



Standing up to Trump: How is Canada Doing?

**Jim Stanford, Economist & Director, Centre for Future Work
September 2026**

Outline

1. Macroeconomic Check-In: The Ups and Downs of Growth, Stagnation, and 'Technical Recession'.
2. How Canada is Surviving Trump's Tariff Tantrums.
3. A TRUE Elbows Up Strategy: What Canada's Economy Really Needs for Sustained, Inclusive Prosperity.

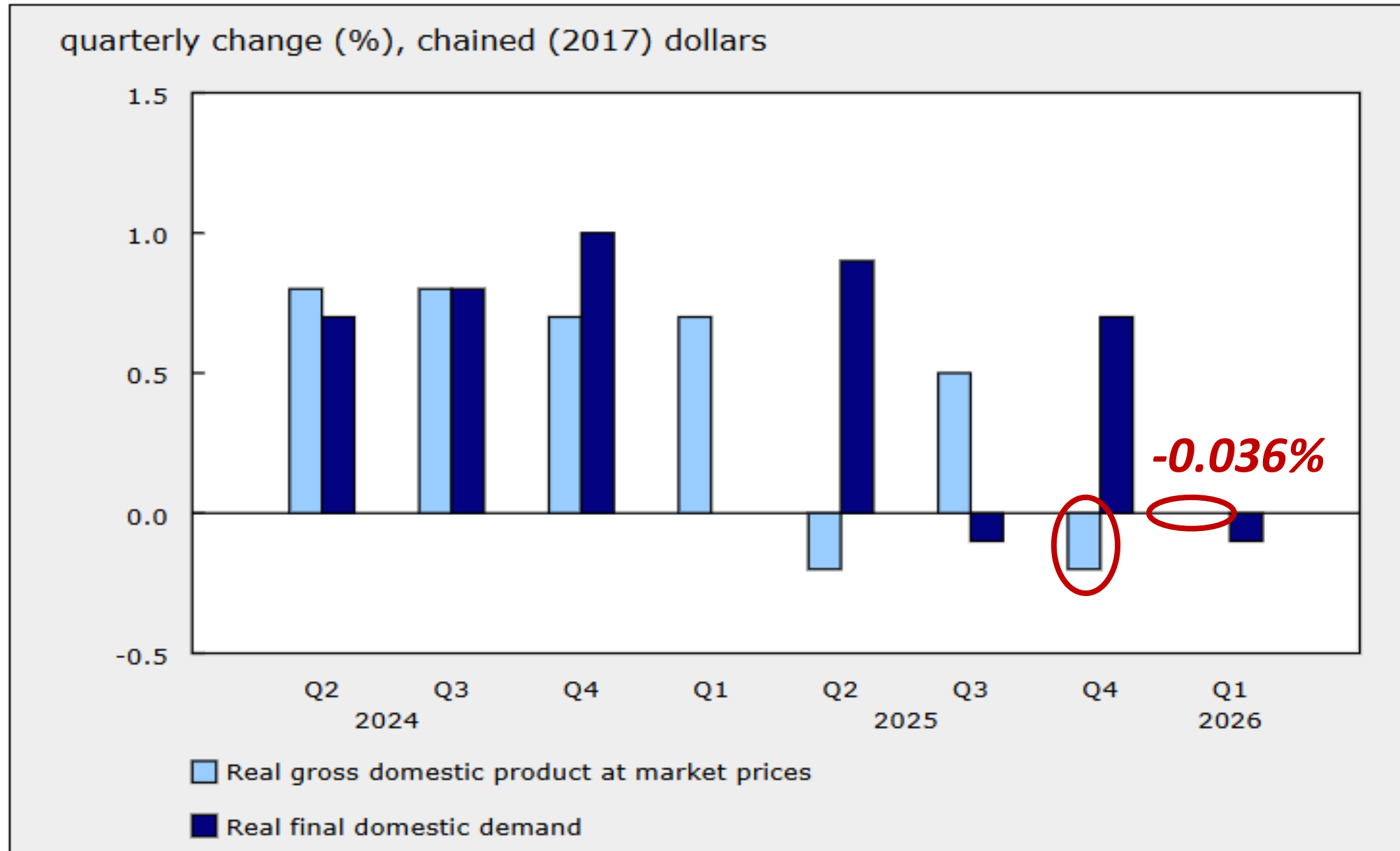


1. Macroeconomic Developments

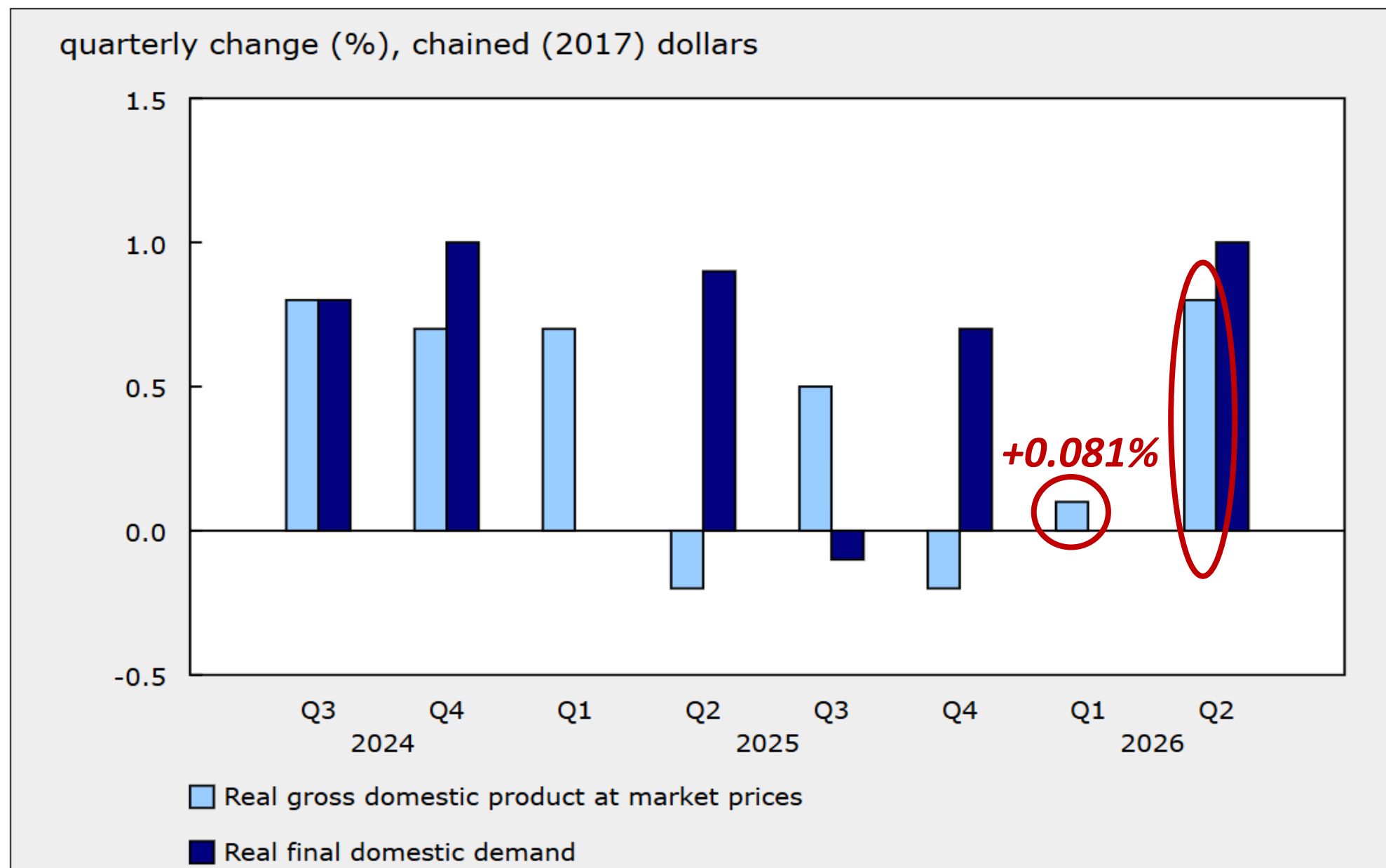
Economic Growth: Canada Hanging In

- Trump tariffs and resulting uncertainty have reduced Canadian exports and business investment.
- Consumer spending still growing.
- Government playing a key role.
- GDP had been flat for two quarters.
- Quirky and small negative numbers seemed to make a 'technical' recession (two consecutive quarters of negative GDP growth).
- It was not a genuine recession.
- Second quarter 2026 GDP was very strong.

A 'Technical' Recession?



...Not!



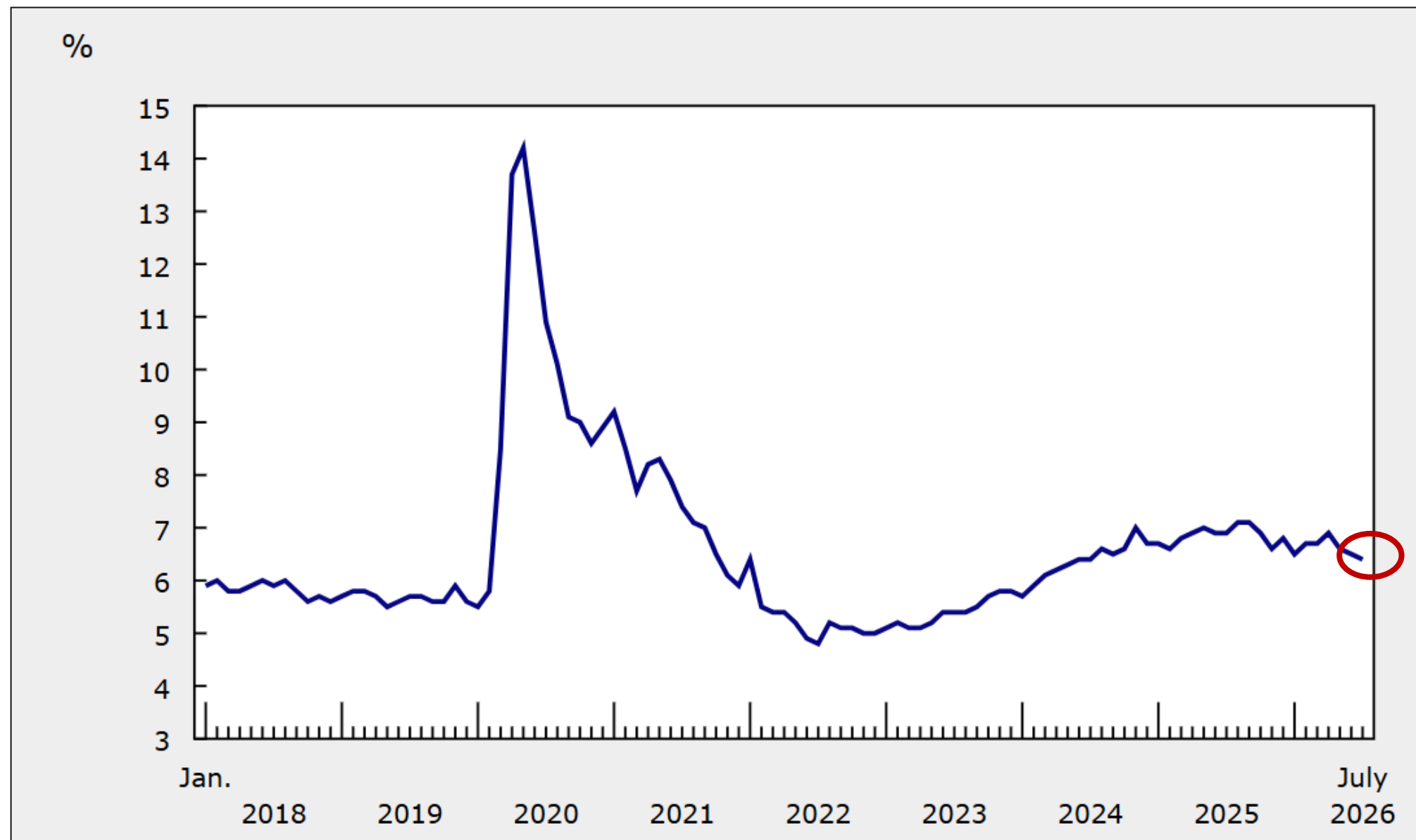
Second Quarter GDP: Firing on all Cylinders

- Consumer spending (real wages growing).
- Government spending (both current services and public investment – biggest on military).
- Housing investment starts to rebound.
- Business investment up.
- Exports up:
 - To the U.S. and to third party markets.
- Not all this will continue, but momentum is positive.

Labour Market: Good News and Bad News

- Bad/Good: Unemployment too high, but falling (6.4%).
- Bad: Employment rate too low (60.9%, 1.5% pts lower than 2023).
- Good: Job-creation has picked up: 200K in last year, more than 100% of them full-time.
- Bad: Certain sectors hard-hit:
 - Manufacturing: -15K yr/yr.
 - Self-employment: -54K yr/yr.
 - Education: -44K yr/yr. (mostly post-secondary)
 - Public administration: -15K yr/yr (mostly federal)
- Bad/Good: Youth unemployment high by falling (12.6%).
- A background factor: Population growth has slowed to zero.

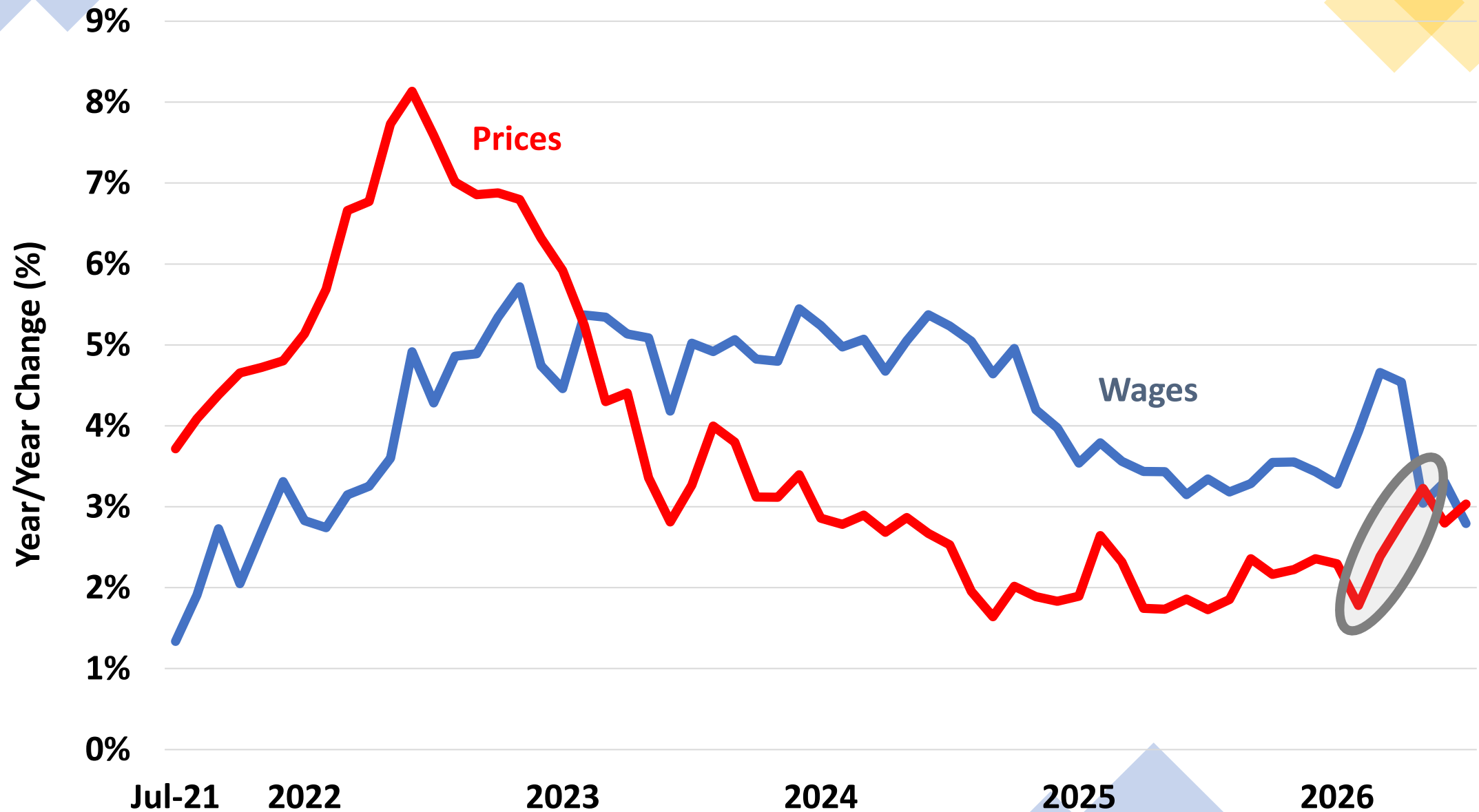
Unemployment: Bumping Along

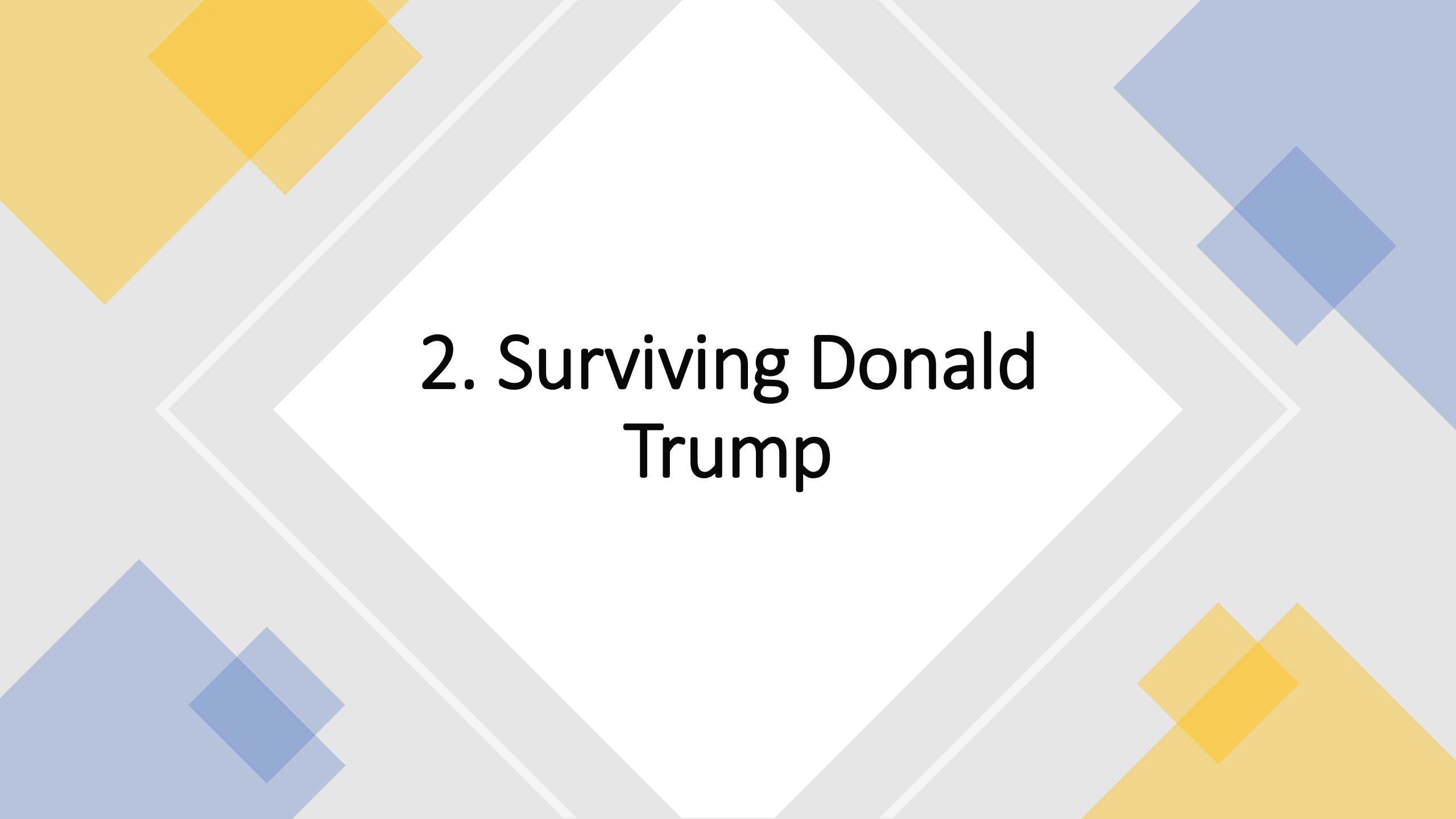


Wage Growth: Past Progress, Future Challenges

- Hourly wages up about 3% year-over-year.
- Reflects mix of:
 - Wage increments.
 - Progression.
 - Sectoral and occupational composition.
- Major contracts: 3.2% so far in 2026 (down from 3.5% in 2025).
- Real wages rebounded nicely after losses of 2022-23.
- But recent acceleration of inflation (Iran war) could damage living standards once again.
- Unions need to keep pushing wage gains.

Wages vs. Prices: The Race Tightens





2. Surviving Donald Trump

Trump's Lies

Opinion | The 5 big lies Donald Trump is telling about Canada's trade — and the facts that shoot them all down

Sept. 12, 2026 | Updated Sept. 16, 2026 | 2 min read



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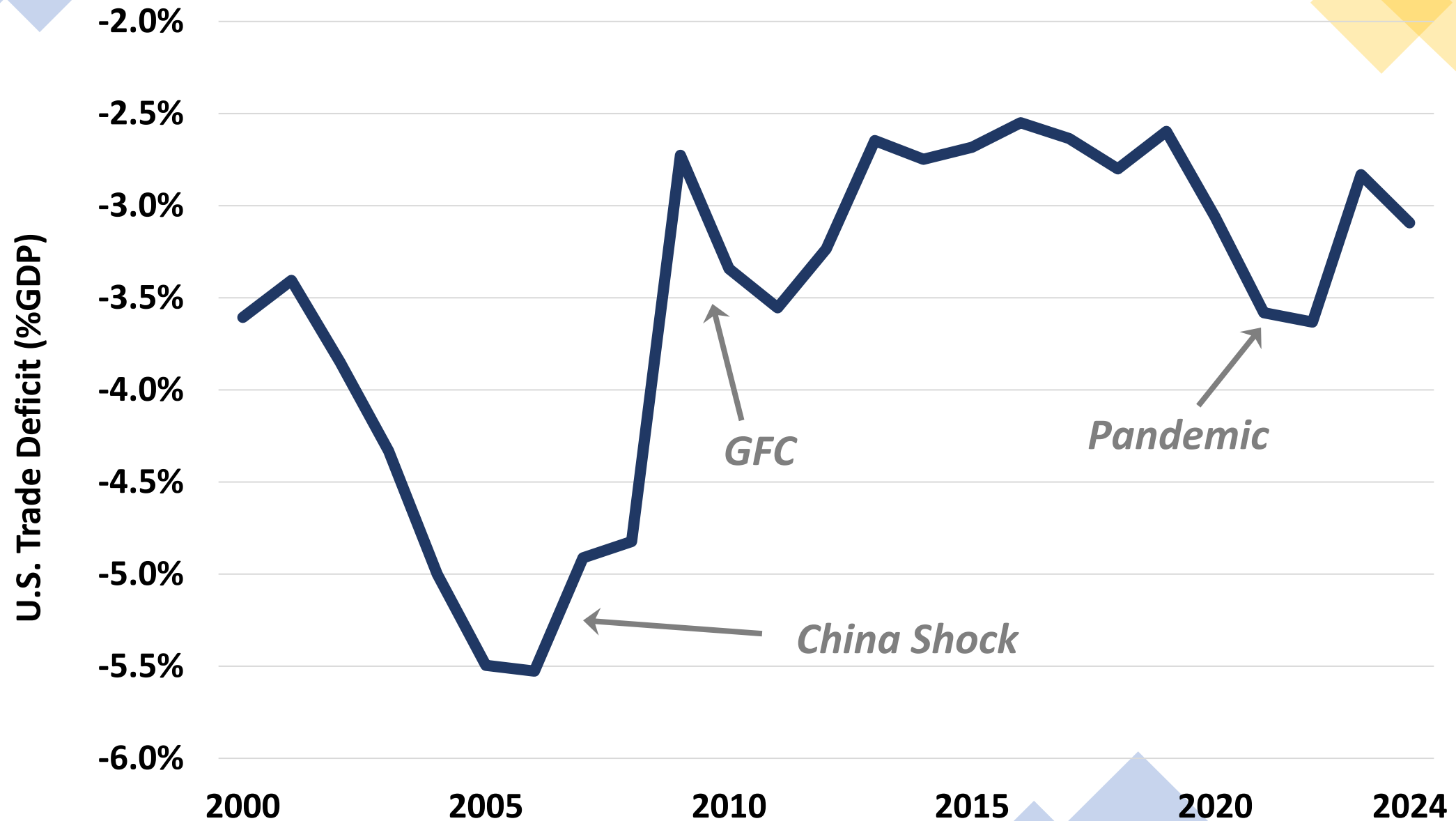


Trump's numbers keep changing because they were never real, writes Jim Stanford. Here's a point-by-point rebuttal of his wildest arguments — and what the data actually shows.

Trump's Lies

- The U.S. is mistreated by the rest of the world (including Canada), that's why it has a large trade deficit.
- Higher tariffs will level the playing field.
- Tariffs are paid by foreigners.
- Jobs will “return” to America.
- His new trade “deals” will fix the problem.

U.S. Trade Deficit: Nothing New



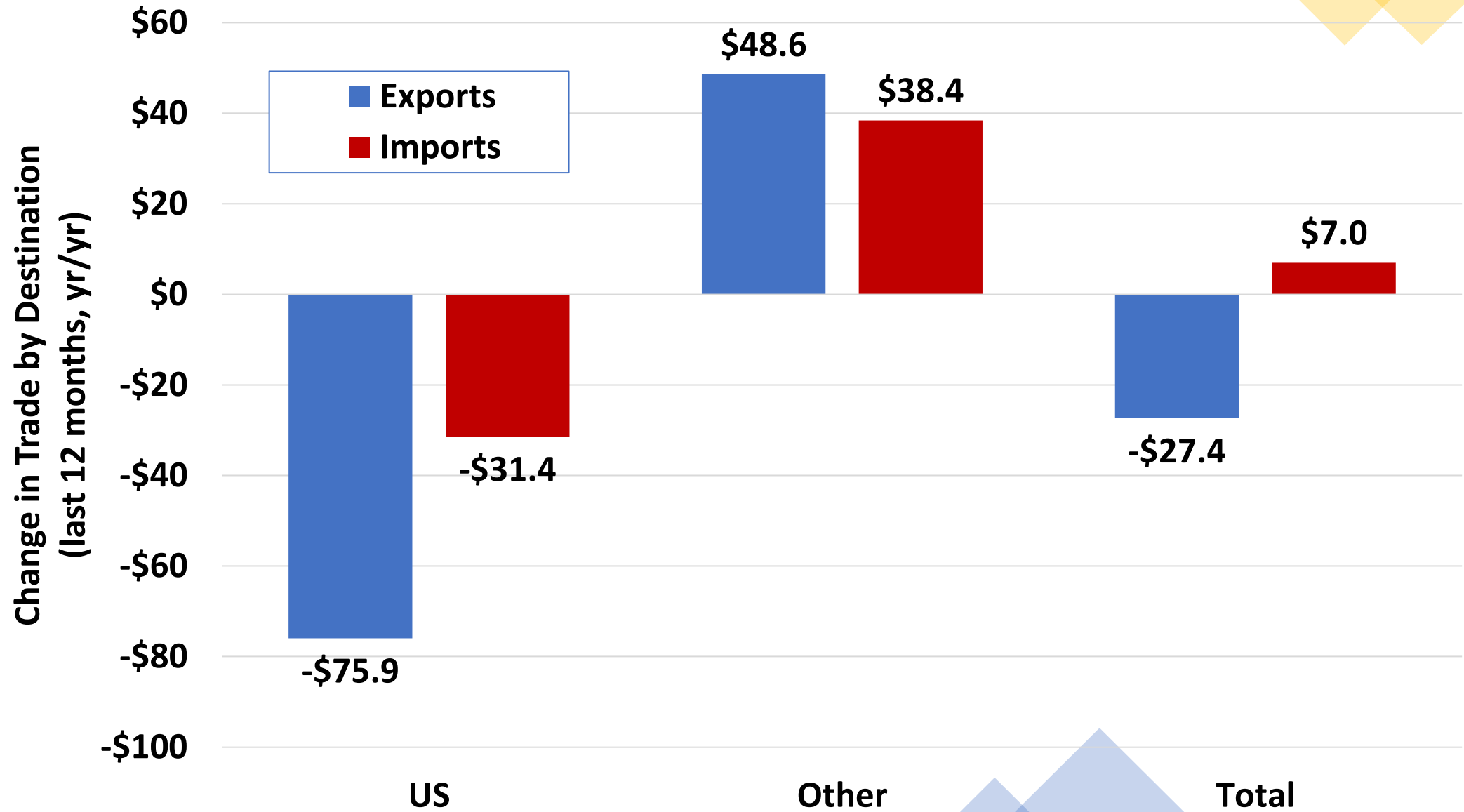
Trade Balances and Subsidies

- Many factors cause trade imbalances:
 - Macroeconomic factors, lopsided trade policies, lack of competitiveness, capital flows.
- U.S. has had a deficit for 49 straight years.
 - It's neither new, nor an emergency (smaller in recent years).
 - U.S. buys more than it sells, consumes more than it produces.
- In 3 ways, U.S. benefits from unusual 'sweet deals' with Canada:
 1. Energy imports well below world price (\$20b US/yr saving).
 2. Services exports that are uncounted, unregulated, untaxed.
 3. 'Reverse interest loans' to U.S. (\$13b/yr outflow int. & profit).

Trade War: What Comes Next?

- Canada-U.S. continuing drama.
- Trump will make all kinds of threats (and rename many bodies of water!).
- His economic credibility and political position have eroded badly.
- U.S. business has interest in continuing continental trade.
- Canadian economic resilience strengthens our bargaining position.

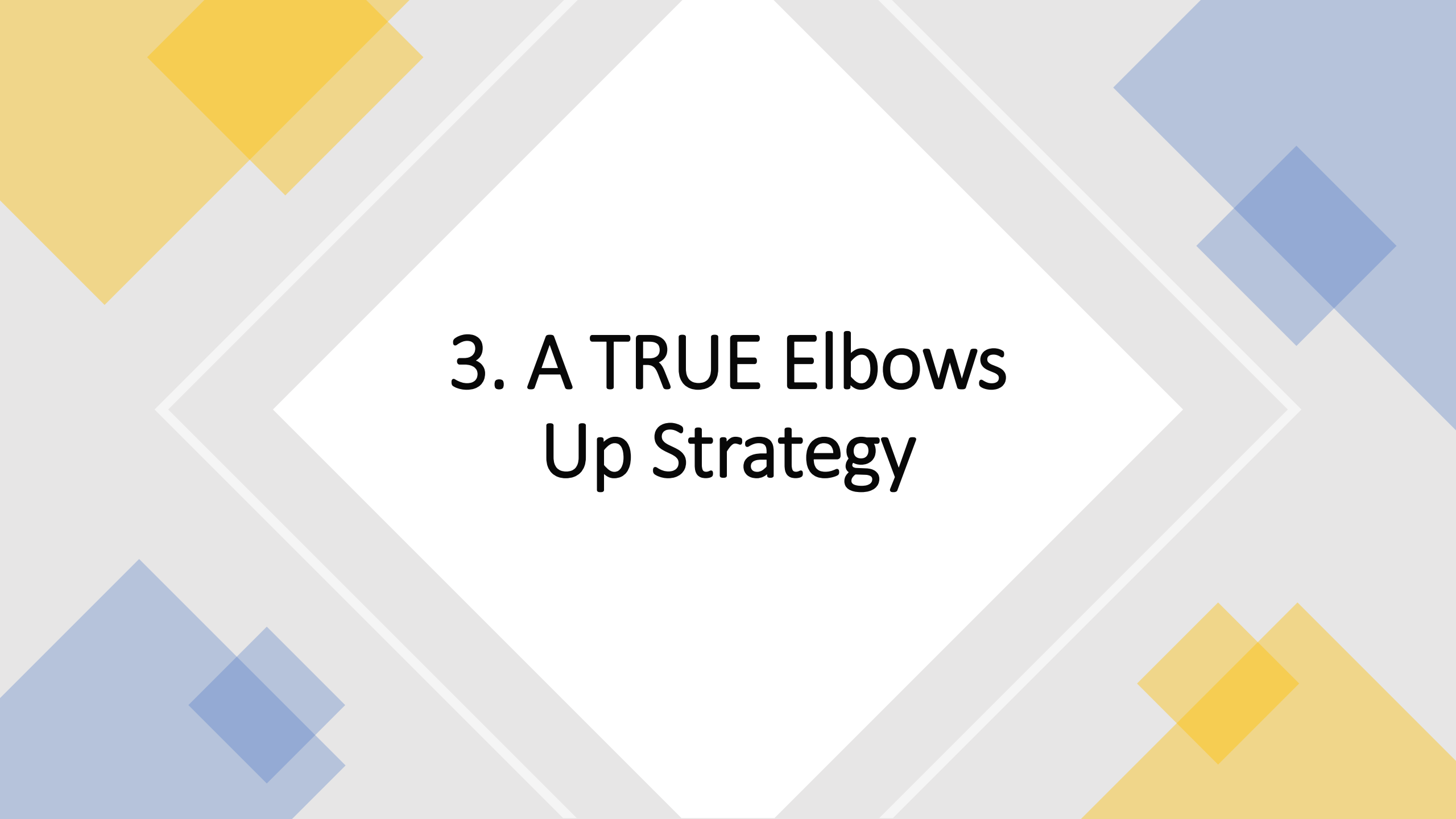
Pivoting Canada's Trade



Canada-U.S. Labour Market Comparisons Under Trump 2.0

	Canada	U.S.
<i>Change Since January 2025 (Seas. Adjusted)</i>		
Employment (%)	+1.09%	-1.01%
Unemployment Rate (% points)	-0.3	+0.1
Participation Rate (% points)	-0.4	-1.2
Manufacturing Employment	-49,700	-62,000
<i>Change Last 12 Months (Non-Seas. Adjusted)</i>		
Real Hourly Wage ¹ (%)	+0.49%	-0.71%
Auto Manufacturing Employment ²	-2,285	-18,900

Source: Centre for Future Work calculations from Statistics Canada and U.S. Bureau of Labor Statistics data. 1. June (most recent data). 2. May (most recent data).



3. A TRUE Elbows Up Strategy

Elbows Up Economic Summit

Building a Sovereign, Sustainable,
Value-Added Economy

45
DELIVERABLE
1980

CANADIAN CENTRE
for POLICY ALTERNATIVES
CENTRE CANADIEN
de POLITIQUES ALTERNATIVES



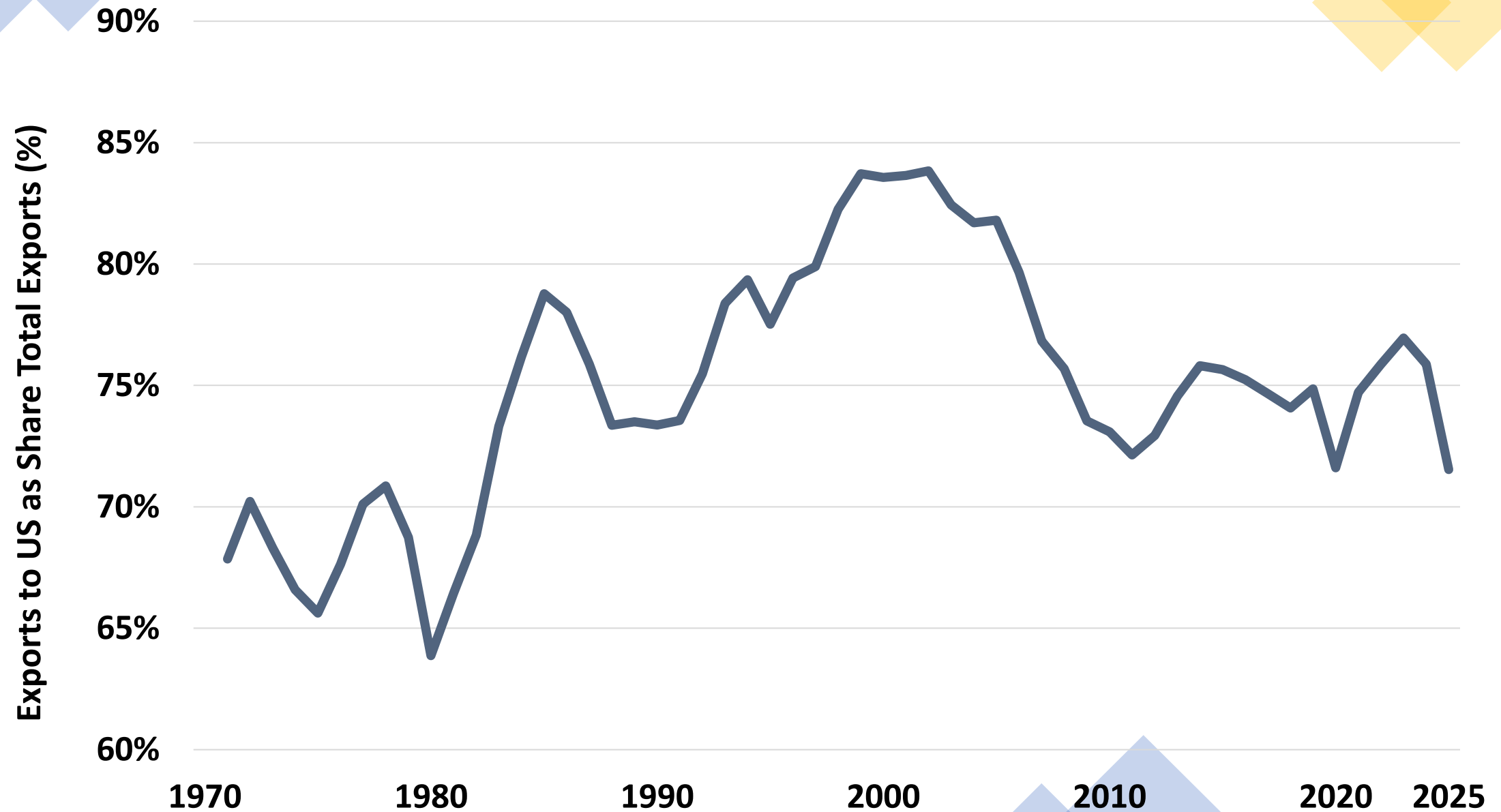
Words versus Actions

- Liberals were elected on a nation-building ‘elbows up’ pledge.
- Their actions so far have been incomplete & one-sided:
 - Concessions to the U.S. alternating with moments of strength.
 - Fruitless efforts to get a “deal” with Trump (preserving U.S. tariffs).
 - Focus on “build big things” with a corporate-friendly bias.
 - Overriding emphasis on new fossil fuel export projects.
- Business and government hope that we can return to a pre-inauguration “normal.”
- CUSMA review & renegotiation another big threat just around the corner.

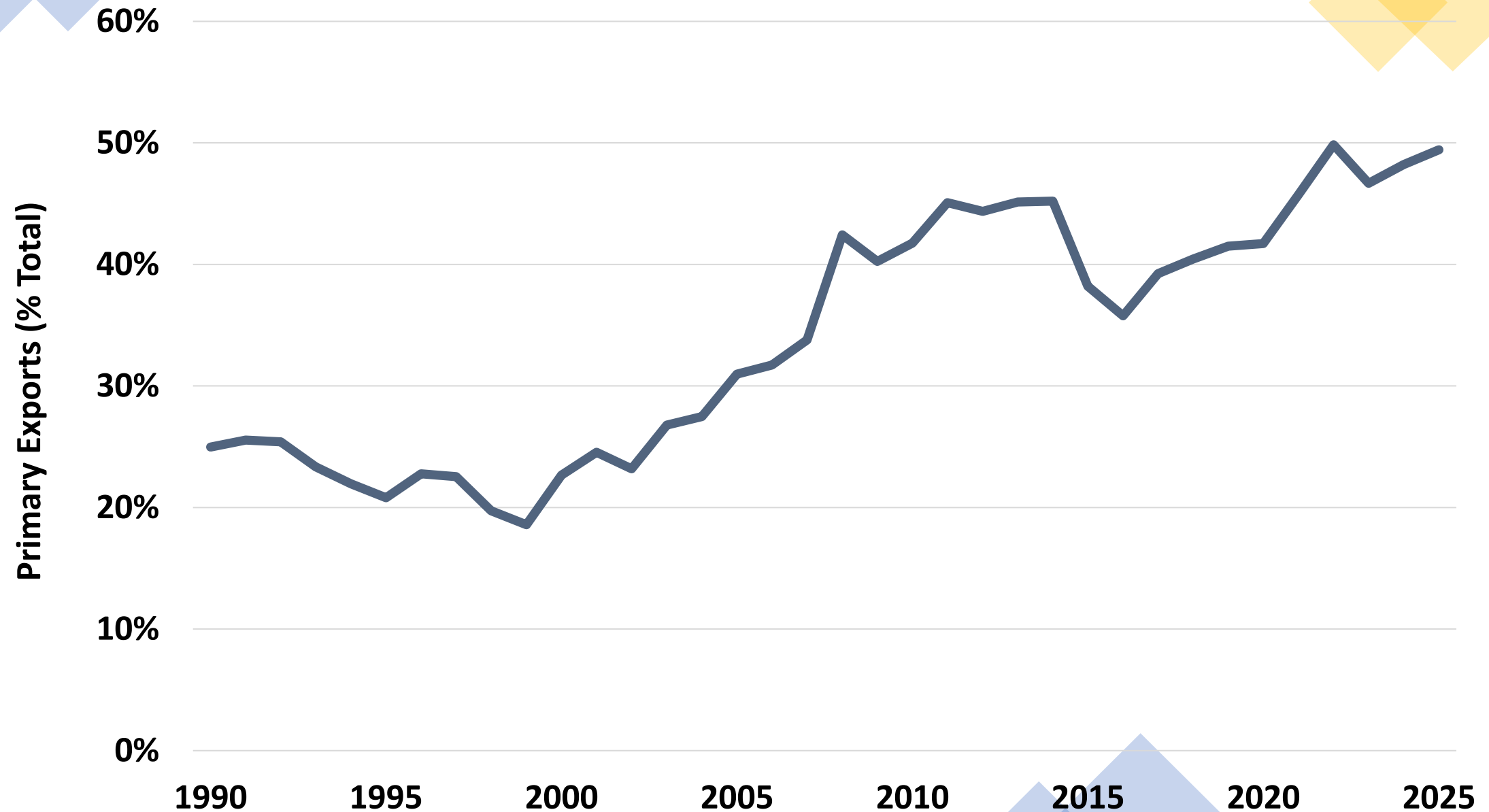
A Genuine Nation-Building Strategy

- Needs to confront multiple challenges and risks:
 - Diversify **where** we sell products.
 - Diversify **what** we sell (stop & reverse growing reliance on unprocessed primary products).
 - Invest more in **capital**, technology, innovation.
 - Invest more in public **infrastructure** (physical & social).
 - Build the **non-traded** economy (80% of GDP).
 - Reaffirm commitment to the quality of growth, not just quantity (social, community, and environmental)
- Building more export pipelines will not solve these problems, and will make many worse.

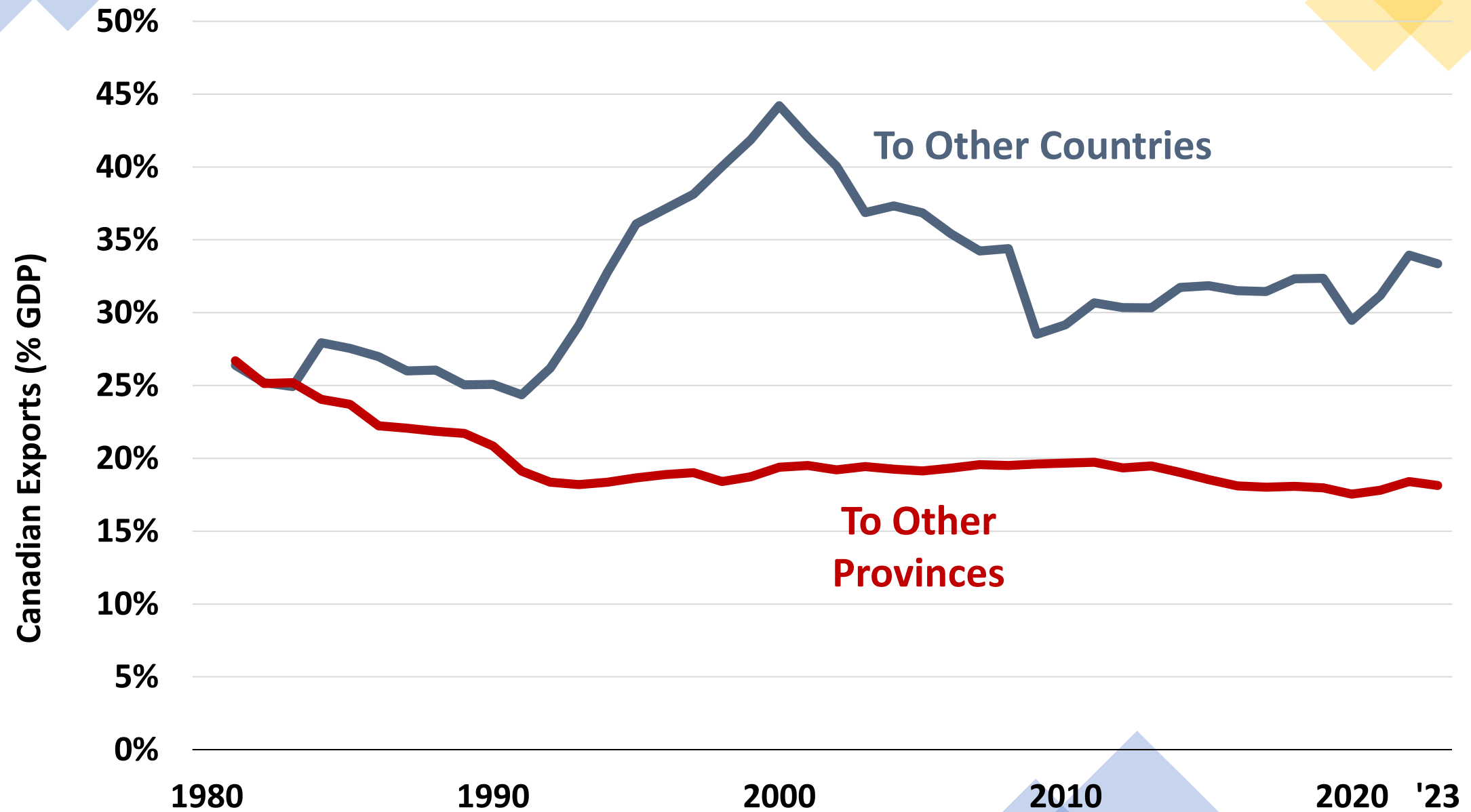
Reliance on U.S. Market



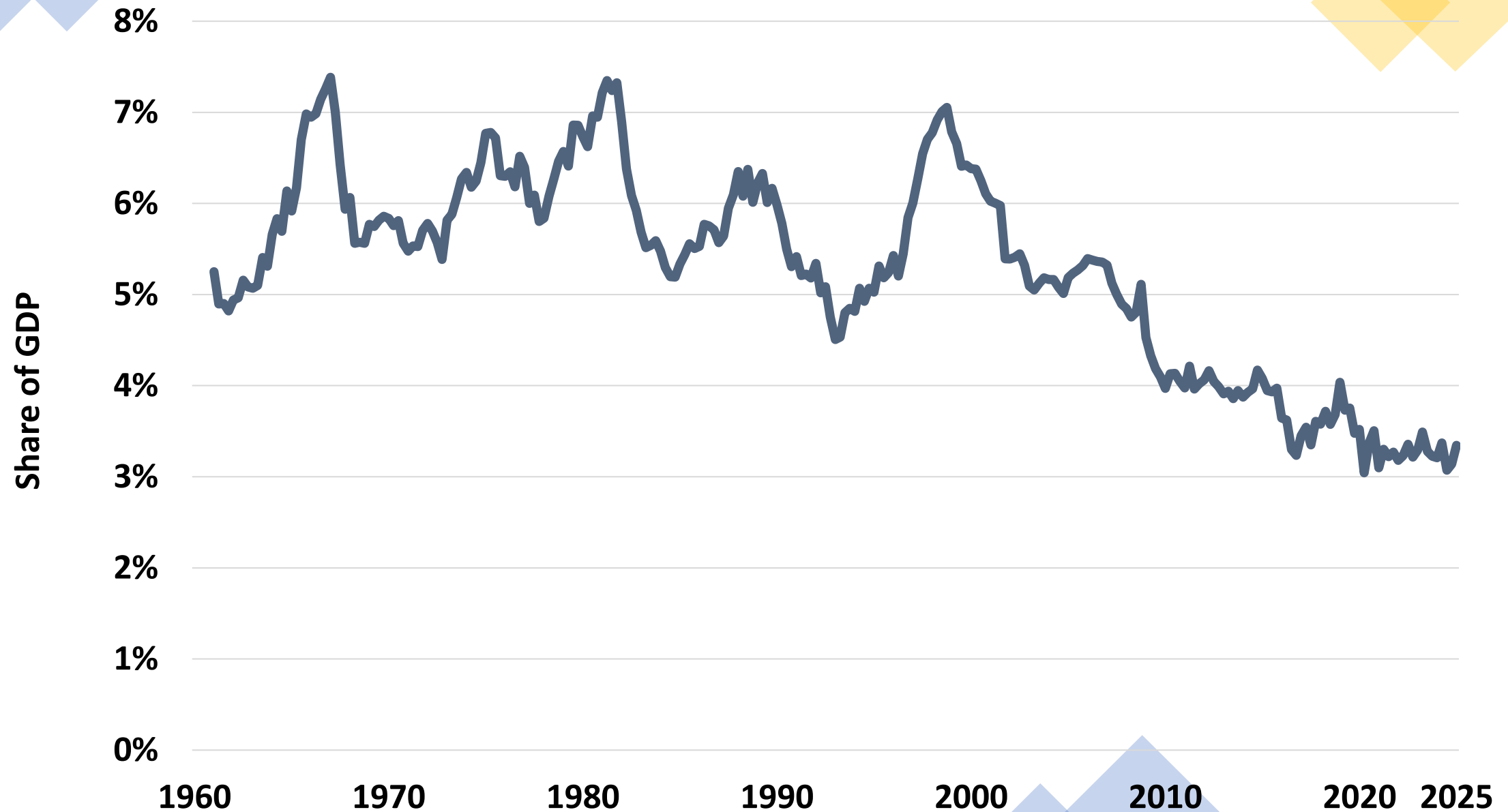
Reversion to Staples Producer



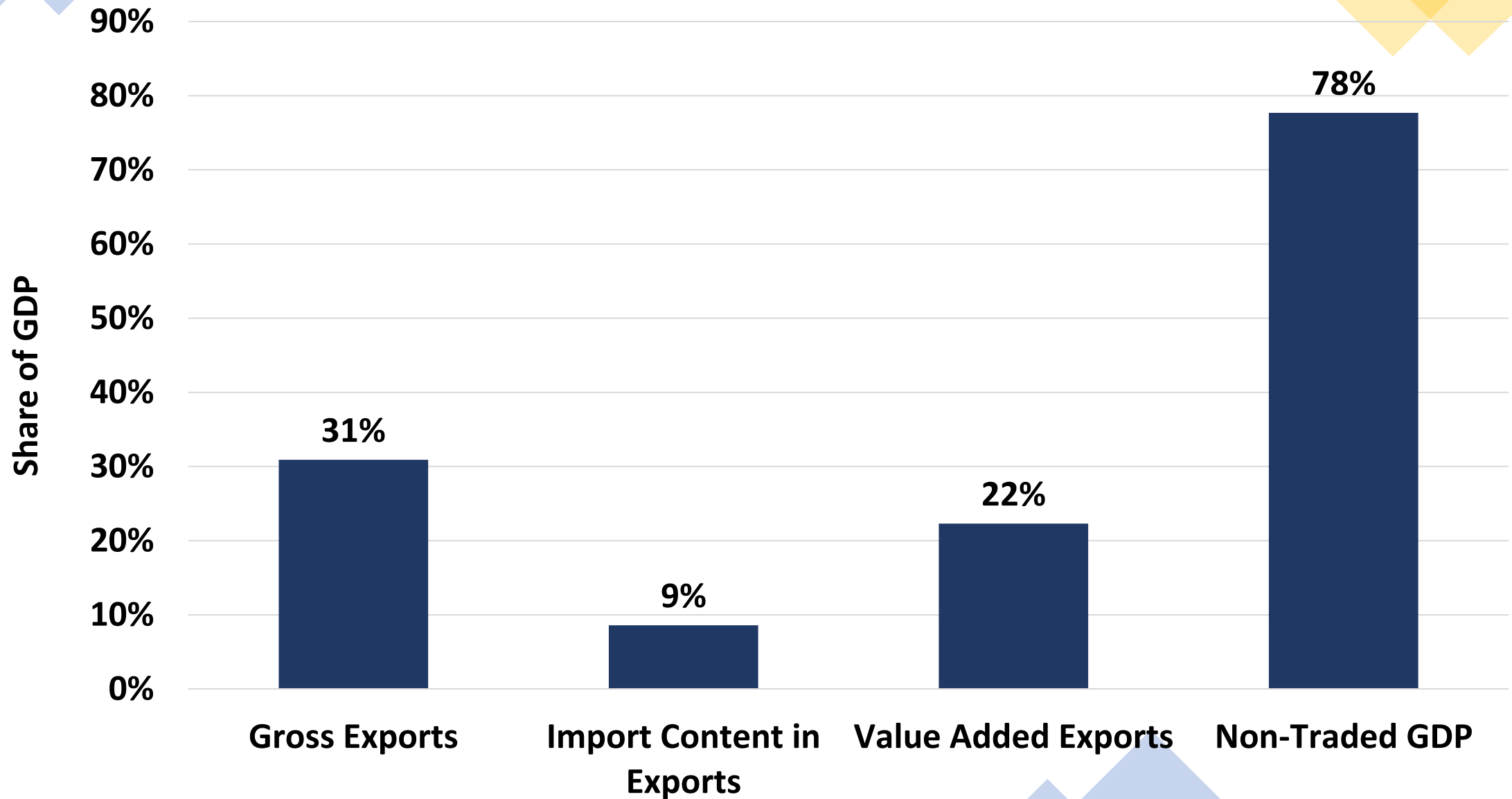
Building Markets in Canada



Failure of Business Investment (M&E)



Not So Global



Where to for Elbows Up?

- Genuine threat of Trump creates space for alternative visions of Canada's economic future.
- Existing power centres seizing on the moment to move ahead on long-standing demands:
 - More fossil fuel development.
 - Privatization of public assets / new financial vehicles.
 - Restrictions on labour rights.
 - Fiscal austerity ("more investment, less spending").
- Challenge for unions and progressives: Be part of this debate, with a concrete, constructive vision for what would make Canada sovereign, capable & inclusive.

Stronger Than We Think

- Most economists (myself included) thought the trade war would put Canada into a true recession.
- The economy has performed better than expected.
- On employment, we are doing better than the U.S.
- We have a lot going for us:
 - 10th largest economy in the world.
 - 40 million workers / consumers / citizens.
 - Unmatched natural / human / social resources.
- We should be confident in our ability to stand up to Trump.
- But it will take leadership, courage, and solidarity.



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**Thank
You!**