



Politics



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JAN
18:51 UTC

Canada Alert: Trudeau resigns as Liberal Party of Canada leader on January 6; early elections likely amid potential no-confidence motion in March

Current Situation

- Canadian Prime Minister Justin Trudeau announced his resignation as leader of the Liberal Party of Canada (LPC) on January 6, citing internal conflicts.
- Meanwhile, he has prorogued the Parliament until March 24 and will remain the PM until that date. Prorogation terminates the current parliamentary session until March 24.

Source: [CNN](https://www.cnn.com)

Assessments & Forecast

1. Trudeau's decision follows a series of challenges posed to his office, including internal party rifts. These are exemplified most recently by Finance Minister and Deputy Prime Minister, Chrystia Freeland's resignation on December 16, 2024, who departed due to disagreements over economic policies amid the threat of potential US tariffs by the incoming US President-elect Donald Trump's administration. In addition, while Trudeau's tenure, starting from 2015, was popular among the public for the promulgation of liberal policies such as promoting diversity, gender equality, cannabis legalization, and implementing a carbon tax, his popularity declined in the recent past,

reaching 74 percent in December 2024. This decline is likely driven by issues like rising living costs, immigration concerns, and divided reactions to COVID-19 pandemic-related mandates. Moreover, that the LPC experienced recent electoral defeats in traditionally strong districts including LaSalle, Emard, Verdun and Toronto, St. Paul's in the September by-elections, further lends credence to his waning voter support.

2. Trudeau's resignation as party leader comes as opposition parties plan to initiate a no-confidence motion when Parliament resumes. On December 20, 2024, New Democratic Party (NDP) leader Jagmeet Singh announced plans for a no-confidence motion against the LPC, criticizing Trudeau's leadership after a cabinet reshuffle. This added to the internal tensions within the LPC as 51 of 153 Liberal MPs demanded Trudeau's resignation on December 21, 2024. Singh's move signals the NDP's break from the Liberals after previously supporting the government in three no-confidence votes. The Bloc Quebecois (BQ) also withdrew support, voting against Trudeau in December. With Trudeau's high disapproval ratings and the combined support of the NDP, BQ, and the main opposition Conservative Party of Canada, (CPC) exceeding the votes needed for a successful motion, a government collapse and snap elections may be probable when the parliament resumes.
3. **FORECAST:** In the coming months until March 24, the LPC faces the challenge of organizing a special national convention to allow for a national race to decide the next party leader, who will also be the PM as Trudeau resigns once the prorogation ends. The party may look to hold a swifter process but is likely to face criticism in such a case from potential candidates. As of writing, Freeland and Mark Carney, Former Governor of the Bank of Canada and the Bank of England, are considered to have the potential of being possible successors of Trudeau. That said, if the new LPC leader is either Freeland or Carney, there is a low-moderate possibility for NDP to rally their support around either of the candidates, however the likelihood is higher for Carney.
4. Freeland has been a central figure in the Liberal government, especially in economic and fiscal matters. Her record on economic policies, such as the carbon tax and certain trade agreements, may be at odds with the NDP's more progressive and socialist platform. While Freeland has worked with the NDP in the past, particularly on policies like childcare and wage support during the pandemic, the NDP may be wary of her as a leader due to her centrist economic stance. The NDP might be cautious about supporting Freeland unless she adopts more progressive policies during her leadership campaign. While Carney might align with the NDP on some policy areas, especially on climate change, the party may hesitate to fully support him due to his financial industry background, which often runs counter to the NDP's anti-corporate stance.
5. **FORECAST:** In the event that NDP does render support to either candidate, the probability of a no-confidence vote passing at the end of the prorogation will potentially reduce. This is also likely to be an aspect of the LPC deciding on its next leadership to help prevent the passing of a potential no-confidence vote in March. With federal elections mandated by October 2025, the LPC will face the challenge of preparing for a national campaign under a new leadership. Recent polls indicate a substantial lead for the Conservative Party, suggesting that the Liberals need to rapidly consolidate and present a compelling platform to regain voter confidence.
6. **FORECAST:** Meanwhile, Trudeau's resignation introduces uncertainty regarding the continuity of current policies and legislative initiatives. The prorogation of Parliament until March, would terminate the current parliamentary session, effectively nullifying all pending legislative matters that have not yet been passed. This will delay legislative proceedings and may impact the government's ability to address pressing issues promptly, including the federal budget for the 2025 fiscal year, which is usually tabled between March-April. Additionally, Trudeau's resignation comes amid the existing economic challenges, including a housing crisis and trade tensions. In this environment, the political uncertainty will likely negatively impact investor confidence in the near term.

Recommendations

1. Those operating or residing in Canada are advised to remain cognizant of the ongoing political developments over the coming months.

2. Travel to Canada may continue while maintaining standard safety protocols.
3. Businesses operating in Canada are advised to keep cognizant of the authorities' updates regarding legislation and reforms.
4. For more information on the political and security situation, as well as planning for upcoming political developments, please contact intel@max-security.com