

Canada's new banker prime minister proclaims "new era" of austerity

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Canada's new prime minister, the ex-banker Mark Carney, is pulling out all the stops to signal to the ruling class that the Liberal government he now leads represents a sharp break from that of his predecessor, Justin Trudeau.

This involves changes in policy, personnel and tone. All are aimed at demonstrating that the Carney Liberal government will ruthlessly pursue the interests of Canadian big business against the working class at home, and in the imperialist drive to redivide the world through trade war and military conflict.

During his campaign to win the Liberal Party leadership, Carney attacked Trudeau for "excessive" spending and pledged to cut corporate taxes, slash environmental regulations ("red tape"), push through pipelines and other big business development projects, and rapidly raise military spending to 2 percent of GDP.

He and his finance minister, François-Philippe Champagne, are now promising a "new era of fiscal responsibility." Speaking to reporters Friday just after being sworn in as Canada's 24th prime minister, Carney vowed he and his cabinet will be focused on two priorities: responding to "unjustified foreign trade actions"—a reference to US President Donald Trump's barrage of trade war measures—and "ensuring that government spends less so Canada can invest more."

Making clear he stands four-square for the anti-working class "growth agenda" advocated by the Business Council of Canada and other corporate mouthpieces, Carney said his cabinet is "focused on getting more money in the pockets of Canadians, it's focused on building this economy with all the tools that we have here."

Returning to this theme, Champagne pledged he would be a "spending-hawk" in an interview with the CTV's "Question Period" broadcast Sunday. "We're going to spend less. We're going to invest more," he stated.

In his first official act as prime minister, Carney signed an order-in-council Friday eliminating the carbon tax, the Trudeau government's signature climate-change policy and long a bugbear of Pierre Poilievre and his far-right Conservatives. In a piece of political theatre cribbed from Donald Trump, Carney had reporters ushered into the first meeting of the new cabinet to video-record his signing of the executive order canceling the carbon tax. Repeating Poilievre's talking points, he falsely claimed that the tax's abolition will help "hard-pressed," inflation-squeezed Canadians, adding that it was only one element in "a much bigger set of measures" his government will take "to ensure that our companies are competitive."

In his remarks Friday, Carney also adopted a more conciliatory tone toward Trump than Trudeau had in recent weeks. The one-time Goldman Sachs executive and ex-Governor of the Bank of Canada and Bank of England noted that both he and Trump have business experience, including in real estate. He praised the president as a "dealmaker," and urged they work together to ensure better relations between America and its "largest client in so many industries."

Defending Canadian imperialist interests, including in the war on Russia

Early Saturday, Carney made his first venture as prime minister onto the international stage, attending by video-conference call the meeting that British Prime Minister Kier Starmer convened to organize "a coalition of the willing" to deploy troops from NATO countries inside Ukraine. Like its traditional European allies, Canada's ruling class is aghast at Trump's apparent attempt to negotiate an agreement with Russia to end the Ukraine war over their heads, and views any end to the war short of a demonstrable Russian defeat as a major setback for its predatory strategic interests.

Customarily, a new Canadian prime minister makes his first foreign visit to the White House. Carney has opted, however, to underline Canada's support for the European imperialist powers' push for an "independent"—and at this point more bellicose stance—on the US-NATO instigated Ukraine war, by meeting with Starmer and French President Emmanuel Macron separately early this week.

Far and away the preferred option of the Canadian bourgeoisie is to secure a recognized place as US imperialism's junior partner within a US-led "Fortress North America." Like Trudeau, Poilievre and the rest of the Canadian political establishment, Carney has repeatedly trumpeted the benefits of the more than eight-decade-long Canada-US military-security partnership. But with the would-be fascist dictator Trump effectively abrogating the US-Mexico-Canada trade (USMCA) agreement and vowing to use "economic force" to compel Canada to become America's 51st state, the ruling class is scrambling to explore other geostrategic options.

Where this will lead, it is impossible to say at this point. Not only is Canada massively vulnerable to US pressure given its dependence on the US market. With US-European relations rapidly unravelling, Britain and the EU powers are at this point far from eager to clash with Trump over something they don't regard as a core strategic interest.

Asked directly if he would appeal to Starmer and Macron for support in countering Trump's annexation threats, Carney ducked the question, saying Canada doesn't need their support. "We're masters in our home," he declared.

What can be said with certainty is that the greater the pressure US imperialism exerts on its weaker Canadian rival, the more viciously the latter will lash out against the working class.

This is already well underway. Behind all the nationalist flag waving and appeals for Canadians to "stand together," Canada's capitalist oligarchy is moving to rapidly intensify its drive to eviscerate working people's democratic and social rights. It is using the crisis and economic dislocation caused by the eruption of trade war to implement sweeping changes for which it has long been advocating.

The trade union and New Democratic Party-backed Trudeau Liberal

government waged war on Russia; gave full-throated support to Israel in its genocidal assault on the Gaza Palestinians; massively increased military spending; dismantled all anti-COVID measures while pivoting to “post-pandemic” austerity; and cooked-up a patently illegal reinterpretation of the Canada Labour Code to outlaw worker job action. Yet well before Trump’s November election victory, an ever increasing section of the bourgeoisie was agitating for the coming to power of a Poilievre-led Conservative government to initiate a Trump-style frontal assault on the working class.

Carney is now trying to convince corporate Canada that a revamped Liberal government under his direction can implement much of the Conservatives’ agenda of austerity, privatization, deregulation and rearmament, thereby strengthening the global competitive and strategic position of Canadian imperialism; but without the same risk of provoking a social upheaval from below.

A government of reaction

Anxious to display his commitment to “fiscal responsibility,” Carney has slashed the size of the cabinet from 39 to 24.

Before being sworn in, he named Marco Mendicino as his chief of staff. A Toronto-area MP and former Public Safety Minister, Mendicino repeatedly attacked the Trudeau government for not cracking down even more arbitrarily and ruthlessly against anti-genocide protesters.

Of Carney’s changes to cabinet, the most important was giving the finance minister portfolio to Champagne, a protégé of the multi-billionaire Desmarais family and the most avowedly pro-big business member of the outgoing government.

Dominic LeBlanc—who only became Finance Minister last December after the Deputy Prime Minister and Finance Minister Chrystia Freeland resigned in a manner designed to cause maximum damage to Trudeau—remains at the centre of the government and its negotiations with Washington. He is now Minister of International Trade, with special responsibilities for the Canada-US file, and Intergovernmental Affairs. The two other ministers who have been leading negotiations with the Trump administration, Foreign Affairs Minister Mélanie Joly and Public Security Minister David McGuinty, retained their portfolios.

Freeland, who finished a distant second in the Liberal leadership race, has returned to cabinet as Transport Minister. As the *World Socialist Web Site* has detailed at length, Freeland, a notorious anti-Russia war hawk, personifies at the highest levels of the state the decades-long alliance between Canadian imperialism and the Ukrainian far right.

Steven MacKinnon, who as Trudeau’s Labour Minister has repeatedly legalized strikes by government decree, retains his responsibility for overseeing labour relations. However, the term “labour” has been removed from his job-title, which is now “Minister of Jobs and Families.”

This change was one of a number of changes to personnel and in department names clearly meant to distance the government from Trudeau’s phony “progressive” agenda. That agenda consisted of insincere claims to have working people’s backs, the promotion of identity politics and expansive corporatist ties with the trade union bureaucracy. That said, by eliminating the Labour Minister, Carney is signaling that he has the ear of the many business leaders who denounced Trudeau for being too “union-friendly.” Similarly if Carney is now distancing himself from the Trudeau government’s divisive and racist DEI (Diversity Equity and Inclusion) policies, it is in response to pressure from the right and far right. These forces view DEI and Trudeau’s “progressive” rhetoric as undermining their efforts to whip up a bellicose

Canadian nationalism that venerates “traditional Canadian values,” including the monarchy.

In a similar vein, former Government House Leader Karina Gould has been dropped from the cabinet. During the Liberal leadership campaign, Gould criticized both Carney and Freeland for moving too sharply away from “progressive” Liberal values.

Carney has been trying to bring some well-known, right-wing ex-politicians into his government, including Jean Charest and Carlos Leitão, but to date none has responded positively to his courting. Charest, who as Quebec premier led the savage state assault on the 2012 Quebec student strike, ran against Poilievre for the Conservative Party leadership in 2022. As finance minister in Philippe Couillard’s Quebec Liberal government from 2014-18, Leitão imposed massive social spending cuts that brought public services in Quebec to the brink of collapse.

“Canada strong” versus “Canada First”

While moving the government sharply to the right, Carney has attacked Poilievre, who championed the fascist-instigated Freedom Convoy that menacingly occupied downtown Ottawa in early 2022, for being a Trump ally and acolyte. The Liberals have also noted that Poilievre has been endorsed by Elon Musk, the world’s richest centibillionaire and close Trump ally.

This is but the latest rendition of the Liberals’ longstanding ploy of seeking popular support by posturing as the only viable “progressive” alternative to the Tories. Then, once in office, they impose the agenda of big business, including frequently even harsher versions of the very Tory policies they previously attacked.

Pierre Elliott Trudeau, Justin Trudeau’s father, famously won reelection in 1975 by exploiting popular opposition to the Conservatives’ advocacy of wage controls, only soon after to implement a three-year wage control program that slashed workers’ real wages. In the 1993 election, Jean Chretien and his Liberals mocked the outgoing Conservative government for its “fixation” on the deficit. Upon winning election, Chretien imposed the greatest social spending cuts in Canadian history. Not incidentally, Chretien, now aged 91, was on hand at Carney’s swearing-in ceremony Friday to give the new prime minister his blessing.

If the opinion polls are to be believed, the Liberals have surmounted a more than 20 percentage-point gap since the beginning of the year, and are now running neck-and-neck with the Conservatives in popular support.

That the Liberals have any hope of once again using the Conservatives as a right-wing foil is entirely bound up with the politics of the trade unions, the NDP and the middle-class pseudo-left organizations that orbit them.

The unions have systematically isolated and suppressed the wave of strikes that has swept across all sectors of the economy and regions of the country since the fall of 2021. Meanwhile, with the unions’ blessing and encouragement, the NDP has provided the minority Liberal government with the votes to remain in office.

In response to the eruption of trade war with the US, the unions and NDP have rallied round corporate Canada. They have issued bellicose calls for retaliatory measures that will devastate the lives and livelihoods of US workers, while vehemently opposing any and all attempts to unite workers in Canada with their class brothers and sisters in the US and Mexico in a struggle to defend the jobs, wages and social rights of *all* workers.

Whether Carney, campaigning under the slogan “Canada Strong,” or Poilievre, the champion of “Canada First,” emerges as prime minister after the election that Carney is almost certain to call before the end of this

month, the working class will rapidly be plunged into convulsive social struggles. The critical question is the building of a revolutionary leadership that will fight to unite these struggles into an independent political movement of the working class that will counterpose to the capitalist agenda of war, authoritarianism, oligarchy, and the destruction of public services and social rights the fight for workers' power and international socialism.



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