

# CAMPBELL CAKEWALK MAY BE SIGN OF TROUBLE IN FALL ELECTION

Effort to recruit new contenders suggests Tory anxiety at lack of leadership horse race

by Patrick J. Monahan

The biggest headache for Kim Campbell these days appears to be whether her already overloaded bandwagon can support the weight of the many latecomers who are still trying to jump on board. Even with Environment Minister Jean Charest making up some ground in the first leadership debate, Campbells's overwhelming early lead and organizational superiority suggest that she is headed for a first ballot win on June 13.

The question is whether the absence of a leadership horse race is likely to make a difference to Campbell's prospects in the general election that must be called before the end of the year.

A number of political observers have suggested that the uncompetitive nature of the leadership race will damage the party's prospects in the fall. One theory is that Campbell's over-

whelming early lead will cause the media to lose interest in the campaign and deprive the new prime minister of the attention that might propel her to a electoral victory over Jean Chrétien in the fall. Others suggest that the lack of a leadership fight will create the impression that the process is somehow tainted—that Campbell was selected by party heavyweights meeting behind closed doors on Parliament Hill, rather than by the "grass roots" on the leadership convention floor.

The widely reported efforts to draft Hugh Segal into the leadership race indicate that many Tories must be very disturbed indeed at the extent of Campbell's early lead. The 42-year-old Segal, the PM's chief of staff for the past 15 months, has a well-deserved reputation in Tory circles as a skilled and shrewd political adviser. But selling a party

insider like Segal to the Canadian public (as opposed to the Tory party brass) would have been a different matter entirely. Segal has never held political office (he ran twice, unsuccessfully, in an Ottawa riding in the early 1970s) and is closely associated with the outgoing prime minister. His candidacy would have been a long shot, at best—a conclusion that Segal himself arrived at after a few days of reflection.

## DOES A HORSE RACE MAKE A DIFFERENCE?

What about the assumption that appears to underlie these recent efforts—the idea that an uncompetitive leadership contest will hurt the Tories' electoral chances in the fall election?

One way of testing this assumption is to examine past experience:

Table 1 — Selected National Leadership Conventions 1945-1993

| Convention                        | Winner      | Ballots | Winner's Position/<br>on Ballot 1 | Winner's %<br>on Final Ballot | Next Election     | Result                   |
|-----------------------------------|-------------|---------|-----------------------------------|-------------------------------|-------------------|--------------------------|
| Liberal<br>August 7, 1948         | St. Laurent | 1       | 1/69.1                            | —                             | June 27, 1949     | Liberal Majority         |
| Conservative<br>October 2, 1948   | Drew        | 1       | 1/66.6                            | —                             | June 27, 1949     | Liberal Majority         |
| Conservative<br>December 14, 1956 | Diefenbaker | 1       | 1/60.3                            | —                             | June 8, 1957      | Conservative<br>Minority |
| Liberal<br>January 16, 1958       | Pearson     | 1       | 1/77.9                            | —                             | March 31, 1958    | Conservative<br>Majority |
| Conservative<br>September 9, 1967 | Stanfield   | 5       | 1/23                              | 54                            | June 25, 1968     | Liberal Majority         |
| Liberal<br>April 6, 1968          | Trudeau     | 4       | 1/31.8                            | 52.3                          | June 25, 1968     | Liberal Majority         |
| Conservative<br>February 22, 1976 | Clark       | 4       | 3/12.3                            | 51.4                          | May 22, 1979      | Conservative<br>Minority |
| Conservative<br>June 11, 1983     | Mulroney    | 4       | 2/29.3                            | 54.5                          | September 4, 1984 | Conservative<br>Majority |
| Liberal<br>June 16, 1984          | Turner      | 2       | 1/46.4                            | 54.4                          | September 4, 1984 | Conservative<br>Majority |
| Liberal<br>June 23, 1990          | Chrétien    | 1       | 1/57                              | —                             | N/A               | N/A                      |

is there any established relationship between the competitiveness of a leadership convention and the party's subsequent electoral fate?

The data presented in tables 1 and 2 suggest that there may well be some real connection between com-

petitiveness in leadership selection and later electoral success.

Table 1 records the results of national leadership conventions involving the governing party or the official opposition since 1945. It shows that national leadership con-

ventions for the major parties have tended to become more competitive over time: whereas all four contests in the 1940s and '50s were decided on the first ballot, five of the six held since 1960 required two or more ballots.

**Table 2 — Provincial Leadership Conventions Electing First Ministers 1961-1993**

| Convention  | Winner                | Ballots | Winner's Position/% on Ballot 1 | Winner's % on Final Ballot | Next Election      | Result                 |
|---|-----------------------|---------|---------------------------------|----------------------------|--------------------|------------------------|
| Conservative [Ont.]<br>January 25, 1961                         | John Robarts          | 6       | 2/20.3                          | 60.7                       | September 25, 1963 | Conservative Majority  |
| NDP [Sask.]<br>November 2, 1961                                 | Woodrow Lloyd         | 1       | 1/79.6                          | —                          | April 22, 1964     | Liberal Majority       |
| Conservative [N.S.]<br>November 4, 1967                         | G.I. Smith            | N/A     | Acclaimed                       | —                          | October 13, 1970   | Liberal Majority       |
| Conservative [Man.]<br>November 25, 1967                        | Walter Weir           | 3       | 1/35.8                          | 60.5                       | June 25, 1969      | NDP Majority           |
| Social Credit [Alta.]<br>December 6, 1968                       | Harry Strom           | 2       | 1/48.7                          | 54.9                       | August 20, 1971    | Conservative Majority  |
| Un Nationale [P.Q.]<br>June 21, 1969                            | Jean-Jacques Bertrand | 1       | 1/58.0                          | —                          | April 29, 1970     | Liberal Majority       |
| Liberal [Nfld.]<br>November 1, 1969                             | Joey Smallwood        | 1       | 1/62.4                          | —                          | October 28, 1971   | Conservative Majority  |
| Conservative [Ont.]<br>February 12, 1971                        | Bill Davis            | 4       | 1/33.1                          | 51.4                       | October 24, 1971   | Conservative Majority  |
| Liberal [P.E.I.]<br>December 9, 1978                            | Bennett Campbell      | 1       | 1/71.6                          | —                          | April 23, 1979     | Conservative Majority  |
| Conservative [Nfld.]<br>March 17, 1979                          | Brian Peckford        | 3       | 1/31.4                          | 53.5                       | June 18, 1979      | Conservative Majority  |
| Conservative [P.E.I.]<br>November 7, 1981                       | Jim Lee               | 3       | 1/39.7                          | 56.1                       | September 27, 1982 | Conservative Majority  |
| Conservative [Ont.]<br>February 27, 1985                        | Frank Miller          | 3       | 1/35.0                          | 52.3                       | May 2, 1985        | Liberal Minority       |
| Conservative [Alta.]<br>October 13, 1985                        | Don Getty             | 2       | 1/48.4                          | 56.2                       | May 8, 1986        | Conservative Majority  |
| Parti québécois [P.Q.]<br>September 29, 1985                    | Pierre-Marc Johnson   | 1       | 1/59.4                          | —                          | December 2, 1985   | Liberal Majority       |
| Social Credit [B.C.]<br>July 30, 1986                           | Bill Vander Zalm      | 4       | 1/28.4                          | 63.8                       | October 22, 1986   | Social Credit Majority |
| NDP [Man.]<br>March 30, 1988                                    | Gary Doer             | 3       | 1/37.9                          | 50.6                       | April 26, 1988     | Conservative Minority  |
| Conservative [Nfld.]<br>March 11, 1989                          | Tom Rideout           | 3       | 1/39.7                          | 51.7                       | April 20, 1989     | Liberal Majority       |
| Conservative [N.S.]<br>February 9, 1991                         | Donald Cameron        | 3       | 1/32.1                          | 53.2                       | N/A                | —                      |
| Social Credit [B.C.]<br>July 20, 1991                           | Rita Johnston         | 2       | 2/35.3                          | 51.6                       | October 17, 1991   | NDP Majority           |
| Conservative [Alta.]<br>November 29, 1992 &<br>December 5, 1992 | Ralph Klein           | 2       | 2/31                            | 59.1                       | N/A                | —                      |
| Liberal [P.E.I.]<br>January 23, 1993                            | Catherine Callbeck    | 1       | 1/79.1                          | —                          | March 29, 1993     | Liberal Majority       |

**Table 3 — Prime Ministers/Premiers Selected by Party Conventions, 1961-1993: Electoral Success**

|   | First Ballot Winners | Multiple Ballot Winners | Total |
|---|----------------------|-------------------------|-------|
| Prime Ministers/Premiers Selected by Convention | 7                    | 16                      | 23    |
| Fought Subsequent Election                      | 7                    | 14                      | 21    |
| Won Subsequent Election                         | 1                    | 7                       | 8     |

Source for all three tables and bar graph: *Canada Watch* staff.

**Convention Winners' Success Rates in Next Election**

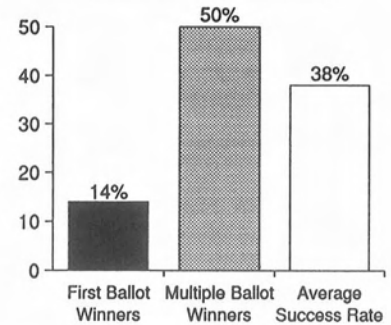


Table 1 underlines the fact that what is happening in the current Tory race is quite remarkable, given the experience of the past 30 years. Whereas national party leadership contests have tended to become more competitive and contested, Campbell appears to have virtually sewn up the leadership before a single delegate has even been selected.

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At the same time, because we have had almost no single-ballot winners in the past 30 years, this evidence seems insufficient as a basis for gauging the possible significance of a first ballot victory. Moreover, there have been only two national party conventions since 1961 (Liberals in 1968 and 1984) that chose the prime minister and that could be considered directly comparable to the current Tory contest.

Table 2 broadens the sample to include the most directly comparable provincial conventions held since 1961 — the 21 conventions in which governing parties were choosing the province's first minister. In total, then, there have been a combined 23

conventions since 1961 (2 federal and 21 provincial) in which governing parties chose either a prime minister or a premier.

This sample of 23 conventions does seem to suggest a link between the competitiveness of the leadership race and the party's subsequent electoral success.

The first point to observe is that first ministers chosen by party conventions do not appear to fare particularly well in subsequent elections, regardless of how competitive the party selection process is. As table 3 illustrates, of the 23 first ministers chosen in this way, 21 have subsequently faced the electorate, but only 8 of the 21 (Trudeau, Robarts, Davis, Peckford, Lee, Getty, Vander Zalm, and Callbeck) managed to form a government following the next election.

Table 3 also indicates an apparent connection between the competitiveness of the party contest and subsequent electoral success. Of the eight first ministers who went on to victory in subsequent elections, seven were chosen in conventions that went to two or more ballots. In total, there were 14 first ministers who required more than one ballot to secure the leadership and have gone on to fight an election. (Premiers Cameron and Klein have yet to face the electorate.) Thus, first ministers chosen in multiple ballot

contests have a 50 percent "success rate" in subsequent elections.

Conversely, the subsequent election record of first ministers who won first ballot victories at party conventions is positively dismal. Of the seven first ministers who secured a first ballot win, six of them went on to lose the next election. In fact, until

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Catherine Callbeck's recent win in P.E.I., not a single first minister who won on the first ballot since 1961 went on to win the next election.

#### THE MEANING FOR CAMPBELL

This evidence does suggest that there is some relationship between the competitiveness of party conventions (at least when the party is in government) and subsequent electoral success. But the evidence considered above doesn't tell us the *reason* for this demonstrated connection.


One possible explanation is that the competitiveness of a leadership race is merely a reflection of other factors, including the party's pre-exist-

ing popularity. It stands to reason that a governing party that is seen as likely to win the next election will attract more leadership hopefuls than one that faces probable defeat. Thus, those parties with hotly contested leadership races tend to do well simply because those are the very parties whose electoral prospects were the brightest to begin with.

What does all this suggest for Kim Campbell? On the one hand, there is clear evidence to suggest

that first ministers who take office without a tough fight are likely to be relegated to the opposition benches come the next consultation with the voters. On this view, a first ballot cakewalk for Campbell may be a sign of electoral disaster lurking over the horizon. On the other hand, the current Tory race seems to have already contradicted the historical trend toward more competitive national leadership contests. A Campbell first ballot victory in June,

followed by a successful fall election campaign, would certainly defy the historical record. But it would also confirm the almost unprecedented character of the Campbell phenomenon that has emerged in the spring of 1993.

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## AN EQUITABLE AND EFFICIENT DEFICIT REDUCTION STRATEGY

### Questionable Tax Breaks Cost Ottawa Over \$5 Billion Annually

by Neil Brooks

Canada has a deficit crisis. The need to cut government spending is urgent. Everyone must be prepared to sacrifice for the good of the country. Although this is the central message that business interests and others have been pressing on the federal government for the last decade, this year (for no apparent economic reason) deficit hysteria appears to have reached new heights.

When business interests talk about the need to cut back on government spending, they invariably have in mind the social programs that benefit, by and large, low-income families and the middle class. Occasionally, they will also renounce public subsidies for business; however, here they usually have in mind the direct subsidies that benefit farmers, regional development, and the development of some natural resources. These subsidies tend to benefit groups that are not well represented in the powerful national business organizations. Moreover, arguably some of them further national goals.

Somewhat surprisingly, in their zeal to end wasteful government spending to reduce the deficit, business interests always seem to over-

look a large number of subsidies that benefit them almost exclusively, serve no national goals, are incredibly cost-inefficient, and cost the government billions of dollars a year.

It is now well recognized by most public policy analysts that the *Income Tax Act* contains numerous spending programs that benefit big business and their owners. The repeal of even a small number of these programs would save the government billions of dollars and at the same time increase fiscal equity and further economic prosperity.

#### CAPITAL GAINS

The most inequitable and inefficient subsidies in the *Income Tax Act* are those that provide preferential tax treatment to taxpayers who realize capital gains: taxpayers can realize \$100,000 of capital gains tax free over their lifetimes, and only 75 percent of gains over this amount have to be included in their income for tax purposes.

From 1985 to 1990, the average annual amount of capital gains reported by individuals was \$11.7 billion and by corporations \$10.8 billion. The average annual cost to

the federal and provincial governments for the subsidy inherent in the \$100,000 lifetime exemption alone was between \$2.5 and \$3.0 billion. Well over 50 percent of this subsidy went to the richest 1 percent of Canadians.

The principal argument the Conservative government advanced in 1985 for providing an additional subsidy for investors who realized capital gains was that it would encourage investment. This claim is ridiculous. Almost all capital gains are earned on the sale of real estate and financial assets. The investment behaviour that matters for the economic growth of the nation is investment in assets that will enhance productivity — plant and equipment, research and development, and the training and education of workers. The subsidy does almost nothing to encourage this type of investment.

Even more ludicrous was the government's claim that a subsidy for capital gains would spur venture capital activity. Venture capital represents a minute fraction of the assets that would typically qualify for capital gains treatment — less than 1 percent, according to a U.S. study. Thus, this