CRS INSIGHT

Canada's October 2019 Elections

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Canada is to hold parliamentary elections on October 21, 2019. <u>Polls</u> suggest a close race, with Prime Minister Justin Trudeau and his Liberal Party struggling to hold onto the majority they won in 2015. The outcome of the election could have implications for the United States, which is closely bound to Canada by a 5,500-mile border, extensive commercial ties, and mutual defense commitments.

Electoral System

Canada is a constitutional monarchy with Queen Elizabeth II as sovereign. She is represented in Canadian affairs by a governor general appointed on the advice of the Canadian prime minister. Canada's bicameral parliament includes an elected, 338-seat House of Commons and an appointed, 105-seat Senate. Canadians elect Members of Parliament from individual districts ("ridings") under a first-past-the-post system, which only requires a plurality of the vote to win a seat. Following elections, the sitting prime minister has the right to try to form a new government. If the prime minister's party lacks a majority, it may seek support from other parties to form a minority government, which has occurred several times in Canada's recent history. If those efforts fail, the governor general typically calls on the party that won the most seats to try to form a government. A government lasts as long as it can command a parliamentary majority, for a maximum of four years.

2019 Campaign

Prime Minister Trudeau and the Liberals came to power in 2015 on a platform pledging to improve economic security for the middle class. Upon taking office, they enacted a tax cut for middle-income families and created a new child benefit to help families with the cost of raising children. The Liberals also increased paid parental leave benefits and worked with the provinces to gradually increase Canadians' pension benefits.

Although unemployment is near a 40-year low, many Canadians remain concerned about so-called pocketbook issues. Conservative Party leader Andrew Scheer has campaigned on helping Canadians "get ahead." He argues that the Liberal government's carbon tax has increased Canadians' cost of living and that four years of deficit spending have failed to improve Canadians' lives. The Conservatives have pledged to repeal the carbon tax, cut income taxes, and balance the budget within five years.

The Liberals also face pressure from their left. The New Democratic Party (NDP), led by Jagmeet Singh, and the Green Party, led by Elizabeth May, argue that the Liberals have not enacted the far-reaching changes they promised in 2015. Although the Liberals fulfilled their campaign pledge to legalize recreational marijuana, they abandoned their electoral reform proposal. The Liberals also have straddled both sides of the climate change issue, imposing a price on carbon while approving an oil pipeline expansion. Moreover, a series of ethics violation charges and the emergence of photos of Trudeau wearing blackface have tarnished the prime minister's image, particularly among young Canadians. The Liberals have urged left-leaning Canadians to vote strategically, warning that a splintered progressive vote could produce a Conservative government.

An average of recent polls suggests the Liberals and Conservatives are neck-and-neck heading into the final days of the campaign. Based on current voting intentions, the Canadian Broadcasting Corporation <u>projects</u> the Liberals would edge out the Conservatives to win a plurality of seats (see <u>Figure 1</u>). The separatist Bloc Québécois would win the third-most seats, based on its strength in Québec, followed by the NDP, the Greens, and the right-wing People's Party.

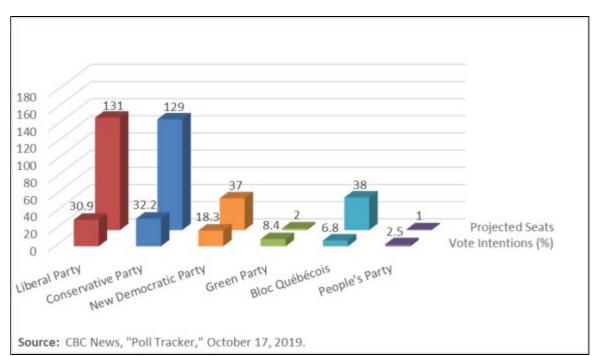


Figure 1. State of the Race: October 17, 2019

Potential Implications

The election's outcome could have implications for several aspects of the <u>U.S.-Canada relationship</u>, including trade, defense, and energy and environmental policies.

United States-Mexico-Canada Agreement (USMCA)

The United States, Canada, and Mexico signed the proposed <u>USMCA</u> on November 30, 2018, after a year of negotiations, to replace the two-decade-old North American Free Trade Agreement (NAFTA). During the negotiations, the Trudeau government agreed to partially open up Canada's dairy market and made some concessions on intellectual property rights while avoiding provisions that <u>some observers</u> believe would have been more damaging. Conservative leader Scheer attacked the agreement as a negotiating "<u>failure</u>," which he claimed would reduce market access, make Canada's auto industry less competitive, and increase prescription drug prices. Nonetheless, Scheer indicated he would seek ratification of the agreement, were he to become prime minister. Canada is expected to ratify the agreement after the United States, given that the U.S. Congress is discussing potential changes to the agreement with the Trump Administration.

North American Aerospace Defense Command (NORAD)

In 2017, Prime Minister Trudeau and President Trump agreed to modernize and broaden the binational NORAD command, charged with defending U.S. and Canadian airspace and monitoring potential aerospace and maritime threats to North America. The Liberal government also adopted a <u>new defense policy</u> that will increase nominal defense spending by 73% over the next decade to acquire new equipment and capabilities. Nevertheless, it has been slow to modernize Canada's fleet of aging fighter aircraft, leading some <u>analysts</u> to question whether Canada will be able to meet its NORAD commitments. Conservative leader Scheer has pledged to strengthen U.S.-Canadian defense ties by seeking to join the U.S. ballistic missile defense program and ensuring fighters selected through a new procurement process are interoperable with those of the United States.

Climate Change and Energy

As noted above, Prime Minister Trudeau has sought to balance his commitment to addressing climate change with Canada's position as a major fossil fuel producer. The Liberal government is implementing a federal carbon-pricing plan throughout Canada despite opposition in certain provinces. Conversely, Trudeau has promoted the construction of the Keystone XL oil pipeline into the United States and the expansion of the Trans-Mountain pipeline from Alberta to Vancouver, which the Canadian government purchased from U.S. owners after they pulled out of the project. Trudeau opposed two other pipeline projects, however, which would have linked the Alberta oil sands to Canada's east and west coasts. Conservative leader Scheer has vowed to repeal the federal carbon tax and create a "national energy corridor" to move oil across Canada. His plans to combat climate change are vague but include measures to encourage investments in emissions-reducing technologies.