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How Do You Like the Trade War Now?

Trump is furious that Canada won't take his tariffs lying down.



Ontario Premier Doug Ford PHOTO: KATHERINE KY CHENG/GETTY IMAGES

By The Editorial Board

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President Trump wanted a trade war with the world, and Americans are getting it, good and hard. Stock prices continued to decline on Tuesday amid the latest Canada-U.S. tariff tit-for-tat. By the end of the day the two sides were talking about a temporary truce, but who knows which side of the tariff bed Mr. Trump will wake up on Wednesday?

North Americans awakened Monday to the news that Ontario premier Doug Ford said he was raising the price of his province's electricity exports to the U.S. by 25% in response to Mr. Trump's on-and-off 25% tariffs on Canada. That's a hit to consumers in the U.S. Midwest and Northeast.

Mr. Trump went ballistic, even by his standards. Canada "must immediately drop their Anti-American Farmer Tariff of 250% to 390% on various U.S. dairy products," Mr. Trump said on Truth Social. He said he'd double his metals tariffs on Canada to 50%. And oh, "the only thing that makes sense is for Canada to become our cherished Fifty First State."

Nice of him to concede, if obliquely, that his trade war with Canada makes no sense. His exhortation that Canada become a U.S. state is a tacit acknowledgment that the two economies are deeply integrated. His splendid little tariff war will harm businesses and consumers on both sides of the border.

The U.S. sources about two-thirds of its primary aluminum and 60% of scrap aluminum imports from Canada. Both are used by secondary U.S. aluminum manufacturers and fabricators, which oppose Mr. Trump's tariffs. They have a hard enough time competing against lower-cost producers in China and Turkey.

Canada makes up a smaller share of U.S. steel consumption (about 6%). But Mr. Trump's tariffs will still raise costs for steel users that depend on Canadian supplies. Hot-rolled coil steel prices are up a third since Mr. Trump took office because U.S. manufacturers like [Cleveland-Cliffs](#) and [Nucor](#) have raised prices in anticipation of tariffs.

Commerce Secretary Howard Lutnick said over the weekend that the President's tariffs would make some foreign products more expensive but "American products will get cheaper." Huh? Companies that use foreign components will have to raise prices or swallow narrower profit margins. Does Mr. Lutnick understand, well, commerce?

Domestic manufacturers that compete with foreign goods will raise their prices to take advantage of the protectionism to increase their margins. A study in the American Economic Review found that consumers paid \$817,000 for each new manufacturing job created by Mr. Trump's washing machine tariffs in his first term.

And Mr. Trump is only getting started as he prepares to take his trade war global. He promised Tuesday to "substantially increase" tariffs on cars on April 2, which he said would "essentially, permanently shut down the automobile manufacturing business in Canada." So first he whacks U.S. auto makers with tariffs that raise their production costs, then he tries to shield them from foreign competition by whacking American consumers.

Ontario's Mr. Ford at least showed some maturity late Tuesday, saying he'll suspend his 25% tax on electricity pending talks. He and Mr. Lutnick plan to meet Thursday about renewing the USMCA trade agreement, which comes up for review next year. Stocks pared some of their losses after the news.

The trouble with trade wars is that once they begin they can quickly escalate and get out of control. All the more so when politicians are nearing an election campaign, as Canada now is. Or when Mr. Trump behaves as if his manhood is implicated because a foreign nation won't take his nasty border taxes lying down.

We said from the beginning that this North American trade war is the dumbest in history, and we were being kind.