



# CANADA WATCH

Practical and Authoritative Analysis of Key National Issues

## CAMPBELL FACES UPHILL BATTLE IN FALL ELECTION

**Chrétien's Liberals in driver's seat as Campbell struggles to shed Mulroney legacy**

by Patrick J. Monahan

With Kim Campbell defeating Jean Charest by a surprisingly narrow margin on the second ballot on June 13, the new PM's electoral prospects in the looming electoral contest this fall appear uncertain at best.

The fact that the 34-year-old Charest was able to force a second ballot after the Defence minister had built an overwhelming lead early in the campaign spoke volumes about the Conservative party's ambivalence over its choice as leader. Clearly, Ms Campbell's much publicized descriptions of political opponents as "enemies of Canadians" or as "condescending s.o.b.'s" very nearly cost her the leadership. Indeed, had potential

candidates such as Perrin Beatty or Michael Wilson entered the race, thus further dividing delegate support and forcing the convention to three or more ballots, Charest might well have emerged the winner.

### CHALLENGES FOR CAMPBELL

The new prime minister faces two formidable challenges in the next four months.

First, she has to quell the uneasiness that her controversial remarks during the campaign engendered in many Canadians. What was disturbing about Campbell's campaign com-

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## WELCOME TO THE NEW-LOOK CANADA WATCH

As we begin our second year of publication, we have added a number of new features that will ensure that *Canada Watch* continues to provide our subscribers with up-to-date, practical analysis of the latest developments in the country's national affairs.

Our new features include:

- **Economic Report** — prepared by our new economics editor, Professor Fred Lazar of York University. For the past 20 years, Professor Lazar has been teaching at York and consulting to governments at both the federal and provincial levels. Professor Lazar is the author of five books on the economic aspects of public policy. His regular "Economic Report" will analyze the changing Canadian economic agenda, with an

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ments was that they displayed an impatience with her critics, coupled with a certainty in the correctness of her own political judgments that appeared to rival that of former Prime Minister Pierre Trudeau. These qualities were totally at odds with her campaign messages, which emphasized "inclusiveness" in decision making and the importance of "doing politics differently." Indeed, it was the very contradiction between her campaign themes and her published remarks that made the latter so revealing.

The good news for Campbell on this front is that she is now prime minister — and in this new role, actions speak louder than words.

What will count most from now on are the decisions and choices that Campbell will make as prime minister — rather than her lunch-time musings with inquisitive and apparently sympathetic journalists. And Campbell will have learned from her own bitter campaign experience that, in dealing with the media, caution rather than candour must be the watchword.

So Campbell should be able to overcome her first big challenge — the negative public image created by her campaign gaffes.

But Campbell faces a second challenge that is even more daunting and formidable than the first. Campbell must find a way to distance herself politically and symbolically from the legacy of the outgoing PM, Brian Mulroney.

It is not at all clear that Ms Campbell's natural instincts would prompt her to move in this direction. In her acceptance speech to the Tory convention on June 13, Campbell made a point of singling out Mulroney for special praise and recognition. She also referred to the challenge of securing a *third* consecutive majority government — a suggestive description indeed, since

it emphasizes continuity between the old regime and the new, rather than a total break with the past.

But there is no mistaking the fact that Campbell will have to present herself as the candidate of change if she is to avoid being relegated to a mere footnote in Canadian politics — alongside John Turner and his ill-fated 79-day ministry of 1984. That reality was brought home this spring by the different outcomes of the provincial elections in Nova Scotia and Alberta. Whereas Ralph Klein managed to distance himself from an unpopular predecessor, Don Cameron failed to do so — and the election results reflected that difference.

#### CAMPBELL CABINET A PROMISING START

Viewed from one perspective, the Mulroney resignation and the choice of Campbell as Tory leader has already engineered a remarkable turnaround in the party's fortunes. In early February the Liberals enjoyed a lead in excess of 20 points. Coming out of the June convention, Gallup had the Liberal lead down to a mere 5 points. [For details, see the latest national poll results in the Month in Review on page 12.]

Campbell's announcement of her new Cabinet lineup on June 25 may well add a few more points to the Tory's standing in the polls, meaning that there may now be a virtual dead heat between the two leading parties.

Critics of the new Cabinet lineup pointed to the fact that most of the new ministers were holdovers from the Mulroney ministries.

But the important feature of the new Cabinet in symbolic and political terms were the numbers, not the names.

Campbell managed to reduce the number of ministers from 35 to 25,

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## WISHING AWAY THE CONSTITUTIONAL QUESTION: WHAT IF IT CAN'T BE DONE?

*by Kenneth McRoberts*

The presentation of Kim Campbell's slimmed-down Cabinet provoked a wide variety of comments. For many observers, the smaller size was itself a strong feature. But some lamented the decline in the presence of women. Others warned that the consolidation of responsibilities in new super-ministries, with mandates such as "public security" and "human resources and labour," was designed to reinforce Campbell's neo-liberal philosophy, cutting support for the needy and preventing the state from being an agent of creative change. However, there were no tears for one of the changes from the Mulroney Cabinet: the elimination of the minister for constitutional affairs. In fact, it seems that none of the major political commentators considered this change even worthy of comment.

Just two years ago the constitutional portfolio had been sufficiently weighty to draw (not without considerable prime ministerial arm-twisting) the most senior of ministers, Joe Clark, from the most senior of portfolios, external affairs. Now there is widespread agreement that the last matter the Campbell government should concern itself with is constitutional reform. Nor is this attitude restricted to Conservative circles. If there is one area of consensus in the country as a whole, and it may be the only one, it is that the constitutional question should be avoided at all costs. Yet, how realistic is this?

## CANADA WATCH CALENDAR

- June 13 Kim Campbell chosen as leader of the Progressive Conservative party and prime minister — designate.
- June 15 Alberta Premier Ralph Klein elected with a majority government.
- June 16 House of Commons breaks for summer recess.
- June 23 NAFTA implementing legislation approved by Senate and receives Royal assent.
- June 25 New federal Cabinet sworn in.
- June 30 U.S. District Court rules that NAFTA should be evaluated for its environmental impact prior to being submitted to Congress.
- July 4 First ministers' meeting on the economy in Vancouver attended by all first ministers except Bob Rae of Ontario and Clyde Wells of Newfoundland.
- July 7-9 Group of Seven industrial nations meeting in Tokyo.
- July 12 Senate recalled for session to rescind allowance increase.
- August 1 Deadline for negotiation of agreements limiting compensation to Ontario public sector employees under Ontario Bill 48.
- Sept. 20 House of Commons to resume sitting, subject to earlier recall by the government.
- Dec. 11 Expiry of the five-year term of the current Parliament of Canada.

### *"Uphill Battle," continued from page 2.*

making her ministry the smallest since the first Cabinet of Lester Pearson in 1963. And this Cabinet downsizing was followed a few days later by media reports of senior bureaucrats facing layoff or reassignment as a result of the restructuring.

Eliminating a few dozen ministers and deputy ministers won't save much money. But the downsizing is important in symbolic terms, since it sends a clear message about the government's intention to come to grips with deficits through spending cuts rather than tax increases.

### **CHRETIEN STILL IN DRIVER'S SEAT**

Despite these promising beginnings, the upcoming election would still appear to be Jean Chrétien's to lose.

Although Campbell has managed to effect a major turnaround in Tory fortunes, she still hasn't managed to overtake the leading Liberals. And her government doesn't appear to have a great deal of room to manoeuvre on the key issue of taxes and the deficit.

The Conservatives under Mulroney have already reduced the direct operating costs of government — the money it spends to run the civil service and the government itself—to the point where further reductions of this kind are unlikely to achieve much real savings. This means that any further progress in reducing government expenditures will have to target transfers to the provinces or individuals. And the furor over the changes to the unemployment insurance system earlier this year indicates just how politically sensitive any reduction in these transfers is likely to be.

A more promising strategy for Campbell would be some kind of highly visible reduction on the tax side — such as reducing the GST from 7 to 5 percent. Campbell could then attempt to label the opposition parties as "tax and spend" politicians who will allow deficits and taxes to rise inexorably.

But this strategy will be very difficult to execute successfully, particularly given the huge tax increases that the Conservatives have brought in over the past nine years. The experienced Jean Chretien is also

likely to run a safe campaign, making few expensive promises and attempting to link Campbell with Mulroney in the public mind.

The other great obstacle for Campbell is the collapse of the NDP vote in Ontario, which will mean that the anti-government vote in the province will tend to coalesce around the Liberals. The Conservatives won 43 seats in Ontario in 1988 and they will have to come close to that total if they are to form the government after the next election. But that kind of success depends on the NDP being strong enough to draw sufficient numbers of anti-government voters away from the Liberals.

What all this suggests is that Chrétien's Liberals must be rated as the odds-on favourites to form the next government. But Campbell and the Tories have made the race sufficiently close to ensure a fascinating and hard-fought campaign this fall.

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