

Preliminary federal election report - Liberal Party's Carney government's victory and future prospects

Introduction

Prime Minister Trudeau resigned after almost ten years in office and Mark Carney, who served as Governor of the Bank of Canada and Governor of the Bank of England, was appointed as the new Prime Minister. At lightning-speed, Prime Minister Carney dissolved Parliament and a general election was held on Monday, April 28.

As reported in detail in the Japanese media, the Liberal Party led by PM Carney won.

The results were 169 Liberal seats (+17), 144 Conservative seats (+24), 22 BQ (Bloc Quebecois) seats (-11), 7 NDP (New Democratic Party) seats (-17) and 1 Green Party seat (-1). The numbers in brackets indicate changes from the previous election in 2021.

*the result above is as of April 30, 2025.

There are a total of 343 seats, an increase of five seats from the previous 338, reflecting population growth.

The Liberals will be in power after winning their fourth federal election in a row, following federal elections in 2015, 19 and 21. However, at 169 seats, they are three short of the 172-seat majority, despite various polling firms just prior to the election having predicted a majority.

Let us now look at the main points of the Canadian federal election 2025. First, let's look back at the political starting points leading up to this federal election.

January 6, 2025 - Prime Minister Trudeau's resignation announcement

This was the day that Prime Minister Trudeau, who had led the government since October 2015, announced his intention to resign and the Liberal Party leadership election was announced. In a nutshell, the mood in Canadian politics at this stage can be summed up in one word: frustration with the Trudeau Liberal government, which had been in power for a decade. There was harsh criticism of the rising cost of living, housing issues, healthcare and radical environmental policies. The Liberals were also far behind

the Conservatives in terms of approval ratings in various opinion polls. Nevertheless, Prime Minister Trudeau prided himself on being a fighter who had won three federal elections in 2015, 19 and 21, never giving up and persevering in difficult circumstances, and eventually coming out victorious. He would have been aware that his father, Pierre Trudeau, led the government for 16 years, and this year he himself was the G7 President. It is not hard to imagine that he had a strong desire to stay in power at all costs. Even so, the situation in Trudeau's government was so difficult that he had no choice but to step down. At the time, it was predicted that the Conservatives would have more than 200 seats if elections were held tomorrow, and that Poilievre was considered to have the Prime Minister's seat almost in his hands. The Liberals, on the other hand, were widely seen as going down regardless of who was in charge. Some predicted that it would lose a significant number of seats and sink to third party status.

However, this situation began to change slightly.

Signs of change - the start of the Trump administration

It was February 10, just over a month after Prime Minister Trudeau announced his resignation and the Liberal leadership election began. I had the privilege of inviting former Prime Minister Harper to my official residence to hear more about Canadian politics. In his view of the federal election, the former Prime Minister said,

‘In early January, I thought for sure the Conservatives would win. In some circumstances, I thought there was a good chance that they would exceed 200 seats. I am still convinced that the Conservatives will win, but the impact of the inauguration of the Trump administration has been enormous, and the situation is changing by the minute: with the 25% tariffs and the ‘51st state statement’, the Canadian people have shown their anger towards the Trump administration.’

The former Prime Minister then went on to describe three possible outcomes to the election.

I dare say there are three possible cases. First, where the Conservatives win with a majority. This is probably the biggest possibility. Second, the Conservatives win but not by a majority. And third, the Liberals win without a majority. A month ago,

I didn't think that was possible, but the situation is unpredictable. As Conservatives, we have to stay on our toes and win.'

In February, it was still unclear who would be the leader of the Liberal Party. Although the gap between the Conservatives and the Liberals had narrowed slightly, the Conservatives were still in the lead. It was in this context that former Prime Minister Harper mentioned the possibility of a Liberal victory. I found it very interesting, and at the same time I admired the former Prime Minister's cool-headed view of the situation, and reminded myself not to assume anything.

Liberal Party's recovery

Carney, who won the Liberal Party leadership election about two months after Trudeau's announcement of his resignation, took office as Prime Minister on March 14. Prime Minister Carney immediately decided to dissolve the federal parliament and, on March 23, began a 36-day campaign period. During this period, public opinion in Canada, as indicated by opinion polls, changed dramatically.

In April, the Conservatives, who had held a commanding lead, began to lose ground to the Liberals.

In January, party support was 44% for the Conservatives and 20% for the Liberals, but in April it was 42% for the Liberals and 38% for the Conservatives.

Then, just before the election, the forecast for seats was 186 for the Liberals and 124 for the Conservatives. These figures are from April 24, four days before polling day, by 338 Canada, a company with a reputation for predicting seats based on an analysis of each individual constituency using a proprietary algorithm.

Then came Monday, April 28, the day of the federal election. In case you are wondering, Canada traditionally votes on Mondays.

April 28, 2025

On Election Day, apart from a couple of departmental meetings, I had no specific appointments. In particular, I was glued to the election bulletins from when voting closed in the Atlantic Provinces. Voting closed at 9:30pm Ottawa time in Ontario, a voting province with 122 seats, or 35% of the total 343 seats. Voting closed in Pacific British Columbia and the Yukon Territory at 10pm, and in all constituencies. There is no such thing as a 'sure winner' as seen in Japanese election reports, and the number of seats won by each party goes up or down as the polls open.

Most knew at around 1am on Tuesday 29 April, after the date had changed.

First, the leader of the Conservative Party, Poilievre, declared defeat. Symbolically, Poilievre himself lost his seat in Ottawa's Carleton riding, which he had held since he was first elected in 2004 at the age of 25.

Prime Minister Carney then declared victory. His four key points were:

- (i) We need change based on the Canadian values of humility, ambition and unity.
- (ii) The election is over. Let the division and anger end.
- (iii) We are at a turning point in history. Our deeply integrated relationship with the US is over. The open trade regime led by the US is over. We will strengthen our relations with Europe and Asia.
- (iv) We are facing a crisis from the US, but we will unite and make a strong, free and everlasting Canada.

Background to the Liberal victory

Now that the federal election is over, the Carney government will begin to tackle its mountain of challenges. Before that, it is instructive to understand Canadian politics and society by considering the background to the reversal, which was unimaginable at the time of Trudeau's resignation announcement in January.

Politics is the biggest industry in the capital city of Ottawa. Experts conduct daily opinion polls and analyze the domestic and international situation through various meetings. Based on my own observations of the election campaign, I believe there are four factors behind this major reversal.

Dramatic change in the issues in the election

First, the election issues. In January, the issue was criticism of the Trudeau government. The rising cost of living, housing issues, healthcare, environmental policies: all were blamed on Trudeau's misgovernance. However, with the announcement of Trudeau's resignation, the political significance of criticism of Trudeau was halved.

Instead, the Trump administration took over in the US, under which the 25% tariff and '51st state' statements are now in full swing. Under the reality of the extremely close-knit Canada-US economic relationship, a 25% tariff could be devastating to the Canadian economy. Of course, it would also be a blow to the US side. Also, if you look at the history of the two countries, including the War of 1812, when Canada and the US actually fought each other, the '51st state' statement would be unacceptable to Canadians. The normally mild-mannered Canadians were outraged and awakened a sense of patriotism.

The election battleground had completely changed from Trudeau to Trump. Would Prime Minister Carney of the Liberal Party or Conservative Leader Poilievre be a stronger protector of Canada's national interests and its people from the Trump administration's tyranny? became the focus.

Strategic failure of the Poilievre camp

Even as the election battleground was shifting from Trudeau to Trump, the Poilievre campaign remained a consistent critic of the Trudeau Liberals and never articulated a strategy against the Trump administration. It continued to make a strong case for tax cuts on the very real issues for everyday Canadian voters: rising costs of living, housing, healthcare and radical environmental policies. Indeed, until January this year, it was an effective appeal. But what voters wanted to hear was how he would confront the Trump administration. On that point, it can be said that the campaign failed to win the hearts and minds of voters.

A word here about the state of party support among voters as a whole. Traditional Conservative supporters enthusiastically support the Conservatives and Liberal supporters support the Liberals, but middle-class voters vote for both the Conservatives and the Liberals, depending on the situation. I can't give you clear figures, but which way these middle-class voters vote determines the outcome of the election. In the past, when the Progressive Conservative government of Mulroney stepped down and was replaced

by his party's Prime Minister Campbell, the Progressive Conservatives lost 169 seats, down to just two in the 1993 federal election; in the 2015 federal election, the Liberals, who were the third largest party with 34 seats, came to power with 184 seats under the strong leadership of Trudeau. The Liberal Party is now in power with 184 seats. The key is the middle class.

Prime Minister Carney's bottom line

Prime Minister Carney was identified as having four Achilles' heels. First, he was an economic advisor to the heavily criticized Trudeau government. Second, despite a brilliant financial career as central bank governor in Canada and the UK, he had no political experience and was a poor speaker. Third, he is not sufficiently fluent in French. Fourth, there was the risk of ugly stories stemming from his financial affairs and inappropriate relations with China.

However, Prime Minister Carney made the most of the strengths of the incumbent Prime Minister. He very effectively demonstrated to voters that it is he (Carney), not Poilievre, who will confront the Trump administration and protect Canada's national interests and citizens. His visit to the UK and France immediately after his swearing-in sent the message that he could cooperate with Europe in confronting the Trump administration. He also abolished the carbon tax, introduced by the Trudeau government and very unpopular, on the Prime Minister's authority. This was a brilliant move to take the lead from Poilievre.

He is also credited with having improved his French and his oratory. It means that he has once again shown that competence is the foundation of a brilliant career. In this regard, when I had the opportunity to meet with his chief of staff Mendicino, he told me that 'Prime Minister Carney is improving his qualities as a political leader at a phenomenal rate on a daily basis, which is very impressive'.

He also said that the potential of ugly stories had been seriously explored by the Conservative Party or the mainstream media, but nothing fatal had been found.

Progressives' strategic vote

Finally, the fall of the NDP should be noted in the results of this federal election. They fell to a disastrous seven seats, down 17 seats from the previous round. There is a legal requirement of a minimum of 12 seats to exercise or benefit as a political party in parliamentary proceedings, which now cannot be met by the NDP. Party leader Jagmeet Singh also lost his own seat.

What this means is that voters who previously supported the NDP, which is more progressive than the centre-left, have now switched to supporting the Liberal Party rather than the NDP, a minority party with no prospect of government. This was a strategic move to prevent the formation of a Conservative government.

A similar view can be taken of the BQ, which lost 11 seats: if the NDP and BQ had retained the 17 seats the NDP lost and the 11 seats the BQ lost, for a total of 27 seats, simple arithmetic dictates that the Conservatives would have won over the Liberals.

This is why the strategic voting of liberal minority party supporters had such a significant impact.

Future policy developments of the Carney Government

I am afraid that this is already a long-winded way of saying this, but I would like to discuss the main issues for the Carney government in the future. Please bear with me a little longer. I think there are six main issues.

- **Cabinet Appointments**

At the stage when he became Prime Minister after Trudeau's resignation, he was not Member of Parliament. There was limited time before the election. Rather than his own personnel, he inherited the framework of the Trudeau government. So this time, as leader of the party, he led the election himself, won it, and the people entrusted him with it. They will start with the party and government appointments that will form the basis of Prime Minister Carney's government. As a minority ruling party without a majority, it is important to appoint a team that can manage parliament. At the same time, the appointment of ministers to carry out the policy agenda that awaits them, as described below, is of paramount importance. It is expected to take about two weeks to form the cabinet.

- **Negotiations with the US**

Prime Minister Carney held a telephone conversation with President Trump on January 29, the day after his election victory. President Trump congratulated him on his election victory. He said the importance of the two countries working together as independent, sovereign states was stressed.

In fact, their first telephone conversation took place on March 28, before the election.

At that time, the two leaders agreed to launch comprehensive negotiations on economic issues, including tariffs, and security at ministerial level after the election.

Since the main issue in this election was how to confront the Trump administration, these negotiations with the US and Canada are the Carney administration's first line of defence.

- G7

Canada is the G7 chair this year. The summit will be held from June 15-17 in the Alberta retreat of Kananaskis. It is important that President Trump participates as he should and that G7 solidarity can be shown to the international community. Prime Minister Carney's skills will be tested.

Of the two ministerial meetings that will determine the basic framework of the G7 summit, the G7 foreign ministers' meeting was already held in March, while the G7 finance ministers and central bank governors' meeting will take place on May 20, marking the start of the Carney government in earnest.

- Tax cuts and economic policy

The election promises of tax cuts and support measures to mitigate the impact of the Trump tariffs need to be realized as soon as possible. It will not be easy to achieve both the tax cuts and the aid measures, and the legislative measures will also have to be implemented with a minority in the House of Commons.

- Defence policy

Defence spending is being strongly demanded by the Trump administration at the same time as the security situation in the Arctic is becoming more and more difficult. Prime Minister Carney has stated that defence spending will be increased to the 2% NATO standard by 2030. A concrete roadmap needs to be set out as soon as possible.

- Large-scale infrastructure investment

Canada has great potential for critical minerals and other resources, but currently a large stratum of Canadian natural resources are exported only to the USA. In the face of the Trump administration's actions, Prime Minister Carney has stated that Canada will diversify its export destinations in order to correct its excessive dependence on the US. To this end, major infrastructure investments, such as pipelines connecting the Prairie provinces to the Pacific and Atlantic provinces, must be made with the understanding and support of Indigenous peoples, deregulation and smooth coordination between federal and provincial, and even interprovincial, entities. Realising this is essential for Canada's potential to really flourish. President Trump is a wake-up call for Canada. Even if it cannot be achieved overnight, expectations are high for a swift initiative.

Conclusion - relations with Japan

Finally, there is the relationship with Japan. The Trump tariffs will have a significant impact on Japanese companies such as automotive companies, which have a presence in North America. In this sense, the economic relationship between Canada and Japan is also affected, yin and yang.

On the other hand, Japan and Canada are both members of the G7 and TPP and share the vision of a 'free and open Indo-Pacific'. As Canada seeks to further diversify its economic relationship, cooperation is progressing from traditional resources to key minerals essential for decarbonisation, new energy sources such as hydrogen and ammonia, and high-tech areas such as AI and quantum.

Furthermore, Prime Minister Carney was once stationed in Tokyo when he worked for Goldman Sachs. We look forward to further progress in Canada-Japan relations.

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