BC COMMENTARY

a review of provincial social, economic and environmental trends

CCPA
CANADIAN CENTRE
for POLICY ALTERNATIVES
BC Office

Volume 19 · Number 1
Winter 2016

INSIDE:

Why corporate power is a problem at the climate crossroads

by Shannon Daub and Bill Carroll

The recent UN climate summit highlighted a fundamental challenge to meaningful action on climate change. As world leaders gathered in Paris, so too did key players from the world's fossil fuel companies and industry associations. Not only were the talks officially sponsored by some decidedly climate-unfriendly multinationals, but corporate interests were integrated into the deliberations at many levels.

This kind of insider influence at UN summits is nothing new, and extends to many other levels of decision-making on climate change. As a recent report by London-based InfluenceMap finds, global energy giants like Shell and BP continue to work behind the scenes against meaningful climate action by governments, despite public claims to support greenhouse gas reduction measures.

The new federal government has signalled since the election that climate change is one of its key focuses. But it was only a few months ago that Liberal Party campaign co-chair Dan Gagnier resigned after it was revealed he'd been advising TransCanada on how to lobby a new government about its proposed Energy East tar sands pipeline.

The mid-campaign resignation was a reminder that the cozy relationship between fossil fuel companies and the federal government is unlikely to be severed anytime soon. After all, Gagnier's ties to the energy industry were no secret—according to him, the Liberals knew about his consulting contract with TransCanada.

Gagnier is also past president of the (now-defunct) Energy Policy Institute of Canada (EPIC), a lobby group whose members included major oil and gas companies like TransCanada, Shell and Suncor, as well as other industry heavyweights like the Canadian Association of Petroleum Producers. EPIC played a central role in developing restrictive new rules, enacted in 2012, that limit public participation in both federal environmental assessments and National Energy Board hearings. It also lobbied federal and provincial governments to adopt its decidedly industry-friendly national energy strategy.

This is just one example from the vast labyrinth of fossil fuel industry connections to governments and public institutions—only some of which are visible to the public.

Lobbying activities and corporate donations to political parties are among the most obvious ways oil, gas and coal companies exert

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influence. A report published earlier this year by the Shareholder Association for Research and Education (SHARE) found that of the nearly 1,000 lobbyists registered to TSX60 corporations, the majority are lobbying for oil and gas companies. Oil, gas and coal companies are also among the biggest donors to provincial political parties (such contributions to federal parties are now banned). Natural gas giant Encana gave over $100,000 to the BC Liberals in the 2013 provincial election, while tar sands player Cenovus gave over $13,000 to the Alberta Progressive Conservatives in 2015, and oil and gas company Crescent Point gave over $50,000 to the Saskatchewan Party in 2011.

Other connections are more subtle, such as the revolving door between corporations and governments that recently saw a former Alberta environment minister appointed president of the Coal Association of Canada, and a former CEO of Encana join Christy Clark's transition team when she became Premier of BC in 2011. The industry also funnels money to dozens of associations, think tanks and public institutions like universities—much of which is difficult or impossible to track.

Whether it's on climate change, environmental regulation, energy policy, or questions of economic security and jobs, corporations and corporate-backed groups deploy tremendous resources to shape public attitudes and perceptions.

Beyond efforts to shape what governments do, the fossil fuel industry is also waging a battle for hearts and minds. Whether it's on climate change, environmental regulation, energy policy, or questions of economic security and jobs, corporations and corporate-backed groups deploy tremendous resources to shape public attitudes and perceptions. They do this through ostensibly citizen-driven organizations (such as the Canadian Association of Petroleum Producer's "Energy Citizens"), advertising campaigns (like Enbridge's "Life Takes Energy"), seeking "social license" for specific mine or pipeline developments (such as Enbridge's failed attempt to claim widespread First Nations support for the Northern Gateway pipeline), and donations to public schools (like Chevron's strings-attached offer of money to cash-strapped school boards in BC), to name just a few.

These examples point to a reality that few outside the fossil fuel sector itself would deny: the corporations that dominate this industry wield enormous power and influence.

Understanding the extent of the industry's economic, political and social power also requires a complete picture of how the sector is structured, financed, and connected to the broader global corporate system. Meaning, we need a detailed picture of the fossil fuel corporate network that tells us who the key companies are, who owns them, where they are based, how they are connected to each other, who is bankrolling their operations, and how they are connected to governments, think tanks, lobby groups, universities, media organizations and other points of influence.

Of equal interest is how these corporate interests are being resisted, and who is leading such efforts. Central to this question is the issue of Aboriginal rights and title, which may well be the most powerful spanner in the works of business as usual. We need to better understand the efforts of resource corporations to "buy" the support of First Nations, as well as the remarkable decisions by First Nations to turn down such "offers" despite pressing economic and employment needs.

Getting serious about climate change means shifting off fossil fuels within a generation, which in turn requires ambitious action by federal and provincial governments within their current mandates. Whether we can make that leap when the very companies that have profited so handsomely from extracting fossil fuels wield such tremendous power is a profound democratic challenge.

Shannon and Bill are co-directors of the Corporate Mapping Project, a research alliance led by the University of Victoria, the CCPA's BC and Saskatchewan offices, and the Parkland Institute, and funded by the Social Sciences and Humanities Research Council of Canada. Over the next six years, the project team—which includes academic and community-based researchers and a network of advisors from environmental, indigenous, independent media, labour and social justice groups—will conduct a systematic mapping of corporate power and influence, focusing on the fossil fuel industry in Western Canada. Its findings and data will be easily accessible online to the public.

See the original post with hyperlinks on policynote.ca.

New study shows how the media make people climate change cynics —and what they can do differently

By Denise Robbins, Media Matters for America

Last fall we published News Media and Climate Politics: Civic Engagement and Political Efficacy an a Climate of Reluctant Cynicism*, by Kathleen Cross, Shane Gunster, Marcelina Piotrowski and Shannon Daub. The study examines how the public responds to different kinds of news media stories about climate change, and the ways in which news coverage can either increase cynicism or inspire action (for more details, see* BC Update*). This article about our study and a similar study at Rutgers University originally appeared on Media Matters for America, the progressive media watchdog website (mediamatters.org).*

Media coverage of climate change may have a hand in making the public apathetic towards acting on climate, according to two recent studies. But one study also details how the media can improve.

A new study from the policy think tank Canadian Centre for Policy Alternatives found that the media can breed cynicism about climate change when reporting emphasizes "the failures of climate politics." The study, titled *News Media and Climate Politics: Civic Engagement and Political Efficacy in a Climate of Reluctant Cynicism,* concluded that such news stories can "intensif[y] feelings of political alienation, despair and cynicism."

The study's findings go hand in hand with another study by researchers at Rutgers University, which examined how four major US newspapers frame their reporting on climate change. That study, published in *Public Understanding of Science,* found that *The New York Times*, *The Wall Street Journal*, *The Washington Post,* and *USA Today* often include "negative efficacy" (framing climate change actions as unsuccessful or costly) as opposed to "positive efficacy" (framing climate actions as manageable or effective). *The Wall Street Journal* and *The New York Times* in particular framed climate action as ineffective more often than effective (see figure).

Media coverage of climate change may have a hand in making the public apathetic towards acting on climate.

The Canadian study also found that consuming stories about political activism and individual actions—"especially news that featured a local focus, a compelling narrative and an accessible 'everyday hero'"—can have the opposite effect on readers. Study participants who read and discussed such stories reported "much greater enthusiasm and optimism for political engagement."

But according to the Rutgers study, these types of stories are rarely reported, at least at the national level. The study found that for non-opinion climate change articles in four major national newspapers from 2006 to 2011, just 9.7 per cent discussed behavior change and just 13.6 per cent discussed political advocacy.

Taken in tandem, the two studies paint a bleak picture of how mainstream newspapers' coverage of climate change can breed cynicism among its readership.

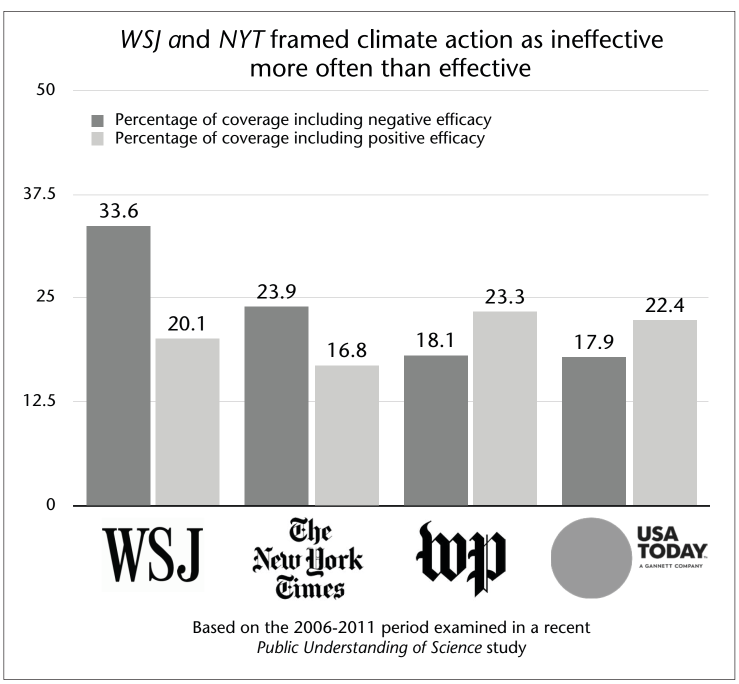

FIGURE COURTESY OF MEDIA MATTERS

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Policy note

A progressive take on BC issues

Recent posts from CCPA–BC's blog. Join the conversation at policynote.ca.

Five LNG whoppers

By Marc Lee

British Columbians have heard many "too good to be true" claims about the benefits of launching a liquefied natural gas (LNG) export industry. Our research has uncovered a pattern of misinformation about LNG coming primarily from the BC government, which should be looking out for the public interest instead of blindly championing the industry.

The BC government should be looking out for the public interest instead of blindly championing the industry.

Let's take a look:

100,000 JOBS!

Regulatory filings made by LNG proponents show that job creation from new terminals would be very small, around 100-300 permanent jobs per facility. There would be a few thousand more jobs during the construction phase, but these are only temporary. There would also be gains to the upstream gas sector, but adding it all up we don't come anywhere close to 100,000.

This number comes from a consultant's report commissioned by the government in the lead-up to the 2013 (pre-election) Throne Speech. So it's no surprise this was an exercise in exaggerating job prospects at every turn.

DEBT-FREE BC (AKA $100 BILLION PROSPERITY FUND)!

This claim is based on a fantasy world where (a) BC launches a massive LNG industry that is equivalent to one-third of all world LNG exports; (b) those exports fetch top dollar in Asia; and (c) BC establishes a tax and royalty regime that captures a fair share of those gains.

None of this is happening. Market prices for LNG in Asia have crashed—at prevailing prices a company exporting LNG from BC would lose money on every tanker load.

Even if we assume prices in Asia go back up to profitable levels, BC government revenues will only inch upwards. The much-heralded Petronas deal would add about $0.2 billion per year, and possibly much less. Compare that to the BC budget's $46 billion in revenues and total provincial debt of $43 billion.

OVER 150 YEARS OF GAS SUPPLY!

Minister of Natural Gas Development Rich Coleman claims BC has 2,933 trillion cubic feet of gas in reserve. While there may be this much gas in the ground, most of it will never be profitable to extract. Typically no more than 10–20 per cent of what is called "in-place resources" can be recovered from shale gas deposits.

More realistic estimates come from the province's own Oil and Gas Commission, which says proven gas reserves are only 42 trillion cubic feet, and the total "marketable resource" is 416 trillion cubic feet. The latter is one-seventh the claim made by the minister.

Based on numbers from the National Energy Board, a successful BC push for LNG would make Canada a net importer of gas, undermining our energy security.

MINIMAL IMPACT ON WATER!

All of this new supply will come from fracking, where sand, water and chemicals are forced into wells, cracking open the shale beds containing the gas. The used water is so contaminated it must be kept in tailings ponds. Drinking water supplies in northeast BC aquifers could also be contaminated by fracking, as they have been elsewhere.

The government argues water impacts will be minimal by averaging out withdrawals across all of northeast BC. In reality, impacts are highly localized. Peak water consumption for an LNG industry could be as much as 22,000 Olympic-sized swimming pools per year.

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Five signs the BC economy is weak and what this means for Budget 2016

By Iglika Ivanova

In November, the provincial government released its 2015/16 Second Quarterly Report: an update on where provincial finances are at and where the economy is heading. The news is not very good.

BC's economy is expected to do better than other provinces this year, but that's largely because of weakness elsewhere (especially in resource-dependent provinces like Alberta). Private sector forecasters have lowered their projections for this year's economic growth in BC to 2.2 per cent (from 2.7 per cent this time last year). Projections for next year are more optimistic (2.6 per cent) but they should be taken with a grain of salt, given the record of overly optimistic forecasts in the last few years.

1. No recovery in sight for commodity prices

Weakness in emerging economies has driven down prices for energy, metals and minerals, taking a toll on resource-producing countries like Canada. The Bank of Canada's commodity price index has plunged since last spring and is now at levels below those seen during the 2008/09 recession (approaching levels of the early 2000s). Energy prices have seen the sharpest decline, with oil tumbling from over $100 a barrel in the first half of 2014 to a low of less than $40 a barrel in August 2015. This has significant ramifications for BC's plan to launch a liquefied natural gas (LNG) export industry, as current prices for landed LNG in Asia are far below the break-even price for exporters. Prices of metals and minerals are also down, as are forestry commodity prices. Global commodity prices are expected to remain low for at least the next year or so.

2. The low dollar doesn't seem to be boosting exports

A stronger US economy and low Canadian dollar were expected to boost exports and contribute to growth, but we have yet to see a significant increase in the value of BC exports. While exports have been a positive factor driving GDP growth post-recession, BC Stats data show very slow—0.6 per cent—growth in BC commodity exports the first nine months of 2015, compared to the same period last year.

3. Business investment remains weak

Statistics Canada's Annual Capital and Repair Expenditures Survey shows that BC businesses are intending to scale down capital investment (in construction, machinery and equipment) by over 6 per cent in 2015. Weak business investment is central to the problem of poor job growth and a slower economy.

In such economic conditions, governments can play a role to stimulate the economy and support demand by running deficits and increasing public investment in infrastructure. Unfortunately, however, at the provincial and federal level, an obsession with balanced budgets has been acting as a drag on growth.

4. Consumer spending is propped up by growing debt

Some private sector economists point to the rise of retail spending as a beacon of light amidst negative economic news. Indeed, retail sales have grown by 7 per cent over the first nine months of the year (compared to the same period in 2014).

However, this consumer spending is being financed by increasing debt rather than by growing incomes. BC consumer debt levels per capita continued to increase in 2014 and remain the highest in the country, 18 per cent higher than the Canadian average. Household debt rose faster than disposable income in the second quarter of 2015 (nationally; provincial data is not available).

Growing debt levels are propping up both consumer spending and real estate markets.

Growing debt levels are thus propping up both consumer spending and real estate markets. After a decade of defying gravity, the possibility of a major correction in overheated real estate markets in BC and Ontario remains a significant risk to the Canadian economy as a whole.

5. Economic growth post-recession has failed to create jobs

The lack of meaningful recovery in the labour market is a significant challenge facing

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Five LNG whoppers

LNG WILL REDUCE GLOBAL GREENHOUSE GAS EMISSIONS!

Lower emissions from burning gas instead of coal only apply at the point of combustion. Methane, the principal component of natural gas, is 86 times more heat-trapping than carbon dioxide, so small leaks at points along the supply chain can wipe out any emissions advantage. In addition, LNG is very energy-intensive, requiring some 20 per cent of gas to be consumed in the liquefaction, transport and regasification processes.

Climate change is principally caused by extracting carbon from below ground and putting it into the atmosphere. When we add it all up, BC's plans for LNG are equivalent to adding 24 million cars to the world.

SO WHY WOULD the BC government tell such tall tales about the benefits of LNG? Because it's a heist. The government's plan will essentially privatize a finite, public resource worth hundreds of billions of dollars, locking up that supply for foreign corporations for decades into the future.

Marc Lee is a Senior Economist with the CCPA-BC and Co-Director of the Climate Justice Project.

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Five signs the BC economy is weak

households and, in turn, the domestic economy. Employment growth to date in 2015 has been slow: only 1 per cent since the same period last year.

Even more of a concern is the fact that BC's job growth this year has been concentrated in self-employment: 15,500 self-employment jobs, compared to only 8,000 employee jobs. In fact, the growth in paid employment was less than half a percent, compared to 4 per cent growth in self-employment. Since the recession, self-employment has tended to fall in years of solid growth of paid employment and rise in years of weak growth. In other words, the growth in self-employment in 2015 should be interpreted as a sign of job market weakness, not strength.

In light of the weak economic outlook, the BC government should prioritize investments in key areas of social and green infrastructure

The one bit of good news is that full-time jobs grew fast this year, replacing part-time jobs in BC. However, this doesn't erase the years of slow recovery. When it comes to job creation since the recession, BC ranks eighth among provinces, ahead of only Nova Scotia and New Brunswick.

A job market with stagnant incomes, in combination with record high household debt levels and potential interest rate hikes in the future, points to weaker consumer spending ahead. That plus weak business investment and exports adds up to a slow economy.

What does this mean for Budget 2016?

In light of the weak economic outlook, the BC government should prioritize investments in key areas of social and green infrastructure (similar to what the new federal government has proposed). However, Budget 2015 has the province set on a different course. Budgeted increases for key public services (with the notable exception of health care) are significantly lower than the growth in projected government revenues, and in many cases represent actual cuts, once inflation and population growth are considered. Even the health care budget is projected to grow by less than the rate of economic growth.

BC ended last fiscal year with a "surprise" surplus of $1.7 billion, and surpluses are projected annually over the next three years. We have a manageable debt-to-GDP ratio of 17.2 per cent, one of the lowest in the country.

It's clear that the province is heading into 2016 in a strong fiscal position to boost the economy and help some of BC's most vulnerable residents. For more concrete policy recommendations on how Budget 2016 can do that, see CCPA's *Submission to BC Budget Consultation 2016* (tinyurl.com/ccpabc-budget-sub).

Iglika Ivanova is a Senior Economist at the CCPA-BC.

The real reason the BC government is spending $9 billion on Site C

By Ben Parfitt

From a lookout high atop a windswept bluff, the scale of work already underway at Site C is daunting. Large tracts of boreal forest logged. Vast amounts of topsoil stripped away for a trailer city to house hundreds of workers. Gravel from the fish-bearing river excavated to build a roadbed that will eat into the riverbank.

PHOTO: GARTH LENZ

Despite all this activity, actual construction of the Site C dam itself is far off. Only a tiny fraction of the projected $9 billion needed to build the most expensive megaproject in BC's history has been spent. There is still plenty of time to halt this project and have the public discussion we should have had a long time ago: Why this questionable project at this time?

Nothing underscores the importance of this conversation more than the simple fact that we don't need Site C's power and won't for some time—2028 according to BC Hydro itself. And Hydro's estimate is based on outdated projections for sales to large industrial and commercial users, as well as the assumption that no alternative sources of power will be developed, like wind, solar or geothermal.

So what's the rush? Why is our government pushing so hard for Site C? The answer lies in the theoretical emergence of an LNG industry in the province, a premise on which Premier Clark has staked her political future. According to BC Hydro's filings with the BC Utilities Commission, only with LNG plants coming online would hydro consumption begin to outstrip domestic supply.

Despite the fact that fossil fuel giants like Shell and Petronas haven't committed a cent to building LNG plants, the rush is on to supply "clean" power to offset some of the considerable emissions associated with fracking and liquefying natural gas.

In addition to Site C construction, BC Hydro is working on new transmission lines for the benefit of Shell, Petronas and other LNG proponents. One of these, in the Dawson Creek/Chetwynd area, has already cost all ratepayers $300 million according to Hydro's latest estimates. Another two would easily bring the total price tag to over $1 billion.

Energy Minister Bill Bennett recently said that the government wants the other two transmission line extensions exempt from review by the BCUC, meaning that hydro ratepayers and taxpayers will never know whether the BCUC considers either project to be justified. They will also never know what the regulator thinks of the proposed Site C dam, because the government has refused to submit that project to BCUC review as well.

All of this is exceedingly troubling from a public policy perspective, especially on the heels of the international climate change conference in Paris. During that conference, Premier Clark claimed that there is no "low hanging fruit" left in BC as far as climate change fixes are concerned.

Really? How about saying no to an LNG industry that doesn't and may never exist? And no to an unnecessary dam that will destroy some of the best farmland on earth so that fossil fuel companies can heat up our fast-warming planet even more?

Ben Parfitt is a Resource Policy Analyst with the CCPA-BC. A longer version of this article appeared in The Province *in December.*

How about saying no to an unnecessary dam that will destroy some of the best farmland on earth so that fossil fuel companies can heat up our fast-warming planet even more?

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Media and climate change

Indeed, Lauren Feldman—the lead author of the Rutgers study—said to Media Matters that while the studies "can't establish a definitive causal relationship between media coverage and public cynicism toward climate," the two combined "are certainly suggestive of the role of mainstream media in breeding pessimism about climate change."

And Shane Gunster—a co-author of the Canadian study—agreed with Feldman, telling Media Matters that there is "a strong connection between both studies" and that they show how "decisions which news media make about how to frame climate change have a significant impact upon how or if the public engages with the issue." Gunster, a professor at Simon Fraser University's School of Communication, added:

> *The efficacy emphasis is especially important given how easily one can otherwise be overwhelmed by the magnitude of climate change as a problem. And if one thinks of journalism as playing a crucial role in facilitating public engagement with the critical issues of the day, a much greater focus upon how efficacy can be cultivated and strengthened is in keeping with that mandate.*

But Gunster said that one of his study's goals was "to move beyond simply criticizing media for their failures and shortcomings," and identify "constructive suggestions about how journalists could approach this topic differently." These include, among other things: "[s]uccess stories about climate politics," "stories of entrepreneurial activism and everyday heroism," "localized information about the causes and consequences of climate change" and "[i]nformation about how to engage politically."

Gunster summed up his study's findings to Media Matters as follows: "There is a strong desire for a different kind of news about climate change, which provides people with inspiring and compelling stories about how others just like them are becoming active and engaged in climate politics."

He also pointed to a previous paper he published in 2011, illustrating that such reporting exists, though it may not be not the norm. That paper, which examined media coverage of the United Nations' climate change conference in Copenhagen, found that alternative and independent media often frame climate change in ways that can promote political agency and efficacy, offering "a much more diverse and optimistic vision of climate politics as a place in which broad civic engagement on climate change can challenge and overcome institutional inertia as well as model democratic and participatory approaches to the development of climate policy." Gunster wrote that such stories "can affirm our sense of how effective news media could be in motivating broader civic engagement with climate change." From the report:

> *[I]t is equally important to explore existing media institutions and practices which are communicating about climate change in a more effective and engaged manner. Just as success stories about (some) governments getting climate politics right can invigorate our sense of political efficacy, success stories about (some) media getting climate politics right can affirm our sense of how effective news media could be in motivating broader civic engagement with climate change. Identifying best media practices can also sharpen the critique of mainstream media insofar as it provides concrete evidence that a more radical approach to environmental journalism is not simply idealistic speculation, but, rather, already being actively practiced.*

See the original article, including hyperlinks, at tinyurl.com/ccpa-media-matters. Find our study at policyalternatives.ca/news-media-climate-politics.

BC COMMENTARY

a publication of the BC office of the Canadian Centre for Policy Alternatives

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