

Under new prime minister

# Canada's Liberal government veers right

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Paul Martin has used his first week as Canada's Prime Minister to steer the ten year-old, federal Liberal government sharply to the right.

Martin's priorities, as indicated by a spate of gestures, appointments and policy pronouncements, are to repair relations with the Bush administration, strengthen the Canadian Armed Forces (CAF), and further curtail public spending and services.

Jean Chrétien, Martin's predecessor as Liberal Party leader and Prime Minister, headed what was far and away Canada's most right-wing government since the Great Depression—at least in terms of social and fiscal policy. Between 1995 and 1998, the Chrétien Liberal government imposed unprecedented public spending cuts, slashing the transfers to the provinces that finance public health care, welfare and post-secondary education, and gutting the unemployment insurance program. Then, just before the fall 2000 election, the Liberals unveiled a five-year, \$100 billion program of tax cuts that has swelled business profits and the incomes of the rich and super-rich, while ensuring that the federal state lacks the financial resources to increase social spending.

Yet Chrétien, particularly after the emergence of the Bush administration, increasingly fell out of favor with big business. A federal politician since the early 1960s, Chrétien was perceived by Canada's economic and political elite as too closely associated with the social welfare policies and the anti-American Canadian nationalism of Pierre Trudeau's prime ministership.

With the Progressive Conservatives, big business' traditional alternative governing party, mired in crisis, the elite's efforts to effect a change in course came to focus on Martin, himself one of the country's wealthiest capitalists and Chrétien's Finance Minister from 1993 to the spring of 2002. A fawning press and gobs of corporate cash encouraged Martin in his ambitions to succeed Chrétien. Armed with this support and that of much of the Liberal backbench, Martin ultimately succeeded in forcing Chrétien to stand down, although the prime minister was able to stretch out his departure for a further 15 months.

During his year-and-a-half-long leadership campaign, Martin said little about his intentions, arguing that if he criticized Chrétien's actions it would destabilize the government he hoped to inherit. But since he officially assumed the mantle of Prime Minister on December 12th, Martin has hastened to distance himself from Chrétien's regime and to demonstrate to big business that he will aggressively advance its interests both at home and

abroad.

**Clearing house:** Martin has radically refashioned the government, giving well over half of Chrétien's ministers—including such stalwarts as Deputy Prime Minister and Finance Minister John Manley, Canadian Heritage Minister Sheila Copps, Industry Minister Alan Rock, and House leader Don Boudria—their walking papers.

Of particular importance is the promotion of Alberta MP Anne McClellan to the post of Deputy Prime Minister and Saskatchewan MP Ralph Goodale to the finance portfolio. Martin has vowed that he will take much greater heed than did Chrétien of so-called "western interests." Historically western regionalism was fuelled by the grievances of small farmers against the domination of the eastern-based banks, railways and manufacturers, but for decades it has served as a rallying cry for the oil industry and other western-based sections of capital that favor closer ties to the US and the elimination of any remaining regulatory restraints on capital.

Martin's choice of Defence Minister was also a statement of intent. The new minister, David Pratt, was one of only a handful of Liberal MPs to publicly criticize Chrétien for failing to deploy the CAF alongside US and British troops in the illegal conquest and occupation of Iraq. As head of the House of Commons Defence Committee, Pratt has for years championed the CAF's demands for a massive infusion of cash and was among the first proponents of Canada joining the US anti-ballistic missile defence-shield.

**Courting the Bush administration:** Martin's response to the US's capture of Saddam Hussein was calibrated to signal his government's eagerness to ingratiate itself with Washington. In his initial statement, Martin parroted official US and British claims that Hussein's capture will facilitate "reconciliation" and reaffirmed the Canadian government's commitment to participate in Iraq's "reconstruction," omitting any reference to Washington's decision to deny Canadian companies reconstruction contracts as punishment for Ottawa's failure to join Bush's war coalition.

The following day, in a telephone conversation, Martin "congratulated" Bush on Hussein's capture and discussed meeting with the US President—who had snubbed Chrétien by cancelling a May visit to Ottawa—in January, first at a summit of the Americas in Mexico and then later in Washington.

Martin has named himself chair of a new cabinet committee on US-Canada relations and has appointed as his parliamentary secretary for US-Canada relations, Scott Brison. An investment

banker and recent defector from the Progressive Conservatives (PC), Brison ran for the PC leadership earlier this year on a platform calling for a new economic and security partnership with the US so as to create “a seamless border.”

At least in part to assuage US security concerns, Martin has also created a new Department of Public Safety and Emergency Preparedness and named Deputy Prime Minister McClellan as its first head. Although not a complete clone of Bush’s Homeland Security Department—it will not incorporate immigration and citizenship functions—Canada’s new Public Safety Department will centralize control over the Royal Canadian Mounted Police, Canadian Security Intelligence Service, and border and port security.

**“Punching beyond Canada’s weight”:** Associating Canada more closely with “Fortress America” is seen by big business as pivotal, but nevertheless as only one element in more aggressively asserting its predatory ambitions and interests on the world stage.

In an implicit criticism of his predecessor, Martin has said his government will take steps to enable Canada to punch beyond its weight in international affairs. To this end, the new Prime Minister has ordered the first comprehensive review of Canadian foreign and military policy since the end of the Cold War and repeatedly gone out of his way to laud the Canadian military.

The CAF’s \$3 billion order for new helicopters is the only new federal capital spending project that the Martin government has excluded from a temporary freeze on capital expenditures.

On just his third full day as prime minister, Martin visited the headquarters of the Department of National Defence. His aides were quick to note that in ten years in office, Chrétien had not once visited the nerve center of Canada’s military. In a speech punctuated by repeated applause from Canada’s top brass, Martin hailed the Canadian troops currently propping up Afghanistan’s US-backed puppet government and signalled his readiness to deploy Canadian troops in other parts of the world.

“No nation,” declared Martin, “can isolate itself from the perils and the trials and tribulations that the world goes through. Our capacity to respond on behalf of the world community is very heavily dependent upon the men and women of the armed forces.”

While Martin has said that the specifics of increased CAF funding will only be determined once the foreign and defence policy reviews are complete, he has pledged that the military budget will be hiked substantially.

**Scaling back the public sector:** Martin, Finance Minister Goodale, and Treasury Board President Reg Alcock have all been at pains to emphasize their determination to scale back government spending in the short-term and to make major changes in the scale and delivery of public services over the next 18 months.

Following a cabinet meeting Tuesday, Goodale announced that the government had frozen the size of the public service, most public service promotions and all new capital spending projects for the remainder of the 2003-04 fiscal year. The finance minister claimed the freezes were necessary to ensure that the federal government does not go into deficit. While it is true that federal finances have been hit by economic instability, SARS and other crises, any imminent budget crisis is the product of deliberate design. During the course of the current fiscal year, Ottawa has

paid down the national debt by a further \$7 billion and as of January 1 corporate taxes are to be cut by a further \$1.1 billion.

Goodale also announced that the Martin government has launched a comprehensive and ongoing review of all program expenditures, with a view to continually phasing out, downloading to other levels of government, or privatizing programs no longer deemed to be crucial to the government’s mandate.

Significantly, the terms spelling out the parameters of Martin’s program review read as if they were cribbed from those laid down by Quebec Premier Jean Charest, who is currently spearheading a drive to slash public services through contracting out, public-private partnerships and outright privatization.

Martin’s spending review committee is instructed to ask: “Is there a legitimate and necessary role for government in this program area or activity?”

“What activities or programs should or could be transferred in whole or in part to the private/voluntary sector?”

“Does the program exploit all options for achieving lower delivery costs through intelligent use of technology, public-private partnership, third-party delivery mechanisms, and non-spending instruments?”

The steps taken by Martin in his first week in office have been welcomed almost unanimously by the corporate media. For his part, Thomas d’Aquino, head of the Council of Chief Executives (CCE), which represents the country’s 150 biggest firms, wrote an obsequious letter of congratulations to Martin, calling him “the most distinguished Council alumnus” and praising the new prime minister as a “model to all who aspire to serve their community and their country.” In a CCE press release, d’Aquino hailed Martin’s cabinet selections and governmental priorities, especially his government’s “commitment to maintaining a strong emphasis on fiscal prudence, debt reduction, competitive taxation, and a disciplined approach to the review and allocation of federal spending.”

While Martin is currently basking in such big business praise, the more astute bourgeois commentators are urging him to steel himself to face an increasingly hostile reception from working people.



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