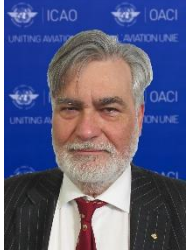


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Canada: Confederation and its discontents



Douglas Scott Proudfoot is a former Canadian Ambassador who served as head of mission in Bamako, Juba and Ramallah. He was previously posted in Vienna (where he represented Canada at the IAEA, CTBTO and UNODC), London, Delhi and Nairobi. At headquarters he headed the Afghanistan and Sudan Task Forces. Most recently he headed the Canadian mission to the International Civil Aviation Organisation (ICAO). He is currently based in Ottawa. Areas of expertise include Africa; the Israeli-Palestinian conflict; fragile states & post-conflict situations; non-proliferation, arms control & disarmament; aviation; and, of course, Canada.

Canada is, by most measures, a successful mid-sized country, with a reputation as a responsible, if minor, player in global affairs. If the primary vocation of a state in the 21st century is to deliver a better life to its people, Canada fulfils that function well, attaining near-Scandinavian levels of personal freedom and well-being.

Yet Canada is also surprisingly fragile. Despite, or perhaps in part because of, its vast natural resources and proximity to the US market, it tends to underperform economically, preferring to coast comfortably in middling prosperity. Its productivity chronically lags its peers, due to under-investment and a failure to innovate. Like Britain, it produces world-leading research, but doesn't monetise the findings. Even when it does, it lacks staying power; remember Blackberry?

Canada also suffers from persistent centrifugal pressures, threats from within to its very existence. It is highly probable that it will face secessionist referenda in two provinces, Quebec and Alberta, possibly as early as this year. Even if unsuccessful, such exercises will be highly disruptive.

Geography is destiny....

Canada is vast and sparsely populated, with over half its people concentrated in the central corridor along the St Lawrence River system. Power is therefore also concentrated, leaving the perception, and sometimes the reality, that "Laurentian élites" govern without regard to the interests of other regions. Even in the age of Zoom and jet travel, the periphery often feels neglected. Moreover, in such a large and diverse country, national decisions inevitably pit the priorities of one region against another. The Carney government's undertaking to build a second oil pipeline to the Pacific was greeted in Alberta but jeered in British Columbia. Its cautious rapprochement with China, which will allow a small number of Chinese EVs into the Canada in exchange for market access for Canadian rapeseed and seafood products, was well-received in Saskatchewan and the Maritime provinces; less so in Ontario, where car assembly is based.

Access. Engagement. Resolution.

Albera's alienation was exacerbated decades ago by Trudeau *père's* National Energy Programme, which denied Alberta the gains of 1970s oil spikes, to ensure ready supply in other regions. Nevertheless, Alberta is the most prosperous province, and Albertans collectively pay more into the federal fisc than they receive back, through a complex "equalisation" tax mechanism intended to ensure comparable levels of public services in all provinces. Albertan politicians have not shrunk from exploiting popular resentment over these transfer payments.

...and history sets the mould

French-speaking Quebec is a net recipient of fiscal transfers, and has always been close to power in Ottawa. It supplied Prime Ministers for 53 of the last 80 years, and no party can form a majority without a healthy representation in Quebec. The socio-economic grievances that drove Quebec separatism in the 1960s and 70s have now been largely addressed; today the captains of business in Montreal are francophone Quebecers, and the French language enjoys legislative protection. Quebecers voted to remain in Canada in referenda in 1980 and 1995, though the latter was a close-run thing.

But Quebecers have a permanent ambivalence towards Canadian confederation. Most federalists also consider themselves nationalists, and their unshakeable sense of national identity goes back to Quebec's origins and its conquest by the British in 1759. Quebec's motto encapsulates that ambivalence: "*Je me souviens*" means "I remember," but is only the first line of a longer stanza: "I remember that born under the lily, I have grown under the rose." Despite Quebec's resilience, Quebecers are ever beset by a nagging fear of "Louisianisation," meaning their submersion into the English-speaking sea of North America.

Give me my money back

What Alberta and Quebec have in common is a sentiment that the federal government is not on their side. Although Canada is among the world's most decentralised federations, Ottawa is a convenient scapegoat for provincial politicians.

Alberta's alienation was further deepened under Trudeau *fils*, who seemed oblivious to its concerns; its Conservative provincial Premier, Danielle Smith rode to power on that alienation. Although her paradoxical policy is a "sovereign Alberta within a united Canada," she has fanned separatism and threatened a "national unity crisis" if her demands were not met, and in the name of direct democracy lowered the threshold to launch a referendum.

Smith acted to assuage secessionist currents in her caucus and base, but like Goethe's *Zauberlehrling* has now unleashed forces she cannot control. An organisation named the Alberta Prosperity Project is gathering signatures on a petition that would require an independence referendum, and will easily gain the requisite number. Although the independence movement attracts more than its share of cranks, it is no fringe phenomenon. Current polling suggests about 20% strongly support independence, but at least a third of the electorate is open to the option as a calculated means of gaining leverage for negotiations.

Alberta is today a place of large multicultural cities, and an increasingly diverse economy. The land of the oil-patch is also Canada's leader in renewables. Calgary, the intellectual hub of western separatism, is not the "Cowtown" of caricature; it elected a socialist Muslim mayor years before London or New York. This is not fertile soil for separatism. What's more, the Carney government's

centrist tilt, and its readiness to cooperate with Alberta on its priorities, are tempering secessionist sentiment. But referenda are unpredictable events, and voters don't always base their decisions on the ballot question. As David Cameron learnt to Britain's detriment, political expediency is a poor reason for risking a plebiscite.

Faute de mieux

Meanwhile in Quebec, the separatist Parti Québécois (PQ), nearly eliminated in 2022, is poised to gain power in the provincial election this October. While polling suggests it is at about 35% support, with Canada's Westminster-style parliamentary system and a split field, a third of the vote can be enough to form a majority government. The PQ's revival does not reflect a sudden surge in desire for independence. Rather, it benefits from disenchantment with the governing Coalition Avenir Quebec (CAQ) and disarray in the natural alternative, the provincial Liberal Party. Both the CAQ and the Liberals are in the process of selecting new leaders, and the Quebec electorate is both volatile and opportunistic, but the PQ, which has promised to hold independence referendum in its first mandate, will probably win.

Many Quebecers are prepared to vote for a pro-independence party, but withhold support for independence when the time comes, and as in Alberta, independence remains a minority view. But a PQ government will certainly pick a fight with Ottawa to sew division. While Mark Carney is respected in Quebec, his French is weak and he often seems deaf to the nuances of Quebec political culture. It is worth remembering that in 1980 and 1995, when separatism was rejected, the Prime Ministers in Ottawa were both francophone Quebecers: Pierre Trudeau and Jean Chrétien.

The international dimension

Canada is not immune to international forces. In recent Canadian elections, foreign actors, particularly China, have sought to influence diaspora voting. It can be assumed that a referendum which might dismember the country would be a very tempting target for Russian hybrid warfare.

Already, Americans such as Steve Bannon, Elon Musk and the late Charlie Kirk, are speaking in favour of Alberta's secession and its subsequent absorption by the US. More astonishingly, in the most blatant interference in Canadian affairs since Charles de Gaulle uttered the words "*Vive le Québec libre*," the American Treasury Secretary, Scott Bessent, issued a confused endorsement of Albertan independence. Separatist leaders claim to have met with senior US officials on several occasions to solicit support, including a line of credit to facilitate independence.

Even if concrete US support for the secessionist movement is not forthcoming, Mr Trump would certainly take advantage of any weakness in Canada during trade negotiations, and perhaps see an opportunity to realise his expansionist dreams. Of course, the Trump factor cuts both ways. Threats and bluster from the US tend to solidify Quebecers' attachment to Canada, and even in Alberta, the whiff of MAGA around the secessionist movement repels most.

Canada will probably pull through, as the popular will for secession in either province falls short. But even the prospect of a referendum, let alone two, introduces uncertainty. For a government embarking on "nation building" projects and reforms, such vulnerability can be distracting. And predators will exploit any vulnerability.

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Tracey Stewart

Partnership Secretary

tracey.stewart@ambassadorllp.com

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