BIG OIL BAILOUTS ARE UNDERMINING CLIMATE ACTION

By Dylan Penner

In the early days of the pandemic, the federal government was floating the idea of providing massive bailouts for Big Oil to gauge public support. With the help of our supporters, the Council of Canadians and others challenged this, arguing that a just recovery and fossil fuel bailouts are incompatible.

We exposed a secret memo for the Canadian Association of Petroleum Producers (CAPP) that called on the government to suspend environmental laws and meet in secret.

The Trudeau government did back down significantly on what could have been a much larger bailout, but it has still funneled public funds to Big Oil instead of to a Green New Deal, a plan that results in a rapid, inclusive and far-reaching transition at all levels of government to slash climate emissions, meets the demands of the multiple crises we face, respects the rights of Indigenous Peoples, and creates more than 1 million jobs in the process.

Rather than relying entirely on direct bailouts to fossil fuel intensive sectors, the Trudeau government is using Crown corporations as stealthy tools for bailing out climate polluters, while avoiding the same degree of public scrutiny. Two key institutions in this strategy are Export Development Canada (EDC) and the Canada Infrastructure Bank (CIB).

This is on top of the annual bailouts, known as “fossil fuel subsidies,” which the federal government hands out to Big Oil corporations to the tune of $3.3 billion. The Trudeau government promised to stop these subsidies but hasn’t.

JUST RECOVERY VERSUS PRIVATIZATION

Privatization is a form of corporate bailout, wasting public funds often at the expense of climate action. Studies have shown that public-private partnerships (P3s) cost more and produce worse results. As the Canadian Union of Public Employees (CUPE) points out, “The Liberal government’s plans to funnel $10 billion in spending on sustainable projects through the Canada Infrastructure Bank ignores mounting evidence of the high costs of privatization.”

“The federal government can borrow money at historically low rates right now to support the green infrastructure needed to address climate change,” CUPE notes. “Instead, they are creating opportunities for corporations to profit from essential climate-related projects. CUPE research shows that using private sector financing could more than double total project costs, reducing infrastructure dollars available for the green transition.”

Meanwhile, since 2016, EDC has provided $45 billion in subsidies for financing fossil fuels compared to $7 billion on clean technology, which runs counter to the Trudeau government’s climate commitments.

THRONE SPEECH BIG ON PROMISES

In the throne speech last month, the Trudeau government pledged it would create 1 million jobs with climate action as the “cornerstone,” but what does that mean?

The speech also promised the government would “exceed Canada’s 2030 climate goal.” While more climate ambition is necessary, the government’s 2030 goal is barely half of what’s needed, so simply exceeding it is not nearly good enough. Canada’s commitment through the Paris climate agreement is 30 per cent emission reductions below 2005 levels by 2030. However, science and justice demand a reduction of at least 60 per cent domestically by 2030 plus substantial support for the Global South, which is being disproportionately impacted by the climate inaction of Western countries, including Canada.

This is why the government’s promise of net zero emissions by 2050 is caving to Big Oil. Many large fossil fuel corporations have also committed to net zero by 2050, but their commitment to reducing actual emissions remains questionable at best.

Instead of a bailout and special concessions for Big Oil, the government needs to prioritize transforming the economy in a way that supports and benefits workers and communities.

We need to take our first steps toward a Green New Deal with a just recovery from the pandemic, not bail out Big Oil.

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