

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 Chrétien 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.

Patrick J. Monahan is Director of the York University Centre for Public Law and Public Policy and is Associate Professor at Osgoode Hall Law School, York University. 