

# What's behind Canadian Prime Minister Chretien's business scandal?

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10 April 2001

Since last November's federal election, debate in Canada's parliament has been dominated by a whirl of charges concerning the prime minister's business dealings.

The Official Opposition Canadian Alliance, the Tories, the Bloc Québécois and, to a lesser degree, the social-democratic New Democratic Party have made common cause in questioning and castigating the honesty and integrity of Prime Minister Jean Chretien. Specifically, the parliamentary opposition accuses him of having been in a conflict-of-interest when, in three meetings in 1996-97, he pressed the head of a Crown Corporation to lend money to the Auberge de Grand-Mère, a hotel in his Shawinigan parliamentary constituency.

The Auberge is adjacent to a golf course in which Chretien was once a part-owner. Shortly before he was sworn in as prime minister in 1993, Chretien sold his 25 percent share of the golf course to Toronto businessman Jonas Prince, but the deal subsequently went sour. Only in 1999 did Chretien receive payment for his holding in the golf course, and only after his lawyer helped Prince find a third-party willing to buy it. By boosting the fortunes of the hotel, Chretien stood to benefit, or so the opposition claims, since the Auberge's worth and commercial viability invariably impacted on the value of the golf course, including the unrealized sale of Chretien's quarter share.

Last week, Canadian Alliance leader Stockwell Day tabled a parliamentary motion calling for a public inquiry into what the press has dubbed *Shawinigate*. Earlier, Tory leader and one-time prime minister Joe Clark called on Chretien to step down as prime minister until an inquiry determined whether he had been in a conflict-of-interest. Predictably, the Liberal majority in the House of Commons unanimously quashed the opposition motion.

But the Liberal government has been rattled by the opposition attack and, more importantly, by the saturation coverage given to *Shawinigate* by much of the corporate media, especially the two national dailies, the *Globe and Mail* and the *National Post*. Many newspapers have echoed the call for a public inquiry. Some have gone further, arguing that whatever the outcome of any future investigation into *Shawinigate*, Chretien's "stonewalling" about his business dealings demonstrates that he has grown arrogant and should be pressed into retirement.

In an attempt to undercut the opposition/media attack, Chretien late last month released several documents relating to the sale of his share of the golf course. This represented a significant change of tack, since previously he had maintained that to do so would

impinge on the privacy rights of his erstwhile business partners.

## False parallels with Nixon and Milosevic

If one were to listen only to the opposition and its press supporters one could easily conclude that it had compelling, if not conclusive, proof of criminal wrongdoing by the prime minister. The very name *Shawinigate* evokes the US Watergate scandal in which top aides to Richard Nixon sanctioned criminal acts aimed at subverting the electoral process, and then the president himself conspired to obstruct justice.

The charges against Chretien reached a crescendo last week when Alliance frontbencher Diane Ablonczy repeatedly compared Chretien's ethics and conduct to those of the former Yugoslav dictator Slobodan Milosevic—a parallel subsequently endorsed by party leader Stockwell Day. "Did she go too far?" asked Day. "No. I think the prime minister went far too far..."

Rhetoric aside, already weeks ago the opposition had to drop the charge, if not the suggestion, of criminal wrongdoing, after the Royal Canadian Mounted Police, at Joe Clark's request, looked into the Auberge/golf course affair and concluded there was insufficient evidence to warrant a police investigation.

This reversal, however, did not cause the parliamentary opposition or its media chorus to pause. Rather they proclaimed that the real issue was not if Chretien had broken the law, but whether he had placed himself in a conflict-of-interest.

The very nebulousness of "conflict of interest" as a concept makes it a convenient device to tie together a series of facts and incidents, not all of them necessarily related, into a general charge of prime ministerial misconduct, and one moreover carrying the connotation of corruption.

As distinguished from outright theft, bribery and graft, the notion that a politician should not participate in government decisions from which he or she will benefit is fraught with innumerable and ultimately irresolvable contradictions. When multimillionaire Finance Minister Paul Martin slashes taxes for the rich, is he in a conflict-of-interest? In Canada, as in all capitalist democracies, a politician's "success," to say nothing of his or her future career prospects, is bound up with the ability to attract the support of the ruling class—i.e. of big money and the corporate media.

This is not to claim there was nothing unseemly in Chretien's conduct, even if one discounts as sour grapes a lawsuit brought by the former head of the Business Development Bank of Canada in which he charges that the prime minister squeezed him out of his job for not doing his bidding in the Auberge affair.

While issuing a finding that the prime minister did not violate the government's "conflict-of-interest" guidelines, the government's "ethics counselor," a Chretien appointee, has said that stricter rules should govern future dealings between government ministers and Crown Corporations.

By any reading of the situation, Chretien was most anxious that the Auberge receive the financial support needed to restore it to profitability. It does not necessarily follow, however, that collecting the money from the sale of his share in the golf club was his motivation.

As the prime minister himself has boasted, he is a wealthy man. Indeed, Chretien is reputedly a millionaire many times over. Moreover, his son-in-law is a top executive of Power Corporation and, as a Desmarais, heir to one of Canada's largest family fortunes.

Lawrence Martin, the author of a biography of Chretien and one of his fiercest *Shawinigate* critics, has suggested political calculations may well explain the prime minister's aggressive lobbying for Development Bank assistance to the Auberge. There is no question Chretien was rattled by the results of the 1995 referendum, in which the pro-independence forces in Quebec fell only 50,000 votes short of winning majority support for Quebec's secession. And thereafter, the separatists announced their intention to target Chretien in the next federal election, nominating a well-known former Parti Québécois provincial cabinet minister to stand against him in Shawinigan. By rewarding friends and allies—the owner of the Auberge was a longtime Liberal supporter—and boosting job creation in the impoverished Shawinigan area, Chretien sought to meet this challenge.

#### **What is really at stake in *Shawinigate***

If the Auberge Grand-Mère scandal is not entirely contrived, it is certainly no twenty-first century edition of the Pacific Scandal, the case of alleged bribery that brought down Canada's first post-Confederation government.

Given the intangibles surrounding *Shawinigate*, the obvious question is why has this scandal proven to have such long legs?

To answer this it is necessary to consider the origins of the allegations against Chretien and then the profound dissatisfaction among big business, or at least large sections of it, over the outcome of last November's election.

It was the *National Post* that first "broke" the Auberge story some two years ago and then kept it in the headlines. Founded by press baron and right-wing ideologue Conrad Black, the *National Post* played a pivotal role in the transformation of the Reform Party into the Canadian Alliance and has all but publicly declared that its mission is to serve as an instrument to bring down the Chretien Liberals. On numerous files, from *Shawinigate* to the claim that the Liberals are soft on "terrorism" because Finance Minister Paul Martin attended a function hosted by a Tamil refugee organization, the Alliance has taken its cue from the *Post*.

During last November's election campaign, when it became apparent that the Liberals were coasting to a third successive majority, the Alliance and the Tories seized on *Shawinigate*. Although their campaign to impugn the prime minister's reputation made little dent on the voters, the Alliance and the Tories have placed even greater emphasis on *Shawinigate* in the post-election

period.

This fixation is the product of a number of interrelated factors. The Alliance was stung by the popular opposition to its right-wing program. Big business, while pleased to see that the Liberals made the Alliance's tax-cutting program their own just before calling the election, remains wary that the Liberals and particularly Chretien are too wedded to the welfare state policies of the postwar era. In the corporate press it is openly stated that Bay Street, i.e., Canada's banks and other financial houses, want Chretien to be replaced by Finance Minister Paul Martin.

Moreover, developments in the US have both increased the anxiety and whetted the appetites of that section of big business that is pressing for a dramatic escalation of the assault against the working class. Canada is coming under increasing pressure from the developing slump in the US, and there are complaints that President Bush's tax cut will render those made by the Liberals obsolete even before coming into force.

Last but not least, there is the example of the Republicans' unrelenting eight-year campaign to destabilize and bring down the Clinton administration, which culminated in the stealing of the 2000 presidential election.

The Alliance and many of its supporters, including Conrad Black and his *National Post*, have close ties to the Republican right and clearly see in *Shawinigate* a means of mounting a like campaign of political destabilization in Canada.

Recognizing that popular support for its political agenda is very limited, the right uses the politics of scandal and scandal-mongering to denigrate its opponents, manipulate public opinion, and turn attention away from the real social-economic concerns of the majority.

Such campaigns are a blunt instrument, however. *Shawinigate* was initially an Alliance/ *National Post* campaign, but increasingly it has become identified with the Tories and the *Globe and Mail*. By focusing on *Shawinigate* and thus bringing to the fore the so-called integrity of leadership issue, the Tories and *Globe* aim not only to pressure the Liberal government to the right, but also to focus attention on the inadequacies of the Christian fundamentalist Day as an alternative prime minister. Thus last weekend the *Globe* headlined the story that Day had authorized the hiring of an undercover operative, who has had troubles with the law and has close ties to biker gangs, to dig up dirt on Chretien.

Working people have ample reason to oppose the Chretien Liberal government. It has exploited popular fears about the Alliance's right-wing agenda to impose the program of big business, including gutting public and social services and rewriting the tax regime so as to enable the well-to-do to appropriate a still greater share of the national income. But the working class must oppose the Chretien government by constituting itself as an independent political force and by using its own methods of struggle.



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