

SPECIAL REPORT - Your Neighbour Canada Has Changed And You're Not Going to Like What is Happening

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The man Washington underestimated. Canada's Prime Minister Mark Carney



Canada just rebuilt itself, rearmed, found new allies, and told Washington where to go. One year of Mark Carney — and nothing between the two countries will ever be quite the same again.

By George Froehlich · Editor, American Pulse

A Note Before We Begin

Hello everyone,

What you are about to read is not a story about Canada.

It is a story about America — about what happens when the most important relationship your country has quietly, methodically, and permanently changes. About what it costs when a neighbour you took for granted decides it is done being taken for granted.

Mark Carney has been Canada's Prime Minister for one year. In that year, he has rearmed his country, rebuilt its alliances, secured its Arctic, reoriented its trade away from the United States, and stood on the world stage at Davos to say — without euphemism, without apology — that the old order is over and America is no longer its anchor.

The United States barely noticed. That is the problem.

I have spent weeks on this report — pulling every thread, verifying every number, tracing every consequence. What I found is not comfortable reading for an American audience. But it is necessary reading. Because the Canada that exists today is not the Canada that existed a year ago. And the implications for the United States — economically, strategically, geopolitically — are profound.

This report is free. Because this story is too important to put behind a paywall. Share it. Forward it. Post it. The more Americans who understand what has happened north of the 49th parallel, the better.

Now. Let's get into it.

George Froehlich Editor — American Pulse March 28, 2026

THE OPENING

You Weren't Watching. He Was.

While America was consumed by its own noise — the tariff announcements, the Truth Social posts, the daily theatre of Washington — something consequential was happening 55 miles north of the border.

Canada was changing.

On March 14, 2025, Mark Carney — economist, former governor of two central banks, crisis manager by training and temperament — was sworn in as Canada's 24th Prime Minister. He had never held elected office. He had spent forty years in the rooms where the hard decisions

get made. And he had watched, from those rooms, as America's relationship with its allies became something unrecognisable.

When he stepped into the crease, the puck was already moving.

Within weeks he had called a snap election and framed it as a referendum on Canadian sovereignty — specifically, on whether Canada would bow to American pressure or stand its ground. He won, but only garnered a minority government. The Conservative leader who had been 20 points ahead in the polls lost his own seat in parliament.

Canadians had made their choice. And it was not the choice Washington expected.

"Trump is trying to break us so America can own us. That will never — ever — happen." — Mark Carney, election night, April 2025

That is the man America is now dealing with. That is what changed. And the consequences — for trade, for the Arctic, for alliances, for the fundamental architecture of North American relations — are only beginning to be felt.

PART ONE: THE TRADE WAR AMERICA STARTED — AND WHAT IT COST BOTH SIDES

\$2.5 Billion a Day. Gone.

Start with the number that should stop every American in their tracks.

The United States and Canada have the world's most comprehensive trading relationship — \$2.5 billion worth of goods and services crossing the border every single day. Canada is the top destination for American exports. It is the supplier of the energy, steel, aluminum, lumber, and auto parts that keep American factories running and American homes heated.

When the Trump administration imposed 25% tariffs on Canadian goods in February 2025, it did not just hit Canada. It hit America.

Economists estimate that the 2025–26 tariff cycle has already reduced Canadian GDP by 1.5–2%. Canadian households are absorbing an estimated \$1,700–\$2,000 in higher annual costs. But here is what the tariff cheerleaders did not mention: American businesses and consumers face inflationary pressures too. Tariffs on Canadian goods and materials have raised prices considerably for American businesses, disrupted American supply chains, caused delays and increased costs, and made American-made products more expensive.

General Motors' 2026 outlook includes \$3–\$4 billion in expected tariff costs — presented directly to investors as a core risk factor. That cost does not stay in a boardroom. It flows to prices, to layoffs, to communities.

And then there is tourism. In February 2025, Canadian travel to the United States dropped by 40 percent compared to the previous year. A poll found 62 percent of Canadians planned to avoid traveling to the U.S. for the next year. The shift in Canadian travel away from the U.S. could amount to an annual loss of \$4 billion for the American economy.

Four billion dollars. Gone. From hotels, restaurants, shops, and border communities that had never thought of Canada as an adversary — because Canada had never been one.

What Canada Did Instead

Here is what Washington missed while it was congratulating itself on being “tough” on Canada.

Carney did not fold. He retaliated — methodically, strategically, and with surgical precision. Canada’s retaliatory tariffs were aimed at products from Republican-leaning states. American steel and aluminum remain subject to Canadian counter-tariffs. Canadian provinces pulled American alcohol from liquor store shelves. Ontario cancelled a \$100 million contract with Elon Musk’s Starlink.

But the more consequential response was not the retaliation. It was the pivot.

Canada began, for the first time in a generation, to seriously diversify away from the United States. New trade relationships with Europe. A trading memorandum with China. Legislation to reduce internal trade barriers and build a self-reliant domestic market. A Major Projects Office fast-tracking \$116 billion in nation-building infrastructure — LNG terminals, critical minerals, nuclear, new trade corridors — all designed to get Canadian resources to markets that are not American.

In June 2025, for the first time since the early 1990s, Canada imported more vehicles from Mexico than from the United States. That is not a footnote. That is a structural shift in a relationship that took 75 years to build.

The tariff war did not bring Canada to heel. It accelerated Canada’s independence from America. That is the outcome Washington produced.

PART TWO: THE DAVOS SPEECH AMERICA DISMISSED

What He Said. What It Meant.

On January 20, 2026, Mark Carney walked onto the stage at the World Economic Forum in Davos — the room where the global elite gathers to decide what the world looks like next — and delivered the most consequential speech by a Western allied leader since the end of the Cold War.

He did not name Donald Trump. He did not have to.

He called what America had done to the global order a *rupture* — not a transition, not a realignment. A rupture. The rules-based international order was over. The WTO, the UN, the multilateral architecture that America built and led for 80 years — under threat, crumbling, no longer fit for purpose. Great powers, he said, had begun using economic integration as weapons, tariffs as leverage, supply chains as vulnerabilities to be exploited.

The room stood and applauded. That does not happen at Davos.

Trump responded the next day from the same stage: *“Canada lives because of the United States. They should be grateful to us. Remember that, Mark, the next time you make your remarks.”*

Carney’s response, when reporters pressed him: *“I meant what I said.”*

Here is what that exchange revealed — and what most American media missed entirely. For the first time since World War II, a close American ally stood in front of the entire world and told Washington: *we see you clearly, we are no longer pretending, and we are building something that does not depend on you.*

That is not a diplomatic spat. That is a strategic realignment. And it has consequences for every American who assumes that Canada will always be there — reliable, deferential, quietly essential — whenever America needs it.

“If you are not at the table, you are on the menu.” — Mark Carney, Davos, January 2026

America used to set the table. Carney is telling you: the seating has changed.

PART THREE: THE ALLIANCES AMERICA IS LOSING

Canada Is Not Waiting for Washington

For 75 years, Canada’s foreign policy operated on a simple assumption: America leads, Canada follows, the relationship is worth the compromise. That assumption is dead.

In its place, Carney has built what he calls *variable geometry* — coalitions that shift by issue, not ideology. You work with whoever shares your interests on any given day. Less romance, more geometry.

In practice, that means Canada is building the alliances America is abandoning.

Canada held the G7 presidency in 2025 and used it to invite 12 non-G7 nations to the table — Australia, Brazil, Chile, India, Indonesia, Japan, South Korea, and others. The stated goal: diversify trade and security relationships away from dependence on any single partner. The unstated message was clear to every leader in the room.

The numbers that followed are staggering. The G7 under Canadian leadership mobilised more than \$570 billion for global infrastructure investment. A Critical Minerals Production Alliance unlocked \$6.4 billion in new partnerships. A proposed trading bloc bridging the Trans-Pacific Partnership with the European Union would encompass 1.5 billion people — a market Canada could access with or without American cooperation.

Canada signed a defence cooperation agreement with the European Union’s Security Action for Europe initiative. It deepened ties with the Nordic-Baltic Eight nations on Arctic security. It flew to New Delhi to repair a strained relationship with India. It purchased radar equipment from Australia — specifically because, as Canadian officials made clear, it no longer fully trusts American intelligence-sharing arrangements.

Read that last sentence again.

Canada — America's closest ally, sharing the longest undefended border in the world, integrated into American defence through NORAD for 67 years — is now buying security infrastructure from Australia because it does not fully trust Washington.

That is what one year of Carney has produced. That is what one year of Trump's approach to Canada produced first.

PART FOUR: THE ARCTIC — AMERICA'S BLIND SPOT

The Most Valuable Piece of Real Estate on Earth. And Canada Is Claiming It.

Here is the story almost no one in Washington is paying attention to. It may be the most consequential of all.

The Arctic is melting. By 2027, scientists project the Arctic Ocean could be completely ice-free in summer — opening the Northwest Passage, the shipping corridor that cuts 7,000 kilometres from Asia-to-Europe trade routes, to regular commercial transit for the first time in human history.

Russia knows this. China knows this. And now, Canada knows that America knows this — and is not sure whose side Washington is on.

The Trump administration has declared “Arctic dominance” as a strategic priority. It has repeatedly sought to acquire Greenland — by economic pressure, by diplomatic coercion, and by refusing to rule out military force. It has sent vessels through the Northwest Passage — Canadian waters — without permission. Its position remains that the Passage is an international strait, open to all.

If Washington gets what it wants in the Arctic, it is not just Russia and China that lose sovereignty in the region. It is Canada.

A May 2025 poll found that 37% of Northern Canadians named the United States as the most serious threat to the Canadian Arctic — slightly more than the 35% who named Russia.

Your closest ally now views you as its primary Arctic threat. Let that land.

Carney's response has been to build. Fast and seriously.

Canada has committed \$6.7 billion to Arctic infrastructure, surveillance, and monitoring. It has committed \$38.6 billion to NORAD modernisation — radar, sensors, over-the-horizon surveillance. It is procuring up to 12 under-ice-capable submarines — the first serious Arctic naval capability Canada has pursued in generations. It launched the Arctic Sentry mission in February 2026, coordinating seven Arctic NATO nations against encroachment. It bought radar technology from Australia, not America.

Canada is militarising its Arctic. Not against Russia. Not against China. Against all of them — including, if it comes to it, the United States.

That is the world America's Arctic policy has created.

PART FIVE: WHAT AMERICA IS LOSING — AND MAY NOT GET BACK

The Price Tag on a Broken Relationship

Step back and look at what the United States has lost — or is in the process of losing — in a single year of treating Canada as an adversary rather than an ally.

A trading relationship worth \$2.5 billion every day — disrupted, rerouted, and being systematically replaced by Canadian alternatives. A tourism flow worth \$20 billion annually — down dramatically, with \$4 billion already gone from the American economy. An ally whose military procurement now explicitly looks elsewhere. An Arctic partner that is building its own defences independently. A G7 presidency that used its platform to build coalitions that do not require American participation. A Davos speech that told the entire world — out loud, to a standing ovation — that the American-led order is finished.

And perhaps most importantly: a neighbour that used to assume the relationship was permanent, and no longer does.

The U.S. Supreme Court struck down roughly 70% of the tariffs imposed on Canada without clear congressional authorization. The legal argument for the trade war collapsed. The economic argument — that tariffs would reduce the trade deficit and bring manufacturing home — has produced, according to Brookings, a trade deficit that rose modestly and manufacturing jobs that declined slightly.

The tariffs did not work. The relationship damage did.

“Virtually all economists think the impact of the tariffs will be very bad for America and for the world. They will almost surely be inflationary.” — Nobel Laureate Joseph Stiglitz, January 2026

THE VERDICT

Wake Up, America. Your Neighbour Has Already Moved On.

Mark Carney is not anti-American. He has been careful, throughout a year of provocation, to make that clear. He wants a functional relationship with the United States. He understands the depth of the integration, the shared history, the genuine common interests.

But he is also a man who spent forty years reading risk. Who governed two central banks through crises. Who sat in the rooms where systems failed and learned exactly what systemic failure looks like from the inside.

And what he sees, looking south, is a country that has decided its allies are leverage points rather than partners. That treaties are bargaining chips. That the relationships it spent 80 years building are liabilities to be renegotiated rather than assets to be protected.

He has responded the only way a serious leader can: by building resilience. By finding new partners. By spending what it takes to be sovereign. By telling the truth in public, on the world stage, in front of everyone.

Canada has changed. It is stronger, more independent, more strategically agile, and less reliant on American goodwill than at any point in living memory. Its approval ratings at home — 66%, among the highest ever recorded in Canadian history — tell you that Canadians believe in what he is building.

The question is not whether Canada has changed. The question is whether America is paying attention.

Because the relationship that made North America the most successful economic partnership in human history was not built on tariffs and annexation threats. It was built on trust, on integration, on the assumption that the border between the two countries was a line on a map, not a front line.

That assumption has been tested. It has not broken — yet. But it has been bent in ways that will take years, perhaps decades, to straighten.

Your neighbour has changed. The bill is coming. And America is going to pay it whether it was watching or not.

One year in: the damage is real. The question is whether it is permanent.

— *George Froehlich, American Pulse · March 28, 2026*