



# Investment Commentary Addendum: Trump Elects Carney!... Now What?

30 April 2025

# Q1 2025 - Commentary Addendum: Trump Elects Carney!... Now What?



Mark Carney will continue to be our Prime Minister and the Liberal Party will govern our great nation once again. Half of Canada is happy, and half of Canada is wondering what this means for the future of our country.

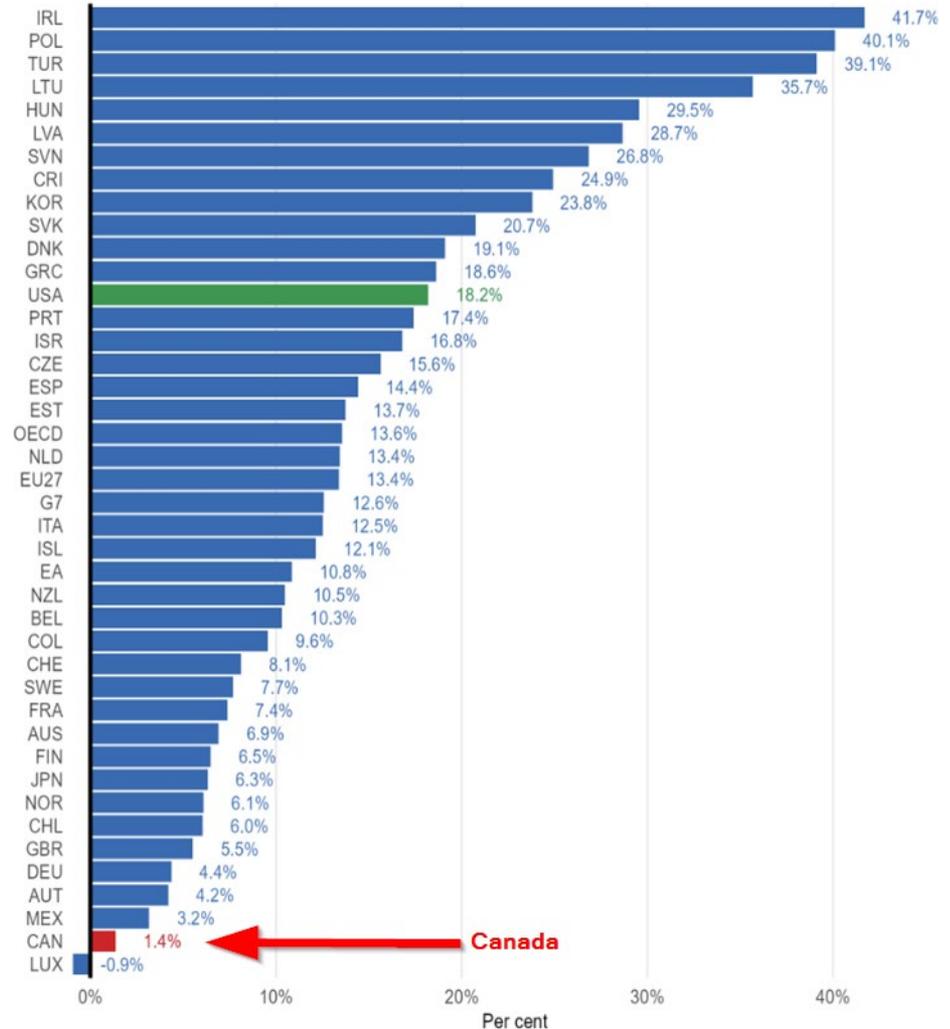
Our country's track record under the governance of Justin Trudeau and the Liberal Party in the last 10 years leaves much to be desired. Our rate of GDP growth has stagnated (see chart to the right, Canada in red). Our housing for most Canadians is unaffordable. Our debt has climbed to record levels. Our budget deficit is also at record levels and the only institution that's hiring is our government, which is bloated with too many people and too much bureaucracy.

For example, our Canada Revenue Agency (CRA) has over 1,400 employees per million Canadians, where the Internal Revenue Service (IRS) has just over 200 employees per million Americans, yet no one would argue that CRA is in any way more efficient or effective. (See full page chart on the final page)

Our taxes over the last 10 years under the Liberal Party seem to have gone in one direction only and they tried recently to raise capital gains taxes as well. That and other missteps caused Trudeau to resign. The Liberals were nonexistent in the polls under the leadership of Trudeau until Trump started talking tariffs. Obviously tariffs are a major problem for Canada and other countries around the world, but they will be dealt with through hopefully timely negotiations.

Real GDP per Capita Growth in the OECD, 2015-Q1 to 2024-Q3

Source: OECD Data Explorer

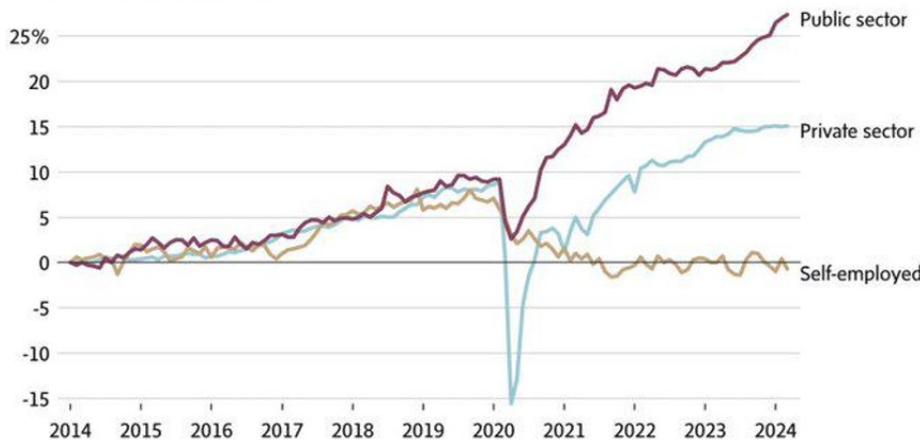


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I'm not sure that one person can make a major difference as that person does not do it alone. Leaders surround themselves with people with better experience and who are wiser with different skills to bring to the table. The Liberal Party and most of its cabinet members, even those who said they would not run again for family reasons, change their minds and decided that they would run because they were up in the polls and now electable.

**The widening gap between public, private and self-employment**  
Percentage change since 2014



THE GLOBE AND MAIL, SOURCE: STATISTICS CANADA, GLOBE AND MAIL CALCULATIONS

The above chart shows that, especially since the pandemic, most of the employment growth in Canada has come from the public sector, with private sector growth being nearly half as much and self-employment declining. This means entrepreneurship and small business represents a declining share of Canadian jobs.

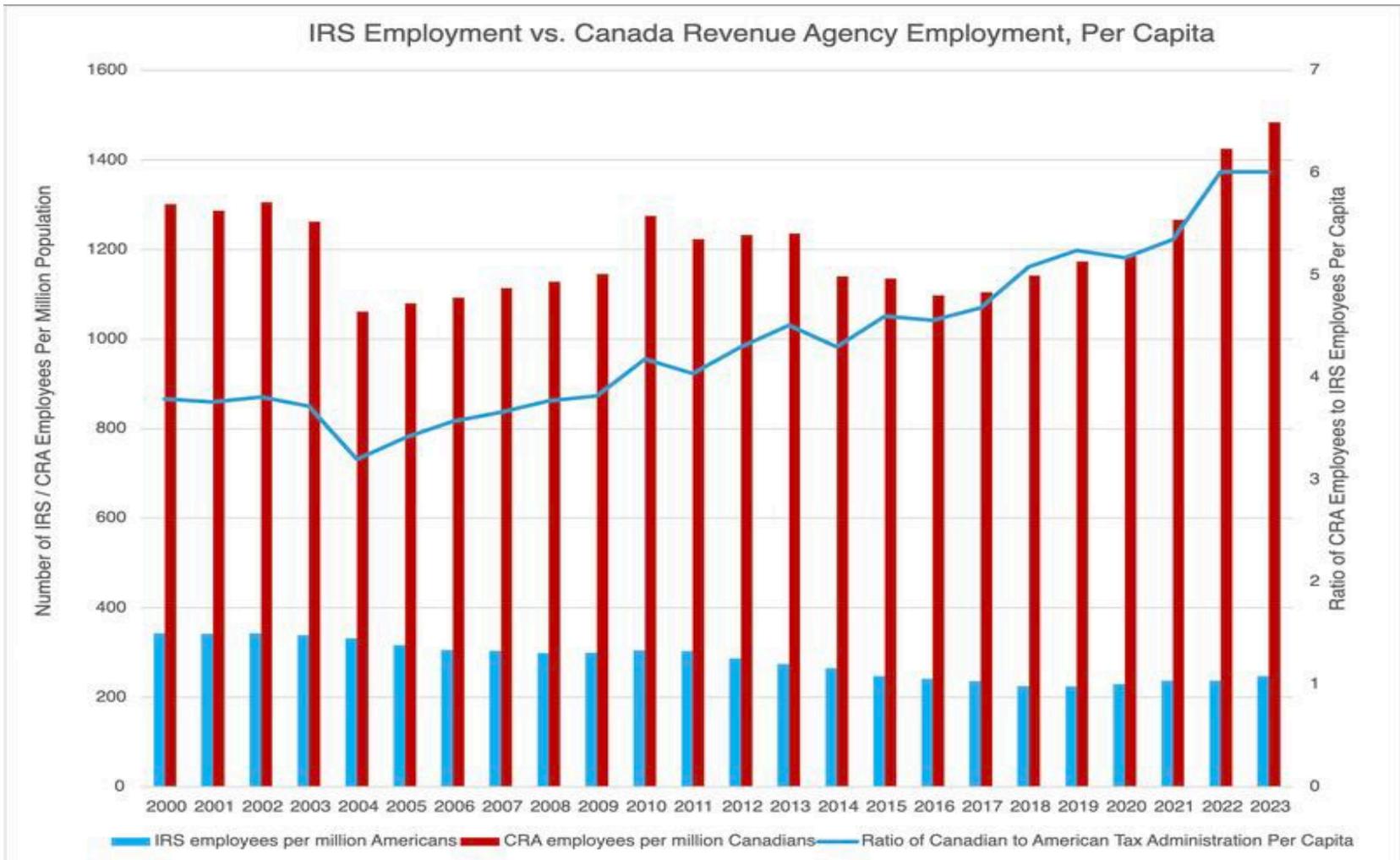
There are many other issues that need to be addressed and hopefully this Liberal minority government will take a page or two out of the Conservative Party's playbook.

Many of our clients have asked us the question, if we left Canada, where would we move? There is no obvious answer to that question and Canada remains a wonderful place to live and raise a family. But questions remain as to how our children and grandchildren are ever going to pay off our national debt which is per capita amongst the highest in the world.

How can we ever solve this housing crisis that may have been exacerbated by our most liberal immigration policy?  
How are we going to keep inflation under control when the government continues to print money without restraint?  
How are we ever to going balance the budget with so many unknowns? Is Carney the right man to negotiate with Donald Trump?

From an investment perspective, Canada is becoming less and less attractive. We will continue to build portfolios using the best managers around the world, ensuring that our clients' fortunes are not moved by political concerns. As for those living in Canada, we now have four more years of the Liberal party, who created many messes, but has not demonstrated that they know how to clean up the messes they made.

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- The above chart shows that the CRA has over 1,400 employees per million Canadians while the IRS has just over 200 employees per million Americans. Stated another way - the CRA has nearly 6 times more employees than the IRS on a per capita adjusted basis.

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