

Intelligence MEMOS



From: John Manley and Martha Hall Findlay
To: Concerned Canadians
Date: October 8, 2024
Re: **TROUBLE FROM TRUMP II: LET US COUNT THE WAYS**

It is critical for Canadians to have a conversation now about the prospect of a second Trump presidency. While the decisions of any US president reverberate in Canada, Trump's worldview and governing style could wreak havoc on our politics and economy.

We have three major concerns for Canada with a Trump presidency as we outlined in the [latest Regent Debate](#) hosted by the C.D. Howe Institute: Damage to the Canadian economy, geopolitical security and a sinister, insidious deterioration of our discourse and democracy.

Conrad Black and former New Jersey governor Chris Christie argued the other side in the debate – that a Trump return was an opportunity for Canada – and it was a spirited discussion, but we did not leave sharing Black and Christie's optimism.

The policies Trump advocates, particularly his love of tariffs and tax cuts, funded by borrowing, carry huge economic risks. While these risks are going to be felt globally, Canada and Mexico are particularly vulnerable.

We are not protected by the [CUSMA](#), a deal negotiated during the first Trump administration, only because he threatened to tear up NAFTA. It took immense effort just to salvage what we could of the critical trade arrangement.

The agreement has a renewal window in 2026, thus providing an opportunity for new demands to be made by the administration, not to mention Congress. To be clear, Canada faces the strong likelihood that it will not be renewed, regardless of a Republican or Democratic president, as anti-trade sentiment is strong throughout the US. But we are confident that a Harris presidency would at least listen to reason and engage in adult negotiations.

And Canada's leverage? Unlike earlier negotiations for the original FTA (when the US needed our energy) and NAFTA, when Mexico was brought in, and even for the CUSMA when, thanks to a major Canadian effort, many state legislators understood the importance of trade with Canada – we have lost leverage.

Ironically, the key issues that anger the Americans – both Republican and Democrat – are our dismal record on defence and Arctic sovereignty spending; our supply management system for dairy, poultry and eggs; and our new digital tax that the Americans say targets only US companies. All are issues that Canada should be fixing for its own sake, not because of US pressure. But the threat from south of the border should be focusing our minds.

US demands from any administration will be difficult for any Canadian government to meet. But if they are driven by Trump, with the rapacious views of Robert Lighthizer, who negotiated CUSMA as US Trade Representative and could possibly become Secretary of Commerce if Trump is re-elected, they could prove disastrous. Lighthizer told Canadian business leaders in Calgary in May that "I'm coming for you."

And remember that even as CUSMA was under negotiation, President Trump introduced tariffs on Canadian steel and aluminum on bogus national security grounds.

Trump is impulsive, unpredictable and transactional – incapable of seeing that a united North America is in a better position to compete with Europe and Asia than the US alone. There is no win-win with Donald Trump: In any negotiation where he has the upper hand, he wins.

His policies of tax cuts, less regulation and higher tariffs could lead to a serious drain of investment dollars from Canada to shelter behind Trump's protectionist walls.

There is no question Canada needs to up its economic game – we have much to do to bring back our sagging prosperity and attract the critical investment needed to improve our productivity and our GDP. That will take time, but we must. We just don't need devastating Trump economics to force us.

Now is the time for the federal government, provinces and businesses to be working together to make the case for North America, not only with the future administration, but with Congress, states and big city mayors as well.

Trump is an unprincipled, vain and crude man who has no ability to self-regulate and has exacerbated the vulgarization of politics. He has normalized lying, cheating, bullying and misogyny to the point that it is seeping into Canadian political conversations.

In short, Donald Trump is a clear and present danger to the democracy of our only neighbour – and therefore to us. We may choose our friends, but we do not choose our neighbours. We have no vote. We have no power to change his behaviour. We can only hope we do not get him as the next US president.

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