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Canada and Kyoto

- Canada is not what you’d call a country particularly well-suited to greenhouse gas controls:
  - It has a widely dispersed population with massive transportation requirements to move goods to market;
  - It’s largely a cold-weather country with large per-capita energy requirements just for temperature control;
  - Its economy is largely driven by natural-resource exports, including some that take a lot of energy (and produce a lot of GHGs) to produce;
  - Canada’s emission reduction target is huge – 6% below 1990, or 30% below “business as usual” 2010 emissions.
So why did they ratify?

- Since elected dictators don’t have to explain why they do things, nobody really knows. But speculation suggests that Prime Minister Chrétien ratified Kyoto:
  - To build an environmental legacy;
  - To position himself for a role in United Nations;
  - Out of historical antipathy toward western provinces;
  - To punish Paul Martin for orchestrating his ouster; and
  - Because Bush said America wasn’t going to.
But what did Canada really agree to? (1)

The federal action plan calls for:

- Claiming credits for actions already taken or underway;
- Claiming more sink credits than Kyoto proponents acknowledge;
- Claiming credit for clean power exports to the United States;
- Spending money on various funds to promote energy conservation, new technology development, etc.
But what did Canada really agree to? (2)

In terms of concrete actions Canada would take, the unusually explicit 2003 federal action plan included:

- 25% increase in vehicular fuel economy;
- Large emitter “covenants” to reduce emissions;
- Energy efficiency improvements in homes, commercial, and institutional buildings;
- Energy efficiency improvements in small and medium sized businesses;
- Reduction of fugitive emissions;
- International credit purchases
Failure is built in

- Clean-power exports already denied;
- Credits for sinks and previous actions is doubtful;
- Automobile manufacturers exempted;
- Energy producer obligations capped at 15% increase in energy intensity;
- Cost of emission reductions via credit trading capped at $15 CDN per ton of carbon equivalent;
- No way to compel fuel economy hike;
- Provinces have authority over natural resource use;
- The 2004 and 2005 plans just throw money at various funds.
Before ratifying, the federal government estimated that Kyoto compliance would

- Take 0.4 percent of cumulative GDP between 2002 and 2010;
- Result in 60,000 jobs lost;
- Not impact personal disposable income
But Simon Fraser University economist Mark Jaccard estimated that Kyoto will:

- Take 3 percent of economic productivity generated between now and 2010;
- Result in incomes that are permanently lower (4% lower) than they’d otherwise by after 2010;
- Raise electricity prices up to 80%;
- Raise natural gas prices by 40% to 90%;
- Raise gasoline prices by 50%
Why it’s all moot

To really understand Canada and Kyoto, you have to understand some things about Canada you might not know:

– Elected dictators don’t get sued;
– Canada is an opaque society;
– In Canada, you can spend the same dollar five billion times;
– You can’t critique what you can’t see; and
– Kyoto seems dead as a doornail.
There are amusing elements...

Lest you think that Canadian regulation is entirely without amusement value, consider Vancouver and the three-man band

- Normal bands usually have 4 (or 5) members, including a drummer, guitarist, bass player, and keyboard player
- In Vancouver restaurants, you tend to see 3-person bands, consisting of a drummer, guitarist, and keyboard player, and they sound just as good.
- Why? Because in Vancouver, you can only have a 4-person band in your restaurant if you’re classified as a dance-hall, in which case, you also have to have sufficient room for dancing, and meet a bunch of other zoning requirements.
There are amusing elements...

Canadians also love recycling. Worship of the Blue Box is nearly universal. Canadians are great trash sorters

- Recycling, of course, has its uses. It’s nearly always efficient for aluminum and metal, and sometimes for paper.
- Canadians are good separators, and the homeless collect recyclables diligently, for the redemption value. There’s not much litter.
- There are building standards requiring use of recyclables, which creates a market, though it’s not a free market, of course.
But then, things go a bit awry.

- In Vancouver, people spend time washing out empty bottles, and sorting them into separate bins that are collected by a different fleet of trucks than handle regular trash.
- Then, the city grinds up the glass to prepare it for recycling.
- Then the glass is driven using diesel trucks, all the way to Alberta, where it’s turned into fiberglass.
- Then the fiberglass is driven, again on diesel trucks, all the way back to Vancouver, for use in “environmentally friendly” skyscrapers.
- And of course, air pollution is considered a huge environmental problem in Canada.
And less amusing elements...

Canadians are very proud that they have “free & egalitarian” medicine, but...

• If your dog is hit by a car, and needs a CT scan, there’s no wait, while if your kid is hit by a car, and needs a CT scan, the wait can be months long.

• If you’re non-Canadian living in Canada, and need a CT scan, you can just pay, and not wait, and, you can buy health insurance from other countries.

• If you’re a reasonably wealthy Canadian, you can either go to the US, or have a “third-party” (your uncle) pay for your CT scan in cash, and again, no waiting, but it’s out-of-pocket.

• If you’re a mountie, a government worker, a prisoner, or one of Canada’s 10 soldiers, there’s no waiting.

• If you’re a regular private-sector working stiff, well, practice saying the word “queue”.

• The Prime Minister’s physician runs a private clinic, but Martin is against private practice medicine.
And then, things get silly...

- Did I mention the 50% income tax? Then there’s the 7 percent GST, another 7 percent PST, and a surtax on alcoholic beverages in restaurants;
- While a standard US shot of hard liquor is 1.75 ounces, the Canadian standard shot is 1 ounce, and in most provinces, you have to buy alcohol from the state.
- Even over-the-counter prescription drugs are locked up on certain holidays. You can’t buy 1% hydrocortisone over the counter, but you can buy tylenol with codeine. Go figure.
- Cigarettes are, of course, highly regulated, and expensive. But, you can buy your pot and heroin anywhere, and in Vancouver they’ll give you a “safe injection site” with sandwiches, and an EMT to take you to the ER if you OD. You get in ahead of the people waiting, of course.
- Prostitution is legal, but soliciting and advertising is not. Don’t ask me how that works.
- They don’t have enough money to pay for medical equipment, but they did have enough to import strippers from the Ukraine.
And some are really silly...

- The bagels aren’t bagels. They’re toroidal bread;
- The Lox isn’t Lox, it’s smoked (not brined) pacific salmon;
- The Corned Beef is called Montreal Smoked Beef, and it’s neither corned beef nor pastrami
- The hot sauces generally aren’t
- Though there are few French people, there’s a ton of French Cuisine, and while it’s prepared by Mexicans, you can’t find decent Mexican food.
- To import your car, you have to have it relabeled in French, even in Provinces where it’s not spoken.
- 30% of public broadcasts must be “Canadian Content,” but they don’t acknowledge Celine Dion as Canadian Content.
To be fair, though...

- Canadian cities are mind-bogglingly clean, and though they centrally-plan, and the incentives seem perverse, somehow, things work well;
- The people (at least on the surface) are so polite that, as a former colleague used to say, they even thank vending machines;
- Canadians do tend to work like beavers, and really seem to take pleasure in doing quality work;
- The emphasis on bilingualism, even if hated out west, does seem to produce people with excellent language skills;
- The Canadian Confederacy gives more power to provinces than the US gives to states;
- Their private sector is very competitive, and intensely market-oriented;
To be fair, though...

- Jazzfest in Vancouver (last week in June) is probably one of the greatest vacation plans ever, even if the Loonie is up to 80 cents US;
- The public health care does mean less neurosis about liability – thus, it’s easier to do risky things, like entering oyster shucking contests, even if you risk stabbing yourself;
- Brain drain does let you drive a hard bargain if you’re in a profession they need;
- $1.00 and $2.00 coins are very useful;
- Canadians do great beer.
So, I’ll take your questions now... Eh?