

# The Canadian Council Of Chief Executives: Northern Oligarchy

*Morgan Duchesney*

Why does Canada's most influential and powerful business lobby group rate only three mentions in a mainstream newspaper like the *Ottawa Citizen* throughout 2010? The Canadian Council of Chief Executives (CCCE) has somehow maintained a lower profile than its powerful but lesser cousins, the Canadian Association of Petroleum Producers and the Canadian Chamber of Commerce.

Recently however, new CCCE chief John Manley has significantly raised the organization's profile since taking over from Thomas D'Aquino in January, 2011. Manley recently wrote an open letter in the *Ottawa Citizen* to the Ontario Minister of Finance and, unlike his predecessor, has been issuing regular public statements in the media. The political influence of the CCCE, formerly known as the Business Council on National Issues (BCNI) is matched only by the vast gulf between their interests and those of the public. According to Noam Chomsky, writing in *Hopes and Perspectives*:

...[Government] policy conforms to expressed ideals only if it also conforms to interests. It is important to stress again that the term 'interests' does not refer to the interests of the domestic population, but the interests of the concentrations of power that dominate the domestic society....Lawrence Jacobs and Benjamin Page find, unsurprisingly, that the major influence on policy is 'internationally-oriented business organizations...' (Chomsky, N. 2010)

These realities are not lost on the modern equivalent of Walter Lippmann's dangerously

bewildered herd, who constitute:

...the majority of the world's informed, engaged and connected citizens [who] believe large corporations have too much influence over government and wield more power than governments... [they] back aggressive action by their governments to regulate the activities of national and multinational corporations. (*Ottawa Citizen*, Jan. 2, 2008. A3)

Walter Lippmann, author of *Public Opinion* in 1922, is widely considered to be the father of the public relations industry. Lippmann's disdain for grassroots participatory democracy led to his belief that public consent for elite-generated policy must be manufactured in liberal democracies where harsh totalitarian methods are impractical. Lippmann played a major role in the anti-German propaganda campaign that brought the United States into the First World War in 1917.

For the sake of balance and accuracy, I offer this descriptive account from the CCCE's official website. Ironically, the members of this "not-for-profit" organization generate billions in annual profits:

The Canadian Council of Chief Executives (CCCE) is an association of Canada's business leaders committed to the shaping of sound public policy in Canada, North America and the world. The non-partisan and not-for-profit organization was founded in 1976 as the Business Council on National Issues to enable public-spirited leaders from every region and every major industry to devote their time and energy to addressing key issues that affect the country

as a whole... The members of the Council include the chief executive officers of some 150 leading Canadian corporations and Canada's pre-eminent entrepreneurs... Reflecting the need for a clearer identity worldwide, it also changed its name to the Canadian Council of Chief Executives. [www.ceo-council.ca/en/about/history/phpL](http://www.ceo-council.ca/en/about/history/phpL) 2010)

In December, 2010 I tried unsuccessfully to interview Thomas D'Aquino, the former CEO of the CCCE, to ask a few questions and present a few challenging notions for discussion. My request was rejected with ill-concealed pique by CCCE vice president of policy and communications Ross Laver, who informed me that my philosophy was excessively idealistic and divorced from the realities of the "real world." His annoyed reaction brought to mind the words of Bagehot, whom Lippmann quotes as saying, "Above all things, our royalty is to be revered, and if you begin to poke about it, you cannot reverence it." (Lippmann, p. 150)

While D'Aquino has been noted for his eloquent praise of the CCCE's policy accomplishments, he is also capable of vast understatements such as this remark from his recent send-off dinner faithfully recorded by *Policy Options* editor and CCCE supporter L. Ian MacDonald, "Tom D'Aquino said the council's influence has little to do with its member companies having \$800 billion a year in sales. Actually, that's half the Canadian economy." (*Ottawa Citizen*, Oct. 31, 2010. A1) Mr. MacDonald also commented that, "No one would be surprised if Democracy Watch demanded the guest list and howled with outrage at the corporate elite rubbing shoulders with the political class – the people who own the country socializing with the ones who run it." (*Ibid*) I think Democracy Watch and other informed

Canadians are more concerned with the potentially-negative implications of the secretive intertwining of economic and political power.

### **Mega-Lobbyists**

Most Canadians are unaware of the degree to which private economic power marginalizes the influence of working people and their elected representatives. Before turning to recent examples of the CCCE's role in crafting legislation and policy for passage by a neutered parliament, I will offer these comments on lobbying from the aforementioned Ross Laver:

[Laver] said the council rarely does much "lobbying" in its meetings with political leaders, "I think it would be naïve to think that there's anything to be gained by getting into a room with the prime minister and twisting his arm, regardless of who that prime minister is." (*Ottawa Citizen*, Oct.

25, 2011. A2)

I can't imagine why lobbyists would bother to meet politicians, if not to influence them and I object more to the behaviour of our elected officials than the profit-driven actions of corporate lobbyists whose job it is to seek their own advantage. In fact, the CCCE is the Canadian grand champion of lobbying:

Overall, the Canadian Council of Chief Executives reported the most meetings with cabinet ministers in 2009. Spokesman Ross Laver said the council was diligent about reporting contacts with public office holders, even when the meeting was a government official attending a larger event hosted by the council. (*Ibid*, Oct.10, 2010. A2)

Unfortunately, not everyone gets to meet Stephen Harper. "Peter Sadik, manager of

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government relations at the David Suzuki Foundation, said his organization has been refused meetings with the Prime Minister so many times, it doesn't even bother asking any more." (*Ottawa Citizen*, Oct. 2, 2010. A2) I'm sure Mr. Sadik could commiserate with fellow outsiders like the Sierra Club of Canada who are obliged to watch men like John Manley breeze in and out of the Prime Minister's Office (PMO) with an aplomb that elected MPs can only envy. As Mr. Sadik concluded regarding the futility of non-corporate actors attempting to lobby Stephen Harper, "That suggests to me that meetings are being conducted by the prime minister in a manner that is not even-handed and reflective of the broad spectrum of interests in Canadian society." (*Ibid*) According to journalists Andrew Mayeda and Mark Kennedy, "Lobbyists for Canadian Industry – particularly those representing the country's leading chief executives and the oil sector – top the list of those who got the most access to Prime Minister Stephen Harper over the last two years, government records reveal." (*Ibid*)

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**The 1986 Competition Act: Privatizing the Legislative Process**

In 1985 the BCNI approached Andre Ouellette, Minister of Consumer and Corporate Affairs, with an offer he didn't refuse. BCNI CEO Thomas D'Aquino had, "...previously decided that Canada needed a new competition act." (Newman, Peter. C. 2008, p. 68) D'Aquino spent \$1 million to hire a team of 25 lawyers who by 1985, "...had produced a 236-page master plan. Incredibly, it became Canada's new *Competition Act*, virtually word for word." (*Ibid* p. 69.) The legislation was soon passed into law with little debate or publicity and Canada's business environment was irrevocably transformed. According to Newman, the 1986 *Competition*

*Act* contained:

...no provisions for class-action laws suits; corporate monopolistic conspiracies were so vaguely defined that they were just about impossible to prove; and prosecutions were moved from criminal to civil courts. It was the only time in the history of capitalism that any country allowed its anti-monopoly legislation to be written by the very people it was meant to restrain. (*Ibid*)

Particularly disturbing was the shift of business crime prosecutions from the criminal to the civil courts, with their greater flexibility and latitude of remedy, which effectively de-criminalized serious financial crimes.

The imperfect American system is much harsher than Canada's and actively discourages corporate fraud with dramatic sanctions like those crushing prison terms inflicted on disgraced Enron CEO Bernie Ebbers and financier Bernhard Madoff. While the *Competition Act* has endured tinkering since

1986, most of its provisions are still in force and Act's effects on the Canadian economy are still being debated.

**Research and Development: Who Pays the Bills?**

The CCCE frequently raises the issue of lacklustre productivity in Canada and offers the trickle-down solution of more corporate tax cuts as the way to inspire businesses to invest in equipment, research and development and employees. The recent global recession aside, there is a simple reason for Canada's productivity failings, as described by noted Canadian author Mel Hurtig who quotes Canadian Auto Workers economist Jim Stanford in a 2007 *Globe and Mail* column. I employ this 2007 comment because the issue of insufficient corporate investment is ongoing:

Canadian corporations are raking in more money than at any time in history. And they aren't spending it on what our economy needs: in this case productivity-enhancing investments in technology and equipment. The corporate sector has amassed a hoard of cash... [There has been] a 50 per cent surge in after-tax cash flow since 2000. Canadian businesses currently sit on \$280 billion worth of cash, foreign currency and short-term paper. (Hurtig, M., 2008, p. 92)

While corporate Canada continues to simultaneously avoid research and development investment while endlessly demanding more tax cuts, the regime of public subsidy for private profit continues unabated under the Harper government's recent *Economic Action Plan*. Such behaviour both supports and encourages belief in the mythology of the so-called free market. According to Mark Milke of the Fraser Institute:

Bailouts and subsidies to business by Canadian governments surpassed \$200 billion between 1994 and 2007, adding up to \$15,126 per taxpayer...our governments have a long history of spending public money on corporate welfare in attempts to pick winners and losers among various business sectors. (*Ottawa Citizen*. Oct. 28, 2009. A4)

Private sector investment may yet increase if recent official sentiments are any indication, "The Bank of Canada has said investment in capital spending by businesses must be a key driver for the economy for coming years." (*Ibid*, Jan. 13, 2001. A4) However, stiff corporate resistance to investment still exists, whereby, "... Jason Myers, president of the CME [Canadian Manufacturers and Exporters], [says] business investment expansion is partly conditional on the federal government following through with its plan to reduce the corporate tax rate to 15 per cent in 2012." (*Ibid*) There is every indication that the Harper government plans to reward Canadian corporations with further tax cuts in spite of their past failure to invest their profits in necessary research and development.

### ***The Security and Prosperity Partnership (SPP) and the New Border Vision (NBV)***

One of the myths of the modern world is that if there are no barriers between nations, they are going to get along. By doing away with borders, we are creating more and more the conditions of violence because borders contain and limit violence. When the world [or North America in this case] is globalized, you're going to set fire to the whole thing with one match. (Girard, R. 2008)

Critics of these old and new North American security plans fear, among other things, the dilution of national sovereignty and the introduction of a continental border and common currency. Ultimately, these critics naturally fear the gradual annexation of Canada and Mexico by the United States, with its overwhelming economic and military advantages. Further, the extreme secrecy of these deals seems as disturbing as any of their provisions; which are ultimately presented to the public as forgone conclusions. The *SPP* finally died because of public opposition to the elitist and secretive behavior of its planners, chief among them the North American Competitiveness Council (NACC), which includes the leadership of the CCCE. "The *SPP* made headlines (and the front cover of the *Ottawa Xpress*) two years ago when police agents provocateurs were exposed disrupting a peaceful protest at Montebello, Quebec. (*Xpress*, August 25, 2009, p. 8) The protesters were opposing the secretive behavior of, "...The Canadian Council of Chief Executives, which serves as secretariat for the NACC." (*Ibid*) The original *SPP* had been signed by Canadian leader Paul Martin, George W. Bush, Mexican President Vicente Fox and the NACC back in 2005 but the deal was ultimately derailed by public pressure in 2009.

While Harper, Calderone and Obama recently "...vowed to 'embrace citizen participation' by holding public consultations in all three countries," (*Ibid*) critics like the Council of Canadians (COC) are understandably skeptical at this sudden and uncharacteristic commitment to public accountability. The Harper gov-

ernment, in spite of its vaunted *Accountability Act*, has been fighting accusations of excessive secrecy since assuming power in 2006. In the early 1990s the COC had successfully exposed and derailed another secret scheme supported by the CCCE. The *Multilateral Agreement on Investment (MAI)*, described as an investor's bill of rights, was cancelled largely due to the public opposition generated by this exposure.

The original *SPP* was ostensibly designed to improve North American security and as "Colin Robertson, a senior fellow at the Canadian Defense and Foreign Affairs Institute, told the *National Post*, "...the agreement is an attempt by the Canadian government to link security to improved access to the U.S. for Canadians." (*Ibid*) In these days of terrorism paranoia, such an attempt might be a cynical but logical way to manufacture public consent for something the public might object to in a less fearful climate. The *SPP* was replete with military terms like "perimeter", since the public use of military terminology has been normalized in our climate of terrorism fear. Inevitably, the *SPP* has become the subject of research by academics like Dr. Laura MacDonald of Carleton University, who is:

...investigating how the absence of general public participation led to the demise of the *Security and Prosperity Partnership (SPP)*. The public was shut out of the closed-door talks between North American leaders, with the exception of big business. "This strategy backfired, and it created an image of secrecy and lack of inclusion that people reacted to, particularly in the U.S.", MacDonald says. (*Xpress*, August 25, 2009, p. 8)

However, the *SPP* may soon be replaced by the *New Border Vision*, the latest secret deal:

...a border management system that will include new common consumer product regulations, a pre-clearance agreement for goods crossing the border to expedite waiting times and the use of advanced technology to utilize biometric data for travelers at airports and land crossings... (*Ottawa Citizen*, Dec. 9, 2010, A3)

Of particular concern to critics of these secret agreements is this proposed use of biometric technology and the attendant privacy concerns. No matter what form the next secret deal takes, the public may rest assured that the unaccountable CCCE will be involved somehow and I believe they would agree with Walter Lippmann in concluding that, "...democracy [still] requires a class of elites to manage decision-making and 'manufacture' the general population's consent for policies that are supposedly beyond their capacity to develop and decide for themselves." (Chomsky, N. 2002, p. 32) Why else would these back-room deals be first hidden from and later imposed on the public if not for fear of "...the rage and trampling of the bewildered herd," (*Ibid* p.16) whom the economic, political and academic elite consider ill-qualified to participate in the management of public affairs.

#### **Investment in 'Job Creators' or Public Risk for Private Profit**

The following statistics from the 2007 Canadian Taxpayers Federation (CTF) report: *On the Dole: Businesses, Lobbyists and Industry Canada's Subsidy Programs* may be slightly dated but that is mainly a function of the severe difficulty involved in wresting timely corporate subsidy facts from Canada's government. The subsidies listed below were paid through Industry Canada's controversial *Technology Partnerships Canada (TPC)* program from 1997 to 2001 and provide a window on the world of public risk for private profit. The fact that a 2007 report can only present 2001 data reinforces the challenge of obtaining such information from the government of Canada through *Access to Information* requests and others means. In any case, the reality of public subsidy for private profit has changed little in the last four years.

Below is a list of CCCE member corporations and an account of the sums they recently received from 1997 to 2001 in the form of grants and low interest loans. The abysmal repayment rate for these so-called loans as calculated by the CTF ranges from 7 to 20 per cent. A frequent *TPC* phenomenon is the generous exten-

sion of repayment terms and/or the transformation of difficult loans into grants.

Bombardier	March 26, 1997	\$87,000,000
CAE	March 30, 2001	\$73,400,000
IBM Canada	March 9, 2001	\$33,000,000
Irving Oil Ltd.	May 28, 1998	\$497,200
RIM	May 31, 2000	\$39,600,000
SNC Lavelin	May 31, 2000	\$8,700,000
MDS Inc.	Sept. 5, 1997	\$2,800,000

This list merely represents those corporations with direct CCCE membership and is in no way a complete representation of Canadian public subsidy for private profit beneficiaries. Of special note are the following CCCE member energy companies who each receive an unspecified share of the, "...up to \$2 billion [yearly] in government subsidies or tax incentives." (*Ottawa Citizen*, Oct. 5, 2010. A3) These companies include:

Canadian Oil Sands Ltd.  
 Direct Energy  
 Enerplus Resources Fund  
 Encana Corporation  
 First Energy Capital Corporation  
 Irving Oil Ltd.  
 Shell Canada Ltd.  
 Suncor Energy Inc.  
 Talisman Energy Inc.  
 Ultramar Inc.

These energy companies, the federal and Alberta governments and certain academic organizations like the Calgary School of Energy and Environment are cooperating to dedicate significant efforts to improving the surface image of Alberta's oil sands. The Harper government has invested over \$15 million in, "...a controversial government and industry communications strategy to boost the image of Alberta's oil sands sector." (*Ottawa Citizen*, Mar. 19, 2011. A2) Such investments are suspect when one considers the findings of a recent federally-commissioned Pembina Institute Report titled *International Green Job Measures* that states:

...investments in the oil and gas industry require the most capital spending and produce fewer jobs than any other sector in the Canadian economy. But the Harper government has dismissed calls, as well as internal advice, recommending the elimination of subsidies for fossil fuel companies. (*Ibid*, Mar.15, 2011. A3)

The government's refusal to eliminate these subsidies in the face of both internal and external advice continues to fuel public speculation that Harper is somehow beholden to the oil industry. At one point Stephen Harper attempted to recruit Encana CEO Gwyn Morgan to the Prime Minister's office and currently employs Nigel Wright of Onex Corporation as his chief of staff. It is unlikely that these men would advise the Prime Minister to reduce the steady flow of public subsidy to corporate Canada. They are actively ensuring that Canada's top paid CEOs continue to enjoy stock options:

...Canadians will subsidize...with \$360 million in taxes that will go uncollected because stock options are taxed at a lower rate [than regular income], according to Hugh MacKenzie, author of *Recession Proof: Canada's 100 Best Paid CEOs* – the Canadian Centre for Policy Alternatives that recently published a report on the 100 top paid Canadian CEO based on the fact that these people earn 155 times more than the average Canadian worker. (*Ottawa Citizen*, Jan. 4, 2011, A2)

According to the report, "...they [CEOs] earned an average of \$6.6 million in 2009, compared to \$42,988 for the average Canadian." (MacKenzie, p. 10) Canadian workers do not begrudge these elite business knights their generous pay and benefits but they do object to those wages still being paid when businesses fail or at times when workers are losing their jobs.

### **Profitable Intimacy among Canada's Business and Political Elite**

In a quiet display of ruthless hypocrisy, Canada's TD, RBC and Bank of Nova Scotia, all CCCE members, proudly claimed that they had required no public bailouts like American

banks during the recent U.S. financial crisis, but "...a list revealed by the U.S. Federal Reserve on Wednesday revealed the country's [Canada] five big banks tapped U.S. government funds when private lending channels seized." (*Ottawa Citizen*, Dec. 2, 2010. A2.) In defence of Canadian bankers, the Fed said, "Participation in the [loan] programs reflected the severe market disruptions during the financial crisis and generally did not reflect participant's financial weakness." (*Ibid*) Perhaps it merely reflected the banks' refined tendency to opportunism.

I will now offer a few comments on the elevation of former Liberal Industry Minister John Manley to the position of CEO of the CCCE. His elevation provides an excellent example of someone who worked his way into an influential position by understanding the corporate-government nexus and consistently demonstrating a strong commitment to the needs of private economic power.

John Manley, it seems, is eminently qualified for the role of corporate lobbyist, having served as public loan officer for corporate Canada during his term as Industry Minister. Not surprisingly, Canada's considerable debt and deficit did not preclude the provision of generous corporate welfare where it was deemed necessary. In an act of enormous entitlement and hypocrisy:

...Canadian Steamship Lines [Paul Martin's family firm] and its subsidiaries have received \$161 million in contracts, grants and contributions from the [federal] government over the last 11 years [1993-2003] (...) Liberal house Leader Jacques Saada released a letter with a detailed accounting of grants and contracts that CSL-related companies received since 1993. It showed that CSL companies were awarded 420 contracts and contributions worth \$45 million during the nine years that Mr. Martin was finance minister. (*Ottawa Citizen*, Feb. 3, 2003, A1)

The fact that Finance Minister Martin had secluded himself from CSL and assigned his sons to manage his business in no way detracts from the sheer unacceptability of a serving cabinet minister's private and highly-profitable cor-

poration receiving public money. I place CSL here rather than in the previous CCCE specific section because CSL is not an official member of the CCCE. However, if a sense of entitlement to public funds is a prerequisite for CCCE membership, CSL is overqualified. Ironically, this gift was delivered during Martin's reign as deficit slayer during the late 1990s, a period of so-called fiscal restraint that fell:

...between April 1, 1982 and March 31, 2006 when Industry Canada doled out \$18.4 billion in various types of assistance... [and] more than half has been authorized since Ottawa's books were first balanced in 1997/98. The top 50 recipients account for a third of all assistance." (*On the Dole: Businesses, Lobbyists and Industry Canada's Subsidy Programs*, 2007, pp. 6-9)

While some of this money was supposedly delivered in the form of repayable loans, details are sketchy. It may take another ten years before this information is made available to public researchers and even when records are available, many obstacles are erected to restrict access:

When the Canadian Taxpayers Federation asked for repayment records of loan recipients back in 1998, the requests were denied. Again in 2002, requests were denied, but official complaints filed with the information Commissioner were successful and repayment records slowly came to light. "Less than 20 per cent of the so-called repayable has been returned, which is approximately 7 per cent of all authorized payments." (*Ibid*, p.12)

A pity that indebted university students and small business owners don't receive the same largesse or enjoy the privilege of having their unpaid debts miraculously converted to grants by the invisible hand of Industry Canada.

## Conclusion

If current and past Canadian governments largely ignore the interests of working people to favour those of powerful elites like the CCCE, how do we protect ourselves from the machinations of people who, according to Clive Hamilton,

“...are ‘more interested in commerce than humanity’ as Thoreau wrote, and who are, to put it most charitably, misguided and self-interested?” (*Adbusters*, Nov. 22-28, 2010 p.26.) To reiterate, public apathy is exacerbated mainly by the growing belief that government serves the interests of working people only if those interests coincide with the needs of concentrated economic power. This apathy expresses itself in people’s isolating and passive fascination with celebrity worship, professional sport, reality television and reflexive consumerism. The alternative to such isolating practices is communal engagement and regular participation in various forms of positive social activism to combat the corrosive influence of anti-democratic organizations like the Canadian Council of Chief Executives.

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*Morgan Duchesney is an Ottawa writer and Karate instructor who has published work on social justice, international affairs and martial arts. He holds an MA in Political Economy from Carleton University.*

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