

BATTLE OF THE TITANS — A PROGRESS REPORT

Geoff Norquay

With Michael Ignatieff's coronation in Vancouver, the stage is set for a very competitive election between the Liberal leader and Conservative Prime Minister Stephen Harper. For one thing, Ignatieff benefits from not being Stéphane Dion. For another, Ignatieff stands to benefit from the recession. It's too soon to say when a recovery might occur, and when the massive stimulus spending, supported by the Liberals, will work its way through the economy. But Ignatieff clearly challenges Harper to take his game to a higher level. Contributing Writer Geoff Norquay sees a battle of the titans in the making.



Le couronnement de Michael Ignatieff à Vancouver a planté le décor d'une chaude lutte électorale entre le chef libéral et le premier ministre conservateur. Déjà, le premier a l'avantage de ne pas être Stéphane Dion. Et la récession pourrait de surcroît jouer en sa faveur. Il est certes trop tôt pour envisager une relance et anticiper l'efficacité du plan de dépenses massives soutenu par les libéraux en vue de stimuler l'économie. Mais clairement, l'arrivée de Michael Ignatieff a obligé Stephen Harper à relever le niveau de son jeu. Pour notre collaborateur Geoff Norquay, la table est mise pour une véritable lutte de titans.

It's a mark of how unstable the Canadian political system has become that speculation on the circumstances and timing of the next federal election has already begun. The most outlandish idea being floated is that the Liberals might take down the government this June, but serious bets are also being placed for this fall, with next February's budget as the next logical fallback.

As entertaining as it might be to handicap the date of the next federal election writ, at this point there are too many variables in play to make it more than idle bar chatter. And most of them argue for a later rather than an early date.

For one, there is the unknown depth and duration of the recession. As the best guesses of the economic gurus pile up day by day, the trend appears to be moving toward deeper and longer, as opposed to the more hopeful private forecasters' consensus the government reported in its January 27 budget. But from a strictly tactical standpoint, it would not make huge sense for the Liberals to defeat the government until some signs of a turnaround are evident. If they win and the economy is still contracting, they simply become the folks that everyone gets to blame for closing businesses and rising unemployment.

The second factor militating against an early election is that we have just passed the turn of the new fiscal year, and the start of the anticipated deluge in public infrastructure

investments designed to counteract the recession. Given that they supported the budget, and that construction sites are about to bloom across the country, it would be a significant challenge for the Liberals to credibly claim that the government's stimulus efforts have failed only weeks after the money started flowing.

The third and most important constraint on an early election is public opinion. As all parties learned in the aftermath of the fall economic update and the short-lived opposition coalition, the Canadian people were not the least bit interested in another election mere months after the last one, and especially not in a time of economic turmoil and uncertainty. The clear message to Ottawa from voters was, "Cut out the nonsense, tone down the partisanship and try making Parliament work for *us* for a change." There is little evidence these public attitudes have changed; indeed, it's likely that any party seen to be forcing an unnecessary election in the next few months would need physical protection to go out and ask the people for their votes.

Still, the election speculation persists, and it's easy to see why. Under new leadership, the Liberals once again feel the wind in their sails after two years of doldrums under the late and unlamented Stéphane Dion. Dion's leadership was so woeful and inept that the Liberals not only lost confidence

in themselves, but they also seemed paralyzed in taking the necessary steps toward renewal that all parties must take as they seek to rebuild. Under Michael Ignatieff, some of the old Liberal discipline has begun to return, the policy freelancing has diminished and the party is beginning to regain a sense of direction once again.

Meanwhile, the Conservatives find themselves forced to govern through the uncharted waters of an economic crisis never before seen. Of necessity, the tax cutters who believe

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in minimalist government have been forced to become the big-spending public investors providing safety nets for troubled industries, and it's taken them some time to adjust to the new reality.

Given these developments, perhaps it's not too early for an assessment of how Michael Ignatieff is doing, and how he might stack up against Stephen Harper in a head-to-head faceoff. Let's look at some of the key dimensions.

As a result of pre-election retirements and the 2008 general election with its loss of 18 seats, Ignatieff's front bench contains 15 former ministers, but several either served in relatively junior capacities in earlier Liberal governments or are getting close to their "best before" dates.

In addition, with the exception of Martha Hall Findlay, Gerard Kennedy and Marc Garneau, the Liberals did little to replenish their ranks of cabinet-ready talent last fall. Clearly one of Ignatieff's biggest challenges will be to recruit some star power candidates in the next election, but given the continuing uncertainty that minority government has brought to Canadian political life, this could prove to be a challenge.

On the government side, Stephen Harper has some distinct advantages. As time passes and the experience of his cabinet builds, the Prime Minister now has a solid front bench. Stockwell Day, Peter MacKay, Diane Finley, Jason Kenney and Chuck Strahl have all handled their share of hot files with confidence and each communicates effectively.

Harper also showed some creative thinking in the assignment of the key economic portfolios last fall in the post-election cabinet shuffle. By keep-

ing Jim Flaherty in Finance, and assigning Jim Prentice to Environment, John Baird to Infrastructure and Tony Clement to Industry, he matched strong performers with the issues most important to their respective home regions. It was an inspired call and it's worked well. Further, the bright newcomers such as Lisa Raitt, Leona Aglukkaq and Peter Kent got instant opportunities to gain senior cabinet experience and build their resumés for the future. And finally, there are solid and effective performers such as Ted Menzies, David Anderson and Tom Lukiwski on the backbenches honing their skills as parliamentary secretaries.

As befits his moderate Liberal leanings, Ignatieff has begun the process of moving his party toward the centre. He quickly reversed his earlier support for the coalition, deep-sixed the hugely unpopular Green Shift and withdrew his support for a carbon tax. He's also done some useful policy outreach to Alberta on the oil sands and begun to build bridges to Quebec.

On issues of the day, the Liberals are strictly in reactive mode. If there are differences between Ignatieff and the government on support for the ailing auto sector, it is difficult to see. He supported the government's January

Budget, but now claims that the Prime Minister is showing "reckless indifference" to mounting job losses. The Liberals have scored some points on the inequities in employment insurance eligibility criteria, but this is hardly a line in the sand on which to defeat a government.

There's nothing particularly new in all of this. Ignatieff has simply encountered the challenge that confronts all leaders of the official opposition, namely how to differentiate yourself from the government while keeping your powder dry on policy until it really counts. And the Green Shift experience showed the Liberals what can happen when you lift the policy skirt too soon and offer an inviting target to the other side.

Still, concerns persist within the party and among the media that not enough is being done by the Liberals to develop a clear set of forward-thinking policy alternatives to the Conservatives. No Kingston Conference is in the offing, and no comprehensive Red Book process under way. There was some earlier talk that Ignatieff's Vancouver coronation in May would be turned into a policy conference, but that was also reversed.

Complicating things further for the Liberals on the policy front is the pace of change. Dion's Green Shift failed because of its internal complexity and because it could so easily be caricatured, but in fairness, it was a policy designed to address the issue of the moment. Where is concern for the environment less than a year after the launch of the Green Shift? Much diminished and seen in a completely different context because of the global economic crisis. The point is that the Liberals are probably smart to hold their fire on innovative policies, because at this stage, no one knows what will be the defining issues of the next election campaign. It's a delicate balance, though, and they are beginning to take flak for an absence of policy alternatives.

For the Conservatives, the last few months have been a challenge. Events have conspired to move the Prime Minister and his ministers from being champions of balanced budgets and significant public debt paydowns, to delivering massive stimulus, providing major initiatives to strengthen lending liquidity and offering large support

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packages for shaky industrial sectors. At the G20 summit in London in early April, Harper even emerged as a key spokesman for greater domestic stimulus investments around the globe.

This necessary conversion has produced some interesting reactions. For some true believers on the Conservative side, it's a bridge too far, but the complaints do not appear to have touched off any measurable groundswell of disagreement within the party. On occasion, Liberals and NDPers have been reduced to complaining that the stimulus package may be fine, but the Prime Minister really doesn't *believe* in what he is doing. If that's the worst that can be said, Harper doesn't appear to have much to worry about. And with the people who actually count — the voters — the January Budget has been reasonably well received as a credible response to the economic crisis. For the most part, the package is understandable and comprehensive, and the investments in infrastructure will pay long-term dividends in competitiveness and productivity.

All that being said, the proof will be in the pudding. But the government will also need some luck. The government's first challenge is to get the stimulus money out the door, by taking down some of the burden of red tape installed by both the Liberals and

Conservatives in the wake of the sponsorship scandal. Beyond that, obviously the investments need to be visible and seen to be working, but the real wild card is how long the recession continues and when the first signs of recovery become evident. The most innovative and aggressive stimulus package in the world can ultimately be

found wanting if US demand does not begin to rebound in the next few months.

On this issue, both leaders face the challenge of walking a precarious tightrope. The name of the tightrope is "confidence" and it's a critical factor in a time of economic downturn. If consumers feel things are not only bad but likely going to get worse, they may sit on their wallets and actually prolong a recession. If they feel that the situation is difficult but there is hope for better times around the corner, they can begin to spend and invest, and help the economy turn around.

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The second count has proven to be a bit more of a challenge. While Ignatieff promised in late March, "You'll never hear me talk down the Canadian economy," the Liberals' website "onProbation.ca" documents every single economic sparrow that has fallen from the tree during the Conservatives' time in office; there are

no signs of hope to be seen. And the Liberals' lack of alternative policy prescriptions is beginning to attract some media attention. As the *National Post* noted in its editorial of April 4:

While consistently denouncing government efforts, the opposition leader has yet to produce a blueprint of his own. We don't know how much stimulus he considers adequate, how he would allocate it or to whom. All we know is what he is against — which appears to be just about everything.

In commenting on the economy, the Prime Minister faces the same tightrope, but with a twist. It's the need to strike the balance between reasonable optimism and brutal reality against the shifting backdrop of changing economic forecasts. The government dug a huge hole for itself on the credibility front with its "don't worry, be happy" fall economic update, but the budget was the first step in building back public confidence. And more recently, the Prime Minister has found the right balance in describing the country's economic prospects. His Brampton speech of March 10 was substantive and frank, and honestly assessed the global threats to recovery while describing Canada's comparative strengths. And it's been helpful that just about every global economic forecasting agency has backed up Harper's catalogue of those strengths.

On this final front, the Prime Minister has a huge advantage over Ignatieff. Despite the latter's reputation as a high-profile and well-regarded international public intellectual, as leader of the opposition, he can but stand by and watch as the Prime Minister acts on the international stage. So far, it's been a pretty compelling performance.

All prime ministers ultimately tumble to the fact that direct involvement in foreign affairs offers huge advantages. The day-to-day partisan



Jason Ransom, PMO

Michael Ignatieff looks across the floor at Stephen Harper, his rival in the House and soon to be his opponent on the hustings. Geoff Norquay sees it as a battle of the titans in the making.

squabbles of the domestic scene melt away when one is representing the country abroad, and while the public policy agenda internationally may be larger, it's also more flexible and malleable. And regardless of their political stripe, the vast majority of Canadians want their leader to do them proud internationally.

The initial meeting with President Barack Obama was a success, and now that he is freed from the Canadian media's silly preoccupation that any pre-January Canadian initiatives would have been catering to the hated George W. Bush, the Prime Minister is now able to pursue a more proactive agenda with the United States. The Obama-Harper meeting yielded a substantive agenda, and now it's being

aggressively pursued in follow-up cabinet-level meetings between the two sides. At the recent G20 and NATO meetings, Mr. Harper went with good credibility and a specific plan of attack and performed solidly.

Under Ignatieff's leadership, the Liberals once more have a spring in their step and hope for the future. He's handled his first few challenges well, but is still benefiting from the obvious fact that he is not Stéphane Dion. Now the hard part begins: defining his party in policy terms without offering juicy targets or having good ideas stolen and implemented by the government, and keeping the government accountable without becoming a cheerleader for the recession. And he still needs to revitalize his party's finances, organi-

zational readiness and candidate list for the next election.

Harper and his government have survived the near-death experience of last fall's ill-fated economic update. The Prime Minister knows that Michael Ignatieff will provide a much better fight than Dion did last time, and as a result, Harper is playing a much tighter game.

The stage is beginning to be set for the next election.

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