

# TACTIX ELECTION WATCH

December 20, 2005

*Welcome to the Second Edition of the Tactix 2006 Election Watch. We will be producing Election Watch periodically to offer our analysis of key campaign issues and developments. As always, we welcome your comments.*

## 1. Beyond the Base

The Conservative Party cannot win the 2006 election by appealing to its base – it simply is not big enough at this time. Electoral success for the Conservatives is tied directly to Stephen Harper's ability to demonstrate to Canadian voters that his Party has moved closer to the mushy political centre that the Liberal Party has owned for a long time and in which many Canadians, particularly in seat-rich Ontario, find comfort.

Accordingly, Mr. Harper is devoting the first segment of his election campaign to delivering 'one-a-day' policy statements aimed at assuring Canadians beyond the traditional Conservative base that it will be safe to vote Conservative this time. Where there are policy differences between the Conservatives and Liberals on issues of importance to Canadians, his aim is to ensure there is a rational explanation offered by a reasonable sounding government-in-waiting. If Mr. Harper succeeds in moving his Party closer to Canadians' comfort zone, he will be well positioned to tap into the desire for change that we identified in our first edition of

*Election Watch* as one of the two critical election fault lines outside Quebec.

## 2. Zero Sum Game

For their part, the Liberals are playing to the second election fault line outside Québec – fear of the unknown. Prime Minister Martin continues to implement the Liberal strategy of turning the election outside Québec into a two-way Liberal versus Conservative affair, leaving the NDP gasping for oxygen on the sidelines.

With the Liberal brand damaged so badly in Québec that growth in that province is near impossible, playing a zero sum game with the NDP is the only chance the Liberals have to squeak out a majority government. The risk of this approach becomes evident if, as many expect, the next Parliament is a minority – Canadians would likely end up with another largely dysfunctional Parliament. A longer-term implication of the polarization strategy being played out is suggested by this question: Are we witnessing the precursor of a unite-the-left movement in Canada? Stay tuned.

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Whereas Mr. Harper needs Jack Layton and the NDP to do reasonably well, but not too well, in Ontario and British Columbia, drawing seats away from the Liberals, Mr. Martin needs to paint a picture of a Conservative government that would be far outside the comfort zone of mainstream Canada and thereby lure soft NDP support to the Liberal side to block a Conservative government. This message will be reinforced by continual reminders to all Canadians that their country's economic performance is second to none in the G8, so why change?

Prime Minister Martin's challenge is to put as much 'daylight' as possible between his vision of Canada and Mr. Harper's. It was no coincidence that an 8-year old Stephen Harper speech containing unflattering remarks about Canada found its way into the media just prior to the first set of leader debates. This dynamic of competing visions of Canada is coming into greater focus following the first round of debates and will continue to play out through the election, becoming more intense in the post-holiday phase of the campaign, when more Canadians will be paying attention.

### **3. Looking for Daylight**

As the first phase of the election campaign comes to an end with the very brief Christmas cease fire (Party war rooms will remain operational throughout the holiday season) it is

useful to examine what the competing visions of Canada look like at this juncture. Six key policy issues raised in the first three weeks of the campaign are summarized in the Table below. With apologies to the other Parties contesting the election, we focus solely on the two Parties that have a chance to form the next government.

It is interesting to observe that, while there is some 'daylight' between the Conservatives and the Liberals on each of these issues, the Conservative leader moved quickly to narrow the gap on one of his Party's greatest vulnerabilities – same-sex marriage – by stating in the first French-language debate that he would not invoke the Charter of Rights' notwithstanding clause to overrule the law. Moreover, on a second social policy issue that could feed the Liberal message – child care – the Prime Minister narrowed the gap himself, perhaps inadvertently, when he asserted that parents would act responsibly with the money they would receive under the Conservative child care policy.

This to-and-fro of opening and closing gaps between the Liberals and Conservatives has the overtones of a tactically sound football game – the Conservative's defensive line is responsible for sealing the line gaps up front and preventing the Liberal ball carrier from running for daylight.

**LIBERAL/CONSERVATIVE POLICY COMPARISON**

CAMPAIGN ISSUE	CONSERVATIVES	LIBERALS
<b>TAX CHANGES</b>	<ul style="list-style-type: none"> <li>• Reduce GST by 1% immediately and by a further 1% within 5 yrs.</li> <li>• Raise pension deduction from \$1K to \$2.5K.</li> <li>• Raise small business tax threshold to \$400K.</li> <li>• Lower small business tax rate 1% over 5 yrs.</li> <li>• Provide \$500 tax credit for textbooks, tools.</li> <li>• Provide tax credit for children’s physical fitness registration fees.</li> <li>• Exempt first \$10K of scholarships/ bursaries from taxation.</li> </ul>	<ul style="list-style-type: none"> <li>• Increase basic personal exemption by \$500 effective Jan 1/05.</li> <li>• Reduce lowest personal income tax rate 1% effective Jan 1/05.</li> <li>• Reduce two middle personal income tax rates by 1% within 5 yrs.</li> <li>• Increase threshold of the top personal income tax rate to \$200K within 5 yrs.</li> <li>• Increase lifetime capital gains exemption for small businesses and farmers from \$500K to \$750K.</li> <li>• Eliminate federal capital tax as of Jan 1/06.</li> <li>• Reduce general corporate income tax rate 2% to 19% by 2010.</li> </ul>
<b>CHILD CARE</b>	<ul style="list-style-type: none"> <li>• Give families \$1,200 per year for each child under 6 and let parents choose child care option.</li> <li>• Allocate \$10.9B to child care over 5 years.</li> </ul>	<ul style="list-style-type: none"> <li>• Implement early learning and childcare bilateral agreements with provinces to build national framework.</li> <li>• Allocate \$11B to early learning and childcare through to 2015.</li> <li>• Make child care spaces an eligible investment under infrastructure programs.</li> </ul>
<b>SAME-SEX MARRIAGE</b>	<ul style="list-style-type: none"> <li>• Free vote on whether or not to restore traditional definition of marriage.</li> <li>• Would not invoke the Charter of Rights’ notwithstanding clause.</li> </ul>	<ul style="list-style-type: none"> <li>• The Supreme Court has said it is a Charter right. End of story.</li> </ul>

CAMPAIGN ISSUE	CONSERVATIVES	LIBERALS
SENATE REFORM	<ul style="list-style-type: none"> <li>• Establish federal process for electing Senators without constitutional reform.</li> </ul>	<ul style="list-style-type: none"> <li>• Elect Senators but only as part of comprehensive Senate reform.</li> </ul>
SAFE COMMUNITIES	<ul style="list-style-type: none"> <li>• Crack down on illegal gun use.</li> <li>• Stop flow of illegal guns at the border.</li> <li>• Mandatory minimum prison sentences.</li> </ul>	<ul style="list-style-type: none"> <li>• Amend Criminal Code to enable provinces and territories to prohibit handguns within their borders.</li> <li>• Amnesty and buy-back for existing handguns.</li> <li>• Double mandatory minimum sentences for gun crimes.</li> <li>• \$40M to stem flow of illegal firearms.</li> <li>• \$225M for RCMP community safety team.</li> </ul>
HEALTH CARE	<ul style="list-style-type: none"> <li>• No private, parallel system.</li> <li>• Work with provinces to develop Patient Wait Times Guarantee.</li> </ul>	<ul style="list-style-type: none"> <li>• Implement 10-year health care plan agreement with provinces, including reduced wait times and national standards.</li> <li>• Establish national drug strategy.</li> </ul>

Other issues will arise during the final month of the campaign to be manipulated by the two major Parties to their own respective advantage. It is reasonable to expect that the Liberals will seek to point out stark contrasts in two other important policy areas – Aboriginal Canadians and climate change – in the weeks ahead. It will be very interesting, and ultimately telling to the result, to see if Mr. Harper’s Conservative Party can successfully blunt these attacks.

**4. Battlegrounds: Ontario and BC**  
 Voters in Ontario and British Columbia, number one and number three in seat totals in the House of Commons, will ultimately determine the outcome of the election. Liberal efforts to turn three-way races outside Québec into two-way races will be put to the test in these two provinces. Making Ontario and BC particularly interesting this time is the fact that both provinces have a considerable number of ‘swing ridings’ (which we

have defined as a 5%-or-less margin of victory in the June 2004 election). Swing ridings typically are targeted by the runner-up as representing a growth opportunity and therefore attract more resources than others where prospects are not as great.

Across Canada there are 59 swing ridings, representing 19% of all ridings. Both Ontario and BC, however, have swing ridings above the national figure. In Ontario, 25% of the 106 ridings fall into the swing category, and 30% of BC's 36 ridings do so. The chart below shows which Party is most vulnerable to targeting in the two major battleground provinces.

PROVINCE	WINNER	RUNNER-UP
ONTARIO	CON=13* LIB = 11 NDP = 3	CON = 7 LIB = 15 NDP = 5
BRITISH COLUMBIA	CON = 5 LIB = 4 NDP = 2	CON = 1 LIB = 4 NDP = 6

\*Hon. Belinda Stronach's move to the Liberals means she technically became a runner-up!

As the election campaign enters its final weeks in January, Messrs. Martin, Harper and Layton will be spending considerable time in Ontario and British Columbia trying

to push these swing ridings in their direction.

## 5. Random Observations

(a) *When Will This Election Be Over?*

We are already facing the longest federal election campaign since the Rt. Hon. John Turner pulled the plug on Parliament in July of 1984. The current campaign could go even longer than scheduled, however, if a major snowstorm hits parts of Canada on January 23<sup>rd</sup>. According to the *Canada Elections Act*, Cabinet may order the withdrawal of a writ of election if the Chief Electoral Officer, Jean-Pierre Kingsley, certifies that it is impracticable to carry out the election due to a flood, fire or "other disaster". Elections Canada confirms that a blizzard could constitute the requisite "disaster".

Authority to withdraw a writ of election need not be for the entire country – voting could be suspended in individual ridings affected by a storm. Notice of withdrawing the writ must first be published in the *Canada Gazette* and a new election must be ordered within three months of publication.

This provision of the *Act* has never been used. But if a major winter storm prohibits voting in a number of ridings and the writ is withdrawn, we may not know the outcome of this election for several months.

*(b) Liberal Appeal in Québec*

It is well documented that support for the Liberal Party of Canada within Québec has plummeted from the heady days when that province could be counted on, with the exceptions of 1984 and 1988, to help elect Liberal governments time after time. Many have attributed the current Liberal travails in Québec to the now infamous sponsorship program and the resulting Gomery Commission of Inquiry which became almost mandatory television viewing in Québec in 2005.

It is undoubtedly true that association with sponsorship has caused severe Liberal brand damage. However, there is another, less publicized reason why the Liberals have had difficulty getting traction in Québec. The key planks of the domestic policy agenda pursued by the Martin government are anathema to many Québécois. Health care, early learning and child care, and the cities agenda are all areas that most in Québec, sovereigntist or federalist,

would assume to be exclusively within provincial jurisdiction. Despite the inherent lack of appeal to many Québec voters, we see no backing off from these domestic initiatives during the campaign nor by a new Martin government should the Liberals win the 2006 election.

*(c) Experienced Leadership*

The leaders of the Liberal, Conservative and New Democratic Parties are each running their second national election campaign. Their prior experience shows. There is a certain rhythm to national campaigns that cannot fully be understood until it is experienced in the flesh, both by the leaders and their respective teams of advisors. Benefiting from the invaluable experience of having done this once before, at this juncture of the campaign Messrs. Martin, Harper and Layton have worked hard to address weaknesses revealed in their first campaign and appear to have found their rhythm.

**We wish our clients and friends a very happy and safe holiday season and all the best in the New Year.**

**If you have any questions or comments regarding TACTIX ELECTION WATCH please contact us at:**

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