

Intelligence MEMOS



From: Christopher Worswick

To: Concerned Canadians

Date: February 3, 2025

Re: **ON NATIONAL UNITY, IT'S THE ECONOMY, STUPID**

Canadian unity is back on the agenda, given the strong polling of the Parti Québécois and its commitment to a sovereignty referendum.

Sovereignty support sits around [36 percent](#), and there is justifiable concern over the outcome of a third Quebec referendum campaign. For one, it could occur with a new recession and frequent incendiary comments from Donald Trump, who has targeted the valuable American trade supporting our economy.

Even more concerning, as the gap between US and Canadian GDP per capita widens, a recent Leger poll found 13 percent of respondents nationally supported Canada as what Mr. Trump has called the '51st State,' with 19 percent of respondents in Alberta endorsing Mr. Trump's suggestion, and 18 percent support in Manitoba and Saskatchewan. These numbers from Western Canada are far from a majority, but they are equivalent to half of the support for sovereignty in Quebec.

All of this points to a bitter truth: Our national unity crises have cultural factors, but at the source of it are deep-seated economic issues – weaknesses that have been starkly brought to the fore with Mr. Trump's tariff threats.

Division thrives when living standards are under threat when people do not see their government protecting them from economic shocks. More than ever before, Canada must prioritize its economy, because if we do not, we risk the country falling apart.

We've had a taste of this moment before. At the time of the 1980 referendum, when inflation was high and the Canadian economy was weak, there was widespread belief that should Quebec vote for sovereignty, the remaining provinces would be swallowed up by the United States.

Through the twists and turns of constitutional politics between 1980 and 1995, and as inflation subsided, confidence grew among English Canadians that Canada would carry on even if Quebec opted for sovereignty.

Meanwhile, the divisive political battles, high inflation and decline in GDP per capita in recent years have taken a toll.

If a majority of Quebecers voted for sovereignty in a third referendum, would the rest of Canada stay together? Probably, but the risks of a fragmentation of Canada are growing.

We should recognize our weakened national unity and work towards improving key economic policies so that a united Canada appeals to all Canadians. Many of our policy challenges require responses from both federal and provincial governments. A coordinated approach to solving these issues would not only lift this country but also demonstrate the value of federalism.

We should double down on our identity as a trading nation by adding to our impressive list of free trade agreements. Our relationship with the United States will no doubt become less cooperative under the current US administration. We should ignore the political noise and try to benefit as much as we can from economic integration with America. In addition, if we are faced with US tariffs, responding in kind will be tempting, but we should limit our response to the extent possible. Trade restrictions are likely to hurt Canada and will invariably affect regions of the country in different ways, worsening national unity.

Immigration has followed a roller coaster over the past seven years, expanding dramatically and then being cut back to historical levels. Renewing our focus on high-skilled immigration rather than filling lower-wage jobs will help raise our average skill level and standard of living. Also, we need to rethink our international student policy. We should prioritize students in academic programs likely to have higher income jobs after graduation since many of these students will want to remain as economic immigrants.

Given that immigration is a shared federal and provincial jurisdiction, we will need co-operation from both levels of government to achieve an economic immigration program that benefits Canada to the greatest extent possible.

Canadian housing affordability has declined in recent years as we seem unable to build housing fast enough to match our population growth. If this continues, more young Canadians will become disillusioned with Canada and may be attracted to alternatives such as Quebec sovereignty or Western separatism. We must make it a national priority to ensure that housing expands with population growth so that we can gain the important economic benefits from skilled immigration while also ensuring that all Canadians can afford housing.

We should see our national unity issues as opportunities to rally support for addressing these significant policy challenges. If provincial governments recognize that a united Canada is not guaranteed, they will be more flexible in terms of finding policy solutions to our economic challenges. Constructive federal-provincial cooperation on these questions could go a long way to convince Canadians that we have a future together.

Christopher Worswick is chair of the Department of Economics at Carleton University and a Research Fellow at the C.D. Howe Institute.

To send a comment or leave feedback, email us at blog@cdhowe.org.

The views expressed here are those of the author. The C.D. Howe Institute does not take corporate positions on policy matters.

A version of this Memo first [appeared](#) in The Globe and Mail.