

The End of the Chrétien Decade¹

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Jim Young/Reuters

Jean Chrétien (left) hands the government over to Paul Martin.

In late 2003, Jean Chrétien retired from political life at the age of 70. In November he gave up the leadership of the Liberal Party (LP), which he had headed up since 1990. And in December he resigned as prime minister, a post he had occupied since 1993.

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He was replaced in both positions by Paul Martin, 65, his eternal rival inside the LP, who had been his finance minister until early 2002. Chrétien's exit, that he had personally announced more than a year before, was partially his own decision and partially due to the growing dissidence in liberal circles headed up by Martin.

In the Canadian parliamentary system, the party with the majority of seats

in the House of Commons is charged with forming a government, and the leader of that party becomes the prime minister. Elected leader of the LP in an ad hoc party convention, and with the Liberals holding a broad majority in the Commons (see graph 1), it fell to Martin to fill the post of prime minister. In any case, he will have to subject his new position to public approval by calling elections to renew the House

of Commons by 2005 at the latest, but more probably in 2004.

1993-2003: PARTIES AND ELECTIONS

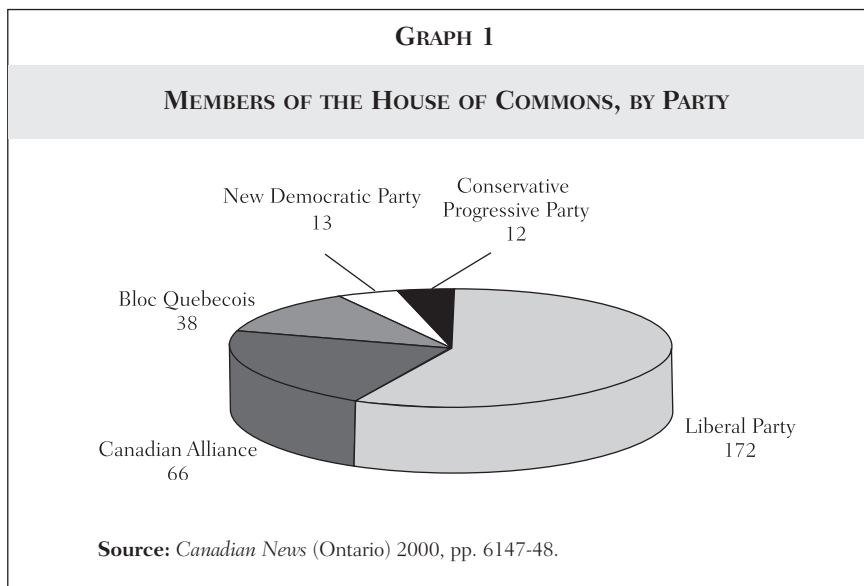
In all its history, Canada has only been governed by the centrist Liberal Party and the moderate right-wing Progressive Conservative Party (PCP). Until 1997, the social democratic New Democratic Party (NDP) was the distant third, always far from being able to aspire to head up the federal government. With Chrétien at its head, the LP won the elections in 1993, 1997 and 2000, gaining absolute parliamentary majorities. In that decade, the party system changed radically. The PCP declined sharply in voters' preferences, to the degree that today it is about to disappear; also, in 2003, it lost the Ontario provincial elections to the Liberals, forfeiting with it the

most populated and economically important province in Canada. The NDP has maintained its vote count at about 10 percent in federal elections, with a small parliamentary caucus, but has governed some provinces. Two new federal parties appeared in the 1990s: first, the Bloc Québécois (BQ), whose aim is for the Francophone province of Quebec to become a sovereign nation, that has run candidates exclusively in that province; from 1993 to 1997 it was the main party in opposition to Chrétien, but since then has seen its vote count and the number of its seats in parliament drop. In 2003 the Parti Québécois (PQ) (the provincial ally of the Bloc Québécois) lost the elections in its province to the Liberals, which does not augur a rosy future for the BQ in the coming federal elections. The other new federal party is the right-wing Canadian Alliance (CA) (previously the Reform Party or

RP), which defends provincial autonomy and has clout almost exclusively in the western provinces. Since 1997 it has become the main opposition party. In December 2003, the PCP and the CA decided to merge, hoping to present a united front against the Liberals.

During the Chrétien decade, the Liberals' electoral and above all parliamentary dominance was very pronounced; some say that at the federal level Canada has evolved toward a hegemonic party regime. The predominance of the LP can be explained by several factors. The most obvious and foremost is that it has been the party which has gotten the highest number of votes in three successive elections. Other factors are the regionalization of the electoral constituencies of the opposition parties, which in practice makes it the only party with an effective national presence; the mechanics of ideological-political competition, which situates it in the center, a position that allows it to capture votes; and the mechanics of the electoral system based on majority-winner-takes-all seat distribution, which gave the LP a number of parliamentary seats considerably above its percentages in the popular vote.

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1993-2003: THE ECONOMIC PANORAMA

During the Chrétien government, Canada experienced sustained economic expansion. From the beginning, his administration adopted a controversial policy of cutting public spending; this ended up producing a fiscal surplus which, in turn, made it possible to reduce taxes and increase social spending. Paul Martin, acting as finance min-

ister, fostered economic expansion and tax cuts.

The expansion was the longest since World War II. The gross domestic product (GDP) grew at positive rates while inflation was held down (see graph 2). And growth was not limited to macro-economic figures, but also showed up in a drop in unemployment and improved real wages (see graph 3).

The expansion was based to a great extent on increased exports, which generated significant trade surpluses. The North American Free Trade Agreement (NAFTA) allowed Canada to send a very large quantity of goods and services to its main twentieth-century foreign market, the United States. The depreciation of the Canadian dollar, which went from 83 cents to the U.S. dollar before Chrétien to 64 cents at the end of 2003, reduced the price of Canadian goods abroad. In addition, Canada diversified its external markets. When the U.S. and world economies weakened in 2001, the Canadian economy followed suit, despite maintaining a clear expansive trend.

CHRÉTIEN'S LEGACY

Jean Chrétien has left an indelible mark on Canada, not because he launched major projects or ideas seeking radical changes in Canadian society or political institutions, but quite to the contrary, because he applied pragmatic, non-ideological, gradualist policies that facilitated consensus and advances on concrete matters and that swept under the rug the more prickly issues, like Quebec sovereignty and the reform of political institutions. In short, if Canada has always distinguished itself for its brokerage politics, Chrétien took this style to

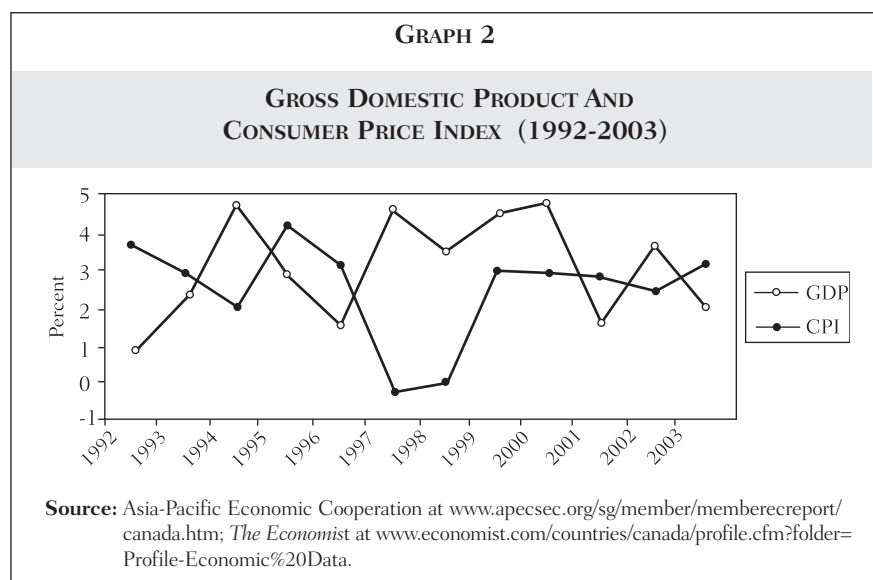
its limit. The former prime minister showed in practice that it was possible to achieve —sometimes problematically— coexistence in a multicultural country that only with great difficulty brings Anglophones together with Francophones and that also recognizes specific rights, including the right to self-government for its indigenous groups. Nevertheless, in recent years, Chrétien was harshly questioned: his go-it-alone style, the rigid discipline he imposed on his party's Members of Parliament and the deaf ear he lent to other parties, together with a few financial scandals involving people close to him were at the center of the criticisms.

The United States is always at the center of the Canadian political scene. Questioned by broad sectors of the public and even by Chrétien himself in 1993, free trade with the United States has turned out to favor the Canadian

economy. However, during the Chrétien government there were serious trade differences with the U.S., mainly with regard to Canadian lumber exports and U.S. subsidies to its agricultural exporters. Most of these differences remain unresolved. In addition, political relations between the two countries deteriorated when Canada refused to support the U.S. invasion of Iraq.

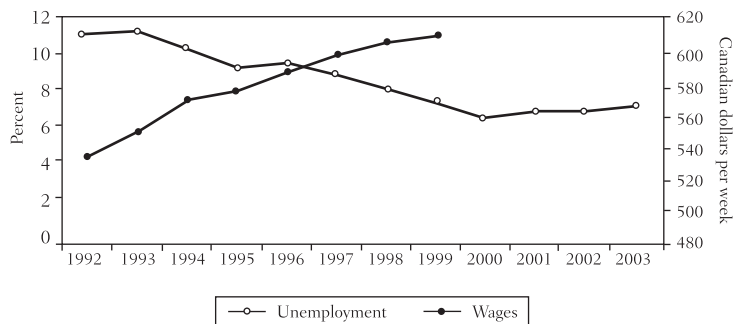
At the end of the Chrétien decade, the main issues in Canada's political debate were the marked political dominance of the LP; Parliament's lack of effectiveness and control vis-à-vis a strong government like the one which just ended; the construction of a consensus about what to do with the fiscal surplus; the appropriate management and coverage of broad social programs and the national health system; Canada's insertion in the new knowledge-based globalized economy;

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GRAPH 3

UNEMPLOYMENT RATES AND AVERAGE WAGES (1992-2003)



Source: For unemployment, Asia-Pacific Economic Cooperation at www.apecsec.org/sg/member/memberecreport/canada.htm; for wages, *Canada Year Book 2001* (Ontario: Statistics Canada, 2002), tables 12 and 14, and *Canada Year Book 1997* (Ontario: Statistics Canada, Ontario, 1998), tables 12 and 15.

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its participation on the international scene and particularly in the fight against terrorism; and its relationship with the United States.

PERSPECTIVES

When Paul Martin assumed leadership of the Liberal Party, he outlined his government program in a document called *Making History, the Politics of Achievement*. There, he talked about three main lines of action. The first is consolidating the social foundations of Canadian life, including improving the national health system; fostering ongoing education and training; solving the housing shortage; achieving better quality of life and dignity for senior citizens; and making a new deal to

ensure more resources for municipalities. The second line of action is building a modern, twenty-first-century economy through solid fiscal management and the constant review of federal government programs. The third line of action is to ensure Canada's place in the world as one of influence and pride; this implies a security policy that would include—but not be limited to—relations with the United States. In addition, the document also mentions democratic reforms that would give members of parliament greater decision-making power, improve the system of accountability, favor collaboration between provincial and municipal governments and allow for solid political leadership.

With this program, Paul Martin and the Liberals are confident that they will

win another victory in the coming elections. They have several things in their favor. Everything seems to indicate that the economy will continue to do well. With healthy public finances, there is no reason at all for social and health programs to be curtailed significantly in quality or coverage. Quebec's perennially disruptive quest for sovereignty is in bad shape. It seems to be Martin's intention to rebuild the relationship with the United States. With this panorama, there do not seem to be reasons for generalized discontent on the part of the voters that might lead them to change the party in office.

However, while the electorate seems significantly satisfied with how the country is doing, it also seems to be dismayed and have the growing feeling that political institutions should be reformed. This is the root of the demands that the electoral system should provide broader representation for minorities, that the Senate—the upper house is not elected—and Parliament have more effective control over the government. It should be no surprise that these kinds of demands become more widespread in coming years and open up a process of reforms that would make Canadian democracy more functional and representative. Seemingly, Martin has already heard the clamor for this. ■■■

NOTES

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