

***Left and Right in 21 century Canadian Politics: What is the Difference?  
Does it Matter?***

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**Introduction**

The terms left and right have had a prominent place in the analysis of political life. From the time of the French revolution, until today, attempts to understand the terms of political conflict have prompted the use of this well know, but imprecise spectrum for classifying political action. The dynamic of revolution and counter-revolution, the idea that major shifts in opinion occur as part of the political process, that politics is about people coming together for struggle and change, that movements of the left and the right arise to advance, and defend specific goals for particular purposes is a legacy which enriches political science. Though it is improbable that an 18<sup>th</sup> century spectrum moving from revolutionary change on the extreme left, to defence of the monarchy on the far right, can be updated to account fully for the dynamics of Canadian politics in the 21<sup>st</sup> century, the dynamic of economic changes encourages confrontational visions of the nature of freedom, the persistence of economic inequalities, and the way the world works. National politics invites polarization around opposing perspectives. As Orwell (1994) put it “my country right or left.”

Unfortunately, in the current context, left and right are more often applied as terms of derision than as categories of analysis. Calling someone left-wing is meant to disparage their potential contribution to debate, and diminish their credibility. Left is to be associated with radical, and therefore, by definition, not worthy of attention by serious people who recognize the need for compromise, and know that truth lies somewhere in the middle. Similarly, efforts are made to label people as right-wing, and therefore as extremists with reactionary views unacceptable to the main stream of society.

However left and right are not just terms of abuse thrown out against opponents. In a pluralist society where conflicting interests and points of view dominate public life, and constitute the raw material of political life, it is useful to have analytical categories and concepts that can accurately portray and represent these differences. Complex political ideas such as liberty and inequality have contested meanings (Skinner); the left/right distinction helps make sense of what is at issue. A one dimensional political spectrum, though unable to capture more than a part of what goes on in the political world, can still help us sort out

what political society finds important; it allows us to see how political forces line up, or come together in the public domain to confront each other over what political course of action should be followed.

Against those such as Daniel Bell (1960) who argued famously that we have reached “the end of ideology,” or more recently Francis Fukuyama (1992) “the end of history” or Anthony Giddens (1994), that it is time to go “beyond left and right,” this paper argues that substantive differences over economic issues matters greatly in politics, and divisions result naturally from conflicts over the best way to organize a society. So long as the question how shall we live remains open, and subject to serious differences, a left seeking outright change, or trying to protect past gains, and a right looking to return to the status quo ante, or simply battling on to maintain a position of strength, and leadership, will exist in opposition to each other on basic issues of politics such as who gets what (Rawls).

This paper suggests that economic issues underlie important aspects of political debate (Hausman, 1994)). Though there is no agreed account of the economic foundations of politics, the links between the two have been explored since Aristotle first described politics as the struggle between the rich and the poor (Findlay). As will be seen, both left and right take economic issues as central to political pre-occupations, and they will therefore be the main focus here. Cultural and religious factors play an important role as well (Kymlicka), but cannot be accorded adequate attention in a short account, and for the same reason international security questions will also be left out. Conflict over social questions such as feminism, sexual orientation, identity, immigration, and minorities, sometimes called the culture wars, is often portrayed as left/right confrontation, rightly or wrongly, but discussion of these important questions is not addressed here either. Instead the economic questions of inflation, wealth, and income will be examined, as these take a central place in Canadian life, though as maintained here, they arise in a wider international context.

This paper argues that differences between left and right in contemporary Canada turn on different ideas about “rights<sup>1</sup>.” Divergent economic pre-occupations lead to co-responding differences on what sort of rights need to be a priority. Property rights of ownership are the pre-occupation of wealth holders, broadly speaking the investor interest. In contrast, citizens are pre-occupied to a greater or lesser extent with economic and social rights which arise from basic human needs for security and dignity: a safe environment, food, water, shelter, transport, education, healthcare, recreation, cultural products, and protection from want (Sen). Those with a social wage, salaried employees, and wage earners, rely on political and civic rights to protect and advance their interest as citizens, consumers, and taxpayers to receive protection, services and to participate in shaping the future through political action.

In other words, wealth, basic needs, and income correspond to three families of rights: property rights, economic and social rights, and democratic and civic rights. The position argued here is that the three families co-exist within society, with the first set of rights serving to rally the right, the second set

mobilizing the left, and the third family organizing the terms of the encounter of right and left.

Rights may sometimes be complementary; they are more often in conflict. One of the findings of this paper is that in the broad inflationary crisis of the 1970s, concern for property and investor rights dominated political and civic rights. Another is that economic and social rights were neglected by Canadian labour and the NDP in the debate over the introduction of the Canadian charter of rights. A third is that the Canadian right has been more able in mobilizing around political and civic rights than the left, both within political parties, and between parties.

When we look at the political forces at play in Canada today (parliamentary and non-parliamentary actors) we see conflict between those favorable to private property rights and capital accumulation (the right), and those advancing economic and social rights so as to favour labour, and social welfare (the left). Against the position that left and right no longer matter (or never did matter), it is suggested that for those who wish to understand contemporary Canadian politics, issues of leadership, support and party differences in particular, left and right do matter; however, it is not argued that left and right are all that matter.

The paper suggests that the dominance of neo-liberalism has a counterpart in the sharpening of ideological differences, making analysis of political leadership, parties, national opinion, and public policy, more amenable to the use of a left/right spectrum. Looking at a few significant economic issues, chosen for their public importance, helps in understanding what lies behind public discourse, posturing and rhetoric notwithstanding. What it also shows is that there is no direct correspondence between political parties and the left/right distinction. In Canada, the left/right conflict takes place inside political parties, even more so than between parties.

This paper is not an attempt to construct an attitude scale suited to placing individuals on a scale of left/right according to preferences as revealed through questionnaires and opinion surveys. Rather, it looks at the left/right dynamic as establishing a policy context in which leaders operate, where political parties formulate agendas for public approval, and wider political forces within civil society build alliances, and attempt to make and influence public opinion.

The paper is divided into three sections. Part one suggests that inflation was the main economic issue responsible for the resurgence of the political right. The concern over the erosion of wealth (and income) through price increases mobilized political action on an international scale as part of the now familiar globalist agenda of investors. Part two suggests that there is renewed attention to the crowded agenda of economic and social rights, due to rising economic inequalities, climate change, and environmental destruction, and that these concerns represent a significant challenge to neo-liberal analysis, and policy options. Part Three identifies the terms of the political contest between left and right over the use of political and civic rights to build representation in public and private agencies, and in opinion formation. It suggests that the political success of the right can be found in its ability to dominate public debate, build alliances,

and to mobilize resources effectively. In the process a range of political parties have been caught up in the right agenda, while some surprising progress has been made in advancing left goals.

### **Part One: The Triumph of Neo-liberalism**

The great political achievement of the latter part of the 20<sup>th</sup> century was the restoration of economic liberalism, and the ascendancy of a revived right to political power. The story of the rise of Thatcher and Reagan and the forces behind them is well known, and not uncontroversial. The work behind the scenes by groups such as the Mt. Pelerin Society, and its main thinkers, Hayek and Friedman, was significant in giving coherence to a critique of the welfare state, and economic planning (Hoover). The development of a network of think tanks, endowed chairs, publications, websites, and, especially, generous foundations, accelerated the process of defining neo-liberalism for purposes of public debate (Cockett). However it was the appearance of inflation in the 1970s that gave credence to the arguments of the right, and allowed them to build support among those groups most imperiled by the inflationary crisis, holders of financial capital.

The intellectual basis of the right wing agenda was to link freedom to property rights. It was through establishing the legal sanctity of private ownership of property in the legislature, and protecting it in the courts, that a society secured freedom for its citizens. Rather than seeing freedom as an outcome of democracy, the neo-liberals saw freedom as an outcome of protection of private ownership rights. The role of democratic institutions was to promote respect for investor property rights. The sovereign power of the state served the purpose of securing private property; in this limited sense, the right is the inheritor of a strong state tradition that can be traced back to the feudal monarchies. To the extent the left challenges the primacy of property rights, it become the claimant on behalf of the democratic right of the people to over-turn an unjust order.

Perhaps the most influential of the early neo-liberal expositions of property rights was *The Road to Serfdom* by Hayek (1944). *Capitalism and Freedom* by Milton Friedman (1962) was in many ways the successor volume, with a particular resonance in the U.S. The most sophisticated exposition of these ideas is *The Constitution of Liberty* by Hayek (1960), while the philosopher Robert Nozick (1974) authored a noted critique of the moral premises for re-distribution of income (Nock), and a defence of individual rights in *Anarchy, State and Utopia*. The writings of Leo Strauss and his contemporary followers have had a significant impact on a range of right wing thought in the U.S., Canada, and also in France.

Inflation represents a threat to owners of private property, but there are different types of inflation, and not all provoke the same political response. Hyper-inflation creates conditions for societal breakdown, and has been associated with the rise of fascism in Germany, and military dictatorships in Latin America. Moderate inflation (one to two per cent) is deemed acceptable in Canada. Economists recognize creeping inflation as a problem, but so long as it occurs as an offshoot of low unemployment, it does not generally become a political issue. The inflationary period of the 1970s, while falling well short of

hyper-inflation, did see rates soar to the double digit range in the main economies of the West. The inflationary surge was accompanied by rising unemployment, upsetting the Phillips curve Keynesian perspective of an inflation/unemployment trade-off.

The economic impact of inflation is unequal. First, a sustained rise in the price level affects negatively those without the power to raise their own incomes. Second, it affects negatively those whose wealth is held in the form of loans or advances, and whose annual interest income is reduced by the amount of inflation, and whose financial capital is correspondingly diminished as well. This includes every sort of financial institution, as well as bondholders; and bonds make up the major portion of holdings of financial wealth.

Significantly, all market participants are affected by a rising price level, as the ability to set prices becomes more difficult due to the changing value of the monetary unit used to make the calculations.

Winners from inflation include those with real assets, borrowers, and those with the market power to increase money incomes, so as to maintain, or increase their real value. In practice, government benefits to the extent it holds debt, because borrowed money diminishes in value with inflation. In effect governments use inflated dollars to pay down devalued debt. This also becomes an argument for limited government, invoked not just by the right, but by Saskatchewan style social democrats as well.

The re-distribution of income and wealth that takes place through the inflationary process established a political dynamic in which people and groups are more likely to take sides in an argument over what inflation means, and what should be done about it. The appearance of strong inflation was enough to put into question existing Canadian policies based on Keynesian demand management (Mendelson).

For the left, the way to attack inflation is through wage and price controls. Indeed comprehensive rationing and price controls were part of the planned approach to the economy adopted successfully by Canada in the effort to win the Second World War (Lewis and Scott). Wage and price controls were introduced on a voluntary basis by the Trudeau government in the 1970s, under the Anti-Inflation Board. Treasury board President Don Johnston brought in wage controls on public servants, the six and five programme, in the early 1980s. In a book said to have influenced Pierre Trudeau and his officials, *Economics and the Public Purpose*, John Kenneth Galbraith (1973) argued for planning, and administered prices to control inflation. The social democratic regimes of Northern Europe were able to avoid the worst of the inflationary crisis, largely because of their ability to centrally bargain, at a national level, agreements to restrain wages, and prices.

The left solution for inflation was anathema to the neo-liberal right. State planning was deemed a great injustice to private owners. The willingness to organize politically grew as powerful groups opposed to planning became aware of what awaited them. For example, left Keynesians sought to “socialize” private investment decisions as a quid pro quo for controlling wages.

Inflation hurt low income and poor people as well as lenders and financial institutions. For the so-called middle class of professionals it played havoc with retirement planning, and made efforts at saving seem pointless. To deal with the effects of inflation, in Canada the Trudeau Liberals offered tax deductions (or tax expenditures for the state) to those with income. For first-time home purchasers, tax deductible, home ownership savings plans could be started, and the ubiquitous RSP regime was instituted. The pattern of stagnant real wages was set in the mid-seventies, and except for brief spurts, has been maintained for about 30 years. The value of social wages, pensions, minimum wages, unemployment insurance benefits, welfare payments, student bursaries, etc, fell against inflation over the same period.

Ironically, as David Wolfe (1981) pointed out in an important study for the Macdonald Commission, the fiscal capacity of the Federal government was weakened through these tax expenditures, setting the stage for the so-called debt/deficit crisis of the next 15 years, as a result of which universality was ended for pensions, while family allowances were eliminated, and direct federal subsidies for welfare recipients abolished.

Having identified inflation as the problem for society, it remained for the right to show that it had the better answer as to how to deal with it. Monetarism was that policy. It became an expression of right wing philosophy, in the hands of Milton Friedman, its leading exponent. In Canada, monetarism meant protecting central bank independence, and establishing monetary policy as the director of economic policy (Laidler). In practice, central bank autonomy allowed interest rates to be set independently from all policy objectives except fighting inflation, irrespective of the legislative mandate of the Bank, which included language about promoting employment creation.

Whereas, under a fixed exchange rate regime, the Bank of Canada is required to set interest rates so as to protect the external value of the currency, under the generalized floating rate regime that emerged after the collapse of the postwar Bretton Woods accord, following the de-coupling of the dollar from gold by U.S. president Nixon in 1971, central banks had a freer hand to implement monetary policy. Central Bank co-operation reached a zenith by the end of the 1970s, under what on the surface appeared to be the nationalistic solution of floating exchange rates. In that period, under a floating exchange rate regime, the decision was made to push up interest rates across the Western world, setting the stage for the world recession of 1982, and the ensuing international debt crisis.

The creation of the G5 in 1975, expanded to the G7 in 1976 when Canada and Italy were added, provided the political seal of approval to the central bankers. Indeed, it was at the G7 meeting in Venice in 1979 that inflation was announced in the final communiqué as the priority, replacing unemployment, the long-standing top political issue. The growth and expansion of first the Eurodollar market, then the spread of currency trading, bank lending, and bond sales to a range of Euromarkets, gave transnational corporations an incentive to conduct financial operations off-shore, outside the reach of any one national policy environment, while trade unions, families, and most income earners were stuck in

national jurisdictions. As central bankers, meeting under the auspices of the Bank for International Settlements, worked behind the scenes to establish regulations and methods for dealing with a liquidity crisis, or a banking insolvency in the G10 area, the appearance of petro-dollar deposits was fueling a string of sovereign loans to ambitious Third World countries, some with petroleum reserves, but many others in need of loans to finance the increased cost of petroleum imports, as the price of oil went from \$3 a barrel in 1973 to \$36 in 1979. These were the loans that went sour, piling up debt for years to come, much to the eventual distress of Jubilee 2000, Bono, and other “drop the debt” campaigners.

The emergence of neo-liberalism as the dominant economic ideology represented a shift in thinking for the traditional conservative or Christian democratic right. While conservatives were historically seen as nationalists, with the left identified as moderately more internationalist, the neo-liberal right was globalist in orientation. It took its lead from the U.S. as the hegemonic power, and international institutions under American influence, such as the IMF, the World Bank, and the OECD. This flavour was captured by John Williamson when he coined the phrase the “Washington consensus” to describe the policy parameter of neo-liberalism. The creation of the Trilateral Commission by David Rockefeller was a notable example of American global thinking at work. The spread of neo-liberal ideology through an elite policy network drawing North America, Europe, and Japan closer together was a resounding success; from its inception in 1973, the Trilateral Commission has been re-mandated for three periods ever since, and now meets regionally, as well as together in one group.

Whereas the traditional right was morally sensitive, and attentive to debates about values and principle, in contrast to the left which put forward a materialist account of history, and couched its programme in material terms, the neo-liberal right was about material goals and aspirations. The full flowering of the global right was the World Economic Forum meetings in Davos, where business association heavy weights, think tank intellectuals, bankers, CEO's, Ministers, heads of state and government, mingled with journalists and select academics to work out the next policy agenda (Faux).

The dream of the framers of the postwar world was to create an international network of public institutions, the specialized agencies of the UN family, to replicate elements of the welfare state at the world level (Myrdal). Thirty years later, the neo-liberals were learning how to use public international law to restrain and dismantle the welfare state, and promote privatization of public assets.

Strong neo-liberalism asserted that the market was a superior form of social organization, and that private property rights underpinning the market were imperiled by inflation, necessitating central bank independence. While inflation has receded from public view, in part because the re-localisation of manufacturing to China, India, Mexico and other off-shore locations has reduced prices at the point of production, central bank inflation targeting has reduced the ability of the state to borrow on its own account. Government borrowing to offset anticipated shortfalls of private investment was the essence of postwar Keynesian thinking. With monetarism identifying expansion of the money supply

with inflation, government spending of borrowed money was something central banks could thwart, in part through restricting their own purchase, and holdings of government securities.

New pre-occupation of governments and political parties that have emerged include issues of economic security and inequality, as well as health care and the environment, and neo-liberal analysis has spawned a new range of policy options, and influenced social democracy as well as traditional right wing parties.

The central bank led war on inflation was a case where the defence of property rights led to a diminished social wage, and reduced salary and wage income. Indeed Canadian central bank action in defence of ownership rights over-reached the legislative authority invested in the institution. Acting independently of the Canadian government, though not necessarily without implicit or tacit support from the cabinet, interest rate increases overshadowed the normal political and civic rights of Canadians who suffered the effects without much recourse, as will be seen below, though Prime Minister Chrétien apparently declined to re-appoint Governor Crow to his post heading the Bank of Canada.

### **Part Two: Economic and Social Rights**

The battleground of the political left today is economic and social rights, grounded in basic human needs. Historically the left has argued for socialism: goods and services are produced by human labour, and rightly belong to those who do the work. Because workers do not control the means of production, they are exploited by those who do, worker labour is commodified, and remunerated for less than the value of what it produces for the capitalist owner. Collective action through trade unions allows workers to bargain better working conditions, fairer hours of work, and for more money in the paycheck, but state action is needed to allow for alternate forms of ownership, such as worker self-management, co-operatives, crown corporations, and the like, as well as a social wage, and legislative conditions for successful workplace organizing.

Thus, well known issues of working class politics, or more recently, women's liberation can be understood as claims of workers and women for economic and social rights, not just as struggles against structural and institutional forces. Similarly, the multitude of social movements that are active politically, those against racism, Third World exploitation, poverty, homophobia, or for respect for diversity, and non-discrimination in matters of sexual orientation, for instance, can be understood as transforming basic human needs, including the need for recognition, into economic and social rights, and demands for equity (Foden and Morris). For example anti-AIDS campaigns have targeted the patent rights of pharmaceutical giants, and called for distribution of drugs at cost. Putting this into effect means taking on the global trading regime of the WTO that is busily implanting ownership rights for foreign investors (TRIMS), and intellectual property rights (TRIPS) that override domestic legislation. In fact international trade agreements create a legal basis for foreign property owners to sue national governments, witness the chapter eleven cases under NAFTA.



Against the political right, the left is arguing that the definition of wealth which is enshrined in the common law, and protected by the police, and the courts, is too narrow, and constricted, because, for example, it ignores the need for environmental protection from capitalist production. Clean air, unpolluted water, control of green house gas emissions, and the protection of the habitat can not simply be added on to the market economy through some kind of pollution rights trading system, according to green socialists. Encouraged by increasingly influential vision originating with environmental groups, the contemporary left continues to question the way we produce goods and services, and exploit natural resources, and now adds doubts about the ability of the accompanying market pricing system to allocate resources in a sustainable way.

As described above, in the G7 countries (Japan is an exception) the central bank led war on inflation had a major impact on employment, wages, and social conditions. In Canada, trade union protests and actions, following the 1982 recession, were organized around a theme: the problems are economic -- the solutions are political. Faced with job losses and wage pressures, the Canadian Labour Congress expected to mobilize its membership behind the NDP. If it could not elect NDP parliamentarians, it could at least push the Liberals to take a more sympathetic stance on labour issues. But the adoption of the Charter of Rights and Freedoms as part of the constitutional patriation process led by Pierre Trudeau was a occasion missed by trade unions to push for the inclusion of economic and social rights (Panitch and Swartz) of the type introduced into the Universal Declaration of Human Rights (with a Canadian, John Humphries of McGill, holding the pen).

The women's movement recognized the necessity of organizing for equality rights, and produced a major shift in government thinking, and scored a substantial victory in the enactment of section 15 of the Charter, the equality clause, though it does not authorize re-distribution as a remedy for inequality. Though former CF/NDP stalwart Frank Scott was in some real sense an inspiration behind the idea of incorporating fundamental civic rights into a charter over-riding the constitution, the NDP under Ed Broadbent was more interested in getting natural resource rights recognized for Saskatchewan and Alberta, and a clause on reducing regional disparities through government action, than it was in fighting to have economic and social rights included in the charter (Levitt). The NDP preferred parliamentary supremacy to a constitutional guarantee of rights and freedoms that would over-ride all legislative action. In effect, the NDP did not see itself as the political arm of labour; its conception of politics was primarily parliamentary action for social democracy on behalf of citizens in general, including labour.

At the same time as Canada was dealing with the aftermath of the first Quebec referendum, and the patriation battle between the provinces and the central government, the great recession of 1982 had called into question the loose economic consensus of the postwar period around a modest welfare state, Keynesian demand management of employment, and an open economy internationally. The crisis of unemployment revealed a moral disorder Canada's Catholic Bishops concluded in New Year's statement widely noted and criticized.

Catholic social thought referred to the priority of the needs of labour over the desires of capital, and a preferential option for the poor in public policy, reminding us of the social gospel roots of left claims for social and economic rights in Canada, and elsewhere (Baum and Cameron).

In response to questions about what to do next, the Trudeau government named the Macdonald commission to address the entire range of public policy. The Macdonald commission is remembered for promoting a bilateral free trade deal with the U.S.; equally importantly, it re-defined social benefits as private goods, rather than public goods (Inwood). This heralded a paradigm shift towards neo-liberalism in social policy. The idea that unemployment benefits were an automatic economic stabilizer, protecting the community against the impact of a recession was replaced by a critical account of how social entitlements unjustly imperiled the public purse, and weakened productivity. Rather than insuring risk against unemployment or poverty, social expenditures were to be incentives for individuals to move to where they could find work. Universal benefits were deemed disincentives to work; in effect, by taking U.I. the unemployed were blamed for unemployment. Moreover, unemployment was said to be necessary to contain inflation: the commission adopted the Milton Friedman view of a "natural" rate of unemployment, and was prepared to see the non-accelerating inflation rate of unemployment (NAIRU) upwards of 7.5 per cent. In the postwar period 3.2 percent unemployment was achieved in 1966, and three per cent was thought to approximate full employment.

The interest rate increases of the early 1980s, to unprecedented levels, above 20 per cent in Canada, played havoc with public and private finances. Students with loans suffered, while retirees with term deposits received extra interest income. For governments issuing bonds, a rate of real interest (after inflation) superior to the rate of economic growth guaranteed an acceleration of public debt. In other words the central bank assault on inflation produced collateral damage: it was bankrupting businesses, individuals, and indebting governments. Western Canada was particularly hard hit. The Bank of Canada did not seem to understand that in a capital intensive, resource economy, the rate of interest hit the cost of capital hard enough to produce recessionary conditions. While the Bank raised interest rates to reduce overall expenditures, so as to slow the rate of increase in prices, it was neglecting the structural particularities of an economy that did not simply offer for sale goods off the shelf, whose price could be reduced to promote sales as excess stocks accumulated. It was following a model of central banking established by the Bank of England in an economy rich in warehoused goods from around the world, where a change in Bank Rate had nearly instantaneous effects on prices, instead of adopting stable rates more in fitting with a capital intensive economy such as Canada.

The government debt crisis of the 1980s, provoked by high interest rates, and tax expenditures, was unresolved; and ten years later, there was another set of interest rate hikes by the Bank of Canada. The ensuing rise in the value of the Canadian dollar, in the wake of the 1988 Free Trade Agreement, led to a recession in 1990-91. Poor economic prospects, coupled with the failure of the Meech Lake, and Charlottetown Accords led to the rise of the Reform Party and

the formation of the *Bloc Québécois*. Interestingly, Preston Manning and his right wing populists called for democratic reforms, but not usury laws, or debtor rights in the tradition of Social Credit. The left analysis of the debt crisis as resulting from monetary policy was used by the Liberals in opposition, and then thrown out once they took power in 1993, though, as mentioned above, controversial central bank president John Crow was not re-appointed. Once the Liberals adopted the austerity budget of 1995, the Bank of Canada reduced interest rates (to compensate for the cuts) and, in effect devalued the Canadian dollar, which fell from the 90 cent range to about 62 cents. The prolonged devaluation revived the economy.

While the political right were accusing the left of using the Charter of Rights to obtain through the courts what they could not get through electoral politics and legislative action, the political left was pre-occupied with a right wing social and economic agenda it saw as being smuggled into Canada with the free trade agreement of 1988. While a range of social movements understood what was at stake for Canadian democracy, and did their best to convince Liberals, New Democrats, and citizens at large of the dangers of implementing a charter of rights for big business that overrode legislative powers, free trade proponents used nationalist language to argue that the FTA was an agreement to unleash the competitive abilities of Canadians to go head to head with the U.S. in its own market, and a sure fire way to make Canada richer, and better able to afford social programmes. In fact, in the wake of free trade, unemployment insurance was reformed, gutted, renamed employment insurance, by first Conservatives, then Liberals. U.I. (or E.I.) had become after the 1995 Martin budget, a poorly disguised deficit reduction tax. After the reforms the government made no contribution of its own monies. It simply added premiums to general revenues, and changed the payout ratio to ensure about a \$10 billion yearly surplus, regardless of the level of unemployment. More than two-thirds of unemployed workers were deemed not eligible for benefits, though they had paid premiums.

Social policy reform by stealth, according to Gratton Grey<sup>2</sup> (1990), meant undermining the value of social wages, and reducing access to welfare payments, pensions, and unemployment insurance. Minimum wages themselves were being reduced by inflation, and real wage gains for lower income people were negative. Yet wage rigidity, or stickiness, was fingered by neo-liberals as the cause of unemployment. Remove measures that maintained wages, and unemployment would be reduced, economists argued from a microeconomic perspective that set aside macroeconomics (Hausman, 1989). In effect the Keynesian idea that unemployment was the result of insufficient investment, or over-savings, was being thrown out, and replaced by an individual centred theory of unemployment. Workers wages had been seen as the cause of inflation when they went up, necessitating unemployment to bring increases down; now excess wage levels were targeted as creating unemployment.

From the Marsh report, and the introduction by the Liberals, pushed by the CCF/NDP (McDonald), of social welfare measures following the war, to campaigns for a living wage, or to end poverty at the turn of the century, a significant shift had occurred in left political action. Rather than centring on the

state as the promoter of social reforms, and as an investor in public utilities, and as an owner of resources, the left was mobilizing defensively to protect the more vulnerable from economic policies made by the state in the name of neo-liberalism.

Growing inequalities have prompted some to pronounce the failure of neo-liberalism. Income gains are increasingly concentrated in the upper reaches of the income distribution scale. Important evidence from the U.S. suggests that is the top .1 per cent of the top one percent of income earners that have gathered most of the benefits of economic growth in the U.S. The concentration of wealth has become even more unequal, and the shift in wealth accumulation to the top rungs even more pronounced than the shift in income. The Canadian Centre for Policy Alternatives Growing Gap project has been documenting the situation in Canada, and the NDP have been campaigning around the theme of the prosperity gap. Whereas in postwar Canada the income tax and transfer system allowed inequalities to remain constant, in the years since neo-liberalism has affected both spending and taxation, inequalities measured after taxes and transfers, have grown. The personal income tax system became significantly less progressive beginning with the reduction in the number of tax brackets from ten to three under Mulroney.

Universal basic human needs for clothing, shelter, income, medical attention, education, recreation, and cultural expression can be seen as citizenship rights, grounded in democracy, and understood as more than market rights, and broader than political and civic rights. The contemporary left is being built around these extra-parliamentary struggles to meet basic human needs. But its fortunes on economic policy Questions depended on electoral politics where neo-liberalism imposed its rules.

### **Part Three: Political and Civic Rights**

As was seen above, in part one, political forces lined up on the right side of the political spectrum to defend private property rights, embodied as financial wealth, against inflation. Over the course of 150 years, political and civic rights were won following battles by income earners to have their status as taxpayers broadened to include the right to vote in free elections, to free speech, to assemble, and to participate in public life, eventually without discrimination on the basis of religion, national origin, race, gender or sexual orientation. These liberal democratic rights are, broadly speaking, universal citizenship rights. Because they are open to all citizens equally, and are defended by income earners, or would be income earners, or former income earners, or families dependent on income and a social wage, they have a broad appeal across the political spectrum, and would not appear to be controversial, but, obviously, this has only recently been the case (Berlin). The struggle for political and civic rights was the basis for left politics from at least the 19<sup>th</sup> century onwards. The winning of the electoral franchise by women, for instance, came late, and only after much struggle, and recognition of non-discrimination on the basis of sexual orientation is a recent development.

It is this achievement of democratic rights that helps explain the end of ideology, end of history, beyond left or right, school of thought alluded to in the

introduction. This perspective, by and large, argues that the capitalist economy is now simply the economy, a joint project of owners-workers, and no longer a staging ground for political battles. Moreover the liberal democratic state provides an acceptable framework to all for working out the political future of post-industrial societies. Space does not permit a close analysis or detailed examination of these positions, which, of course, each have their own perspectives, evidence, and arguments. Rather than debate with those authors, a contrasting view of the political and civic rights of the liberal democratic state is offered, situating these rights at the centre of the political spectrum, as a sort of common ground for both right and left, indeed a battleground for political ascendancy used effectively by the right most recently in the fight for neo-liberal economics, and traditionally by the left to add to the existing stock of democratic rights.

Ultimately the path taken by both left and right requires approval, what the young Habermas called “legitimation,” within society at large. Therefore, the left/right split needs to be understood as one where each perspective relies upon political and civic rights in building coalitions, winning support, and seeking to uphold or overturn established policies. Thus, procedural rights are important in the conflict between ownership rights founded on property rights under the common law and protected by parliamentary sovereignty – the right; and broader economic and social rights based on democratic legitimacy, the power of the people – the left.

While many of the great political battles between the right and left have turned on the introduction of political and civic rights into democratic practice, beginning with the creation of legislative assemblies, and the creations of political rights for citizens, latterly the right has been the effective force in dominating these same assemblies, and gaining support from citizens for its policies, even though these measures might constrain political and civic rights.

In the Canadian context, from the election of the Mulroney governments of 1984 and 1988, the Chretien government of 1993, 1997, and 2000, the Martin government of 2004, and the Harper government of 2006, it is the right wing, neo-liberal way that has prevailed in economic policy. Despite the somewhat surprising recognition of same sex marriage by the Liberals, and the willingness of Jean Chretien to block Canadian participation in the invasion of Iraq, it is the continuity in neo-liberal economic policy that is striking when looking back at the 25 years of Canadian politics since the introduction of the charter.

The reasons for this policy dominance by the right are complex and go beyond the scope of what can be considered here. The right by and large denies that anything more than “common sense” has prevailed. In fact the populist right point to continued increases in government spending, tax freedom day coming later and later in the year, and especially judicial activism, the gains made by the left in the cultural wars, to deny the success of the right. Suffice it to say the left disagrees.

From a left perspective, the right used control of the means of communication, commercial television, radio, and the press to frame debate, and lobbied public opinion through the Canadian Council of Chief Executives<sup>3</sup>, and

other business associations, so as to create a dominant neo-liberal perspective, supported by business friendly think tank research. The Chomsky/Herman propaganda model could account for public opinion formation according to the Canadian left. Comparatively speaking the left had little or no access to mainstream media, and left organizations were generally ineffective in lobbying public opinion on the economy, with the exception of the anti-free trade movement, and it had two of the three political parties in the House of Commons on its side.

For the left, political party financing was also an important explanation for the dominance of the right over the left in general, and, importantly, within the Progressive Conservative, Liberal and New Democratic parties. The theory of political investment developed by Ferguson and Rogers as the hidden election thesis fitted the Canadian facts quite well. The unexpected banning of business and trade union political contributions, and the introduction of public financing of parties, left the traditional parties, including the Liberal party who sponsored the bill in the last period of the Chrétien government, in a difficult financial situation, and facing organizational dilemmas. Only the Reform/Alliance, newly merged with the P.C. party, came out ahead. The prairie populists had built a strong membership base by taking measures introduced under Trudeau, and pushed by New Democrats, to make party contributions generously deductible from taxes payable, and not just taxable income. In effect parliament said, contribute one dollar to a party, and we shall consider 75 cents to be the equivalent of taxes paid. This was designed to increase democratic participation, but only the populist right was able to build a strong paying membership base at the federal level as a result. This put paid, so to speak, to past left complaints about political investments by big business controlling policy outcomes, and put the onus clearly on the NDP to organize a healthy party membership committed to raising money to support the objectives of the party.

The Conservative government of Stephen Harper wants to reduce the new limit of \$5,000 in individual contributions to \$1,000, which will surely impact directly on the Liberal ability to raise money through the cocktail party circuit. The NDP have yet to figure out how to sign up individual trade unionists, who are supposed to be part of the party base, but actually vote much like other Canadians when it comes to choosing the NDP, as is well known. However, policy debate within the party, always furious between left and right may be modified by the absence of trade union contributions. A prominent left supporter, Buzz Hargrove of the Canadian Auto Workers has actually been expelled from the Ontario party, putting him out of the federal NDP as well.

The dominance of the right politically may well be explained by its ability to build alliances across income lines. The neo-liberal task was to present political projects that would appeal to governments, and parties seeking power. The neo-liberals understood the political potential of tying right-wing concerns for property interests, to worries of salary and wage earners about future income. The issues of “excessive” government spending and “high” taxes were important to groups such as the National Citizens Coalition, but this emphasis ran up against traditional voter worries about the adequacy of health care and education

revealed in polling data. Where the right was able to engineer common cause with many income earners was in identifying the debt as a burden for future generations, with cutbacks in social transfers then necessary as short-term pain for long-term gain. When the debt began to fall, and dissipate as an issue around which voter fears could be mobilized, the next argument used by the right was to assert the need for Canada to compete internationally, as a justification for privatization, de-regulation, new trade deals, or freedom from environmental and workplace regulation.

In effect the business lobby groups, principally the CCCE, had developed a political cycle of arguments that varied with the economic outlook. Anti-inflation was the starting point. As inflation receded it left behind debt and deficit concerns created by the high interest rates used to fight inflation. With the debt/deficit outlook weakened by massive surpluses, the need to compete internationally was invoked. In effect the right were using a sort of skeptical realist perspective that had some broad appeal. This is the real world, business leaders and political figures seemed to be saying, we must wrestle inflation, fight the deficit to save our children from debt, and compete with the giant next door.

Of course for the left, the real world was more about hungry, homeless people on the streets with less access to welfare benefits once the Federal government had abolished the Canada Assistance Plan than it was about a price index, an accounting identity, or trade statistics. But, the right seemed to understand the basis for appeal in the neo-liberal promise of accumulating personal wealth. If one takes the quintile distribution of income as a surrogate for social strata, the old Keynesian welfare state alliance of the middle three groups of 20 per cent each, combining against the top 20 percent (amongst whom income based on property was important) was less successful than a new alliance of the top two income quintiles. In effect, when political participation fell from the 75 per cent range, and above, to closer to 60 per cent, and above, it could safely be assumed that the bottom 40 percent of income earners made up the largest amount of the non-voting public, just as in earlier times the lowest participation rate was assumed to be the bottom 20 per cent of income recipients. In other words the wealthy or the "I want to be wealthy" that identified with the neo-liberal vision of prosperity through individual wealth accumulation -- the top 40 percent of income earners, and wannabes -- were the electoral universe that needed to be won over.

While the Liberals were winning three straight majorities under Chrétien, they were only receiving support from 25 per cent of eligible Canadian voters. Scholars from the Canadian elections study (Gidengil et al) noted that full participation of Liberal partisans or inclined voters was enough to win a plurality, and a majority in the House of Commons. So long as the right was able to influence the dominant party, which had its eyes on the main opposition party Reform/Alliance, neo-liberals could control the policy agenda. The merger of the P.C. and the Alliance changed the landscape, and the victory of the new Conservative party brought an overtly committed right wing group to power.

The conclusion drawn by groups such as Fair Vote and the NDP of past Liberal electoral success was to push for electoral reform, and the introduction of

proportional representation. Others, such as the New Politics Initiative called for a greater focus on electoral politics by the extra-parliamentary left. Still others, such as the Think Twice coalition wanted strategic voting (Heath). All of these options seem to miss the main point, the defence of wealth accumulation, property and investors rights if you will, has achieved a dominant position in Canadian politics within the Liberal and Conservative parties, and the NDP had given up challenging the economic agenda of the right, and was limited to defending the welfare state (while balancing the budget). Such challenges as could be mounted to neo-liberalism by the parties were more likely to be based in a green revolution of thinking about the economy than in electoral reform. Indeed the NDP under Jack Layton was much closer to being a green party than a traditional socialist party, Stephen Dion won the Liberal leadership cloaking his supporters in green, and the Green Party has a media smart new leader, Elizabeth May, and a growing audience.

### **Conclusion**

This paper arrives at the conclusion that the democratic and civic rights of Canadians have been used by neo-liberals to exert policy dominance over the party system. This is what someone with a Macpherson (1962, 1977) view of the world would find unsurprising. The political party is the instrument of government. The left has been out organized, to put it more directly. Without a left party in power, in the absence of economic and social rights in the Charter, the left can only advance its agenda outside parliament through measures open to its adversaries, and the neo-liberal right has used money, access to media, and organizational skills more effectively than the left. As well the NDP has been ineffective in mobilizing support nationally since its inception (Laxer), though it has been a player in minority parliaments where it has held the balance of power (1963-65, 65-68, 72-74) and even when it did not (2004-2006).

Much can be learned from the success of the right. As seen above the international character of the inflation threat called forth concerted action at the global level. International treaties constrain sovereignty, international policies enshrined in public and private international law can over-ride political and civic rights domestically as they did in curtailing inflation. However, international institutions can also promote economic and social rights around the globe, and extend political and civic rights at home, through measure to offset intellectual property rights such as in the battle against AIDS for instance. The internet represents a cost effective alternative to television, where independent groups can duke it out for attention with the mainstream media. On-line communities represent a source of hope for the future of left politics, but it would be a mistake to imagine that the right has not understood the potential of the internet as well.

In a new century, left and right differences still matter. The terms of engagement have changed, but the disputes continue to animate political conflict. Understanding the nature of the conflict will still occupy political science for some time to come.

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<sup>1</sup> We can think of a school of politics that emphasizes theories of rights that would include Aristotle, Locke, and Hegel. This is often contrasted with theories of power, including Hobbes, and Marx.

<sup>2</sup> Gratton Grey was in fact the nom de plume used by Ken Battle, who at the time was Director of the government funded National Welfare Council, and who went on to be President of the independent Caledon Institute.

<sup>3</sup> Formerly known as the Business Council on National Issues (BCNI)