

# The Canadian political crisis will turn into an existential crisis

The disarray of the Liberals and the division of the provinces are just the beginning

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**Broken alliances, divided provinces, Trump's victory, the threat of a 25% tariff hike for the two partners in the Canada-U.S.-Mexico Agreement (USMCA)...**

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The Canadian political crisis has only just begun. The Liberal-NDP alliance had been in limbo for a long time in the face of the Conservatives' clear dominance in the polls. The NDP, perceiving that this alliance was dragging it into the electoral doldrums, formally broke it up to better preserve it piecemeal in the expectation of good polls resulting from its new tactics... but recent twists and turns have precipitated the break-up. Then came Trump's victory, which shook Canadian governments to the core while creating the illusion that the Conservative-Republican ideological kinship would lessen the damage. Then came the sledgehammer blow of the threat of a 25% tariff increase for the two CUSMA partners, accompanied by the black humour of the fifty-first state to rub salt in the wound. The Minister of Finance's naughty trick (her sudden resignation shortly before an important budget presentation that she refused to endorse) precipitates events. The ministerial reshuffle is merely cosmetic. Expect an election this spring at the latest.

## The shocking and divisive threat of an abrupt 25% increase in customs tariffs

The case is far from trivial. In 2023, Canada's exports of goods to the US, excluding services, represented nearly 20% of its GDP, giving a total of nearly a quarter of its GDP, no less. For the four major Canadian provinces, their exports of products, excluding services, to the US as a proportion of their GDP were respectively 35% (Alberta), 18% (Ontario) and 15% (Quebec), but only 7% for British Columbia, which exports a great deal to Asia, including almost all of its coal, its main export, and in the next few years will be its liquefied natural gas, at the [expense of the indigenous nations](#). As with most countries in the world, the US has a large balance of payments deficit with Canada. This systemic deficit is due to the strength of the US dollar, the world's currency, and serves as a disciplinary whip for Trump.

The division of the provinces against the backdrop of a federal government in crisis is the starting point for what will be an uncharted course that could go very far. Under the pretext of controlling the dog-whistle fentanyl, everyone agrees to militarise the borders at the expense of panicked racial migrants from the USA. What's more, we've agreed to do it jointly with the US. But when it comes to doing business properly, it's a divisive issue. This division shows that the provinces that are major

exporters of raw or semi-processed natural resources to the United States - Alberta and Quebec - are proposing to take it easy and not retaliate, because they are aware of the American interest in importing their often environmentally devastating production.

On the other hand, Ontario and British Columbia (BC) are proposing to play hardball by retaliating with counter-tariffs. The low proportion of BC exports to the US makes it susceptible to the somewhat anti-United States Canadian nationalism with which the NDP has always been enamoured. As for Conservative Ontario, which is certainly ideologically close to the Republicans, it is above all panicked about its car production deeply integrated with that of the US, regardless of whether or not the companies involved are American. It knows full well that the new Trump administration would like to cut short Canadian manufacturing development in the high- and medium-tech sectors, perhaps even to the point of repatriating them. It is playing Ontario manufacturing off against Canadian natural resources.

### **Increased control over the neighbourhood to compensate for weakened world hegemony**

This division is rooted in Canada's economic structure, which is poorly integrated nationally from east to west but has strong north-south economic links. This structural weakness, inherited from history and maintained by the strong attraction of the US economy, is well understood by US imperialism, of which Trumpism is the reactionary wing flirting with fascism. The weakening of global hegemony is compensated for by increased control over the neighbourhood. And now Trump, the unfunny old prankster, after offering to buy Greenland from Denmark, with its abundance of strategic rare earths - after all, the young US bought French Louisiana and Russian Alaska - is meddling in the affairs, not to say making a mess, of the 'governor' of the fifty-first state. This time, because the young and dashing USA already tried it militarily at the turn of the 19<sup>th</sup> century, there will be no powerful British empire flying to the defence of its colony or dominion to ensure its survival.

Canada may still be one of the world's top ten economies, but its degree of freedom from the US is disappearing, as demonstrated by the reversal of China policy from Trudeau senior to Trudeau junior, as well as its confinement to the CUSMA, imposed by Trump's first term in office, [covertly prohibiting](#) it from signing a trade treaty with China. The possible scenario is not a huge, overly autonomous fifty-first state, but a string of province-states - the first candidates would be oil-rich Alberta and manufacturing Ontario - interspersed with small, rump 'independent' states, including Quebec, which is too French-speaking unless it becomes 'Louisianized', a process that some would say has already begun.

Isn't this, many will ask, the best way to avoid devastating tariffs, problems managing militarised borders, insufficient military spending, inflationary exchange rates and excessive specialisation in natural resources? Wouldn't the dismantling of Canada simply transform these specifically Canadian headaches into problems of US regional development in an authoritarian and repressive state in which the military budget gobbles up everything to the point where individual indebtedness replaces social programmes and public services, not to mention the risk of citizens becoming embroiled in the empire's wars?

### **Transforming existential crisis into an opportunity for a society of care and**

## solidarity

It would be better to transform these headaches, this political crisis which will soon become a socio-economic crisis, not to say an existential crisis for the Canadian state, into a challenge to build a new society. In the short term, if we are to hold our own in the unavoidable global market imposed by the development of productive forces into natural monopolies and their global production chains, it is possible to strengthen east-west trade both within Canada, i.e. strengthen the Canadian market, and across the Atlantic, i.e. link up with the European Union, perhaps via the European Free Trade Association (EFTA). Strengthening links south of the Rio Bravo/Grande is also a possibility. Quebec's geographically pivotal position, and its Latinity, should be put to political use.

This workaround would do nothing to resolve the fundamental issues of the multi-crisis, of which the climate crisis is the backbone. But while it would create the economic conditions of a large market, it would give the people of Quebec, if they know how to become "[something like a great people](#)" (René Lévesque in 1976 after the Parti Québécois unexpected large electoral victory) whose "we" is inclusive, the opportunity to seize the political initiative. It would do so by putting on the table a project for an independent society of climate justice based on "care and solidarity" (« [le soin et le lien](#) »), a challenge for the rest of Canada in particular with regard to its dependence on oil and gas exportations. The political bottleneck to taking this route is turning the electoralism of Québec Solidaire into something like [a great party](#) for a great people. "It's not all unrealistic: 'reality' is often the name that those in power give to things they don't have the courage to change."

**Marc Bonhomme**, 21 December 2024

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