

Search News

Enter Symbol QUOTE CHART NEWS SYMBOL LOOKUP Dow Jones's Li Settles Insider-Trading Case, to Pay \$8 Million, People Say

Starting Bell
with Betty Liu and Matt Miller
Get the edge on your trading day.
Only on **Bloomberg Television**
Weekdays from 8-10 AM ET

HOME NEWS MARKET DATA INVESTMENT TOOLS TV and RADIO ABOUT BLOOMBERG CAREERS CONTACT US

news

Harper May Be Toppled as Parliament Reconvenes Today (Update1)

By Theophilos Argitis and Jeremy Torobin

- [Exclusive](#)
- [Worldwide](#)
- [Regions](#)
- [Markets](#)
- [Economy](#)
- [Politics](#)
- [Industries](#)
- [Opinion](#)
- [Invest](#)
- [Sports](#)
- [Muse Arts](#)
- [Spend](#)
- [Audio/Video Reports](#)
- [Bloomberg Markets Magazine](#)
- [Special Report](#)



Jan. 28 (Bloomberg) -- Canadian Prime Minister Stephen Harper's minority government may collapse and be forced into elections after Parliament reconvenes today.

[Enlarge/Details](#)

The opposition is threatening to end its support of Harper's government over his handling of the economy and the war in Afghanistan. Speculation about early elections, a possibility for the past year, has

intensified as Canada's economy slows and anger mounts over its military casualties in Afghanistan.

"It's certainly possible we'll bring the government down on its budget," John McCallum, finance critic for the opposition Liberal Party, said in an interview.

Harper's Conservatives need opposition support to stay in power. He's promised a vote on whether to extend a military mission in Afghanistan, where 78 Canadian soldiers have been killed in the country's most intense combat since the Korean War. The government also will introduce a budget as soon as next month. Tax cuts from last year will make it hard for Harper to boost spending to stimulate the economy.

"We have a different view of the role of government," McCallum said, adding his party wants to see the fiscal plan before making a decision.

The Conservatives and the opposition, led by the Liberals who governed from 1993-2006, both may decide elections are in their interest. Harper leads in national polls so he may want to try to push his opponents into a campaign by declaring an issue such as Afghanistan a matter of confidence in the government.

Budget Vote

The opposition may also want to force a campaign, given that Harper's mandate doesn't end until October 2009, potentially allowing him enough time to recover from any damage caused by Canada's struggling economy.

A vote on Harper's budget this spring would be considered a confidence vote under parliamentary tradition. Growing criticism by opposition parties of Harper's fiscal policies make the budget the most likely trigger for an election, analysts said.

"Whenever there's a downturn in the economy or the perception that things are not going well, it's never good news for an incumbent government because it makes voters very grumpy," said Nikita Nanos, chief executive of Ottawa-based Nanos Research, a polling company.

The economy is poised to be the dominant campaign issue, as the U.S. slowdown spills across the border and the Bank of Canada cuts borrowing costs to help companies and families cope. For just the second time in more than a decade, a greater share of Canadians believe the economy will get worse rather than improve, according to a survey by Ipsos Reid this month.



More News

- [Microsoft Investors Say \\$44.6 Billion Yahoo Purchase Won't Defeat Google](#)
- [U.S. Stocks Post Biggest Weekly Gain in Five Years After Fed Spurs Economy](#)
- [Dollar Approaches Record Low Against Euro After Federal Reserve Rate Cuts](#)

RESOURCES

- [Bloomberg TV](#)
- [Bloomberg Radio](#)
- [Bloomberg Podcasts](#)
- [Bloomberg Press](#)

Minority Governments

Minority governments in Canada have lasted less than two years on average. No Canadian minority government has completed the standard four-year term. Only three have outlasted Harper's two years, the last being Lester Pearson's Liberal government from January 1966 to April 1968.

"They're no longer the 'new government' and they now have responsibility and ownership for certain things that have happened," said Nelson Wiseman, a University of Toronto political scientist. Wiseman expects the budget will lead to a snap election, since with the economy slowing, "it's not going to get better for the Conservatives."

If Harper survives the budget vote, his next challenge will be to steer through his plan for the country's Afghanistan presence. All three opposition parties are calling for an end to the combat part of the mission, set to expire February 2009.

Afghanistan Mission

A government-commissioned panel said Jan. 22 that Canada should extend the mission and focus on training Afghan troops. The task force, led by former Liberal Deputy Prime Minister John Manley, called on the North Atlantic Treaty Organization to send about 1,000 more troops to help Canadian soldiers in the Kandahar province as a condition.

Harper told reporters today the government agrees with the panel's conclusions, without specifying whether the vote to extend the mission would be considered a matter of confidence in the government. A lost confidence vote would trigger an election.

To be sure, discouraging poll numbers may keep the Liberals from rushing to the campaign trail. The party has been slow to catch on with voters since Dion became leader 13 months ago, leading to resignations from some top officials. Also, Harper's Conservatives have an edge in party financing.

A survey conducted this month by the Strategic Counsel for the Globe and Mail newspaper showed the Liberals with 30 percent voter support, compared with 36 percent for the Conservatives. The poll of 1,000 Canadians has a margin of error of 3.1 percent age points.

To contact the reporters on this story: Theophilos Argitis in Ottawa at targitis@bloomberg.net; Jeremy Torobin in Ottawa at jtorobin1@bloomberg.net.

Last Updated: January 28, 2008 13:23 EST

 [News tools](#)  [Email this article](#)  [Printer friendly format](#) 
[Advertisement: Trade CFDs and FX with CMC Markets. Accredited Investors Only.](#)

Sponsored links

Fed Killing the Dollar?
Learn How to Profit From the Credit Crisis! Multiply Money up to 30x
MoneyAndMarkets.com

Uranium Production Stalls
..As Uranium Demand Soars. A Select Few Companies Will Profit. New Rpt.
www.EnergyAndCapital.com/UraniumRpt

"Hydrogen Car Exposed"
Easy Instructions Show You How To Convert Auto to Run on Water-\$49.97
RunYourCarWithWater.com/WaterFuel