



Ontario Renewable Energy and Climate Change Policy in the Canadian Intergovernmental and North American Contexts

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This summary – a complement to my workshop presentation – examines the role Ontario has played to date in Canadian national, federal-provincial climate change policy making. The questions addressed are:

- What are the major factors influencing the Ontario role?; and,
- What is the likelihood of Ontario playing a lead role?

I first discuss the factors which in general decide if a subnational government plays a lead, reluctant or obstructionist (veto) role in its federated system (federated states and the European Union (EU)) and the central issue which such systems must grapple with respecting climate policy: the need to allocate total costs and benefits among subnational entities. I then briefly review the history of Ontario's role within the Canadian confederation and more specifically within the national climate policy process from 1990 to 2002. The conclusion addresses the second question above and offers thoughts on what is necessary for an effective Canadian national climate change policy.

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My argument is that subnational government motivation is analogous to that of states within the global environmental governance system. Chasek et al. (2010) argue that in global environmental governance the lead or veto role depends upon: 1) cost imposed by the environmental problem – eg. Sweden suffering from acid rain generated in European states and so motivated to sponsor the 1972 Stockholm Conference; and, 2) cost imposed by the solution to the problem – eg. the veto role played by Saudi Arabia, Canada and other oil-producing states in the global climate regime. If that cost of the solution is low, the state is more likely to play a lead role – eg. Germany taking on 80% of the total reductions of greenhouses gases by all EU member states as part of the European burden-sharing agreement in 1998 (Macdonald 2014) or the U.S. pressing for an end to the whale hunt in 1985 after it no longer had a whaling industry. Internal politics, such as the relative power of business representatives and environmentalists, also influences the lead or veto decision, as does the desire of a state already acting on an issue to induce other states, for competitiveness reasons, to take similar action. If we assume these also apply to subnational governments, a jurisdiction like Ontario might play a lead role in federal-provincial climate policy-making if it is suffering unduly from the problem, has a low cost of action, strong pressure from environmentalists and an associated desire to see other Canadian provinces act on the issue as well.

The Ontario role exists in the context of the inherent need for federal systems to explicitly allocate the cost of climate action among their subnational entities. This is because climate change is a global collective action issue requiring co-operation among states. That co-operation is only possible if each state gives a commitment to other states to reduce emissions by a set amount. When the EU and federated states like Canada do this, they immediately face the question of how that total reduction effort will be divided among subnational governments. If emission sources are spread evenly and so member state/subnational reduction costs are somewhat similar, that can readily be done. However, when sources are concentrated in some areas, such as coal-burning regions in the EU or oil production centres in Canada, then costs differ and high-cost subnational governments are motivated to resist national policy. To reduce that political resistance, agreement must be reached on cost sharing – which can only be done if the allocation issue is explicitly addressed (Macdonald et al. 2013).

Turning to the question of Ontario's historic role in confederation we start with the Ontario-Quebec axis. Prior to 1867, Upper and Lower Canada were trapped by deadlock and broke it by creating a new country, consisting of their shared industrial heartland and the Atlantic and western hinterlands. Given this benefit from confederation, for the next hundred years Ontario saw its interest coinciding with the national interest. By the 1990s, however, import and export trade with the former mother country, the UK, had declined and trade connections were aligned more north-south than east-west, reflecting the growth of the American market, and the major Ontario financial interests were located south of the border. By the time of the Bob Rae government, 1990-1995, Ontario had begun to articulate a provincial interest distinct from the national interest. The Wynne government has more recently returned to the Ontario-Quebec axis, signing a deal to import Quebec electricity and deciding to participate in the Quebec-California cap-and-trade program, in part in response to the newly emergent economic power of the west.

Between 1990 and 2002, the Government of Canada and the provinces attempted to develop a co-ordinated national climate change policy. Far from a leadership role, Ontario was largely disengaged from that process – in a confidential interview one participant has described it

as driving “on the service road” while all other governments were on the highway (Macdonald et al. 2013). In 2000, Ontario played a veto role, working to block a federal-provincial process agreement which would have clarified the institutional context within which national policy was being developed. The national process ended in 2002, when the Chretien government ratified the Kyoto Protocol despite heated provincial resistance between the federal and provincial ministers who, in consequence, stopped meeting. In the years following, Ontario took significant steps to reduce its emissions, both eliminating coal-fired electricity generation and bringing in a feed-in tariff to increase renewable generation of electricity. Both steps were unilateral, however. The national effort had collapsed and Ontario accordingly made these policy decisions alone, rather than as part of a larger national effort - they were neither influenced by national policy nor with any effort to convince other Canadian governments to follow suit. More recently, Ontario has participated in, but not led, the provinces-only Canadian Energy Strategy, a process in which Alberta has played the lead role, hoping it would assist in reducing the resistance of other provinces to east-west oil pipelines (Macdonald et al. 2015).

Is Ontario likely to play a lead role in Canadian national climate policy? The question has taken on new urgency since the date of this Carleton workshop, because the newly-elected Trudeau government is committed to reviving the development of co-ordinated national climate policy which was attempted prior to 2002. However, using the analytical approach presented above, it does not seem likely. Unlike the Canadian north or coastal provinces threatened by sea-level rise, Ontario does not suffer more from climate change than do other provinces. Having already eliminated coal, and given the importance of the motor-vehicle industry for the Ontario economy, the province does not have a particularly low cost of action (although much lower than the oil-producing provinces). Pressure from environmentalists is strong, and Ontario has launched into the development of a new cap-and-trade system. Beyond working with Quebec (and California) on that, however, there is no evidence of Ontario’s desire to play a lead role in convincing other provinces to act. That said, there are strong ties between the Ontario Liberal government and the newly elected federal Liberal government. With Quebec (also Liberal) those two governments may well play a lead role in the upcoming Canadian federal-provincial climate process.

That process faces formidable challenges, most notably decentralized Canadian federalism and associated opportunities for subnational governments to stall progress in the consensual federal-provincial process. By themselves, even if Ontario were to play a lead role, the provinces cannot develop effective policy because they lack means of influencing one another’s behaviour. The federal government, however, does have those means – the stick of threatened federal regulation (which induced Alberta to bring in climate change law in 2002, to ward off possible federal law) and the carrot of financial assistance. That process can only succeed, however, if all involved recognize legitimate Alberta and Saskatchewan concerns over the impact of national policy upon their fossil-fuel dependent economies. Canadian governments must negotiate an equitable sharing of the total national effort. There is nothing to suggest Ontario will necessarily play a lead role in that process, but we are unlikely to see a repeat of the kind of veto action displayed in 2000.

References

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