



Doug Ford: The science of winning

By Warren Lovely & Ethan Currie

Here's a question for the next time you participate in trivia night at your local pub: What do Doug Ford and Howard Ferguson have in common? Easy, they're both former or current Ontario premiers; Ferguson was the 9th and Ford is the 26th. Both were/are on the Conservative/PC side of the political spectrum. More bonus points if you knew that both spent time in local/municipal politics before getting the top job in the province. Howard was reeve of Kemptville back in the day, while Doug (like his late brother Rob) made a name for himself at Toronto City Council. But if you go in for *really* arcane knowledge, consider that both gentlemen are part of a select group on Ontario premiers that not only led their party to back-to-back majorities but also improved their overall parliamentary standing in the process (as judged by the share of ridings won). Howard Ferguson pulled it off way back in 1929. Not quite a century later, Doug Ford managed this rare electoral feat last week.

We're not here to rehash the election strategies that were on display during the recent campaign. As always, mainstream media are replete with 'how'd they do it'-type articles, dissecting what went right or (in the case of the NDP and Liberals) what went wrong. As for our post-election take, we covered that in a separate detailed comment (let us know if you missed it). Meanwhile, our detailed analysis of Ontario's as-yet-unpassed 2022 budget—which served as the PC re-election platform—can be accessed [here](#).

Given that Ford's latest victory is still fresh, we reflect on his economic/fiscal/financial record vs. several predecessors. To be clear, this is the Ford record as it currently stands. After all, assuming Ford serves out his full term, we're no more than at the half-way mark of his premiership. After some digging, we settled on the detailed table on page 2, which compares performance during Ford's (ongoing) time in power with prior premiers. Owing to data limitations, our comparisons don't go all the way back to Howard Ferguson and the 1920s. Rather, we closed off our detailed look-back with former PC premier Bill Davis, who governed up until 1985 and passed away only last summer.

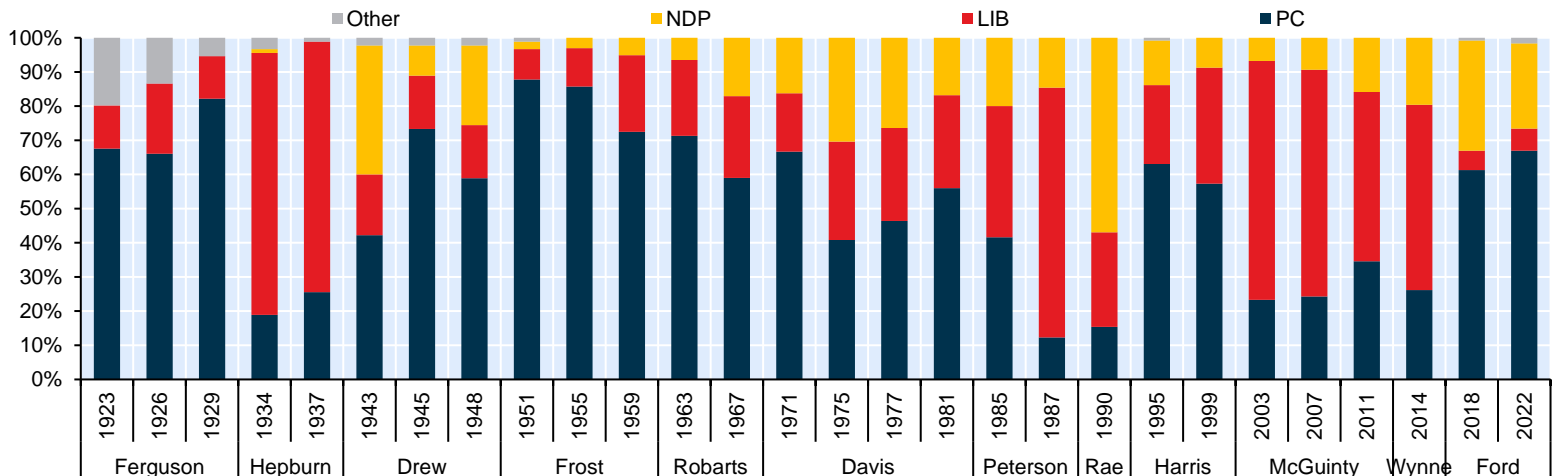
Clearly, a once-in-a-century pandemic makes Ford's premiership unique. COVID has impacted (infected?) any number of metrics. Technically, annualized GDP growth has been slower under Ford than earlier premiers, but no one has had to contend with such extreme economic volatility (which makes governing difficult). The labour market has likewise ridden something of a roller coaster, but not many premiers have a 5½% jobless rate on their resumes. Note: Ontario's unemployment rate was 5.4% as of April, with fresh data arriving this week. Consumer price behaviour hardly compares to earlier premierships, with Ford having to contend with runaway inflation. We don't blame much of this on the provincial government, seeing excessively loose monetary policy and global supply chain snafus as the real catalysts. Still, Ford's ruling a province with non-trivial interest rate sensitivity, including elevated household debt. Ultra-aggressive interest rate tightening is sure to leave a mark here, with Ontario's unsustainably high real estate prices already feeling the gravitational pull of the few first BoC rate hikes. Adjusting to higher interest rates and slower growth may well be one of the biggest challenges for Ford's second term.

In the same way that economic variables have bounced around, Ford's fiscal record has proven somewhat choppy. Nonetheless, serious fiscal momentum was gathered in 2021-22, which is carrying over to 2022-23. Again, the trick could be maintaining budgetary progress should growth falter in the face of significantly higher interest rates and tighter financial conditions. But credit the government with embedding significant prudence in April's budget (which needs to be re-tabled post-vote). Earlier work locking in debt for longer also looks to pay dividends, blunting interest rate reset risk and maintaining debt affordability over the medium-term—factors which should support the province's rating.

On balance, Ford's record (as it stands) is in many respects enviable, controlling for underlying conditions. And no question, he's taken folksy charm to a new level :) Perhaps it's little wonder Ontarians handed him the keys to Queen's Park for another four years. Rule on Mr. Ford; you've scant opposition in your way until 2026 at the earliest. [And for the would-be-premiers out there—including the incoming leaders of the main opposition parties—here are a few yardsticks you might ultimately need to measure up against.]

Chart 1: Doug Ford pulls off a rare political feat... wins back-to-back majorities & improves party's standing at same time

Roughly 100 years of Ontario general elections: Share of seats won by political party & premier



Source: NBF, Elections Ontario | Note: 2022 election results are unofficial; PC refers to Progressive Conservative or Conservative parties

Table: How does Doug Ford's (ongoing) premiership stack up vs. predecessors?

Political, economic & fiscal record of select Ontario premiers: Bill Davis up to Doug Ford

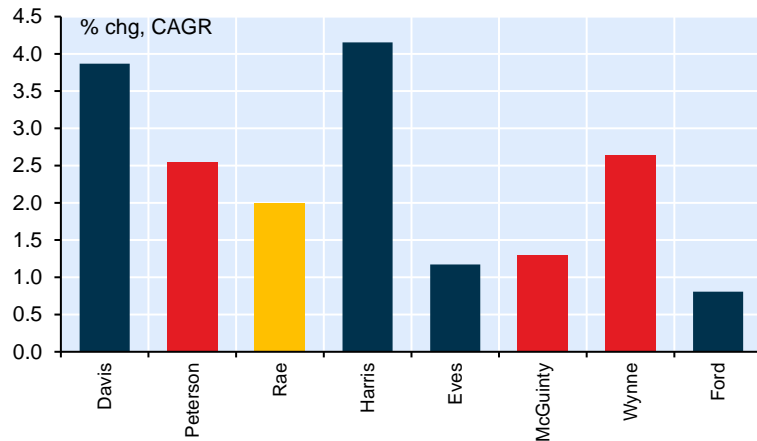
Premier		Doug Ford*	Kathleen Wynne	Dalton McGuinty	Ernie Eves	Mike Harris	Bob Rae	David Peterson	Bill Davis*	
Political record	Political party	PC	LIB	LIB	PC	PC	NDP	LIB	PC	
	Term as premier	Start	29-Jun-18	11-Feb-13	23-Oct-03	15-Apr-02	26-Jun-95	01-Oct-90	26-Jun-85	01-Mar-71
		End	Ongoing	29-Jun-18	11-Feb-13	22-Oct-03	14-Apr-02	26-Jun-95	01-Oct-90	08-Feb-85
		Years	3.9+	5.4	9.3	1.5	6.8	4.7	5.3	13.9
	General elections won	#	2	1	3	-	2	1	2	4
	Majorities won	#	2	1	2	-	2	1	1	2
	Improve own majority?	Yes No	Yes	-	No	-	No	-	-	No
Largest winning share	% of seats	67	54	70	-	63	57	73	67	
GDP	Real GDP	Avg growth (% , CAGR)	0.8	2.6	1.3	1.2	4.2	2.0	2.5	3.9
		Max Min (Y/Y %)	11.9 -12.8	3.3 0.5	4.5 -4.7	4.4 -0.1	10.7 0.8	7 -6	6.3 -3.6	9.9 -5.2
		Std dev (Q/Q %-pts)	16.5	1.3	3.1	2.7	3.9	4.9	3.6	7.2
	Recession during term?	Yes No	Yes	No	Yes	Yes	No	Yes	Yes	Yes
	Nominal GDP	Avg growth (% , CAGR)	4.7	4.2	3.1	3.1	5.6	3.7	7.6	9.7
Nominal GDP per cap	Avg level (\$)	61,600	55,700	47,000	41,600	35,500	28,600	25,300	17,700	
Population & jobs	Population	Avg level (mln)	14.6	13.8	12.9	12.2	11.4	10.6	9.8	8.8
		Avg growth (% , CAGR)	1.2	1.0	0.9	1.2	1.4	1.1	2.0	1.1
	Employment	Net chg (000s)	554	440	506	264	881	-63	582	798
		Avg growth (% , CAGR)	2.0	1.2	0.8	2.9	2.4	-0.3	2.3	2.2
	Unemployment rate	Avg (%)	7.3	6.8	7.4	7.0	7.3	9.9	6.0	7.7
		Start (%)	6.0	7.8	7.0	7.0	8.8	7.2	8.0	6.4
		Last (%)	5.4	6.0	7.8	7.0	7.0	8.8	7.2	8.3
Net chg (%-pts)	-0.6	-1.8	0.8	0.0	-1.8	1.6	-0.8	1.9		
Inflation	CPI inflation (all items)	Avg (Y/Y %)	2.4	1.7	1.9	2.5	2.1	2.1	4.9	8.7
		Start (Y/Y %)	2.4	1.2	1.8	1.4	3.2	4.6	4.2	9.7
		Last (Y/Y %)	6.9	2.4	1.2	1.8	1.4	3.2	4.6	3.9
		Net chg (Y/Y %-pts)	4.5	1.3	-0.6	0.4	-1.8	-1.4	0.4	-5.8
Income & housing	Disposable income	Avg growth (% , CAGR)	4.6	3.9	3.8	3.3	4.8	2.9	6.9	8.4
		Savings rate	Avg (%)	7.5	1.3	3.6	2.9	7.8	14.6	15.4
	Resale housing price	Avg (\$)	725,800	488,300	308,700	220,100	173,200	162,000	143,600	72,000
		Start (\$)	562,700	387,600	238,800	208,100	153,000	170,900	84,300	60,900
		End (\$)	949,600	562,700	387,600	238,800	208,100	153,000	171,200	83,800
Avg growth (% , CAGR)	14.3	7.1	5.3	9.1	4.6	-2.3	14.0	6.4		
Budget balance & debt	Budget balance	Avg (\$bln)	-12.1	-7.0	-7.3	-2.2	-2.5	-10.2	-1.9	-2.7
		Avg (% of GDP)	-1.3	-0.9	-1.2	-0.4	-0.7	-3.4	-0.8	-1.8
	Total revenue	Avg (% of GDP)	18.0	17.8	17.2	14.9	16.4	16.8	14.2	13.3
	Own-source revenue	Avg (% of GDP)	14.9	14.7	14.4	13.1	14.8	14.5	12.1	10.7
	Total expenditure	Avg (% of GDP)	19.4	18.7	18.4	15.4	17.1	20.2	15.0	15.1
	Net debt-to-GDP	Avg (%)	40.8	39.8	30.6	27.0	30.1	22.6	13.9	12.0
		Start (%)	39.3	38.0	27.2	28.2	28.8	12.9	13.4	10.4
		Last (%)	40.8	39.3	38.0	27.2	28.2	28.8	12.9	12.9
	Net chg (%-pts)	1.5	1.3	10.8	-1.0	-0.6	15.8	-0.4	2.5	
	: (%-pts/yrs in pwr)	0.4	0.2	1.2	-0.7	-0.1	3.3	-0.1	0.2	
IOD-to-revene	Avg (%)	7.7	8.5	9.4	12.9	14.7	11.7	10.1	8.8	
Rating	Long-term rating	Avg (all agencies)	AA- to A+	AA-	AA	AA	AA-	AA to AA-	AAA to AA+	AAA to AA+
	Rating upgrades	Notches while in pwr	-	-	1	1	3	-	1	2
	Rating downgrades	Notches while in pwr	1	2	3	-	-	8	1	-
Backdrop	U.S. real GDP	Avg growth (% , CAGR)	1.8	2.4	1.6	3.2	3.5	2.9	3.1	3.0
	U.S. 10Y yield	Avg (%)	1.8	2.3	3.6	4.2	5.8	7.0	8.6	9.3
	GoC 10Y yield	Avg (%)	1.5	1.9	3.5	5.0	6.1	8.4	9.8	10.1
	S&P TSX	Start to end (% chg)	25.5	27.6	66.2	-1.3	72.5	45.1	14.1	156.8
		Avg growth (% , CAGR)	6.0	4.7	5.6	-0.9	8.3	8.3	2.5	7.0
	Canadian dollar	Avg (US\$/C\$)	76.8	83.0	91.1	67.6	68.9	79.7	78.8	90.4
	Crude oil	Avg (US\$/bbl)	60.8	66.2	73.3	29.3	21.8	20.0	19.5	29.6

Source: NBF, Elections Ontario, Ontario Economic Accounts, StatCan, CREA, Ontario Public Accounts & Apr-22 Budget; S&P, Moody's, DBRS, Fitch, U.S. BEA, Bloomberg

Notes: Comparison of select statistics for premiers serving at least one year; excludes Frank Miller, who governed from Feb-85 to Jun-85; due to data limitations, comparison ends with Bill Davis; re. Davis, many measures are incomplete/partial, as underlying data do not cover entire period in power; Doug Ford's premiership is ongoing, with Ford re-elected to a new majority mandate in Jun-22 general election; recession defined as at least two consecutive quarters of real GDP declines; average credit rating is based on all available ratings during entire time in power & does not refer to rating range; contact NBF for additional details/context/caveats when interpreting data

Chart 2: Technically, growth has been slower under Ford...

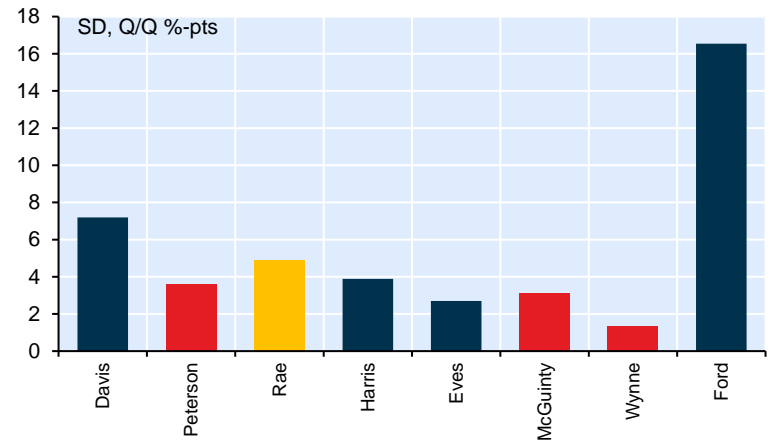
Average growth in Ontario real GDP during time in power



Source: NBF, Ont | Note: Compound annual growth rate from first to last quarter in power; Davis record is incomplete/partial (starts 1981:Q1); Ford's record is ongoing, based on growth to 2021:Q4

Chart 3: ... but real GDP has never been this choppy (thx COVID)

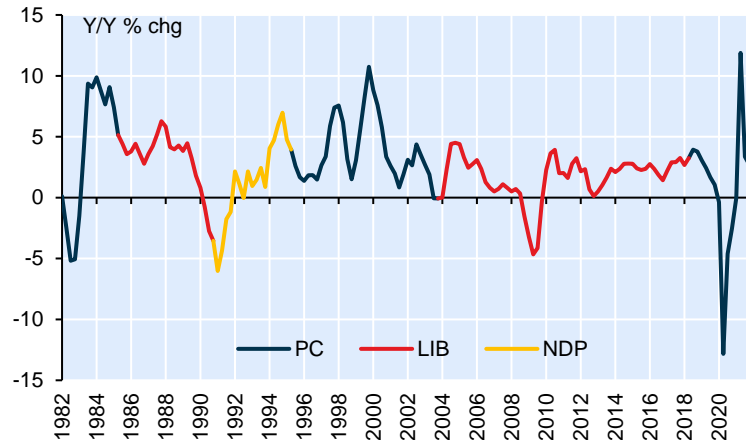
Standard deviation in Ontario quarterly real GDP growth during time in power



Source: NBF, Ont | Note Standard deviation in quarter-over-quarter annualized growth rate from first to last quarter in power; as per Chart 2 note, Davis result refers to only part of term, while Ford result is likewise partial (to 2021:Q4) with his term ongoing

Chart 4: Truly unique economic backdrop for Mr. Ford

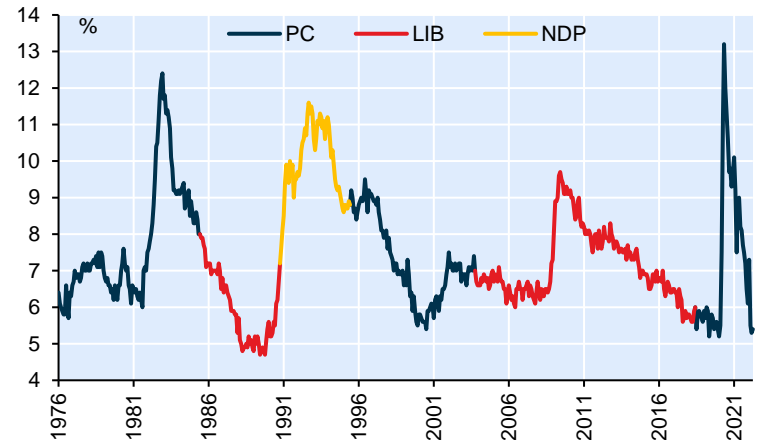
Year-over-year growth in Ontario real GDP by party in power



Source: NBF, Ont | Note: Growth rates from 1982:Q1 to 2021:Q4

Chart 5: A roller coaster ride for provincial labour market

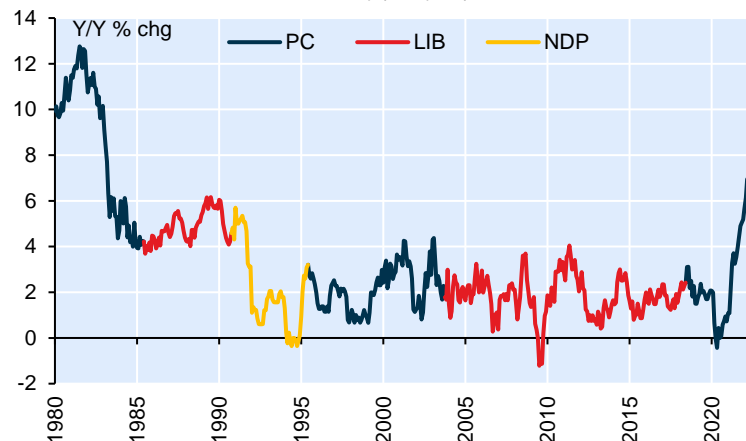
Ontario unemployment rate by party in power



Source: NBF, StatCan | Note: Monthly data (SA) from Jan-76 to Apr-22

Chart 6: An inflation breakout for the ages

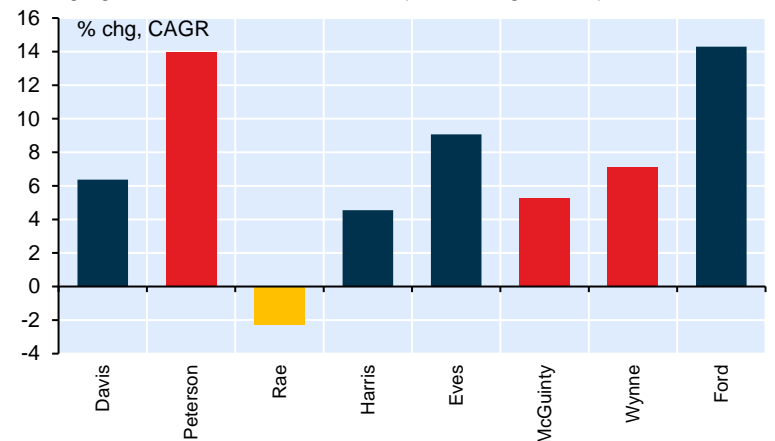
Ontario CPI inflation rate (all items) by party in power



Source: NBF, StatCan | Note: Monthly data (NSA) from Jan-80 to Apr-22

Chart 7: After significant run-up, more housing downside?

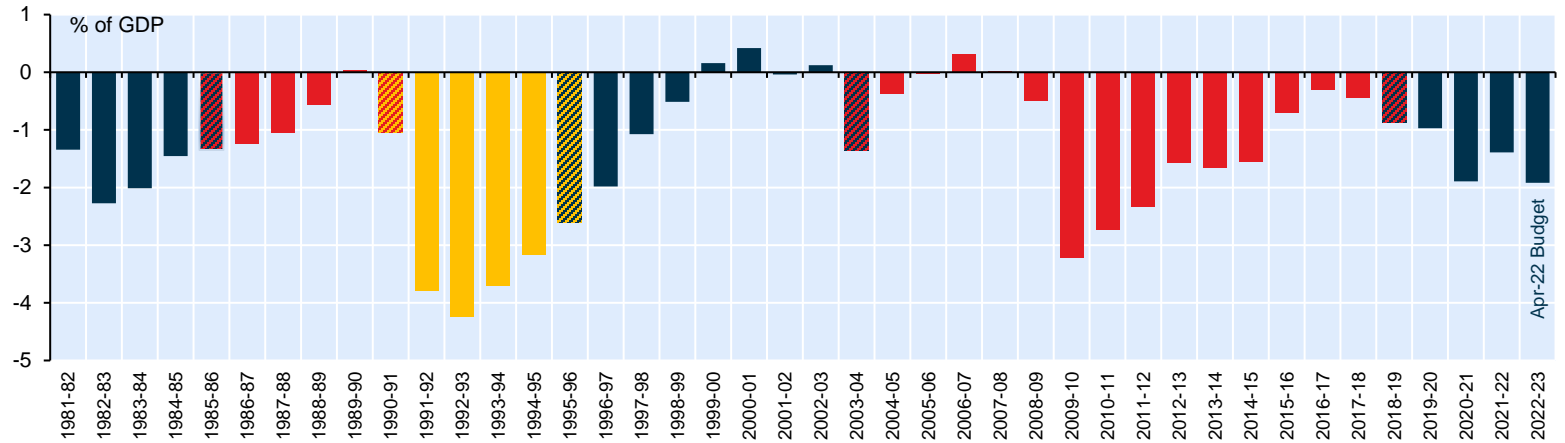
Average growth in Ontario resale house price during time in power



Source: NBF, CREA | Note: Compound annual growth rate from first to last month in power; Davis record is incomplete/partial (starts Jan-80); Ford's record is ongoing, based on average resale price to Apr-22

Chart 8: Tracking Ontario's budgetary backdrop, with Ford's fiscal recovery a work-in-progress

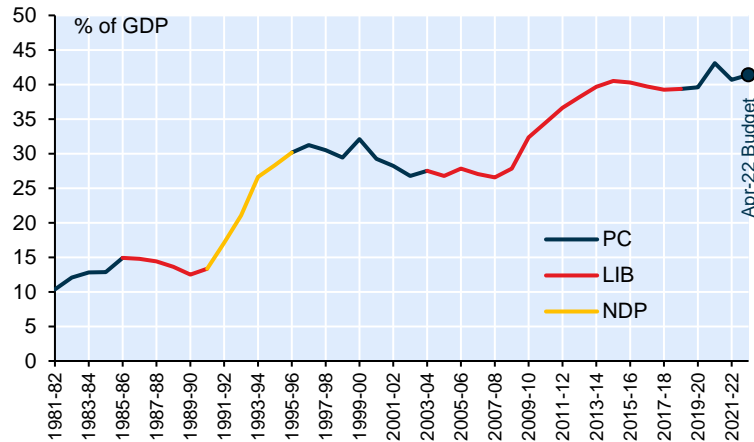
Ontario budget balance-to-GDP ratio by party in power



Source: NBF, Ontario Public Accounts & Apr-22 Budget | Note: 2021-22 is estimate, while 2022-23 is based on as-yet-unpassed budget; colour of bars denotes party in power, where blue=PC, red=LIB, orange=NDP; crosshatch bars denote transitional FYs

Chart 9: The path traveled to Ontario's high debt burden

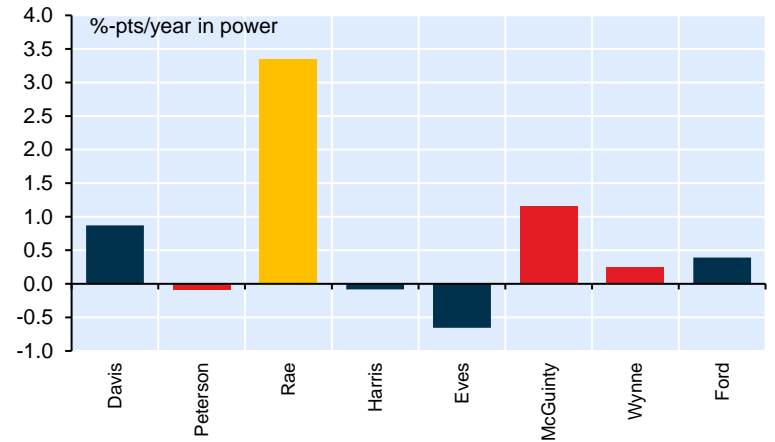
Ontario net debt-to-GDP ratio by party in power



Source: NBF, Ontario Public Accounts & Apr-22 Budget | Note: 2021-22 is estimate, while 2022-23 is based on as-yet-unpassed budget

Chart 10: Ford's debt accumulation pace hardly excessive

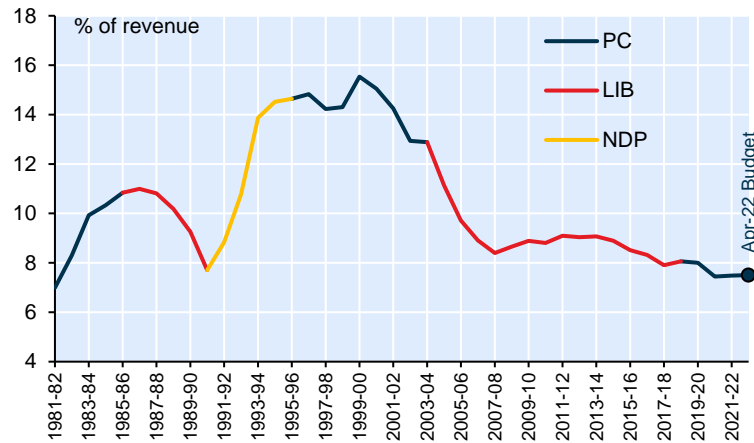
Net change in Ontario net debt-to-GDP ratio during time in power



Source: NBF, Ontario Public Accounts & Apr-22 Budget | Note: Net change in debt ratio per number of years in power; based on NBF interpolation of debt ratio; excludes F.Miller; Ford's result is interim calculation, with Apr-22 Budget projecting lower ratio over time

Chart 11: Interest bite not that painful (even as rates move up)

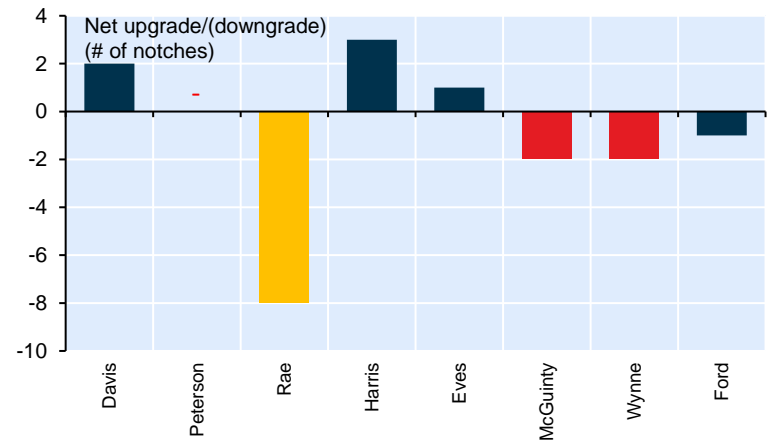
Ontario interest on debt-to-revenue ratio by party in power



Source: NBF, Ontario Public Accounts & Apr-22 Budget | Note: 2021-22 is estimate, while 2022-23 is based on as-yet-unpassed budget

Chart 12: A new era of credit rating stability?

Net credit rating upgrades vs. downgrades during time in power (all agencies)



Source: NBF, S&P, Moody's, DBRS, Fitch | Note: Based on available long-term ratings; data refer to net count of upgrades (+ve) vs. downgrades (-ve), measured by total rating notches; last downgrade was Moody's in Dec-18; all ratings currently 'stable'



Economics and Strategy

Montreal Office

514-879-2529

Stéfane Marion

Chief Economist and Strategist
stefane.marion@nbc.ca

Kyle Dahms

Economist
kyle.dahms@nbc.ca

Alexandra Ducharme

Economist
alexandra.ducharme@nbc.ca

Matthieu Arseneau

Deputy Chief Economist
matthieu.arseneau@nbc.ca

Daren King

Economist
daren.king@nbc.ca

Angelo Katsoras

Geopolitical Analyst
angelo.katsoras@nbc.ca

Jocelyn Paquet

Economist
jocelyn.paquet@nbc.ca

Toronto Office

416-869-8598

Warren Lovely

Chief Rates and Public Sector Strategist
warren.lovely@nbc.ca

Taylor Schleich

Rates Strategist
taylor.schleich@nbc.ca

Ethan Currie

Sales & Trading Intern
ethan.currie@nbc.ca

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