

41 – Disaster Assistance and Carbon Pricing in Canada: Lessons for Public Health Emergencies

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The COVID-19 pandemic has dealt a significant blow to the global economy. Lives have been lost and many people have suffered serious illness and hospitalization. Economies have been locked, leading to job loss, the shuttering of businesses, and the closing of borders. Billion dollar support programs have been implemented to help individuals and business weather the storm. Economies are slowly opening up but the aftereffects of the pandemic will be felt for some time.

In Canada, governments have been criticized on the state of their emergency preparedness for a public health crisis such as COVID-19. Among the complaints are a fragmented provincial health policy landscape, a lack of intergovernmental coordination and federal leadership, and an insufficient stockpile of emergency supplies.

The current pandemic and governments' response to it has focused attention more generally on the question of how to prepare for and cope with disaster. This question applies not only to a public health emergency such as a contagious disease outbreak but also to extreme weather events such as floods and hurricanes, environmental disasters, terrorist attacks and other man-made disasters. Developing policies to prepare for and cope with disasters is challenging. The losses associated with, and the frequency of, future events are uncertain and difficult to predict. The benefits and effects of adaptation or mitigation investments are sometimes uncertain. The effects of disasters can spill over local, subnational, and national borders. Multiple regions and multiple levels of governments may be involved. This last challenge is particularly relevant for Canada. The federation is highly decentralized and the constitutional division of powers is somewhat murky when it comes to some areas such as public health and the environment. The intergovernmental financing, coordination, and political challenges that result can further impede the development of efficient policies.

The paper has two objectives. First, Canada's experience with natural disaster assistance and carbon pricing is assessed. The analysis considers how the design of these policies contributes to or lessens intergovernmental financing, coordination and political challenges associated with addressing problems in these areas. Second, the paper uses insights from the case study analysis to make recommendations on how to improve Canada's ability to prepare for and cope with public health emergencies in the future.

Biographical note

Dr. Snoddon, an Associate Professor of Economics at Wilfrid Laurier University, is an economist who specializes in public policy challenges in federal settings. Current research focuses on climate policy and measures of risk, disaster financing in Canada, and fiscal federalism challenges relating to carbon pricing and equalization. Her research has been published in various outlets including *Canadian Public Policy*, *Economics of Governance*, and *Policy Options*.

Her recent paper with Dr. Trevor Tombe, "Analysis of Carbon Tax Treatment in Canada's Equalization Program", was awarded the Vanderkamp Prize for best CPP article in 2019. Other recent publications include *The Rocky Road to Canada-wide Carbon Pricing*, C.D. Howe Institute E-Brief (2018), *Carbon Pricing and Intergovernmental Relations in Canada*, with Debora VanNijnatten, IRPP Insight No. 12 (2016), and *Carbon Copies: The Prospects for an Economy-wide Carbon Price in Canada*, C.D. Howe Institute E-Brief (2016).