

*The Exchange*

# Perfectly Frank

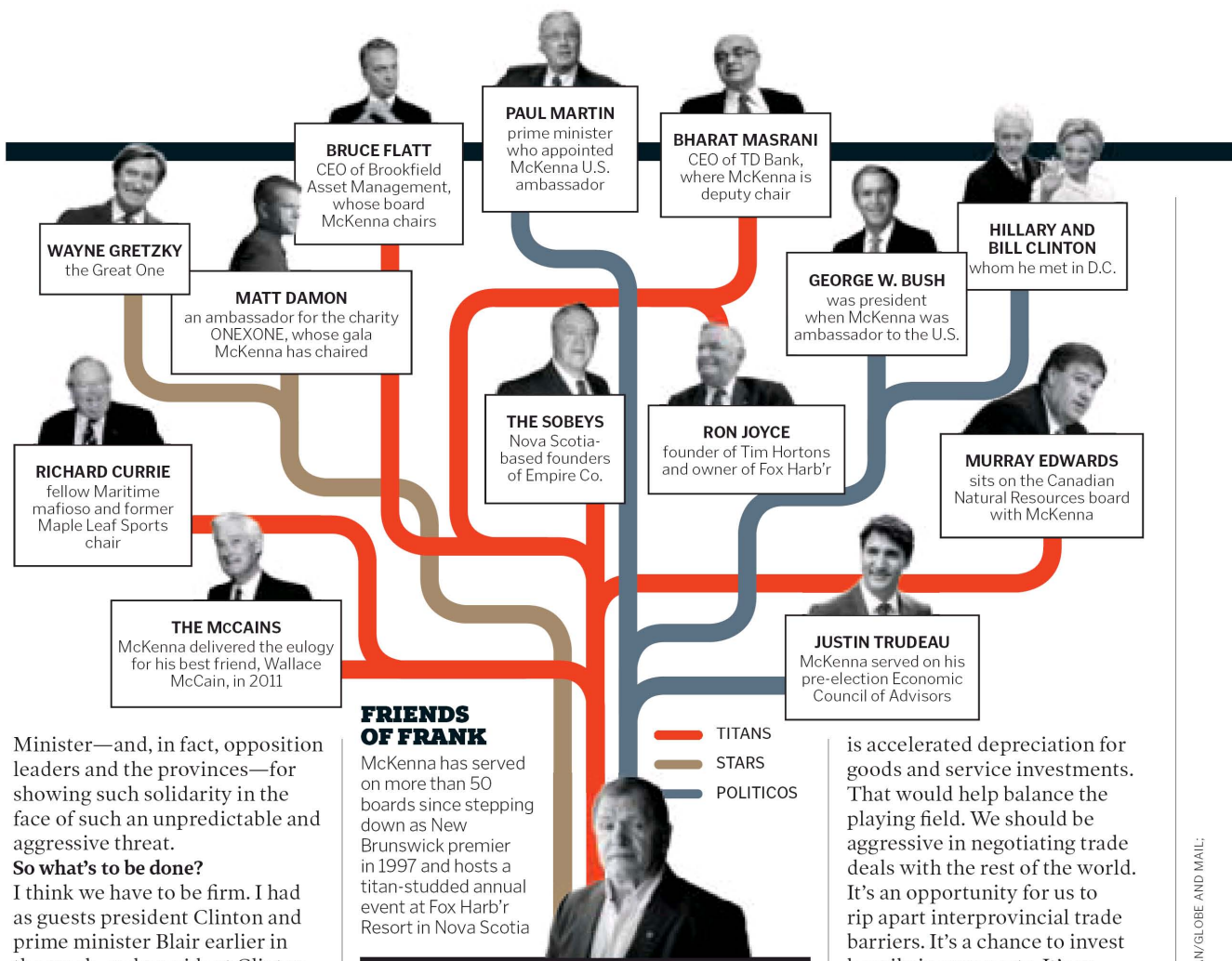
Donald Trump's trade war is an all-out assault on Canadian business. But uber-connected former U.S. ambassador and premier Frank McKenna sees an unexpected opportunity—and a much darker threat

*by Trevor Cole*

It's never surprising to see Frank McKenna in the middle of the action, fists up. As a young lawyer, he took on a high-profile murder case and got boxer Yvon Durelle acquitted. As premier of New Brunswick, he was a key player in the negotiations for Canada-U.S. free trade in 1987 and for NAFTA six years later. As Canada's ambassador in Washington, he fought for our softwood lumber industry and called out the U.S. government as "dysfunctional." Today, as deputy chair of TD Bank, he's developing relationships across Asia, the Middle East and Europe. But he's quick to jump in when the political temperature rises at home. In July, shortly after sending an email to *The Irish Times* calling President Trump a bully, he hosted an event at Nova Scotia's Fox Harb'r Resort featuring former U.S. president Bill Clinton and former U.K. prime minister Tony Blair. At a time when the Trump administration is vandalizing international alliances, it's useful to turn to someone with McKenna's political connections and fighting spirit.

**I want to start by getting your view of Donald Trump's tariff assault on Canada.**

I've been in the middle of some pretty intense negotiations with the United States. The stakes here are very high. It's been one of the most difficult negotiations I've witnessed. And I applaud the Canadian team, led by Chrystia Freeland and the Prime



Minister—and, in fact, opposition leaders and the provinces—for showing such solidarity in the face of such an unpredictable and aggressive threat.

**So what's to be done?**

I think we have to be firm. I had as guests president Clinton and prime minister Blair earlier in the week, and president Clinton was very explicit, both privately on the golf cart and before our audience (1), that Canada had to stand its ground, and it was doing the right thing in retaliating against tariffs with tariffs. The U.S. has been very aggressive. It was totally unnecessary to invoke the national security clause to put tariffs on steel and aluminum. A very provocative act. We don't have any choice but to stay in the negotiations but remain resolute.

**Can you perceive any logic behind Trump's unprovoked trade war?**

It's clearly driven by politics. That makes the negotiations very difficult, because the President seems to want not a treaty but a trophy. And it's very hard to get a trophy when your trading partners also have to face the consequences of their decisions. This is not like a business negotiation, where you might be able to shake down a supplier.

**When I spoke with Brian Mulroney**

**FRIENDS OF FRANK**

McKenna has served on more than 50 boards since stepping down as New Brunswick premier in 1997 and hosts a titan-studded annual event at Fox Harb'r Resort in Nova Scotia

1. McKenna has been hosting an annual networking event for politicians at Fox Harb'r—which boasts a private runway—since 2003.

2. According to the Churchill Institute, he actually said, "Meeting jaw to jaw is better than war." Statesman Harold Macmillan tweaked it four years later to, "Jaw, jaw is better than war, war."

**last fall about the prospects for NAFTA, he was sure Congress would step in if needed. I don't know if he's still so confident. What's your view?**

I think Congress is helpful to us as a shield rather than a sword. It's the majority belief in the legal community that in order to tear up NAFTA, it would have to be approved by Congress. And I don't think the President can get that through Congress. But they haven't shown the resolution or conviction to actually stand up and try to attack directly the President's trade agenda, even though they don't agree with it. **Should Canada attack this from another angle, maybe by becoming ultra-competitive against the U.S.?**

I think this represents an opportunity for Canada to address some long-standing competitiveness issues. We probably should address at least one part of the tax issue, and that

is accelerated depreciation for goods and service investments. That would help balance the playing field. We should be aggressive in negotiating trade deals with the rest of the world. It's an opportunity for us to rip apart interprovincial trade barriers. It's a chance to invest heavily in new ports. It's an opportunity to get pipelines to tidal waters so that our oil can end up on world markets. This is an opportunity, as all crises are, for Canada to be more competitive, more self-sufficient and less reliant on the U.S.

**You have been complimentary of Chrystia Freeland. As she fights to save NAFTA, do you feel her attention is on these other issues?**

In my observation, she has a very wide bandwidth. But I don't think this issue would be her sole prerogative. The Prime Minister and the Minister of Finance and the whole of government need to be seized with this issue.

**But are they? Have you talked with Justin Trudeau about this?**

I haven't. I've spoken with him on some different issues, but it was before we reached this state of accelerated crisis. After the G7, I think things have taken on a very new complexion. We're in uncharted waters.



**When a president like Trump circumvents normal channels and attacks governments and officials directly, what role are diplomats left to play?**

[Laughs] That's interesting! I have huge sympathy for U.S. Ambassador Kelly Craft in Ottawa, who I think is doing a wonderful job under very challenging circumstances. We exchange emails from time to time, commiserating about this. But, you know, there's still a role for diplomacy. We're lucky we have guardrails that regulate waterways and the borders, and NORAD and so on. These guardrails, even under assault, keep the relationship on track.

**You and I are talking just as Trump is meeting with Putin in Helsinki. What are your thoughts on that?**

I think, as Churchill once said, it's better to jaw, jaw than war, war. (2) What worries me is the subtext to it all, and that is that the President of the United States seems to revel in attacking his allies and enjoys the comfort of his enemies.

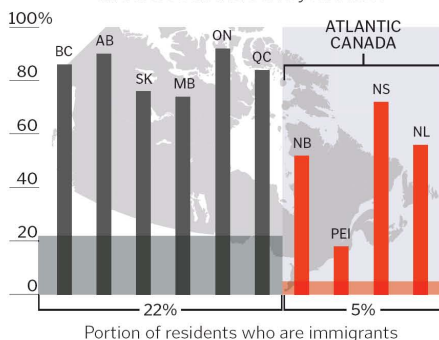
**You mentioned your recent event with Mr. Clinton and Mr. Blair. What concerns did they express?**

In both cases, there's a well-articulated concern about the current populism that seems to be sweeping the world, and how it's undermining existing institutions, and has the potential to lead us down a pretty dark and dangerous path. Part of the rallying cry for these populist movements is essentially an anti-globalization and anti-immigrant message. The real explanation for the anxiety in these countries is automation and innovation, which is replacing workers at a much greater rate than immigration. We haven't done a very good job of dealing with that anxiety, and providing the skills and tools for a changing workforce.

**You have said, "Nobody today is defending immigration and global trade." Why not?**

We've been complacent. We've taken for granted that everybody would see the benefits of free

Percentage of immigrants who arrived in 2010 and were still there five years later



**3. The three-year Atlantic Immigration Pilot program began in 2017 to attract—and retain—2,000 skilled immigrants and their families to the region.**

**4. Gerrymandering is the practice of manipulating electoral boundaries to establish political advantage. In North Carolina, for instance, congressional maps were redrawn to disenfranchise Democratic voters; the maps were recently struck down by a federal court.**

**5. Finance Minister Bill Morneau endured accusations of conflict of interest by sponsoring C-27, a bill affecting pension rules, while holding shares in the pension consulting firm Morneau Shepell. The Federal Ethics Commissioner cleared him in June.**

trade, for example. We haven't addressed the anxiety of people who feel others are taking their jobs. And you get cognitive dissonance. Here in Atlantic Canada, if you polled people about immigration, you would find the majority opposed to bringing more people in, on the grounds that we have lots of people here still looking for work. Yet, there's hardly an industry here that doesn't have "help wanted" signs up.

**The U.S. is shutting its doors at the same time the Atlantic provinces need people. If Canada were more agile, we could pounce on that and turn it to our advantage.**

That would be near the top of my to-do list: Take advantage of this crisis on a number of levels. We've got spectacular universities in Atlantic Canada, and they're all straining to fill their seats. We should, with the assistance of the federal government, have a campaign to bring in the best and brightest students, many of whom are now turned off going to the United States. We should be recruiting some of the best minds on the planet and building Canada so the United States and other countries have to deal with us.

**Has the Atlantic Immigration Pilot program had any impact? (3)**

It really has achieved success. It's early on, and industry is just learning how to use it, but we're seeing a huge amount of take-up. It's become a powerful weapon. **You've said that, in many ways, the world is a better place than it has been—healthier, more prosperous. But for people who care about truth, democracy, a free press and the rule of law, the future seems bleaker. What do you say to them?**

We're witnessing a whole set of issues we're not familiar with. A lot of the social media tools are brand new to us, so we haven't figured out how to deal with them. In the U.S., there are structural issues that make the democracy less robust than it should be. One of them is gerrymandering. (4)

George Bush Jr. once told me it was the biggest single cause of polarization in the U.S. So we're seeing much more extremism, and those who represent forces of moderation are doomed to failure. On top of that, you have the almost unlimited amount of money that flows into American politics. Then you get voter suppression—there's probably as much effort made to suppress votes as there is to get out the vote. On top of that, you get outside influences, such as the Russian meddling. If this is where the world is going, we need to be careful.

**When you speak to business leaders in Canada, do they express concern about the state of politics?**

There are a couple of areas that worry businesspeople. One is the calibre of candidates today. There's no doubt we have fewer accomplished candidates entering public life. For one thing, social media and the attack potential scare people off. And it used to be that we'd always have some highly qualified business leaders in cabinet, so governments were more centrist. Now, conflict-of-interest rules make it almost impossible for business people to get in. You saw what Morneau went through. (5) Any successful person looking at that would say, "Why the hell am I going to go through that?" We should be welcoming people into public life, not putting obstacles in their path. **Would you enter politics today?** I'm not sure I would.

*Trevor Cole is the award-winning author of five books, including The Whisky King, a non-fiction account of Canada's most infamous mobster bootlegger.*

