GZERONORTH
the politics of canada-us relations

Dear friend,

Happy “Are we 48 hours from a trade war?” Thursday. Today we feature an exclusive new Abacus Data-GZERO Media poll about American views on tariffs on Canada. But even as we follow that political news, please pause for a moment to think of the victims of the horrific plane crash in Washington, DC, where the scope of the tragedy is still setting in for everyone.

Here’s what we have on the docket for you today:

- Polls point to Liberal gains
- Kennedy and Patel’s confirmation hearings
- Who wants a rate cut?
- Under the big top of Trump’s Canadian circus
- **Annex Canada:** How many Americans are in?
- **Plus:** Some timber-ific imports

But first: Won’t you be my … Frenemy?

It’s not a beautiful day in the North American neighborhood. Two days before the Feb. 1 deadline **Donald Trump** set to impose tariffs on Canada, Abacus Data and GZERO Media have an exclusive new poll on American attitudes toward their closest ally and neighbor. The upshot? This is the dawn of the new age of the *political frenemy*. Longtime American allies like Canada have now reshaped their view of their largest trading partner into something much more threatening, going from friend to frenemy.

The **Abacus Data-GZERO** poll surveyed 1,500 Americans on politically radioactive issues like tariffs, fentanyl, and immigration. On the big one, tariffs, 47% of Trump voters support a 25% tariff on Canadian goods, while 67% of Democrats oppose it. Why the split? Republicans see it as a pain-free exercise. Only 19% of Trump voters believe tariffs on Canada will have a negative impact on them, as opposed to 65% of

impact of tariffs or Canadian retaliation," says **David Coletto**, CEO of Abacus. "They may see it as cost-free now, but that blind spot could become a real liability if people start feeling the economic hit."

Canadian officials have made an extraordinary effort to convince Americans that punishing Canada with high tariffs will drive up the cost of their goods, but it's worked about as well using winter boots to skate on ice. "Everything the American consumers buy from Canada is suddenly going to get a lot more expensive," Prime Minister **Justin Trudeau** told CNN a few weeks ago, using examples like energy. "Canadian energy powers American manufacturing, businesses, and homes," he said.

Clearly this has not landed with Trump voters, who not only see tariffs as a net benefit to Americans but believe that Canadians are taking advantage of them.

To read the rest of my column about the exclusive poll results and moving from friend to frenemy, please click here. Otherwise, here's what else we have for you.

— Evan Solomon, Publisher

What We're Watching: Liberal polling shift, Central bank moves, Foreign meddling?, Liberal government could survive, Tough days for Cabinet picks



Carney, Trump, and Trudeau shape Canadian political shift

Is federal public opinion changing in Canada? Several recent polls show a resurgence for the Liberal Party, paralleled by a decline in Conservative support. For the past year, the Conservatives have led with double-digit margins, most recently as high as 25% just a month ago. But this advantage has steadily diminished, with the latest EKOS survey showing the gap narrowing to a mere three points as of late January.

In addition to EKOS, Leger's January 2025 survey shows the Conservative lead shrinking to 18 points, with the Liberals gaining 4 percentage points since the last measurement. Similarly, Abacus Data reports a decrease in the Conservative lead, now standing at 21 points, reflecting a three-point drop for the Conservatives and a two-point rise for the Liberals. An aggregation of public opinion surveys still shows the Conservatives forming a majority government, however, but with slightly fewer seats than last month.

What's behind the shift? Both Trudeau and Trump. Polls started moving after unpopular Prime Minister **Justin Trudeau** resigned in early January, and after President **Donald Trump** took office and threatened to impose 25% tariffs on Canadians and make Canada the 51st state. Additionally, the entry of former Bank of Canada and Bank of England Governor **Mark Carney** into the Liberal leadership race has upped the party's appeal: Polls show he is the best positioned among the candidates to expand the party's voter pool, as Canadians look for a "Captain Canada" to stand up for their country and cure its economic malaise.

A tale of two central banks

On Wednesday, the Bank of Canada cut interest rates, but the US Federal Reserve did not. After three cuts in a row, the Fed's decision to hold rates steady, between 4.25% and 4.5%, was expected as unemployment has dropped and stabilized. Still, it will irritate **Donald Trump**, who's been clamoring for another cut.

North of the border, though, the Bank of Canada went ahead with its *sixth* cut in a row, this one a modest 25 basis points, bringing its interest rate down to 3%. The bank noted an inflation rate of about 2%, a soft labor market, and an unemployment rate of 6.7% in December — and looked ahead to a potentially rocky 2025 for the country economically, even as it expects GDP growth to pick up this year. Maybe.

the country into a recession and send inflation soaring. The Canadian Chamber of Commerce warns that a 25% duty alongside retaliatory tariffs would cost Canada 2.6% of GDP *per year* — roughly CA$78 billion — while the US economy would take a 1.6% percent hit, coming in at US$467 billion.

Should Trump's threatened tariffs be implemented, the two central banks may quickly align themselves on the need for more, perhaps steeper, rate cuts.

Foreign interference report delivers mixed bag

The good news is there are no "traitors" in Canada's Parliament. The bad news? Foreign interference is still a problem and a big one. On Tuesday, the seven-volume final report on foreign interference in Canadian democracy found that some members of parliament were not exercising their best judgment when dealing with foreign states. The states that feature prominently in the report include Russia, China, and India.

"There are legitimate concerns about parliamentarians potentially having problematic relationships with foreign officials, exercising poor judgment, behaving naively, and perhaps displaying questionable ethics," writes Justice **Marie-Josée Hogue**, who nonetheless found no treason or conspiracy.

She did find, however, that foreign interference, including the spread of mis- and disinformation, is a "major risk to Canadian democracy" that must be addressed. She writes that "information manipulation" is, in fact, "the single biggest risk" to democracy in Canada.

The landmark report includes a slew of recommendations (51, in fact) for combating foreign interference, including better information-sharing protocols, smoother cooperation across orders of government, giving party leaders top-secret security clearance — something Conservative Party leader **Pierre Poilievre** has refused to do — and tighter rules for leadership elections to limit votes to Canadian citizens and permanent residents.

A (brief) spring election freeze?

Will they or won't they? It's been a lot, watching and waiting to see if Canada will face an early election this spring. When **Justin Trudeau** announced in January that he'd

and prime minister, a spring election seemed certain. Now, maybe not.

The country isn't due for a vote until October of this year, but the Conservative Party, way up in the polls, is begging for one. And, until recently, it looked like they'd have the backing of the New Democratic Party.

NDP leader **Jagmeet Singh** has said his party would bring down the government and force an election "at the earliest opportunity," but he now says the New Democrats could work with the Liberals to pass legislation to help individuals and businesses hurt by **Donald Trump**'s impending tariffs.

"I will be voting against the government at the earliest opportunity," Singh said Tuesday, before contradicting himself. "If the Liberals are serious, though, about a plan to support workers, call the opposition leaders together. Discuss that plan with us."

So, it's not entirely clear what Singh's plan — and the fate of the government — is. In a recent appearance on "The Daily Show," **Mark Carney** hinted that should he win the Liberal leadership race, he might call the election early himself. With parliament set to return on March 24, Singh, and whoever is prime minister by then, will have to decide what the plan is and whether Canadians will head to the polls in the spring or later in the year.

Trump's rockiest Cabinet picks get spicy hearings

It was a rough few days for **Robert F. Kennedy Jr., Donald Trump**'s pick to run the Department of Health and Human Services. The day before the confirmation hearings got underway, his cousin **Caroline Kennedy** called him a "predator" and said the Senate should reject his nomination.

RFK Jr. proceeded to struggle through his appearance in front of the Senate Finance Committee on Wednesday, botching answers to questions on Medicare and raising questions about his chances of being confirmed. In a second appearance on Thursday, this one in front of the Senate Health, Education, Labor and Pensions Committee, he had another rough go, clashing with Sen. **Bernie Sanders** over vaccine safety and effectiveness and stumbling over Medicare questions once again.

FBI head nominee **Kash Patel** had his own raucous hearing on Thursday, though he tried to smooth over concerns about his fitness to lead by distancing himself from

seeming facade being constructed around this nominee here today and what he has actually done and said in real life when left to his own devices."

Nonetheless, both Kennedy and Patel could squeak through the Senate. If they do, Republicans would still face their biggest confirmation challenge. Director of National Intelligence pick **Tulsi Gabbard** was also put through the wringer on Thursday in front of the Senate Intelligence Committee. She might face the longest odds of any Trump Cabinet pick, and the GOP will likely struggle to confirm her in the days to come.

The Trump circus comes to Canada



Donald Trump hadn't even settled into his office before his presidency was dominating politics — not only in the United States but also in Canada. His threat of across-the-board tariffs of 25% and musings about conquering the country with which the US shares the world's longest undefended border startled politicians north of the 49th parallel — as well as journalists, industry leaders, and just about everyone else paying attention.

One, the president revisited his idea of Canada becoming part of the republic, calling it “a country that should be a state.” Trump claimed that if Canada were to join the US, it would have better health care, lower taxes, and “no military problems.”

The scale at which Trump’s agenda and musings have reshaped politics in Canada is, as the president himself might put it, *huge*. The president has turned the Canadian political landscape into a circus, affecting everything from the Liberal leadership race and the campaigns for the soon-expected federal election to the just-launched Ontario election and the trajectory of public policy.

“Given that managing relations with the US and keeping the border open to the free flow of goods are Canada’s primary national interests,” says **Graeme Thompson**, a senior analyst with Eurasia Group’s global macro-geopolitics practice, “there’s little doubt that the specter of Trump is going to haunt Canadian politics — both federal and provincial — for the foreseeable future.”

“Upcoming elections in Ontario as well as federally will, in all likelihood, be framed in terms of Canada’s policy response to the Trump administration,” he adds, “including potential tariffs (which, if they don’t arrive on February 1, are almost inevitable at some point later this year or next).”

How are Liberal Party contenders shaping their campaigns to respond to Trump? Why is Trump making it awkward for Canadian conservatives? Get the full story here.

Graphic Truth

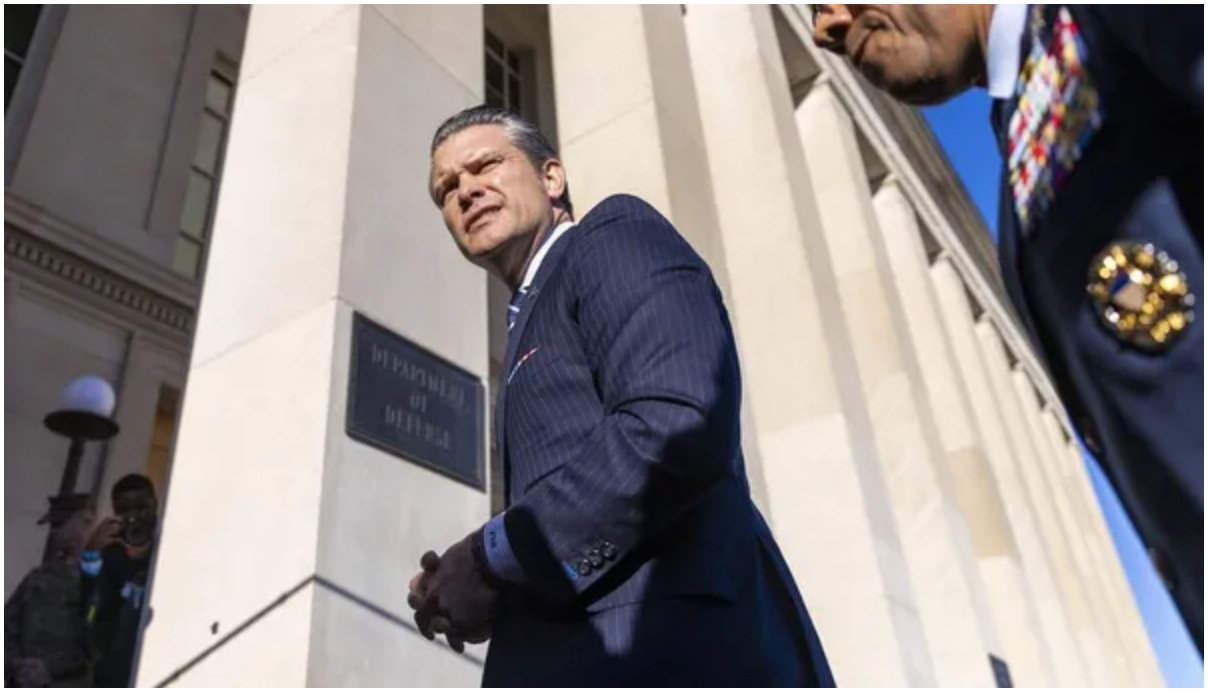


Donald Trump plans to slap 25% tariffs on Canada starting this Saturday, Feb. 1, which could have ripple effects on the US housing market. The United States imports more wood from Canada than any other country, and tariffs will raise construction costs in an already tight market where nearly half of Americans can't afford a home.

After Canada, the US imports most of its wood from China and Mexico — which have also been the target of Trump's threatened tariffs — as well as Brazil and Germany.

HARD NUMBERS: Trump looks to lasers, US economy grows, Americans cool on Canadian

the freeze



60: The US is going back to the future with **Donald Trump**'s call this week to develop a system of space lasers to protect the country from nuclear attack. Under the "Iron Dome for America" plan, Trump has given Defense Secretary **Pete Hegseth** 60 days to develop a plan, which is to include the use of defensive space lasers — a revival of US President Ronald Reagan's vision of Star Wars.

2.3: The US economy showed strong growth at the end of 2024, expanding by 2.3% in the last quarter of the year. For the full year, the world's largest economy grew 2.5%, exceeding most expert's expectations. China, the world's second-largest economy, grew at an official rate of 5%, though experts dispute those statistics. President **Donald Trump** has promised a "golden age" for the US, but the economic impact of his proposed tariffs and massive federal budget/staffing cuts remains unclear.

16: Good news for Canada: Only 16% of Americans support **Donald Trump**'s suggestion to annex Canada, according to an exclusive poll by Echelon Polling, commissioned by GZERO Media. Meanwhile, 23% of respondents supported retaking control of the Panama Canal and acquiring Greenland.

40 million: The whiplashing moves of the Trump administration regarding federal funding for health care research (apparently frozen for review until at least Feb. 1) alongside a broader freeze on all federal grants — which was then rescinded — have

support from the US, are now [illegible] about the future of their work.

This edition of GZERO North was produced by Writers Riley Callanan, Alex Kliment, David Moscrop, Graphic Artists Luisa Vieira, Annie Gugliotta, and Jess Frampton, Managing Editor Tracy Moran, and Publisher Evan Solomon.

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