Federal Election 2019
Liberals Win a Strong Minority Government

Sussex Strategy Group
October 22, 2019
The ballots are counted and the results are in: Prime Minister Justin Trudeau has retained power. His Liberal Party will form the next federal government.

Trudeau did not emerge unscathed. Dropping 22 seats, the Liberals have lost their majority status and will now have to find support from other parties to pass legislation. They will also not control each of the Committees in the House of Commons, which has proven a headache to minority governments of the past.

With a 36 seat advantage over the Conservatives in second place, a formal power-sharing coalition between the Liberals and the NDP does not look to be in the cards. Instead, the Liberals will garner support from the Conservatives, the NDP and the Bloc Québécois on an ad-hoc basis to survive confidence votes and successfully pass legislation. Both the Bloc and the NDP have spelled out their conditions for working with the Liberals. The question of the moment is how sustainable any such cooperation might be.

In the note that follows, Sussex Strategy Group’s Federal Government practice unpacks the results and provides initial thoughts on the days, weeks and months ahead.

RESULTS

The polls were tight right up to Election Day, with many pollsters giving the edge in the popular vote to the Conservatives and the edge in seat count to the Liberals. By and large, they got it right. The Conservatives beat the Liberals in the popular vote, 34.4% to 33.1%, but the Liberals secured 26 more seats than the Conservatives due to a more efficient voter distribution.

The topline results are as follows:

<table>
<thead>
<tr>
<th>Party</th>
<th>Seats</th>
<th>Popular Vote</th>
</tr>
</thead>
<tbody>
<tr>
<td>Liberal</td>
<td>157</td>
<td>33.1%</td>
</tr>
<tr>
<td>Conservative</td>
<td>121</td>
<td>34.4%</td>
</tr>
<tr>
<td>Bloc Québécois</td>
<td>32</td>
<td>7.7%</td>
</tr>
<tr>
<td>NDP</td>
<td>24</td>
<td>15.9%</td>
</tr>
<tr>
<td>Green</td>
<td>3</td>
<td>6.5%</td>
</tr>
<tr>
<td>Independant</td>
<td>1</td>
<td>0.4%</td>
</tr>
<tr>
<td>People’s Party</td>
<td>0</td>
<td>1.6%</td>
</tr>
</tbody>
</table>

Interestingly, neither major party could reach 35% of the vote. The Liberals won over 39% of the vote in 2015, en route to a majority government, while Stephen Harper did the same in 2011. Even in his minority government wins in 2006 and 2008, Harper attracted 36.2% and 37.7% respectively. This suggests that Canadians, by and large, were not wowed by either of the two major parties during this election campaign. Neither was able to attract votes beyond their base.

In fact, throughout the campaign both the Conservatives and the Liberals were mostly static, never rising beyond the 36% mark, nor going below 31%. This contrasts with the 2015 election.
campaign which was much more dynamic, with the Conservatives, Liberals and NDP each leading at various points in the race.

As compared to the 2015 results, the Liberals lost 28 seats while the Conservatives gained 22. The Bloc tripled their seat count from 10 to 32, as did the Greens, moving from 1 to 3. The NDP dropped from 44 to 24.

A simple reading of the numbers would suggest the Liberals and the NDP would be disappointed, while the Conservatives, Bloc, and Greens would be quite pleased. Taking into account the hopes and expectations of each party in the final days of the campaign, however, a more complex picture emerges.

The Liberals

2019 has been a battle for Prime Minister Trudeau, who was mired in the SNC-Lavalin affair, had to own up to personal scandals like Brownface/Blackface, and faced tough policy choices including the purchase of the Trans Mountain Pipeline. His detractors complain that he consistently over-promises and under-delivers and that he doesn’t live up to the values he espouses.

Trudeau faced a very real possibility of failing to secure a second term right up to election night. As noted by Ian Bremmer in a Time Magazine article in September, it has been 84 years since a first-term Canadian Prime Minister with a parliamentary majority lost a bid for re-election.

And so on the one hand, Trudeau’s team and the party faithful can be buoyed by the fact that they pulled it off; on the other hand, most within the party recognize that it was self-inflicted damage that made it a contest at all. Last night the Liberals let out a collective sigh of relief and will return to Parliament hoping for a scandal-free start to 2020.

The Conservatives

Expectations for first-election Party Leaders are usually muted and this was the case with Andrew Scheer, who won the Leadership of the Conservative Party in 2017 by narrowly beating out Maxime Bernier. Although Scheer had been in the House of Commons for 13 years at that point, including four years as the Speaker of the House, he is still fresh-faced at 40 years old. Expectations grew as the election neared, however, as Scheer settled into the role while being buoyed by Liberal gaffes.

Despite growing caucus by 22 seats, the general sense from Conservative supporters this morning will be that this was one that got away. It was a winnable election but the party failed to connect with non-base voters down the stretch, especially in Ontario. Many Conservative loyalists also feel that a Liberal government propped up by the NDP is the worst-case scenario for Canada (especially with respect to the natural resource sector) and are preparing to up their resistance to the Government’s policy agenda while hoping that another election happens sooner rather than later.
**The NDP**

What a roller coaster this year has been for the NDP. When Jagmeet Singh was elected leader of the party in October 2017, party insiders were saying they had “found their Justin Trudeau.” Singh was confident, dapper and fresh. Then the cracks emerged. He didn’t have a seat in the House of Commons, a missed opportunity to gain brand exposure not rectified until he won his riding of Burnaby South in March of this year. At times he was caught off guard by media questions about issues dominating the news cycle. And much of the party’s old guard decided against seeking re-election.

NDP support was stagnant at or below 15% nationally throughout most of 2019, including the first 30 days of the 40-day campaign. Pundits in Ottawa questioned if the NDP could place ahead of the Greens and whether they could hold onto the 12 seats required for official party status in the House of Commons.

The all-party debates completely changed the picture. Jagmeet Singh presented his warm, charismatic, positive side and seemed to really connect with voters in an otherwise uninspiring election. The NDP’s share of the popular vote immediately began to climb.

While Singh’s popularity wave didn’t propel the NDP to the heights some in the party were looking for - indeed they didn’t come close to maintaining the 39 seats they had coming into the election - it was a much better result than many feared just a couple of weeks ago and has secured Singh’s hold of the party for the foreseeable future.

**The Bloc Québécois**

Can Bloc Leader Yves-François Blanchet be anything but triumphant this morning, following a true resurgence of his party? The Bloc expanded its presence in the House of Commons from 10 seats to 32. Many Ottawa insiders will complain in the days and weeks ahead that the election was overly focussed on Quebec. There were two French-language national debates to only one official English debate, they will say, and this played into the Bloc’s hands. The bottom line, however, is that Blanchet staked out his ground – “a vote for the Bloc is a vote for putting Quebec first“ – and sold it well in both official languages. The Bloc is not back to the 50 seats it regularly won under former leader Gilles Duceppe, but one can assume such prominence will be Blanchet’s next target. In the meantime, he will consolidate his power as party leader, rebuild the election coffers, and work to revive sovereigntist sentiment.

**The Greens**

Winning three seats is not the result Elizabeth May was looking for. Running neck-and-neck with the NDP for much of the summer and into the campaign, even two weeks before election day the Greens were still hoping to secure official party status with 12+ seats. With a relatively strong minority, the Liberals will not need to rely on Green votes to get legislation through, leaving the party outside the balance of power.
Inevitably, attention will now turn to May’s future at the helm. She has served as the Leader of the federal Green Party since 2006, and at 65 years old is of a different generation than many of today’s climate leaders.

The Individuals

While each of the 338 ridings that comprises Canada’s electoral map has its story worth telling, some results will have a greater impact on Parliament than others. Sussex has identified six results particularly worthy of note.

- **Maxime Bernier**, the founding Leader of the People’s Party of Canada, and long-time Conservative Party MP and Cabinet Minister under Stephen Harper, failed to hold onto the riding of Beauce, which he first won in 2006. In his speech Bernier stressed that this does not mean the end of the People’s Party of Canada. Without representation in the House of Commons, however, it will be difficult for the PPC to have much of a voice.

- **Jody Wilson-Raybould** has held onto her riding of Vancouver - Granville and will sit in Parliament as an Independent. The Liberals ran a strong candidate against Wilson-Raybould who is likely to speak forcefully against the Government in the upcoming Parliament.

- **Jane Philpott**, the former Health Minister who resigned from Cabinet along-side Wilson-Raybould and was subsequently removed from caucus, has lost her bid as an Independent candidate in Markham-Stouffville.

- **Lisa Raitt**, first elected in 2008, has lost in Milton after 11 years as a federal MP. Raitt is the Deputy Leader of the Conservative Party and lost to former Olympic kayaker Adam van Koeverden.

- **Amarjeet Sohi**, former Liberal Minister of Natural Resources, has lost his seat in Edmonton Mill Woods. The Liberals will have no Albertan MPs in Cabinet, nor in caucus.

- **Ralph Goodale**, the long-time Liberal Cabinet Minister and Deputy Liberal Leader, has lost his seat of Regina-Wascana. Goodale was seeking his 9th consecutive victory. Mr. Goodale and Mr. Sohi were the only two Trudeau cabinet Ministers not re-elected.

PARTY PRIORITIES

Knowing that Canadians will punish a party for unreasonably forcing a new election in the short-term, parties will need to find common ground to make a minority government-led Parliament function.
The Liberal re-election campaign centred on choosing a progressive path forward, contrasting that direction with Stephen Harper’s federal government and Mr. Ford’s provincial one. The ethos continues to be working hard for the middle class with prioritization on cutting taxes, implementing a serious climate change plan, making life more affordable for families, taking action on gun control, and providing better access to healthcare.

Andrew Scheer’s Conservatives focused their campaign narrative on the subject of affordability, playing off of their brand as the best stewards of the economy. Scheer’s key campaign message was one of lowering the cost of living, making life more affordable, and leaving more money in the pockets of Canadians.

The New Democrat narrative for the election was to fight for people, under the campaign slogan “In it for You.” Since the release of the campaign platform titled “A New Deal for People” in June, Jagmeet Singh has contrasted his party against the Liberals and Conservatives by saying that while those parties prioritize big business, the NDP party will govern for everyday Canadians.

Eleven days before the election, with a minority government projected as the likely electoral outcome, Singh announced six policy priorities that will serve as his conditions for working with the Liberals. They are:

1. A national, single-payer universal pharmacare plan and a national dental care plan;
2. Investments in housing;
3. A plan to waive interest on student loans;
4. A commitment to reduce emissions, to end subsidies for oil companies and to deliver aid to oil patch workers to transition them out of fossil fuel industries;
5. The introduction of a “super-wealth” tax and a commitment to closing tax loopholes; and,
6. Reducing cellphone bills.

Bloc Leader Yves-Francois Blanchet has delivered a simple yet powerful message throughout the campaign: the Bloc is the best party to fight for the interests of Quebec in Ottawa. This message has clearly resonated and propelled his party’s resurgence. The message is not one of separatism, but rather an affirmation of Quebec’s national pride and sovereignty.

From a policy perspective, the priority is to uphold the priorities of the Government of Quebec and the Assemblée nationale du Québec. Blanchet has said that he will support the demands put to Ottawa by Premier Francois Legault. These can be seen as pre-conditions for supporting the Liberal minority government. They are:

1. Affording greater independence for Quebec on immigration affairs;
2. Committing not to participate in any legal challenge to Bill 21;
3. Requiring businesses under federal jurisdiction operating in Quebec to comply with the Charter of the French Language (Bill 101); and,
4. Implementing a single income tax managed by the province.
Setting aside these ‘pre-conditions’ put forward by the NDP and the Bloc, there are many areas of common ground that the Liberals could cultivate with the other parties.

On social policy, the Liberals align well with the objectives of the NDP and the Greens, particularly on pharmacare, childcare, gun violence and Indigenous reconciliation. For example, the NDP and Greens are both calling for universal pharmacare, which the Liberals have committed to introducing. The challenge will be in aligning pace and scope. On childcare and affordable housing, the NDP and Greens have called for 500,000 new units, while the Liberals have committed to 100,000.

On items like climate change, the NDP and Greens will push the Liberals to up the ambition of Canada’s targets and implement more effective decarbonization measures such as decreasing support for fossil fuels. The Liberals should find support from these two parties in the introduction of the 2050 carbon neutrality measures, which will be recommended by a panel of experts. The sticking point, of course, will be the Trans Mountain Pipeline, which is opposed by the NDP. However, on this file the Liberals will likely find an ally in the Conservative Party.

The relationship between the Liberals and the Bloc will be very interesting. The parties tend to align on climate action, infrastructure investments, and social services. They also align on social policy tenants like abortion rights and the LGBTQ+ agenda, given the left-leaning mindset of the Quebec constituency. However, the relationship with the Bloc will be tense if Trudeau is unwilling to give in to Mr. Blanchet’s demands for greater autonomy on immigration, the introduction of a single-file tax filing, and to refrain from federal interference on the controversial Bill 21.

Over the next few weeks, each party will feel the others out seeking common ground on key issues. The Liberals will want to control the agenda but must find common cause if they are to get anything accomplished. The other parties will work to secure concessions that can be presented to supporters as wins.

At the heart of it all, of course, will be posturing for the next election, which in a minority Parliament is always just around the corner.

THE PATH FORWARD

There was a concern heading into this election that the results would be so close that Canada would be thrown into a crisis of inter-party squabbling about parliamentary procedure and precedence that would ultimately have to be decided by the Governor-General. Fortunately, that appears to have been avoided, making the path forward over the coming weeks and months a bit clearer than it might have been otherwise.

First, Prime Minister Trudeau will name his Cabinet. He will then deliver a Speech from the Throne via the Governor General, who will convene the next session of Parliament. In the new year, the House of Commons Standing Committees will be staffed and a budget will be tabled. Below we outline each of these steps.
Naming Cabinet
In 2015, following an October 19th election, Trudeau named his Cabinet on November 4th. Parliamentary Secretaries were named on December 2nd. The timelines can be expected to roughly follow this template in 2019, even under the minority government scenario. Stephen Harper named his first Cabinet two weeks following his 2006 minority government win.

Trudeau has the option of keeping a Minister in his or her pre-election portfolio so long as they have been re-elected. In practice, most Ministers will shuffle.

Delivering the Throne Speech
Precedent would say the throne speech will likely be delivered in the House of Commons by Julie Payette, Canada’s Governor General, likely during the first week of December (in 2015, then-Governor General David Johnston delivered it on Tuesday, December 4th). The speech will open the 43rd session of Parliament and outline the Government’s agenda.

While the Speech will primarily reflect the commitments that the Liberals made during the campaign, they will be careful to highlight areas of potential common ground with the other parties, especially the NDP and the Bloc. The Throne Speech results in a confidence vote and therefore will serve as the Liberal Government’s first test of its ability to obtain at least 170 votes in support of its agenda. Should the Liberals fail to secure the votes needed the Government will fall. It will then be up to the Conservatives to show they can form Government, or the Governor General will again dissolve Parliament and send Canadians back to the polls.

It is also possible the government chooses to delay the return of Parliament as it charts its agenda under these new minority conditions, which would delay the potential for the ramifications above, while allowing the government more time to set up its desired conditions under which it would be willing to be defeated.

Staffing Committees
Committees review government policy, make recommendations and study and amend legislation. The 42nd Parliament was dissolved on September 11th, 2019, when the Governor General, on the advice of the Prime Minister, issued a proclamation which triggered the general election (the dropping of the writ). As soon as parliament is dissolved all committee activity ceases and, as such, all orders of reference and committee studies lapse. No committee may sit during a dissolution.

The Throne Speech starts the clock on the House Affairs Committee, which will be asked to craft and present to parliament a list of Standing Committees and their membership lists within 10 parliamentary sitting days. Following the 2015 election, the lists were presented to parliament on January 29th, 2016. All parties with standing in the House of Commons - that is, with at least 12 sitting MPs - are eligible for inclusion on the Committees. The parties will have to negotiate representation, which should reflect the proportion of seats won by each party. Because the Liberals failed to secure a majority, they will not control all Committees. One big area of concern for the Liberals will be the potential of further committee scrutiny into the SNC-Lavalin scandal as the...
RCMP is still actively investigating the issue. Unlike earlier this year, the Liberals would be unable to block committee examination and testimony without the support of at least one other party.

**Budget**
The Budget development process will begin informally regardless of whether Parliament sits in December but will ramp up in earnest after the winter recess when the House Finance Committee is staffed and begins its (truncated) pre-budget consultations. Likewise, the Department of Finance and Liberal regional caucuses will undergo Budget consultations simultaneously. The Government's budget can be expected by late-March or early-April.

**THE LAST WORD: ELECTION READINESS**

For how long will the opposition parties prop up the Liberal Minority Government? In short, until they see an advantage in sending Canadians back to the polls.

Conventional Canadian political wisdom suggests that minority governments last between 1.5 and 2.5 years. Stephen Harper maintained two minority governments for about 2.5 years each before securing his final four-year majority mandate. If the minority falls in less than 18 months opposition parties can be accused of not respecting the will of Canadians as expressed by the vote. Longer than 2.5 years and the Government will have had a chance to deliver the better portion of its mandate and will be able to put its successes in the window.

The strategy behind forcing the next election will come down to a number of factors, including both planning and reaction to the unanticipated event. A big question for the Conservatives will be whether or not Andrew Scheer stays on as leader. If he does not, the Conservative Party will want more time in order to replace him and introduce their new Leader to Canadians.

Another factor will be if and when the NDP and the Bloc can afford another election. The coffers of both parties are beyond empty. They need time to rebuild their war-chests. An underfunded campaign is very difficult to wage. For example, the NDP was unable to fully capitalize on Singh's popularity in the late stages of this campaign because they couldn't afford to increase their media spend.

For the Liberals, the name of the game will be keeping their noses clean. If Trudeau cannot stay clear of 'self-inflicted wounds' the opposition parties may be presented with an opportunity that is too good to pass up. Is there any doubt that the Conservatives would have triggered an election in March of this year during the heart of the SNC-Lavalin affair if they’d had the power to do so?
As the coming days, weeks and months play out, your Sussex advisors will stay ahead of the curve, plugged in to the people and policies impacting business in Canada. The new Parliament represents both a challenging environment in which to advance certain issues, but also presents opportunity to involve the other parties in ways that are more relevant today than they were just weeks ago. We look forward to working with you to chart a course ahead amidst our new political reality.

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