

Canada's prime minister to quit in 18 months

Big business urges quicker exit

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Jean Chrétien announced last week that he will step down as Canada's prime minister in February 2004. By declaring he will not contest a fourth general election as Liberal Party leader, Chrétien hoped to put a quick end to the leadership crisis that has rocked his government since he fired his chief rival, long-time Finance Minister Paul Martin.

But the corporate media has tartly dismissed Chrétien's claim that he needs a further 18 months in office to fulfill the mandate voters gave him in the November 2000 election. Virtually all of the country's major dailies have published editorials urging him to quit the prime ministership, if not immediately, at least by early next year. These calls have been coupled with complaints about the policy agenda Chrétien has outlined for his remaining months in office.

"Mr. Chrétien," declared the *Globe and Mail*, "now shows scant interest in pursuing the 'northern tiger' status suggested by Finance Minister John Manley—one that likely would lean on additional tax cuts to make Canada a magnet for foreign investment."

Martin has said he is ready to abide by the prime minister's timetable. However, many of his supporters have gone on record saying 18 months is much too long to wait for a leadership change. This sentiment has been fanned by numerous editorials and op-ed comments alleging that Chrétien's principal motivation in clinging to office for a further 18 months is to assist Martin's cabinet rivals in mounting their own leadership bids. According to Jeffrey Simpson, the doyen of Canadian political columnists, a vengeful Chrétien is out to "politically castrate Paul Martin."

Several members of the Liberal Party National Executive, which is controlled by Martin supporters, have suggested they will use their prerogative to fix the date of the Liberal leadership convention to force Chrétien's departure in 2003. Even if they don't, a rapidly deteriorating economic situation or the eruption of a second US-Iraq war could throw both Chrétien's and Martin's plans into disarray.

In announcing his retirement date, Chrétien said he had decided two years ago that this, his third term as prime minister, would be his last. Yet, prior to last week, he had adamantly refused to rule out standing for re-election, repeatedly telling both the public and his cabinet that any decision on his political future was premature. Martin's departure from cabinet in early June was precipitated by Chrétien's order that he and several other ministers close down the campaign organizations they had set up, with his sanction, to

prepare for a future Liberal leadership race. The prime minister and his supporters then spent the summer in an increasingly desperate campaign to belie claims that both the Liberal parliamentary caucus and party rank-and-file favor a change of leader. This culminated in the release just before last week's Liberal caucus retreat of a list of MPs supporting Chrétien's continued leadership. The maneuver backfired. The list contained the names of only 94 of the 170 Liberal MPs and many of the signatories were cabinet ministers or parliamentary secretaries who serve at the prime minister's discretion. Subsequently, half a dozen MPs came forward to say they had never given permission for their names to be included on the list.

Although the prime minister cannot admit as much, it is apparent to all that he has been forced from office. Chrétien and his advisors had concluded he was in grave danger of losing a "leadership review" vote at the party's convention next February—a vote that hitherto has been essentially a pro forma exercise for a sitting prime minister.

Chrétien's forced exit is without precedent in Canadian federal politics. In the early 1960s, the Tory government of John Diefenbaker imploded, but Diefenbaker did not head a majority government and even then his cabinet rivals failed to dethrone him as party leader till the Tories had spent several years in opposition. Last but not least, the Diefenbaker cabinet was split over a pivotal policy issue—whether to accept the stationing of US nuclear weapons on Canadian soil.

By contrast, there are no substantive differences between Chrétien and Martin over current government policy—at least none that have been clearly and publicly articulated.

For a nine-and-a-half year period, ending only this past June, Chrétien and Martin worked in tandem as the principal ministers in Canada's most right-wing federal government since the Great Depression. Brought to power in the fall of 1993 on a wave of popular antipathy to the Mulroney Tory government, the Liberals quickly shelved promises to rescind the Goods and Services Tax (GST), stop the dismantling of public services and make job creation their first priority.

As Chrétien's Finance Minister, Martin was responsible for imposing drastic cuts in public spending, especially to the transfers that fund health care, higher education and social assistance. Meanwhile, the proceeds of the payroll tax for unemployment insurance were siphoned off to help reduce the annual federal budget deficit, even as the government slashed jobless benefits and

greatly restricted benefit eligibility. Then, when the deficit gave way to large surpluses, the Chrétien-Martin Liberal government announced a five-year, \$100 billion program of corporate and personal income tax cuts. Not only do these cuts disproportionately benefit the rich and upper middle class, the only social layers whose incomes have increased significantly over the past decade, they ensure that the federal government lacks the fiscal means to make significant reinvestments in public and social services.

Martin, a multi-millionaire businessman, has long-enjoyed strong backing from the Bay Street banks and financial houses. But after close to four decades as a Liberal insider, Chrétien has developed no less intimate ties to Canada's corporate elite. His daughter is married to a scion of one of Canada's wealthiest and most politically-connected families, the Desmarais. On a host of critical issues such as tax cuts and Canadian participation in the US war against Afghanistan, Chrétien has stunned his big business and right-wing critics by adopting their policy prescriptions lock-stock-and-barrel.

Undoubtedly personal ambitions and rivalry—Martin finished second to Chrétien in the 1990 race to succeed John Turner as Liberal Party leader—have played a significant role in the Liberal leadership struggle.

But if Martin, a politician hitherto noted more for his caution than his verve or daring, felt sufficiently emboldened to launch an overt and unprecedented challenge to Chrétien's leadership, it was because he has been egged on to do so by Canada's corporate media for months, if not years. Once Martin was dismissed from cabinet the media went into overdrive, depicting the finance minister as a veritable political titan, while deriding Chrétien as an aged politician bereft of ideas and interests other than the raw pursuit of power and likely corrupt to boot.

That the Liberal Party not only forms the government party, but also is the only political formation that can seriously claim to be a national party having support in all regions, makes it all the more significant that the political and corporate elite would risk plunging it into a fratricidal power struggle.

Behind the drive to unseat Chrétien is the increasing anxiety and anger of the most powerful sections of Canadian big business. Despite the wrenching changes of the past 15 years—the abandonment of the traditional national economic policy in favor of free trade with the US, the dismantling of the welfare state and other mechanisms that served to mitigate class conflict, and the successive waves of corporate restructuring—Canadian capital continues to lose ground to its foreign rivals. Adding to the elite's frustration is their failure to create a viable alternative to the Liberals, a political phenomenon that is rooted in the profound regional divisions within the Canadian bourgeoisie—divisions that are only exacerbated by Canada's increasing integration with the US economy—and a confused, but none the less deep-current of popular opposition to the free market and social conservative agenda espoused by the opposition Canadian Alliance.

Big business intends to use the change of Liberal Party leader and prime minister to press for an intensification of the assault on the working class through further tax and public spending cuts, the subordination of social policy ever-more directly to the exigencies

of the capitalist market, and the gutting of all regulatory restraints on capital.

Martin is aware of the anxiety in business circles for a change of course. He also recognizes that the policies demanded by Bay Street are, in so far as the public understands them, widely opposed. Thus in his leadership challenge, he has sought to rally big business support by presenting himself as an agent of change, while refraining from making any substantive policy statements.

In campaigning for the Liberal leadership and governing, should he become prime minister, Martin clearly intends to continue to use the Reform Party/Canadian Alliance as a right-wing foil, just as he and Chrétien have done for the past decade. During the 2000 election campaign, Martin attacked the Alliance, saying its tax cutting program would result in a socially polarized Canada—no matter that he had just introduced a budget that made the greatest tax cuts in Canadian history, a budget the right-wing and pro-Alliance *National Post* hailed as an "Alliance budget."

That said, the fixation in ruling circles over forcing Chrétien out is symptomatic of the political disorientation in the ruling class produced by the breakdown of the old political and economic certainties. The prime minister has oft been criticized for muddling on, but the truth is the bourgeoisie itself is profoundly divided over its class strategy.

For example, there is a ruling class consensus that radical changes must be made to Medicare, the universal public health insurance scheme. But there are serious disagreements over how to overcome popular opposition to shifting a greater proportion of health care costs onto the sick and aged and over whether a pared-down state-financed system would better boost Canadian corporate competitiveness than outright privatization.

Over Canada's relationship with the US and the struggle for political advantage among the various regionally-based factions of Canadian capital, the differences are at least as large. No significant bourgeois faction believes Canada has any alternative but to accept the role of junior partner in a US-led Fortress North America, but there are profound differences over how best to retain the maximum ability for Canadian capital to pursue its own predatory aims and interests. Some sections of the Canadian elite are calling for a new political relationship with the US, including closer foreign policy and military cooperation. Others fear that a US push for Canadian participation in a war on Iraq and other imperialist adventures would have an explosive impact on class relations.

The ouster of Chrétien is rooted in an intensification of the crisis of Canadian capitalism and is a harbinger of increasing class conflict. The working class will be able to exploit this crisis only in so far as its reconstitutes itself as an independent political force advancing a socialist internationalist program to reorganize economic life and society in the interests of working people.



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