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Preview of the Upcoming Fall Session – Potential Federal Election?

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The House of Commons will return from its summer recess on September 14, 2009. The Senate will return the following day on September 15. Given that this is a minority parliament, the threat of an election is real as the Conservative government must maintain the support of at least one of the opposition parties on any confidence vote. If it cannot secure the support of another party, it must get at least one of the parties to hold back some of their MPPs or abstain or else the government will fall. The last election was in October 2008 and when the government falls, Canadians will vote for the fourth time nationally since 2004.

A recent poll conducted by EKOS showed 51% of Canadians prefer a majority government to a minority one. A poll on July 14 by Harris-Decima shows 64% of Canadians would like to see a majority government up from 52% a year earlier. Prior to 2004, there was widespread belief that a minority government would result in compromise and better public policy. After experiencing minority governments following the 2004, 2006 and 2008 elections, Canadians seem to be changing their minds and are looking to return to stability and less frequent elections. Despite the desire among Canadians for a majority government, Canadians are badly split regionally indicating a minority deadlock for the foreseeable future.

Current polls have the Liberals and Tories in a dead heat. A July 30 poll by Angus Reid shows that if an election were called at that time, 34% would back the Liberals compared with 33% for the Tories. This makes the two parties statistically tied due to the margin of error. In the same poll the NDP was at 16%, the BQ at 10% and the Greens at 7%. This poll is consistent with a series of other polls that show that the Tories and Liberals in a close race. The likely outcome of another election would be either a Liberal or Conservative minority as neither party has much chance of forming a majority government at this time.

When regional considerations are analyzed, it seems that neither of the two federal parties have much momentum or justification to send Canadians back to the polls.

In Alberta, Saskatchewan and Manitoba it appears that the Conservatives can expect strong support and are likely to retain most of the seats they currently hold.

In Québec, Liberal support is increasing while Conservative popularity is decreasing. Despite Liberal gains, it still seems the BQ will win as many as 60 out of 70, seats preventing either the Liberals or Conservatives from forming a majority government. Currently the Conservatives hold ten seats in Quebec and all of those seats are in danger based on polling in the province. Conservative support is concentrated around Québec City with the main opponent being the Bloc. Liberal support is primarily in Montréal with the main opponent also being the Bloc. It is quite possible that any gains made by the Liberals at the expense of the BQ could be neutralized by potential BQ gains at the expense of the Conservatives.

Atlantic Canada and the urban areas of Toronto, Montreal and Vancouver remain Liberal strongholds. Conservatives remain strong in rural Ontario and BC.

The outcome of the next election will likely be determined by the ridings in the 905/GTA and the suburbs of British Columbia surrounding Vancouver where many swing seats are in play. While the BQ remains

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strong, their support is neither increasing nor decreasing. The NDP is fighting for relevance and is hoping to build on its upsets from 2008 where it successfully won a seat in both Alberta and retained its by-election win in Quebec's Outremont riding. The NDP remains strong in parts of BC, Atlantic Canada, Toronto and Northern Ontario, but its prospect for growth in the face of a strengthened Liberal Party is questionable at this time. The Green Party does not have a seat in the House of Commons and is struggling to capture media attention, especially as the economy and health care have passed the environment as the issues Canadians are most concerned about right now.

To understand what is likely to occur in the fall, one has to reflect back on the life of this 40th Parliament and the constant game of political chicken that has been played. Following the most recent election, Stephen Harper with a strengthened mandate promised to work with the other parties. Stephen Harper then used a routine Economic Statement to propose ending taxpayer subsidies for political parties. The measure was designed to make it look as if politicians were tightening their belts during the tough economic times, but it was really a partisan move designed to weaken the opposition dependent on those funds. Until the second quarter of this year, Conservatives had a much stronger fundraising base than their opponents and were less reliant on the \$1.75 per vote subsidy when compared with the other political parties. Strategically, some Conservatives felt that the Liberals (at the time trying to replace former leader Stéphane Dion) would have no choice but to allow the Economic Statement to pass in order to avoid an election less than a month following the previous one. Instead the opposition parties united in a coalition and threatened to bring down the Conservatives while asking the Governor General to govern in a manner similar to the formal coalitions seen in other countries where minority governments are common such as Israel and Italy. To avoid defeat, Stephen Harper prorogued the parliament and promised to come back with a compromise budget that would provide stimulus to a Canadian economy in recession. Michael Ignatieff (who was lukewarm about going forward with the coalition) was appointed leader following parliament being prorogued by a caucus vote. He laid out a series of conditions that Stephen Harper would have to meet in the budget in order to secure Liberal support and survive as a government. One of the conditions of support was quarterly reports on how quickly the stimulus money was going out the door. Polls at the time indicated the coalition idea was unpopular and as a result it never materialized. Ultimately the budget met Liberal approval putting off the election threat until June.

The 40th Canadian parliament has not been very productive. Constant games of chicken and partisan disputes have dominated the agenda at the expense of good public policy. Some justice bills were passed and ultimately a budget passed that was designed to provide the stimulus to address the Canadian economy in recession as part of the global economic crisis. The Conservatives claim that 80% of stimulus funds have made it out of Ottawa and that shovel ready projects are now going forward, however the opposition dispute these facts. In November of 2008, Barack Obama became President of the United States replacing George W. Bush and had a successful visit to Canada on his first foreign trip. The working relationship provided a focus for issues such as a cap and trade system to address climate change, increased American troops in Afghanistan and a bailout to the automotive industry in North America. There have also been a series of G8 and G20 meetings meant to address the global economic crisis and issues with regulations in the financial sector. A summit between Canada, Mexico and the United States takes place next week. Generally Stephen Harper seems to gain support when he is on the world stage, making announcements and not forced to respond to questions in the House of Commons. Last month, the Governor of the Bank of Canada Mark Carney declared the recession over. That opinion is not unanimous however, but nonetheless it was interpreted as good news for the Conservatives who have largely kept their support firm despite the hardships of the recession. Pundits generally believe that the more the economy shows signs of improving, the better chance the Conservatives have to hold power and retain their image as competent fiscal managers.

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The last session that ended in June finished with an election avoided. Liberals were gaining in the polls and were successful in increasing their fundraising and membership numbers. The Liberals had also just gone through a policy convention in Vancouver (Conservatives held their policy convention in Winnipeg in November) and were feeling optimistic about their chances. A scandal involving Lisa Raitt and some remarks she made on a tape recorder while discussing the shortage of medical isotopes had the Conservatives on the defensive. The Mulroney/ Schreiber inquiry was ongoing and the perception in the media was that the Conservatives were running out of gas on policy. Unemployment was increasing due to the recession and a deficit (now projected at over 50 billion dollars) was growing with each new report causing unease with Stephen Harper's fiscally Conservative base. A quarterly report on stimulus spending was due in June and accepting the report was considered a matter of confidence. The NDP and the Bloc declared early that they were not going to be supporting the government meaning that the power to call an election was in Michael Ignatieff's hands depending how he ordered his MPPs to vote. Again Liberals were stuck in a choice between backing down and looking weak or forcing Canadians into an election that no one wanted over the summer months. A consistent national Employment Insurance standard looked like the issue that was going to bring down the government along with a lack of answers on the isotope shortage and the fact that stimulus was not going out the door fast enough in the opinion of Liberals. In the end a compromise was reached to avoid an election. A bi-partisan panel was created to discuss EI reforms and the Liberals were guaranteed a confidence vote at the end of September (or early October) in the form of an opposition day. Speculation has now shifted to the end of September for a possible election and based on what we have seen this summer; all of the parties have begun preparing for this scenario.

This summer, there have not been many major political issues; but much is happening behind the scenes. "Wafergate" (a scandal about Stephen Harper accepting communion at a Catholic church despite not being Catholic), the sale of Nortel, the extradition of Schreiber, the G8 summit, the EU ban on the seal hunt and Flaherty's push to have other provinces harmonize the GST/PST have made news but none of those issues will cause an election on its own. The EI panel has met and is off to a rocky start with Michael Ignatieff proposing a national standard for EI at 360 hours. The Conservatives have rejected the "nine week work year" outright and will be prepared to go into an election unless the Liberals demonstrate flexibility on those demands. Stephen Harper has said in the past that his party is open to reforming EI to include the self employed with regards to some of the benefits of the program. A vote on EI will take place in the last week of September or the first week of October. The NDP or the BQ have not given any indication that they are prepared to support the government on any confidence vote meaning that we will likely see a familiar stand off in the fall session between Liberals and Conservatives.

What makes this upcoming session different this time is the preparedness of all the parties. The Conservative Party has held a training conference in Ottawa for campaign managers, volunteers, candidates and other interested activists. Staffing changes have taken place in various Minister's offices and also the PMO. Over 200 candidates have been nominated out of 305 to run under the Conservative banner. The party has a large war chest ready for the next election and has already started running ads against Michael Ignatieff and the Liberal Party. The Liberals for the first time in a long time are also ready for an election. Their leader (despite being criticized for his use of the summer by some pundits) is much stronger than his predecessor Stéphane Dion. Major changes have taken place on both policy and behind the scenes with staffing. In the second quarter of 2009, the Liberals raised more money than the Conservative Party and are well on their way to paying off their debt and building a war chest for the next election. Liberals also expect to have all of their Ontario candidates in place by the end of August and are working on a platform right now. This week the NDP will debate a name change where they might

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drop "new" from their name and become the "Democratic Party". They will also hold a series of training sessions and will discuss policy in Halifax. The PQ had a strong showing in the most recent provincial election in Quebec regaining official opposition status from the ADQ. Gilles Duceppe is the most experienced of the federal leaders in terms of going through an election campaign and it can be expected that the BQ will be ready for an election regardless of when it is called. The organization behind the BQ and the PQ is very similar. The Green Party that experienced record fundraising, it's highest percentage of the vote, a spot in the debates and increased media attention has decided to focus on winning at least one seat next time around. Elizabeth May is unlikely to run against Defense Minister Peter MacKay in the next election and is currently considering a by-election in Nova Scotia or running in a riding in BC or Ontario where the Greens did well in the last election. In two separate elections Elizabeth May has finished in second place. If the vote takes place in late October or early November, this minority parliament will have lasted one full year and that timeframe is consistent with the average lifespan of a minority parliaments in Canada.

As parliament returns this fall, expect more of the same partisan games and election speculation. A game of chicken could take place over the economic update (a possible Conservative campaign platform designed to trigger the government falling) or on the committee report dealing with Employment Insurance. Going into the fall there are no major government initiatives waiting to be completed and most of the media is going to focus on the prospect of an election campaign. While odds look good for an election based on all the parties preparing for one, there is no guarantee. A compromise may be reached on EI, polls are very close with neither party confident of forming the next government let alone a majority one and at this point there are few policies that differentiate the Liberals from the Conservatives as potential campaign issues. Most importantly, Canadians have demonstrated that they currently have no appetite for another election and there is a fear that whoever causes one will be punished following the election. If Stephen Harper can get through September or October without the government falling he will probably be safe until at least the spring. It is unlikely that the opposition will force an election late in the session because of the Christmas/holiday break in December and no one likes to fight a winter election in Canada. It is also expected that the next opportunity after the fall for a confidence vote will be the budget and that is likely to be delayed until after Canada hosts the winter Olympics in Vancouver. Liberals are likely not keen on waiting for the economy to recover or for Harper to host world leaders at the Olympics before they pull the plug on this minority parliament. In politics things can change very quickly and it is always possible that a major issue or scandal will make an election for the fall more or less likely.

When the House returns on September 14, most likely MPs will be in a partisan and election readiness mode following a summer away from Ottawa and in their respective ridings. Grassroots volunteers are now preparing for an election and this session will likely be the start of the campaign. The prospects currently do not look good for any major new initiatives or strong public policy given the hyper-partisan atmosphere in Ottawa. In many ways this 40th Parliament has been poisoned since the events leading up to the coalition stand off. An election might be the only way to clear the air at this point. September 28 is the date most pundits have circled as that is the day when MPs will be presented with the report from the bi-partisan EI committee with a confidence vote to follow shortly after that.

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