



## The Race is On

Will Prime Minister Harper win his coveted majority government? Will Liberal leader Stéphane Dion confound the pundits and lead his party to victory? Will the NDP make history and serve as Her Majesty's Official Opposition? Will the Bloc Québécois finally run out of steam in Quebec? Will the Green Party elect its first Member of Parliament?

These questions, and more, will be answered on Election Day, October 14, 2008. Until then, we at TACTIX Government Consulting Inc. will be offering you our thoughts on questions such as these, as well as our analysis of key election campaign issues and developments. This edition of 2008 Election Watch is the first of our series of commentaries devoted to capturing the undercurrents, the personalities and, dare we say it, the drama of Canada's 40<sup>th</sup> general election.

## The Seinfeld Election – So Far

Is this an election about nothing? Are we all living in a Seinfeld episode? As the party leaders and candidates reach the end of week two of the campaign, it is difficult to ascertain what the “ballot box” question will be for Canadians. In the January 2006 election it was easy to see from the issuing of the writ that the question Canadian voters were being asked to answer was “Is it time for a change?” after four successive Liberal governments. We all know how that question was answered. This time around, the question is not as clear cut.

The Conservatives are expending considerable effort to convince voters that the key question to be answered on October 14 centres on leadership – the “certainty” of the leadership of Stephen Harper versus the “risk” of the unproven Stéphane Dion. They have framed the Liberal leader in the unflattering image of their choosing, rather than that of Mr. Dion's, virtually since Mr. Dion was elected Liberal leader in December 2006. Early indications are that these efforts – built largely around a carpet-bombing pre-election ad campaign – have resonated. Mr. Dion's leadership indicators trail not only the Prime Minister's but also NDP leader Jack Layton's. This is clearly a serious concern for Liberal campaign strategists, but it is not clear today that Election 2008 will be framed around leadership.

If not leadership, what? Managing the economy could emerge as the one decisive issue around which most Canadian voters will coalesce, given that global economic conditions may well worsen before they improve. Economic management could go either way for both the Conservatives and the Liberals, depending upon how cleverly they frame the issue and position themselves on it. For the NDP, however, an election about economic management would not play to their strengths.

Or, if the Liberals go on the attack later in the campaign, profiling the Prime Minister's "personality" or an alleged Conservative "hidden agenda", this could sway voters at the last minute. And the last minute counts. In the 2006 election, one-in-three Canadian voters decided on their voting intentions 72 hours before election day. Almost one-in-five made up their mind inside the voting booth. Yes, the last minute counts very much in a Canadian federal election. Watch very closely for the television ads in the dying days of the campaign.

## Demographic Campaigning - The Conservative Way

From the moment they came into office on January 23<sup>rd</sup>, 2006, the Harper Conservatives have had two prime objectives – forming a majority government in the next election, and crippling the Liberal Party of Canada, not necessarily in that order. In keeping with the Prime Minister's political methodology and strategic strengths, Mr. Harper and his close circle of advisors have sought to attain these twin objectives in an analytically-based, systematic manner. As was the case in the 2005-06 election, the Conservative Party entered campaign 2008 with a very clear understanding and delineation of three general voter groups in Canada:

- The Conservative voter;
- The accessible voter; and,
- The non-Conservative voter.

Using sophisticated techniques and technology tools, each of these broad groupings were subdivided into distinct demographic profiles. This enables Conservative election strategists to identify and target micro-audiences with policy measures aimed at appealing to highly specific demographic audiences.

Generally speaking, policy announcements made during the campaign will be aimed at appealing to core Conservative voters and accessible voters. Who are they?

- Middle-class suburban and working-class families/couples with a mortgage.
- Young voters, primarily male, between 18-35 years of age.
- Families with children (typically with more than two children).
- Comfortable, but not wealthy, seniors.
- Self-made families, particularly small-business operators, with an emphasis on new Canadian sub-groups.

It should come as no surprise, therefore, that during the first two weeks of the campaign the Prime Minister has announced:

- A tax credit of up to \$5,000 for first-time homebuyers;
- Indexing the lifetime capital gains exemption;
- An increase in the amount of income eligible for the reduced federal small business tax rate from \$400,000 to \$500,000;
- A plan enabling self-employed Canadians to opt in to Employment Insurance premiums and, in return, receive maternity and parental benefits; and,
- A 50% reduction in the federal excise tax on diesel fuel.

Each one of these policy measures is easy to explain in a media sound bite and on Canadians' doorsteps, is easy to understand, and is aimed directly at core Conservative and swing voters. Stay tuned for more policy pronouncements bearing these characteristics.

## The Conservative Majority Hypothesis

Traditional election campaign analysis has focused on dividing Canada into five regions – the Atlantic, Quebec, Ontario, the West and British Columbia – and shaping messages and electoral strategies around these regional blocs. The Conservatives are going about things differently this time. They are searching for their majority by reaching out to at least eleven distinct regions.

Region number one is the 418-area code belt around Quebec City, as well as the south shore of the St. Lawrence Seaway between Montreal and Quebec City. As is the case in largely francophone communities off the island of Montreal, the Conservatives' aim is to add seats at the expense of the BQ. There are no Liberal seats to be had here.

The second region in Quebec that holds some promise for the Harper Conservatives is the 450-area code around Montreal. Voters in this area tend to share the demographics of those in the 905 belt around the Greater Toronto Area. Conservative candidates would be vying with the BQ and Liberals in some of these ridings.

The next two regions in the Conservative game plan are in British Columbia, namely some close three-way races (Conservative-Liberal-NDP) in and around Vancouver and in the BC interior, the 250-area code.

Regions five and six are found in the Canadian West. Alberta and Saskatchewan comprise one – and with only one seat currently not held by a Conservative, this region is a “slam dunk”. Region six is Manitoba. While always searching for one or two more seats to reach the magic majority number of 155 seats, Manitoba could be tough territory for Conservative gains, with the Liberals and the NDP giving them a good fight in the six ridings those two parties currently split amongst themselves.

Region number seven is the seat-rich 905-area code belt around Toronto. The Conservatives aim to hold onto the seats they currently have and make gains at the expense of the Liberals. Several seats are in play, particularly in ridings currently held by Liberals who received significantly diminished support in 2006 compared to what they enjoyed in prior elections. Region eight is also in vote-rich Ontario – the 519-area code in southwestern Ontario, with London at its epicentre. The Conservative policy announcements noted above are aimed at appealing to voters in the 905 and 519 belts.

Prince Edward Island comprises region nine. All four seats are held by Liberals. One or possibly two could be in play for the Conservatives, depending upon how the national campaigns go. The Premier of Newfoundland, Danny Williams, is an election wild card in region ten, Newfoundland. So far, he has been sharply attacking Prime Minister Harper's Conservatives, even though he too bears the Conservative imprimatur.

Rounding out the eleven regions is the combination of Nova Scotia and New Brunswick. Conservatives held only five of twenty-one seats in this region going into the election. If the national campaign goes well for the Conservatives, some gains could be realized.

Twenty-eight is the Conservatives' magic number. They must hold all of their existing seats plus mine these ten regions for 28 additional seats, increasing their total from the pre-writ 127 MPs to 155 MPs (a majority-plus-one of the 308 seats in the House of Commons).

## A Third Minority in Four Years?

It is far too early to comfortably predict the results of the 2008 election. Any one of three outcomes seem possible today – a Conservative majority, a Conservative minority or, admittedly facing greater odds, a Liberal minority. The Conservative game plan for obtaining a majority has been outlined. For their part, the Liberals, enjoying what some have described as the “Coca-Cola” brand of politics, historically enter election campaigns being able to count on a core of 30 per cent of Canadian voters. Eroding this strong support base represents a significant challenge to all of the other political parties.

What electoral dynamics are at play in 2008 that could thwart Mr. Harper from winning a majority in his third attempt to do so? There are two to watch for in particular.

### “Stop, Drop and Roll”

The first dynamic takes shape in the Province of Quebec. Historically viewed as a bastion of support for the Liberal Party, this has not been the case in recent federal elections. The repatriation of the Constitution without Quebec's consent, high-profile Liberal opposition to the Meech Lake Accord, the passage of the *Clarity Act*, and the sponsorship scandal have combined over the past three decades to significantly erode Liberal support in Quebec, leaving it as largely a Montreal-based party.

The BQ has been the primary beneficiary of Liberal decline in Quebec since 1993. This time around, the electoral fortunes of the BQ could well determine whether or not Canadians wake up on October 15<sup>th</sup> to a Conservative majority government. If BQ support stops, drops and rolls to the Conservatives in a significant way, winning conditions exist for Mr. Harper to enjoy his coveted majority. Not surprisingly, the Conservatives are aggressively and repeatedly questioning the utility of the Bloc Québécois in French-language ads, campaign speeches and earned media hits.

### Strategic Progressive Voting

The centre-right of the Canadian political spectrum got its act together in December 2003, following ten-plus years of acrimony and division. Centre-right voters have coalesced around the newly-formed Conservative Party. The centre-left of the political spectrum has not, however, experienced a similar coalescence. In fact, with the Green Party gaining a slightly larger footprint with each election, the division amongst so-called “progressive voters” – Liberal, NDP, Green – is exacerbated.

An institutional coalescing of the “progressive” parties is not on the electoral radar screen today. However, an informal understanding of progressive Canadian voters, centred largely in Canada’s major urban areas, especially Montreal, Toronto, and Vancouver, could prevent a Conservative majority. A sufficient number of Canadians, sensing a Conservative majority, could vote strategically by supporting a party that is not their first choice, but rather the one they view as best placed to deny Prime Minister Harper his electoral objective.

## “Zap, You’re Frozen”

“Zap, you’re frozen” is one of the best known quotes in Canadian political history. Uttered by Prime Minister Pierre Trudeau during the 1974 election campaign to mock the wage and price freeze (to be followed by price controls) plank of Progressive Conservative Party leader Robert Stanfield, Mr. Trudeau then famously proceeded to implement wage and price controls the following year. Although a well-liked and highly regarded political leader, Mr. Stanfield had made the mistake of making a major policy of the Official Opposition the key issue of the 1974 election rather than the record of the incumbent government.

The result? A majority Liberal government.

To those living in Ontario in 2007, they will recognize the same tactical error made by Ontario PC leader John Tory in the October 2007 provincial election. Mr. Tory’s proposal to expand religious school funding became the lightning rod issue of the campaign, not the record of Ontario Premier Dalton McGuinty’s Liberal government.

The result? A majority Liberal government.

This brings us to The Green Shift. On June 19, 2008, Liberal leader Stéphane Dion released his plan to put a price on fossil fuels and simultaneously cut personal and corporate income taxes – shifting the tax burden from income to consumption of fossil fuels. The Green Shift also includes a series of related tax measures, including cuts to the first three marginal rates of income tax, a new child tax benefit, an increase to the employment tax credit, and an increase to the Working Income Tax Benefit.

Placing a detailed, major policy plank in the pre-election window was a calculated risk taken by the Liberal leader. Wishing to position himself as a thoughtful, policy-oriented leader, Mr. Dion hoped to gain traction in the minds of Canadian voters by taking The Green Shift on the road over the summer of 2008, selling his plan – which combines economic and environmental policy – to Canadians well in advance of the next election. At the same time, however, he opened himself up to a pre-writ attack by the Conservatives as they sought to position Dion as a “tax and spend Liberal” by reducing The Green Shift to “a carbon tax on everything”. Mr. Dion also showed himself to be offside the Liberal premiers of Ontario and Quebec, both of whom favour a “cap and trade” approach to Greenhouse Gas emissions rather than the imposition of a tax on carbon. The Liberal Premier of New Brunswick has also come out against carbon taxes.

The election trail this fall gives Mr. Dion the opportunity to buck the trend of opposition politicians who wound up regretting making their policies, rather than the record of an incumbent government, the story line of an election campaign.

The result? Stay tuned.

## Random Observations

### “It’s Not Easy Being Green”

Kermit the Frog’s lament to the downtrodden and the misunderstood is not in Green Party leader Elizabeth May’s songbook. Originally shut out of the leader’s debates – French debate October 1, English debate October 2 – Ms. May created a media storm that caused Prime Minister Harper, NDP leader Jack Layton and BQ Leader Gilles Duceppe to retreat from their earlier objections to her participation. One of the major question marks of the 2008 campaign is the impact the Green Party will have on the electoral fortunes of the other national parties. Will the Greens build on their current level of support by bleeding voters away from the Liberals, NDP and BQ or will they stall? The answer will have a major impact on the election outcome. And it could have an impact on future elections. Under Canada’s election financing rules, political parties receive public funding based on a per-vote formula. The Green Party can “win” even if it elects no MPs, so long as the party increases its popular vote. More money equals greater capacity for recruiting new talent, enhancing research and policy development, and building party infrastructure.

### Tectonic Shifts

Canada has a long history of upstart political parties, often representing a strong regional protest movement, which shift Canada’s electoral landscape. The 1993 federal election was a tectonic shifting election, thanks to the aggressive introduction of two new parties – the Reform Party and the Bloc Québécois. The Progressive Conservatives were reduced to a caucus of two and a separatist party from Quebec formed the Official Opposition. Election 2008 could represent another shift of Canada’s electoral tectonic plates. The first key condition precedent occurred with the merger of the Canadian Alliance and PC parties, forming the Conservative Party in December 2003 and consolidating the conservative core that had been split in 1993. The second shoe to drop, and the shoe to watch for on October 14<sup>th</sup>, is the seat count of the BQ. If this count drops significantly, the party picking up these seats could be in for a long and happy ride in the Province of Quebec.

#### Subscription Info

If you would like others to receive future editions of the TACTIX Commentary, please e-mail your contact information to us at [contact@tactix.ca](mailto:contact@tactix.ca).

If you would like to be removed from our mailing list, please e-mail [contact@tactix.ca](mailto:contact@tactix.ca).

#### About us

TACTIX GOVERNMENT CONSULTING INC. is a government relations and public policy consulting firm based in Ottawa, Canada. We have helped clients navigate their way through complex political and public policy issues since 1996. Business leaders need strategic and tactical advice to communicate effectively with government and achieve their public policy objectives. TACTIX’ team of professionals builds clear lines of communication so that our clients and government decision-makers understand each other and achieve results.