FRIENDS OF SCIENCE SOCIETY
PO Box 61172 RPO Kensington
Calgary AB T2N 4S6
Canada
Toll-free Telephone: 1-888-789-9597
E-mail: contact@friendsofscience.org

Nov. 19, 2023

OPEN LETTER TO THE BANK OF CANADA

Bank of Canada
234 Wellington Street
Ottawa, ON, K1A 0G9

Cc: Office of the Superintendent of Financial Institutions

ATTN: Governor Tiff Macklem

Dear Governor Macklem,

RE: UNFCCC Shows Global Emissions are below SSP2-4.5; Climate Emergency is Over – We DO Have Time – We do not need Carbon Taxes.

Thank you for your reply to our July 12, 2023, letter, which we received on October 17, 2023. In your response, you state:

> *"In terms of the transition to a low carbon economy, the Bank of Canada has no explicit climate change mandate, but climate change has a direct bearing on our mandate to control inflation and promote financial system stability. How the world transitions to a low carbon economy will have important implications for Canada's economic performance, for inflationary pressures, and for asset valuations and financial stability."*

Transition to a Low Carbon Economy

Oct. 17, 2023, was the same day as the Friends of Science Society's 20th Annual Climate Science Event. Our two speakers, energy economist Robert Lyman, and Dr. Ian Clark, Emeritus Professor of the University of Ottawa, have some important insights for you on climate change, particularly as you also state in your letter that *"you have no explicit climate change mandate."*

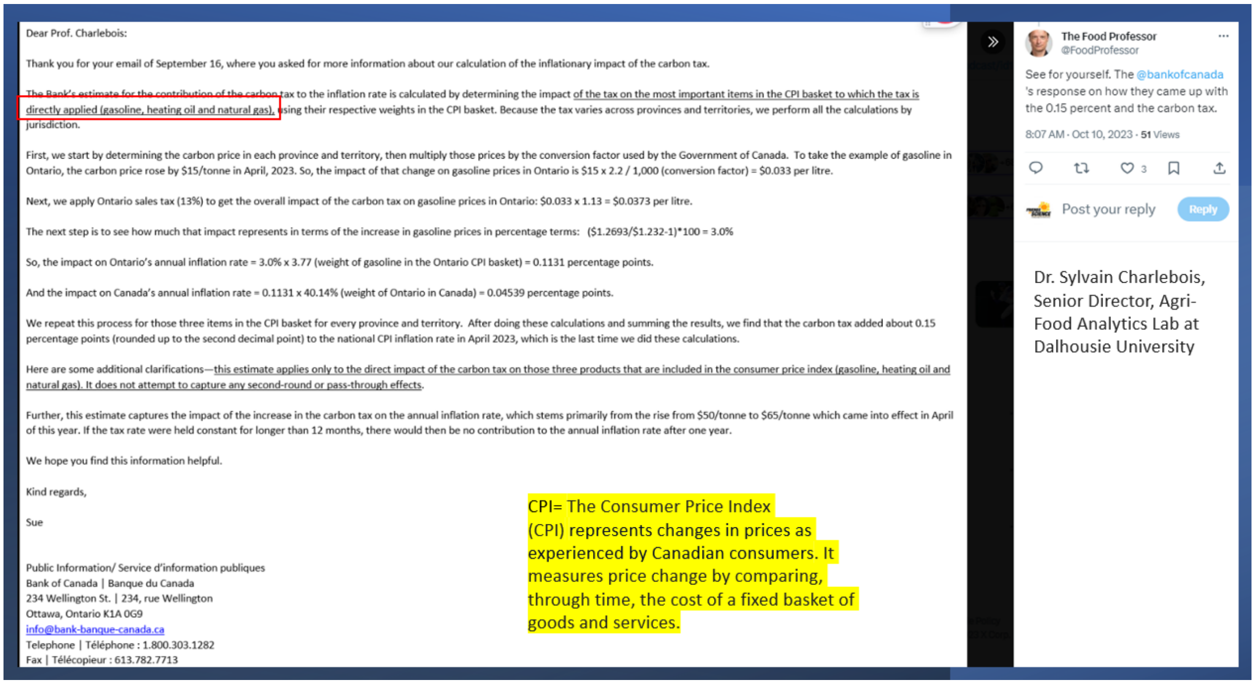
In Robert Lyman's presentation, he shows that there is **no transition to a low carbon economy in process**, despite trillions of dollars invested and hundreds of entangled regulations and incentives imposed upon Canadians by governments trying to make such a transition a reality.

Lyman reported that StatsCanada shows: *"Since 2007, Statistics Canada has reported on what it calls the "clean technology" sector. …This sector accounted for 3% of Canadian GDP in 2007. In 2021, following more than a decade of many billions of dollars of government subsidies, the sector's share of Canadian GDP was still 3%. It is not growing."*

As Canada's central bank, it is unusual that your organization is not reporting on this anomaly – that there is no transition. Billions of dollars are being wasted and people's lives being destroyed by ruinous, ineffective climate policies which, it turns out, are unnecessary.

Carbon Tax Misreporting by Bank of Canada

We have been following the online X/Twitter postings by Dr. Sylvain Charlebois (@FoodProfessor) regarding his request to you about how Governor Macklem and the Bank of Canada arrived at the claim that the carbon tax added only 0.15 percentage points to the national Consumer Price Index inflation rate in April of 2023. (See the @FoodProfessor tweet below)



Dear Prof. Charlebois:

Thank you for your email of September 16, where you asked for more information about our calculation of the inflationary impact of the carbon tax.

The Bank's estimate for the contribution of the carbon tax to the inflation rate is calculated by determining the impact of the tax on the most important items in the CPI basket to which the tax is directly applied (gasoline, heating oil and natural gas), using their respective weights in the CPI basket. Because the tax varies across provinces and territories, we perform all the calculations by jurisdiction.

First, we start by determining the carbon price in each province and territory, then multiply those prices by the conversion factor used by the Government of Canada. To take the example of gasoline in Ontario, the carbon price rose by $15/tonne in April, 2023. So, the impact of that change on gasoline prices in Ontario is $15 x 2.2 / 1,000 (conversion factor) = $0.033 per litre.

Next, we apply Ontario sales tax (13%) to get the overall impact of the carbon tax on gasoline prices in Ontario: $0.033 x 1.13 = $0.0373 per litre.

The next step is to see how much that impact represents in terms of the increase in gasoline prices in percentage terms: ($1.2693/$1.232-1)*100 = 3.0%

So, the impact on Ontario's annual inflation rate = 3.0% x 3.77 (weight of gasoline in the Ontario CPI basket) = 0.1131 percentage points.

And the impact on Canada's annual inflation rate = 0.1131 x 40.14% (weight of Ontario in Canada) = 0.04539 percentage points.

We repeat this process for those three items in the CPI basket for every province and territory. After doing these calculations and summing the results, we find that the carbon tax added about 0.15 percentage points (rounded up to the second decimal point) to the national CPI inflation rate in April 2023, which is the last time we did these calculations.

Here are some additional clarifications—this estimate applies only to the direct impact of the carbon tax on those three products that are included in the consumer price index (gasoline, heating oil and natural gas). It does not attempt to capture any second-round or pass-through effects.

Further, this estimate captures the impact of the increase in the carbon tax on the annual inflation rate, which stems primarily from the rise from $50/tonne to $65/tonne which came into effect in April of this year. If the tax rate were held constant for longer than 12 months, there would then be no contribution to the annual inflation rate after one year.

We hope you find this information helpful.

Kind regards,

Sue

Public Information/ Service d'information publiques
Bank of Canada | Banque du Canada
234 Wellington St. | 234, rue Wellington
Ottawa, Ontario K1A 0G9
info@bank-banque-canada.ca
Telephone | Téléphone : 1.800.303.1282
Fax | Télécopieur : 613.782.7713

CPI= The Consumer Price Index (CPI) represents changes in prices as experienced by Canadian consumers. It measures price change by comparing, through time, the cost of a fixed basket of goods and services.

The Food Professor
@FoodProfessor

See for yourself. The @bankofcanada 's response on how they came up with the 0.15 percent and the carbon tax.

8:07 AM · Oct 10, 2023 · 51 Views

3

Post your reply
Reply

Dr. Sylvain Charlebois, Senior Director, Agri-Food Analytics Lab at Dalhousie University

As pointed out in your correspondence, which Dr. Charlebois posted, this calculation only includes the direct impact on three products – gasoline, heating oil and natural gas.

As [reported by CTV](#) on Sept. 10, 2023, Governor Macklem stated this figure in answer to an audience question in a presentation to the Calgary Chamber of Commerce, and Canadian media subsequently "ran with it." Many journalists publicly mocked elected officials or members of the public who called for a cancellation of the carbon tax, citing Governor Macklem's figure as proof that the impact of the carbon tax was inconsequential on the cost of living. However, the Bank of Canada did not issue any statement at that time to clarify that the Bank's figure of 0.15 percentage points **only relates to the calculated direct impact on three forms of fossil fuels – gasoline, heating oil and natural gas**.

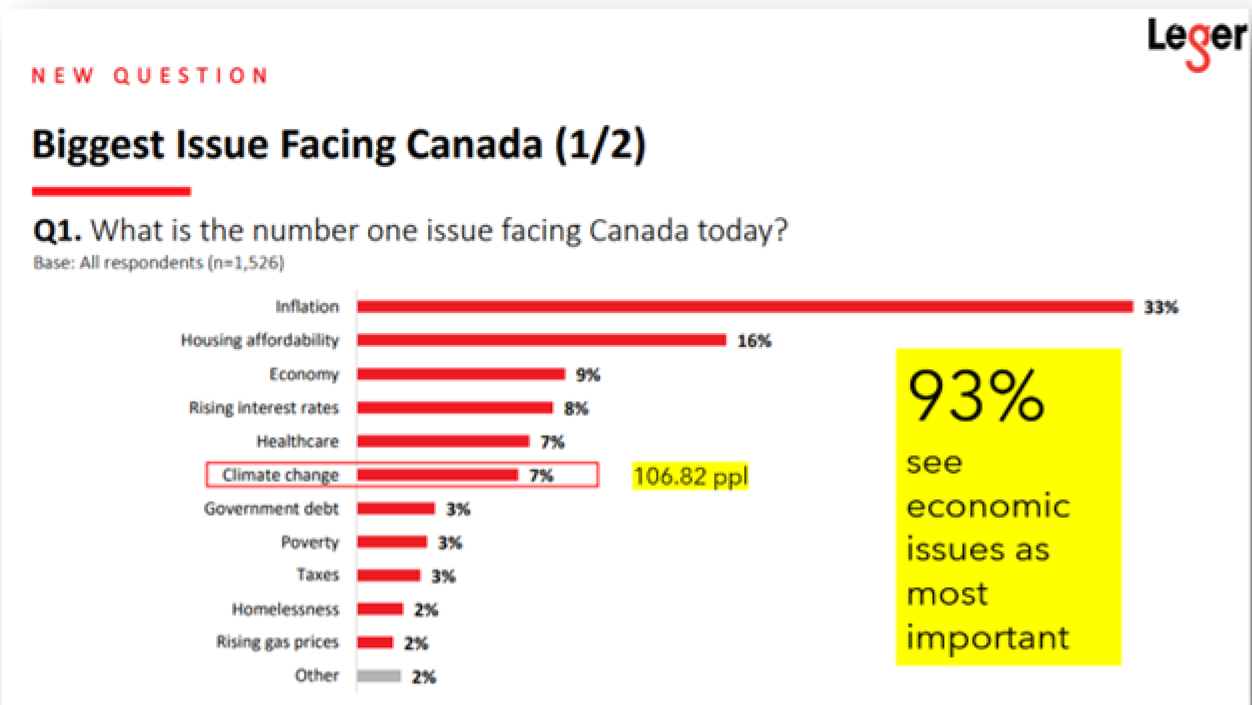
Obviously, every part of modern society, from electricity generation to transportation, manufacturing, medical services, products, treatments and facility operation, retail and industrial operations, all rely not only on these three forms of fossil fuels, but ***the indirect impact of the carbon tax is embedded, amplified and is cumulative on energy used*** throughout all supply and delivery chains of products and services.

It is unclear why Bank of Canada would not have provided a comprehensive evaluation of the impact of carbon taxes – direct and indirect - on the economy if your mandate is ***"to promote the economic and financial welfare of Canada."*** Why the selective analysis of the direct impact of only three fuels? Surely, accurate reporting on such an issue would be a given.

Following Dr. Charlebois' exposé of the Bank of Canada's methodology, Governor Macklem testified to the House of Commons finance committee that dropping the carbon tax would in fact cause a one-time drop of inflation of 16%, as reported in the Epoch Times of Oct. 31, 2023.

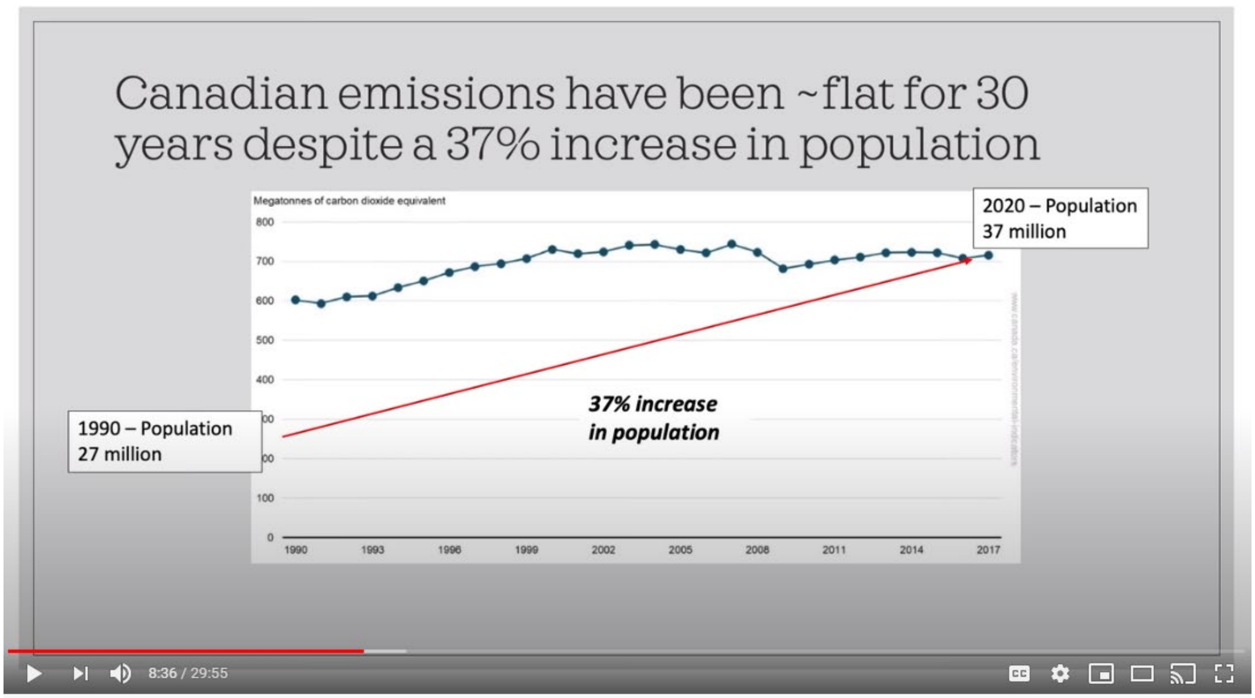
If the Bank of Canada's main role is ***"to promote the economic and financial welfare of Canada,"*** it is unclear how the bank could make such an errant and limited calculation of the impact of carbon taxes on the economy, and then allow mainstream media to repeat this misinformation *ad nauseum* without the Bank issuing a public statement of correction. It is only thanks to the question posed by Dr. Charlebois that Canadians finally had clarity on the topic of the impact of carbon taxes on their lives, something which would appear to be your job at the Bank of Canada – to provide such clarity from the get-go, not after the fact.

Furthermore, it is clear that Canadians are struggling economically. In a September Leger poll, 93% report that economic issues are top of mind. Only 7% of the Canadian public think climate change is an important issue facing Canada.



In 2019, Robert Lyman, energy economist and former federal public servant of 27 years and a diplomat for 10 years, noted that carbon taxes (then) created a deadweight loss on the economy – at that time it was estimated to be a $1.30 loss in economic welfare from $1.00 in tax revenue. The effect is worse in countries that already have large existing taxes, like Canada. Not to mention, the carbon tax is being employed as a tax on a tax, as shown in this video by a trucker.

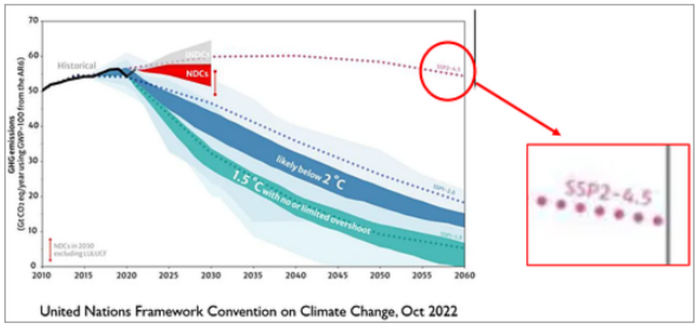
As reported by Canada's Environmental Auditor, Canada will miss its climate targets for 2030. Jerry DeMarco, commissioner of the environment and sustainable development, claimed that Canada is the only G7 country that has not achieved emissions reductions since 1990. This is likely due to the fact that we are the only G7 country taking in such a substantial number of immigrants – each of which bring or expand their carbon footprint and that of the nation. Likewise, to date, Canada has not experienced the massive industrial degrowth of England and Germany, caused by a combination of draconian climate policies and the energy crisis. We have written you before about the conflicting policies of climate change targets and immigration. The carbon tax cannot achieve the proposed climate targets unless it reaches some impossible figure like $500/t and destroys the Canadian economy completely. As Robert Lyman pointed out, this is a Fool's Errand, as China emits in one month what Canada emits in a year and eight months. Why are we handing competitor nations a significant economic advantage while destroying the lives of Canadian citizens?



While as you say the Bank does not set climate change policy, if the Bank of Canada's main role is ***"to promote the economic and financial welfare of Canada,"*** **then surely you must tell the government that climate policies and the carbon tax are destroying the economic and financial welfare of Canada.**

We do not need Carbon Taxes

If your climate risk analysts are not already following Roger Pielke, Jr. on his Substack "The Honest Broker," we recommend that you sign up. Pielke, Jr. reported on Oct. 11, 2023 that the UNFCCC has shown that present emissions are far below the 'climate emergency' threshold - commonly ascribed to the *implausible* RCP8.5 scenario. The implausible RCP8.5 is the scenario was the basis of the 2014 "Risky Business" report, which former Bank of England Governor Mark Carney referred to in his very influential "Tragedy of the Horizon" speech in 2015 to Lloyd's of London.



Don't take it from me, the UNFCCC tells us that the world's emissions are tracking below a SSP2-4.5 scenario. Why can't climate research and assessment keep up?

https://open.substack.com/pub/rogerpielkejr/p/how-could-the-ipcc-make-an-error?r=f96qu&utm_campaign=post&utm_medium=email

In addition to the UNFCCC reporting that global emissions do not constitute a climate emergency, the Norwegian government's *Statistisk sentralbyrå* has issued a paper *"To what extent are temperature levels changing due to greenhouse gas emissions?"* that states:

> *"…that the effect of man-made CO2 emissions does not appear to be strong enough to cause systematic changes in the temperature fluctuations during the last 200 years."*

Three recent papers show that carbon d*ioxide is not the main driver of climate change.*

> *Connolly et al (2023) assesses Northern Hemisphere surface temperature trends since 1850, finding that it is not clear whether warming is human-caused, natural or a bit of both. Soon et al (2023) examines Northern Hemispheric land component of global surface temperatures since this is the most data-rich component, finding that urban heat island effect creates a significant bias effect in temperature measurements. Katata et al (2023) finds that urbanization bias could account for ~20% of the long-term warming.*

Furthermore, Dr. Clark's Oct. 17, 2023 presentation titled: "A Reality Check on Climate Science and NetZero" shows that solar and ocean cycles together are the main driver of terrestrial climate change, not carbon dioxide. Warming and additional carbon dioxide (CO2) provide CO2 fertilization, generally and historically beneficial to humanity in terms of increased crop yield, reduced heating costs and 'optimal' conditions for human life.

As we pointed out in our letter to the Office of the Superintendent of Financial Institutions, climate change science and policy is fraught with Conflicts of Interest and, of particular concern, with 'green' Environmental Non-governmental Organizations which are or were foreign-funded and which rely on tax subsidies and government grants that draw down the tax pool, all the while they advocate for job killing policies.

We have presented here evidence of material change in the scientific understanding of climate change – that carbon dioxide is not the thermostat that controls temperature – thus measures to reduce it are folly, we have provided evidence of misinformation spread by the Bank of Canada that has been very detrimental to proper evaluation of the impact of the carbon tax on people's lives, and we have provided evidence that there is no climate emergency and no need for a carbon tax at all.

If the Bank of Canada's main role is ***"to promote the economic and financial welfare of Canada,*** **then surely you must tell the government that climate policies and the carbon tax are destroying the economic and financial welfare of Canada.**

Feel free to contact us for more information.

Sincerely,

Ron Davison, P.Eng.
President
Friends of Science Society