

Peter Munk arrived penniless in Canada from war-torn Europe. But he brought giant ambitions and a grateful heart, as he began a remarkable journey toward becoming one of this country's greatest business leaders and philanthropists

# A DEBT REPAID IN FULL

By Simon Avery



**Peter Munk had an uncanny ability to spot opportunities, the drive to pursue grand visions and the courage to create.**

When Mr. Munk died in March 2018, at the age of 90, he left a sweeping legacy – as founder of the world's largest gold producer, financial saviour of one of the largest international property developers, builder of Porto Montenegro (a superyacht marina on the Adriatic coast dubbed “the new Monaco” by *Forbes*), and a prominent philanthropist who helped make Canada a global leader in cardiovascular care and research.

**'A SIXTH SENSE'**

Unlike many billionaires who make their wealth in a single industry, Mr. Munk pursued disparate ventures in numerous countries and succeeded across multiple sectors.

In the early eighties, when he founded what would become Barrick Gold Corp., he made a point of letting people know that, in contrast to most executives in the field, he wasn't a “gold bug.” He looked at the gold-mining business with an outsider's clarity and decided the best way to attract investors to the notoriously volatile sector was to limit both risk and upside by hedging against the future price of gold. Other producers thought he was crazy. Why would you build a gold business and then bet against the precious metal? But the market had the answer: In Barrick's first 10 years as a public company, its valuation soared. By 1993, 10 years after Barrick's initial public offering on the Toronto Stock Exchange (TSE), \$1 initially invested in the company was worth \$158.

When his holding company acquired real-estate giant Trizec Corp. in 1994, he was, by his own admission, “not a real estate guy.” Nevertheless, the firm, renamed TrizecHahn, quickly acquired an expansive portfolio of such iconic properties as Chicago's Sears Tower, the Watergate Office Building in Washington, D.C., and management of Toronto's CN Tower.

Mr. Munk was a risk-taker, but his keen eye for opportunity seldom let him down.

“Peter Munk is in the business business,” Canadian corporate chronicler Peter C. Newman wrote in 1996. “[He has] a sixth sense of knowing when and where and how to move.”

**'FINDING 'PARADISE'**

Mr. Munk was a man blessed with eternal optimism and charm, and the traits of a natural salesman. Underneath it all, he was a man galvanized to succeed, driven by what he called an “immense debt” to the country that had welcomed him and his family from war-ravaged Europe. His intense patriotism ensured that Barrick, through all its ups and downs, remained a Canadian-based global mining company, and, for the most part, he directed his philanthropy to causes he believed would strengthen his country.

Born into a wealthy Jewish family in Budapest on Nov. 8, 1927, he was 16 years old when, in the the spring of 1944, Hitler ordered Nazi troops to occupy Hungary. Mr. Munk's paternal grandfather, Gabor, arranged for the escape of 14 immediate family members on a train to Switzerland. The small group included Peter Munk, his father, Lajos, and his grandfather – but, because his parents were divorced, his mother was left behind in Budapest and deported to Auschwitz. The family would survive the Holocaust, including his mother, but it would cost them everything they owned.

In 1948, at the age of 20, Peter Munk arrived in Canada with a student visa. He spent his first year as a Grade 13 student at Toronto's Lawrence Park Collegiate Institute learning English, then enrolled at the University of Toronto (U of T). He spent his summers working on a tobacco farm in Delhi, Ont. Back on campus, he began his first business by recruiting fellow students to sell Christmas trees. He graduated from U of T in 1952 with a degree in electrical engineering and a love of his newly adopted country. After the dehumanizing regime in Nazi-occupied Europe, he could only describe Canada as “paradise.”

Again and again, he would gently chide native-born Canadians for taking their country for granted. “You will never appreciate the immense debt I have,” Mr. Munk told an audience gathered at Toronto General Hospital in September 2017. He was at the hospital to announce the \$100-million gift that he and his wife, Melanie, had made to the Peter Munk Cardiac Centre – the largest donation to a Canadian hospital – but

his speech that day centred on his love for his adopted homeland. “To do what I can to help this country, to help repay this country, is never enough.”

Seventy years later, Mr. Munk would still be talking about those formative years with a sense of wonder and gratitude for the generosity of his Canadian classmates. “They were there to show me what a hot dog is, because



TOP:  
Peter Munk's 1948  
Hungarian passport.

BOTTOM:  
Peter Munk, age 20,  
aboard an ocean  
liner on which he  
sailed from Liverpool,  
England, to Halifax  
when immigrating to  
Canada in 1948.  
PETER MUNK ARCHIVES



I'd never heard of a hot dog. They showed me how to eat doughnuts at the University of Toronto, which made me Canadian," he said in his speech at Toronto General Hospital. "They treated me like a brother."

#### PURSuing EXCELLENCE

By the time of Mr. Munk's death last spring, the Peter and Melanie Munk Charitable Foundation had donated almost \$300-million to health care and education. Having promised to leave most of his fortune to his foundation, Mr. Munk's philanthropy will continue well into the future with the guidance of his wife.

Mr. Munk always dreamed big, unwilling to settle for half measures. In his philanthropic efforts, that meant a strategy to enhance Canada's stature as a global leader. In today's world of volatility and conflict, the country's open-mindedness and diversity is a beacon, he told the crowd during the Toronto General Hospital speech. "Canada must become the moral guidance for the whole world."

He believed that improving health care provided one more testament to the world that it should aspire to Canadian values and accomplishments. But the country's national healthcare system could only provide the framework, he noted. It could not "play favourites." Pursuing the highest levels of excellence falls to philanthropists, he said.

"Excellence means [having] that extra heft, which comes from the top people," he said. "But the top people will only come here...if you give them the tools to achieve their breakthroughs; if you give them the diagnostic and technological means to excel and to come up with breakthroughs." That's where philanthropists can come in, continued Mr. Munk. "We can provide the extra funding that the government cannot. And that extra funding can make the difference."

His gifts to the Peter Munk Cardiac Centre have indeed made a difference in cardiac care in Canada and around the world, and they have helped the centre become a pioneering, world-leading institution on the cutting edge of cardiac care. All told, since 1993, the Munks have donated \$177-million to Toronto General & Western Hospital Foundation. A \$37-million gift in 2006 transformed the Peter Munk Cardiac Centre into a state-of-the-art facility with advanced techniques and procedures. Another \$19.5-million gift in 2011 was used to establish four chairs in advanced cardiac therapeutics, aortic disease research, cardiovascular molecular medicine and multinational clinical trials – all four chairs now occupied by some of the country's most innovative researchers, leading the charge to improve



ABOVE: In 1958, Peter Munk and David Gilmour founded Clairtone Sound Corp., manufacturing high-end stereo consoles with modern Scandinavian design.  
PETER MUNK ARCHIVES

OPPOSITE PAGE  
TOP: Dr. Robert Bell (left), former President and CEO of University Health Network, with Melanie and Peter Munk in 2006, when the Munks donated \$37-million to the Peter Munk Cardiac Centre.

BOTTOM: Melanie and Peter Munk at the 2017 event celebrating their landmark \$100-million donation to the Peter Munk Cardiac Centre.

treatments for heart patients and develop entirely new, life-saving therapies.

Separately, at his alma mater, Mr. Munk and his wife, Melanie, donated \$47-million to create the Munk School of Global Affairs and Public Policy at U of T. Another \$12-million was given to fund the semi-annual Munk Debates, which have achieved international recognition by bringing public intellectuals and thought leaders to Toronto to debate major policy issues. Separately, the Munks have given \$40-million to the Technion – Israel Institute of Technology in Haifa, Israel.

#### FIRST LOVE

Mr. Munk's business ventures matched his philanthropic projects in ambition. After graduating from U of T, he teamed up with David Gilmour, a furniture importer, to blend high-fidelity sound equipment and modern Scandinavian design. Armed with this novel idea and \$2,800 from the father of Mr. Munk's first wife, Linda Gutterson, the pair of charismatic self-promoters founded Clairtone Sound

Corp. to manufacture high-end stereo consoles in a small factory in a Toronto suburb. They hired the political strategist Dalton Camp to create smart advertising, as well as future presidential speechwriter and columnist William Safire to promote the company in the United States. Then they began winning endorsements from celebrities who fell in love with their product, including Oscar Peterson, Frank Sinatra and Dizzy Gillespie.

Clairtone went public on the TSE in 1963, and the two entrepreneurs were celebrated as Canadian visionaries. "Nothing at all thrilled my father so much as seeing his upstart company listed alongside Canada's old guard," Mr. Munk's daughter Nina Munk wrote in her 2008 book *The Art of Clairtone: The Making of a Design Icon*. She recalled her father telling her: "In those days, the TSE was as WASP as you can get. I was not only not WASP – I was Jewish, I was an immigrant, and I had an accent."

But for once in his life, Mr. Munk's big dreams got too far ahead of him. Lured by financial incentives from the Nova Scotia government, Clairtone moved its manufacturing operations to Stellarton, a remote coal-mining town. The move was disastrous, creating both supply-chain and labour problems for the young company. At the same time, Mr. Munk was distracted by an opportunity to buy the exclusive assembly rights of Toyota and Isuzu vehicles in Canada, a move that was both prescient and ill-timed.

In 1967, as Clairtone unravelled, Mr. Munk and Mr. Gilmour lost control of the company to the Nova Scotia government. "My father remembers it as the worst year of his life," Nina Munk wrote in her book. Clairtone was

Mr. Munk's first business and his "first love," she added: "Measured coldly in dollars and cents, it was his smallest and least-successful company; yet nothing my father has done since then has affected him the way Clairtone did."

Years later, Mr. Munk spoke about the collapse of the company in a *New York Times* interview, describing how the ordeal had taught him to be more cautious. "Clairtone was the single most formative experience in my life because it was so traumatic," he said. The greatest takeaway from the experience was that it gave him "self-confidence" as he set Barrick to go up against mining competitors Newmont Mining Co. and Placer Dome.

Mr. Munk and Mr. Gilmour headed to London to embark on their next venture – building a resort in Fiji that would grow into Southern Pacific Properties, a chain of more than 50 hotels around the Pacific Basin.

#### A GOLDEN LEGACY

Mr. Munk returned to Canada in 1979, and, two years later, sold Southern Pacific Properties, netting himself some \$100-million, out of which came the seed money for Barrick.

If Clairtone was his first love, Barrick was to become his corporate legacy. The company started as a small oil-and-gas concern called Barrick Petroleum. Before long, however, he saw that gold offered far more opportunity; it was out of favour, prices had tumbled, and South African output was declining.

He transformed his new company into Barrick Resources, a low-cost North American gold producer that grew quickly by making one opportunistic acquisition after another, yet limited its risk by hedging against the future price of gold. The company's \$62-million (US) purchase of Nevada's Goldstrike mine in 1986 proved to be not only shrewd, but legendary. The mine was valued in expectation of holdings of 600,000 ounces. But actual holdings turned out to be more than 35 times greater, giving Barrick one of the richest known deposits on Earth. Suddenly, the company and its founder vaulted into the big leagues.

With Mr. Munk at the helm, Barrick continued to acquire. In 2006, it spent an industry record of about \$10-billion (including debt) to purchase British Columbia-based Placer Dome. Barrick's market value peaked in 2011, but when the company paid \$7.3-billion that year to acquire the copper company Equinox Minerals, investors balked and the share price began a long slide from which it has yet to recover.



On the eve of his departure from Barrick at the age of 86, Mr. Munk gave an interview with *The Economist*, offering some closing thoughts on his business career: "How else can you build a company unless you believe in your views, unless you articulate those views, and unless you are prepared to live and die by those views?" he asked rhetorically.

#### END OF AN ERA

Mr. Munk's passing on March 28, 2018, at the age of 90, was keenly felt – in the Canadian business community, in the philanthropic community and at his namesake centre, the Peter Munk Cardiac Centre.

Writing on Twitter, Prime Minister Justin Trudeau said of Mr. Munk: "He was an immigrant who came to Canada with big dreams, surpassed them beyond any imagination, and shared his good fortune through historic philanthropy. Thank you, Peter Munk, for your enormous contributions to our country. You will be missed."

Toronto mayor John Tory said, "Peter Munk was a business legend. But more importantly, he was a legendary good citizen." And former Prime Minister Stephen Harper said, "His life serves as an inspiration for us all."

At the Peter Munk Cardiac Centre, messages of condolences poured in from employees and patients. Messages such as these: "My husband has had two major heart surgeries. This place has saved his life."

"Thank you for giving our mother a new lease on life. Without your generosity, that may not have been possible."

"My brother is here today thanks to the amazing care he received at the Peter Munk Cardiac Centre. Thank you so much, Peter Munk, for your contributions. You have helped the lives of so many."

At Toronto General Hospital in September 2017, giving what would be his closing public remarks on his philanthropic career, Mr. Munk echoed the same fierce resolve that characterized his entire life. "Please remember, we are not talking about charity," he said, referring to his many gifts to the Peter Munk Cardiac Centre. "We're talking about repaying a debt. That debt comes from the 14 people, including me, [who were] needy, with zero to offer, no skills, no money, nothing to contribute but with our hands out [asking] 'Please help us, please take us in, please look at us as human beings.' That was me, my father, my 87-year-old grandfather...."

"How can you thank me? It is for me to thank you. Every dollar I give, everything I have been able to offer, has been because I was taken into this country." ■