down in flames, and he'll take anybody down. He threw Elmer MacKay under the bus. Elmer MacKay was one of the most outstanding public servants I've known, along with his son.

He doesn't care about anything—except himself, and staying away from Germany.

Look, I'll conclude, Mr. Chairman, by simply saying this: on December 2, 1995, Mr. Schreiber was interviewed by the *Toronto Sun*. "Accusations of bribery against Brian Mulroney are as much of a hoax as the Hitler diaries, German dealmaker Karlheinz Schreiber says."

In an exclusive interview with *The Saturday Sun*, Schreiber yesterday said the former Tory prime minister was "totally innocent" of RCMP allegations he accepted \$5 million in kickbacks as a result of Airbus commissions, nor was a Swiss bank account ever opened for him.

Listen to this:

“As much as I am involved, as much as I know, as much as I have seen, Mr. Mulroney is totally innocent,” he said. “He is involved in this as much as the Pope—nowhere at all.”

Then, a few days ago, in the *Toronto Star* of November 15, they refer to an interview he gave the *Toronto Star* in the year 2000. Listen to this brief quote:

In an interview with two *Toronto Star* reporters, a few months after he had been arrested by the RCMP and released on bail, Schreiber was adamant Mulroney hadn't done anything wrong.

“Mulroney is as innocent as the Pope,” he said. “The records can prove it.”

I conclude with one word, Mr. Chairman, for all of us, and certainly for me as well: it's probably part of human nature. From Sir John A. Macdonald on, every prime minister has made mistakes, and as I said in my memoirs, I've made more than my share, with every prime minister in Canadian history. Part of the greatness of Sir John was that he was flawed, as I suppose all of us are in some way.

But the most difficult thing in life, I think, is to admit one's mistakes, although it's the most important. Take it from me, it's even harder to do so in public. I hope others will do the same with their mistakes—if not for me, for my family, because it's the right thing to do for me and for them.

● (1300)

[*Translation*]

So ladies and gentlemen of the committee, I thank you for having taken the time to listen to me. I wish you all happy holidays with your families as well as a Happy New Year.

[*English*]

Thank you very much.

**The Chair:** Thank you, Mr. Mulroney.

Clearly, there are some discrepancies in the testimony that we have received from two witnesses. It would appear that there will be more questions of interest and we likely will be asking you, once again, to come back some time in February or later. We hope that you will be able to come back to further clarify, if necessary, any outstanding matters. And I share with you the extension of the wish, to all, of a very Merry Christmas.

**Right Hon. Brian Mulroney:** I thank you, Mr. Chairman, in particular for your courtesy.

**The Chair:** Thank you, sir.

The meeting is adjourned.

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