

HISTORICAL LEGACIES AND POLICY REFORM:

Diverse Regional Reactions to British Columbia's Carbon Tax

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INTRODUCTION

IN FEBRUARY 2008, BRITISH COLUMBIA adopted the first revenue-neutral carbon tax in North America. The initiative was applauded by academics, environmentalists, and even some in the business community, but it was unpopular with voters at large (Harrison 2012). Given public resistance to all new taxes, voters' disapproval of the BC carbon tax is hardly surprising. However, opposition to the policy emerged in distinct regions of the province. While the governments of Vancouver and surrounding cities in the Lower Mainland were largely silent, vocal criticism of the carbon tax emerged among local governments in northern and rural British Columbia. This regional concentration of opposition is especially noteworthy because journalists, academics, and the provincial government all reported that commuters in the Lower Mainland suburbs, rather than rural British Columbians, would pay the most under the carbon tax (Barrett 2008a, 2008b; Rivers 2008; BC Ministry of Community Development 2009).

In this article we seek to explain this puzzling divergence in regional reactions to the BC carbon tax, with particular attention to the role of local politicians in leading opposition in the north. In so doing, we compare the explanatory power of three theoretical approaches: (1) Olson's theory of collective action, (2) rational choice theory, and (3) ideational theories. We argue that a full understanding of the regional politics of British Columbia's carbon tax requires a combination of insights from each of these theories. The theory of collective action accounts for voters' ignorance of, and thus opposition to, the tax as well

* The views expressed in this article are those of the authors and do not necessarily reflect the policy or position of any organization or government.

as their political inaction, both individually and collectively. However, it cannot explain why opposition was strongest in the rural north. Rational choice theory accounts for local politicians' activism in expressing their constituents' latent interests. However, a theory based only on electoral self-interest cannot explain why only northern politicians seized on the issue, given that voters opposed the tax provincewide and, indeed, that costs were greatest in commuter suburbs in the south. To account for that, we turn to the influence of community identities formed long before the carbon tax policy was adopted but that were manifest in this new policy debate. In particular, a long-standing sense of regional alienation fostered northerners' perceptions that the tax was unfair and that provincial politicians had neglected their interests, despite evidence to the contrary.

CASE SELECTION AND METHODOLOGY

As our primary interest is in explaining the emergence of political opposition to the tax in the rural north, we focused on members of the North Central Local Government Association (NCLGA), who led the charge. As a contrast, we chose the most challenging counter-example: commuter cities of the Lower Mainland Local Government Association (LMLGA), where various analyses predicted the greatest negative impact of the tax on consumers.

In seeking to explain the paradoxical reactions to the carbon tax displayed by these regions, we drew on several different sources. We reviewed local council minutes for evidence of debates about the carbon tax as well as notes, minutes, and resolutions from the NCLGA, the LMLGA, and the Union of British Columbia Municipalities (UBCM) conventions in 2008. We analyzed media coverage of the carbon tax throughout the province, predominantly during the period from February to November 2008, as well as local and provincial advocacy group websites.

In addition to reviewing published materials, we conducted fifteen open-ended interviews with elected officials (10), public servants (2), pollsters (1), academics (1), and representatives of advocacy groups (1), all of whom were either directly involved in the provincial carbon tax debate or knowledgeable about municipal governments' reactions to the policy.

BACKGROUND ON CARBON TAXATION

A carbon tax is simply a tax applied consistently to each unit of carbon emissions. It is fortuitous that one can estimate carbon emissions with reasonable accuracy based only on the type and quantity of fossil fuel burned: one does not need to actually measure emissions. It is thus possible to tax *emissions* by taxing different *fuels* proportionate to the amount of carbon each releases per unit of energy. The purpose of a carbon tax is to create an incentive for consumers to reduce their carbon emissions, whether through energy conservation or by switching from more to less carbon-intensive fuels. The intention is not to stop consumers from using fossil fuels altogether; rather, the expectation is that they will reduce their emissions to the point at which the cost of further abatement is equal to the tax. Beyond that level of abatement, it makes economic sense to pay the tax.

British Columbia's tax approximates the academic ideal. In contrast to most carbon taxes internationally (Harrison 2010), there are no exemptions for particular sectors, fuels, or regions. This aspect of the policy is critically important since exemptions not only restrict the environmental benefits of the tax but also, at the limit, may create perverse incentives for consumers to switch to exempted fuels or products that pollute more. The tax was established at an initially low level of \$10/tonne of CO₂ but with a transparent and predictable schedule for increases of \$5/tonne each year until 2012, at which point BC residents would be paying \$30/tonne, or about seven cents per litre of gasoline.

A critical design issue involves how to allocate government revenues from the tax: by combining them with general revenues, earmarking them for "green" projects, or returning them to taxpayers through reductions in other, unrelated taxes. The latter has been advocated by economists since it offers the potential for economic as well as environmental benefits – the so-called "double dividend" – since revenues from the carbon tax provide an opportunity to reduce other taxes that hinder economic productivity (Goulder 1995).

The BC tax was designed to be "revenue-neutral," with two-thirds of anticipated revenues returned through a reduction in individual income tax rates and one-third returned through cuts to corporate taxes (even though industry and individual fossil fuel purchases occur in opposite proportions). In addition, a low income tax credit was included to prevent the possible regressive impacts of the tax. One complication of the application of the tax to all consumers is that it also applies to public institutions, such as municipal governments, schools, and hospitals, when

they purchase fossil fuels. However, because these public consumers do not pay income taxes, they do not benefit from the compensating tax deductions.

Given the nearly textbook design of the BC carbon tax, it is not surprising that it was enthusiastically embraced by the academic community. Seventy academic economists at British Columbia's major research universities had previously signed a letter calling on the provincial government to adopt just such a tax (Green 2007). Following the introduction of the policy, academics also spoke out in defence of the tax (Green et al. 2008; Jaccard 2008; "Carbon Tax Defenders Blast Critics," *Vancouver Sun*, 27 June 2008). It is more noteworthy, however, that the BC environmental community, which had long been highly critical of the environmental record of Premier Gordon Campbell's government, expressed virtually unanimous and strong support for the tax (David Suzuki Foundation 2008).

In contrast to these experts, the theory of carbon taxation is unfamiliar to laypersons and thus to voters at large. Studies of public attitudes towards carbon taxes in European countries have identified common areas of public misunderstanding (Beuermann and Santarius 2006; Klok et al. 2002; Dresner et al. 2006). That the purpose of a carbon tax, in contrast to other, more familiar taxes, is not to raise revenues but, rather, to create incentives for consumers to change their behaviour can be confusing to voters. Those who assume that the sole purpose of the carbon tax is to raise revenues may be frustrated by the lack of new environmental spending and, as a result, conclude that the tax is ineffective. Indeed, the claim of revenue-neutrality may be perceived as politically disingenuous by voters who cannot see how a carbon tax can accomplish anything if the government is giving all the money back (Dresner et al. 2006). Even voters who grasp that the purpose is to change consumption patterns may perceive the tax as a penalty for "bad" behaviour, intended to deter *all* purchases of fossil fuels, rather than as a tool to change behaviour at the margins.

The concept of revenue-neutrality also provides ample room for misunderstanding. The BC carbon tax is revenue neutral for the provincial government because it returns all revenues it collects via compensating cuts in other taxes. While the implication is that it is tax-neutral for the average taxpayer, it does not follow that it is tax-neutral for each and every taxpayer. Indeed, the expectation would be that the voters with the most greenhouse-gas intensive lifestyles would pay more under the carbon tax than they would get back in tax cuts, while those with

below average emissions would be net winners. Moreover, the tax itself is not the only potential cost to consumers. In responding to the tax, consumers would be expected to undertake costs, such as the purchase of home weather stripping, in order to reduce their tax bill. The provincial government did not consider those private abatement costs in determining revenue neutrality to the state. However, offsetting these abatement costs was the intent of the one-time “climate action dividend” of \$100, which was paid to every resident of British Columbia in 2008.

THEORETICAL APPROACHES TO EXPLAINING REACTIONS TO THE BC CARBON TAX

To date, most academic studies of carbon taxation have been conducted by economists, who have theorized about optimal tax design or investigated the impact of existing taxes on emissions. In contrast, the literature on the comparative politics of carbon taxation is limited but growing, including work by Harrison (2010, 2012), Rabe (2010), Zito (2002), Ciocirlan and Yandle (2003), and Svendsen et al. (2001). However, these authors focus on the influence of particular industrial sectors and have not examined regional differences among voters. In our efforts to understand the paradoxical regional reactions to British Columbia's carbon tax, we compare the explanatory power of three prominent theories in political science: the theory of collective action, rational choice theory, and ideational theories. Each of these is considered in turn below.

Theory of Collective Action (and Inaction)

Olson (1982) argues that, where the costs or benefits of a public policy are widely distributed, citizens are unlikely to mobilize in their collective interest. Central to Olson's argument is the realization that public policies are a form of public good: voters will gain the benefits of a policy that serves their interests whether or not they take direct action to lobby policymakers for that policy or join interest groups that do so on their behalf. Most voters are thus inclined to “free ride” on actions by their fellow citizens, with the outcome that few, if any, take political action. Olson further argues that information about public policy is itself a public good. Voters will benefit from a policy that serves their interests, whether or not they invest time to make informed judgments about its desirability. Olson thus predicts that citizens will not only be rationally

apathetic but also rationally ignorant of their interests. Applying Olson's theory to carbon taxes, one would expect voters to be both ill-informed and disinclined to political action.

Voters' lack of familiarity with the carbon tax does not imply that they will have neutral views, however. As discussed above, the widespread misunderstanding of how carbon taxes work will tend to render voters sceptical at best. With little incentive to undertake research into the costs and benefits to them given their own lifestyles and consumer behaviours, most voters will have exaggerated perceptions of their losses. The word "tax," an instrument that tends to be unpopular with voters, is visible in the title, while the corresponding benefits of the policy – namely, tax cuts – are delayed and much less visible. Indeed, the benefits take the form of a reduction in one's income tax bill rather than a "cheque in the mail" and thus could easily go unnoticed. Moreover, given the psychological phenomenon of loss aversion (Kahneman et al. 1991), even if carbon tax revenues are fully recycled to voters via tax cuts, one would not expect voters' appreciation of the tax deductions to match their resentment of the new taxes. Although half of BC voters would be expected to be better off under the carbon tax, the theory of collective action predicts that most voters will perceive that they will be worse off and, thus, oppose the tax.

That said, the theory of collective action would anticipate that voters would not take action to express their dissent. One would also expect comparable levels of opposition among ill-informed voters provincewide.

Rational Choice Theory

Turning from voters to politicians, rational choice theory argues that politicians are motivated, first and foremost, by the desire for re-election (Mayhew 1974). While politicians may have substantive policy goals, they cannot pursue them unless they stay in office. This has several implications for the BC carbon tax. First, even though voters may be politically inactive, a politician with access to polling that reveals electoral opposition may, nonetheless, take it upon herself to represent the latent opinions of her constituents. This is particularly true given the proximity of the adoption of the BC carbon tax on 1 July 2008 to the municipal elections that were scheduled to take place in November of that same year.

Rational choice theory seeks to derive propositions based on the assumption that it is not only politicians but also voters who pursue their

self-interest. Differences in voters' interests may well yield regional differences. However, rational choice theory would anticipate that the strongest opposition to be expressed by politicians on behalf of their constituents would occur where costs are greatest.

Finally, because the goal of politicians "is to stay in office rather than to win all the popular vote" (Mayhew 1974, 46), their positions will be guided most strongly by the views of the partisan coalition that put them in elected office. The strength of politicians' opposition to (or support for) the carbon tax may be influenced by their allegiance to particular parties or by spillovers between their parties' positions on other policy issues.

Ideational Theory 1: World Views

We consider two ideational theories. First, Deborah Stone (2002, 28) argues: "Much of what we know is what we believe to be true and what we believe depends on who tells us, and how it is presented." She elaborates: "Where one stands on issues is determined not so much by the specifics of any particular issue as by a more general world view. This world view includes assumptions about the meaning of community and ... assumptions that transcend particular issues" (53).

Applying the above theory to British Columbia's carbon tax, it seems logical to expect that citizens and politicians alike will not only be lacking perfect information, as Olson argues, but also that they will view the information they do have through a lens of preconceived ideas about public policy as well as through their experiences with government more generally.

Ideational Theory 2: Good Policy Motives

Goldstein and Keohane (1993) take a more positivist approach to understanding the impact on politics of principled values and causal beliefs. Scholars in this tradition focus on critical tests, where policymakers pursue their own values and causal beliefs, their "good policy motives," even though they may conflict with electoral incentives. In the case of a policy instrument (such as a carbon tax) that is unfamiliar to most policymakers, one might expect to see stronger support from those who understand the theory of carbon taxation – to the point that they may forego opportunities for political gain. It is by no means clear, however,

why such politicians would be concentrated in different regions of the province.

NORTHERN RESISTANCE TO THE CARBON TAX

The North Central Local Government Association (formerly the North Central Municipal Association, or NCMA) is one of five area associations under the Union of British Columbia Municipalities. Its membership includes rural northern interior communities, including Fort St. John, Quesnel, and Williams Lake. Politicians from these municipalities led the charge against British Columbia's carbon tax (Austin 2008), initially speaking out in their own communities, gradually winning support from colleagues in other northern towns (such as Smithers, Fort Nelson, and the Cariboo Regional District), and ultimately securing passage of resolutions condemning the tax at the annual meeting of the association of northern local governments.

Carbon tax opponents from these communities offered three main arguments as to why the carbon tax discriminated against British Columbians who live and work in the north. First, they argued that, because it is colder in the north, residents and business owners alike must spend more on space heating and thus will be disproportionately hurt by higher fuel prices. One of the most vocal opponents of the tax, then mayor of Williams Lake Scott Nelson, argued: "There's going to be considerable increase in cost ... for working in a temperature of minus 35 degrees in the north versus a temperature of plus 10 in Vancouver ... We just want to make sure that when the carbon tax legislation is put in, it's fair and it's equitable" (Bailey 2008b). Second, opponents argued that northern residents need to drive larger vehicles, often for work, over longer distances. As the provincial MLA for Cariboo North, Bob Simpson, argued: "This is not a lifestyle choice. Northern residents need bigger vehicles due to road conditions and their line of work" ("City Supports Carbon Tax Lobby," *Quesnel Cariboo Observer*, 16 March 2008). Similarly, the mayor of Fort St. John commented: "Many resource sector workers have no choice but to drive large trucks ... I'm just like every other redneck in the north. We're already burdened and they're hitting us again" (Fong 2008). Finally, they argued that northerners did not have the same opportunities to reduce their reliance on fossil fuels as did southerners because they did not have "the luxury of being able to make urban lifestyle choices." A local resident quoted in the Williams Lake newspaper complained: "It's all well and good to

encourage urbanites in Vancouver to leave the car at home, and bike or ride the Skytrain to work. Here in Williams Lake that just won't work" ("Federal Candidates Need to Remember the Whole Riding," *Williams Lake Tribune*, 18 September 2008).

In addition to arguments about the disproportionate impacts of the tax, many criticized the process by which the tax was adopted as closed and unresponsive to the perspectives of those in the interior and northern regions of the province. Quesnel's former mayor Nate Bello (interview, 25 June 2010) commented: "There was no consultation ... I don't know of any meetings where they were talking about this ... This government is so centralized." Disproportionate concerns about lack of consultation among northerners are puzzling, however. As a budget measure, it would be unusual for the details of any new tax to be released for public comment in advance anywhere in the province. That said, the finance minister did muse about the possibility of a carbon tax in the fall of 2007, which prompted environmental and faith groups to make supportive submissions to the Legislature's budget committee, an opportunity that would have been available to northerners (or, for that matter, to southerners). Moreover, six of eight northern MLAs and nine of fifteen MLAs from the interior held seats in the governing party caucus, a higher proportion than for other regions of the province.

Analyses soon emerged that challenged perceptions of disparate financial impacts on northerners. With respect to the argument that northerners have no choice but to drive longer distances than southerners, an article in the *Prince George Citizen* drew on Statistics Canada evidence that showed that residents of Lower Mainland suburbs actually drive greater distances than do their northern counterparts: "in Abbotsford ... 8.1 percent of people commute more than 25 km, compared to 5.8 percent in Prince George" (Nielson 2008). The same article quoted Minister of Finance Carole Taylor, who stressed that, while Greater Vancouver residents have better transit options, they pay an extra six cents a litre at the pump to help cover the cost of the transit system. An online publication, the *Tyee*, also published articles in May drawing on the 2006 Census to conclude that Lower Mainlanders actually drive more than residents of northern British Columbia (Barrett 2008a, 2008b). Nic Rivers (2008), a Simon Fraser University researcher, published an analysis in the *Vancouver Sun* that noted the following: "The average Vancouverite drove 7.4 km between work and home in 2006, much farther than the average commute distance of 2.5 km in Fort St. John, and 3.6 km in Williams Lake."

Similar statements emerged from government sources. According to Premier Gordon Campbell: “The carbon tax is fair and equitable. The fact is that in Vancouver, the Lower Mainland, people travel three times as far for their commute as people in Dawson Creek. They travel two times as far as people in Williams Lake. They travel four times as far as people in Fort St. John” (Birmingham 2008). While on balance those in rural communities may drive larger vehicles, it is inconceivable that the differences in fuel economy would outweigh such large differences in distance travelled. A statement released by the BC Ministry of Finance the day before the NCMA convention in May 2008 claims:

While some living in remote areas may drive further distances on average than those living in cities and small towns, Statistics Canada 2006 Census Journey to Work data show that, on average, commuting distances to and from work for residents of municipalities in the Lower Mainland are among the highest in the province. In addition, compared to other regions of the province, a larger percentage of commuters in municipalities in the Lower Mainland have to travel 15 km or more to get to work. Drivers in the Lower Mainland will also generally use more fuel per kilometer because of idling and traffic congestion. (NCMA 2008b)

Northerners also challenged the fairness of the tax based on their need to consume more home heating fuels during cold winters. Rivers (2008) reported that, although colder winters in the northern interior do entail slightly higher energy consumption, the impact of the carbon tax was minimal: “At the carbon tax rates announced for 2008, a house in Prince George would pay roughly 62 cents more per month in carbon tax – a difference, certainly, but hardly a crippling burden.” Although that difference was already small, the BC minister of finance additionally reported: “After taking into account the carbon tax, customer usage, and the different rates across the regions, the average total cost for those using natural gas is higher in the Lower Mainland than all other regions of the province, with the exception of Fort Nelson which is slightly higher” (NCMA 2008b). Finally, while it is true that very remote northern communities relying on diesel to generate electricity would be disproportionately affected, the provincial government concurrently introduced a \$20 million fund to help those communities move to cleaner sources of electricity and to improve the energy efficiency of homes and businesses.

The publication of these findings had no apparent effect on claims by elected officials in the north that the tax was unfair. At the annual

general NCMA convention in Prince George in May 2008, seven resolutions asserting the disproportionate effects of the province's carbon tax were submitted for debate (NCMA 2008b). For example, the resolution submitted by the City of Quesnel states:

Many northern British Columbians must work in the harsh environments of the resource sector, and fuel consumption is not a choice. It is a necessity. Northern British Columbians already pay up to ten percent more than their urban counterparts for fuel for basic transportation and home heating. Many northern British Columbians must endure long distance travel, over remote roads, in harsh weather and in hostile environments to see their doctor, or to access basic services such as school, shopping and work. The proposed carbon tax will create a domino effect of disproportionately higher taxes through disproportionately higher transportation and heating costs for school, universities, colleges and hospitals in the colder, northern and eastern regions of the province. (NCMA 2008a)

At the NCMA convention, delegates were outraged when Premier Campbell gave the keynote speech but made no reference to northern concerns about the carbon tax. Roughly 140 delegates passed all seven resolutions, with only one dissenter, the mayor of Dawson Creek, who was supportive of the carbon tax (Birmingham 2008). The mayor of Williams Lake asserted: "The vote's message to Mr. Campbell is that northerners want to be a part of the effort to deal with climate change, but we want the north to be heard. He'll hear loud and clear that the north has concerns about the carbon tax and the way it's being implemented" (Bailey 2008a).

As northern communities' opposition to the carbon tax gained significant traction in the media provincewide, the New Democratic Party (NDP), which was the official opposition in the BC Legislature, joined the fight. The NDP's decision to oppose the carbon tax was a surprise to many, not least because the party had passed a resolution calling for a carbon tax at its annual convention only months before (NDP Standing Committee on the Environment 2007). However, the opportunity to capitalize on populist opposition to the Campbell government apparently was too good to pass up. In early April 2008, the leader of the party, Carole James, published an op-ed in the *Vancouver Sun* describing "Gordon Campbell's gas tax" as "just another economic burden foisted on [northerners] by an out-of-touch government" (James 2008). In June, the New Democrats launched a campaign to "axe the tax" (BC NDP

Official Opposition 2008). NDP MLA Bob Simpson (interview, 25 June 2010) acknowledged: “There were a lot of us in caucus that were shocked at the [campaign to] ‘axe the tax,’” but the party was simply “riding the populist sentiment” that had first emerged in the north.

QUIESCENT COMMUTER SUBURBS

The Lower Mainland Local Government Association comprises municipalities from three regional districts representing more than 2.5 million people, over 50 percent of British Columbia’s population. The communities surrounding the growing metropolis of Vancouver exemplify commuter suburbs. For example, 60 percent of employed Coquitlam residents have jobs outside of Coquitlam, almost all within Metro Vancouver. Of the residents that commute to Vancouver from Coquitlam, 74 percent do so in their own vehicles (Coquitlam n.d.). Similarly, Statistics Canada (2006) reports that “the number of people commuting to the municipalities of Vancouver, Burnaby and Richmond to work was higher than the number of workers living in these municipalities,” and for workers living in the Vancouver Census Metropolitan Area, 67.3 percent drove to work and a further 7.1 percent got to work as a passenger in a car.

Public disapproval of the carbon tax increased provincewide after the NCMA convention and the launch of the NDP’s “axe the tax” campaign. Although the opposition of the northern municipalities and the NDP provided rhetorical fodder to critics of the tax, arguably more significant was an almost 50 percent increase in the price of gasoline between February 2008, when the tax was announced, and 1 July 2008, when it took effect. Coincidentally, the price of gasoline peaked just as the carbon tax was imposed, pushing the price above the symbolic \$1.50/litre mark at many gas stations. Despite that, and despite the conclusion of the various analyses discussed above (i.e., that residents of Lower Mainland commuter cities like Coquitlam and Abbotsford would be hardest hit by the provincial carbon tax), internet and documentary searches for their discontent fail to turn up any critical public statements made by mayors or participants in town council debates. There was remarkably little opposition from commuter cities.

Two commuter suburbs, Maple Ridge and Delta, did speak out at the Union of BC Municipalities Convention in September 2008. However, their motions did not focus on the disproportionate costs to their *residents* but, rather, on the undue financial burden the carbon tax placed on all

municipal *governments*, which did not benefit from the income and corporate tax cuts that accompanied adoption of the new tax (Bailey 2008c). Thus, along with ten resolutions from rural and northern communities condemning the carbon tax (NCMAC 2008), two others were submitted by Maple Ridge and Delta asking the provincial government to rebate carbon tax revenues collected from municipal governments (UBCM/Maple Ridge 2008; UBCM/Delta 2008). Delta and Maple Ridge were not alone in making this argument (see, for instance, previous comments by the mayor of Williams Lake in [Janke 2008]). Nonetheless, it is striking that the suburban communities whose residents are hardest hit by the tax spoke out only on an issue of concern to all municipalities rather than making arguments about regional inequity.

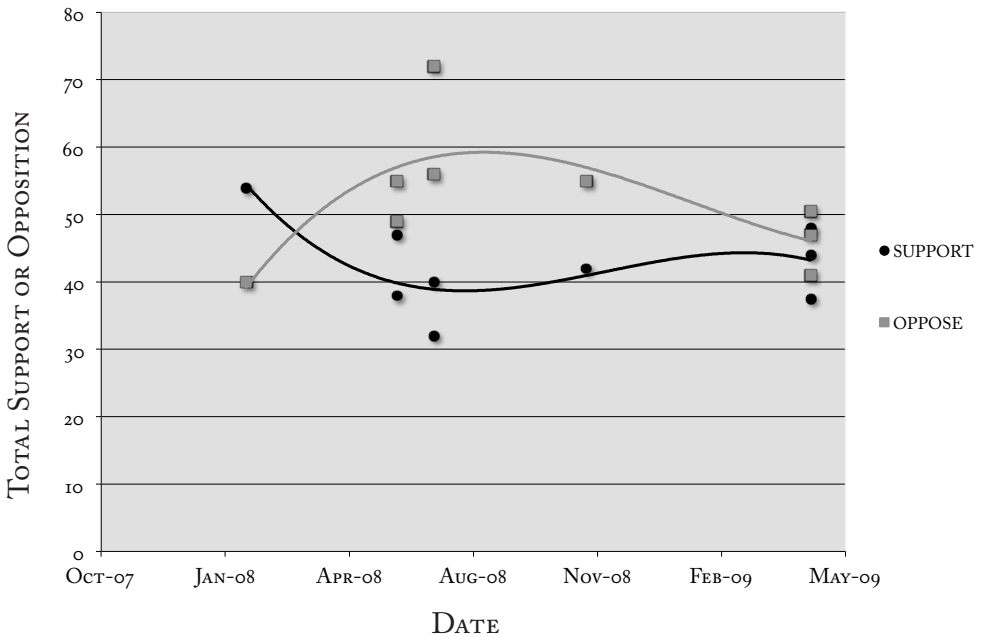
On this issue alone, Premier Campbell was responsive. At the 2008 UBCM convention the premier announced that the provincial government would return carbon tax dollars to municipalities if they signed on to the province's Climate Action Charter. The concession was both readily justified and less generous than it might seem. The Climate Action Charter is a non-binding agreement that commits local governments to carbon-neutral operations by 2012. In practice, this means that, after 2012, signatory municipalities will be required to purchase offsets on all remaining emissions from their operations. Absent a rebate of the carbon tax, a purchase of offsets from the province would have been equivalent to paying the tax twice on the same emissions. To date, 180 out of 188 BC municipalities have signed on to the charter.

DISCUSSION

The Theory of Collective Action

Mancur Olson's theory of collective action can account for widespread public opposition to the carbon tax as well as for the lack of political engagement by individual voters, but it cannot account for the regional differences that are central to this study. Figure 1 summarizes various polling firms' findings concerning BC residents' support for and opposition to the carbon tax in 2008 and early 2009. Although the first poll after the February 2008 budget announcement reported 54 percent support for the tax (EnviroNics 2008), the balance soon tipped to opposition as the price of gasoline increased and as British Columbians anticipated implementation of the tax in July 2008. In November 2008, as voters went to the polls in municipal elections, Ipsos Reid (2008b)

FIGURE 1
Polling on BC Carbon Tax



Sources: Environics (February, July, May 2009); Ipsos (June, November 2008); Angus Reid (June, July 2008 [conducted for NDP]); Mustel (May 2009). Support/oppose is total of those who “strongly” and “somewhat” support/oppose.

reported that British Columbians opposed the carbon tax by a 15 point margin.

As anticipated by previous studies, voters’ opposition to the tax was fuelled at least in part by misunderstanding. According to pollster Angus McAllister (interview, 23 July 2010):

My research suggests that talking about something revenue neutral for the government is actually bad communication because a lot of people only care about whether it is revenue neutral for them. If you say it’s revenue neutral, and you’re a guy driving a lot more, you’re going to say “it’s not revenue neutral for me, why are you telling me that, you’re a liar!” The other problem is that ... people might think this is about changing behaviour and when I’ve done focus groups people say “well the one way to change public behaviour is to hit them in the pocket book.” Whereas the message around this was “it’s not going to hurt.” So it’s a bit of a contradictory message if you’re going to say that “we’re

doing this for the environment but it's not going to hurt." It looks like you're trying to have it both ways, which makes you look duplicitous.

McAllister also emphasizes the significance of the "t word," explaining that "much of the [negative] response to the carbon tax ... was about the framing of the tax as a 'tax.'"

Also consistent with the theory of collective action, searches of print and online magazines and newspapers found no interest groups representing voter opposition to the carbon tax. Lou Sekora (interview, 12 July 2010), a city councillor in Coquitlam, said: "There was not the outcry from voters with the carbon tax ... I don't think that the carbon tax was an issue with a lot of people. It was very, very quiet." According to municipal councillor Brent Asmundson (interview, 6 July 2010): "There's maybe more ambivalence [in Coquitlam than in the north] and maybe people didn't see the impact of it." Similarly, William Susak (interview, 12 July 2010), the general manager of engineering and public works in Coquitlam, commented: "There was really no public commentary on the issue. I don't recall any delegations, I don't recall any letters; I think the feedback was zero."

There is some evidence that northern voters were more willing than their southern counterparts to express their dissatisfaction with the carbon tax to politicians, but even there dissent was unorganized. NDP provincial MLA Bob Simpson (interview, 25 June 2010) said that some constituents did come to see him: "I would have guys come into my office, logging truck drivers that were now going to be given an additional tax ... [O]ne of the guys said, 'Show me a solar logging truck and maybe I'll be able to justify paying these additional dollars.'" In contrast, many municipal politicians in the north acknowledged that, although voters were angry, they were not organized. Nate Bello (interview, 25 June 2010), the former mayor of Quesnel, argued: "[The carbon tax rebellion] was mostly a political thing. I think there were people complaining, but I don't think there was a spearhead." Brian Skakun (interview, 7 July 2010), a municipal councillor in Prince George said: "There was no organized effort ... [T]he carbon tax just didn't draw attention or public opposition." Individual comments to politicians may have been more prevalent in the north than in the south, but they appear to have been directed at the provincial rather than at the local arena, which is understandable given that the carbon tax was a provincial government policy. The theory of collective action predicts that, in spite of opposition to the carbon tax, groups would not organize to oppose the broadly

shared burdens of the carbon pricing strategy, and the reality is that they did not.

Electoral Incentives

Rational choice theory builds on the theory of collective action but directs our attention to three further possibilities: that electorally motivated politicians may take it upon themselves to speak for the latent interests of their constituents, that regional differences in voters' interests may yield regional differences in politicians' positions, and that politicians' willingness to speak out may be influenced by party coalitions and policy spillovers.

BC pollster Angus McAllister (interview, 23 July 2010) found that blue collar, rural, and Conservative British Columbians were the least likely to embrace the carbon tax. Similarly, in June 2008, Ipsos Reid (2008a) reported that 63 percent of respondents in the interior opposed the carbon tax and that 49 percent of those said that they were strongly opposed. Northern politicians thus had a strong incentive to take the initiative to oppose the carbon tax, regardless of whether they were being actively lobbied. For example, in recounting how the Quesnel resolution for the NCMA arose, city councillor Ron Paull (interview, 5 July 2010) commented:

I was the one that brought the resolution to the table ... [though] it doesn't have to be a council member's idea. What might happen, and you know it didn't happen to me but it could have, is that one of my constituents that I meet says, "Hey Ron, what do you think of this carbon tax," and I'll say, "well I don't think it's very good."

While, at first glance, northern politicians' initiative in expressing their constituents' opposition to the tax is consistent with rational choice theory, it offers a less than satisfactory account in other respects. Although opposition to the carbon tax was strongest in the northern interior, a majority of voters provincewide opposed the tax, and voter disapproval in the Lower Mainland was close behind that in the north. Ipsos Reid (2008a) reported in June 2008 that 63 percent of voters in the interior opposed the carbon tax, compared to 60 percent of respondents in the Lower Mainland. By the time of municipal elections in November 2008, 58 percent of voters in the interior opposed the tax, compared to 54 percent in the Lower Mainland (Ipsos Reid 2008b). Given the

unpopularity of the carbon tax in both regions, it is difficult to explain why opposition emerged among local politicians only in the north.

Further calling into question the utility of electoral theory, all northern municipal politicians interviewed indicated that the carbon tax had little to no impact on the municipal elections of November 2008. That it did not is not terribly surprising since the carbon tax was a provincial policy over which local governments had no direct influence. Consistent with this, Coquitlam's Lou Sekora (interview, 12 July 2010) noted: "There was some talk about the carbon tax, but I don't think that we as councillors ever got together with the mayor and talked about it ... because it's legislated by the provincial government." Similarly, Councillor Brent Asmundson (interview, 6 July 2010) argued: "From a municipal perspective, we don't have any real decision power or anything involved with the carbon tax. That was provincial legislation." What is surprising is that local politicians in the north, and only in the north, took the issue on regardless of their lack of accountability for a provincial government policy.

Moreover, at a fundamental level, rational choice theory is predicated on the assumption that both politicians and voters are motivated by self-interest. To the extent that regional differences emerge in politicians' positions, they should, according to the theory, correspond to differences in their constituents' material interests. Yet the greatest outcry emerged in the region with lower costs, while the local officials in commuter suburbs (which were most negatively affected) were inexplicably silent.

Last, we consider the possible influence of electoral coalitions and policy spillovers. It is noteworthy that the mayor of Williams Lake, Scott Nelson, who was one of the leaders in the northern anti-carbon tax movement, did not run for re-election in November 2008. Although in theory that may have freed Nelson from the constraints of electoral pressures, his reason for stepping down from municipal politics was to seek the Liberal nomination for the Cariboo-Chilcotin provincial riding (Forseth 2009; Hunter and Bailey 2010). This is contrary to the expected influence of party coalitions since Nelson was seeking the nomination of the party that had adopted the BC carbon tax.

Another possibility involves a policy spillover between the carbon tax and provincial transit investments in the Lower Mainland. At the same time as opposition to the carbon tax was emerging, debate about expansion of the regional "SkyTrain" was coming to a head. A new Evergreen Line was proposed to link Coquitlam to Vancouver and neighbouring cities like Burnaby and Port Moody. The coincident timing

of these two policies could have influenced suburban councillors in three ways: (1) they may have viewed the carbon tax as a complementary policy to enhance transit ridership; (2) they may have feared retribution from the provincial government with respect to transit investments if they complained about the tax; or (3) they may have been disinclined to perceive costs of one policy as “inequitable” when their region was likely to be the beneficiary of billions of public dollars in transit investments.

Although none of the local officials interviewed *volunteered* a connection between transit and the carbon tax, when asked explicitly about a possible spillover, Coquitlam’s William Susak (interview, 12 July 2010) offered comments consistent with the third hypothesis mentioned above:

I think you’re on to something ... There’s a two-and-a-half-billion-dollar highway improvement program, most of which is being spent within Coquitlam, and there’s the Evergreen Line on top of that, which is another \$1.4 billion, which has a huge, positive impact for Coquitlam. So the perception about whether or not people felt they were getting value for taxes, those two projects on their own may well have ... they were coincident.

IDEATIONAL THEORY 1: WORLD VIEWS

Collective action theory and rational choice electoral theory help to explain why voters opposed the carbon tax and why at least some local politicians may have taken it upon themselves to speak out on behalf of their constituents. These two theories fall short, however, of explaining why voter opposition would be greater in the north than in the south (where costs were greater) and why only northern politicians rallied around the issue when voters opposed the carbon tax provincewide.

Deborah Stone’s ideational theory is a useful tool for explaining the disparate reactions to the carbon tax by voters and, especially, by local officials in the north and in the south. As Stone (1989, 2002) predicts, ideas were especially important in the carbon tax debate because the majority of people had incomplete information. Their view of the carbon tax was guided by their world views rather than by evidence.

The literature on the political development of British Columbia in the nineteenth and twentieth centuries reveals that an early dependence on exploitation of primary resources contributed to a long-standing and acrimonious relationship between the northern and southern regions of the province. Brownsey, Howlett, and Newman (2009, 19) note that this regional tension was “exacerbated by the rather stark social structure

of mine, smelter, and forest towns in the rural areas of the province in which many workers had significant elements of their lives controlled by corporations headquartered in the Lower Mainland or outside the province.” This staples economy dynamic is overlaid by a population imbalance, such that rural communities are persistently outnumbered in terms of electoral seats. Markey, Manson, and Halseth (2007, 58) argue that “too often governments have imposed processes or plans on the [northern] region” and that these historical processes have “reinforced a view that the region and its communities are essentially on their own.” Thus, the world view of the northern interior shaped during British Columbia’s formative years is one of regional disadvantage at the expense of residents of the Lower Mainland. Consistent with this, Quesnel’s former mayor Nate Bello (interview, 25 June 2010) was quite apt when he explained the divergent realities in the different jurisdictions: “I think the north has always felt alienated ... People have the perception that the government is for Vancouver and there’s always been the common phrase ‘Beyond Hope.’ We’re ‘Beyond Hope [a town in southern British Columbia seen as marking the divide between urban and rural regions of the province]’ because we don’t live down there where the money is flowing.”

The message of northern disadvantage and political marginalization permeated northern politicians’ response to the carbon tax. The carbon tax’s application to home heating fuels and gasoline struck surprisingly close to the heart of northerners’ self-image. In response, the argument was offered time and again that the policy was unfair to northern communities *relative to their counterparts in the south*. Opponents argued that residents of British Columbia’s northern communities, unlike residents of the province’s southern communities, have no choice but to spend more on heat, drive longer distances, and drive bigger vehicles, all without recourse to public transit funded by taxpayers provincewide but available only in the Lower Mainland. NDP MLA Simpson (interview, 25 June 2010) complained: “Our schools and hospitals are getting closed. We’re losing all this stuff and we watch a brand new cancer centre get built down in Abbotsford, Highway 1 expanded, \$4 billion for the Port Mann Bridge, and we’ve got people that still live on gravel roads and have party line telephones.”

When asked about studies by the provincial government and independent researchers that concluded that northerners would not in fact be disadvantaged, most northern politicians interviewed for this study expressed surprise. This is striking in light of public statements by the finance minister and the premier, not to mention the Ministry of

Finance's submission to the NCMA convention. However, it may be that northerners' belief that the tax would disproportionately hurt them was so strongly held that they simply could not countenance any evidence to the contrary. Former Quesnel Mayor Bello (interview, 25 June 2010) reflected: "Even if there is this more factual approach to it, the people of the north *felt* that they were being unduly burdened." As Stone (2002, 28) advises: "Interpretations are more powerful than facts."

In addition to claims of unfair costs, northerners offered well-rehearsed arguments about political exclusion and lack of consultation. John Massier (interview, 25 June 2010), a municipal director in the Cariboo Regional District, said: "A lot of people that live in the more remote areas of the province feel like they're not listened to." Quesnel city councillor Ron Paull (interview, 5 July 2010) made a more direct link between the carbon tax and the level of consultation, arguing: "This government had absolutely no prior consultation with the people. You just basically woke up one morning and ... the government announced that they're going to introduce a carbon tax." Finally Nate Bello (interview, 25 June 2010) explained: "The manner, the lack of consultation really set a bad taste in people's mouths ... There was no consultation; it was a big announcement all of a sudden. Where's the discussion? Where were the forums? Where was anything?"

As discussed above, MLAs throughout the province were able to take part in pre-budget consultations, at which the prospect of a carbon tax was discussed, and all BC residents had an equal opportunity to make submissions to the legislative committee. Moreover, final budget decisions are always kept secret until budget day. Nevertheless, just as perceptions were more powerful than facts with respect to costs of the tax, so historical resentments spurred perceptions of the marginalization of northerners with respect to the process of adopting the tax.

Ideational Theory 2: Good Policy Motives

Although there are few records of politicians from commuter suburbs in the Lower Mainland having commented on the carbon tax, there is evidence that some supported the provincial policy due to personal "good policy motives." For example, in 2008 Fin Donnelly was a popular member of the Coquitlam city council, favoured by voters as their top choice to fill the position of mayor of Coquitlam in the upcoming municipal election (Robbins SCE Research Inc. 2008). Despite his aspiring to higher office as a New Democrat (he ultimately won a federal by-election

in 2009 and is now the NDP MP for New Westminster-Coquitlam and Port Moody), and both the federal and provincial NDP's opposition to carbon taxation, Donnelly has been a consistent public supporter of carbon taxes (Bartel n.d.).

A second Lower Mainland politician who apparently followed good policy motives was the mayor of Maple Ridge, Gordon Robson. In discussing his city's 2008 UBCM resolution, Robson explained that he was "not opposed to a carbon tax but actually [thought] it should be higher to encourage a reduction in fuel consumption to make a real difference in reducing greenhouse gases" (Bailey 2008c). It is striking that, even as he was submitting a resolution critical of the application of the provincial tax to municipal operations, Robson still took the time to publicly support the carbon tax.

Also at the 2008 UBCM Convention, former mayor of Coquitlam Maxine Wilson stated publicly: "We need to work together to reduce carbon emissions ... If we don't, we'll be in a disastrous mode of self-destruction" (Rolfen 2008). The statement demonstrates a conscious decision on Wilson's part to forego opposition to an unpopular carbon tax just two months before a municipal election.

It is curious that voices of support among local politicians were more common in the south than in the north. Northern officials who harboured comparable views simply may have had less leeway to speak out, given the tide of opposition to the tax in their communities. It is also conceivable that air quality problems in the Lower Mainland, which are largely due to automobile emissions, prompted greater commitment to an environmental policy measure among officials in the urban south. Indeed, the provincial *State of the Air Report, 2009* indicates that smog levels are highest in the same communities in which the carbon tax imposes the greatest costs and thus will have the biggest impact in reducing reliance on vehicles (British Columbia 2009).

CONCLUSION

Although British Columbia's revenue-neutral carbon tax was celebrated by academics and environmentalists, opposition emerged in northern communities. Despite analyses that projected that northerners would actually pay less than urban commuters, local politicians argued vociferously that the tax would unfairly affect their constituents. Our explanation for this paradox draws progressively on three theoretical approaches. The theory of collective action can account for both voters'

disapproval of, and lack of political engagement with, the carbon tax. Rational choice theory can explain why local politicians would speak out on behalf of their constituents even in the absence of collective action on the part of voters. However, the missing piece of the puzzle in both cases is why opposition was strongest in the north. There, we turn to the power of ideas. Community identities formed a century before the carbon tax was imagined manifested themselves in this new policy debate. A long-standing sense of alienation and exclusion among northerners was reignited by the tax, which struck at core aspects of the northern identity: cold weather, vast distances, and a resource-based economy.

The BC experience presents important lessons for the politics of carbon pricing. First, it is clear that *perceptions* of the costs and benefits of a carbon tax matter a great deal and, indeed, can matter more than concrete evidence. Given the unfamiliarity of this novel policy instrument, it is incumbent on proponents to anticipate public misunderstanding and to develop and pre-test a communication strategy to better explain to voters how carbon taxes serve their interests. Moreover, in anticipation of voters' negative bias, it may be desirable to design a revenue-neutral tax in a way that makes its benefits more visible – for instance, via an annual dividend cheque rather than a less visible income tax reduction. In fact, framing the policy first and foremost in terms of the economic benefit of reducing inefficient taxes appears to have been instrumental in building support for carbon taxes in some European countries (Harrison 2010), though that may well be contingent on economic and historical context.

Another framing strategy would involve avoiding the word “tax,” which, not surprisingly, was found to invoke negative feelings among British Columbians. A study of climate change policy among US states found that environmental taxation has been successful in generating revenues for energy efficiency programs and renewable energy development in eighteen states, but these state-level policies were universally *not* referred to as taxes (Rabe 2010, 145). Instead, policymakers employed terms like “social benefit charges” or “public benefit fees.”

Second, we find that long-standing grievances quite unrelated to the details of the policy in question can significantly shape voter reactions to a carbon tax. In the case of the BC tax, those grievances were regional, but one can imagine class-based or sectoral reactions (e.g., from agriculture) as well. As with problems associated with a misunderstanding of the mechanism of the tax, governments are advised to anticipate how

long-standing and seemingly unrelated political cleavages might play out in a debate about carbon pricing and to plan their consultation and communication strategies accordingly. Although the BC government eventually did counter the message of unfairness to rural communities with compelling factual analysis, by then the opposition had already coalesced around the powerful rallying cry of regional inequity.

To the extent that grievances are justified, as in the case of the potentially regressive impacts of a carbon tax, measures can be built in at the outset to cushion the blow. The BC tax did this for low-income taxpayers, and this not only protected a vulnerable community but also won the support of a prominent left-wing think tank, the Canadian Centre for Policy Alternatives, which surely would otherwise have opposed the tax. It is not the case, however, that all inequalities of impact are unjustified or unfair. Indeed, the whole point of a carbon tax is to create incentives for greenhouse gas reductions, and, as such, the tax will necessarily impose greater costs on those who are responsible for more emissions (just as they are responsible for imposing greater costs on other inhabitants of the planet). Similarly, a carbon tax will disproportionately affect some industrial sectors relative to others, which may well have regional implications. Although the northern reliance on a resource-based economy was not the central focus of northern politicians' opposition to the carbon tax, some of their resolutions did reference this fact. To the extent that exploitation of the resources in question is carbon-intensive, a carbon tax would tend, over time, to negatively affect those sectors. Indeed, that is the purpose of the tax.

To what degree concessions that undermine the environmental benefits of the tax are justified in the name of political expediency is a much trickier question. Measures such as providing subsidies for the replacement of inefficient woodstoves or planting shade trees could build goodwill in rural communities at little cost. With the same justification, however, many European countries gutted their carbon taxes over time in order to reduce seemingly unfair burdens on politically influential economic sectors (Harrison 2010). At the end of the day, carbon taxation requires not only a well-designed and aggressive communications strategy but also a strong measure of political courage.

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