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What a difference a year makes. When Paul Martin replaced Jean Chrétien at the helm of Canada's federal government in December 2003, the corporate media hailed the new prime minister as a veritable political colossus, whose enormous popular appeal was matched by his sagacity.

Today Martin is routinely chastised, even mocked, by the media for his dithering, vacuous public statements and reputed failures of leadership. As for Martin's much-vaunted popularity, opinion polls show that if an election were held today, his Liberals would be hard-pressed to retain the minority government status to which they were reduced—after a decade of majority-rule—by last June's general election.

The steep slide in Martin's fortunes exemplifies the vast popular alienation with the political establishment and the ever-widening gulf between the objectives of Canada's corporate elite and the aspirations and interests of working people.

Apprehensive that Canada is losing out in the struggle to win markets, attract foreign investment and secure geo-political advantage, big business wants the Liberal government to align Canada even more closely with the United States, boost military spending, slash corporate taxes, and further curtail public and social services through spending cuts and privatization.

A multi-millionaire businessman who as Chrétien's finance minister implemented the biggest public spending and tax cuts in Canadian history, Martin shares these objectives.

Since taking the reins of government, he has made improving relations with the Bush administration, which were strained when Chrétien scuttled plans to have the Canadian military join the invasion of Iraq, a top priority. To this end, Martin has established a new ministry of Public Safety and Emergency Preparedness modelled after Bush's Department of Homeland Security, boosted Canada's support for the puppet regimes the US has established in Afghanistan and Iraq,

parroted Bush's rhetoric about a global war on terror, and ordered his MPs to refrain from making strong criticisms of Bush and his administration. Martin's government has also given its approval to trilateral discussions, promoted by the Canadian Council of Chief Executives, among Canadian, Mexican, and US business leaders and retired government officials and political leaders aimed at drafting a blueprint for replacing NAFTA with a closer economic and security partnership.

Martin has ordered a 5,000-man expansion of the Canadian Armed Forces' combat strength, boosted military procurement, and given the military a higher profile.

And from the earliest days of his government, he has made "sound financial" management a key theme, establishing new mechanisms to reduce government spending and to promote public-private partnerships, whereby the building of public infrastructure and/or the provision of services is privatized. His government has also continued the practice that Martin developed when Finance Minister, of deliberately grossly underestimating federal revenues so the government can claim that it cannot afford to increase public spending. (The budget surpluses are then siphoned off and used to pay down the national debt.)

But big business is chagrined that Martin, because of fears for his government's future, has failed to move the Liberals still further right. In the words of the newspaper columnists and editorialists, the prime minister has failed to "demonstrate leadership," because he has not boldly defied public opinion on such issues as Canadian participation in the Bush's administration missile defence scheme.

The other key corporate criticisms of the Martin-led Liberal government are as follows. Under last September's federal-provincial health accord, Ottawa boosted federal spending on Medicare, while failing to insist on fundamental health care "reform," by which

they mean creating mechanisms to limit government expenditure on health care and shift a greater proportion of health care costs onto the sick and their families. The Martin-led Liberal government has raised military spending only incrementally, rather than stake its political future on multi-billion dollar annual increases in the defence budget. The government has not responded to the rise in the value of the Canadian dollar and Bush's pledge to make his tax cuts permanent by announcing a new program of massive tax cuts like that the Liberals unveiled in 2000. The government continues to balk at giving Canada's big five banks the green light to fuse into two or three institutions, which they claim is necessary to make them internationally competitive.

Martin had hoped to repeat the strategy of Chrétien, who in successive elections used the Conservatives, Reform Party and Canadian Alliance as right-wing foils, then implemented many of their key policy planks, including the "war on the deficit," curbs on refugees, massive tax cuts, and the rewriting of the rules on secession to threaten Quebec with ethnic-territorial partition. (The success of this strategy had less to do with Chrétien's political cunning, than the complete collapse of any opposition to big business' neo-liberal agenda from the trade unions and social democratic NDP.)

But after a decade of increasing economic insecurity and social inequality under the Chrétien-Martin government, voters are increasingly jaded about the Liberals' pretence of being a barrier to the neo-conservative right. In last June's election both the Liberals and the Conservative Party (formed as a result of the merger of the right-wing populist Canadian Alliance and the Progressive Conservatives) lost votes. Meanwhile, parties that were popularly perceived to be parties of the left—the social-democratic New Democratic Party, the *indépendantiste* Bloc Québécois and the Greens—saw their share of their popular vote increase by 14 percentage points.

Six months later, the Liberals' nervous steps to the right have not satisfied big business. Nor have they boosted the Liberals in the polls, which would make it possible for them to win a parliamentary majority, and thereby strengthen their resolve to pursue unpopular policies, since they would not have to seek re-election till 2010. Were it not that key sections of the Canadian

elite remain hesitant to see the Conservatives in government—because of their lack of any support in Quebec, strong association with the demands of western capital for a greater say in determining national policy, and courting of the religious right—the corporate media might already have launched a concerted drive to force a new election.



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