

# FROM RETALIATION TO RENEWAL: TARIFFS ARE A WAKE-UP CALL FOR CANADA



## Canadians expect a government response that reduces our reliance on the US; only over 1-in-10 believe in strengthening ties with the US

**89%** say government should focus on removing barriers to interprovincial trade and working to develop new economic and trade relationships with other countries

**70%** of Canadians say the government should prevent Canadian companies from being bought by American companies right now

**66%** I think Canada's future is better served by aligning with likeminded countries in Europe rather than the United States

Now that the tariff gauntlet has been dropped and Canada has announced its first set of retaliatory tariffs, we need to pause before we rush too much further into the tariff war.

To give credit where it's due, Canadian leaders are reacting to the concerns of Canadians. There is strong support (70%) for government action to protect Canadian firms and many people are expecting a covid-style bailouts for both businesses and workers.

Despite strong support for retaliatory action, whether we should have started a tit for tat retaliation with our southern neighbour remains to be seen. The tariffs may yet represent an opportunity, if we can use them to spur a frank discussion about reinvigorating the Canadian economy and creating more economic independence from the United States.

Canadians have long worried about our over-dependence on the US. Low productivity and stalled economic growth have become crucial issues over the past few years, but unlike US tariffs, these problems are far from new. Rather,

tariffs are shining a spotlight on some root problems almost two decades in the making. As far back as November 2008, a significant majority of Canadians (84%) acknowledged our economic interdependence with the US, affirming that any economic changes in the US would directly impact Canada. We may not have known those changes would be self-inflicted, but we were well aware of our over-reliance on the US.

Canadian businesses have been focused on competitiveness for just as long. In a [2015 follow up](#) to the [2008 Federal Competition Review](#) "Compete to Win," the [Business Council of Canada](#) noted six years after the report's release that "The underlying pressures facing Canada as it competes in the global economy have not abated. More than ever, we need all the advantages that a competitiveness-focused policy regime can give. The unfinished business from the Wilson panel should be a renewed priority for a country that seeks to "compete to win".



Optimism about the future is also less positive today than it was near the end of the last decade. In November 2017, less than half of Canadians surveyed (42%) held a positive view on the outlook for the country over the next ten years. Pessimism increased over time, and by November 2024, just one-quarter were optimistic about the future of the country in the next decade.

More worrying is the fact that these numbers are even bleaker for younger Canadians. In fact, the only generation that continues to thrive are Boomers. Their children and grandchildren are more likely to say they are “struggling” or “sinking.”

So, in a way, we should be thankful that President Trump finally got our leaders to stand up and pay attention to the economy. But before we laud Trump for shocking us out of our stupor, it’s important to turn our attention to our own leaders. Let’s not succumb to panic prematurely. Business leaders are doing what they can to facilitate a “Buy Canada” movement, and now it is time for our government leaders to lay out a credible plan for economic renewal.

Let democracy in Canada take its course. While some may say now is not the time for an election, the current crisis offers the perfect opportunity to have a serious conversation about the economy that we haven’t had since 1988; that conversation should be held right at the time Canadians select their next government. Rather than a mudslinging, polarizing debate that pits region against region or young against old, we need to let our leaders know that the next election is the ideal time for us to finally talk about the serious issues.

Governments however, were not inclined to act as long as Canadians seemed comfortable. In December 2013, economic optimism was relatively high. Close to seven in ten Canadians perceived the economy as either very good or somewhat good. Over the following decade, optimism gave way to doubt. By December 2024 after suffering through a pandemic and high inflation, only 36% of Canadians maintained this optimistic outlook on the economy. Successive governments failed to solve the problems identified as far back as 2008, and when the pandemic hit, the Canadian economy had not marshalled the resources to avoid massive deficit spending. Long forgotten were the [promises of the 1990s](#) that we would never again put Canada in a position where debt threatened our very existence.

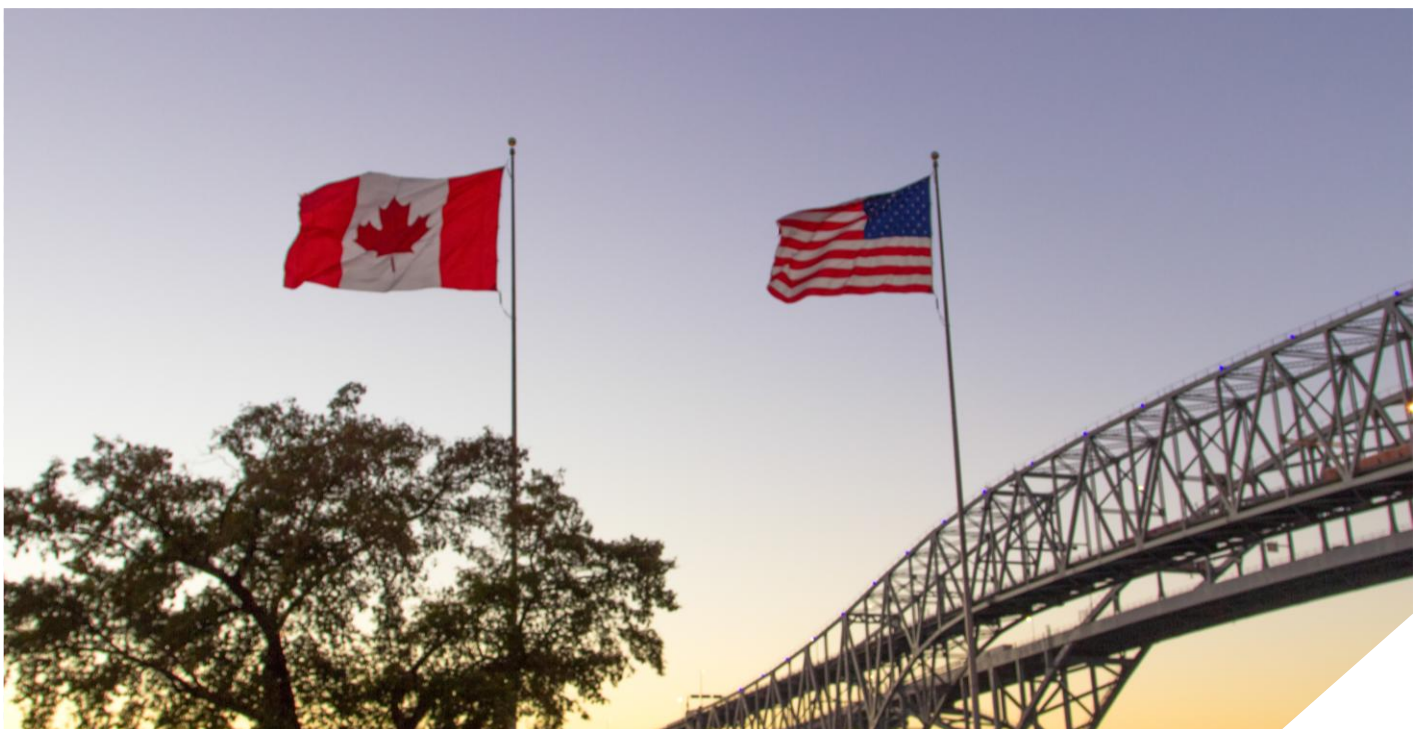


We should seize the opportunity to thoroughly scrutinize the strategies proposed by political parties, foster a rich debate, and as a country, determine the best way forward for our nation. If we can do this, we will ensure that the upcoming federal election is about more than slogans on how to fight Trump's tariffs. They are the straw that finally broke the camel's back. As the Financial Times [recently stated](#), it is "time for tough choices to make it easier for Canadian businesses to invest and compete."

The tariffs may be the issue that we are rallying around, but tariffs are not the root cause of what ails us. Indeed, neither Trump nor his tariffs are to blame for the fact that many Canadians struggle to afford housing or have been unable to access medical care in recent years. Trump did not give rise to inflation – though he may yet contribute to it – nor did he widen the gap between generations over the past decade. We did that to ourselves through complacency and by allowing our leaders to ignore these issues for so long.

For the most part, Canadians understand that Trump himself is not the main issue facing Canada today. In the most recent wave of Ipsos' study [Trump, Tariffs and Turmoil](#), only 31% agreed that when "Trump goes away, all of Canada's problems go away." The remaining seven in 10 Canadians know we are in this for the long haul. In fact, seven in 10 Canadians also agree that the type of Canada-US trade and economic disputes we are experiencing now will continue for several years.

For more proof, look at the outcome of the recent Ontario election. While Premier Ford got his mandate to deal with Trump, voter turnout was similar to 2022 – despite very different challenges – and the PC Party's gain was just slightly less than 2% more of the popular vote than they garnered in 2022. Perhaps the low turnout is because close to half of Canadians say they have lost all faith in elected officials to manage the relationship with the United States.



An election that focuses on long term gain offers a real opportunity to reverse Canadians' apathy when it comes to participating in the democratic process to affect positive change, but it's not without its challenges. Younger Canadians already feel like they are on the outside looking in at an economy that still seems prosperous only for their grandparents. As a result, they want change. They want their own version of the Canadian dream. Most don't have a lot to lose, so they are willing to take more risks for a better long-term gain.

Older Canadians meanwhile, want a return to the economic order that has been so good to them for so long – steady growth and strong social supports. They are risk adverse and very much in a protective mode. They have lots to lose. Squaring this generational circle will be a big challenge for party leaders, if Canadians demand that we have this conversation. So far, the contending parties have yet to demonstrate widely different proposals that speak to both older and younger Canadians. This may be the result of their efforts to walk a fine line between those who want to preserve the status quo and those excited to lean into a brave new economic world.

Despite panic over tariffs, the Canadian economy won't collapse over the next sixty days. We have enough resiliency to hold an election and take the time to consider the options, and plan for a diversified future. And while that's happening, Canadians are doing their part to find and buy Canadian goods, arguably the easier part of a larger effort to come. Canadian business are doing what they can to promote Canadian products. And the provincial premiers are making some progress on removing inter-provincial trade barriers so that goods might one day flow freely between all provinces, and Canadians.

An election focused on the short term – just getting rid of the tariffs – will deliver short term results. It's also the easiest campaign choice for the major parties, as it becomes about personalities and building trust and/or sowing division to win power. It's a choice they should nonetheless avoid.

An election focused on where we want Canada to be in 2040 might just ensure that the youngest generations get a chance to experience the Canada that the Boomer generation already did. We haven't had a consequential election since 1988; let's have one now. It will be hard work to bring the varying regional views to the table and knit together a new vision for Canada that appeals to young and old, but the data doesn't lie. It's a conversation that is decades overdue.

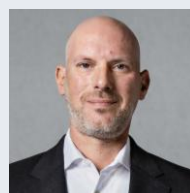
**For more information, please contact:**



**Mike Colledge**

*President*  
ESG Canada

[Mike.Colledge@ipsos.com](mailto:Mike.Colledge@ipsos.com)



**Gregory Jack**

*Senior Vice President*  
Public Affairs Canada

[Gregory.Jack@ipsos.com](mailto:Gregory.Jack@ipsos.com)