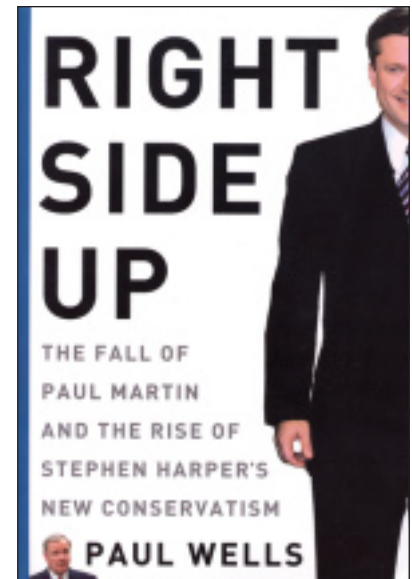


Harper's first 100 days: taking charge

Paul Wells

In this excerpt from his new book, *Right Side Up: The Fall of Paul Martin and the Rise of Stephen Harper's New Conservatism*, Paul Wells describes the new partnership of Prime Minister Stephen Harper and Clerk of the Privy Council Kevin Lynch as commanding figures in the new Conservative government. Harper's checklist of five priorities was well on its way to implementation by the end of his first 100 days in office. But the transformation of government, with Harper as chief executive officer and Lynch as chief operating officer, went much deeper. Wells drills down into the story.

Dans cet extrait de son nouveau livre, *Right Side Up: The Fall of Paul Martin and the Rise of Stephen Harper's New Conservatism*, Paul Wells avance que c'est le tandem formé de Stephen Harper et de son greffier du Conseil privé Kevin Lynch qui est aux commandes du nouveau gouvernement conservateur. La liste des cinq priorités du premier ministre était en bonne voie d'application au terme de ses 100 premiers jours au pouvoir. Mais la transformation du gouvernement, avec M. Harper à la direction générale et M. Lynch à la direction des opérations, est allée beaucoup plus loin. L'auteur va aux sources de l'affaire.



“Prime Minister Stephen Harper.” The first time a reporter addressed him by that title in public — before he was sworn in, so before it was strictly accurate — he admitted he liked the way it felt to hear it.

One reason Harper found it relatively easy to do what he had said was that he had said what he would do. If you offer Canadians a 21st-century economy and a place of pride and influence in the world, it's kind of hard for them to tell when they've arrived. If you offer to cut the most annoying tax in Canada and send every parent a cheque, it's easier to tick off the little boxes.

On January 4, almost three weeks before the election, Harper sat for an interview in Toronto with journalists from several magazines published by Rogers. “The first four of the five things I've talked about are things

that, quite frankly, we can do fairly quickly,” he told the reporters. “And they will all have longer-term impacts. The country will be different because of them.” Note that he said only four could be delivered quickly: the GST cut, the child-care cheques to parents, a package of tough-on-crime legislation, and the federal accountability act. The last promise, for a patient wait-times guarantee, was “more difficult,” Harper allowed.

So four of the five priorities were designed to be quickly deliverable. The government was built to deliver quickly. “We made a decision early on — like very early on, before the election began — that in the event of victory we would not get involved in a complicated rejigging of the machinery of government,” one senior Conservative said. “That was considered and rejected, basically for the reason that if you start to reorganize the

machinery of government, kiss your productivity goodbye for the next two years as everyone figures out who reports to whom.” Everything else he left much as he found it — with two key exceptions.

First, Harper installed new people. He would need a new clerk of the Privy Council — even though he and the old clerk had hit it off far better than either man had expected. In the weeks before his successor was named, Alex Himelfarb found himself going back to the Prime Minister's Office at the end of most days for a second round of daily briefings, more or less just because both men liked the chats so much.

As a consumer of briefing books, the new prime minister seemed to combine the strengths of his two predecessors. Jean Chrétien hated detail and would stare daggers into the heart of anyone who dared put a too-long

memo under his nose. But he had an uncanny instinct for seizing the essence of a complex situation. Paul Martin was an information bulimic, never happier than when he came up with a tough question to ask his officials about something on page 450 of a three-inch binder. But he seemed to view the act of ending a discussion with a decision as a sign of weakness. Harper combined Martin's appetite for drudgery with Chrétien's aptitude for synthesis. For a man with such a profound suspicion of government, he was a bureaucrat's dream. But he needed new bureaucrats. One day early in the transition, Martin telephoned Harper from overseas to remind him of a deal he had cooked with Himelfarb: upon Martin's departure, his clerk was to become the new ambassador to Rome. Harper readily agreed. After considering several replacements he settled on a man who reflected the best administrative strengths of the Liberal government, before the wheels started to fall off.

Kevin Lynch had served as deputy minister to John Manley from 1995 to 2000, when the then-industry minister was wiring every school in Canada to the Internet and setting up the Canada Foundation for Innovation, the cornerstone of the Liberals' science and research strategy. Lynch had moved on to Finance for Paul Martin's last years in that portfolio. He was considered one of the architects of the Chrétien government's unheralded strategy to transform Canada from a resource-based to a knowledge-based economy.

Now, after two years in Washington as Canada's representative at the International Monetary Fund, Lynch was ready to become Harper's clerk of the Privy Council. In announcing the appointment, Harper called Lynch "a highly focused professional," a description that said as much about the role Harper expected a clerk to play

as it did about Lynch's qualifications. "He understands our five-priority agenda and will greatly contribute to moving it forward."

But one of the things Lynch understood about the five priorities — a nuance that eluded many of Harper's critics — was that they didn't begin to encompass the scale of the change that was coming. Very rapidly, Lynch and Harper implemented a major facelift of the senior public service. The machinery didn't change, but there were plenty of new machinists. Deputy ministers are the top bureaucrats at each department, the leading

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figures in a permanent government that does not change just because the party in power changes. But this new government made a point of changing deputies. By June there would be new deputy ministers at Finance, Industry, Human Resources, International Trade, Environment, Indian Affairs, Citizenship and Immigration, Natural Resources, Intergovernmental Affairs and Public Safety.

These changes, implemented in close consultation with Lynch, made an incalculable difference in cementing Harper's relationship with

the senior public service. The Conservative leader's weird comments in the election campaign's final week about a "Liberal" bureaucracy had put official Ottawa on edge. But Harper's new clerk was the man most civil servants would have picked, and his personnel decisions showed more concern for *orderly* change than anything his predecessor had managed. At every step along the way, Harper's office had announced these changes publicly. No news organization covered any of them. The silence only confirmed the prime minister's conviction that the Parliamentary Press Gallery wasn't interested in covering serious matters.

When Chrétien took over as prime minister in 1993 there were about 350 people in PCO. Despite the 1995 budget's program cuts and the subsequent years of relative restraint in spending growth, that number had roughly tripled to 1100 by the time Harper was elected. Much of that extraordinary growth had happened during Martin's short term in office.

Harper and Lynch decided to send them home. As a first phase, with more to come, Lynch sent 150 people from PCO back to their departments, principally Indian Affairs, Environment and Industry. Here Harper's instincts ran precisely opposite Martin's.

Note what happened here. Harper had developed, and in some ways had worked hard to earn, a reputation as a control freak. But there are different kinds of control freaks. Harper was at the centre of his government's policy direction and, especially, its communication philosophy. He would never be shy about stepping in to countermand a minister at a key moment. But he didn't kid himself that he could run 30 departments. He was determined that they would have the tools they needed to run themselves.



Jason Ransom, PMO

Prime Minister Stephen Harper at his Centre Block office with Kevin Lynch, the Clerk of the Privy Council. Paul Wells writes how the two took over the town of Ottawa, essentially within the first 100 days of the new Conservative government.

As for the governing decisions, several of the big ones were already made. Priorities. Harper left the cabinet's first meeting to confirm that the first monthly cheques for \$100 would go out to the parents of every Canadian child under six on July 1. John Baird, the young former Ontario cabinet minister, set to work with his department to write a Federal Accountability Act. It would be the first bill the new government would table, on April 11. Vic Toews, the former Manitoba justice minister, had the same job now in Ottawa and he set about drafting legislation imposing mandatory minimum sentences. Jim Flaherty, the former Ontario finance minister who looked uncannily like an Irish cop from central casting, started work on his first federal budget. Its centerpiece would be the first one-point GST cut. The fifth priority, the one Harper would allow to hang fire for a while, was health care wait times. But here again he confided

the job to a former provincial minister, Ontario's Tony Clement.

But the five priorities were only markers. Canada's new government had much more on the go than that. Including two areas of eternal Canadian preoccupation, federalism and foreign affairs.

On February 15, Jean Charest flew to Ottawa for lunch with Harper at 24 Sussex. Ottawa reporters caught wind of the meeting from their Quebec City colleagues. Attempts to confirm the news were stymied at every turn. When the meeting was over neither man met with Ottawa reporters. Charest scrummed with the National Assembly press gallery in Quebec. Why there and not in Ottawa? "Because I like you," Charest told his daily tormentors, smiling nervously. Subtext: somebody didn't like the Ottawa reporters as much. But the staging mattered less than the sub-

stance, which was that Harper quickly formed a partnership with the Quebec premier that was closer than any since Lester Pearson's, 40 years earlier, with Jean Lesage. Not that it was hard to improve relations. When Harper visited Charest in March in Quebec City, he set a modern-day precedent, because neither Chrétien nor Martin had ever gone to meet a Quebec premier in Quebec's capital city.

Their most important file was the nebulous "fiscal imbalance," the belief that Ottawa had more money than it needed and the provinces, not enough. But before they crunched that one, they had an easy deliverable to put in the window first. In May Harper traveled to the opulent Salon Rouge of the National Assembly, the site of Quebec public life's most important ceremonies, to announce that Quebec would have a special permanent post within Canada's delegation to

UNESCO, the United Nations cultural organization.

It was a little short of what Harper had promised in the campaign. He had offered the province a chance to send its own delegation to UNESCO. But the organization's rules didn't allow that for sub-national entities like provinces. (Either the Conservatives hadn't bothered to check this point before the election, or they hadn't bothered to pass along the bad news to Quebec voters.) So Harper had offered as much as he could. Charest's response was as important as the offer: previous Liberal premiers had, on occasion, made a show of disdaining the crumbs tossed their way from Ottawa. But now Harper and Charest were engaged in a conspiracy of interest. Harper didn't want to stop at 10 Quebec seats. He had to demonstrate that his government would make an effort for a federalist Quebec government. Charest, battered in the polls almost since the day he had become premier, had to show Quebecers that he could make progress for Quebec while a Péquiste premier wouldn't.

But all the meetings with assorted premiers were only springtime preludes to the autumn's big task, which would be finding a way to eliminate the "fiscal imbalance." Simply admitting that there was such a thing as a fiscal imbalance had been crucial to winning Harper acceptance among Quebec's intelligentsia, who had always been amazed that the Liberals refused to acknowledge the imbalance. Multi-billion-dollar surpluses in Ottawa, deficits in the provinces—what more proof did the Liberals need?

But if the truth be told, the Liberals weren't alone. This would turn out to be part of Harper's problem. In 2005 the Commons Finance Committee struck a subcommittee to examine the fiscal imbalance. And

among the non-partisan technical experts the subcommittee summoned, a majority said either that Canada has no fiscal imbalance; or that ours is

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smaller than in other federations and shrinking; or that if the provinces need more revenue, they should just raise taxes instead of asking for a handout from Ottawa. The provinces have access to the same tax sources Ottawa does, the experts said. As a kind of bonus, there was a rock-solid consensus among bureaucrats in the federal Finance department that the fiscal imbalance was a province-built bogeyman designed to extort money out of federal coffers.

So the imbalance was out there, somewhere, and Harper had promised to fix it. But its existence was disputed, and even the premiers who swore by an imbalance couldn't agree on a definition or a solution. Piece of cake. On May 2, with the tabling of the first Conservative budget, the Harper government began to hack its way through the jungle of the imbalance debate.

Jim Flaherty tabled both the budget and a separate discussion paper, *Restoring Fiscal Balance*. That little booklet was aimed at framing the negotiations that would be prominent on the autumn's agenda. It marked the beginning of the Harper government's attempt to get back to reality after

indulging in high-flown, province-friendly campaign rhetoric.

By the eve of a June meeting with his provincial counterparts at Niagara-

on-the-Lake, Flaherty was sounding positively mischievous. If the provinces wanted \$10 billion to fix the perceived gap, they could keep waiting, he said. "They're unrealistic, pie-in-the-sky figures that do not reflect the budget realities of the various governments in Canada today," Flaherty said. Besides, if they really needed more money they could just raise provincial taxes, Harper's man said, sounding for all the world like the staunchest of Liberal hardliners on the fiscal-imbalance question.

The provinces were not pleased. "When Mr. Harper said, 'I'm going to fix the fiscal imbalance,' he never said, 'I'm going to fix it by asking the provinces to increase taxes,'" Charest said. Ah, but he hadn't *ruled it out* either, had he? Charest was learning what other Canadians were learning: that while Harper was a relatively straight arrow by the standards of recent prime ministers, it was never a bad idea to scrutinize the fine print.

Perhaps the biggest opportunity for the Conservatives to establish a new brand identity, though, lay in foreign policy. It was not obvious terrain. Harper had traveled a few times to Europe but he was no globe-trotter. Foreign diplomats around Ottawa were

in a near-unanimous snit because, as Opposition leader, Harper had made almost no time to visit any of them. But within weeks after the election he started establishing a clearer, less hesitant tone for Canadian foreign policy.

The day after the Belarus election, Harper asked his senior staff for a statement about Belarus. One bubbled up from the Foreign Affairs department in the ordinary fashion. "It said, you know, 'Canada notes with concern,' blah-blah-blah, or some crap like that," a Harper aide recalls. "It was a typical kind of Canadian, 'See here, don't go around killing your opponents any more.'" Harper took one look at the proposed release, swore, took out a pen and paper and drafted his own version. "Just put it out. Don't even tell Foreign Affairs. They can read it later. Maybe learn something," he told his staff.

Legislative elections in the Palestinian Authority had produced results that shocked Western observers when Hamas, the hardline anti-Israel party with links to terrorist organizations, won a strong majority. Like leaders around the world, Harper urged Hamas to renounce violence and recognize Israel. That didn't happen. Who takes Canada's advice on anything? But then something novel did happen: Canada cut off aid to the Palestinian Authority. Before any other government in the world had done so.

In March the people of Belarus voted in presidential elections. The incumbent, a scuttling little thug named Alexander Lukashenko, had prepared diligently — rounding up and arresting human-rights activists, arresting and beating opposition candidates and their staffs, sending commando squads to beat up reporters who tried to cover all of this. It was obvious as soon as the polls closed that Lukashenko's overwhelming re-election had been secured with the help of truncheons and jail cells.

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What they read was pretty blunt. The election "was not free or fair," began the communiqué, which went out in Harper's name. "I am shocked that a dictatorial and abusive regime such as this one can continue to exist in today's Europe."

But of course the most spectacular expression of Harper's new foreign-policy assertiveness was his secret flight to Afghanistan in mid-March. Chrétien had traveled to Afghanistan too, at the end of 2001, but somehow this felt different. Kandahar, where Harper visited, was more dangerous territory than Kabul. Already soldiers had been killed and injured in their new role there. Harper was typically blunt when he told the Canadian troops on the ground that he would not let them down now. "We don't make a commitment and then run away at the first sign of trouble."

This new clarity in foreign policy didn't take long to get noticed in the foreign capital that stood at the centre of Harper's preoccupations: Washington. In April Nicholas Burns, the US undersecretary of State, was in Ottawa for regular bilateral consultations. Burns is the ranking career diplo-

mat at State, the Number Three figure on the State Department's organizational chart. The US Embassy, in an unusually expansive mood, invited half a dozen Ottawa journalists to sit down with Burns during his visit.

Through a comedy of errors, I was the only reporter who showed up.

Anyway, Burns made it clear that the State Department was tremendously excited to have an engaged, active new government to deal with. Harper's early move against Hamas, and Canada's designation of Sri Lanka's Tamil Tigers as a terrorist group, were "indications of a very

self-confident foreign policy and of a government not afraid to make very tough decisions," Burns said. "So we are very impressed. We are very impressed by the self-confidence and by the clarity of thinking in Canadian foreign policy."

By the time the Harper government's first 100 days had passed in May — on May 2, if you counted from the Jan. 23 election, or later if you started from the swearing in of the Harper cabinet — the new prime minister had made progress on four of his five priorities; changed the face of the civil service in ways that did not turn the bureaucracy against him; made progress in reforming federalism; and brought a new assertiveness to Canadian foreign policy. Which is not the same as saying he had made a flawless start. In his handling of the Environment portfolio; of Canadian casualties in the Afghanistan conflict; of the Parliamentary press gallery; and of his own formidable temper, Harper showed weaknesses that might foreshadow his eventual undoing.

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