



# The 1988 Free Trade Election

A CAMPAIGN FOR THE AGES

Robin V. Sears

“I believe you have sold us out.” The defining moment of the 1988 leaders’ debate on free trade in which John Turner accused Brian Mulroney of selling out Canada to the United States. As Robin Sears writes, it was the most consequential campaign of the modern era. *Montreal Gazette* archives

**Robin Sears saw the famous 1988 campaign through the prism of the opposition, as national director of the NDP and a top campaign strategist for party leader Ed Broadbent.** “The choice could not have been more fateful,” he writes. “It literally decided the fate of the nation for a generation.” And with hindsight, he writes, Brian Mulroney was right, and the opponents of free trade were wrong.

C’est dans le camp de l’opposition que Robin Sears a participé à la célèbre campagne électorale de 1988 sur le libre-échange. « Un scrutin d’autant

plus fatidique qu’il a littéralement façonné le destin du pays pour la génération suivante », écrit celui qui était alors stratège de campagne et directeur nation-

al du NPD dirigé par Ed Broadbent. Et qui avoue rétrospectivement que Brian Mulroney avait raison contre tous les opposants du libre-échange.

**C**ampaigns that hinge on adolescent insult and Family Packs, ‘invisible crime waves’ and Le Bon Jack’s cane are what Canadians get in elections today. Strange that the political marketing geniuses who devise these tortures don’t seem bothered that every year they clearly irritate us more as fewer and fewer of us even vote.

Canadians without grey hair might be astonished to learn that nearly 25 years ago we held an election about big issues, one that seized national attention for months, that was

fought with passion and seriousness, and incredibly, with respect for voters’ intelligence.

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The 1988 federal election campaign was almost a year long, from preliminary sparring until the final aftershocks died

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away. The campaign period itself was much longer than today, running for seven weeks through October and November of that year. If recent Canadian history were any guide it should have been yet another campaign about our perennial constitutional rows. The premiers agreed on the Meech Lake Accord just five months before the draft of the Free Trade Agreement (FTA) on October 3, 1987. But despite its wrenching impact on Canadian politics later, it was the FTA that came to dominate the media and politics throughout the winter and the whole of 1988.

**S**canning old newspapers from the campaign, it is stunning how much greater the dominance of federal politics was then in every news organization's allocation of resources, space, and time. Today, few media companies staff every leader for a whole campaign; then, many had more than two reporters on each campaign bus. Then, a front page headline or the lead in a TV newscast was almost always related to the campaign. The CBC's long gone news analysis and interview show *The Journal* – still missed by news and political junkies two decades later – devoted ten-minute slots to campaign profiles and even longer panel discussions on the free trade issue throughout the campaign.

In a foretaste of the role of PACs and super PACs in American politics a decade later, the business community and friends of the Mulroney government had mobilized an independent free trade support coalition to defend the deal. The opponents attempted to match them, organizing a similar anti-

coalition, and mobilizing huge public rallies against the deal, but it was never an even contest. The pro-FTA forces had money, access to the media, and even to their own employees through corporate communications, far beyond anything the NDP, Liberal, labour movement, and arts community were ever able to marshal.

Each side nonetheless did extensive advertising, printing pamphlets and bumper stickers by the hundreds of thousands. The propaganda efforts fueled debates that divided families and friends, and in some cases scarred relationships for years.

The issue of relations between Canada and the United States has run like a bitter bright line through Canadian politics since Confederation. The 1988 battle was even more fierce and hard fought than the previous effort to create a continental marketplace, the Laurier-Borden election of 1911. That round, following similar battles over lesser tariff deals between Laurier and Sir John A. Macdonald, was won by the anti-forces led by Robert Borden, bringing Laurier's 15-year reign to an abrupt halt. It also led to the creation of one of the precursors of the Bloc and the Parti Québécois, Henri Bourassa's Nationalists, founder of *Le Devoir*.

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Given that history, the 1988 fight was replete with political irony. The inventor of the modern dream of a border-free North American economy was Donald S. Macdonald, Liberal finance minister, giant of Bay Street, and progressive liberal.



Prime Minister Mulroney introduces the free trade implementing legislation in the House of Commons in December 1988, following the November 21 election which returned a Conservative majority. PMO photo

His Royal Commission on the Economy advocated “a leap of faith” in favour of free trade, and gave Brian Mulroney, a former critic of such a deal, the political room to advance the issue, despite the Tory history of deep opposition to “continentalism”. Mulroney’s hero, Sir John A., had seen the issue in much the same terms as critics today: from economic integration it is a fast slide to political takeover.

The Liberal Party, champions of the 1911 deal, were rhetorically opposed in 1988, even if a large number of prominent business Liberals – Jim Peterson, Roy MacLaren, and Don Johnston among them – were quiet supporters told to keep their mouths shut. Quebec Premier Robert Bourassa was a bulwark of support for the deal, as was Quebec Inc. Despite the opposition of their forefathers – Henri Bourassa and the Nationalist Party – Jacques Parizeau and the PQ were limp and vacillating opponents of the deal.

The NDP was nominally more united in its opposition though there were several former NDP premiers who muttered privately that there were benefits to the deal for a resource-producing Western Canada. They were right, as key beneficiaries, according to economic impact studies done on the 10<sup>th</sup> and 25<sup>th</sup> anniversaries of the deal, demonstrate clearly that it was BC, Alberta, and Saskatchewan who got the earliest and biggest economic bump.

The labour movement, most of academe, the arts community, the churches, and most of the international development world were vehement in their opposition – at least in English-speaking Canada. The rhetoric was overblown on all sides, as it tends to be in major policy battles, but the choice was real enough. Each side painted horrific portraits of a Canadian future following their opponent’s victory. The NDP opposed the deal on ideological grounds, the Liberals fought for purely partisan ones.

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**I**n 1988, I served Ed Broadbent as co-national campaign director with Saskatchewan veteran Bill Knight. For the federal NDP this issue became a painful dilemma as events unfolded. In a “light switch” election, fought over one issue, it is brutal to be the third party. Voters are driven by the logic of the fight into choosing “A” or “B”. C’s challenge is merely to stay in the game, never an easy task strategically. In that campaign, Broadbent tried hard to introduce parallel messages and alternative perspectives, but by the closing weeks the A or B choice was killing New Democrat momentum. The party dropped half a dozen points in popularity in the final 10 days.

Although my lens then was that of a typical English-speaking Canadian progressive economic nationalist in opposing the deal, my three o’clock in the morning sleepless doubts were spurred by having spent several years working in European politics. The social democratic governments of the day were fighting *for* greater free trade, as a means of anchoring social market policies on health, pensions, training, and so forth in every corner of the European Union.

It was right-wing nationalist conservatives in the UK and France who were in opposition. And, even more disturbingly, it was the smallest EU countries who were the hottest on greater openness to the biggest markets. The hypocrisy and simple inaccuracy of the anti-deal speeches claiming that economic integration was clearly an ideological, and even traitorous evil, would spiral in an endless loop on those nights.

Like many Canadians who had worked with Americans, I was also keenly aware that our ability to enforce any form of trade or legal agenda, if the US Congress was roiling with protectionist anger, was mostly fantasy. The FTA gamble was, despite that uncertainty, we were better off with some framework of agreement when those fights erupted. With the passage of time, like many of its opponents I have come to recognize that was the right bet.

Indeed, the inevitability of such bilateral economic partnerships in the 21st century for every advanced economy is now incontrovertible. Despite that, it seems from early signals that the same players will line up on the same sides for this generation’s free trade battles as they did in 1988.

The issue, then and now, could be characterized as follows, though these sub-texts were never shouted out loud by either side:

“Do you want to gamble your children’s future that the United States [In 2012 read: China] will continue to be our largest and most important trading partner, given the rise of protectionism, the Asian tigers, and a unified European community, without guarantees of access to future jobs and investment. How naïve are you?!”

Or:

“Do you really believe that if we drop our cultural and economic protections as a small trading neighbour of the world’s giant economy that American-owned plants here won’t be shut down and shipped south, and that American companies will not run all over every Canadian competitor in every Canadian town and industry within a decade? How naïve!?”

Exactly a quarter century after the deal was negotiated, on October 3, 1987 – it’s clear that neither side’s horror story would have played out as predicted, and though the benefits to Canada overall are manifest, the initial costs for some sectors and some regions was heavy. The FTA did not suspend the laws of political gravity: American corporations still do use their political muscle to batter Canadian competitors when they feel they have no better alternative. The most frustrating and infamous example is the Softwood Lumber Agree-



ment, which took several governments and another two decades to resolve.

The infamous FTA Chapter 11 was a powerful rhetorical club for the opponents of the deal in the 1988 campaign. This was the “perfidious sell-out” of Canadian governmental authority to the whims of American capitalists, their high priced lawyers, and Congress. It permits American companies to seek to overturn Canadian governmental decisions that do not meet the test of “fair and equitable treatment” set against Canadian competitors. The fear raised by the deal opponents was that Crown corporations, public auto insurance, and even Canada’s medicare system could be overturned by litigious American health insurers and others.

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It has turned out to be a bit of damp squib.

The few cases that have been successfully prosecuted under Chapter 11 have had a mixed, but decidedly not pro-American or pro-corporate, bias. The disputes tribunals appeared to function well. There is little point in pushing a legal case further, as no American court is ever likely to allow a Canadian corporation to win advantage over an American competitor claiming US federal and state law discriminated against them – as the one Canadian firm that tried, painfully discovered. Nor were Canadian courts likely to permit attacks on institutions as core to Canadian sovereignty as public healthcare.

The claim that Medicare was at risk was, after all, another suspension of political gravity – on both sides. No Canadian politician – unless they were tired of living – would ever be party to an attack on Canada’s sacred healthcare system. Justice Emmett Hall, a Saskatchewan icon and one of the fathers of Canada’s health care system, was brought out in mid-campaign to attack the critics’ claims. Some American health insurers did flirt with ramming their way into the Canadian market under Chapter 11. Wiser heads prevailed.

**A**dvocates of the deal did not say much in public about the real intent of such a painfully negotiated and complex deal between nations. Trade was always a secondary target. Tariffs, even non-tariff trade barriers, had been falling year over year since the Second World War under existing global arrangements in the old General Agreement on Tariffs and Trade (GATT) structure, replaced in time by today’s World Trade Organization (WTO).

Few voters realized that the real point of these agreements was to impact investment not trade; local production and therefore exports. In other words, if an American company

can buy out a Canadian competitor, move its production to Mexico, and sell the much more cheaply produced product in each of the three countries, there are large profits to be made. Opponents tried to make the case, but it was challenging to prove that such an outcome was likely as a future hypothetical in the face of constant denials.

A study by Douglas Porter for the Bank of Montreal, on the occasion of this 25<sup>th</sup> anniversary, makes the case clearly. Trade did go up, way up, during the 1990s but then it flat lined and finally fell during the 2008 recession until today. Was the rise due to the FTA and NAFTA, or to the economic boom of the period, or both? The flat line was clearly driven by the rise of the dollar more than anything else. The decline in trade volumes was the product of exchange rate parity since the economic crash.

Canada had a stock of investment in the US of less than \$5 billion dollars in 1970, less than \$25 billion in 1990. It is approaching \$275 billion today. American investment in Canada has grown from \$50 billion on the eve of the FTA to more than \$325 billion today. Each economy is now far more integrated in almost every sector than every before.

*But on the investment side the picture is far sharper and impossible to challenge. Canada had a stock of investment in the US of less than \$5 billion dollars in 1970, less than \$25 billion in 1990. It is approaching \$275 billion today. American investment in Canada has grown from \$50 billion on the eve of the FTA to more than \$325 billion today. Each economy is now far more integrated in almost every sector than every before.*

Political takeover, not so much. For that matter, the economic differences remain important and wide as well. Americans are getting understandably grumpy about Canadians bragging about our fiscal health, better banks, and stronger employment numbers. If the logic of the FTA critics had prevailed, not only should those differences not have emerged, we should by now have seen evidence of creeping political takeover.

The 1988 campaign was perhaps the last pre-modern election in Canada. Strange as it may seem to young political activists today, those working on selling political messages, and those reporting them had to function without email, cell phones, or Twitter. Oh, there were mobile phones, but like the laptop computers of that era they were a pain to operate and very heavy to lug around. Cell signal coverage consisted of spotty, expensive service in cities connected by thin lines. Email systems existed but they were similarly clunky and usually existed within walled corporate gardens.

The campaigns had surprisingly little to work with in comparison with the feedback tools of today. Each party was doing overnight polling, but with the exception of the Conservatives, it was primitive by comparison with today. No one had access to the type of deep qualitative research, broken down by gender, age, and region that every party today uses to test messages in advance, check impact afterward, and plan tweaks to correct for opponents' responses.

Allan Gregg, the pioneering young Tory political researcher, had pushed his party masters to allow him to do intensive riding research on a rolling basis, as well as broader issue and regional polls. It proved to offer the Conservatives a devastating strategic advantage. On election night, I sat for hours in a network television green room, between pundit moments, writhing with envy as Gregg would carefully check the latest reported riding vote totals against his massive binder of riding poll results, and nod muttering, "Yup, nailed that one..."

Unlike today, there were only two political message windows: one in the early morning, and one in the evening. The Broadbent, Mulroney, and Turner campaigns would fling our message of the day, what we called "Gainesburgers" – after an offensive precooked dog food popular at the time – to the waiting journalists in the morning, before everyone trooped onto a campaign plane for several hours of isolation from the world until the next stop. Midday we would do a process event of a plant or school, and each evening saw a more partisan event. Toward the end of the campaign there were even old-time political rallies with hundreds and sometimes thousands of Canadians being bellowed at about the horrors/ joys of the free trade hell/nirvana.

**T**he arc of the campaign was marked first by the 'phony war' period of any election, the early days when lines are being tested, leaders are finding their campaign legs, and attention is low. It was followed by a series of TV debates that framed the issues, the status of the leaders, and the closing arguments. Despite excruciating back pain from an old injury, John Turner performed higher than expected when flailing Prime Minister Mulroney for "selling out Canada". Ed Broadbent competed effectively, but as number three he was forced to the sidelines nonetheless. Momentum appeared to be shifting to the Liberals, before Allan Gregg, the Tories brilliant young researcher, found what he believed was a way to counterattack in his intensive riding polling.

He argued for a "bomb the bridge" ad campaign twist, to attack the connection between John Turner's credibility as "Captain Canada" and the anxiety that the anti-deal coalition had managed to plant in the minds of a majority of Canadians.

It worked. The Liberals won 31 percent of the popular vote in 1988, the NDP elected the greatest number of MPs in its history with 20 percent of the vote, but Mulroney held on to his majority with 43 percent of the vote and nearly 170 seats. And the FTA was enacted in a short first session of the next Parliament, and implemented on January 1, 1989.

This small snapshot of the election does little justice to the side issues, firestorms, and the fascinating second-tier players that made it a breathtaking and career-ruining campaign

apart from the FTA battle. For example, John Turner was allegedly the victim of an attempted coup mid-campaign and Ed Broadbent was deliberately sabotaged by a group of his own Quebec candidates in the final days! For a brilliant, page-turning account of one of the most fascinating elections in Canadian history, find a copy of Graham Fraser's excellent book, *Playing for Keeps*.


I hope that it is not merely a veteran's nostalgic gaze through the golden mists of history that makes 1988 appear to be the last great election. Some campaigns are epochal by their conduct, impact, and players. In the UK there was Thatcher in 1979 and Blair in 1997. In the US, the 1960, 1968, 1980, 1992, and 2008 campaigns changed the course of American and world history. In Canada, the great free trade election ranks with the most important in our history; up there with the early battles over Confederation itself, the conscription fights in both wars, and the Trudeau victory in 1968.

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**B**eyond the somewhat antiquated manner by which it was fought and the windy speeches and platforms that drove it – at least in comparison with today's near-hysterical frenzy and nearly content-free messaging – it was the last great election for another reason as well.

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Sure, there were angry taunts and insults; and yes, there were deeply passionate disagreements but no one then would have dared to use the thinly veiled racist messaging of several recent provincial campaigns. It was unthinkable to flirt with humiliating a leader's family problems as in recent whispered attacks. It would have been insulting and, in any event counter-productive, to dumb down a party's social policy commitments to a beer commercial Family Pack.

Perhaps most tellingly, when it was over, Ed Broadbent, John Turner, and Brian Mulroney were more respected by Canadians, by partisan opponents and supporters alike, than has been the fate of any three leaders since. 

*Contributing Writer Robin V. Sears (robin@earnscliffe.ca), former national director of the NDP, is a principal of the Earnscliffe Strategy Group.*