

My simple eco-list to make Canada a greener nation

ERIC REGULY The Globe And Mail Saturday, February 3, 2007

Watching Question Period in the House of Commons on Thursday was like watching kindergarten brats holler at one another in the school yard. The topic was, of course, climate change. The Liberals, having botched Canada's entry into the Kyoto accord by setting impossible emission reduction targets, were insisting the Tories adopt Kyoto's impossible targets. A five-year-old letter was dredged up in which the author, one Stephen Harper, called Kyoto a "socialist scheme."

More yelling and finger pointing. Meanwhile, the planet burns. Yesterday's report from the Intergovernmental Panel on Climate Change said global warming is "very likely" caused by human activity. The most powerful investment firms no longer challenge the science. "Climate Change: Beyond Whether," is the title of the latest UBS report on climate change's economic and investment threats and opportunities.

What will Canada do? Expect more childish behaviour from the politicians, more blather over who -- the Liberals or the Tories -- is more damaging to the environment, more meaningless fiddling with haphazard "green" programs, more official hypocrisy. No one said fighting climate change will be easy or cheap or non-threatening to cushy Canadian lifestyles. But a range of relatively easy and sensible programs could be put into place without ripping the economy apart. Adopting any of them would make the politicians look like adults. And wouldn't that be nice for a change?

Don't whack the market with energy taxes: Economics 101 says the higher the price of the product, the lower the demand. This is not necessarily true for road fuels. In spite of outrageous gasoline and diesel taxes in Europe, the demand for both fuels is robust and growing. In Canada, gasoline prices have climbed at double-digit rates in recent years.

The effect on consumption? It's still going up. To be sure, a tripling of the price overnight would bring down demand in a hurry, but no government would dare do something so radical (or so politically suicidal).

The alternative to taxes is regulation through tougher product standards. Take housing developers. They have no incentive to install the most energy-efficient furnaces, fridges, lighting and the like. Conditions on minimum-performance standards would fix this in a hurry. Developers and appliance makers -- that is, the market -- would figure out in the cost of compliance in short order. This would prevent the government from dictating prices through the tax system. Higher standards could be applied to fuels, building codes, manufacturing and autos. The environmental benefits could be substantial, all without new taxes distorting the economy.

Rail, not roads: Canada was built on the railway. It's time to recreate it. Shipping by truck emits five to eight times as much greenhouse gas per tonne of freight than rail. Shifting the freight onto rail for medium- to long-haul routes would work wonders for the environment, for highway safety and for infrastructure maintenance budgets; it is trucks, not cars, that do the most damage to roads.

While we're at it, governments could stop building new roads. There isn't a road built on the planet that cured traffic congestion. They're highly skilled at achieving the opposite. Keep the maintenance budget and axe the capital budgets for construction. In the latest fiscal year alone, Ontario's construction budget was \$1.4-billion, up from \$1-billion in 2002. Imagine if that money were put into public transportation. Smog and greenhouse gas emissions would be curtailed. The suburbs wouldn't be entirely dependent on cars.

Insulate homes: Mr. Harper's Tories killed the EnerGuide program, which paid for home energy audits and reimbursed owners for the cost of better insulation, more efficient furnaces and the like. Realizing their mistake, they have just launched a program inspired by EnerGuide. But it's not ambitious.

An ambitious program would retrofit all of Canada's 1.6 million or so low-income households. At, say, \$5,000 a pop, the bill would come to about \$8-billion. By some estimates, the lower heating costs would reduce the national output of carbon dioxide, the main greenhouse gas, by five million tonnes a year. The program would also provide employment for renovators and installers.

Kill ethanol: In Canada and the United States, ethanol, the fuel additive made from corn, consumes vast amounts of taxpayer subsidies. If ethanol were the miracle cure for greenhouse gas emissions from transportation fuels, the expense might be worthwhile. But, at best, the environmental benefits are inconclusive. It would be far better to divert Canada's hundreds of millions of dollars of ethanol subsidies to technologies of proven environmental benefit.