

Sacking of Finance Minister splits government

Will Canada's Prime Minister survive?

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Canadian Prime Minister Jean Chrétien is in a fight for his political life. Last Sunday, he fired long-time Finance Minister Paul Martin, in the second emergency cabinet shuffle in a week. Martin, whose massive public spending and tax cuts have made him a darling of the financial markets, has indicated he will mount a campaign to force Chrétien to step down as prime minister.

The press is rife with speculation that the Chrétien-Martin leadership struggle will split the Liberal Party and paralyze the government at least till next February. That is when a complex "leadership review" process will culminate at a national Liberal Party convention.

What the corporate media will not explore is the relationship between the Liberals' leadership rift, Canadian capital's mounting anxiety over its deteriorating international position, and the attempt of big business to lay the political groundwork for an intensified offensive against the working class.

Allegations of government corruption leveled by the opposition parties and fanned by the media apparently played a major role in bringing the long-simmering rivalry between Chrétien and Martin to the boil. Chrétien's and Martin's supporters have blamed each other for leaking information damaging to the government.

Chrétien clearly concluded that the best way to quiet media calls for him to quit would be by forcing a showdown with Martin. At a cabinet meeting May 30, Chrétien announced that he is resolved to remain the prime minister till at least 2004. Although previously he had said ministers could establish leadership campaign organizations in anticipation of his eventual retirement, Chrétien ordered them disbanded and said that ministers who had established such organizations must provide a retroactive list of all donations in money or kind. Martin, who has built up a massive campaign treasure chest with donations from a veritable who's who of Canadian business, reportedly perceived this as an attempt to embarrass him, if not provide ammunition for the opposition's anti-corruption crusade.

The rest of the Liberal cabinet have fallen in behind Chrétien. The party apparatus and parliamentary caucus are another story. In scenes not seen since the Diefenbaker Tory government of the early 1960s imploded over the prime minister's refusal to accept US nuclear weapons on Canadian soil, Liberals MPs have lined up to publicly criticize Chrétien for firing Martin and to suggest it is time for the Prime Minister to resign. "Frankly, I think the Prime Minister did something terrible," declared the Liberal MP for Guelph, Brenda Chamberlain. "The Prime Minister has to explain

to the caucus and the country," contended Ottawa-area MP David Pratt, "how we ended up losing one of the most popular politicians in Canada ... someone who is very, very well respected internationally." The most direct was Toronto MP Joe Volpe, "All those who have made it known that they would really like to see Paul Martin at the head of the party, at the head of the country, will now have the chance to act on that."

The *Globe and Mail*, the traditional voice of Canada's financial establishment, delivered the same blunt message in its lead editorial Monday: "Mr. Martin would make an excellent prime minister. Certainly he is far preferable to the current one. The sole bright spot in the [cabinet] shuffle, Mr. Chrétien's third in six months, is that Mr. Martin will now have more leeway to compete for the top job."

In a rebuttal of the claims of Chrétien "loyalists" that the Liberals' three consecutive majority governments are attributable to his leadership, the *Globe* argued that the Liberals' successes are due to the collapse of the Conservatives in 1993, the lack of a viable right-wing alternative ever since, and "public respect" for "Mr. Martin's fiscal policies."

Chrétien, for his part, has been at pains to demonstrate his continuing commitment to the big business economic program implemented by Martin. To reassure Bay Street and foreign financial markets, he has given the finance ministry to John Manley, the only Liberal frontbencher considered to be on Martin's political right. Speaking at an International Monetary Fund conference less than 18 hours after inheriting the finance portfolio, Manley declared, "our priorities and objectives have not and will not change. That means balanced budgets, reduced debt, low and stable inflation, tax cuts and key investments ... Make no mistake, we will continue to cut taxes as resources permit."

The policy differences between Chrétien and Martin, such as there are, have not been articulated. But Martin and his advisors are claiming that the ex-finance minister came into increasingly conflict with the prime minister over policy. "The Prime Minister," an anonymous Martin spokesman told the *Globe and Mail*, "is an avowed incrementalist. His view is: 'Let's take things issues by issue, day by day.' Paul's view is that increasingly that is an inadequate approach. There's a set of choices, a set of challenges before us—not least of which is Canada's place in the world—that require an overarching view as to where we want to go and how we want to get there."

Martin is said to be planning to give a series of policy speeches

this summer and fall to sharpen the contrast between himself and Chrétien. Thus the ex-Finance Minister has given every indication he intends to campaign for the Liberal leadership by outlining an alternate government agenda that will seek to address the concerns of big business about the erosion of Canada's competitive position and the evolution of Canada's economic and strategic partnership with the US.

Martin, however, faces serious obstacles. There is no quick and easy mechanism through which a party rival can unseat a Canadian prime minister. In other parliamentary democracies, such as Britain and Australia, a sitting prime minister can be ousted by a simple majority vote of the governing party's MPs. Parties in Canada, by contrast, have adopted a system that ostensibly places the leader's fate in the hands of the party rank and file. To force a leadership race, the anti-Chrétien forces must first win a months' long leadership review. This involves signing up and mobilizing Liberal members for separate meetings in the more 300 parliamentary constituencies. It is virtually unthinkable that such a protracted struggle could be won without tearing the Liberal Party apart and destabilizing the government.

Aware that Martin faces the dilemma of how to wrest the leadership without fatally damaging the government, Chrétien goaded his rival's supporters in the Liberal caucus Tuesday by publicly challenging them to vote with the opposition and defeat the government if they want to be rid of him. Martin, meanwhile, has reiterated his support for the sitting Liberal government and, though no one believes him, continues to deny that he is plotting against the Prime Minister.

The realization of how difficult it will be to force Chrétien from office has caused sections of the corporate media to question the wisdom of potentially crippling Canada's traditional governing party and the only party that can still claim to have a significant following in all regions of the country.

At this point it cannot be said just how far the Canadian elite is prepared to go in supporting Martin's leadership challenge. Will it simply use Chrétien's Liberal Party rival as it has the Reform Party/Canadian Alliance to pressure the prime minister further right or is it determined to compel Chrétien's early departure, in the hopes that a change in leader will facilitate the implementation of a more aggressive anti-working class agenda?

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Till now Chrétien has proven adept at adapting to the demands of big business. On a whole series of fundamental questions, from NAFTA and the need to drastically curtail public spending to tax cuts and Canadian participation in the war on Afghanistan, Chrétien, after initial hesitations and reservations, has faithfully implemented the policy demands of big business.

Whatever the outcome of the current battle over the Liberal leadership, one thing is certain. The profound dissatisfaction of big business with Chrétien who has headed the most right-wing Canadian government since the 1930s, Liberal or Conservative, is an advance warning that capital is preparing a dramatic intensification of the assault on workers' rights and living standards.

The fixation in ruling class circles with Chrétien is itself a sign

of a profound crisis of ruling class strategy, even disorientation. An MP for the past 39 years, Chrétien is perceived by the dominant faction of the bourgeoisie to be too associated with the social welfare and Canadian nationalist policies of 1960s and 1970s. But the ruling class consensus that Chrétien has outlived his political usefulness masks deep divisions and uncertainties.

Take the question of Medicare, Canada's universal public health system. All sections of the political establishment are agreed that the current system is "unsustainable." But there is no consensus on what should replace it. While some sections of big business favor outright privatization of medical services, others argue that a state-managed health insurance system paid out of general tax revenues actually provides Canadian companies with a competitive advantage over their US rivals. Moreover, the political establishment is acutely aware that there is strong popular opposition to the gutting of Medicare and that it has yet to develop the political and ideological means to circumvent that opposition.

Similarly, there is profound disquiet within the ruling class over Canada's shrinking stature within global capitalism. The emergence of Mexico as a rival within NAFTA, the weakness of the Canadian dollar and mounting calls for Canada to adopt the US dollar, Washington's apparent indifference to Canadian concerns over its trade policy, the vulnerability of Canada to US pressure as revealed by the threats to restrict border traffic in aftermath of September 11—all point to the need for Canadian capital to elaborate a new strategy.

Its only real option is to enter into an even closer economic and geo-political partnership with the US. Such a course, however, is fraught with risks. Further integration with the US will mean a reduction in the Canadian bourgeoisie's ability to pursue its own independent interests and exacerbate the already deep regional antagonisms within the Canadian federal state.

Secondly, and more fundamentally such an orientation can only mean a dramatic intensification of the class struggle, as Canada more and more directly participates in Washington's and Wall Street's military adventure abroad and as big business insists that if it is to have "a level playing field" Canada's social policy and regulatory regime must match that of the US.

The extraordinary events of the past week are an indication of a profound social and political crisis rooted in the dramatic changes over the past two decades in world economic and geo-political relations. This crisis cannot and will not be contained within the old political framework. Workers in Canada must prepare for a major intensification of the class struggle by recognizing that the only progressive answer to the "Fortress North America" policy of the bourgeoisie, to class war at home and imperialist adventures abroad, is the struggle to unite the North American working class with its brothers and sisters overseas in a common struggle against international capital.



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