

TACTIX ELECTION WATCH

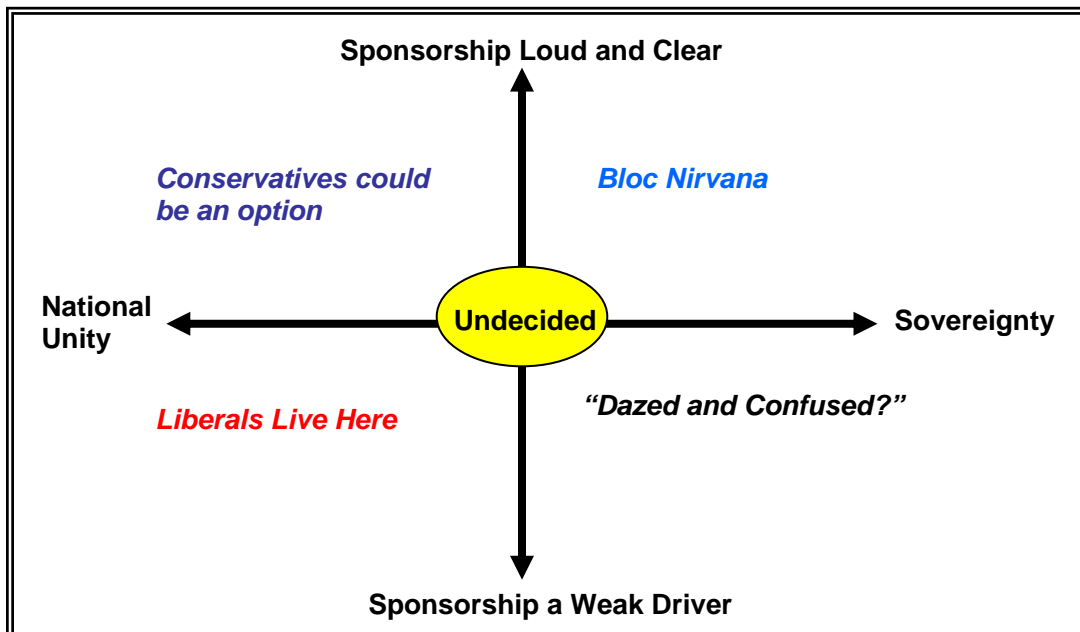
Welcome to the inaugural edition of Tactix 2006 Election Watch. We will be producing Election Watch periodically to offer our analysis of key campaign issues and developments. As always, we welcome your comments.

1. A Tale of Two Campaigns

Campaign 2005-06 is similar to many elections fought throughout Canadian history – one campaign is being waged in Quebec and a quite separate one is being fought in the provinces and territories outside Quebec. By definition, the existence in Quebec of a political party devoted to Quebec sovereignty alters the political calculus. Moreover, the continuing weakness of the Conservatives and the NDP makes Quebec a two-Party battleground. In this election, voters

in Quebec are presented with a different set of ballot box questions than Canadians in the other provinces and territories. Although many issues can crowd the electoral landscape, the critical fault lines in Quebec basically fall along two axes: the sponsorship axis and the national unity axis. Where the major Parties and their current and potential pools of support fall along these fault lines is shown below.

The Election Fault Lines in Quebec: Sponsorship vs. National Unity



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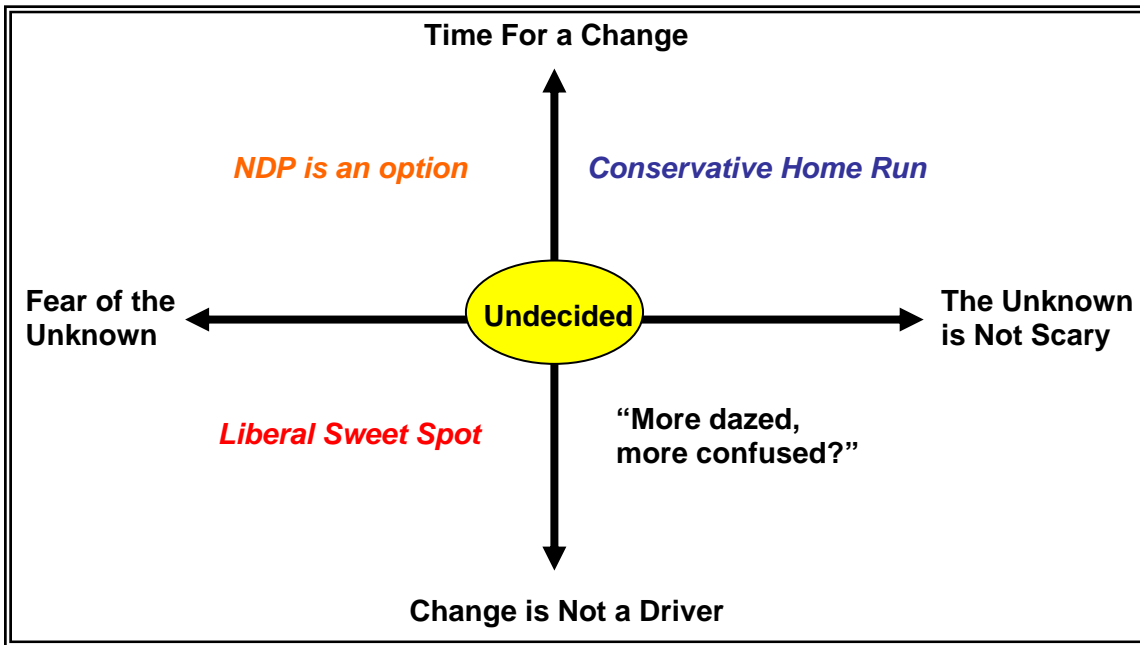
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Canadians living outside Quebec realistically have more choices as to where to mark their ballot and the issue fault lines are not as stark as they are in Quebec. While most Canadians have views on the sponsorship program and most also have thoughts on national unity, that is, when they think about it, it is unlikely that these issues will be the

top of mind ballot box questions when these voters enter the voting booth. The campaign outside Quebec is shaping up around the question “Is it time for a change?” That question forms the vertical axis in the diagram below. The competing pressure, shown on the horizontal axis, is whether or not the major agent of change is an acceptable prospect.

The Election Fault Lines Outside Quebec – Change vs. Fear



This is not to say that the campaigns in Quebec and in the rest of Canada are entirely unrelated – there clearly is some connection. The Liberal decision to play the national unity card in Quebec, in addition to giving committed federalists in that province something to rally around in the face of a Bloc Quebecois onslaught against the infamous sponsorship program, may also resonate in the

minds of some Ontario voters who might be persuaded that a Liberal government represents the best hope of holding the country together. However, the further away one moves from Quebec’s border, the less likely it is that the two campaigns will intersect in the hearts and minds of voters.

2. Competing Strategies

Week One of the longest federal election campaign since 1984 revealed the underlying strategic approach of the three key contestants outside of Quebec:

Liberal Party – ‘Rope-a-Dope’

The Liberal Party is adopting the campaign equivalent of Muhammad Ali’s famed ‘rope-a-dope’ strategy used in the 1974 ‘Rumble in the Jungle’ against the-then heavyweight boxing champion, George Foreman. Lying on the boxing ring ropes as early as the first round, Ali used the rope-a-dope technique to conserve his energy, tire out his opponent, counter-punch when the opportunity presented itself, and open up Foreman’s weaknesses to exploit for an eventual counter-assault.

The Liberals’ version of the rope-a-dope has Prime Minister Martin following a measured schedule of appearances aimed at obtaining maximum tactical advantage – hence the PM’s recent speech to the Canadian Auto Workers. Moreover, in classic rope-a-dope fashion, Mr. Martin can be seen counter-punching Conservative policy announcements, such as day care and GST, from time to time.

ELECTION FACTS

Number of Seats in the House of Commons = 308

Number of Seats Required for a Majority Government = 155

The Liberals can be counted on to come out of their rope-a-dope stance and launch their counter-assault in the post-holiday segment of the campaign. However, unlike the Ali-Foreman fight which ended with an Ali knockout victory in eight rounds, this election battle is expected to go a full fifteen rounds, and victory is not assured.

Just as the election is essentially a two-Party contest in Quebec, a second key facet of the Liberal strategy is to turn the campaign outside Quebec into a two-Party battle against the Conservatives, leaving the NDP out in the cold. In the face of extremely tough odds in Quebec, one opportunity for Liberal growth is to siphon support away from the NDP by drawing stark comparisons between a Liberal vision of Canada and a Conservative vision. CAW leader Buzz Hargrove’s advice to adopt a strategic voting approach and support a Liberal minority government reinforced this message.

Conservative Party – Define or Be Defined

Having learned a valuable lesson from the 2004 election campaign, Conservative Party leader Stephen Harper came out of the election gates quickly to begin framing himself and his Party in the minds of the electorate. Knowing that Mother Nature and the Liberal Party of Canada alike abhor a vacuum, this was a deliberate effort to pre-empt the Liberal’s from defining what the Conservatives stand for. Although

this election is more of a marathon than a sprint, the Conservatives understood it would be in their longer-term strategic advantage to get out ahead of the Liberals on a number of fronts. Moreover, Mr. Harper knew that he could not possibly sustain ‘Liberal corruption’ as an issue throughout the campaign. Quite coincidentally, the Conservatives bolt-out-of-the-starting-gate approach dovetailed nicely with the Liberals rope-a-dope strategy of largely vacating the field in Week One.

Wielding a controversial double-edged sword, Mr. Harper used Day One to remind Canadians what his Party would do in regard to same-sex marriage – give Members of Parliament the opportunity by way of a free vote to decide whether or not to restore the traditional definition of marriage. This opening-day gambit at least had the advantage of getting out of the way early an issue that was destined to become part of campaign rhetoric anyway. Better to position the Conservatives as a Party that can be relied on to consistently do what it says it will do than to leave an opening for the Liberals to exploit with hidden-agenda charges at a time of their choosing in the campaign.

Mr. Harper continues to dominate election coverage with self-defining policy announcements to establish an independent Director of Public Prosecutions, cut the Goods & Services Tax by two percent over five years, develop a wait-time guarantee for the health care system, and

introduce a child-care allowance system that would put money directly in the hands of parents so that they can choose the child care they want.

NDP – Fighting for Air

Having led the charge with his fellow Opposition leaders to pull the plug on Parliament, NDP leader Jack Layton is now fighting to be noticed by Canadians. With each news cycle dominated by major policy-a-day announcements by the Conservatives, and in the face of a Liberal Party strategy to polarize voters outside Quebec in a clear Liberal versus Conservative dynamic, this is no easy task.

Having learned an important lesson about strategic voting from the 2004 election, the NDP are adopting a largely defensive posture at the outset of this campaign – stop Canadians who fear a Conservative government from rushing en masse to the Liberals. In order to prevent a repeat of Election 2004, which saw NDP support drop when voters went into the polling booth, Mr. Layton finds himself in the unusual position of de-demonizing Stephen Harper. He needs to convince his core and swing supporters that he could work with a Conservative minority government. This was captured perfectly in Week One with Mr. Layton’s comment that Mr. Harper “is not scary, he is just wrong.” The NDP leader must now also convince his Party faithful that Buzz Hargrove too is “just wrong.”

3. Random Observations

(a) *Show Me the Money*

By refusing to accept Prime Minister Martin's preferred date for holding an election, the Opposition Party leaders caused the government to bring out its pre-election 'budget' earlier than it would have liked. Finance Minister Goodale's November economic and fiscal update/budget provided the Opposition with considerable data to use as they finalized their respective campaign platforms. Perhaps most importantly, the economic and fiscal update/budget provided estimates of budget surpluses expected through to 2010-11. Thus, the Opposition parties can feel free to 'spend' these surpluses without fear of attack or retribution.

(b) *Making History?*

Much is being made of the fact that the Liberal Party of Canada is seeking to win its fifth straight mandate from Canadians. Although such an accomplishment should not be minimized, it has already been done twice before. The Liberals won five straight federal elections from 1935 to 1953, repeating this feat from 1963 to 1974. It is interesting to note that, in both cases, the Liberal Party changed its leader during the winning streak and the string of electoral victories was snapped by a minority Conservative government. Should the Liberals win re-election on January 23, 2006, history will not be made. That will be on the line the next time around.

(c) *Hobbesian Choice?*

Before this election is over Canadians can expect the campaign to become two-thirds Hobbesian, "nasty, brutish and long."

ELECTION FACTS

Seat count in the House of Commons at dissolution:

Liberals = 133

Conservatives = 98

Bloc Quebecois = 53

NDP = 18

Independent = 4

Vacant = 2

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

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