Reasons for Ford to be cautious

Editorial

With his 21-member cabinet already in place, and plans announced to recall the Ontario Legislature next Wednesday, July 11, Premier Doug Ford seems determined to implement some of his campaign promises quickly rather than spend the summer giving his ministers time to acquaint themselves with their portfolios.

However, the best advice he might get from both the Progressive Conservative caucus and senior members of the civil service would be to be a lot more cautious than would have been the case just a few weeks ago.

A major issue never fully addressed in the election campaign was how Mr. Ford planned to move toward a balanced provincial budget while carrying out some costly promises, including lower gasoline and hydro prices, an end to ?hallway medicare? and doing without the revenues from either a carbon tax or the cap and trade system left by the departing Liberals.

As we see it, the only way the new PC government could fulfill all the leader's promises would be by somehow achieving spectacular economic growth.

There's little doubt that, at the moment, Canada's economy is booming, with Ontario leading the way.

The problem is that there are some storm clouds on the horizon, in the form of trade wars that will trigger inflation initially and eventually a recession.

In the circumstances, the wisest move of the new government would be to limit the initial legislature sitting to a Throne Speech formally outlining its plans and the passage of some emergency measures, such as a law ending the long strike at York University.

The government's best hope is that Canada's retaliatory tariffs in response to Donald Trump's imposition of a 25 per cent tariff on steel and 10 per cent on aluminum products won't result in the U.S. president carrying out his threat to impose tariffs on cars and trucks assembled in Canada, at least until after November's mid-term U.S. elections.

Last weekend, auto parts giant Magna International Inc. told U.S. Commerce Secretary Wilbur Ross that the proposed U.S. tariffs on vehicles and auto parts would cut jobs, raise prices for consumers and disrupt innovation that is leading to safer and more fuel-efficient automobiles.

Magna says the tariffs now being considered by the Trump administration under the national security provisions of a 1960s-era law would ?irreversibly harm? workers, consumers and businesses in the United States.

?Innovation, job creation and an integrated supply chain do not present a threat to the economic security of the United States,? Jim Tobin, Magna's chief marketing officer, said, pointing out that the auto parts industry employs 871,000 Americans, up 19 per cent from 2012.

?The imposition of tariffs or other trade barriers on imported automobiles and/or automotive parts would weaken the U.S. economy and threaten to undermine the entire U.S. automotive industry, putting global competitiveness at risk and making the U.S. a less attractive place to invest,? Mr. Tobin said.

Of course, what he didn't need to say was that far more damage would occur in Canada ? perhaps more than in any other part of the world.

The tariffs would leave Canadian auto manufacturers who now send 80 per cent of their vehicles to the U.S. with little more than the domestic market to supply, with General Motors, Ford and Chrysler moving all U.S.-destined production to plants in the U.S. and

Japanese manufacturers like Honda and Toyota soon following suit.

Of course, such tariffs would be in obvious breach of the North America Free Trade Agreement (NAFTA). But so were the steel and aluminum tariffs imposed by a rogue regime at Washington that's insisting on injecting a ?sunset clause? in any new NAFTA pact, the only purpose of which would be to guarantee no new investments in Canada or Mexico.