

Canada

Green gambit

Jul 3rd 2008 | OTTAWA

From The Economist print edition

Stéphane Dion, the Liberal with a carbon-tax plan

FANS of "Yes, Minister", a 1980s British sitcom, will recall that whenever Sir Humphrey Appleby, the emollient civil servant, labelled a brainwave by his minister "courageous", a climbdown was inevitable. That is the adjective being used by many of the supporters of Stéphane Dion, the leader of Canada's opposition Liberal Party, to describe the plan for a national carbon tax that he unveiled with campaign-style fanfare in mid-June.

Despite a slightly wimpish image, Mr Dion, a former academic, certainly does not lack courage. On July 4th he was due to head for Alberta, Canada's oil patch, to spend the weekend at the Calgary Stampede endeavouring to sell a tax expressly designed to curb energy use.

In theory, Mr Dion has hit on a winning issue. Latest figures show that Canada's emissions of greenhouse gases are 30% above the current target set in the Kyoto protocol. Stephen Harper's minority Conservative government lacks a serious plan to cut emissions. Many Canadians are embarrassed by this and care about the environment (see [article](#)).

But at the moment they are more worried about a slowing economy and rising energy costs. So they are unlikely to welcome higher fuel taxes, as Mr Dion proposes. He insists that his tax proposals would be revenue-neutral: the carbon levy would be offset by cutting income taxes and by extra handouts for the poor. Petrol would be untouched because it already carries a 10% federal excise tax.

But Mr Harper, whose political roots are in Alberta, clearly smells blood. He calls the carbon tax "insane" and predicts it will not only "screw the West", where most Canadian oil and gas is produced, but also "screw everybody across the country". The prime minister's unusually forthright language "is probably a good summary of how it will go over", says Roger Gibbins of Canada West Foundation, a Calgary-based think tank. Even before the details were out, the Conservatives released a series of crude but effective internet ads featuring a talking blob of oil that warns viewers this "tax trick" would "drive up the cost of everything".

Nevertheless, Mr Dion may still be on to something. A surprising number of business groups and economists have come out in support, if not of the tax itself, then at least of stronger federal policies to cut emissions. Federal passivity has led to some provincial governments taking their own initiative: British Columbia imposed its own carbon tax on July 1st, and Quebec did something similar last year. Even Alberta has a limited programme to trade emissions permits within the province. Ontario is leaning towards a cap-and-trade system, as is the federal government.

Business wants to see an end to this "policy chaos", says Thomas D'Aquino, who speaks for Canada's largest companies. It has not gone unnoticed that big trading partners, including the United States, have either put a price on carbon or are about to do so. Exporters worry that their products could be penalised if Canada does not follow suit.

Illustration by David Simonds



Whether or not western Canada warms to his carbon tax, Mr Dion may derive some political benefit. Since becoming Liberal leader 19 months ago, he has been derided as ineffectual. But he is at his most confident when acting the policy wonk. His much-mocked English has improved.

Strengthening the Liberals' green credentials might win the party new support at the expense of the leftish New Democratic Party or the Green Party, a newish outfit which commands a steady 10% in the opinion polls although it has yet to win a seat in parliament. With the Liberals and Conservatives neck-and-neck in opinion polls, Mr Dion's gamble that Canadians' green instincts will trump their reliance on cheap energy might just decide who forms the next government.

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