



Robert Lyman

Former federal public servant and diplomat

When Will Climate Policy Hit The Wall?

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*Assessing the Prospects for a U-Turn
in Canadian Climate Policy*

By Robert Lyman ©2023

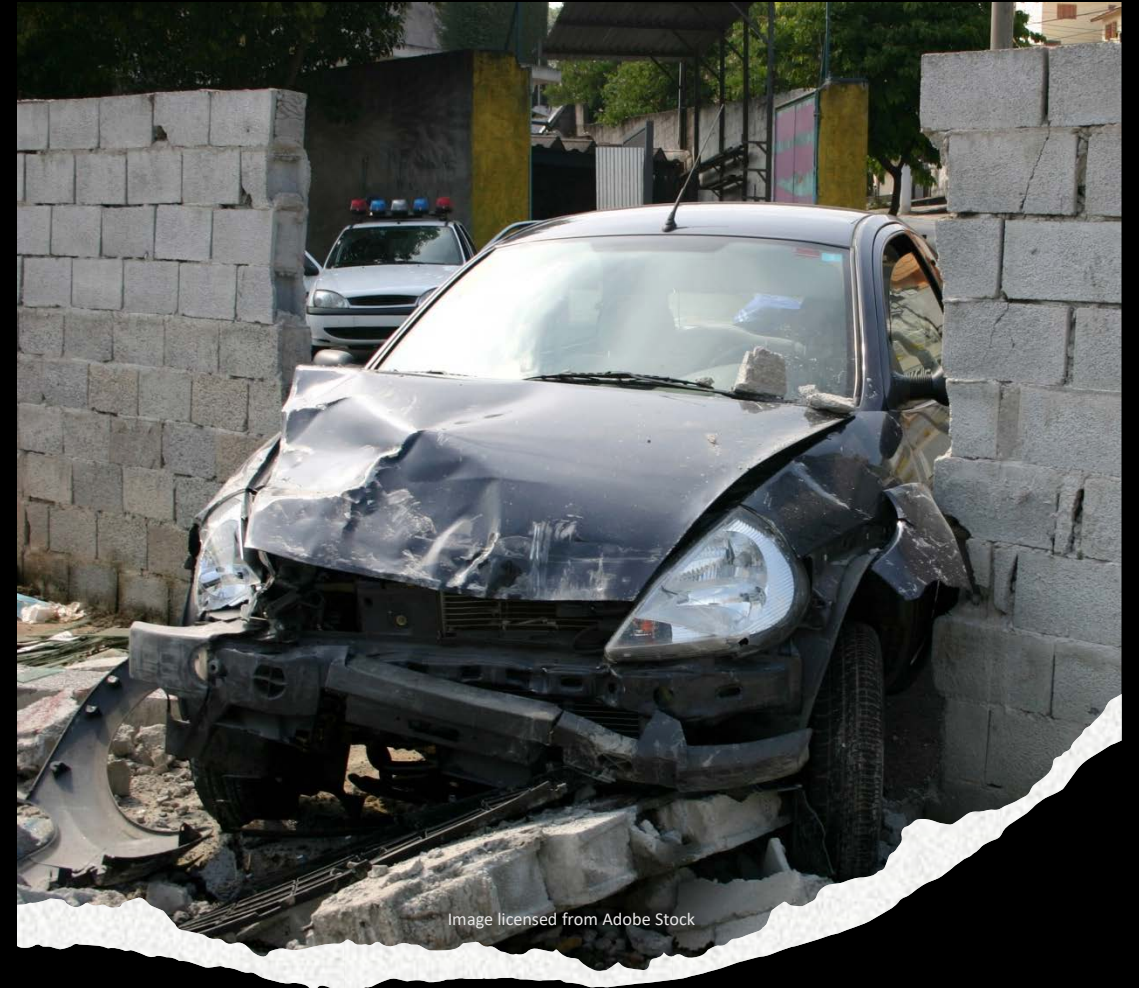
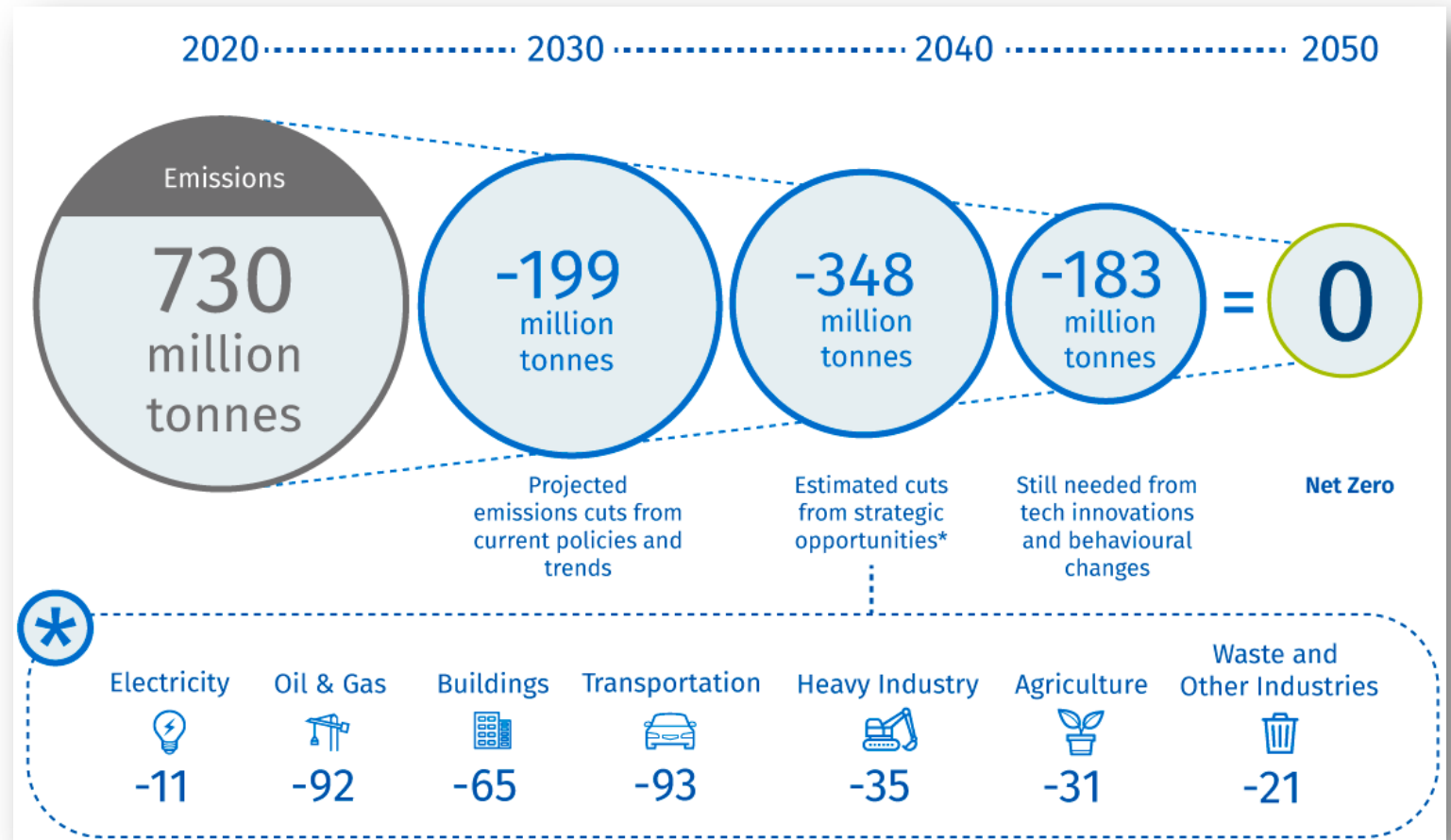


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What Does Net-Zero Mean?



The Fear Factor

- “Climate” of fear prevails
- Public bombarded with messages of “catastrophe”, “collapse” and “extinction”
- This undermines consideration of facts



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The Climate Policy Framework

- Net-Zero Emissions Accountability Act
- Carbon Pricing
- Regulation
- Caps and Mandates
- Subsidies (\$120 billion over last 6 years)
- Over 400 measures

<https://www.cp24.com/news/most-canadians-support-the-federal-government-s-climate-policy-announcements-poll-1.5657922?cache=yes>

Trudeau and Minister of Environment and Climate Change Steven Guilbeault hold a press conference in Glasgow, Scotland on Tuesday, Nov. 2, 2021. THE CANADIAN PRESS/Sean Kilpatrick

Carbon Tax Implications



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CARBON TAXES, EVEN THOUGH PARTIALLY OFFSET BY REBATES, WILL HAVE SIGNIFICANT ADVERSE EFFECTS ON BUSINESSES THAT WILL NOT RECEIVE REBATES AND ON CONSUMERS, FIRMS AND PROVINCES THAT ARE LARGE CARBON DIOXIDE PRODUCERS.

ADVERSE EFFECT ON COMPETITIVENESS - CANADA'S MAIN TRADING PARTNERS (USA, CHINA AND MEXICO) HAVE LOW OR NO CARBON TAXES AT FEDERAL LEVELS.

REVENUES FROM CARBON TAXES EXCEEDED \$23.3 BILLION IN 2022-23. BY 2030, THEY WILL BE IN RANGE OF \$50 BILLION TO \$70 BILLION PER YEAR.

The Heavy Hand of Regulation

- “No more pipelines” Act
- Environmental assessment includes net-zero test
- Mandates governing electricity generation, electric vehicle sales
- Pending caps on petroleum production



Economic Impacts

- Enormous costs
- Sharp reduction in income, investment and employment
- Loss of export sales and of international competitiveness
- Sharp contraction in petroleum and mining industries
- Tens of billions of dollars in additional infrastructure costs for electricity generation and transmission, mass transit, and buildings
- Higher inflation, especially in housing
- Profound federal-provincial discord and threats to unity



“Clean Energy” to the Rescue? Hardly

- For every job created in renewables, two to three are lost elsewhere
- Canada’s clean technology sector is 3% of GDP – same as in 2007



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The Pocketbook Issues

- Rising energy costs will add to inflation
- Worst hit will be costs of heating, transport, housing and food
- At some point, energy poverty becomes a key election issue

Central Planning Won't Succeed

- Canadian elites distrust markets
- Yet, governments lack the tools and capacity to manage the economy
- Too frequent resort to heavy-handedness

SHOW ME THE MONEY

100x

MAKE IT RAIN

The Financial Barriers to Global Climate Collaboration

- Developing countries demand \$1.3 trillion per year for mitigation
- They also seek \$600 billion/year for adaptation
- For “loss and damages” they seek unlimited amounts

The Political Dimension

- Two roads to possible U-turn from net-zero policies – federal and provincial
- Only possible federal route is election of a Conservative majority and even that is uncertain.
- Provinces have some political, but few legal, options





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Conclusion