

May 14, 2001

The party is over for scandal-prone NDP

The worst thing for the NDP 'was they got re-elected in 1996. That has led to the destruction of the party'

Mark Hume
National Post

VANCOUVER - On a delirious night in the fall of 1991, in a room crowded with campaign workers and heated by television lights, Mike Harcourt, a tall, bald politician who would soon become known as "Premier Bonehead," let go of the rostrum he had been gripping and searched for a phrase to capture the emotion of the moment.

After 16 years in opposition, the New Democratic Party had just claimed victory in British Columbia. Despite a political tide of fiscal conservatism that was rising across the world, a collection of hard-left trade unionists and New Age socialists who believed in higher taxes and increased social spending had startled the country by seizing power in one of Canada's wealthiest provinces. In the process, the Social Credit Party, a coalition that embraced free enterprise and had controlled British Columbia for 40 years, except for one loss to the NDP in 1972, had been reduced to seven seats.

Holding out his arms to the sweating, jiving mosh pit of true believers gathered at election headquarters, Mr. Harcourt abandoned his normal reserve and spoke from the heart.

"Start the music and let's boogie!" he yelled while people cheered, wept and spilled their beer.

That was how the NDP came to power at the start of the decade, full of hope, promise of change and a heady let's-get-it-on enthusiasm. Ten years later they leave, a dispirited, beaten party that may soon be as dead as the Socreds, a party now without any seats.

In the process, British Columbia's economy has been shattered. Investment, and workers, have fled. Two premiers in succession, who not so long ago felt like they could take on the world, have been broken by tawdry scandals. And the NDP, which always seemed to have a lock on at least 30% of the vote in British Columbia, has suffered a loss of faith so profound many of its core workers have fled to other parties.

Campaigning in the current election, Ujjal Dosanjh, the Premier of British Columbia and leader of the NDP, has seldom drawn more than a few hundred people to his events. Even in ridings considered party strongholds, people on the street have thrown the finger at his campaign bus. He started by forecasting a Harry Truman upset, but



Ian Smith, The Vancouver Sun

NOW: As the B.C. election approaches, with the NDP in third place behind the Green Party, Premier Ujjal Dosanjh has already conceded defeat. "I know I am going into the opposition."



Denise Howard, The Vancouver Sun

THEN: Mike Harcourt revels in the provincial NDP's startling election victory in British Columbia in 1991. Harcourt later resigned over a fraud scandal.



Steve Bosch, The Vancouver Sun

Glen Clark resigned as premier in 1999 over charges he allegedly helped a friend obtain a casino licence.

a week before voting day, his strategy shifted to trying to win enough seats to qualify for official party status. That would mean electing four NDP candidates -- and even that is a challenge.

In the last election, the NDP won 39 seats with 39.4% of the vote, stealing an election from the Liberals, who took 33 seats with 41% of the vote. The surprise victory was won on the backs of a loyal block of voters who stuck with the party despite a scandal that forced Mr. Harcourt to resign. Many people thought the NDP could always rely on that slice of the electorate, no matter what.

But shortly after the NDP won in 1996, under the leadership of Glen Clark, a brash, young union organizer from Vancouver's working-class east side, the rock-solid support base began to crumble.

Polls record a steady erosion of support as the government stumbled from one policy fiasco (a budget with misleading numbers) to another (fast ferries that could not run on time). They fell to 27% in the polls in 1997, then to 23% in 1998, and to 16% last year. During the campaign, when the party hoped to bounce back, support fell to 14%, one point lower than the Greens. Not since Brian Mulroney's Conservatives hit 15% in 1991 has a party been so unpopular.

The numbers reflect an incredible political event. Not only have mainstream voters rejected the NDP, but a massive exodus has occurred within the heart of the party -- a turning away by true believers that has bled the movement of political will and financial support.

"We are all very angry," a former senior party fundraiser said in an interview this week.

"People who had drive and idealism are going over to the Greens. I haven't decided yet who I will vote for. It will either be Liberal or Green. It won't be for the NDP, that is a certainty."

He grew up with the NDP. Raised bags of money for the party. Served with true faith. And thought of himself as "a lifer." But when he speaks now, asking for anonymity, his voice is edged with bitterness.

"The collapse of the party began when Mike [Harcourt] started losing control in the fourth year of his mandate," he said. "After that, it picked up speed because of the toxic personalities like Moe Sihota [a brilliant but flawed Cabinet minister] and Glen Clark."

"The worst thing that ever happened to the NDP was they got re-elected in 1996. That has led to the destruction of the party."

Another former New Democrat, who like many of them agrees to talk only if his name is not used, says the collapse of the party is so complete, he doubts it will survive.

"The party's over," he said. "The core believers don't believe in it any more, and it's lost touch with the rest of the province."

Many socialists are adrift.

"Maybe they'll move into the Greens. Maybe they'll form a new party or, like Svend Robinson suggests, rename the NDP. Either way, it's over, it's finished, it's done."

- - -

The fall of the NDP began early in Mr. Harcourt's mandate, when what would become the longest-running political scandal in British Columbia's history surfaced in Nanaimo, a party stronghold on Vancouver Island.

Nanaimo is a lumber centre, a union town that local party organizers boasted was the NDP's strongest riding in Canada.

Dave Stupich, an accountant and failed chicken farmer who was a Cabinet minister in Dave Barrett's 1972-75 government, and later served as an MP, dreamed Nanaimo could become the party's national headquarters. He convinced unions and local NDPers to invest in a hotel, thinking one day it could host leadership conventions and become the nexus of socialist power in Canada.

As a young reporter travelling with Mr. Barrett during the 1975 campaign, I was stunned when we rolled into Nanaimo -- and found not the usual small-town crowd of a few hundred, but thousands of people jamming the meeting hall.

Nanaimo was a political force, and Mr. Stupich was revered by the party.

MLAs used his accounting service to keep track of their books. Politicians turned to him for loans to run their campaigns. When Mr. Barrett challenged for the leadership of the federal party in 1984, Mr. Stupich chaired his finance committee, advancing the campaign a \$25,000 loan from the Nanaimo Commonwealth Holding Society (NCHS), an organization run by the NDP.

What people did not know, until the RCMP investigated and a forensic audit was done, was that the formidable NDP organization in Nanaimo was built largely on money defrauded from charities by NCHS.

Under Mr. Stupich's direction, the riding association had founded NCHS to organize community bingos. Profits were supposed to go to charities, such as the Boys and Girls Club, but NCHS found ingenious ways to siphon off millions. Among other things, the society demanded kickbacks, giving charities donations only if half the money came back to NCHS as "rent." When one charity group, headed by a nun, complained of the practice, Mr. Stupich cut her off.

Mr. Stupich and a small inner circle of NDPers had total control over the NCHS empire for decades. They used it to support the party financially, to supply free meeting halls, to grant student bursaries to the children of loyal New Democrats, to make interest-free loans, and to underwrite an exclusive club, The Brass Key, where the elite gathered to share drinks and plot the political future of the province.

Then Jacques Carpentier came along.

Mr. Carpentier, a small, chain-smoking francophone who refused to be bullied, ran Nanaimo Immigrant Settlement Services, a non-profit organization that helped people who were new to Canada.

His group got core funding from bingos at the NCHS bingo halls. Over the years, Mr. Carpentier kept a close eye on the bottom line, and he did not like what he saw. Not only was

NCHS skimming profits, but it was gouging such charities as his by charging exorbitant fees for use of the halls.

In 1992, he convinced charities in Nanaimo to leave the NCHS bingo halls and to start running their own bingos out of a downtown building that formerly housed a supermarket. That decision cut off NCHS from its main source of funding.

Mr. Carpentier's life was threatened in anonymous phone calls, and shadowy figures sometimes tailed him through the streets of Nanaimo.

He decided the only way to fight back was to go public.

One day, we sat in his humble office at Nanaimo Immigrant Settlement Services, and he started pulling out boxes of financial files. For years, he had been saving every piece of NCHS paper he could get his hands on. Those documents led me to call Mr. Stupich in his parliamentary office. At first, he denied anything was amiss in Nanaimo, but when confronted with the numbers, he confessed to "dipping into" the charity money.

That confession would trigger an RCMP investigation and a forensic audit by Ron Parks, who was appointed by the government to investigate.

Eventually, NCHS and three related societies would be convicted of fraud, and Mr. Stupich would be sentenced to two years under house arrest. A public inquiry now underway may point to more wrongdoing by others.

It took years for the scandal to wind its way through the courts, and throughout, Mr. Harcourt tried to contain the damage by claiming whatever happened in Nanaimo was limited to that riding and had been done by a previous generation of NDPers.

The government and the party were clean, he said.

But the Parks Report found otherwise, showing that while Mr. Harcourt had been denying any involvement by the NDP outside Nanaimo, provincial party directors had voted to make a secret payment to NCHS.

The payment was meant to cover up an earlier transfer of funds between NCHS and the NDP.

The Parks Report detailed numerous other connections, including "campaign" accounts and loans to party workers.

A judge would later say the extent of the fraud might never be known. But this much was clear: NCHS, using money stolen from charities, had functioned for decades as the NDP's unofficial bank.

"To say that I was stunned at my first reading of the results of Ronald Parks's forensic audit ... would be a massive understatement. Horrified would be a more appropriate term. Angry and disgusted would be other ways to put it," Mr. Harcourt later wrote in his political memoirs.

"I felt not only physically sick ... but spiritually and emotionally sick as well."

He was not the only New Democrat who felt betrayed.

Mr. Carpentier saw the impact on friends and neighbours who were NDP loyalists.

"That is one of the saddest things I have experienced. They had blind faith. For generations, their families believed [in the NDP]. They were good people and they were shattered by this ... That part I feel bad about."

But he is still angry at the NDP. Recently, the government's Gaming Branch disqualified Nanaimo Immigrant Settlement Services from getting any more bingo funds.

"This just shows you how vindictive and unjust the NDP is," he said bitterly.

Although he had not been involved in the Nanaimo operations, by the fall of 1995, Mr. Harcourt was under heavy attack from within the party for his failure to contain the scandal. Facing the NDP executive that had made the clandestine payment to NCHS, he suggested one way to clear the air was for them all to resign.

In his political memoirs, he wrote that they greeted the suggestion "with stunned silence."

His response, a few weeks later, was astounding. He resigned himself.

By that time, Mr. Harcourt's effectiveness as a leader was long over. He was indecisive, a bumbler. During constitutional negotiations over the Charlottetown Accord, he had earned the nickname "Premier Bonehead" for failing to grasp the implications for British Columbia, and the name had stuck.

He had also made a mess of a land-use debate over the Tatshenshini watershed in British Columbia's northwest corner. The stunningly beautiful area where glaciers spill from the mountains had been elevated into an international icon by environmentalists, who were worried a proposed open-pit mine would pollute the lower river.

But Geddes Resources had a legitimate claim on the Windy Craggy deposit, thought to contain reserves of gold, silver and copper worth \$40-billion. And there was a process in place to determine if it posed an environmental threat.

Rather than waiting for an environmental review, Mr. Harcourt established a massive wilderness park around the watershed, setting aside 958,000 hectares.

He was toasted in Washington -- where Al Gore, the Vice-President, had taken a personal interest in the cause -- and praised by environmentalists, but the mining industry was shocked by the lack of due process. Companies started pulling up stakes and heading for South America. While mining investment in exploration was climbing across Canada, in British Columbia, it was in decline, dropping from \$220-million in 1990 to \$22-million by 1998. The symbolic impact was huge: Industry was fleeing British Columbia.

Mr. Harcourt also played a pivotal role in a government decision that would destroy a logging company, eventually leading to a damning judgment by the courts.

Carrier Lumber was a small logging company in central British Columbia that had a reputation for being innovative and hard-working.

When an infestation of mountain pine beetles spread out of the Kleena Kleene Valley, in what was called the largest insect disaster in the world, the Ministry of Forests asked for bids on a salvage operation. The government wanted five million cubic metres of wood cut, so the forest could be replanted.

When nobody stepped forward, the government approached Carrier. Eventually, a deal was struck, and the company went to work, building roads into the wilderness and constructing new mills to handle an increased volume of wood.

Then native leaders raised complaints. A group of Chilcotin chiefs argued they should be the ones logging in the area. They forced the point by setting up a roadblock.

On May 13, 1992, Mr. Harcourt, who had made treaty settlements a top priority for his government, held a crucial meeting with several chiefs at the 108 Mile House airport.

Disregarding the contract his government had with Carrier, Mr. Harcourt promised the chiefs no timber would be harvested and no roads would be built without their agreement.

It was a stunning decision -- ceding control of a sweeping area of Crown land to the Nemiah Valley Indian Band. And it was illegal.

"The Premier had no authority to make that promise," Phillip Halkett, deputy minister of forests, later testified in court. "You cannot by verbal statement transfer lawful authority to any Indian band ... You cannot by ministerial statement by any minister transfer jurisdiction from the provincial Crown ... And you cannot do that on the authority of any person, even if that person is the Premier."

The courts excoriated the government, ruling there was a deliberate attempt to destroy the company and government officials had conspired to withhold 2,000 pages of documents in an attempt to defeat Carrier's damage suit.

"There was in fact a high-level decision to kill Carrier," wrote Justice Glenn Parrett of the Supreme Court of British Columbia. "It is difficult to conceive of a more compelling and cynical example of duplicity and bad faith."

When the courts ruled in Carrier's favour, setting up a pending damage claim of \$156-million, Ujjal Dosanjh, who was then the Attorney-General, appealed. The case was later dropped. Mr. Dosanjh's excuse for the aborted appeal: He had not read the judgment.

By then, the damage was done. Carrier was dead, British Columbia had become known as a province unfriendly to business and the economy was in the tank.

Labour leaders hoped a new premier would give the party a chance at a second term. And it worked.

Mr. Clark, a brilliant campaigner, went to the electorate in May, 1996, just three months after taking over from Mr. Harcourt. Using the leadership convention as a springboard, he shuffled Cabinet and introduced a new budget before calling the election.

At the time, polls showed voters were deeply worried about British Columbia's worsening economy -- and the NDP's record of fiscal management.

Mr. Clark's government had an answer. In April, he tabled the annual budget, showing the books were balanced in 1995 and forecasting another surplus for 1996. Before the budget could be examined, he dropped the election writ -- and launched a campaign that featured a new policy announcement every day.

Gordon Campbell, the Liberal leader and a former Vancouver mayor, could not match the pace, and the NDP won a three-seat majority.

Shortly after he was elected, Mr. Clark was forced to admit the 1995 and 1996 budgets were not balanced -- but in fact had run deficits of \$355-million and \$337-million.

Documents would later reveal that heading into the election campaign, Mr. Clark had leaned on finance officials to come up with hugely optimistic revenue forecasts, skewing the budget figures.

Mike Geoghegan, a government and media relations consultant and former Ministerial Assistant in the Harcourt government, says the misleading budgets shattered the public's fragile faith in government.

"Where it really started to unravel was the fudge-it budget," he said. "That was where the NDP lost its credibility with the electorate. That was where the numbers started dropping in the polls -- and they never recovered.

"The very strong feeling was: They got elected with a lie."

A citizens group, known as Help B.C., tried to prove as much in the courts, launching a suit against three MLAs, claiming they had won through election fraud.

The courts ruled there was no conspiracy by the government to defraud voters, even if it had got its numbers wrong.

David Stockell, a Kelowna printer who initiated the case, said he was disappointed by the outcome.

"The whole purpose for the fraud trial was that someone would have had to manipulate the numbers. Unfortunately, we couldn't convince the judge. Had we succeeded, we'd have had an election a long time ago. The judge's words still haunt me: 'If the petitioners believe they were fooled, it would be up to the voters to decide their fate.'

"I think the people of B.C. have been waiting since then to do just that," he said.

"What further destroyed the NDP was all the other antics of the Clark government," said Mr. Geoghegan.

Mr. Clark's government pursued a number of policy initiatives that were disastrous -- in a large part because dissent within the party had been stifled to the point any critical comment was considered treasonous.

Not only had Mr. Clark isolated himself from Cabinet by drawing a tight circle of advisors around himself, but Cabinet, too, was cut off from the civil service.

In an attempt to ensure bureaucrats were faithful to the government, the NDP had pursued a policy of placing ideological supporters in civil service jobs whenever possible. The result was to create an atmosphere of paranoia, where people were afraid that if they voiced concerns, they would be labelled enemies of the party.

"It was a very Stalinist mentality," said Mr. Geoghegan, who described the zealous political staffers he worked with as "the Jonestown Kool-Aid Gang." That mentality was part of the reason Mr. Geoghegan quit the NDP in 1996 and joined the BC Liberals the following year.

"There ought to be some tensions between the public service and government," agreed a former New Democrat. "That tension wasn't there under Clark, because nobody dared criticize the government. You cross a minister and you are in Siberia.

"I don't think there was ever a government like that before. W.A.C. Bennett was a forceful leader, but he had civil servants he would listen to.

"Under the NDP, the civil service was politicized -- and it was pretty disgraceful."

The result was Mr. Clark was free to make monumental errors.

One of his biggest mistakes was launching a shipbuilding project that spun out of control.

British Columbia has one of the largest ferry fleets in the world, knitting together its coastline and moving traffic between the Lower Mainland and Vancouver Island. A small shipbuilding industry survives by constructing and servicing the diesel-powered vessels that are the workhorses of the fleet.

But Mr. Clark wanted something better. He wanted fast ferries -- sleek, sexy ships made out of aluminum, that could cut the 90-minute crossing time by 30 minutes or more.

He dreamed the ships would be in such demand, orders would pour in from around the world, the economy would flourish and thousands of union jobs would be created.

The project was started by Mr. Clark in 1994, while he was Employment and Investment Minister. At the time, he claimed the three ferries that were to be built for the government would cost no more than \$70-million each.

"It's all in the price, right down to the toilet paper," he promised.

As Premier, he got to launch those ships -- and sink with them.

The ferries were plagued by technical problems. Their construction ran behind schedule, and when they were eventually put into service, they could not go as fast as predicted, could not carry as many cars as promised, and had to cancel sailings because their temperamental steering mechanisms got clogged by driftwood.

The costs soared \$300-million over budget.

Today, the fast ferries sit in "lay up," tied in a quiet backwater, their smokestacks wrapped in plastic. They are up for sale at \$40-million each, but no buyers have been found.

Mr. Clark was always thinking big, but had trouble delivering. He promised three new aluminum mills for British Columbia. None materialized. He promised to create 40,000 new jobs in the forest industry. Unemployment increased.

He was combative, attacking Ottawa and the United States when an international Pacific salmon fishing agreement collapsed.

In an attempt to get greater leverage, because British Columbia was not party to the international negotiations, he threatened to block the U.S. military from a torpedo-testing range near Nanoose, on Vancouver Island.

Ottawa responded by moving to expropriate 21,000 hectares of the Nanoose Bay seabed, in the process rescinding a standing offer to buy the leased site for \$125-million.

And his strategy of linkage backfired when the federal government refused to support a British Columbia initiative to build a convention centre on the Vancouver waterfront. The provincial government had to write off \$75-million.

Mr. Clark rushed through a \$3- billion expansion of Greater Vancouver's SkyTrain system without adequate planning -- by some estimates adding \$1-billion to the overall costs.

He intervened in public sector contract negotiations, jacking up wages and adding hundreds of millions of dollars to the cost of government services.

And he backed an illegal blockade by commercial fishermen of a U.S. ferry bound for Alaska, straining relations with a neighbour state that threatened to sue for damages. Only intervention by Ottawa prevented the court case.

Mr. Clark ran into trouble at home by pushing through a treaty settlement with the Nisga'a, which appeared to establish a third level of government. British Columbians were troubled by the deal, feeling it had not had full public scrutiny. The government rammed it through the legislature by closing debate.

All of this would have led to Mr. Clark's defeat at the polls. But he did not last long enough to face the voters again.

On March 2, 1999, an RCMP squad raided the North Burnaby Inn, a hotel that had strippers in the bar and an illegal gambling joint in the basement. One of the people arrested that day was Dimitrios Pilarinos, a friend and neighbour of Mr. Clark's.

Later that evening, plainclothes police officers knocked on Mr. Clark's front door with a search warrant.

Parked in the alley behind the house, playing what they said was a hunch, a BCTV news crew filmed through the kitchen window as Mr. Clark paced nervously and police searched his house.

It would turn out Mr. Pilarinos had built sundecks for Mr. Clark, first on his East Vancouver home, and then on his summer cottage in the Okanagan Valley.

Mr. Pilarinos, who worked in construction, had managed to secure a provisional casino licence, along with two other men who owned the North Burnaby Inn.

The only thing Mr. Pilarinos apparently brought to the partnership was his friendship with Mr. Clark, whom he called "the big shark."

The raid on the Premier's house and the revelations about his relationship with Mr. Pilarinos plunged Mr. Clark into a crisis. There were internal calls for his resignation, but he held on grimly -- until Mr. Dosanjh, who was then Attorney-General, let it slip the Premier was the focus of a police investigation.

On Aug. 21, 1999, Mr. Clark resigned. He is awaiting trial on charges of allegedly using his office to help his friend get a casino licence.

By the time Mr. Clark departed, polls showed British Columbia voters had lost trust in the NDP in a massive way. Party strategists, however, thought a new leader could give the party a third term. It had worked before.

Mr. Dosanjh, a lawyer with a reputation for personal integrity, used his connections in the Indo-Canadian community to sign up thousands of new party members, easily winning the leadership convention last year.

He promised to bring honesty and integrity back to government. But one of his first acts raised doubts. Shortly after taking office, he went on a tour of his homeland, in the Punjab, taking along a group of friends, associates and fundraisers from the Indo-Canadian community.

It was dubbed "the ego tour" and it raised questions about Mr. Dosanjh's greatest asset -- his integrity. The polls, already disastrously low, slid even further.

As election day approaches, with the NDP in third place behind the Greens, Mr. Dosanjh has conceded defeat.

"He is going to be the next premier," he said as he faced Mr. Campbell during a debate on CKNW radio. "I know I'm going into the opposition."

He begged voters not to elect 79 Liberals, "for the good of democracy." That was how the party ended for the NDP. With a whimper of resignation, and a plea for leniency.

It was some dance.