

REVIEW ESSAY/ESSAI CRITIQUE

Canadian Federalism and the Political Economy of Energy and the Environment

Carbon Province, Hydro Province: The Challenge of Canadian Energy and Climate Federalism. Douglas Macdonald, Toronto: University of Toronto Press, 2020, pp. 336.

Fossilized: Environmental Policy in Canada's Petro-Provinces Angela V. Carter, Vancouver: UBC Press, 2020, pp. 244.

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These two books draw attention to the role of Canada's oil-producing provinces—"petro-provinces" for Angela Carter and "carbon provinces" for Douglas Macdonald—in the politics of energy, environment and climate change, but they do so in very different ways. Carter's volume examines the erosion of environmental protections in the oil-rich provinces of Alberta, Saskatchewan, and Newfoundland and Labrador, while Macdonald's focuses on the way interest-based conflicts rooted in regional energy political economies have driven federal/provincial dynamics around energy and climate policy. Both books are well written (not always a given in academic publishing), and they should interest anyone concerned with the politics of energy, environment and climate change in Canada.

Fossilized has a straightforward structure. The introduction outlines its basic purpose and approach. This is followed by chapters on environmental policy developments in Canada's three petro-provinces and a conclusion which argues that despite the hardship experienced after the oil price collapse in 2014 and the strengthening international commitment to address climate change, these provinces have doubled down on their oil-first development strategies.

The author invokes two groups of concepts to structure the analysis. The first encompasses the ideas of petro-capitalism and petro-states. Petro-capitalism highlights the association between fossil energy and the expansion of global capitalism; this regime is now experiencing two crises: the need to tap ever more remote reserves (oil sands, fracked gas, deep ocean drilling) to satisfy the insatiable demand for hydrocarbons, and the expanding environmental consequences (particularly climate change) of this fossil-energy dependence. Petro-states are jurisdictions whose economic development is dominated by fossil-energy production, with a high proportion of gross domestic product (GDP), exports and government revenues derived from oil extraction. The second conceptual pillar is the "neo-liberalization of environmental policy," which captures the systematic erosion of environmental controls by governments as they implement a neoliberal agenda that assumes markets and private enterprise can best deliver public welfare. Although there is plenty of room to argue about the coherence of these conceptual framings, they provide the author with a useful scaffolding to mount the ensuing argument.

Carter discusses the historical transition of these provinces from "have-not" to "oil-rich" jurisdictions, the intensification of oil-led development during the "Canada as energy

superpower” decade (2005–2015), and the weakening of environmental regulation and land-use planning controls linked to the intensification of hydrocarbon extraction. Attention is drawn to the systematic underfunding of environmental agencies, inadequate environmental assessment practices, curtailment of public participation in decision making, weak regulation of emissions (particularly greenhouse gases), poor monitoring, and the neglect of cumulative environmental impacts. In each provincial case study, attention is also paid to opposition voices, including Indigenous and environmental movements. Carter returns to this theme in the conclusion, where she contemplates the future of oil-led development strategies in a rapidly decarbonizing world.

Overall, the book does an admirable job of documenting the distortion of the political, economic and social priorities of these provinces and the extent to which environmental policy has been truncated to accommodate accelerated fossil-fuel extraction. The parallels established across the three jurisdictions, and the policy continuity independent of which party forms the provincial government, are remarkable. If there is a weakness in the discussion it is that the volume does not go very far in exploring the political or economic conditions that would allow these provinces to move beyond their current hydrocarbon-centred development strategies and embrace a more vigorous environmental policy.

Carbon Province, Hydro Province, at nearly double the length of *Fossilized*, is in some ways more ambitious, offering an overview of federal/provincial interactions around energy and climate since the 1970s, detailed analysis of multiple intergovernmental processes, and practical suggestions for how Canada can build a more consequential climate policy. At the outset, Macdonald lays out a theoretical framework that borrows from an “interest-based” understanding of the negotiation of international agreements, highlighting the roles of “lead” and “veto” actors. He argues that Canada’s decentralized constitutional arrangements and provincial control of natural resources make effective climate action impossible without substantial intergovernmental co-ordination. But to achieve this, three critical challenges must be addressed. First is the transcendence of the “West-East divide” that pits fossil-fuel-producing provinces (principally Alberta and Saskatchewan) against the “hydro provinces” of central Canada (especially Ontario and Quebec). Second is the necessity of distributing emissions reductions and the costs of emissions abatement among the various provinces. And third is establishing an appropriate national intergovernmental process to develop and implement a shared approach. Macdonald notes that Canadian institutions for intergovernmental co-ordination are in many respects weaker than those of the European Union (an organization of distinct countries), where member states have adopted qualified majority voting in certain decision contexts.

After exploring these three dilemmas and reflecting on the broad history of energy and climate intergovernmental relations in Canada, Macdonald presents five detailed case studies of intergovernmental processes related to energy and climate change (chaps. 5–9): “Canadian National Energy Policy, 1973–1981”; “The First National Climate Change Process, 1990–1997”; “The Second National Climate Change Process, 1998–2002”; “The Canadian Energy Strategy, 2005–2015”; and “The Pan-Canadian Framework, 2015–2019.” In each case, he examines how the process unfolded and what it can tell us about four specific issues (the three challenges and the strategy of the lead actor), as well as the explanation for the eventual outcome. The author then compares the five cases to draw out general lessons. In conclusion, Macdonald provides his own suggestions for how to reanimate the critical federal/provincial dimension of Canadian climate policy.

The key idea is that the federal government must abandon unilaterally fixing national climate targets and define a new framework of co-operation with the provinces. Macdonald argues that failure to address the distributional issue and to work out an equitable approach to burden sharing has stymied Canadian climate policy from the outset. Unwilling to confront this issue directly, successive federal governments have set targets without provincial buy-in—

targets they have always been unable to meet. In this context it is worth noting that since Macdonald's book was published, the Trudeau government has raised Canada's target from the 30 per cent reduction from 2005 emissions, flowing from the Paris climate summit, to a 40–45 per cent reduction (a level that is both insufficient to satisfy environmental campaigners and far beyond what the federal government's current policy framework can actually deliver).

Macdonald's solution is to apply "ju-jitsu" to attenuate the West-East divide by starting the new round of federal/provincial negotiations with the hard question of burden sharing. Governments should begin by examining basic principles, before moving on to jointly set new national and differentiated provincial targets. While avoiding being drawn into an extended discussion of equity principles, the author suggests that an "equal costs" framework (where provinces face equal abatement costs) is probably most appropriate in the Canadian context. And he insists that the federal government must be prepared to walk away from its previously announced target (Nationally Determined Contribution) if it is to set climate policy on a firmer (collaborative) footing.

Readers will find much to think about in Macdonald's proposal, including how "equal costs" could be operationalized, whether such an arrangement could be stable in a fluid international context with a regular turnover of governments across the 11 domestic jurisdictions, how a downward revision of Canada's mitigation objectives would be received politically (domestically and internationally) and whether arguments about targets have proven that productive. Is the zero-sum frame that Macdonald hopes will concentrate minds really more conducive to progress? Do not alternative perspectives that emphasize *opportunities* of a low-carbon economy (rather than just the distribution of pain) have a role? And what does this approach mean when the game is no longer about incremental reductions but a fundamental transformation to reach net-zero?

Formal agreement is not the only way to achieve co-ordination. A shared perception of threat or opportunity for gain can provoke remarkable realignments. Think how after years of inaction, Canadian governments of all stripes and with little formal collaboration worked in the 1990s to eliminate deficits. And there is recent experience with federal government expenditure programs that provinces can access if they agree to framework conditions (for example, the Early Learning and Child Care Plan). Today, the potential for federal government action on climate is far from exhausted, and a judicious application of carrots and sticks can achieve remarkable results. Moreover, one may wonder how the evolution of global oil demand over the coming years and the severity of climate impacts will affect the political dynamics—and whether events in our southern neighbour (with its on-again/off-again climate policy) might not have as much effect on provincial behaviour as any domestic intergovernmental negotiating process.

Whatever assessment one makes of Macdonald's practical proposals, this book has done an enormous service by putting the distributional issue on centre stage and encouraging political scientists, politicians and the public to consider its ramifications. It invites us to re-examine our assumptions and ask how decarbonization in Canada could proceed.

Taken together, these two volumes offer interesting insights into the complexity of climate and environmental politics and policy in a country composed of provinces with vastly different energy political economies. They point to deep continuities in policy and in political cleavages yet also to the highly dynamic nature of the debate over climate change and decarbonization.