

2008 ELECTION UPDATE



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The last week of the campaign has seen a significant turn of events few could have expected. Since the release of our October 5 Election Update, a select handful of issues - chief among them a steady decline of the international economy and continued, dramatic stock exchange losses - have dealt a significant blow to the Conservatives' recent momentum. With economists predicting a prolonged downturn in the U.S. and a very challenging environment for growth in Canada, anxiety and concern has made the economy the number one campaign issue.

As of yet, the Conservatives have been unable to capture the political advantage which most Canadians believed that they had on economic management prior to the writ being dropped. Acts of commission (and in some cases, omission) by the Tories in light of the recent economic slump have portrayed them as lacking empathy and unprepared to deal with a financial crisis. As a result, the Harper strategy of running a campaign based on the belief that Canadians see his party as the best stewards of the economy appears to have lost its merit.

Meanwhile, in Québec, the prospect that the Conservatives would steal a significant number of seats away from the Bloc Québécois has become increasingly unlikely as support for the BQ surged following the response to ill advised Conservative cuts to arts and culture programs.

Highlights from the Conservative platform

On October 7, Prime Minister Stephen Harper presented the Conservatives' long-awaited platform. While several components of the document had been previously announced, highlights generally include:

- ❖ Increased penalties for bid-rigging, polluting, and price-fixing and a comprehensive consumer protection plan
- ❖ Increased threshold for foreign investment
- ❖ Reduced tax on diesel fuel
- ❖ Reduced taxes for small and medium-size businesses
- ❖ New \$75 million venture capital fund for investment in late-stage technology development
- ❖ Reintroduced copyright legislation
- ❖ \$113 million over next five years for environmental initiatives
- ❖ A new regional development agency serving the North

[Click here](#) for the complete Conservative platform.

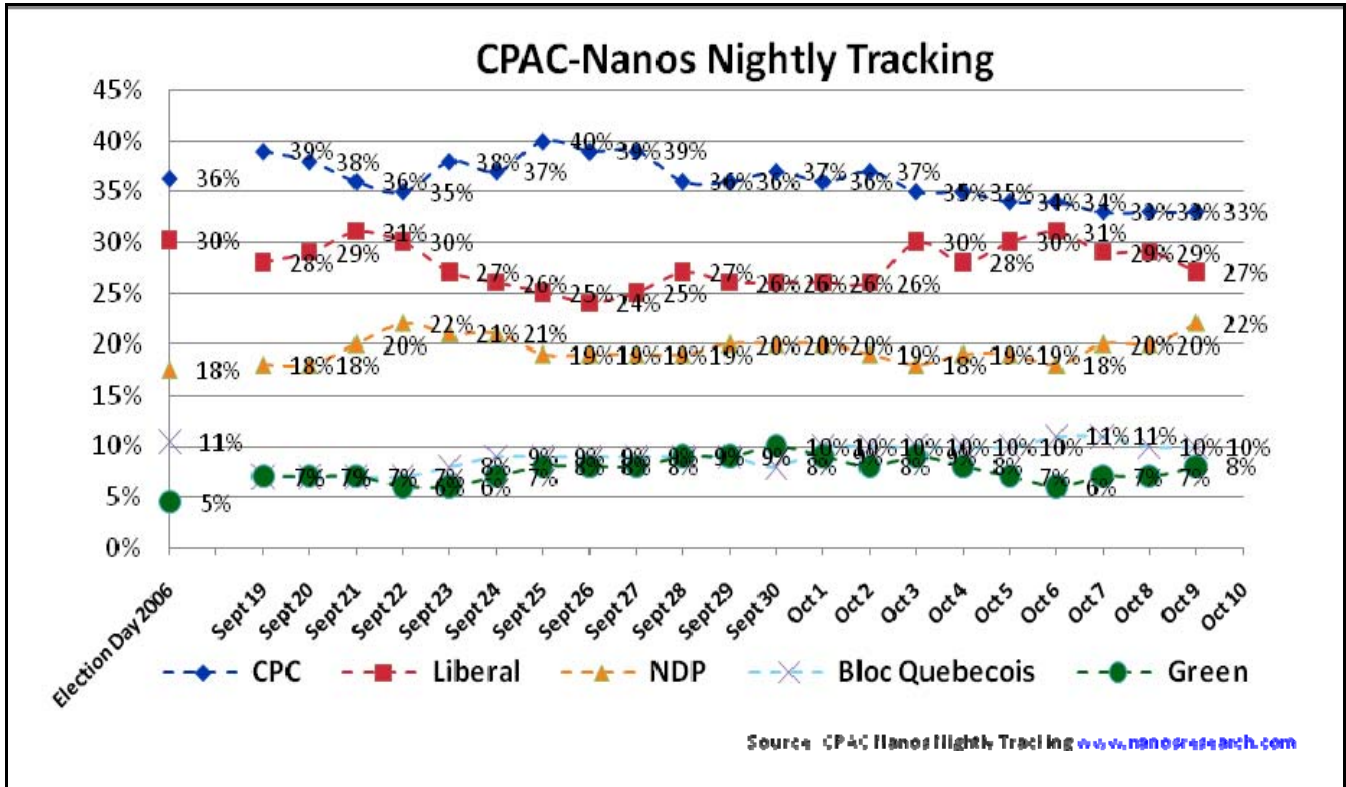
While poll numbers for the Harper Conservatives have continued in a downward trend this week, it is interesting to note that Harper's poll results for demonstrating leadership and trustworthiness continue to be significantly higher than those of the opposition party leaders, a key factor which should play favourably into ballot box behaviour on October 14.

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This, coupled with Dion’s serious TV studio stumble on a question about the financial crisis and an endorsement for Harper as Prime Minister by the editorial board of the Globe and Mail presents the Conservatives with an opportunity to reclaim the high ground on economic leadership before voting day.

This campaign began with a general consensus that the re-election, possibly resulting in a majority or near majority, was a certainty. Fast forward five weeks and the same sentiment is not nearly as strong. While it is still likely that the Conservatives will form the next government, the question of whether it will be a majority or minority has largely been answered. The most recent polling numbers place the Conservatives less than five percentage points ahead of the Liberals.






As the Conservative vote continues to go sideways, it is likely that a minority Harper government will be returned to Ottawa post-October 14. This

would only be the third time in Canadian history (after the Mackenzie King and Pearson administrations) that a minority government called an election and was returned to power with yet another minority. In each case, failure to win a majority weakened the government in Parliament.

Regional Analysis

Atlantic Canada

The Liberals have historically held a commanding lead in this region. Nevertheless, Atlantic Canada has seen the wildest fluctuations of any region in the country during this campaign. Each of the three major parties held the overall majority in voter intentions at one time or another since the writ dropped. Thus, the only way to gain a perspective on the seat outlook is to break down the region into respective provinces.

Atlantic Canada		
32 Seats overall	2006 Election Results	October 10, 2008 Polling Results*
	(#/32 Seats)	% voting intentions
	9/32	22%
	20/32	36%
	3/32	35%
	-	-
	-	8%

*Based on CPAC-NANOS nightly tracking polls

In Newfoundland, where the Conservatives held 3 seats, the ABC - Anybody But Conservative-movement led by popular Premier Danny Williams has gained momentum and the Conservatives are expected to lose seats.






In Nova Scotia, NDP support has been strong and may lead to gains at the expense of the Liberals. In New Brunswick, the prospects look better for the Conservatives, who have relied on the advice of a national campaign co-Chair, former New Brunswick Premier Bernard Lord. The Tories are likely to capture a few more seats in the province also at the expense of the Liberals. The good news for the Liberals will likely come across the Confederation Bridge from Prince Edward Island where they are expected to hold onto all four seats.

The Green Party's leader Elizabeth May is running in the Nova Scotia riding of *Central Nova* but barring a complete collapse of the Conservative national vote, her rival Defence Minister Peter MacKay will handily win over the riding.

Overall, there will be minimal net changes in party standings in the Atlantic region.

Québec

The most dramatic slide in prospects for the Conservatives over the course of this campaign has occurred in Québec. At the campaign's outset, committed nationalists and separatists were debating whether the Bloc Québécois had become irrelevant to Québec's needs at this time. They suggested that Québec's interests could be responded to by Harper and the Conservatives as he had demonstrated an openness to decentralization that contrasted sharply with the historic approach of Liberal governments. But the Bloc managed to re-ignite enthusiasm and support by capitalizing on the arts funding cuts and youth crime issues. It is expected that this resurgence will allow the Bloc to keep its current seat count largely intact on Election Night.

Québec		
75 seats overall	2006 Election Results	October 10, 2008 Polling Results*
	(#/75 Seats)	% voting intention
	10/75	16%
	13/75	19%
	0-75 (won seat in Sept 2007 by-election)	19%
	51/75	42%
INDEPENDENT	1/75	-
	0/75	4%






*Based on CPAC-NANOS nightly tracking polls

The most optimistic Bloc strategists even believe they can win back some of the 11 seats lost to the Conservatives last time out. The Liberals, who have been largely ignored by the other parties in the province, are now in a position to protect at least 10 of their seats. The NDP will benefit from the relative popularity of its leader Jack Layton in the province and is anticipated to preserve its one seat in Montréal; other gains are not to be excluded as support for the NDP continues to grow.

Ontario

The issue of the economy has been front and centre in voters’ minds particularly in Ontario. With the province’s manufacturing sector suffering and the stock market faltering, voters have been looking for a party leader who will take control of the issue and develop a strong plan for the immediate and longer term. While only a few short weeks ago the Conservatives were climbing the polls in Ontario, it appears now that Prime Minister Harper’s ‘steady as she goes’ demeanour on the economy has voters looking left.

The Liberal brand has always had a strong-hold on Ontario. However, five weeks ago when Harper called the election, voters were drawn to the Conservatives, who continued strong on their messaging that they have been responsible managers of the economy and that the other parties’ plans would bring about a deficit. When Liberal Leader Stéphane Dion introduced a five-point economic plan during the Leaders’ Debates, Harper accused him of panicking. Yet, the Prime Minister still had not even released his own party platform, let alone his own economic plan. It was then that Dion took advantage of what appeared to be indifference from the Conservatives on the economy’s troubles.

Ontario		
106 seats overall	2006 Election Results	October 10, 2008 Polling Results*
	(#/106 Seats)	% voting intention
	40/106	32%
	54/106	33%
	12/106	23%
	-	-
	-	12%






*Based on CPAC-NANOS nightly tracking polls

In Ontario, Dion’s message that the Liberals had a strong history of being economic managers and that Harper simply does not care resonated quickly with voters. This has resulted in the current increased gap in support between themselves and the Conservatives. The Liberals can get an additional boost from former Prime Minister Jean Chrétien who is scheduled to appear in a Brampton election rally on Friday and energize the campaign. Even still, the Conservatives are expected to break new ground in ridings around Toronto where they have run a focused campaign.

Western Canada

The Conservatives dominate Western Canada, gaining 66 of 93 seats in the past election. Post-October 14th, they will continue to dominate the region. Little change is expected in Manitoba and Saskatchewan with the exception of Winnipeg where some ridings will see tight races. For both Prairie provinces, most incumbents will likely hold onto their seats and there will only be minimal gains (if any) for the Conservatives and NDP.

When current MP Laurie Hawn won his seat in Edmonton Centre in the 2006 election, forcing out the lone Liberal MP in Alberta, he helped create an Alberta Caucus made up solely of Conservatives. It is anticipated that this outcome will be the same on October 14th.

Western Canada		
93 seats overall	2006 Election Results	October 10, 2008 Polling Results*
	(#/93 Seats)	% voting intentions
	66/93	48%
	14/93	26%
	13/93	19%
	-	-
	0/93 (Liberal MP joins to give the party a seat)	7%

*Based on CPAC-NANOS nightly tracking polls

Without question, the province to watch in the West will be British Columbia with its 36 seats. The current composition of MPs consists of seventeen Conservatives, nine Liberals and ten NDP. However, it appears the NDP is catching up with the Conservatives and, if the latest seat projections coming out of the province are

accurate, it could very well end up with a strong NDP showing in the province at the expense of the Liberals and Conservatives.

Concluding Remarks

With only a few days left in the campaign, it will be interesting to see how the polls shift over the Thanksgiving weekend. The economy will continue to be top of mind for voters and therefore for the leaders too.

This week, the issue was the key focus during all of the leaders' speeches and rallies. Prime Minister Harper spoke to the Canadian and Empire Clubs in Toronto on Tuesday, the day he released his party platform. He sought to convince voters that the opposition, particularly the Liberals, were scrambling to piece together a plan to save the economy and that this method would be disastrous. Harper insists that the government has had a plan for the economy in place since the beginning of the year, so there is no need to develop a new one. His platform did provide some new measures to assist struggling sectors, but this wrap-up, generally of previously-announced programs, was certainly not a policy game changer. The following day, Dion spoke at the same Toronto forum where he was introduced by former Prime Minister Paul Martin. As a former Prime Minister and former Finance Minister, Martin has a reputation of being a responsible fiscal manager. Dion's use of Martin's reputation was intended to remind voters that the Liberal Party formed a strong government and balanced budgets in the past.

The narrowing gap between the Liberals and the Conservatives is positive for the Liberals in more ways than one. Strategic voters who simply want to beat the Conservatives will now focus on the Liberals as their best option. A similar last-minute shift to the Liberals occurred in both the 2004 and 2006 elections and, based on history, Stéphane Dion will be focusing on wooing NDP and Green voters in the final days of the campaign.

This was supposed to be a relatively straightforward campaign for Prime Minister Harper, based on the premise that staying on message would guarantee a serious shot at majority government given the unpopularity of the Liberal leader and his policies and the perception that Québec voters were ready for a change. Events during the campaign altered this rosy outlook and Harper will now have to hope that he can stabilize and even reverse the downward trend in Conservative national numbers in the final days of the campaign in order to secure a viable minority.

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SHOULD YOU HAVE ANY QUESTIONS OR COMMENTS,
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Polling Hours, Election Results, and Blackouts

On Election Day, October 14, polls in Canada are open for 12 hours, with polling hours staggered across the country, so that election results are available nationwide at approximately the same time across the country.

The polling hours on October 14 are:

Newfoundland Time: 8:30 a.m. to 8:30 p.m.
Atlantic Time: 8:30 a.m. to 8:30 p.m.
Eastern Time 9:30 a.m. to 9:30 p.m.
Central Time: 8:30 a.m. to 8:30 p.m.
Mountain Time: 7:30 a.m. to 7:30 p.m.
Pacific Time: 7:00 a.m. to 7:00 p.m.

**In Saskatchewan, when daylight saving time is in effect for the rest of the country, voting hours are from 7:30 a.m. to 7:30 p.m. (local time).*

Beginning at midnight on October 14, an electoral advertising blackout is in effect, meaning that no political advertising can be broadcast on Election Day. Poll results are also banned from being reported on Election Day.