

A dance of partisan ideology and electoral politics

The politics of economic policy in the Great Recession

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THE CANADIAN ECONOMY endured the shockwaves triggered by the global financial earthquake better than most other affluent democracies. It avoided double-digit unemployment, a real estate bust, collapse of financial institutions, huge stock market capitalization losses and a credit crunch. The fact that Canada's financial sector remained stable while financial turmoil afflicted other economies was owed to the minimal exposure of banks to capital market disruptions and to decades of prudential regulatory rules. As a result, bank write-downs amounted to about 0.8% of GDP in Canada in 2008, much lower than the 4% reported in the United States and Europe that year.²

Furthermore, the 2008–09 domestic recession had a milder downside and quicker recovery in contrast to the 1981–82 and 1990–91 Canadian recessions. While unemployment reached a high of 8.3% in 2009 and dropped the following year, the jobless rate reached 11% in 1982 and 10.3% in 1991 and continued to rise the next year. The real GDP growth rate trended down similarly in the 1990–91 and 2008–

09 recessions, but the rebound was stronger in the recent cycle (3.2% in 2010 in contrast to 0.9% in 1992).³

As the effects of U.S. financial meltdown travelled to other countries, the Harper government, in November 2008, remained confident that Canada would be able to ride out macroeconomic disruptions without direct government intervention. The government's neoliberal economic philosophy undoubtedly shaped its initial response to the looming recession, which was to assume that against a backdrop of fiscal probity, a sound banking sector and a vibrant consumer base, markets would self-correct smoothly and quickly. In effect, the government's economic strategy since 2006 had prioritized strengthening market governance; it believed strong Canadian markets would keep the destabilizing effects of the global financial crisis at bay.

Therefore, it surprised many when Harper decided, in late January 2009, to use a sizable amount of public resources to stimulate the economy. What is more, the government's *Economic Action Plan* (EAP) would prove to be one of the largest stimulus packages among affluent OECD countries by the time it wound down in 2011–12 even though the Canadian recession was one of the least severe.

What explains this policy *volte-face*? What accounts for the high price tag of the stimulus package? I argue that the policy shift and level of counter-cyclical spending were shaped significantly by electoral motivations. The desire to secure a parliamentary majority, fend off an increasingly unified political opposition and assuage growing economic anxiety in civil society compelled the Conservatives to deviate temporarily from their partisan ideology. In response to these three forms of electoral pressures, Harper opted to pursue an expansionary fiscal policy despite it being inconsistent with what his party had done in the previous years and would do again after winning a majority in 2011. Rather than signifying a fundamental shift in Conservative economic philosophy, the EAP was done out of electoral necessity, with the influence of partisan ideology never fully muted.

After elaborating on the content of the *Economic Action Plan* and the government's financial sector support this chapter will analyze the relative influence of partisan ideology and electoral politics along the trajectory of the recent business cycle, a domestic political cycle that left a noticeable imprint on Harper's economic agenda from 2006 to 2014. Specifically, during the run-up to the 2008–09 recession, partisan ideology weighed largely on economic policy actions. Electoral motives assumed greater importance in the government's political calculus once the political consequences of the recession were internalized. Then, with the specter of the recession receding, and bolstered by a parliamentary majority, the Conservatives returned to their partisan ideological ways after temporarily sidelining but not fully neglecting them.

TABLE 1 Composition of Canada's Stimulus Plan (C\$ million)

	2009–10	2010–11	2011–12	Total
Reducing The Tax Burden For Canadians	3,020	3,180	--	6,200
Helping The Unemployed	3,348	5,005	--	8,353
Building Infrastructure To Create Jobs	6,021	7,462	1,051	14,534
Advancing Canada's Knowledge Economy and Creating Better Jobs	1,550	1,469	250	3,269
Supporting Industries And Communities	10,979	2,023	--	13,003
Total Federal Stimulus Measures	24,918	19,140	1,301	45,359
Provincial and Territorial Stimulus	8,553	7,679	2,164	18,395
Total Economic Action Plan Stimulus	33,471	26,819	3,465	63,755

Source Department of Finance Canada. 2012. *Economic Action Plan: Jobs, Growth and Long-Term Prosperity*. Catalogue No.: F1-23/3-2012E. Ottawa: Government of Canada, p. 290.

The Economic Action Plan and financial sector support

The Harper government unveiled its stimulus package, the *Economic Action Plan* (EAP), in late January 2009. The stated goal of the EAP was to deliver “timely, targeted and temporary” stimulus in the form of tax cuts and public spending.⁴ The \$63.8 billion in stimulus money was disbursed between 2009–10 and 2011–2012, with more than half of the total amount spent during the first year (see *Table 1*). Stimulus money was distributed to five areas of the economy as follows:

- *Tax cuts*: the EAP implemented permanent tax reductions totalling \$6.2 billion with the lion’s share going to personal income tax relief. This stimulus-related tax relief measure represented a small slice of the permanent tax relief for individuals, families and businesses that the Conservatives had been phasing in since 2006. According to the government’s estimates, individual and family tax cuts were to total around \$160 billion over the five fiscal years beginning in 2008–09. Moreover, the reduction of corporate tax rates, among other business-related tax cuts, was expected to amount to \$60 billion during the same time frame.
- *Unemployment assistance*: \$6.1 billion was allocated to cover the cost of extending Employment Insurance (EI) benefits; the rest of the funds went to active labour market programs such as job retention, and training and skills development for young and older workers, the long-term unemployed, students and Aboriginal people.

- *Public infrastructure and housing construction:* \$7 billion of the \$14.5 billion channelled to this area was used to support home ownership and construction as well as renovate social housing. The balance financed federal, provincial, territorial and municipal infrastructure projects. Of the total amount allotted to this area, roughly \$8.2 billion was invested at the sub-national level.
- *Expanding the knowledge-based economy:* with the aim of “helping build Canada’s capacity for innovation,” the EAP used roughly \$3.3 billion to upgrade the facilities of universities and colleges, invest in clean energy technologies, and increase research activities in federal laboratories.
- *Support industries and communities:* several sectors of the economy – specifically, forestry, small business, agriculture, mineral exploration, tourism, shipbuilding, aerospace, automotive and culture – received up to \$11.4 billion in an effort to avert business closures and layoffs. The rest of the funds in this area were used to “bolster [industries’] competitiveness and position themselves for long-term success” at home and abroad, and to diversify the economic base of communities across the country.

The Harper government also sought to alleviate the effects of the global credit squeeze on Canada by ensuring sufficient liquidity in the financial system. Ottawa earmarked \$200 billion to the Extraordinary Financing Framework (EFF) for the purpose of ensuring continued lending to consumers and businesses. Under the EFF, the Bank of Canada offered short-term collateralized loans to Canadian banks, which peaked at \$41 billion in December 2008. The EFF also created the Insured Mortgage Purchase Program (IMPP), which was used by the Canada Mortgage and Housing Corporation (CMHC) to buy \$69 billion worth of mortgage-backed securities (MBSS) from banks. These and other programs, according to the government’s assessment, enabled Canadians to have “access to financing at a reasonable cost during the global credit crisis.”⁵

Between October 2008 and July 2010, Canadian banks received \$114 billion in liquidity support and asset purchase assistance. This represented 7% of Canada’s GDP in 2009, equivalent to \$3,400 per person.⁶ The amount of aid that Canada pledged to support the country’s banking system as a percentage of 2010 GDP between 2008 and 2010 was among the lowest in rich OECD countries. However, contrary to conventional wisdom, Canada’s actual expenditure was not at all exceptionally low but rather similar to moderately high bank rescue efforts seen in Spain, Austria, France, Germany and the United States.⁷

Critics of this policy, such as David MacDonald of the Canadian Centre for Policy Alternatives, have questioned why the government provided such a high amount

of financial assistance if Canada's banks, according to statements by public officials, were fit enough to withstand the global financial crisis.⁸ That Canadians were largely unaware of such a large "bailout," as MacDonald refers to the financial support the industry received, suggested that the Harper government wanted to cover up the fact that banks were in worse shape than what the public had been told.

To be sure, the Harper government did not wish to draw attention to its sizable intervention in the banking sector. After all, it did not square well with the Conservatives' minimalist state rhetoric and there was little public support for it.⁹ However, the facts suggest the banks were in better shape than Macdonald proposes. A more compelling reason for the intervention is that the government sought to encourage banks to supply credit to the economy in order to sustain home purchases and construction, and in general steady consumer spending levels at a time when individual instinct called for consumption cutback.

Because Ottawa has not revealed the net cost of aiding banks one can only estimate such a figure.¹⁰ The actual loss on public funds spent, I estimate, has been very low, a development also seen in several other countries recently.¹¹ All EFF-related short-term loans to banks were paid back in full by 2012. In addition, about \$59 billion worth of MBSS purchased through IMPP have matured as of March 2014, yielding more than \$1.6 billion in net revenue, which is expected to reach \$2.5 billion by the time the program ends in 2015.¹²

The low ratio of cost to return related to assisting the banking sector is owed to the fact that neither were the EFF's beneficiaries in serious financial trouble nor were the capital market assets the government purchased or temporarily possessed "toxic." Thus, one should question whether Ottawa's sizeable aid to banks was necessary and whether the public interest would have been better served if part of the aid given to banks had been redirected to economic stimulus programs. Still, the evidence suggests that such assistance has not burdened the government's efforts to rectify the post-crisis negative budget balance.

Important adjustments were made to the stimulus package once it was launched. First, the size of the stimulus increased to \$63.7 billion (amounting to 4.4% of GDP in 2008) as a result of the multi-billion-dollar rescues of General Motors Canada and Chrysler Canada in 2009, which is credited with saving about 20,000 jobs.¹³ In exchange for the \$13.7 billion loan (two-thirds of which Ottawa provided and one-third by Ontario), the automakers agreed to not shrink their Canadian-based production and research and development activities. By some estimates, each job saved in Chrysler (now FCA Canada) cost taxpayers \$90,000, while in GM the bill was \$474,000 per job.¹⁴

An adjustment was also made with regard to how the stimulus money was distributed. Originally, the legislation that created the EAP sought to restrict the expan-

sion of the protective and redistributive roles of the government while enhancing the government's market facilitating function. However, in the months that followed the release of the EAP, pressure from the public and opposition parties forced the government to change how it allocated stimulus funds among the five policy domains. The largest adjustment involved increasing the amount of stimulus funds designated to support the unemployed by more than \$2 billion from 2009 to 2010. Further, the share assigned to modernizing public infrastructure declined by \$1.9 billion.

Finally, the size of the provincial and territorial share of stimulus spending increased from the initial estimate of \$14.9 billion to the final amount of \$18.4 billion. This was owed in large part to Ontario's auto bailout contribution. Of that amount, \$10.2 billion went toward infrastructure improvements, \$3.2 billion was invested in activities conducive to broadening regional knowledge economies, and \$5.5 billion was used to promote local development and diversification.

The use of counter-cyclical policies by the Conservatives is evidence that Keynesianism remains alive in public policy discourse. However, unlike the responses to previous Canadian recessions, the crisis management efforts of the Harper government focused much more on aiding the financial sector and inducing a market-led recovery via tax reductions, home construction and limited public infrastructure spending. Such efforts also entailed restricting the expansion of social programs. As a result, Canadians had access to a social safety net that provided minimal protection against labour market disruptions. What was included and excluded from the EAP was, as argued below, largely influenced by the dance between partisan ideology and electoral politics.

The dance of partisan ideology and electoral politics

Partisan ideology and electoral politics have a tendency to pull and shove political actors in different directions. Such is the nature of Canadian politics during the Harper era. A political cycle – entailing a movement in the relative importance of partisanship and electoral politics – occurred in conjunction with the recent business cycle. Partisanship gained prominence in the Harper government's political calculus in the pre-recession years; electoral politics became an important motivating force in the government during the recession; partisanship returned to the forefront in the post-recession years.

The break in the hold of partisanship (around December 2008) can be attributed to the Conservative response to the coalition-building efforts of opposition parties and to the public's growing anxiety about the state of the economy. These electoral pres-

sures rendered the pro-market, minimalist state strategy that Harper had promoted since 2006 a political liability as the global financial crisis reached Canada's shore.

Partisan ideology in pre-crisis years

The economic strategy of the Conservative government and the party's pro-market, free enterprise partisan ideology were closely aligned before the recession. In 2006, the newly installed minority government released *Advantage Canada*, an industrial strategy that emphasized reducing taxes, regulation and government debt, and investing in human and physical capital as a means of "freeing businesses to grow and succeed" and "creating new opportunities and choices for people to strive."¹⁵ The plan envisioned a government that sought to enhance market governance largely by way of self-extraction from the economy — that is, curbing public expenditures, deregulation and letting people and companies keep more of the revenue they earned. As Markus Sharaput says, the aim was "getting government out of the way of the market."¹⁶

Consistent with the objectives of *Advantage Canada*, the government enacted a series of tax reforms starting in 2006. These included a two percentage point cut in the Goods and Services Tax (GST) and a tax credit for first-time home buyers. A number of tax expenditures and reductions were also implemented to support families with children, such as the Universal Child Care Benefit and Child Tax Benefit.

Among the new tax measures designed to assist low-income Canadians were the Working Income Tax Benefit, the Age Credit (for seniors) and a reform that increased the ceiling of the two lowest income tax brackets. Moreover, the corporate income tax rate was to be phased down from 22.1% in 2007 to 15% in 2012. By 2010, according to Finance Canada, 34% of personal income tax relief went to Canadians with incomes below \$40,970 and 44% went to Canadians earning between \$40,970 and \$81,940.¹⁷

The pre-crisis years were also defined by another partisan-influenced economic policy. J. Lawrence Broz argues that government partisanship influences the scale of a country's asset boom. "Right-wing governments preside over financial booms, funding credit expansions and asset-price appreciation...in line with their pro-market ideology," Broz observes.¹⁸

Indeed, the Conservatives actively promoted homeownership and consumerism by means of credit expansion, housing market deregulation and low interest rates. The results of such policy choices were that the homeownership rate reached an estimated 70.2% (a historical high) in 2010, house prices increased at a higher rate in the second half of the 2000s relative to the first half, and the ratio of debt to household disposable income surpassed previous records, rising to about 150% at

the end of the 2000s.¹⁹ With so much riding on the real estate market, it is no wonder the EAP and EFF ended up including several provisions aimed at shoring up the housing market and providing tax relief to households.

A swing to electoral politics

The Conservatives slowly warmed to the idea of loosening the fiscal spigot to stimulate the economy as political pressures from society and opposition parties mounted. In early October 2008, Harper remarked that “direct intervention and bailouts... would demonstrably ruin our fiscal credentials and undermine the strengths that we do have in our economy.”²⁰ Although the prime minister, along with other world leaders, agreed during the mid-November G-20 summit to undertake stimulus spending, the Conservatives’ late-November budget contained no spending provisions to relieve a languishing economy. After wavering on the idea, a stimulus package was finally announced in late January 2009, and by the end of 2011 proved to be one of the largest stimulus packages carried out by advanced industrialized countries.

The policy correction was owed in part to changes in mass politics. The global financial crisis impacted public perceptions of the economy. In August 2008, 74% of Canadians described the economy as being “good;” by November, the number had dropped to 66% and trended further down to 47% by January. By early November, a large majority (72%) expected an economic recession to come in the next few months. Canadians were also becoming increasingly pessimistic about the business environment. Specifically, 43% observed that sluggish consumer spending affected the companies they worked for, and 23% believed that their employers were going to shrink their labour force in the next three months.²¹

The declining economic mood of Canadians, however, did not bring about immediately a change in their preference for a government response. In late October 2008, only 45% believed that government intervention would be good for the economy. On fiscal matters, 82% supported spending cuts and 57% did not want the government to run a deficit.²² However, by mid-January, 53% of Canadians wanted the government to engage in stimulus spending in order to counteract the recession even if it created a deficit in the current fiscal year. Support for a counter-cyclical deficit was stronger among British Columbians (57%), Atlantic Canadians (57%) and Ontarians (56%).²³ Moreover, while only 42% of Canadians advocated a government plan to rescue automakers, 52% of Ontarians did.²⁴

The other political pressure on the Conservatives came from opposition parties. The return of the Conservatives as a minority government in Autumn 2008 galvanized support for a coalition among the Liberals, NDP and Bloc Québécois. The Conservatives realized that the opposition parliamentary coalition would put the

government's current economic strategy in its crosshairs, arguing that it was out of touch with the escalating hardships brought upon Canadians by the crisis. The opposition seized on the fact that 55% of Canadians believed that the prime minister did not have a plan to address the effects of crisis and that 52% felt that the Conservatives failed to mitigate their worries about the crisis.²⁵

The absence of a crisis management plan in the November federal budget prompted the opposition to strategize on how to defeat the government — a move that Harper countered by proroguing Parliament in early December. Michael Ignatieff's standing rose in public opinion polls during that month. Whereas 44% of Canadians believed that Harper was the best leader to steer the economy out of the recession (down six points from previous weeks), 32% (an eight point gain) said that Ignatieff would be most effective in this endeavour.²⁶ In sum, the convergence of these two electoral pressures forced the Conservatives to ease up on their partisan ideological stance by the end of January lest they should become increasingly vulnerable to electoral retribution in the near term.

The EAP produced large payoffs for the Conservatives. Harper's crisis management plan helped reverse the increasingly negative economic assessment of the public. By late May 2009, 53% of Canadians agreed that the economy was "good," up from 41% in March. The level of job anxiety was receding — from 27% in March to 24% in May. Furthermore, a majority of Canadians (61%) by early spring were crediting Harper's government for turning the economy around.²⁷

The stimulus plan was also leveraged for its credit-claiming opportunities, which the Conservatives exploited by sidelining normal administrative procedures and staging a highly visible promotional campaign of the EAP. This was most evident with respect to the \$4 billion allocated to the Infrastructure Stimulus Fund (ISF), which represented 10% of total infrastructure stimulus funding.

The ISF's review and funding process was the subject of criticism for a number of reasons. First, by emphasizing "timely" infrastructure spending, the federal government prioritized "shovel-ready" proposals at the expense of promoting long-term objectives such as improving industrial competitiveness and adjustment. Second, the fast-track review process through which ISF money was disbursed skirted normal regulatory assessment and public consultative channels. Close to 93% of the approved projects avoided environmental scrutiny.²⁸ Third, in contrast to other intergovernmental arrangements, which accommodated federal decentralization, the ISF was administered in a highly centralized manner, with ultimate discretion resting with the federal government.

The last two criticisms draw attention to the politicized nature of stimulus spending. Christopher Stoney and Tamara Krawchenko observe that, in contrast to the Australian and U.S. governance structure used to administer infrastructure money, Can-

ada's lacked sufficient transparency and oversight.²⁹ The absence of such institutional checks raised suspicions that electoral considerations influenced project selection.

A report produced by the *Globe and Mail* uncovered evidence that Conservative ridings received 38% more infrastructure money than opposition-controlled ridings in Ontario and thus were more likely to experience job creation or maintenance.³⁰ The government's attempts to refute allegations of partiality lacked credibility because, as the Auditor General of Canada observed, "the information collected from Economic Action Plan programs on jobs could not be collected on a consistent basis."³¹

Furthermore, the publicity of infrastructure spending took on an unusually partisan tone. In a number of instances, the launching of projects was topped by photo shots of Conservative politicians handing out oversized promotional checks that contained the party logo and name of the MPs. In addition to party branding, the Harper government sidestepped standard non-partisan communication protocols ("Common Look and Feel Standards") and instead marketed the EAP in a self-serving manner using the mass media.³²

To be sure, past governments also distributed infrastructure money to serve their political interests. However, what is noteworthy about this episode is that the Harper government made little effort to close the gap between its rhetoric of sound public administration practices and its handling of infrastructure programs. Accountability, transparency, policy output maximization and cost-benefit assessment were deliberately compromised in this policy area to make it possible for the Conservatives to channel electoral politics to their advantage.

Partisan ideology, however, was not completely cast aside as the Conservatives coped with the Great Recession. While Harper was willing to augment public infrastructure spending he was much less compromising with regard to expanding social spending.

As indicated above, the EAP extended regular unemployment benefits for an additional five weeks. However, in the spring of 2009, as unemployment grew, a showdown between the minority government and the opposition emerged in response to calls to enhance the Employment Insurance (EI) program's compensatory profile, which had been significantly scaled back as a result of a series of marketization reforms that started in the early 1990s.

Specifically, the Bloc Québécois, with the support of the Liberals and NDP, proposed dropping the eligibility requirement to 360 hours of prior work (equivalent to 45 standard eight-hour work days) and applying it throughout the country. Under the current system an individual could become eligible after 420 hours of accumulated work in high-unemployment regions or after 910 hours in low-unemployment regions. Such regionally differentiated eligibility standards meant

that it was “twice as hard to qualify for EI in Western Canada as it [was] elsewhere in the country” even though unemployment was rising.³³

The proposal to establish a lower and single national threshold for EI eligibility drew fire from Harper. “They are suggesting that what we should do is bring in an EI system where any Canadian, anywhere in the country, in perpetuity, could work 45 days and collect EI benefits for a period up to a year...this is an absurdity,” the Prime Minister remarked.³⁴

However, aware that the Liberal party was planning to leverage EI reform to defeat the Conservatives, the government sponsored Bill C-50 (enacted in late 2009), which increased, until September 2010, the maximum number of weeks that recently unemployed individuals could receive benefits. The fallout of this policy tussle was that spending on Employment Insurance benefits increased by 41% in 2009 when the unemployment rate reached its highest level, but then decreased by 4.5% in 2010 even though the jobless rate remained high.³⁵

The dispute over EI reform shows the limitation of reducing the politics of the EAP to vote-maximizing efforts by the Conservatives and catering to the wishes of the opposition. Clearly, if that were the case, Harper would have expanded EI generosity and reaped the political gain that presumably would have come with such a policy move. Instead, the Conservatives judged that expanding public infrastructure spending was less damaging to its pro-market, anti-statist credentials than enlarging the welfare state for an indefinite time. The government, after all, could and did advertise infrastructure projects as pro-growth endeavours designed to encourage future private sector investment.

...And back to partisanship

Partisan-motivated economic policies re-emerged after the Conservatives secured a legislative majority in March 2011 and the spectre of the recession receded.

Expansionary austerity has been the cornerstone of Harper’s post-recession economic strategy. Inspired by free-market conservatism, the strategy calls for scaling back the public sector and unfettering private markets in order to spur economic growth and job creation. Since 2012, Ottawa has cut federal spending, cut public service jobs, and announced reforms to the Old Age pension and Guaranteed Income Supplement programs. The government has also introduced balanced-budget legislation to curtail the fiscal latitude of future governments during good and hard economic times. As a result of undertaking austerity measures, by 2015 Harper will preside over the leanest federal government in over 50 years as measured in terms of total spending as a percentage of GDP.³⁶

The other component to expansionary austerity involves enhancing market competition and growth. The tax reduction schedule that the Conservatives announced before the crisis – which so far has brought total federal revenues in 2006–07 from 16% as a percentage of GDP to 14.1% in 2012–13 – has been touted as an effective measure to promote consumer spending and job creation. To spur competition, the dollar amount of goods that could be brought back to Canada duty free from a one-day U.S. trip was increased from \$50 to \$200. Further, the Conservatives have sought to diversify Canada’s trade relations by pursuing trade deals with the European Union and Asian markets.

Expansionary austerity has had mixed results. From the standpoint of fiscal consolidation, the Conservatives had nearly balanced the books ahead of the October 2015 election. However, the expansionary side of the strategy has delivered modest results. Unemployment has slowly trended down from 7.6% in March 2011 to 7% in August 2014, still well above the 5.9% rate in September 2007. The GDP growth rate has not reached 3% since 2011.³⁷ Household consumption expenditure levels in the post-crisis period are well below pre-crisis levels. These and other macroeconomic indicators illustrate that the recovery has been slow and the economy still has much further to go before it surpasses its pre-crisis performance.

Conclusion

The fact that the Harper government’s post-crisis economic policy has failed to produce robust expansion is not a surprise if one considers how expansionary austerity has performed in other countries that have adopted it. Its poor record is largely owed to its untimely implementation and absence of expectations-driven growth. As witnessed throughout Europe, the execution of austerity measures too early in the recovery phase deprives the economy of needed stimulus via government spending. What is more, government austerity has not translated into a significant uptick in the economic expectations of Canadians, which the strategy is intended to generate by signalling deference to market governance.

Although many economic observers have questioned the timing and logic of the expansionary austerity strategy, the Conservatives are unlikely to compromise on their partisan ideology.³⁸ While Canadians would like to see a faster economic recovery and job growth, a consistent majority has advocated the current government strategy.³⁹ Moreover, while opposition parties quibble about certain aspects of these austerity measures and tax cuts, none has put forth an alternative plan of action that competes against the government’s plan. In sum, the politics of economic policy today are different from those during the Great Recession.

Endnotes

- 1** A few sections of this chapter appeared in a recently published journal article: Prosper Bernard, Jr., “Canadian Political Economy and the Great Recession of 2008–9: The Politics of Coping with Economic Crisis,” *American Review of Canadian Studies* 44 (2014): 28–48. I thank Routledge for allowing me to use this material.
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- 3** Prosper Bernard, Jr. “Canadian Political Economy and the Great Recession of 2008–9: The Politics of Coping with Economic Crisis,” *American Review of Canadian Studies* 44 (2014): 30.
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- 6** CBC News. “Banks got \$114B from governments during recession,” *CBC News* (April 30, 2012), accessed September 25, 2014, <http://www.cbc.ca/news/business/banks-got-114b-from-governments-during-recession-1.1145997>.
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- 9** Public support for government assistance to banks sharply dropped from 40% to 20% between 2009 and 2010. See *BBC World Service Polls*, June-August 2009 and June-September 2010.
- 10** Net cost refers to receipts from loan repayment and interests, and from revenue generated by purchases of MBSS and other financial instruments minus total outlays.
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- 14** Christopher Waddell. “The Auto Industry Bailout: Industrial Policy or Job-Saving Social Policy?,” in *How Ottawa Spends 2010–2011: Recession, Realignment, and the New Deficit Era*, eds. G. Bruce Doern and Christopher Stoney (Montreal: McGill-Queen’s University Press, 2010), 150–167.
- 15** Finance Canada. *Advantage Canada: Building a Strong Economy for Canada*. Catalogue No. F2-105/2006-3E. (Ottawa: Department of Finance Canada, 2006), 9.
- 16** Of note, GM shut one of its two Oshawa plants in early 2015. Furthermore, Unifor is worried that the automaker will close the other in 2016, and that the same will happen to the former Chrysler plants. Markus Sharaput. “Harper Government Industrial Strategy and Industrial Policy in the Economic Crisis,” in *How Ottawa Spends 2010–2011: Recession, Realignment, and the New Deficit Era*, eds., G. Bruce Doern and Christopher Stoney (Montreal: McGill-Queen’s University Press, 2010), 117.
- 17** Department of Finance Canada, *Economic Action Plan: Jobs, Growth and Long-Term Prosperity*.
- 18** J. Lawrence Broz. “Partisan Financial Cycles,” in *Politics in the New Hard Times: The Great Recession in Comparative Perspective*, eds. David Lake and Miles Kahler (Ithaca, NY: Cornell University Press, 2013), 75.

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- 22** Ipsos. “As Canada’s Finance Ministers Consider Options, Canadians Most Supportive of Spending Cuts (82%), Not Deficits (43%) or Tax Hikes (17%),” *Ipsos Reid* (October 28, 2008).
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- 26** Ipsos. “Ignatieff Closes Gap on Harper as Choice for Best Prime Minister,” *Ipsos Reid* (January 3, 2009).
- 27** Importantly, the economic mood of Canadians since then has remained cautious in light of the fact that the Canadian economy has not returned to pre-crisis performance. Ipsos. “A Report Card on the Harper/Flaherty Economic Initiatives and Activities,” *Ipsos Reid* (April 13, 2009) and Ipsos, “Canadians Rebound from Economic Recession Funk: Highest Level of Economic Confidence Outlook Seen in 18 Years of Polling,” *Ipsos Reid* (May 30, 2009).
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