

Canada's business elite considers throwing its weight behind the "new" Conservatives

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For the first time in three federal elections, decisive sections of Canada's corporate elite are pondering whether to throw their weight behind a change of government. This would mean replacing the Liberals, who have been in office since the fall of 1993, with the "new" Conservatives—a party created late last year through the merger of the right-wing populist Canadian Alliance and the Progressive Conservatives, the Canadian bourgeoisie's traditional second party.

For electoral purposes, the "new" Conservatives are trying to present themselves as a "modern, moderate" party. This is akin to George W. Bush's claim in the 2000 US presidential election that he espoused "compassionate conservatism." Making allowances for certain differences in political traditions and for the far greater power and ambitions of the US ruling class, the "new Conservatives" are a Canadian version of the contemporary Republican Party: a party that articulates the demands of the most rapacious sections of capital and strives to find a broader social base by appealing to the religious right and other confused and reactionary elements.

Chief among the Tory election pledges is to cut personal income taxes by \$18 billion per year at the end of 5 years, sharply increase spending on the Canadian military, scrap the Kyoto Accord on greenhouse gases, and promote a closer economic, military and geopolitical partnership with the US.

Conservative leader Stephen Harper is a neo-conservative ideologue, who says he aims to lower Canadian taxes to below those in the US. He has campaigned for two decades for a radical redistribution of power from the federal government to the provinces, so as to facilitate the dismantling of public services, and he has been the leading advocate of Canadian participation in the US-British invasion of Iraq.

Under Jean Chrétien and Paul Martin, the Liberals have pursued the most right-wing socio-economic agenda of any post-Great Depression Canadian government. First they imposed massive cuts to public and social services. Then in 2000 they announced a five-year \$100 billion schedule of corporate and personal income tax cuts. Nonetheless, big business grew increasingly disenchanted and frustrated with Chrétien, believing he was too wedded to the Trudeau-era Liberal rhetoric of social reform and anti-American Canadian nationalism. With the aim of shifting the Liberal government further right and, in particular, promoting closer relations between it and the Bush administration, the corporate media encouraged Finance Minister Paul Martin, himself one of the country's biggest capitalists, to wrest the Liberal Party leadership and prime ministership from Chrétien. Ultimately Martin did this. But only six months after formally taking the reins of power, he now finds to his dismay that much of the Liberals' business support is shifting to the Conservatives. When Conservative leader Stephen Harper addressed the Toronto Board of Trade earlier this month he was given a rousing reception.

In part this shift arises from a new sense of opportunity. Since February, opinion polls have shown Liberal support falling precipitously. Currently

the Liberals and Conservatives are running neck-and-neck in the polls, with each garnering the support of about a third of electorate.

The entire media and political establishment, the Tories included, were caught unawares by the collapse in Liberal support. One of the two main reasons that the Alliance and PCs agreed to end their bitter rivalry and merge was their fear of a shattering defeat at the hands of the supposedly immensely popular Martin-led Liberals. (The other was that big business made it clear it would fund neither party till they set aside their differences and created a "credible, united right-wing" alternative to the Liberals.)

In explaining the Liberals' crisis, the media has pointed to the evidence of government financial impropriety—the so-called sponsorship scandal—and the recent Ontario Liberal budget, which introduced a new public health insurance premium—in reality a new regressive tax—while delisting some services from Medicare. Undoubtedly, both of these have played a role. But more fundamentally, the decline in Liberal support is rooted in the yawning gap between their vapid "progressive" rhetoric and the past 11 years of cuts to government services and tax cuts for well-to-do, and in the gulf between the government-business-media claims of a robust economy and the increasing economic insecurity, longer working hours, and stagnant wages experienced by the vast majority of working people.

Closer analysis of the polling data shows that there has not been a groundswell of support for the new Conservatives. If the Liberals and Conservatives are in a dead-heat in the polls, it is much more because of a collapse in Liberal support than any enthusiasm, outside business circles and a narrow stratum of the middle class, for the new party on the right. Taking the polls of the past two weeks, support for the new Conservatives is between 4 and 8 percent *less* than the combined voted of the Alliance and PCs in the last election. By contrast support for the social-democratic NDP and the Greens is up more than 15 percentage points over their showing in 2000.

The Conservatives are well aware that their policies and objectives are opposed by the vast majority of Canadians. That is why they are running a "stealth" election campaign, hiding their true intentions behind half-truths, lies and charges of rampant Liberal corruption and mismanagement. Harper and the Tories claim that their tax cuts can be implemented without any substantive reduction in public and social services. They have pledged their undying support for Medicare—even while praising the initiatives taken by the Alberta Tory and BC Liberal governments to promote the privatization of medical services and the development of a two-tier health care system. Of particular note is Harper's stand on Iraq. As the leader of the then official opposition Canadian Alliance, Harper railed against the Liberals' for failing to stand with Canada's traditional allies in the war on Iraq. But aware that popular opposition to the invasion has only increased over the past year due to the unraveling of the Bush administration's lies about weapons of mass destruction and the exposure of the brutal, colonialist character of the US occupation, Harper now claims that neither in March-April 2003 nor today

does he support the deployment of Canadian troops to Iraq.

(It should be added that Harper's hypocrisy and cynicism are matched by Martin's. The Prime Minister has posed as the savior of Medicare, yet as Finance Minister he was one of the principal architects of the cuts that have ravaged Canada's health care system. Similarly, Martin has attacked Harper for his stand on Iraq, but in a move clearly designed to get Washington's attention, on becoming prime minister last December he named the most vocal Liberal advocate of Canadian participation in the Iraq War as his defense minister.)

The prospect of a Conservative government has provoked a major debate in the corporate media. The liberal *Toronto Star* is alarmed, if not panicked. It fears that a Tory government will lead to a dramatic intensification of class conflict like that precipitated by the Ontario Tory government of Mike Harris, but across all Canada. It also fears the Tories will stoke class conflict and limit the Canadian ruling class' ability to assert its own predatory interests by binding Canada too closely to the Bush administration. The *National Post*, which was founded by Conrad Black and is today owned by the Canwest conglomerate, is by contrast ecstatic. Of more significance is the attitude of the *Globe and Mail*, the traditional voice of Canada's financial establishment. The *Globe* has been sharply critical of Martin, arguing that he and his government dithered, rather than moving aggressively to "reform"—i.e., scale back—Medicare, and to sell to the Canadian public the need for a massive increase in military spending. At the same time, the *Globe* has raised a spate of concerns about the Tory agenda, including its courting of social conservatives, its claims that taxes can be cut without slashing services, and its readiness to seek the support of the pro-Quebec independence Bloc Québécois (BQ) in the event of a hung parliament.

The *Globe* and other prominent voices of big business are gratified that Harper is accepting the counsel of former Progressive Conservative Prime Minister Brian Mulroney. Like the Canadian business elite as a whole, Mulroney has moved sharply to the right in the decade since he was Prime Minister. A major player in the international corporate world, he is a trusted advisor of the Bush family and was one of only two foreign leaders asked to deliver a eulogy at Ronald Reagan's funeral last week. The other was Margaret Thatcher.

Nonetheless, the ruling class has multiple fears and concerns at the prospect of a "new" Conservative government. Many but not all of these arise from the new party's ties to the Reform Party, which arose in Western Canada in the late 1980s to protest the Mulroney government's purported betrayal of conservative principles and "pandering" to Quebec. While the ruling class ultimately found the Reform Party/Canadian Alliance a most useful instrument in pressing the Liberals to accept a battery of right-wing policies, including massive tax and spending cuts, and a new more aggressive stance against the threat of Quebec secession, Bay Street was always suspicious of its populism, inflammatory anti-Quebec, anti-immigrant and anti-abortion rhetoric, and promotion of an agenda aimed at giving the business elite in western Canada greater power.

First and foremost among the current concerns of Canada's elite is the danger that a Tory government, as it moves to implement its agenda of tax and public spending cuts, deregulation and privatization, will become a lightning rod for working class opposition. If the Liberal Party has been the preferred party of the Canadian elite over the past century, it is precisely because it has been able to somewhat camouflage its big business character with liberal rhetoric, and for a time it presided over limited but real social-welfare reforms. Related to this is the concern that the Tories' vocal social conservative activist wing will cut across the policy changes big business wants by inciting opposition with calls for anti-gay and anti-abortion legislation.

Also pivotal are a whole series of issues relating to the sharp regional tensions within Canada's ruling elite.

Unlike the Liberals, the Conservatives cannot claim to have a significant base in Quebec. Not only does this make it highly unlikely the Conservatives can form a majority government, the coming to power of the Conservatives will likely provide political openings to the Quebec *indépendantiste* movement and this for several reasons.

The Alliance wing of the Conservatives is renowned for its opposition to official bilingualism and Anglo-chauvinism. A Tory minority government would most likely seek to sustain itself in power by forming an alliance with the Bloc Québécois. While the BQ paints itself as a party of the moderate left, it would form a block with the right-wing Tories on the basis of their common antipathy to the Liberals and agreement that the powers of the federal government should be dramatically reduced in favor of the provinces.

Much of the ruling class is loath to see the BQ gain a share of power. Moreover, it fears the BQ would be able to take advantage of the situation to manufacture a political crisis, portraying the eventual end of its marriage of convenience with the Tories as a rejection of Quebec by English Canada.

Last but not least is the concern of the most powerful sections of the Canadian ruling elite that the Tories' decentralization agenda will weaken the Canadian federal state, at a time when its power is increasingly being undermined by Canada's economic integration with the US and by the decline in the importance of the multilateral institutions on which the Canadian ruling class has traditionally sought to gain influence on the world stage.

With their support plunging in the polls, the Liberals have tried to rally support from business by appealing to these concerns. Martin and the Liberals are attacking the Tory claims that they can deliver tax cuts, and increase health and defense spending, while leaving other programs in place, as "fiscally irresponsible." They have seized on various anti-abortion and anti-gay comments by Tory candidates as proof of the "divisive" character of the Tory agenda and have denounced the Tories for preparing to cut a deal with the "anti-Canadian" BQ.

With two weeks remaining before Canada's election more surprises may well be in store given the alienation of working people from all the establishment parties. What is clear is that the coming period will see an intensification of class conflict. The ruling class' willingness to consider bringing to power a government modeled on the Bush administration underscores the fact that its needs and aspirations are ever-more diametrically opposed to those of working people.



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