



The Round-Up: October 21st 2006

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[Bob Rae calls Clean Air Act 'Orwellian'](#)

So far in the Liberal leadership race, little has been said about environmental politics. Too busy with personal attacks. Now Harper has finally come with what he tries to pass for a plan, the Libs of course tear into it. But their record is dismal; under their 'leadership', emissions rose 25% in 7-8 years. Are we ever going to see something real? Or will it be mere words down the stretch?

Bob Rae, one of the four leading candidates in the Liberal race, said Prime Minister Stephen Harper's proposed clean air act would reduce federal powers by moving some substances and greenhouse gases into a category of pollutants, instead of toxins, under the Canadian Environmental Protection Act.

"I've even seen two legal memos from law firms indicating that that's the case in terms of what the actual impact is of the clean air act compared to the Canadian Environmental Protection Act," Rae said at a breakfast speech on Friday.

"When (Harper) tells you that this is a clean air act, it's just something out of George Orwell. I mean it's like saying black is white, white is black. It is truly Orwellian in its thinking," Rae noted, referring to a concept the author identified as being harmful to the welfare of a free-society.

[Carmakers applaud Clean Air Act](#)

Canada's auto industry knows how to reduce CO2 emissions: force people to buy new cars.

Spokesmen for the auto industry -- who feared the imposition of far tougher regulations comparable to those adopted recently in California -- welcomed the government's assurances yesterday, but said they've already gone a long way in reducing vehicle emissions.

Manufacturers say they have reduced emissions on new cars by 99 per cent, compared with automobiles that were on the road 40 years ago.

But the industry notes that there are more than one million cars on Canadian roads that are 20 years or older, and their smog-causing emissions are 37 times higher than those of new vehicles.

"Providing consumers with new incentives to accelerate the retirement of older, higher-emitting vehicles provides a far greater opportunity to accelerate emissions reductions"

than do stricter regulations for new cars,

[Inflation drops to 0.7%, but interest rates stay up](#)

Lower gas prices may lower inflation, but it's not that rosy at all. Canada's economy is out of whack. Inflation in Alberta is much higher than in other parts of the country - blame housing prices-, and the core inflation rate runs away from the grip of the Bank of Canada.

In short: an economy based on commodities will swing as wildly as commodity prices do. Advice: buckle up.

While consumers nationally have reason to cheer, the Bank of Canada does not. The agency's measure of underlying inflation -- the so-called core rate, which excludes volatile prices such as for gasoline and the impact of the cut in the GST -- surged above the bank's two-per-cent target to a greater-than-anticipated 2.3 per cent.

"While the wild gyrations in gasoline prices are certainly providing some fireworks in headline inflation news, the big story here is the move in core inflation to above two per cent a lot earlier than the bank expected," said BMO Capital Markets economist Douglas Porter. "Let's just say that its warnings on the inflation dangers are bound to grow a lot louder in the months ahead, even if growth remains disappointing.

[Ozone layer hole 'bigger than North America'](#)

Throughout 2006, we've seen jubilant stories of how the Antarctic ozone hole was shrinking, slowly. Well, guess what, it's not. At all. As predicted, climate change leads to lower temperatures on the (lower) stratosphere.

THE hole in the ozone layer above Antarctica has grown to the biggest recorded size - larger than the North American continent - say NASA scientists, who yesterday released dramatic images documenting its changes.

The hole is a region where there is severe depletion of the layer of ozone - a form of oxygen - in the upper atmosphere that protects life by blocking ultraviolet rays from the sun. Scientists say made-man gases such as bromine and chlorine cause the hole by damaging the layer.

Paul Newman, atmospheric scientist at NASA's Goddard Space Flight Centre in Greenbelt, Maryland, said: "From September 21 to 30, the average area of the ozone hole was the largest ever observed, at 10.6 million square miles."

The increased size of the hole was blamed on unusual weather patterns. If the stratospheric weather conditions had been normal, the ozone hole would be expected to reach about 8.9 to 9.3 million square miles.

However, colder temperatures result in larger and deeper ozone holes, while warmer temperatures lead to smaller ones.

And this year, the lower stratosphere was about nine degrees Celsius cooler than average. In addition to the vast area covered by the hole, what ozone there is in the skies above Antarctica is thinner than usual this year.

[Québeckers are busy not working](#)

Former separatist leader Lucienne Bouchard lashes out against the French Canadian lack of work ethic.

It's the same old song from right field: hard work solves all problems. Still, the man was never known for such views. Another victim of Canada's right turn. The right wing press likes it.

Busy not working: Too many Quebecers make a virtue of not working. Only when Bouchard retired did he realize that someone else has to pay for it.

What is it about retiring that makes politicians so much smarter? Lucien Bouchard, the man who brought Canada within one percentage point of a catastrophic constitutional crisis, the premier who campaigned against the "cold wind" of market fundamentalism blowing in from English Canada, that same Lucien Bouchard came out of retirement last year to headline a group of prominent Quebecers in issuing a manifesto for a "Quebec lucide" -- a clear-eyed Quebec that throws off the cataracts of political correctness and confronts its problems honestly. In it they proposed a little cold wind of their own, from higher electricity rates and university tuition -- it now costs less to go to university in Quebec than to daycare -- to an attack on the provincial debt to much less government regulation of the economy.

A standard reaction among the vested interests whom Mr. Bouchard's post-retirement lucidity threatens most is that Quebecers' less-active participation in the labour market is a *choix de société*: a political choice the society has made. Maybe so. The high taxes that discourage work and investment were made democratically. The Montreal Economic Institute last month published an exhaustive (and exhausting) list of all the taxes Quebecers pay. It came to 31 pages.

[Hollywood fights Big Oil over Proposition 87](#)

As Ottawa looks to EPA standards for Canada, and BC wants to emulate California, Proposition 87 is of interest here.

As the spending and the bitterness have risen, interest in the initiative has fallen. Support for it now runs at 44 per cent -- down from 52 per cent in July. Voters don't even have their Governor to look to: Arnold Schwarzenegger, the greenest Republican in the land, has stayed silent on the initiative, caught between his progressive environmental policies and his own entrenched conservatism on matters fiscal.

[Too much oil, too much money too fast: Alberta wants Norway model](#)

Norway's Petroleum Fund makes financial sense, sure. But Statoil is a state-owned company. Alberta doesn't have that. More importantly: Alberta has no pollution control to speak of. If they would look at Norway's environmental model as well, they might be on to something.

Norway's Petroleum Fund, worth more than \$250-billion (U.S.), serves a dual purpose. By investing all government earnings from non-renewal natural resources, the government ensures an income flow for the country even after the earnings abate. And by removing the windfall from the country's books and economy, the fund imposes an immediate and strict fiscal discipline on budget makers and removes much of the

inflation-fuelling heat that would result from the spending of such revenue.

The result: Growth is strong and steady -- not boom-and-bust, like a typical oil power. Inflation is very low -- unlike in Alberta. Norway's exchange rate does not rise and fall in tandem with oil prices, like Canada's. And the fund is so huge that it could cover all of government spending for two years.

In theory, at least, Canada could use some results like that. Alberta's inflation rate has soared in recent months and has been well above the national average for more than a year. Inflation in most of the rest of the country is well under wraps, and is forecast to average only 0.9 per cent in Ontario next year.

The loonie has soared on Alberta's oil riches, driving down profits and cutting into employment in the manufacturing in Central Canada.

And the country's economy has become so dependent on the spinoffs from oil and gas that many analysts wonder how it will cope when the prices inevitably fall.



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