

**BUILDING CONSENSUS: WHAT WORKS? CASE STUDY:  
CANADA'S ECOFISCAL COMMISSION**

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**Study in Brief**

This study examines the Ecofiscal Commission as a case study of an organization that used well-researched and well-communicated evidence on the economic benefits of carbon pricing and revenue recycling to promote carbon pricing in Canada and promote crosspartisan consensus.

Established in 2014 under the leadership of economics professor Chris Ragan, Canada's Ecofiscal Commission set out to promote pollution pricing policies across all levels of government in Canada through focused research and effective communication of research findings. Carbon pricing, the most prominent and politically controversial pollution pricing policy, soon emerged as Ecofiscal's flagship issue. Given this study's interest in exploring consensus-building in polarized contexts, the research focuses exclusively on Ecofiscal's work on carbon pricing.

The Commission convened many of Canada's leading economists to produce research studies, a highly visible and diverse Advisory Board to provide strategic guidance, and an effective Secretariat to manage operations and communication of research outputs. Ecofiscal's activities and organizational structure were driven by the understanding that building credibility across party lines is the key ingredient to consensus-building. To that end, Ecofiscal never affiliated itself with governments or political parties, intentionally assembled an Advisory Board that included members of various political stripes and received its funding from non-partisan foundations. The Commission's five-year mandate ended in late 2019.

How successful was the Ecofiscal Commission in influencing policy and fostering crosspartisan consensus around carbon pricing in Canada? What were the drivers of the organization's strengths and weaknesses? And what lessons can be learned for other organizations aiming to infuse scientific evidence on controversial policy issues into political and policy debates?

### Key Findings

Both a survey and interviews conducted for this study suggest that Ecofiscal was successful in influencing and shaping carbon pricing policies in Canada. In particular, the Pan-Canadian Framework on Clean Growth and Climate Change, the Alberta Climate Leadership Plan, and the Ontario emissions trading scheme were identified by interviewees as directly informed by Ecofiscal research.

However, there is little evidence that Ecofiscal had immediate, significant impact on the level of polarization around carbon pricing in Canada. In fact, both Alberta's and Ontario's carbon pricing policies were immediately removed (at least in part) by incoming governments following provincial elections, and federal carbon pricing was challenged (unsuccessfully) all the way to the Supreme Court. Only once governments were open to the idea of carbon pricing, did Ecofiscal's research inform policymaking and lend credibility to policy initiatives.

Findings suggest that Ecofiscal's research was generally deemed credible and of high academic quality. The main criticism concerned the narrowed research focus on carbon pricing, the lack of nuance in findings (i.e., always supportive of carbon pricing) and the absence of non-economist voices on the Commission.

Through an effective communications strategy, Ecofiscal was able to direct its research findings into federal and provincial governments' hands to foster influence on policy design. Some suggested that Ecofiscal should have targeted the general public more directly rather than speaking primarily to the 'elite', which risked information being used selectively and opportunistically.

### Discussions and Implications

How can Canada mitigate the harmful effects of partisan polarization on decision-making processes and outcomes to build consensus on the country's energy future in an age of climate change?

Overall, the analysis found that the factors over which Ecofiscal had control – its organizational structure and its activities – were generally conducive to accomplishing its mission. But factors mostly outside of its control – including existing partisan polarization over carbon pricing, election cycles and campaigns, political instrumentalization of its research – created challenges that prevented it from fully achieving its objectives.

As a review of the scholarly literature reveals, these obstacles to achieving consensus are to be expected: research suggests that politicians forming opinions about policy issues tend to be influenced by their prior beliefs or identities, rather than available scientific evidence.

Similarly, studies show that people's judgments about the credibility of information sources are ultimately subjective. For example, in an environment of polarization – more precisely, affective polarization, where people have negative feelings about members of opposing political parties or groups – any information provided by political opponents is at high risk of being dismissed.

Partisanship and politics restricted Ecofiscal's impact. In particular, the organization was dependent on governments' willingness to listen, and political events such as elections and party leadership changes shaped its success. Importantly, the organization itself was perceived by some as too political and partisan.

It is likely too early to identify and evaluate the full impact of Ecofiscal on policymaking and the political debate over carbon pricing. While the organization ceased operations at the end of 2019, Ecofiscal research is still accessible, and the policy changes that it helped set in motion may have long-lasting effects.

In fact, in December 2020, the federal government's climate plan included a new carbon price trajectory which sees the price rising to \$170 per tonne by 2030. This trajectory is in line with recommendations that Ecofiscal made in its final report.

Further, in March 2021, the Supreme Court of Canada ruled that the federally coordinated carbon price is constitutional. This ruling holds the promise of making carbon pricing a long-term fixture in Canadian policy and lowering the heat of political debate on the issue.

Indeed, in April 2021, federal Conservative Party leader Erin O'Toole repeated his call to abandon the current carbon tax, but he also announced his party's plans for a carbon pricing mechanism. It remains to be seen if and how these plans will persevere under a new party leader.

### **Relevance for Decision-Makers**

Interestingly, this analysis of the limits of Ecofiscal's success does not easily translate into a diagnosis of what Ecofiscal could have done better. Rather, our findings illustrate the dilemmas that polarization may create for organizations like Ecofiscal that focus on information and evidence to create lasting policy change. Even in the best of cases, the path from academic research to long-term policy change is complex: it is rarely if ever possible to draw a straight line between research findings and policy choices.

This study indicates that the Ecofiscal Commission can serve as a useful model for future organizations with a mission to support evidence-informed decision-making in controversial policy fields. The organization did extremely well given the political context in which it worked.

### **Next Steps for Positive Energy**

In the coming months, Positive Energy will release additional studies on how Canada can strengthen public and investor confidence in infrastructure project decisions, and effectively clarify and strengthen the relationships between policymakers, regulators and the courts on energy and environmental decisions.

[Link to the full report](#)