

2008 ELECTION UPDATE



IN THIS ISSUE

- Week in Review
- Swing Riding Analysis
- Unfinished Business

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The first week saw party leaders scrapping it out for voters' attention, unveiling new policy objectives and election pledges, while at the same time issuing personal leadership attacks and "puffin-poop-slinging" campaign ads.

The original decision to deny the Green Party a seat at the Leaders' Debates (set for October 1 in French and October 2 in English) triggered a lot of media attention this week. Initially, three parties (Conservatives, NDP and Bloc Québécois) opposed including the Greens in the debates, sparking outcry from the public, special interest groups, the Green Party and even former Prime Minister Joe Clark. After ridiculing the network consortium for their decision, Elizabeth May appealed to the Canadian public to speak out and challenge the decision as being "undemocratic". As a result, on Wednesday, both Harper and Layton backtracked, saying that they would indeed attend the debate if May was to participate and on Thursday, the network consortium confirmed that the Green Party would participate in the Leaders' Debates.

It remains to be seen whether participation in the debates will propel the Greens to securing national party status and realizing the goal of electing Members of Parliament. Allowing May into the Debates may be a double-edged sword for the Conservatives. It may take votes from the Liberals and the NDP at a national level, but her elevated status may improve her own candidacy against Peter MacKay, as Dion will not run a candidate against her in Central Nova.

As the campaign continues into week two, we anticipate more policy announcements to be released by all of the party leaders, fostering further policy debate.

Week in Review

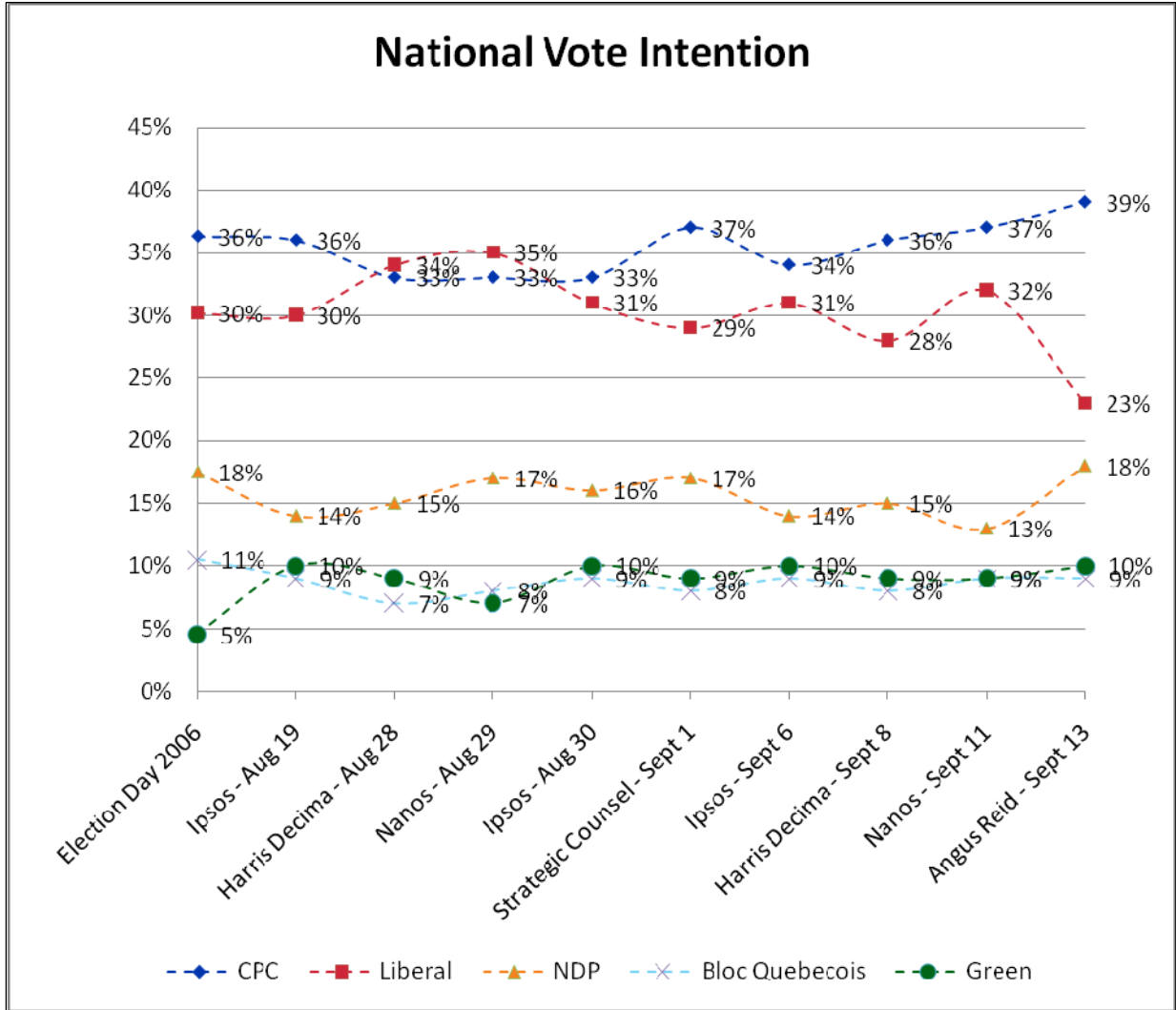
Conservative Party

The events of the first week of the campaign have been something of a yo-yo for the Conservatives. On one side, the Tory campaign machine has been fired up and running, with Prime Minister Stephen Harper touring across the country and beginning to drop policy announcements on a daily basis. On the other side, missteps of a less substantive nature have seen the Prime Minister apologize for an animated puffin's on-screen action, and suspend campaign staffer Ryan Sparrow, over inappropriate comments he emailed to the media.

Prime Minister Harper Promises to Implement Investment Rules Reform

In a campaign stop in Halifax on September 12, Prime Minister Stephen Harper promised the Conservative government would ease foreign investment rules on uranium mining, lift the threshold for investment review from \$295 million to \$1 billion and allow up to 49% foreign ownership in airlines, if re-elected. Included within these measures is a new national security review mechanism for foreign investments.

In his pledge, the Prime Minister referred directly to the Competition Review Panel report from June 2008 that included the aforementioned suggestions among its 65 recommendations to improve Canada's competitiveness.



In spite of these highs and lows, the Prime Minister and the Conservatives still looks strong coming out of the first week. Harper dealt with these issues faster than he would have in previous elections and his quick apology to Dion for the puffin incident and swift suspension of Sparrow may have helped let air out of the tires of these issues. It also fit in with the brand of Stephen Harper that debuted in the days leading up to the election – a softer, more personable Harper who doesn't blame the media for his party's own self-inflicted gaffes.

On a more substantial level, Harper's policy announcement this week to reduce the excise tax on diesel fuel by half has resonated well with industries reliant on diesel fuel, such as Canada's truckers and airlines, and can be related on a more general level to the bread and butter issue of food

prices. Across the country, Harper stayed on message stating that the Conservatives offer economic certainty and in Québec, stressed that the Bloc are no longer relevant, positioning the Tories as the best option for Quebecers.

Overall, the week's media coverage was a mixed bag for the Conservatives. Without a strong policy discussion going on, the media focus is on what the campaign does, and if this week is any indication, the vaunted Tory machine may still have a few minor kinks to work out. Nevertheless, the strong lead the Conservatives took into the campaign remains intact.

Liberal Party

This first week of the federal election campaign has been an interesting one for Stéphane Dion and the

Liberals. Dion kicked the week off in Ottawa, taking his campaign bus up to Centre Block on Parliament Hill and holding a press conference to respond to the Prime Minister’s election call earlier that morning. In his first remarks of the campaign, Dion painted Stephen Harper as a right-wing politician who cannot be trusted, alluding to the opposition parties’ suggestion that Harper has defied his government’s own fixed election date legislation. Coverage of Dion’s first campaign press conference was eclipsed by the story that the Grits had finally secured the lease of a 30-year-old Air Inuit jet

which would not be ready for flying until September 10, three days after the writ was dropped.

In terms of policy announcements, the Liberals wasted no time in unveiling election promises drawn from their emerging party platform, such as proposed plans to tighten up Canada’s gun control laws, double the Harper government’s \$1,200 child care allowance and reinstate the court challenges program, whereby financial support is provided to judicial cases deemed to be advancing minority language and equality rights as per the Charter of

Week One Travels

While week one was light on substantial policy efforts, the leaders made a statement with where they went, targeting ridings where the stakes are high for all parties. The table below is a summary of their travels.

					
Sunday	Ottawa, Québec City	Ottawa, Montréal	Gatineau, Calgary	Montréal	Guelph
Monday	Richmond, BC, Saskatchewan, Winnipeg	Montréal	Fort Smith, NWT (over oil sands), Vancouver	Trois-Rivières	Ottawa
Tuesday	Winnipeg, Mississauga	Napanee, ON, Pickering, ON	Regina, Thunder Bay	Québec City, Victoriaville, Sherbrooke	Ottawa
Wednesday	Toronto	Mississauga, Walkerton, ON	Oshawa	Sherbrooke, Ste-Cecile-de-Mitton	Nova Scotia
Thursday	Montréal, St-Eustache, QC, Halifax	St. John, NB, Thunder Bay	Montréal	Huntingdon, Valleyfield	Nova Scotia
Friday	Halifax, Summerside, PEI	Burnaby, Victoria, Surrey	St. John’s, NL	Montréal, Ste-Therese, Sorel	Toronto
Saturday	Fredericton, NB, Harbour Grace, NL	Richmond, BC, Ottawa	Toronto, Brampton, Ottawa	Montréal, Laval, St-Tite, Trois-Rivières	Nova Scotia

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Rights and Freedoms. These will be the first of many platform announcements from the Liberals, feeding into a steady stream of election promises coming from all of the party leaders.

Now that his plane is fueled up and ready to go, Dion and his team are taking their campaign across Canada. Dion's overwhelming challenge remains connecting his policy proposals, especially the Green Shift, and his own persona with voters in a way that moves the numbers favourably for Liberals.

NDP

Running in his third election as leader of the NDP, Jack Layton looks to be changing the tone and delivery of the Party's campaign. In previous elections, the NDP tended to focus on luring Liberal supporters into the NDP fold. This time around, Layton is taking aim directly at the Prime Minister, positioning the NDP as the only legitimate option for non-Conservative voters and positioning himself as the 'next Prime Minister'.

Part of Layton's tour took him flying over Alberta's oil sands and into Fort Smith, NWT where he attacked Harper for his approval of oil sands projects and pledged to halt any new developments. This effectively dragged the oil sands into the election campaign, at least for now, with the other party leaders and Alberta's Premier Stelmach rebutting Layton's attacks.

The NDP Leader then moved on to more NDP-friendly territory in Ontario, where he tried to appeal to the heart of the struggling manufacturing centre, which has been hit hard by a receding economy. Layton upped the green ante by promising an \$8-billion *Green Collar Jobs Fund* to create at least 40,000 new manufacturing jobs in the 'green' sectors, including green building construction and renewable energy development.

Overall, Layton is focusing his messaging on the average, middle class voter. His key message that the NDP is "a party that will focus on the issues of the kitchen table, not the boardroom table" aims to speak to these voters and set himself apart from

the Conservatives. Recent polls indicate his messaging may have hit home for voters in British Columbia, with the NDP's support at 30 per cent, nearly doubling in key ridings. Currently, the NDP are ahead of the Liberals in this province, where voters already have a carbon tax and are not ready to vote for another one. Layton needs to expand this support to the rest of Canada by continuing to explain to Canadians that the NDP is ready to beat both the official opposition and the government.

Bloc Québécois

Gilles Duceppe and the Bloc Québécois did not miss an opportunity this week to position their party as being the true defenders of Québec interests. In an attempt to vilify Stephen Harper and the Conservatives, Duceppe associated the party to an ideological vision comparable to George W. Bush. Augmenting on this attack, Duceppe took aim at the Conservative candidate Nicole Charbonneau Barron in the Montréal-area riding of St. Bruno-St. Hubert, positioning her as a threat to Québec values because of her ties to the controversial Catholic religious group Opus Dei.

This aggressive campaigning style was, however, quickly put into check by Jacques Brassard. The former Parti Québécois cabinet minister publicly questioned the relevancy of the Bloc Québécois by not making sovereignty the party's main campaign issue, calling the party 'an NDP clone'. These comments forced Duceppe to defend the focus of the Party and their agenda for the remainder of the week.

The Bloc has been losing support in Québec since the last election precisely because the goal of sovereignty for Québec, the *raison d'être* for the party being formed, has been put on the shelf, at least for now, in the provincial arena. The result is that Quebecers are now more open to representation by an alternative party in Ottawa. The Conservatives look to have positioned themselves to benefit from this through policies that respond to Québec's desire for full respect of their provincial powers and increased autonomy. Harper's pledge this week to remove Canadian

forces from Afghanistan by 2011 should help to attract more Québec voters. Duceppe’s desperation campaign seemed to have won him some of the lost support in the last few days. However, he will need

to continue and push the Québec-specific “hot button” issues to galvanize Quebecers to his side if he is to arrest the slide of support to the Conservatives.

Leader’s Pulse – Week 1

Harper: strong, getting stronger, calm & confident – reflecting his own message of being the steady hand at the helm and keeping focus and pressure on the faults of the Liberal’s Green Shift

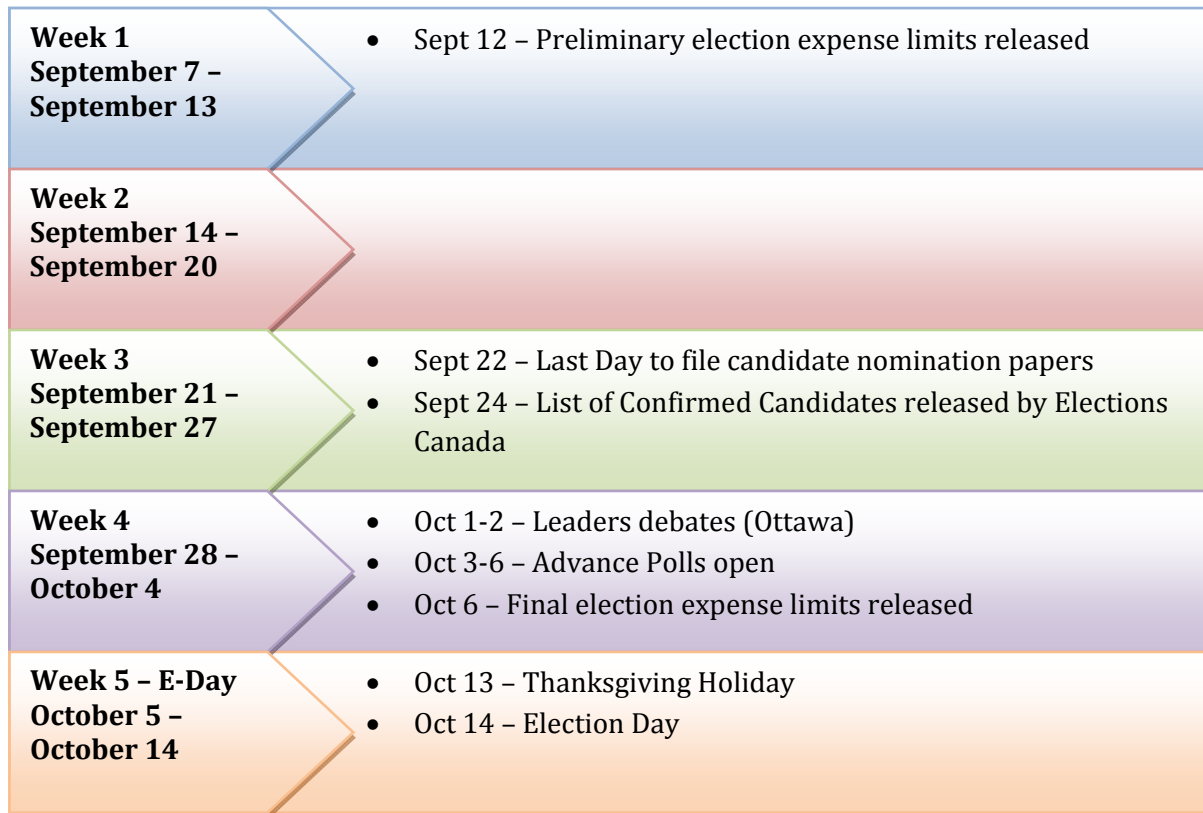
Dion: weak and searching for impact and real national traction with voters not getting from Green Shift early in the campaign

Layton: Buoyant and confident, positioning as the Official opposition, casting the Liberals aside.

Duceppe: Slipping and going negative; facing strong opposition from the Conservatives and NDP, facing an uphill battle on relevancy of the Bloc Québécois.

May: Happy and legitimized through her inclusion in the Leader’s Debates.

Election Timeline



Unfinished Business: Legislative Review of the 39th Parliament

In a week light on policy issues, it is worthwhile to look at the legislative agenda that was unfulfilled in the last Session of Parliament. Upon Parliament being dissolved and the election called, all pending legislation, both Government and Private Members Bills, effectively “died” on the Order Paper. This ceases their progress through the legislative process to becoming law.

If a Conservative government returns in the next session of Parliament, Government Bills can be reintroduced at First Reading in the House of Commons. If, however, the government changes Government Bills may not be re-introduced.

Private Member’s Bills can be re-introduced by their original sponsor and will begin the legislative process at First Reading. If a Private Members Bill has been given consideration and passage by the House in the previous session of Parliament, it can be anticipated that it would receive an expeditious passage through the House in the next session of Parliament, should the composition of the House remain largely the same after the election

Expired Government Bills that will be of focus during the next session of Parliament includes:

Bill C-5 *An Act respecting civil liability and compensation for damage in case of a nuclear incident*

Status: Report Stage in the House of Commons (May 6, 2008)

Bill C-7 *An Act to amend the Aeronautics Act and to make consequential amendments to other Acts*

Status: Report Stage in the House of Commons (October 29, 2007)

Bill C-14 *An Act to amend the Canada Post Corporation Act*

Status: First Reading in the House of Commons (October 29, 2007)

Bill C-32 *An Act respecting the sustainable development of Canada’s seacoast and inland fisheries (Fisheries Act, 2007)*

Status: First Reading (since November 29, 2007)

Bill C- 39 *An Act to amend the Canada Grain Act, chapter 22 of the Statutes of Canada, 1998 and chapter 25 of the Statutes of Canada, 2004*

Status: First Reading in the House of Commons (December 13, 2007)

Bill C- 46 *An Act to amend the Canadian Wheat Board Act and chapter 17 of the Statutes of Canada, 1998*

Status: First Reading in the House of Commons (March 3, 2008)

Bill C- 51 *An Act to amend the Food and Drugs Act and to make consequential amendments to other Acts*

Status: First Reading in the House of Commons (April 8, 2008)

Bill C-52 *An Act respecting the safety of consumer products (Canada Consumer Product Safety Act)*

Status: Second Reading in the House of Commons and Referred to Committee (May 1st, 2008)

Bill C-54 *An Act to promote safety and security with respect to human pathogens and toxins (Human Pathogens and Toxins Act)*

Status: First Reading in the House of Commons (April 29, 2008)

Bill C-56 *An Act to amend the Transportation of Dangerous Goods Act, 1992*

Status: First Reading in the House of Commons (May 26, 2008)

Bill C- 57 *An Act to amend the Canadian Wheat Board Act (election of directors)*

Status: First Reading in the House of Commons (May 27, 2008)

Bill C-61 *An Act to amend the Copyright Act*

Status: First Reading in the House of Commons (June 12, 2008)

Expired Private Members Bills that will be of focus during the next session of Parliament includes:

Bill C-307 *An Act respecting bis(2-ethylhexyl)phthalate, benzyl butyl phthalate and dibutyl phthalate (Phthalate Control Act)*

Status: Second Reading in the Senate and Referred to Committee (May 13, 2008)

Introduced by: Nathan Cullen, NDP

Bill C-377 *An Act to ensure Canada assumes its responsibilities in preventing dangerous climate change (Climate Change Accountability Act)*

Status: First Reading in the Senate (since June 10, 2008)

Introduced by: Jack Layton, NDP

Bill C-415 *An Act to amend the Canada Labour Code (replacement workers)*

Status: Debate at Second Reading (December 3, 2007)

Introduced by: Mario Silva, Liberal

Bill C-454 *An Act to amend the Competition Act and make consequential amendments to other Acts*

Status: Referred to House Committee on Industry, Science and Technology (April 28, 2008)

Introduced by: Roger Gaudet, Bloc Québécois

A Look at Swing Ridings Across Canada

The elusive majority government hinges on a group of about three dozen ridings. All of the parties are devoting significant time, energy and funds in their attempt to capture the vote in ridings where they believe the pendulum could swing in their favour on Election Day. Technically a 'swing riding' is a riding where the incumbent MP won by a margin of less than 5% in the last federal elections.

However, as their name suggests, swing ridings are somewhat volatile in nature and it is hard to predict which parties will emerge victorious. Complicating matters even more, in 2006, reliable bellwether ridings, which tend to elect a government MP, changed allegiances (only two of ten bellwether ridings elected government MPs: Sarnia—Lambton and Peterborough). It is also expected that there will be a number of close races this election, particularly in ridings where incumbents are not seeking re-election.

The following is a look at swing ridings and regional outlooks across the country in this election campaign.

Atlantic Canada

While no party is expected to form a government solely as a result of gains in Atlantic Canada, there are some critical ridings to watch in this region. In Nova Scotia: *Central Nova*, where Green Party leader Elizabeth May is running against Defence Minister Peter MacKay without a Liberal opponent and *West Nova*, a traditional bellwether riding where Robert Thibault squeaked by with just over 1% of the vote in 2006. A victory by May in Central Nova may indicate the Greens are climbing the steep hill to becoming a national party.

In Newfoundland, current Fisheries and Oceans Minister Loyola Hearn decided not to run in his riding of *St. John's South – Mount Pearl* and the Conservatives have not yet chosen a candidate to replace him. In a province with an abundance of anger over the cancelled Atlantic Accord and where Premier Danny Williams has called on his

fellow Newfoundlanders to vote "ABC- Anybody But Conservatives", it will be interesting if the Conservatives can maintain their three Newfoundland seats.

In New Brunswick, prospects look more promising for the Conservatives. The provincial Liberal government has enjoyed a good working relationship with the Prime Minister and there are several Liberal seats that the Conservatives are watching closely, such as *Saint John*, which was won by less than 4% in 2006 by veteran Liberal MP Paul Zed. With former New Brunswick Premier Bernard Lord acting as campaign co-Chair, this province looks promising for the Conservatives.

Québec

Québec's 75 seats will be among the most contested seats in Canada this election. Some seats remain unreachable, including a few safe Liberal seats in central Montréal and several staunchly separatist seats in the Saguenay-Lac St Jean area. The rest of Québec, however, is up for grabs. This is especially true for the ridings in and around Québec City, where the Conservatives made significant gains in 2006 and hope to gain even more seats.

Ridings to watch include the Québec City riding of *Charlesbourg-Haut Saint Charles*, where Conservative MP Daniel Petit beat a long time Bloc incumbent with a margin of less than 3% in 2006 and *Vaudreuil—Solanges*, the Montréal-area seat where Michael Fortier, the former Senator and current International Trade Minister is running to continue his political career.

Ontario

The province with the largest number of seats will likely decide whether the next government will govern with a majority. There are 20 swing ridings based on the January 2006 results but many other close races have opened up, especially in the 905 area code. *Mississauga South*, a 2006 swing riding where Liberal Paul Szabo won by a thin 4.1% margin and the three ridings of *Oakville, Halton*, and *Burlington* look to be highly contested.

The Conservatives are running with a record number of visible minority candidates in the GTA in an effort to reach out to voters in ethnic communities. In some ridings, such as *Mississauga East—Cooksville* and *Richmond Hill*, the Tory candidate is the only visible minority in the race.

Another riding to watch is *Parry Sound—Muskoka*, the cottage country riding where Health Minister Tony Clement squeaked in after a judicial recount that confirmed an edge of 28 votes. In addition, Clement, along with his Cabinet colleagues Finance Minister Jim Flaherty (*Whitby—Oshawa*) and Environment Minister John Baird (*Ottawa West—Nepean*) have to defend their records as members of the former Mike Harris provincial government. Stéphane Dion has already made a campaign stop in Walkerton, Ontario, a symbol of Ontario Tory mismanagement and deadliest water contamination in recent Ontario history, in an attempt to tie food safety and the current listeria outbreak to the current Conservative government.

Prairie Region

There is only one Liberal left in Saskatchewan, *Wascana* MP Ralph Goodale and even his reelection, although likely, is not guaranteed (the Conservatives are running Michelle Hunter, former president of the Saskatchewan Party, against Goodale). An additional riding to watch will be *Saskatoon—Rosetown—Biggar*, where Nettie Wiebe, former president of the National Farmers Union is running for the NDP, in a riding that traditionally goes either NDP or Conservative.

Once again, Alberta is expected to shut out the Liberals, but two races to watch will be in the ridings of *Edmonton—Strathcona*, currently held by Conservative MP Rahim Jaffer and in *Edmonton Centre*, the riding where Conservative MP Laurie Hawn edged out former Liberal Minister Anne McLellan in 2006.

In several Manitoba ridings, some interesting battles are developing. One riding to watch is the Winnipeg riding of *St. Boniface*, home to one of Western Canada's largest Francophone

communities. Incumbent Liberal MP Raymond Simard won the riding in 2006 by only 4% of the votes and is now facing Conservative candidate Shelly Glover, a veteran of the Winnipeg Police Service.

British Columbia

The province is shaping up to be a true battle ground this election. Conservatives have maintained an overall lead in the province since the last election and have dominated in rural ridings. However, it is expected to be a tight three-way race in many of the ridings in greater Vancouver and the Lower mainland.

One riding to watch will be *Richmond*, the second stop on Prime Minister Stephen Harper's campaign tour on September 8. Incumbent MP Raymond Chan captured a 4.1% margin for the Liberals in 2006 and is facing Conservative candidate Alice Wong, a well-known local business woman. Liberal leader Stéphane Dion chose the riding as a backdrop for the Liberals 800\$ million immigration plan announcement in his last campaign stop of the week. Another interesting riding will be *Vancouver Centre*, where a split in the vote between the NDP and the Liberals could enable Lorne Mayencourt, a provincial Liberal MPP running federally for the Conservatives, to win the seat from veteran Liberal incumbent Hedy Fry.

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