

2008 ELECTION UPDATE



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Heading into its third week, this election campaign has given Canadians some real food for thought in terms of leadership and the economy.

The focus on leadership politics began even before the writ dropped. The Conservatives' pre-writ ad campaign marked the television debut of the 'new and improved' softer version of Stephen Harper. The campaign has consistently extended the message that Harper's leadership is the right kind of leadership to keep the ship steady through the troubling waters ahead. Much has been made of the leadership qualities demonstrated by Stéphane Dion. The Liberals responded by bringing forward political heavyweights like Bob Rae and Michael Ignatieff to bolster the Liberal leadership image, extending the "Chretien" model of campaigning on team versus individual leadership. Jack Layton has campaigned from coast to coast on the message that he should be the next Prime Minister of Canada, taking direct aim at Harper while virtually ignoring Dion and the Liberals.

With the economy on the minds of most voters, it has been interesting to watch how the party leaders have positioned themselves using retail politics or, as Jack Layton suggests, "kitchen table issues." The majority of measures announced this week have been very tangible to the average Canadian voter, simplifying the message to virtually 'if you vote for us, here's what you'll get'. For a Conservative vote, you'll get a tax credit for closing costs on your first home purchase and the option to buy into Employment Insurance (EI) if one is self employed. A Liberal vote will increase your child care benefit by \$350 a year and guarantee eligibility for \$5,000 in student loans. The NDP will cap credit card interest rates at 5% above prime and outlaw automated banking

machine fees (a savings of at least \$104 per year for Canadians, as noted by the NDP).

This dollar and cents approach is crowding out the debate on wider policy visions. Where grand policies have been announced, they are either sector-specific, such as the Conservatives' proposed halving of the excise tax on diesel or they carry a hefty price tag, such as the Liberal's \$70 billion infrastructure plan or the NDP's billion dollar child care announcement. With the global economy experiencing wild fluctuations it seems incongruous that the policy debate is on how one team will out-do the other in making sure you have more dollars and cents left in your paycheque. The unfortunate aspect of this is that it ignores the concerns of industry and the Canadian economy as a whole, policy areas which can very well impact Canadians pockets, as much, if not even more, than a new modest tax credit ever could.

Week in Review

Conservative Party

At the start of the week, it seemed that Sunday's down day in Ottawa had helped the Conservative campaign recuperate from a busy week of battling internal gaffes. However, this was a short-lived reprieve and the Conservatives are once again battling their own worst enemy – themselves.

On Wednesday it was leaked that Agriculture Minister Gerry Ritz had made inappropriate comments in August regarding the recent listeria outbreak. Prime Minister Stephen Harper was once again having to do damage control, making Ritz publicly apologize for his comments while the opposition parties called for Ritz's resignation as Agriculture Minister. However, Harper's attempts

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at damage control may be just as damaging, as Harper questioned how the Minister's comments in a closed conference call with bureaucrats became public during the campaign.

This was followed on Thursday by inappropriate comments made by a staffer of Transport Minister Lawrence Cannon to aboriginal protesters at Cannon's campaign office in the Pontiac riding. A spokesperson for Minister Cannon quickly issued a statement, distancing the government from the comments. While the Conservatives are not the only party facing controversy over their candidates or internal workings, the incumbency factor leaves them with increased pressure to perform well in the campaign pressure cooker.

Beyond the spectacle that encompassed Ritz's comments and the gaffe in Pontiac, the Conservatives made some significant policy announcements this week in their attempt to reach out to Canadian voters with measures that have a tangible impact. Since Monday, the Conservatives have promised access to maternal and paternal benefits through EI for self-employed Canadians, promised a \$5,000 tax credit for first-time homebuyers and promised to increase the Senior Age Credit Amount by \$1,000. Each of these measures strategically targets specific demographics, a sort of 'divide and conquer' approach to tapping into undecided voters.

Harper's announcement on Saturday to create a stand alone economic development agency for the North is also strategically targeted, but widens the scope of Harper's economic vision for Canada. The proposed agency will be focused on assisting and coordinating natural resource projects, opening the door to economic development in Canada's North, a welcome measure for Canada's resource sector.

How these targeted policies and setbacks will play at the ballot box is, as always, the key question. The Conservatives rebounded quickly from the gaffes of the first week (the puffin and Sparrow incidents) and while Ritz's comments will

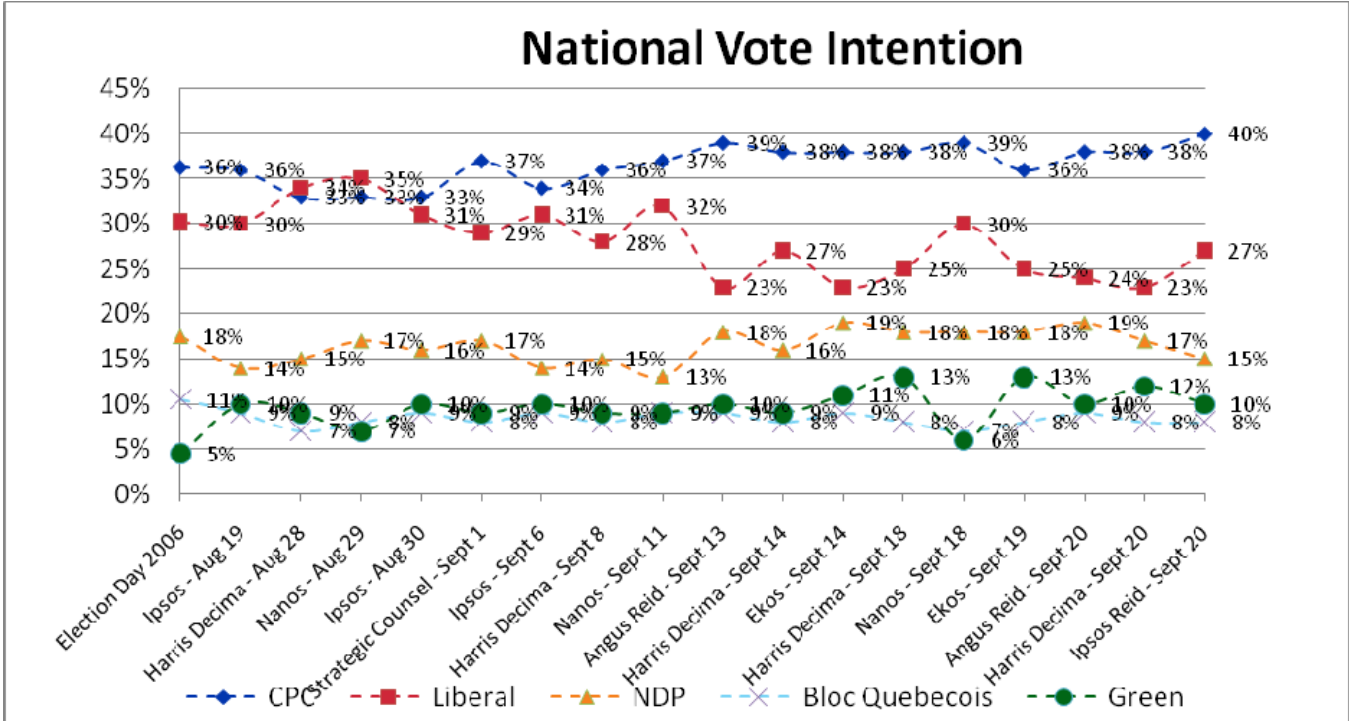
definitely echo into the third week of the campaign, voter support for the Conservatives remains strong and their lead over the Liberals is widening.

Liberal Party

The Liberals' second week of the campaign kicked off in Newfoundland, where Dion took advantage of Newfoundland Premier Danny Williams' 'ABC - Anyone But Conservative' campaign by framing himself as someone people can trust. He also promised \$250 million towards the modernization of Canada's fishing industry, targeting incentives to help reduce fuel consumption and modernize vessels.

While Dion's public image is one that people may trust, his leadership ability has been in question since he was elected Liberal leader in 2006. In an effort to rebut his critics, Liberal heavy-hitters, including Bob Rae and Michael Ignatieff, have been accompanying Dion on his tour. While Dion insists that promoting the Liberal team and its strength was always part of his campaign plan, people are questioning whether they were called in at the last moment to keep Dion afloat. This plan to highlight some of the Liberals' strongest players could help the party by showing the experienced team (including Scott Brison, Martha Hall Findlay, Ruby Dhalla and Ken Dryden) that could form a government. However, the plan could easily backfire, with strong presenters such as Rae and Ignatieff overshadowing Dion and making him appear even weaker to the media and public. The media has already played up potential unease and disappointment within the party over how the campaign is being managed.

While Dion was in Halifax, he tried to deter attention away from his politically troublesome Green Shift plan by focusing on other issues the public has stated are important. He promised \$1.32 billion for health care measures, including a \$900-million catastrophic drug plan for families coping with high drug costs, as well as \$420 million to increase the number of spots available for doctors and nurses in Canada.



Dion then travelled to Kitchener, Ontario to announce more family-friendly measures, pledging \$1.25 billion to create approximately 165,000 new child care spaces. Dion also committed to maintain the Conservatives’ plan that offers \$100 each month to families with young children.

Dion and his team did not completely abandon their ‘green’ theme though. On Thursday, while in Toronto, Dion committed to the creation of an ‘infrastructure bank’ where provinces and municipalities could borrow funds at lower interest rates to support infrastructure projects. Canadians would also be able to purchase Green Bonds with the money invested in green infrastructure projects. Dion also pledged \$70 billion over 10 years for the country’s aging infrastructure.

On Saturday, Dion was in Montréal, where he announced that he would reverse the Conservative’s cuts to arts programs and double the annual budget of the Canada Council for the Arts. This takes direct aim at the Conservative’s expenditure cuts and dismissive attitude towards cultural policy, an issue that resonates stronger in

Québec than elsewhere. Expect this issue to gain traction in Québec the coming week.

The Liberal campaign has yet to gain significant traction with voters and now faces a two-front war with the Conservatives and the NDP. For the Liberals to hold onto their seats, let alone make any gains, they need to quickly become the party of choice for all swing voters who want to block any gains by the Conservatives.

Bloc Québécois

This week, the Bloc Québécois ramped up its campaign rhetoric, warning Quebeckers against a Conservative majority. For the first time in this campaign, the Bloc also directly attacked the NDP, who are challenging the Bloc for votes in several Montréal-area ridings. In addition to touting the Bloc Québécois as the only party that addresses Québec issues, Bloc candidates are now telling voters that a vote for the NDP is a vote for Stephen Harper and a Conservative majority. Absent from the Bloc’s campaign messaging this week are the Liberals, who were the Bloc’s main rival in many ridings up until 2006.

Gilles Duceppe's campaign gained some momentum, even while the Bloc Leader was busy doing some damage control. In interviews last week, five of his former colleagues in the House of Commons repeated the notion that without a separatist agenda, the Bloc has lost its *raison d'être*. These former Bloc MPs have supported former Parti Québécois minister Pierre Brassard's earlier assessment that the party has moved too much to the left and is now a voice for the labour unions, just like the NDP.

On the policy front, Duceppe was in Northern Québec, an area hit hard by the crisis in the forestry sector. Other Bloc policy announcements and press releases were carefully designed to both contrast the Conservatives' policies and cater to potential NDP voters. They included funding assistance to arts and culture, rights of women, public housing and a moratorium on research of genetically modified organisms.

Duceppe, like Dion, is trying to make the Conservatives' expenditure cuts to the arts into a hot button issue for Québec voters. He also received further assistance from an unexpected source this week, as provincial Liberal Finance Minister Monique Jérôme-Forget insisted that the Conservative government has not solved the fiscal imbalance with Québec and still owes the province \$800 million for post-secondary education. This claim cast doubt on one of Stephen Harper's campaign messages in Québec, although Harper refutes this claim, arguing that Québec chose to use federal funds to reduce income taxes. Québec Premier Jean Charest was drawn into the fray, joining Danny Williams, Dalton McGuinty and Brad Wall in bringing out the fiscal imbalance issue between the federal government and the provinces. The Bloc hopes to leverage these developments to bolster their campaign against the Conservatives in Québec.

The campaign in Québec is heavily conditioned by geography. Outside Montréal it is primarily a two-way war between the Bloc and the Conservatives

with some residual Liberal strength in three or four ridings. Montréal is primarily Bloc and Liberal territory but both the NDP and the Conservatives are making gains in voter support. The outlook for Quebec is still significant seat gains by the Conservatives at the expense of the Bloc outside of Montréal.

NDP

Jack Layton continued his whirlwind tour of key strategic ridings this week, taking the NDP campaign to Ontario, Nova Scotia, Newfoundland, Manitoba and British Columbia. NDP supporters were buoyed by some recent polls and media speculation that indicates they are closing the gap with Liberals in national support. Nevertheless, coming out of the second week of the campaign, they have yet to break 20% support nationally. Another positive for the NDP is the party's increasing popularity in some battleground ridings against the Liberals.

This week, the well-financed NDP campaign machine continued to attack Stephen Harper, using the Conservatives' own messages such as 'strong leadership' and 'standing up for seniors' against them. Layton is continuing to position himself as the next Prime Minister and last week he held rallies in areas hit hard by the crisis in the manufacturing sector, including a rally at the John Deere facility in the swing riding of Welland, Ontario. Announcements continued to focus on the economy and social programs such as new national daycare and seniors' homecare programs, skills training for workers (including a Barack Obama-style promise for 'green collar' jobs) and the recruitment of more doctors and nurses.

Throughout the second full week of the campaign, the NDP continue to ride high on Jack Layton's leadership and make campaign promises which add up to billions of dollars. However, the party has lost two candidates in BC and the NDP's relationship with the Marijuana Party has put media attention on Layton's leadership. Whether the gains that the NDP have made so far in the

campaign can be sustained to election day, particularly in swing ridings, remains unknown.

Green Party

On Wednesday, Green Party Leader Elizabeth May launched the Green Party's platform, *Looking Forward*, in Halifax. The document mirrors Stéphane Dion's Green Shift plan including the name of its key component, the *Green Tax Shift* (although May says she had the carbon tax idea long before Dion). At the centre of the *Green Tax Shift* is a \$50 per tonne carbon tax and taxes for toxic chemicals that are predicted to generate \$35 billion for federal revenue. To offset the cost of the carbon tax, the Greens pledge to use that revenue to cut payroll and income taxes. Another notable item will be a 1% increase in the GST to fund infrastructure projects. Courting the left, the party called for a return to Canada's pacifist role in international affairs, nuclear disarmament and the creation of a permanent UN force for climate disasters.

The Green Party called their platform a realistic look into the future aimed primarily at the middle class. However, it is important to note that May's predecessor, Jim Harris, ran with a similar platform based on environmental tax incentives and yet failed to gain the trust of voters. May now takes her campaign nationwide by train, making whistle stops across Canada, to sell her platform.

Ministers on the Hot Seat

The incumbency factor will play a large role in a number of ridings where current Cabinet Ministers are seeking re-election. However, this campaign features some exciting races, which are highlighted below.

Hon. Peter MacKay - Minister of National Defence and Minister of the Atlantic Canada Opportunities Agency Central Nova, NS

Regarded as one of the bright lights of the Conservative Party, Minister of Defence Peter

MacKay has proven to be a competent and reliable member of Stephen Harper's cabinet. Since the 2006 election, MacKay has maintained a number of senior portfolios, including Minister of Foreign Affairs, Minister for the Atlantic Canada Opportunities Agency and Senior Minister for Nova Scotia.

This will be MacKay's fifth election running in Central Nova, a riding once held by his father Elmer MacKay. In the 2004 and 2006 elections he confidently defeated NDP candidate Alexis MacDonald. This election Mackay will be campaigning against Green Party leader Elizabeth May and NDP newcomer Louise Lorefice. With a non-competition agreement in place between the Liberals and Greens, the Liberal Party will not be running a candidate in Central Nova. While May has a very high profile, the riding has historically voted Conservative and will again in 2008.

Hon. Jean-Pierre Blackburn - Minister of Labour and Minister of the Economic Development Agency of Canada for the Regions of Québec

Jonquière—Alma, QC

An MP in the Mulroney government from 1984-1993, Jean-Pierre Blackburn returned to federal politics in 2006, winning 52% of the vote in Jonquière—Alma, defeating the incumbent Bloc Québécois MP Sébastien Gagnon by a margin of just over 11%. This riding also had the distinction of the lowest Liberal vote percentage in the country in 2006, with just over 3%.

Blackburn's riding is one of the ridings that marked the Conservative's breakthrough in Québec in 2006 and will be easily held this election. Blackburn has been steady on the Labour file and it can be expected that Blackburn will be back in Cabinet in the next government, should the Conservatives win the election.

Hon. Michael Fortier - Minister of International Trade

Candidate in Vaudreuil—Soulanges, QC

One of the most interesting Conservative candidates to watch this election is former Senator and current International Trade Minister, Michael Fortier. In a controversial move, Fortier was appointed to the Senate and appointed to Cabinet as Public Works Minister following the 2006 election to fill a major gap in the Harper government, providing Cabinet representation for the Montréal area. Fortier was shuffled to the International Trade portfolio in June 2008 and then resigned from the Senate in September to run as a candidate.

In the greater Montréal area riding of Vaudreuil—Soulanges (it extends from off the island of Montréal to the Ontario border), Fortier faces off against Bloc Québécois MP Meili Faille, who took the traditionally Liberal riding for the Bloc in 2004 and defeated Liberal star Marc Garneau in this riding in 2006. A combination of factors, such as declining support for both the Bloc and the Liberals in Québec and a rising tide for Conservatives, could see Fortier hold onto his political career.

Hon. Lawrence Cannon - Minister of Transport, Infrastructure and Communities

Pontiac, QC

Doubling as Stephen Harper's Québec lieutenant, Transport Minister Lawrence Cannon is an asset to the Conservatives with an extensive 30 year career in politics spanning all 3 levels of government. His role as Minister of Transport sometimes seems to play second fiddle to his important position as an organizer and strategist for the Harper government in Québec.

Pontiac, the Western Québec riding just north of Ottawa, has traditionally been a Liberal stronghold, Cannon won in the 2006 election with almost 34% of the vote share. The Liberals were soundly defeated in 2006, placing third to the Bloc Québécois. On October 14, Cannon will be squaring off against Liberal candidate Cindy Duncan McMillan, a farmer and activist in the agriculture sector and the Bloc's Marius Tremblay, a former

NDP political staffer and musician. While Cannon will have to run a strong campaign against his opponents, his profile and experience will allow him to hold the seat.

Hon. John Baird - Minister of the Environment
Ottawa West—Nepean, ON






John Baird, Minister of Environment, is one of the bulldogs of the Harper government. In previous House sessions, he has often responded during Question Period to the most contentious and controversial issues facing the government.

In the upcoming election, John Baird will be defending his seat in *Ottawa West--Nepean* against a worthy opponent: former Liberal Defence Minister and international development advocate David Pratt. While the 2006 election saw Baird swiftly defeat then-Liberal candidate Lee Farnworth, it is expected that he will have to run a much tougher campaign this time around.

Hon. Jim Flaherty - Minister of Finance
Whitby—Oshawa, ON

Minister of Finance Jim Flaherty has not had an easy run during the 2nd Session of the 39th Parliament. The income trust debacle, a significantly slowed Canadian economy and a thorny relationship with the Dalton McGuinty government in Ontario have all marked the months preceding the September 7 election call.

At the local level, Flaherty is generally well-liked by his constituents in the GTA riding of *Whitby—Oshawa*. While he won in the 2006 election with a healthy margin, the riding will be interesting to watch because of Liberal candidate Brent Fullard. Fullard, a banker, is the founder and CEO of the Canadian Association of Income Trust Advisors, an advocacy group of investors who are a major thorn in Flaherty's side on the income trust issue. The debate between these two candidates is guaranteed to be heated - one National Post columnist has already styled Fullard as "Jim Flaherty's Worst Nightmare." Heated debate aside, the Conservatives enjoy strong support in this

Week Two: Leaders' Travels and Policy Announcements					
					
Sunday	Ottawa, ON	Ottawa, ON	Ottawa, ON	Laval, QC	New Glasgow, NS
Monday	Ottawa, ON \$147-million promise to open Employment Insurance parental benefits to self-employed	St John's \$250-million plan to provide rebates to fishermen who invest in green technology	Halifax, NS Issues a billion-dollar promise to fix the health care system	Senneterre, QC A plan to assist and modernize the forestry sector	Pictou, NS
Tuesday	Kitchener, ON Offers first-time home-buyers a tax break worth up to \$750	Halifax, NS \$900 million catastrophic drug plan and pledged to fund more spaces for health care professionals	Welland, ON \$100-million for skills training and for the manufacturing sector	Alma, QC \$700 million in tax credits for farmers and small business who use diesel fuel	New Glasgow, NS Statement on 'Buy Canadian' policy in the federal government
Wednesday	Welland, ON Promises new measures aimed at discouraging tobacco access and marketing to children	London, ON \$600 million for university-based research and more funding for post-secondary students	Toronto, ON \$1.42 billion a year for a national child-care program	Sept-Îles, QC \$500 million compensation for damage from shore banks erosion caused by climate change	Halifax, NS Election Platform Released
Thursday	Trois Rivieres, QC New tax break for seniors	Toronto, ON - 10-year, \$70-billion infrastructure plan and Green Bonds program	Winnipeg, MB \$1-billion home-care program for seniors	Carleton-sur-Mer, QC Calls for an increase in employment insurance coverage and accountability	New Glasgow, NS
Friday	Farnham, QC Promises benefits to families that care for family members with disabilities	Headingley, MB \$1.2-billion agriculture package.	Ottawa, ON Attended funeral of former Ottawa mayor and one-time NDP MP Marion Dewar	Rimouski, QC	Vancouver Wins lottery for the first opening statement in English Leader's Debate
Saturday	Iqaluit, NU Announces major Northern Economic Development plan	Montreal, QC Major arts policy announcement, including \$360 million for Canada Council for the Arts	Edmonton, AB Releases series of crime-related policies	Québec City	Port Alberni & Vancouver, BC Green Party Whistle Stop Tour begins and heads east across Canada

region and it is highly unlikely there is an upset in the making.

Hon. Tony Clement – Minister of Health and Minister for the Economic Initiative for Northern Ontario

Parry Sound—Muskoka, ON

In 2006, Tony Clement won his cottage country seat by the slimmest margin in all of Canada – 28 votes – defeating former Liberal minister and three-term MP for the riding, Andy Mitchell. Clement’s squeaker of a victory added some needed depth to the Prime Minister’s front bench and the Prime Minister called on Clement to pick up where he left off in Queen’s Park with the Health portfolio.

While this election will be a tough one for Clement, he has the incumbency factor on his side, as well as a campaign team which has been preparing to defend and widen the slim margin of victory this election. The Liberals are running Jamie McGarvey, a long-time resident and municipal Councilor from Parry Sound, and the NDP are running their local riding association president, Jo-Anne Boulding. In a riding that elects its MPs for long terms (PC MP Stan Darling was MP for 21 years), it is expected Clement will win this riding by a larger margin on October 14.

Hon. Diane Finley – Minister of Citizenship and Immigration

Haldimand—Norfolk, ON

Citizenship Minister Diane Finley was first elected in 2004 and re-elected in 2006, both times defeating former Liberal Agriculture Minister Bob Speller, increasing her vote margin in 2006. As a key member of Prime Minister Harper’s Cabinet, she has held the portfolios of Minister of Human Resources and Social Development and most recently, Minister of Citizenship and Immigration.

Immigration issues aren’t top of mind for voters in the southwestern Ontario riding of Haldimand—Norfolk, Finley will have to work hard to defend the government’s agriculture policies to the riding’s tobacco farmers, who are awaiting delivery

of a \$300 million program to provide transition and exit strategies for tobacco producers. Finley is also up against a star Liberal candidate – Dr. Eric Hoskins, who has worked as a physician in war zones for twenty years and is current president of War Child Canada. While a tough fight may be ahead, it may all come down to which party can win the support of the tobacco farmers and Finley has the edge there.

Hon. Gary Lunn – Minister of Natural Resources
Saanich—Gulf Islands, BC

Gary Lunn will attempt to make this his fifth win in the Victoria area riding of *Saanich—Gulf Islands*. In 2006, Lunn defeated the NDP’s Jennifer Burgis and Liberal Sheila Orr with over 10 percent of the voter share. This election he will be facing off against Liberal candidate Briony Penn, a businesswoman and university professor, NDP candidate Julian West, a teacher and political activist and Green member Andrew Lewis, a local landscaper and contractor. While Lunn does look to have a secure footing in this riding, he is expected to face strong opposition from his popular Liberal opponent.

Election Calendar – 3 Weeks to Go

<p>Week 3</p> <p>September 21 - September 27</p>	<p>Sept 22 – Last Day to file candidate nomination papers</p> <p>Sept 24 – List of Confirmed Candidates released by Elections Canada</p>
<p>Week 4</p> <p>September 28 - October 4</p>	<p>Oct 1-2 – Leaders’ debates (Ottawa)</p> <p>Oct 3-6 – Advance Polls open</p> <p>Oct 6 – Final election expense limits released</p>
<p>Week 5 – E-Day</p> <p>October 5 - October 14</p>	<p>Oct 13 – Thanksgiving Holiday</p> <p>Oct 14 – Election Day</p>

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