Canadian Current Events Research Project—The Keystone XL Pipeline **Name: Frank Pinizzotto** Student #: 210412658

1. Introduce/Identify your issue, identifying the major "stakeholders" and their position (i.e. government/opposition as applicable, major segments of society (business, culture etc.).

This report examines the ongoing Keystone XL pipeline controversy. TransCanada's Keystone Xl pipeline project proposes the construction of a pipeline from the oil sands in Alberta to refineries in Texas and towards the Gulf of Mexico. The completion of this project will directly strengthen the transportation networks between our Canadian oil market and that of our Southern neighbors, the United States. This project has generated a significant amount of controversy among Canadians as it encompasses elements of environmental and economic concern.

Most notably, the Keystone project has caused significant uproar throughout the environmentalist community and has been met with strong opposition. There are two main issues which are at the forefront of concern: global warming and environmental damage.

Despite a recent United States State Department draft assessment concluding that the pipeline project will in fact not directly contribute to the global warming (U.S. Department of State, 2013), public opinion remains divided and the pipeline remains a hot topic for debate.

Additionally, opponents to the project argue that in addition to global warming there exist potential leakage or spill risks which may cause environmental damage to both drinking waters and animal habitats.

Economically, the Keystone XL pipeline has been promoted as having huge potential for both job creation and economic growth. Currently, as a result of landlocked transportation

bottlenecks there is an overabundance of oil supply available, but only limited space to move the product to markets (Vanderklippe). Essentially, Western Canada faces the problem of being unable to properly transport their oil to markets and as a result is forced to sell it to the United States at a significant discount [approximately \$30 per barrel] (Spears). This huge price differential between the North American and World oil price is the main driving motive behind the pursuit of the Keystone XL project. If successfully constructed, the pipeline will serve as an effective bypass through landlocked areas, allowing crude oil to easily make it into U.S. refineries, and effectively reach markets at a more efficient rate. While this solution does not serve to completely eliminate the disparity in prices, it would certainly close the gap (Vanderklippe). Though the pipeline is a pricey initial investment, over time it has the potential to generate a tremendous amount of revenue.

Another key issue of economic importance is prospective job creation as a result of the pipeline's construction and its continued maintenance. TransCanada estimates that if the pipeline project is undergone, there will be at least 20,000 jobs created in the first year of pipeline construction (TransCanada). Other pipeline promoters argue that this number is a conservative estimate, as it does not fully take into account the potential supplier jobs that will also be created. On the other hand, pipeline opponents claim that a majority of these jobs will be temporary, and thus believe that these prospective job figures proposed by TransCanada should be taken lightly (Daly).

Finally, the Keystone XL project concerns our ongoing relationship with the United States. The U.S. is undoubtedly Canada's largest trading partner, making up over 70% of our exports (Stats Can). An issue that must be taken into consideration when considering the

pipeline construction is the effect it will have in regards to our relationship with the United States. If Canada is to undergo the construction of the pipeline it will only act to further our dependence on the United States as a trading partner. While some individuals argue that this is beneficial for Canada, others believe that Canada should not place so much dependence on the States and rather focus on branching out its trading partners.

Due to the nature of this issue, stakeholder groups are large and encompass most, if not all of the Canadian Population. As stated above, the Keystone XL project directly involves our environment, economy, and relationship with the States. Therefore, almost all citizens can be considered stakeholders pertaining to this issue. That being said, there is no complete agreement in regard to this issue by citizens. Typically, environmentally concerned citizens will be quite skeptical of the net benefit of the pipeline project. On the other hand, other groups of citizens such as unemployed individuals may look to the pipeline as a potential job supplier and thus be in favour of it.

The federal Conservative government has taken a strong stand towards promoting and endorsing the pipeline project. In particular, Stephen Harper has expressed overwhelming support for the project and strengthening ties with the United States (MacCharles). Additionally, at the federal level, Bob Rae, current interim Liberal leader has expressed the notion that his party also stands by the construction of the pipeline believes it is best for national interests (The Canadian Press). On the other hand, federal NDP leader Tom Mulcair strongly opposes the construction of the pipeline. He argues that the oil exported to the States will eventually be needed by Canadians, making it a bad decision to give up the oil that we ourselves will need in

the future (National Post Staff). Additionally, he argues that the pipeline comes with environmental and climate change risks that should not be overlooked.

At a business level, it is no surprise that TransCanada Corporation is the most involved and interested party—as they are responsible for the development and construction of the pipeline after all. The pipeline also concerns potential suppliers and manufacturers that will be involved in the supply and construction of materials used to build the pipeline, as the project may increase demand for their services.

2. Using historical context, discuss why this issue is of national importance

The Keystone XL pipeline project is of national importance for a variety of reasons. While the previous question explored the environmental and economic issues raised by the pipeline, the project also shares a significant relationship with historical Canadian events. In particular, the Keystone XL project relates to First Nations issues, staples theory, and the East-West Canadian relationship.

A major group opposed to the creation of the pipeline is the First Nations peoples. They primarily oppose the project on the concern that the pipeline may cause environmental damage which can harm their drinking waters and environment (CBC News). The First Nations opposition to the pipeline is quite an important issue for the Canadian government and should not simply be ignored. Canadians certainly do not have a spotless record when it comes to how they have treated the First Nations in the past. One particular extremely important historical event was the Oka land dispute crisis of 1990. This was the first well publicized violent

altercation between the Canadian government and First Nations peoples where a standoff occurred between the Mowhak peoples and Canadian government over a land ownership dispute. Ultimately, this event had negative impacts toward the Canadian-First Nations relationship. Of course, the Canadian government will take all necessary measures to make sure a similar event does not occur again. Prime Minister Harper is an individual who has expressed remorse towards the way First Nations were treated in the past (even issuing a public apology). He is put in a difficult situation, as the wants of the First Nations directly interfere with his views of the pipeline that he has been promoting so strongly. Harper must tread lightly, as we have seen before in the past the extent to which events involving First Nations have the potential escalate to.

Staples theory was a dominant philosophy in the early 20th century throughout Canada pioneered by William Mackintosh and Harold Adams Innis. The Keystone XL pipeline has direct connection to the idea of staples theory and the view that Canada has been and still is heavily reliant on staples (raw natural resources) as the backbone of its economy. There are three crucial aspects to Staple Theory: production, transportation networks, and markets. When examining the current Canadian oil market it is observable that the current problem lays in the transportation network aspect—hence the proposed Keystone XL pipeline project. It can be argued that Canada has fallen into what Harold Innis proposed is a "staples trap", where Canada has not invested enough resources into its manufacturing industries and is now forced to produce staples in order to maintain its level of economic activity. This concept of staples theory has a direct relationship with crude oil exportation. By building the Keystone XL pipeline, Canada is essentially making a massive investment to facilitate its export of staples to the United States. If

what Innis said about the "staples trap" is true, the construction of the pipeline will serve to further dig ourselves deeper into this hole. Canadians must think carefully about the potential future impacts of the pipeline in regards to our staples economy.

The construction of the pipeline also concerns the issue that of Canada being "for sale". David Suzuiki in his Huffington Post blog warns Canadians of the dangers of Canada entering into trade agreements with other countries, noting that if they are not carefully thought out, they can bring serious repercussions (Suzuki). If the pipeline is constructed, Canadians are committing themselves to selling oil to the States for many years to come in the future. This poses a dilemma—should Canadians really be exporting oil that they may need to buy from other countries years into the future? Is the benefit from undergoing this project really worth the potential costs?

The Keystone XL pipeline project also has direct ties to the development of Canada in a North-South manner versus that of an East-West manner. As a result of having such a close relationship with our Southern neighbors, Canada has focused heavily on "North-South" Canadian-American trade relationships and domestic cross-Canada trade has been somewhat neglected. As a result of this in the past, Canada experienced "western alienation". With most of the major business/trade occurring in Ontario and Quebec, the Western provinces of Canada experienced a sense of isolation and questioned their identity in relation to Canada. This issue was particularly highlighted during the presence of the National Energy Program (NEP) where the West felt as if they were unfairly being taken advantage of. As Canada furthers its relationship with the states through oil trade, one must wonder if it is a step in the wrong

direction. As discussed earlier, the construction of the Keystone XL pipeline commits Canada to selling oil to the States, meaning it that oil will not be traveling to Eastern Canada. But, as learned from the National Energy Program a 'forced' trade relationship between Eastern and Western Canada can have serious repercussions. In attempt to promote the Canadian oil industry and keep it within Canada, the NEP essentially forced the West to sell a percentage of their oil to the East below world trade price. To put it lightly, the NEP was unsuccessful and actually worsened the East-West relationship of Canadians, as the West felt they were simply being taken advantage of. So, while the Keystone Pipeline does in fact promote Canada's North-South relationship, rejecting it simply on the grounds that an East-West trade relationship is undoubtedly superior is not a strong argument. Although promoting an improved East-West relationship through trade would be an excellent goal to strive for, a cancellation of the proposed Keystone XL pipeline may not be the best action to take towards achieving this.

3. A) What responses/discussion is this issue generating in the online forums (message boards, Twitter, blogs etc.) where you are reading about it? What do people think? Discuss at least two themes present across the body of your research.

From my observations, the most prominent areas of discussion are typically the comments section of news sites. Here, there typically occurs a large amount of disagreement between individual parties. While a majority of the comments are personal attacks based on ones political position (calling each other fascists/socialists etc.) occasionally a civilized discussion develops. The two most common stances that I have observed are opponents of the pipeline citing environmental risks and refuting potential economic benefits promoters of the pipeline

doing vice-versa. Pertaining to the environment, the main point of discussion is the impact that the completion of the pipeline will have on global warming; opponents of the pipeline argue that it will cause a spike in the oil industry in Alberta resulting in increased carbon emissions.

Advocates of the pipeline preach the potential job creation and monetary inflow that the pipeline project will bring into Canada. Observation from these sites seems to demonstrate that public opinion remains relatively divided on this issue.

On Twitter there has been a rallying opposition movement to the pipeline. In particular, hundreds of individuals are using the "hashtag" #NoKXL to express defiance towards the proposed project. These tweets are usually accompanied with a message about the environment or climate suggesting that these individuals oppose the pipeline for strictly environmental reasons and generally believe that it will be a significant contributor to the global warming problem.

One particular series of responses that stood out to me was an exchange between NDP federal leader Tom Mulcair and Saskatchewan's provincial NDP leader Cam Broten. While in Washington, Mulcair has been publicly opposing the construction of the pipeline, "slamming Canada's environmental record" (National Post Staff). On the other hand, Cam Broten is a strong advocate of the pipeline project, promoting its strong economic potential. In regard to Mulcair's alleged anti-pipeline comments in regard to Canada's environmental record, Broten tweeted that Mulcair was "betraying our country's national interests" (National Post Staff). This statement stood out to me for two particular reasons. First, I feel that the wording Broten chose was very specific. He refers to Canada as 'our' country—this expression encompasses all Canadians (The West, East, Quebecers, and First Nations) as a single group with a single

national interest. Secondly, this statement implies that Mulcair is violating a 'national interest' or values that all Canadians share, that of morally conscious and environmentally concerned citizens. When examined in further detail, what seems like a simple tweet at first glance is actually an attempt by Broten to draw upon an idea of a unified Canada with a natural interest which encompasses both environmental and moral issues. Another interesting fact to note about this exchange is despite Mulcair and Broten both being NDPs, they each hold distinct viewpoints when it comes to this issue. The difference in viewpoint of members of the same political party demonstrates the volatility of this particular issue.

One reoccurring theme that occurs in both articles and discussions about the Keystone XL pipeline is the idea that environmental concerns are of utmost importance. This idea that the environment is "sacred" is used by both advocates and opponents of the pipeline. Opponents argue that the pipeline will have negative effects on the environment through global warming and potential spills thus making undergoing the pipeline project simply out of question. Rather than dismissing the importance of environmental issues (for example saying that job creation is worth the trade off of environmental harm), promoters of the pipeline generally argue against the claim that the pipeline will have adverse environmental effects. All in all, this demonstrates the prominent theme of environmental consciousness being a core component of Canadian values.

Another main theme present in the discussion of the issue is the concept of Canada as a unified nation. I found it similarities between articles that expressing the idea of "Canada's interest" (The Canadian Press)or the use of terms such as "what is best for Canada". Rather than focusing on specific provinces or territories and the effects the pipeline would have on

them, the focus was instead on changes effecting Canada as a whole. While the cross-border North-South pipeline has generated controversy among Canadians, a poll conducted by Abacus Data in February 2013 found that citizens across Canada give overwhelming in support towards the idea of increasing East-West Canadian trade (Abacus Data, 2013).

3. B) Do some basic research into the major claims expressed by both the stakeholders and online respondents. Are their claims accurate? Do they make use of myth?

The most controversial claim made by both the stakeholders and online respondents is the degree to which the pipeline project will affect the environment. There are two dimensions to this issue: climate change through global warming and direct environmental damage to habitats and water basins. The global warming concern is the fear that the pipeline will cause a huge increase in the oil sands industry, resulting in increased carbon emissions, leading to an increase in the world temperature. On March 1 2013 the United States State Department released a draft environmental impact statement which concluded that the project will not influence global warming (Mcarthy). In particular, the State Department concluded that the oil sands producers would eventually find new routes to increase production in the absence of the pipeline, thus making the pipeline have little effect on global warming outcomes in the long run (U.S. State Department). This statement by the State Department marks a huge win for pipeline supporters as it severely weakens the global warming concerns that pipeline protestors preach. But, the statement that the State Department released is only a draft and its conclusions are subject to modification. Environmental groups are strongly opposing the State Department's findings. In

particular, Danielle Droitsch author of *The Link between Keystone XL and Canadian Oil Sands Production* argues that the poor transportation network for crude oil acts as a constraint on the industry. The addition of the Keystone XL pipeline will remove this constraint and result in an increase in the price of Canadian crude oil. This in turn will drive up oil sands production as more potential profits exist (Droitsch).

The other side of the environmental argument pertains to the degree to which the pipeline will cause environmental damage as a direct result of leakages or spills in the pipeline. TransCanada Corp. argues that steel pipelines are the safest method of transporting crude oil (TransCanada). In particular, TransCanada claims that "Each year, billions of gallons of crude oil and petroleum products are safely transported on pipelines. If they do occur, pipeline leaks are small; most pipeline leaks involve less than three barrels, 80% of spills involve less than 50 barrels, and less than 0.5% of spills total more than 10,000 barrels." (TransCanada). On the other hand, Pipeline opponents take a different stand towards the issue. Groups arguing that the pipeline project is of high-risk often point to the BP oil spill of 2010 as an example of what can go wrong. Despite having 'emergency measures' in place in case of a disaster, the spill still caused a devastating amount of environmental damage. An analysis conducted by Cornell University's Global Labour Institute states that a compressive spill analysis has not yet been performed for the Keystone XL pipeline (Skinner & Sweeney). Additionally, this study finds that the Keystone XL pipeline passes through major aquifers in agricultural areas, meaning there is the potential for pipeline leaks to cause billions of dollars of damage if aquifers get contaminated by an oil spill (Skinner & Sweeney). Overall, there is currently no particular environmental consensus that satisfies parties on both sides of the issue. The United States State Department's final report will likely help add some closure to the debate, but only time will tell.

4. Are there keywords that feature in debate on this issue? What language do supporters and opponents use in describing the policy? Have they made use of mass media (e.g. ad campaigns) to build support or attack their opponent?

Both opponents and supporters of the issue use strong language in an attempt to create resonance in Canadians when describing their policy. For example, as discussed earlier Saskatechewan NDP Premier Cam Broten referred to Federal NDP leader Tom Mulcair's comments as betraying Canadian national interest.

Other supports such as TransCanada carefully construct their arguments in order to make it seem as if alternative measures of oil transportation are vastly inferior from both an economic and environmental standpoint. A specific Toronto Star article promoting the pipeline stood out to me. In this article, the author advocates expanding our trade relationship with the United States. In order to dismiss the counterargument that Alberta could instead increase production to Ontario rather than the States he writes, "that would likely require an expanded version of the long forgotten National Oil Policy, which prohibited the use of imported oil and refined products west of Ottawa from 1961 to 1971" (Gray). Thinking back about the National Energy Program and its aftermath in Western Canada, it is easy to see why the author chose to include such a statement. Western Canadians in particular have a very negative memory of the National Energy Program. The author cleverly creates a situation in which there are two options: the Keystone XL pipeline, or a resurrection of the National Energy Plan. This likely draws resonance with Western Canadians as when the situation is portrayed in this manner, they will naturally feel inclined to support the Keystone XL project.

TransCanada is promoting an ad banner which advocates the positive impacts of the pipeline project. Here, TransCanada advertises the pipeline as creating jobs, enhancing energy security, and minimizing environmental impact (TransCanada) Alberta has advocated the case for the construction of the pipeline and has placed a \$30,000 ad in the New York Times paper to raise awareness and generate interest in the States (The Canadian Press). Likewise, pipeline opposition groups such as 350.org have in the past launched their own anti-pipeline advertisements which attacking the pipeline project warning U.S. citizens that pipeline completion could raise gas prices (Matthews).

What are your own conclusions? Did your research influence which party you support?

Prior to doing any research on the topic, my knowledge was quite limited. I was under the impression that the pipeline expansion project would certainly result in an influx in jobs and oil production throughout Canada. As result of these beliefs, I was naturally in favour of the project. Doing further research on the issue for this project has opened my eyes to aspects which I had previously overlooked. I now understand that the Keystone XL pipeline does not come without risks and costs. In particular, the idea of Canada being "for sale" stood out to me. The pipeline project commits Canada to selling its oil to the States. Oil supply in the future is definitely a worldly concern. If oil supply does end up being an issue in the future, I feel as if Canada will have wished it kept its oil domestic rather than exporting so much to the States. Another aspect of the pipeline proposal that I had not considered was the full range of environmental damages that could occur. In conclusion, I am still in favour of the Keystone XL pipeline project, but I believe the Canadian government must take action to ensure that appropriate safety standards and regulations are enforced in order to minimize the potential

environmental damage which may occur. Furthermore, I believe that future projects dealing with the export of Canada's natural resources (especially oil) are a sensitive issue and great care should be taken when making decisions.

Bibliography

Abacus Data, "Canadians overwhelmingly support a west-east pipeline", *Abacus Data*, March 4 2013, March 10 2013, http://abacusdata.ca/2013/03/04/canadians-overwhelmingly-support-an-west-east-oil-pipeline/

CBC News, "First Nations leaders join Keystone pipeline protest", *CBC News Online*, Aug 30 2011, March 10 2013 http://www.cbc.ca/news/canada/north/story/2011/08/30/indigenous-protest-keystone-pipeline-xl.html

Chapnick Adam, "Keystone conversation shouldn't be clouded by Ottawa's spotty environmental record" *Toronto Star Online Editorial*, Feb 26 2013, March 08 2013, http://www.thestar.com/opinion/editorialopinion/2013/02/26/keystone_conversation_shouldnt_becolouded by ottawas spotty environmental record.html

Daly Matthew, "Obama: Keystone XL pipeline not major jobs creator" *Metronews Online*, March 14 2013, March 14 2013, http://metronews.ca/news/world/594908/obama-keystone-xl-pipeline-not-major-jobs-creator/

Dembicki Geoff, "Oilsands 5th on Greenpeace list of global climate battlegrounds", *The Tyee Online*, Jan 23 2013, Feb 20 2013 http://thetyee.ca/Blogs/TheHook/2013/01/23/greenpeace-global-climate-battleground/

Droitsch Danielle, "The Link between Keystone XL and Canadian Oilsands Production: Backgrounder", *Pembina Institute for Appropriate Development*, Drayton Valley, AB, Can, Feb 2011

Gray Earle, "Collapse of oil sands boom will scramble Canadian economy" *Toronto Star Online Editorial*, March 13 2012, March 14 2013

http://www.thestar.com/opinion/commentary/2013/03/13/collapse of oilsands boom will scra mble canadian economy.html

Globe And Mail, "New York Times Urges Obama To Reject Keystone XL Pipeline," *The Globe And Mail Online*, March 11, 2013. March 13, 2013. http://www.theglobeandmail.com/report-on-business/industry-news/energy-and-resources/new-york-times-urges-obama-to-reject-keystone-xl-pipeline/article9619864/

Globe And Mail, "Friedman urges 'No to Keystone, yes to crazy' in New York Times" *The Globe And Mail Online*, March 13 2013, March 13 2013

http://www.theglobeandmail.com/report-on-business/industry-news/energy-and-resources/friedman-urges-no-to-keystone-yes-to-crazy-in-new-york-times/article9714967/

Laughren Josh, "Climate change has to be part of Keystone pipeline debate" *The Star Online Editorial*, Jan 23 2013, March 08 2013

http://www.thestar.com/opinion/editorialopinion/2013/01/23/climate_change_has_to_be_part_of keystone pipeline debate.html

MacCharles Tonda, "Prime Minister Harper says Canada less protectionist than U.S., calls for Canadian nationalism that's not anti-American", *The Toronto Star Online*, Nov 19 2012, March 08 2013

McCarthy Shawn, "U.S. State Department says Keystone won't impact global warming," *The Globe And Mail Online*, March 1 2013, March 2 2013, http://www.theglobal-warming," *The Globe And Mail Online*, March 1 2013, March 2 2013, http://www.theglobeandmail.com/report-on-business/industry-news/energy-and-resources/us-state-department-says-keystone-xl-wont-impact-global-warming/article9213065/

National Post Staff, "Now Sask. NDP leader rejects Mulcair on pipeline after federal leader is accused of 'betraying our country'" *National Post Online*, March 14 2013, March 14 2013 http://news.nationalpost.com/2013/03/14/now-sask-ndp-leader-rejects-mulcair-on-pipeline-after-federal-leader-is-accused-of-betraying-our-country/

Oil Prices, "Crude oil and commodity prices" http://www.oil-price.net/

Olsen Bradley, "Keystone Oil Pipeline Seen Rising Gas Prices in Midwest: Energy", *Bloomberg News Online*, Feb 29 2012, March 16 2013 http://www.bloomberg.com/news/2012-03-01/keystone-oil-pipeline-seen-raising-gas-prices-in-midwest-energy.html

Simpson Jeffrey, "Obama's climate talk may galvanize actions in Canada", *The Globe And Mail Online*, Feb 16 2013, Feb 20 2013 http://www.theglobeandmail.com/commentary/obamas-climate-talk-may-galvanize-action-in-canada/article8718582/

Skinner Lara, Sweeney Sean, "The Impact of Tar Sands Pipeline Spills on Employment And The Economy, *Cornell University Global Labour Institute*, March 2012. http://www.ilr.cornell.edu/globallaborinstitute/research/upload/GLI_Impact-of-Tar-Sands-Pipeline-Spills.pdf

Spears John, "The Pipeline Problem" *Toronto Star Online*, Feb 13 2013, March 03 2013, http://www.thestar.com/business/2013/02/13/the_pipeline_problem.html
Suzuki David, "Are We Trading Away Our Rights and Environment?" *Huffington Post Blog Online*, Dec 05 2012, March 15 2012, http://www.huffingtonpost.ca/david-suzuki/canada-trade-agreements_b 2240617.html

The Canadian Press, "Alberta lobbies Keystone XL in New York Times, March 17 2013, March 17 2013, http://www.cbc.ca/news/canada/story/2013/03/17/alberta-lobbies-keystone-xl-new-york-times.html

The Canadian Press, "Bob Rae: Keystone Pipeline In 'National Interest'" *Huffington Post* March 14 2013, March 15 2013, http://www.huffingtonpost.ca/2013/03/14/bob-rae-keystone_n_2881065.html

TransCanada, About the Project, Keystone-xl.com, 2012, Janruary 30, 2013 http://keystone-xl.com/about/the-project/

TransCanada, "Pipeline Safety," Pipeline Safety, TransCanada, 26 Feb 2012. 12 Mar 2013. www.transcanada.com/pipeline-safety.html

U.S. Department of State, Draft Supplementary Environmental Impact Statement, Keystone Pipeline-XL.state.gov, March 1 2013, March 8 2013 http://keystonepipeline-xl.state.gov/documents/organization/205761.pdf

Vanderklippe Nathan, "Alberta oil discount raises investing alarm for Chinese firms", *The Globe And Mail Online*, Feb 11 2013, Feb 20 2013 http://www.theglobeandmail.com/globe-investor/alberta-oil-discount-raises-investing-alarms-for-chinese-firms/article8471597/

Vanderklippe Nathan, "Moving bitumen to market: the case for rail" *The Globe And Mail Online*, March 15 2013, March 15 2013 http://www.theglobeandmail.com/globe-investor/moving-bitumen-to-market-the-case-for-rail/article9843074/