

A corporate-orchestrated merger

Canada's right-wing parties to unite

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The Progressive Conservatives (PC) and the Canadian Alliance—the two self-professed right-wing parties in Canada's parliament—have an agreement in principle to merge into a new party, the Conservative Party. The proposed merger is a shotgun marriage, the result of a deal negotiated in secret by a small cabal of party leaders and in response to extraordinary pressure from Canada's corporate elite.

In short, big business wants a more malleable and regionally broad-based, right-wing opposition to the Liberals—one with the potential to win office—so as to intensify pressure for further corporate tax cuts, privatization, deregulation, increased military spending, and closer security and economic ties with the United States.

The big business media, from the liberal *Toronto Star* through the rabidly right-wing *National Post*, has hailed the merger as good for “democracy.” But in keeping with the party's right-wing purpose, the merger resembles more a corporate buyout than an exercise in democratic decision-making.

Discussion of the new party's principal policies, let alone its detailed program, has been put off till the merger is approved. Ditto for the new party's constitution. Ostensibly to ensure the new party can have a race to choose a leader and prime ministerial candidate before an anticipated spring election, the merger agreement gives the two parties only until December 12 to approve their dissolution. Fearing that the Progressive Conservative rank-and-file may balk at fusing with the upstart, western-based Alliance, the PC national executive has voted to give anyone who joins the party before the last week of November the right to participate in the merger-ratification vote. Canadian Alliance members are reportedly joining the Progressive Conservatives en masse, so as to ensure the

merger obtains the two-thirds majority required under the PC constitution.

Details of the machinations that resulted in the merger agreement have only begun to leak out. But it is known that some of Canada's most powerful business leaders played a pivotal role. Belinda Stronach—CEO of Magna International, Canada's largest auto parts manufacturer—prevailed upon PC leader Peter MacKay to begin negotiations with Alliance head Stephen Harper this June, just weeks after MacKay had given a written pledge to his party not to lead the PCs into a merger with the Alliance. Peter Munck, the principal shareholder in Barrick Gold, intervened when the merger talks were near collapse.

No less important was the role played by former prime minister and PC leader Brian Mulroney. It is openly admitted in PC circles that without Mulroney's blessing neither the merger negotiations nor the ultimate deal would have gone ahead. Canada's prime minister from 1984 to 1993, Mulroney is far more than just a PC elder statesman. A top executive with Quebecor and prominent corporate director, Mulroney is an intimate of the Bush family and reputedly advises the current US president regularly on developments in Canada. Over the past year, Mulroney has become far more strident in his criticism of the Chrétien Liberal government, accusing it of endangering Canada-US relations by failing to support the US's illegal war on Iraq. He has urged that Canada seek a new economic and security partnership with the US so as to further anchor it to Fortress America.

So that there was no confusion as to where Canada's banks and financial houses stood, both the PC and Canadian Alliance were told in no uncertain terms that they would be starved for corporate donations until they found a means to bury their differences and

combine.

Ironically, the new federal election-financing law served to further increase Bay Street's leverage. Bill C-24, which comes into force January 1, sharply curtails business donations to political parties. Thus, if the Liberals' right-wing political rivals wanted to benefit from business largesse, so as to eliminate their party debts, which are rumoured to be in the range of C\$5 million, and fill their election war chests, time was of the essence. According to an unnamed PC fundraiser cited in the *Globe and Mail*, "All sorts of corporate donors who said don't call us till you get together [with the Alliance] are now saying they are willing to scale up their donations."

During the 20th century, the Progressive Conservatives served as the Canadian bourgeoisie's alternate party of government. (The PC's appeal was more limited than that of the Liberals because of their association with the British Empire and Anglo-chauvinism and more transparent support from Bay Street.) But the PC suffered a crushing defeat in the 1993 election, winning just two parliamentary seats, after two terms in office during which they began the wholesale dismantling of the welfare state and effected a fundamental change in the strategy of the ruling class by negotiating a free trade agreement with the US. Since then, the PC has not risen to more than fourth-place status in the House of Commons, with most of its parliamentary strength coming from the small Atlantic provinces. In the 2000 federal election, the PC almost lost official status in Parliament—just winning the required minimum of 12 seats—and captured only 12.5 percent of the popular vote.

The Canadian Alliance, which was founded in 1999, and its precursor the Reform Party, served as useful tools for big business in pushing politics sharply to the right. Time and again, over the past decade, the Chrétien Liberal government has adopted Reform/Canadian Alliance policy, whether in making the elimination of the budget deficit the pivot of all government policy, in instituting massive tax cuts for the well-to-do, in threatening to partition Quebec in the event of its secession, or in limiting the rights of refugees.

But big business, particularly in central Canada, was wary of the Reform Party, because of its right-wing populism, including its crude anti-Quebec and anti-

immigrant appeals, the priority it gave to outlawing abortion and attacking gays, and its demands that the Canadian federation be restructured to give greater power to the west.

In an attempt to win Bay Street's backing, Reform's founder-leader, Preston Manning, recast it as the Canadian Alliance and gave it a new program that focussed on promoting big business's right-wing socioeconomic agenda. But Manning subsequently lost the Alliance leadership to Stockwell Day, an unabashed Christian fundamentalist and political lightweight. The Liberals used Day as a right-wing foil in the 2000 election, presenting themselves as the defenders of public health care and tolerance. At the same time, they shored up their big business support, by announcing a C\$100 billion tax cut plan. To the dismay of Conrad Black and the most rapacious sections of the Canadian bourgeoisie, the Canadian Alliance did little better than had Reform, winning all but 2 of its 60-odd seats in the four western provinces.

Now, three years later, big business has strong-armed the PCs and Alliance together so as to intensify the assault on the social position of the working class. In this regard, it is important to refute the claim of some press commentators that the new Conservative Party will merely recreate the pre-1993 PC. In fact, the new political formation will be far to the right of the PC, just as the Chrétien Liberal government, rhetoric aside, has been far more socially regressive than its predecessor, the 1984-1993 Mulroney government.

All those considered candidates to lead the new party—including former Ontario premier Mike Harris—are neoconservative ideologues who come either from the Alliance or the PC's right-wing. Observed Mulroney's long-time pollster, Allan Gregg, "[T]he moderates have turned over power to those they previously viewed as their inferiors and as dangerous ideologues."



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