"Canadian Energy Politics and Canada-U.S Relations, 1970-2012"

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Introduction

Energy politics and public decision-making in Canada has mattered to U.S. production and consumer interests for a long time – emphatically so after the first Mideast oil embargo in 1973. By 2005, the international media was hailing Canada as an "energy superpower." In a Georgetown University speech in March 2011, U.S. President Barack Obama became just the most recent President to declare Canada as integral to his country's energy "independence" strategy. At that juncture, Canada well surpassed all other countries as the primary source for the numerous U.S. energy life-lines. The U.S. Energy Information Administration as of December 2010 noted that Canada provided the U.S. 2.7 million barrels per day, compared to Mexico at 1.3 million barrels per day; Saudi Arabia exported 1.1 million barrels per day to the U.S., Nigeria about the same; Venezuela came in at just over 900,000 barrels per day. The oil sands in Northern Alberta, Canada, were thought to hold up to one-third of the world's oil reserves alone. However, even as successive U.S. Presidents and Congressional leaders displayed intimate knowledge about Canada's energy contributions, and several retired U.S Ambassadors to Canada have been important commentators on Canada-U.S relations, the average American and news media scribe have remained studiously detached.[2] And yet politics in Canada on the supply of energy to Americans has often been a hot topic over Canadian dinner tables, in corporate board rooms, and in news editorial offices. This commentary is about the politics of Canadian energy policy and related Canadian-U.S. relations over the course of the last four decades.

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[2] Kimble F. Ainslie, "America's Blind Spot: Why Americans Ignore Canada," St. Petersburg, FL: The Southern Public Policy Institute, August 2006.

The National Energy Program

Canadian and American business and governing interests have been participants in and observers of *hot and cool* national and continental energy politics since at least the early 1970s, and we are not forgetting about the very hot, active and cool, constructive period of the mid 1950s.

Apart from the raucous national debate on the Trans-Canada pipeline in 1956 and Prime Minister Louis St. Laurent's invocation of parliamentary closure in the House of Commons, energy politics after WWII was essentially a closed, quiescent affair. Much cooperation occurred on building oil and natural gas pipelines across the nation and across the continent. The decade of the 1950s was the heyday of pipeline construction in Canada and the United States, including sending Alberta oil and gas through the U.S. upper Midwest to serve Canadian markets in Ontario and Quebec.

In the post-1970 period, perhaps hottest politics exploded onto the Canadian scene during the national debate over Prime Minister Pierre Trudeau's National Energy Program (NEP). After his return to office in February 1980, Trudeau decided to assume control over a significant portion of Western Canada's constitutionally-sanctioned, provincial authority related to natural resources. In an October 1980 budget announcement, Trudeau indicated that he effectively intended to nationalize broad swaths of the energy sector in the West and to bump up financing of Canada's fledgling state oil company, Petro-Canada; put into place a taxation regime that would grant large, new revenue streams to the Government of Canada, and place onerous new regulatory regime severely limiting capacity of foreign energy (American) companies to operate in Canada.[3] Almost immediately, the primary beneficiaries of "Canadianization" elements of the Program, Canadian independent energy exploration firms, erupted in protest, arguing that the NEP would detrimentally affect exploration, raise gasoline prices at retail pumps and be a major job killer. Western Provincial Governments chimed in quickly, particularly the Premier

[3] For a thoroughgoing review of the NEP, Peter Foster's *The Sorcerer's Apprentices*, Collins Publishers, 1982 is highly recommended.

Peter Lougheed's Government of Alberta, as he watched his energy jurisdiction being taken over by the Government of Canada.

Tensions between Eastern and Western Canada bubbled to the surface as it became clear that much of the new taxation would subsidize a blended oil price that would benefit provinces east of the Manitoba-Ontario border. Premier Lougheed announced he'd start turning off Alberta's oil taps in 60,000 barrel increments starting in March 1981 through to September. Political reactions in the population began to turn nasty, symbolized by the rallying cry of the Mayor of Calgary, Ralph Klein – later to become Alberta Premier -- when he declared: "Let the eastern bastards freeze in the dark." Finally, although quiet initially, Washington soon joined in the fray. A meeting between Trudeau and President Ronald Reagan went badly in September 1981 and in reaction the State Department trotted out spokesmen to announce Canada and the United State were "sliding dangerously towards a crisis." Trudeau symbolically flipped them the finger.

And then worst happened. Premier Lougheed, realizing that his Government was missing out on the revenue bonanza demanded and received a negotiated settlement with the Government of Canada over revenue streams. In September 1981, Lougheed announced a new agreement with Ottawa to turn the oil taps back on in return for an oil and gas financing arrangement with Ottawa. But even though Peter the Great had for so long positioned himself as Alberta's protector, it turned out the new arrangement was equally punishing to Alberta oil interests. Lougheed's oil constituents felt betrayed. The final shoe dropped when a series of oil companies announced they were leaving Alberta or de-financing significant oil exploration projects. The big hit came when the Alsands project, a consortium led by Shell Canada, collapsed in May 1982; it would have been a major tar sands refinery plant in northern Alberta. This was followed by the shut-down of Imperial Oil heavy oil recovery plant at Cold Lake, and the near bankruptcy of Dome Petroleum, another major. By 1982, world oil prices were in full retreat. Any extra cash for investment was quickly drying up. About the same time the Trudeau and Lougheed Governments realizing their plans were falling apart started giving back the money; the tax and royalties regimes were adjusted downward as billions and billions were returned to the oil patch. The NEP had been a massive convulsion of government incompetence; hot politics gone white hot leading to the cold embers of adjustments and political retreats.

Hot politics was back with a vengeance after 2005. By the time the extension to Keystone Mainline was in the planning stages, known as Keystone XL, candidate Barack Obama was bashing "dirty oil;" well-financed professional environmentalists were on a tear against the Industrial Revolution; thousands of ducks were dying in tailings ponds of northern Alberta, and American anarchists were infiltrating Canadian regulatory hearings on new pipelines.

Pax Canadiana and Superpower Status

As an example of cool politics, probably the high points of good and constructive relations on every front occurred during the development of the Athabasca oil sands, and later during the first term of the George W. Bush Administration – a time I describe as *Pax Canadiana*. The 1970s Lougheed Government in Alberta famously began a lengthy history of state entrepreneurship in support of energy development as his Government oversaw a post-pubescent expansion of bitumen crude mining beyond the Athabasca tar sands, into the Peace River and Cold Lake regions. The Bush Administration produced a national energy policy that declared U.S. reliance on stable energy supplies from Canada. During this early Bush period, pipelines, including the Keystone *Mainline* pipeline were planned and constructed deep into the U.S Midwest with nary a whimper of political contestation. Canada, as noted, became an internationally-declared "energy superpower." Energy was cool and the continental politics cooler.

The OPEC (Organization of Petroleum Exporting Countries) oil embargoes starting in 1973 changed almost everything on the energy politics front in North America. In response to the first embargo, Alberta Premier Peter Lougheed announced plans promoting the development of the Athabasca tar sands. Plans were laid to mine, refine and "pipeline" bitumen (heavy crude oil) locked in sands of northeastern Alberta boreal forests out of Albert and into the United States. A long time in development, the tar sands first produced oil in the 1940s, and by the late 1960s, a major mining site was underway. Unlike the Mackenzie Valley pipeline project, this mega-project was considerably cooler in terms of political conflict inside Canada and in relation to the participation of American interests. The Athabasca tar sands (original term, now "oil sands") mining project involved Canadian and American private development interests, in addition to the Government of Alberta ownership and policy guidance. Its political risk profile in this early period was thus quite low; special interest advocacy in opposition was at a low point. Nobody's ox was being gored; the current crop of professionalized, state-subsidized environmental groups did not exist. "Syncrude," as the project was generically known in the 1970s held a good deal of promise for Canadian energy advancement and American energy security – an issue that had become salient in the wake of the oil embargo and U.S. President Richard Nixon's declared policy, "Project Independence."

Unremitting federal conflict, the nationalization effort, and fiscal intrusions came to a sudden end upon the election of Conservative Prime Minister Brian Mulroney in 1984. Mulroney and his Cabinet immediately began to undo Trudeau's constitutional imperialism, most of the constitutional incursions, the fiscal nationalization provisions in the oil and gas sectors, and Mulroney announced his intention to privatize Petro Canada. It took six years, but after efforts to build the market value of Petro Canada, the Government of Canada sold it off in 1990. Canada's extraordinary period of high dungeon and "Third World" interventionism into the oil and gas sector came to an end. Mulroney made peace with the West, with American energy interests, and launched the world's largest free trade initiative with the U.S. for good measure. Relying on the very considerable assistance of President Ronald Reagan, the world's "longest undefended border" again began to live up to its name.

The remainder of the 1980s and 1990s were marked by very cooperative relations with the United States in the wake of the Canada-U.S. Free Trade Agreement and the re-doubling of efforts with Mexico to create the North American Free Trade Agreement (NAFTA). While Prime Minister Jean Chretien opined during his 1993 election campaign about making adjustments to NAFTA, and President Bill

Clinton did the same during his 1992 election campaign, cooler heads prevailed once in government. Energy development advanced apace; oil sands development grew moderately well and American oil and gas interests carried on business with evident satisfaction inside Canada. Energy politics cooled.

The apex of *Pax Canadiana* on domestic energy politics with the U.S. began to take shape in the early months of the George W. Bush Administration up to "9/11." Within days of Bush being sworn into office, the President and Canadian Prime Minister Jean Chretien met at the White House to discuss energy and other items. The electricity supply debacle in California had alarmed the President and his team and so this first meeting with a foreign head of government dwelt on plans for collaboration on the North American electricity grid. The Prime Minister briefed the President and Vice President Dick Cheney on how Canadian energy sources had grown in importance to American consumers, granting Canada status as America's leading energy trading partner on oil, gas and electricity – demonstrably ahead Saudi Arabia on oil imports. Not since the Reagan era had an American President been so solicitous of Canadian agreement and cooperation. The Bush Administration looked to seal a "continental" energy pact with Canada, which would include Mexico. During the Washington meeting, the President alluded to a special White House *national energy policy development group* being led by Vice President Dick Cheney. U.S. Energy Secretary Spencer Abraham would shortly confer with Canadian Energy Minister Ralph Goodale in preparation for an April meeting of the "Three Amigos," Bush, Chretien and Mexican President Vicente Fox -- as the international news media had dubbed them. At the meeting, Prime Minister Chretien announced the establishment of special Cabinet committee on energy to mirror the White House task force. The Prime Minister agreed to idea that Canada would service expanded energy markets in the U.S. and in doing so the Athabasca oil sands would be ramped up yet again in terms of production. Moreover, the long-awaited Mackenzie Valley natural gas pipeline would be set on a "fast track" in order to provide stable supplies to U.S. markets. The Prime Minister promised not to "hardball" the Americans by tying energy supplies with agreements on other outstanding cross-border issues, for example, the contentious softwood lumber trade squabble that had dominated news headlines. And yet, Chretien, ever the consummate politician, indicated that he expected the American Administration to offer "a positive, respectful attitude toward Canada." Cheney laid out the Administration's plans with respect to Canadian and Mexican cooperation in a speech in Toronto in early May just before he sent his national energy report to the President. The U.S. *National Energy Policy* report was a reasonably thorough review of American energy conditions emphasizing renewed vigour on recommendations for change including accommodations for the Canadians. For a time, during the summer of 2001, bilateral energy issues captured headlines in the U.S and Canada and the U.S. Administration was on record acknowledging the importance of Canadian energy supplies to the Lower 48.

Pax Canadiana continued well past the opening round with Bush and Cheney's high profile endorsement of an energy partnership with Canada. By mid 2005 the International Monetary Fund officially recognized the oil sands vast reserves at 175 billion barrels. Similarly, the U.S. Energy Information Administration raised its recognition of Athabasca oil reserves to 180 billion barrels from five billion just two years earlier. Indeed, the Alberta Energy and Utilities Board cited estimates at 1.6 trillion barrels. Thus, in 2005, media observers were hailing Canada as a new international "energy superpower." Prime Minister Stephen Harper used the "superpower" label in London, U.K. in mid 2006 to advertise to the world that Canada ranked 5th as largest overall energy producer: 1st in electric power and uranium production, 3rd in natural gas, and 7th in oil production, with one the world's largest oil reserves. In the same month, July, Canada was ranked as the "most trusted" supplier of energy in a report cited by the BBC World Service; the report was released at the G-8 meeting in Russia. And since President Bush in his 2006 State of the Union address had set a target of replacing 75% of Mideast (and North African) oil by 2025, reliance on energy supplies from Canada inevitably would be even greater.[4]

[4] C.f. Kimble Ainslie, "North American Oil Security: Is America Missing the Boat?" Calgary AB: Briefing Note, *Nordex Research,* Feb. 20, 2006.

Plans, Regulatory Hearings, but Few Pipelines

Since the 1950s, Canada and the U.S. have shared pipeline projects over each other's territories The most salient project highlighting cooperative cross-border politics was a natural gas pipeline built from the Canadian West (Alberta and Saskatchewan) down through Minnesota into Michigan's Northern Peninsula across the state to Michigan's Lake Huron thumb and down into Sarnia, Ontario refineries. Other pipelines were built from the Canadian West to Minnesota, Wisconsin, down to Chicago and Illinois. As late as 2010, the Keystone Mainline pipeline was completed, starting in southern Alberta, running through Saskatchewan, Manitoba, North Dakota, Nebraska, Missouri to oil refineries in southern Illinois.

After the debacle of Judge Thomas Berger's Inquiry into the Mackenzie Valley natural gas pipeline in the 1970s, the heat of pipeline politics did not re-emerge until decades later. By 2005, preparations were well under way on five mega projects, four in Canada and one following the Alaska Highway into Canada.

- Regulatory oversight began again in 2005 on the phoenix-like Mackenzie Valley gas pipeline from the Arctic Ocean through the Northwest Territories to Alberta. Imperial Oil, the Canadian subsidiary of ExxonMobil in partnership with Shell Canada (Royal Dutch Shell) and ConocoPhillips were proponents seeking approval on the Mackenzie project before the (Canadian) National Energy Board.
- The Alaska Highway natural gas pipeline was also in the mix and effectively competed with the Mackenzie Valley project. Canadian pipeline giant, TransCanada, and its rival Enbridge were set to make bids on the Canadian side of the border taking the pipeline through the southwest part of the Yukon Territory and northeast British Columbia on its way the Alberta oil fields and south to the lower forty-eight states.

- During this period TransCanada built the Keystone Mainline pipeline, which was completed in 2010 without much incident. However, its sister pipeline, an extension of Keystone Mainline, called Keystone XL was also in play and as we shall learn attracted considerably more public attention, to say the least. Keystone XL was planned to traverse southern Alberta down though Montana, South Dakota, Nebraska, Kansas and into Oklahoma, as well as a branch pipe going from northern Oklahoma to Texas and Gulf Coast refineries.
- Enbridge was set to build an oil pipeline from Edmonton to British Columbia's north coast at Kitimat in order to ship oil to Asian markets – dubbed Northern Gateway pipeline.
- Bids were in by Terasen, later purchased by Kinder Morgan, a Houston-based company, in August 2005, to twin a new oil pipeline from the Athabaska oil sands to the Port of Vancouver along the existing route developed in the early 1950s called the Trans Mountain pipeline. Kinder Morgan is slated to begin construction in 2013.

Mackenzie Valley

Indeed, some of the hottest energy politics in Canada involved pipeline construction. And so it was with the proposed Mackenzie Valley natural gas pipeline project debated in the mid 1970s. The primary purpose of this pipeline was to carry natural gas from the Beaufort Sea to American markets in the south. Justice Berger famously supervised an extensive Government of Canada inquiry into the proposal from 1973 to 1977. Berger courted the special interest advocacy of aboriginals all over the western Northwest Territories. Every stop around the Arctic and sub-Arctic was celebrated with traditional ceremonies; Berger's itineraries became veritable love-ins and fodder for the southern, mainstream media. Led by the *Toronto Star* virtually every media outlet across the country tried to outdo it competitors with Woodstock-like analogies and anti-corporate rhetoric. Thus, nobody in the country was surprised when Berger concluded that the pipeline probably would not generate sufficient wealth to justify its economic and social costs. Since the gas carried in the proposed pipeline was not a direct benefit to Canadians or be consumed primarily by Canadians, he intoned, the decision turned on the net trade benefits to Canada run against the net social costs. Construction therefore ought to be suspended for 10 years in order to settle native land claims and carry out environmental assessments, the latter in reference to wildlife dislocations. Inevitably, the Liberal Government of Pierre Trudeau accepted Berger's recommendation for a 10-year moratorium.

Canadian aboriginal politics was less monolithically opposed to the Mackenzie Valley project 30 years after the Berger round. With evident political maturing of aboriginal positions, the new Aboriginal Pipeline Group (APG), a native-owned energy corporation representing many native communities by the turn of the century supported Mackenzie at the National Energy Board; indeed, APG became a proponent of the project. There were, however, some hold-outs. The Deh Cho First Nation headquartered in Ft. Simpson, NWT opposed it, or at least wanted to ensure their cut of revenues and community development projects -- and more important that a prior land claims could be settled in advance of the pipeline project. Up to 85 intervenors were recognized and subsidized by the National Energy Board for hearings on Mackenzie. As it turned out, political posturing began early on in April 2005 when the "Imperial Oil group" stopped operations on the project to emphasize their demand that the "social needs" of aboriginal communities were not its responsibility. Native groups in response declared they would not accept a pipeline crossing their lands without proper and sufficient compensation. Both sides called for Government of Canada intervention. Most Canadians and most of the Canadian media ignored the scuffle; it was old and cold story from decades before.

After early posturing between Mackenzie Valley pipeline proponents and intervenors, the two sides returned to work later in November 2005. The Government of Canada brokered a deal, which encouraged Imperial Oil and its partners to re-launch their regulatory bid with the National Energy Board. The energy companies and native communities agreed to an interim arrangement on "access and benefits" pending ratification. The continuing lone hold-out was the Deh Cho Nation. Within six months the project was shut down again. Imperial and its partners announced that constructions costs had skyrocketed and other delays were anticipated. Fiscal negotiations with Ottawa were suspended.

And so it went, for four and a half more years of ups and downs on Mackenzie, revealing daily evidence of a lengthy "bungled" regulatory process inside the Government of Canada. Shortly after the Canadian Cabinet actually approval of the project in March 2011, the National Energy Board issued a licence for Imperial and it partners to proceed with construction, but that licence did not include the more than 6000 individual permits the proponents would require to enable construction along the 1,196 km route. Moreover, as dozens of media reports had noted, the economics of shipping natural gas via pipeline from the high Arctic to Alberta and the lower forty-eight states had become extremely expensive in the intervening years -- compared to the prospects for gas development in shale deposits in the Western U.S., and, of course, natural gas prices had also plummeted in the intervening period. It appeared that by April 2012 Imperial Oil and its partner, ConocoPhillips, had decided to pull the plug on the project and start writing down assets for tax purposes. Both announced major reductions of funding for the project.

The history of the Mackenzie Valley pipeline drips with irony as the four-decade long battle had basically ground the project into dust. While we can never say "never" on future natural gas pipelines the project is probably stone-cold dead; there is evidently no politics at this temperature.

Alaska Highway

On the Alaska Highway pipeline bid, Alaska Governor Frank Murkowski and three oil companies: ExxonMobil, British Petroleum, and ConocoPhillips had only achieved modest milestones by February 2006, for example on the state's tax and royalty regimes. And even these measures were turned down by the legislature mid-year. The companies were also becoming frustrated by the slow pace of the regulatory process on the Canadian side. Alaska state officials and Washington lobbyists on behalf of the companies visited Ottawa. Happily Canada's Energy Minister John Efford responded positively. The Government of Prime Minister Paul Martin Jr. exhibited very considerable support for this bi-national project. A little over two years later, in August 2008, the legislature and Governor Sarah Palin finally approved a licence for TransCanada to start building. By 2010, “open season” had occurred on supplier bids to transport gas via the pipeline.

Currently, engineering plans are being pursued, and by the end of 2012 most U.S. Federal Energy Regulatory Commission and Canadian Northern Pipeline Agency permits will have been filed. Nonetheless, comparatively low natural gas prices are causing similar uncertainties for the Alaska Highway project, and so the future of this project is uncertain as well. Indeed, natural gas pipelines face a great deal more uncertainty compared to oil pipelines. And so, this project and its politics are as cold as the wind-swept Alaska Highway in winter.

Keystone XL

The Keystone XL pipeline plan – an extension of the Keystone Mainline -- has come to represent the hot politics of pipelines going into the second decade of the twenty-first century as opposition groups have served notice that will continue their campaigns against the projects. In the run-up to the 2010 mid-term elections in the U.S., Democratic committee leaders in the House started making noise about Canada’s “dirty oil” from Alberta’s tar sands. (The idea of “dirty oil” is a mystery to most Canadian baby boomers and seniors who for decades have been accustomed to firing up smelly kerosene (coal oil) stoves to heat up their cottages and camps in the spring and fall. If bitumen is “dirty” how can we describe other oil products, even petroleum coming from under the sands of Saudi Arabia?) Critics held that the Keystone XL project undermined the U.S commitment to a clean energy future. In December 2010 a “No Tar Sands Oil” campaign was launched by opposition forces on U.S. cable news networks. In Nebraska, by summertime 2011environmentalists had launched an assault against Keystone XL focusing criticism around potential pipeline oil leaks that might contaminate the eight-state large Ogallala Aquifer and thus jeopardize crucial underground, drinking water. TransCanada, the manager and builder of the Keystone properties, managed to complicate matters by failing to prevent a series of pipeline leaks, discovered in

May, along the Keystone Mainline pipeline in two northern states. The U.S. Department of Transportation and the Pipeline and Hazardous Materials Safety Administration issued corrective orders on June 3 shutting down a portion of the Keystone Mainline service. Also in June, the Environmental Protection Agency jumped into the fray encouraging the State Department to carry out a more thoroughgoing environmental assessment of the Keystone XL project.

At the end of July 2011, at the behest of some panicky executives at TransCanada and elsewhere in the oil patch, Canadian Energy Minister Joe Oliver arrived in Washington to lobby U.S. Energy Secretary Steven Chu, Congressional representatives, senior Administration officials, and business leaders on Keystone XL. Previously, Republican leaders guided legislation through the House of Representatives in support of Keystone XL, but the bill was languishing in the Senate. Secretary of State Hillary Clinton offered tepid support for Keystone XL, as she awaited her own Department's report on issues of national concern. Clinton later referred to the decision as a choice between "dirty oil from the Middle East or dirty oil from Canada." Days later, TransCanada and its American business, energy and Congressional allies finally realized some good news when the U.S. State Department issued its long-awaited environmental assessment indicating there would be "no undue environmental impacts" caused by the Keystone XL line. The State Department had 90 days to finalize its decision about whether the pipeline was in the "national interest." (Compared to the Canadian National Energy Board, the American regulatory system seemed to be operating at warp speed.) In the third week of August 2011, activists with the obligatory attendance of Hollywood personalities proceeded to get themselves arrested protesting Keystone XL by loitering in front of the White House. In spite of support for the pipeline by editorialists at the *Washington Post* in October, and television commercials throughout the fall by the oil industry highlighting the benefits of the oil sands, President Obama pulled the plug on the project in early November. The State Department ordered new environmental studies with a focus on avoiding the Sand Hills of Nebraska and the Midwest's large underground aquifer.

On national television, in mid November, Canadian Finance Minister Jim Flaherty reiterated his view that regulatory proceedings on two pipelines carrying oil to the Canadian West Coast ought to be expedited in order to satisfy the demands of Asian customers – the Kinder Morgan twinning to Vancouver and the contentious Northern Gateway project to Kitimat. Energy Minister Oliver had already stated to the Canadian and U.S. news media: "if they [the Americans] don't want our oil ... it is obvious we are going to export it elsewhere." Prime Minister Harper raised the issue with President Obama at the Asia-Pacific Economic Cooperation Summit during mid November shortly after the decision to delay, and again when Harper visited the White House in early December. House Republicans, for good and bad reasons, made Keystone XL a major issue in a payroll tax cut bill in late December. A rider to the tax bill included a demand for President Obama to make a final decision on Keystone XL within two months. Obama obliged them inside 30 days basically reiterating his November decision to delay construction. As a follow-up, Prime Minister Harper's office made it a point to tell the national media that the Prime Minister was "profoundly disappointed" by the President's decision. In reaction, the Prime Minister's Office made hurried plans to visit China in early 2012 in order to shop Canada's energy resources to the Chinese. At the same time he sent his Energy Minister out to tell all Canadians that foreign (American) "radical environmentalists" were not welcome as paymasters to domestic anarchists and others who sought to delay the joint review panel hearings on the Northern Gateway pipeline starting in January 2012.

President Obama might have taken some extra time to consider his decision in November to reject Keystone XL since by the end March 2012 he reversed himself again -- in part. As noted previously, Obama in a major policy speech at Georgetown University on energy independence in March 2011 had declared Canadian and Mexican oil as crucial to U.S national interests. The Alberta oil sands, for Obama at the time, were going to be a big part of the U.S. energy planning. Electoral politics, of course, intervened; macro energy policy and apparently the U.S national interests had to be set aside. At this new juncture, politics would produce another Obama reversal – the second one since March 2011. As the price of gas skyrocketed at the pumps again in late winter, the President responded to his campaign advisors -- a fickle lot -- by declaring that "federal regulatory approvals" would be expedited on the southern section of Keystone XL path from Oklahoma to the Texas Gulf Coast. Most observers agreed that federal approvals were already in place and that the real problem remained with the Alberta to Nebraska link.

In April 2012, TransCanada filed an application for a new route going around the Sand Hills. TransCanada hoped to begin Midwest pipeline construction in 2013. In the meantime, the company is moving ahead with construction on the leg from Arkansas to the Gulf Coast.

Keystone XL symbolizes the history of hot politics on pipelines. Keystone XL stirred passions on both sides of issue and reached into the Office of the President and the Prime Minister's Office, and it mobilized key Canadian Cabinet Ministers, state Governors' offices, state legislatures and the Congress. Obama's electoral calculus had clearly cooled relations with Harper; Harper felt betrayed on Keystone XL and the betrayal would not be easily accommodated. Canada-U.S relations were at a low ebb; probably as seriously injured as in the wake of the National Energy Policy three decades previously.

Northern Gateway

Another future, big pipeline project is the Enbridge Northern Gateway. Proponents have planned for a 1,172 km. line from Edmonton to Kitimat, B.C. Two other energy giants are in on this mega-project, Petro Canada and Suncor. They began assembling land for the route in 2005, but progress in the usual fashion, for pipeline development has been slow. PetroChina became part of the project consortium in 2005 but then exited in 2007 citing delays – obviously too much bureaucracy even for the Communist Chinese! In December 2009, the Government of Canada created a joint review panel assembling nominees from the National Energy Board and the Canadian Environmental Assessment Agency to determine if the Northern Gateway project was in the public interest. This review also included environmental assessments. In late August 2011, Enbridge announced that it had initial round commitments from Canadian oil producers and Chinese refinery interests to fill the pipeline with bitumen.

In 2011, quite literally hundreds of opposition interests lined up to defeat approvals on the pipeline: from native communities in Alberta, to environmentalists on either side of the Rockies, to critics against tanker traffic going in and out of Kitimat. Hearings on the application by the joint review began on January 10, 2012. Prime Minister Stephen Harper declared in China in early February 2012 that his Government would press forward with the Northern Gateway. "[Our] government is committed to ensuring that Canada has the infrastructure necessary to move our energy resources to ... markets [demanding our energy]." His budget at the end of March affirmed the Government's intention to re-regulate the environmental hearings process to reduce their scope and time taken for review. Legislation in May conveyed new powers on the Canadian Cabinet in order to streamline approvals.

Kinder Morgan

The Kinder Morgan pipeline project from Alberta to the lower B.C. mainland had been flying under the radar until recently. Kinder Morgan's April 2012 announcement that the company intended to enlarge the twinning of the existing Trans Mountain pipeline from Edmonton to Burnaby, B.C. very quickly brought organized opposition to the project, including a declaration of opposition by the Mayor of Vancouver – a former environmental activist. The stratagem for Kinder Morgan was to sell the twinning as an expansion of the existing pipeline and as such represented low impact and modest change of land uses. However, by April 2012 the Kinder Morgan proposal nearly tripled oil transmission capacity from 300,000 to 850,000 barrels per day. The project will likely benefit from the new "one project, one review" regulatory procedural rule announced by the Government of Canada in its budget on March 29, 2012. Multiple and extended hearings will replaced by one hearing, capped at 18 months and clear timelines for environmental assessments also capped at 12 months for the hearing by the NEB. The whole process is to be limited by legislation to 24 months. Nonetheless, fierce opposition from local governments and environmental NGOs can be anticipated; the former seeking to capitalize on prospective compensatory benefits, the latter because that is what they do.

Rising Royalties in Alberta: Killing the Golden Goose?

In October 2004, politicians and energy industry representatives in Alberta were giddy with excitement at the prospect of Venezuelan president Hugo Chavez raising royalty rates on his country's oil sands projects – the bump rising from one per cent to 16.67%. Apparently, the giddiness and the memory could not be sustained.

Shortly after Alberta Premier Ed Stelmach introduced his brand new Cabinet in mid-December 2006, the Government announced a review of the Alberta Royalty Tax Credit regime – a review by a panel of economists, CEOs, and other professionals. When the review was completed on September 18, 2007, the panel recommended a 17% jump in royalties on oil sands development, and 5% each on conventional oil development and natural gas development. Led by the National Post/Financial Post reporters, columnists and editorialists, the financial press was in high dudgeon – "white hot" would be underplaying the financial media reaction. The next month, the Government of Alberta, realizing they were in trouble, trotted out the chairman of the panel to justify the new royalty regime – comparable to Venezuela's hike back in 2004. This public relations exercise was in part a response to the defection of a member of the review panel, an economist, who called the royalties report "overly aggressive" and "dumb" in some of its particulars. The panel chairman rationalized the royalty increases as not so bad since Suncor and Syncrude -- two early and leading oil sands developers -- were exempt from the royalty increases due to Crown agreements signed in 1996 and valid until 2016. Most of the rest of oils sands developers were foreign (American) companies.

Dating from 1974, the established oil and gas royalty regime had begun to rankle public opinion in Alberta. Many in the electorate, two-thirds to three-quarters, said in media-published polls in the early 2000s that they were fed up with the so-called "infrastructure deficit" suffered by schools, hospitals and municipal facilities. They wanted energy industries in the province to "pay more of their fair share" for social services and capital spending. Moreover, the debate on infrastructure deficits was all the rage among Alberta's environmentalists and state officials during this period. More significant, some in Government circles and the non-profit "social economy" promoted the idea that the oils sands were growing too fast, that "Dutch Disease" was well entrenched in Alberta affecting the rest of Canada, and as a consequence oils sands development had to slow down.

In late October 2007, Premier Stelmach, still fighting off continuing controversy fed by industry and financial media interests, decided to soften some aspects of the royalties report, but then curiously hit harder on other aspects. In the end, the take on royalties was large enough – to take effect Jan. 1, 2009 – the biggest hit being on the oil sands development, raising rates from 17% to 20%, a total increase of $1.4 billion in provincial taxation. Almost immediately owners of oil and gas rigs started leaving the province on their way to neighbouring provinces, British Columbia and Saskatchewan, as well as the United States. In the spring of 2008, Alberta announced another walk-back on the new royalties regime, and then again another retreat in November 2008. This series of retreats amounted to a $1.8 billion royalties break over 5 years, and was focused mainly on small firms and their drilling rigs. In the meantime, Ed Stelmach's political polling numbers had dropped somewhat and a new right wing political party had formed, the Wild Rose Alliance. The new Premier won the 2008 Alberta election, with very considerable support from the electorate on royalty increases. And yet, he decided to blunt business criticism by commissioning a report inquiring into Alberta economic competitiveness. Effectively, the commission became a platform for further roll-backs on royalties. By March 2010, the about-face was complete. Royalties on energy development were reduced to 2007 levels. It was like the whole miserable episode had not occurred. Alberta's "infrastructure deficit" hardly mattered when the entire Alberta economy was a stake.

Danny Williams: Off-Shore Energy Politics

At about the same time that Alberta started raising royalties on energy development, at the far end of the country, Maritime Premiers were getting excited over similar prospects. In 2001, Alberta Premier

Ralph Klein openly supported Nova Scotia Premier John Hamm in his attempt to transfer 100% of all Government of Canada resource royalties to the Government of Nova Scotia -- assuming the entire share held by Ottawa. Moreover, it did not take newly-elected Newfoundland & Labrador Premier Danny Williams long to catch up and jump into the boat.

First elected in October 2003, Williams was not your average Maritime Premier. While he held the standard law degree for a provincial Premier, he was also a Rhodes Scholar, and he had made millions in the utililty cable business in Newfoundland. He was a hard-charging, take-no-prisoners kind of leader, similar to some of the more (in)famous American city mayors in the past -- but without all the corruption and machine politics. Danny Williams was a dedicated and well practised populist, who by the end of his time in office (December 2010) was well-respected and adored by the vast majority of citizens on The Rock.

Since the Atlantic Accord on resource royalties had been signed with the Government of Canada in 1985, Ottawa had “clawed back” 70% of offshore energy industry royalties, a negotiated element of the Accord -- in keeping with Canada’s federal equalization program. (“Equalization” is a long-standing feature of Canadian federalism, wherein redistribution payments are made through the Government of Canada to “have-not” provinces. The revenues come from “have” provinces to compensate for lower provincial standards of living, and to pay for public services deemed important to all Canadians. Both Nova Scotia and Newfoundland & Labrador had been have-not provinces since the inception of the equalization program circa 1957.) Negotiations on a 100% exemption from the “equalization” claw-back broke into open conflict in October 2004. For both Hamm and Williams, the prospect of having their provinces become more self-sufficient by capturing all prospective resource taxation within their jurisdictions inside Canada was a goal too precious not to fight for vigorously. The oil and gas industries on “the off-shore” were going to be the golden geese. Many of those exploration companies were American-owned.

Nothing would stop the Premiers' advocacy and pressure on Ottawa. To make the point, Premier Williams stomped out of a provincial meeting with Prime Minister Martin in December 2004 declaring that Martin had broken a promise made in June to re-open negotiations on the Atlantic Accord. (Premier Hamm continued his negotiations with Ottawa.) Back home, in a defiant gesture, Williams ordered all Canadian flags removed from government buildings. Some in the province even started raising the pink, white and green "republican" flag to denote their displeasure and a not so veiled reference toward separatist sentiment. The sound and fury was short-lived. At the end of January 2005, Ottawa and Newfoundland & Labrador sealed an agreement where 100% of offshore revenues would reside with the Province, and in addition, Williams and his Government would experience no adverse effects on equalization payments. Premier Hamm got the same deal by quieter means. Support for Paul Martin's minority government had declined precipitously in the Maritimes and Newfoundland & Labrador because of the dispute. Martin decided to back down in the face of a pending national election.

By the end of 2005, Husky Energy and privately-held Petro Canada were in full production mode in the White Rose oil field off Newfoundland – making Newfoundland & Labrador the country's second largest oilpatch behind Alberta. At the same time, ExxonMobil's long-standing off-shore field, called Hibernia, revealed oil reserves possibly 20% larger than first estimated. Williams' political gamble had paid off, just like it would in the future.

In the spring of 2006, Danny Williams was back on his horse championing provincial rights on a new front. Williams wanted a new deal with Chevron and its partners (ExxonMobil, Petro-Canada and Norsk Hydro) for the Hebron Ben Nevis off-shore oil field, a 4.9% equity interest. Williams wanted to trade royalties for a equity share in the oil field, and he hinted that the Newfoundland & Labrador Government would expropriate the field if the deal was not done. Williams leveraged up the pressure when ExxonMobil decided to pull out of the developing Hebron – ExxonMobil held 38% of the project – ostensibly scuttling development of the oil field. In July, Williams ramped up the war of words with ExxonMobil by accusing the corporation of "cooking the books" on Hibernia oil production. In October, he openly criticized the Harper Government for not siding with the Province on its "use it or lose it" legislation related to the Hebron oil field. In January 2007, Williams and his Government turned down a development proposal by Chevron consortium to expand development on the "Hibernia South" off-shore oil field. By March 2007, the Chevron consortium had pulled its oil rigs off the Orphan basin oil field. In June, Williams and the Chevron consortium were back in negotiations, whereupon Chevron and its partners agreed in principle to Williams' terms on Hebron development. In August, the deal was cut on 4.9% provincial equity share. A year later a formal agreement was signed among the parties.

While the Central Canadian financial press chided Williams as "Hugo Chavez of the North," at home he was heralded as hero – Toronto and Bay Street could go pound salt. In this case, hot politics yielded dividends for denizens of the Rock, a province with a long history of poverty, welfare dependence and seasonal fishing. This smart, aggressive leader had done well for the folks. His astute negotiating skills had kept American energy giants in the drilling game, and committed to developing the Hebron oil field by 2017.

Alberta Oil Sands and the Environment: Dead Ducks and Dirty Oil

With Canada's signature affixed to the Kyoto Protocol in 2002, it could have been predicted that carbon emissions from oil sands development would become a hot topic.[5] (In 2007, a top aide to Prime Minister Jean Chretien admitted to the public press that the Government's ratification of Kyoto was a sham, meant to encourage reactive public opinion on the matter of global warming, more than actually to meet carbon emission reduction targets.) Kyoto cropped again in the media as Environment Minister Rona Ambrose announced plans by the new Conservative Government of Stephen Harper in February 2006. (Harper, while in Opposition, had dismissed Kyoto as "essentially a socialist scheme to suck money out of wealth producing nations.") Ambrose indicated the Government's plan would be to focus on air quality and smog, not global warming. However, in April 2007, in response to public pressure – and news media hysteria over "global warming" during the warm weeks of January 2007 -- the Harper Government

[5] Kimble F. Ainslie, *It Isn't Settled: The Three Sciences of Kyoto Politics*, Nordex Research, Dec. 2005.

released another plan this time to “reduce” greenhouse gas emissions with much of its focus on reducing carbon emissions from oil sands development. The media mostly scoffed John Baird’s soft targets for emissions reductions, Harper’s new Environment Minister.

But Baird’s fumbling on emission targets would not cool the hot environmental politics that would erupt in April 2008. Hundreds of migrating birds landed in the Syncrude tailing ponds at Mildred Lake near Ft. McMurray on April 28, 2008, a lake full of effluent some 21 kilometres in circumference. The ducks became distressed in the toxic sludge and died. Due to bad weather conditions the noise-makers used to frighten off the water fowl were not deployed. This event was a neutron bomb of bad environmental public relations for the oils sands – the very definition of quite literally a “black swan” event. The story of the massive kill-off went “viral” online. The dead ducks immediately became the living (or dead) embodiment of environmental degradation associated with Alberta’s oil sands. U.S and Canadian environmental groups pounced all over this event -- indeed, they were ecstatic over their good fortune as the dead ducks became an instant fundraising bonanza. In October 2010, an Alberta court fined Syncrude $3 million for the deaths of the birds – some 1600 instead of the original 500 reported. Five days after the fine was levied, a couple of hundred more birds were killed in the very same tailing ponds on Syncrude’s site. The symbolic damage and nightmarish visuals could hardly have been worse. Corporate management incompetence could not have registered higher.

Over the course of 2009 and 2010, U.S. environmental groups ramped up their now (in)famous “dirty oil” marketing campaign aimed directly at bitumen mining and carbon emissions in northern Alberta. “Dirty oil” soon manifested itself as code words for eliminating oil as a source of energy in North America. The Canada West Foundation (CWF), an Alberta think tank, compiled a long list of negative publicity promoted mainly by U.S. environmental groups concerning the oil sands and trade across the border. CWF reported that these groups were interested in putting “an end to the oil sands extraction entirely ... there is little or no interest in conversation or compromise.”

At about the same time as the dead ducks debacle, in a kind of perfect storm of bad tidings for bitumen developers, U.S. presidential candidate Barack Obama announced on June 24, 2008 that he would break America's addiction to "dirty, dwindling and dangerously expensive" oil if elected. A first target of this policy would be Canada's oilsands. While U.S. corporate executives leading oilsands development operations in Alberta downplayed this election rhetoric for the Canadian media, Obama quickly started to promote clean technologies to meet this environmental goal and his campaign against "dirty oil."

"Dirty oil" from Canada shortly became a central theme for California Democratic Congressman and new House Energy Committee chairman, Henry Waxman, starting in late November 2008. By March 2009, Waxman's committee released a huge "energy and climate" bill, which sought to re-structure America's sources of energy reliance, specifically citing the dangers of carbon emissions from "dirty oil" exploitation. Waxman followed up with an attack on the Keystone XL pipeline plan in a letter to Secretary of State Hillary Clinton in the summer of 2010. The letter said in part: "This pipeline is a multi-billion dollar investment to expand our reliance on the dirtiest source of transportation fuel currently available."

The U.S. mid-term elections in late 2010 stopped much of the Congressional offensive against the oil sands as Republicans re-took the House. The reprieve would not last. Environmental groups in the U.S. took flight again in 2011 as the Keystone XL pipeline debate re-appeared on the front pages news outlets across the U.S. and Canada.

The Chinese are Coming! The Canadians are Going (to China)!

A leading, international energy expert predicted in early 2005 that Alberta's oil sands would shortly become the world's largest oil producer and that the big energy powers would beat a path to Canada's door. This prediction was easily realized by 2011 as the Chinese, the French and Norwegians started to compete for space in the Athabaska bitumen deposits. While the Americans remained the dominant foreign oil exploration and development presence, the Chinese were leading competitors. International energy analysts were getting bolder in 2005 about oil sands development because big plays were starting to rack up. In May, Sinopec Group, a major Chinese oil company bought a 40% stake in the Northern Lights oilsands project in northern Alberta. Earlier in the spring, China National Offshore Oil Corporation (CNOOC) bought nearly a 17% share in MEG Energy Corporation for $150 million. About the same time Enbridge, a Calgary-based company, announced a potential deal related to Northern Gateway with PetroChina, China's largest oil company – another Communist Chinese state enterprise. A couple of months later, China National Petroleum Corporation (CNPC), a state-owned energy giant purchased PetroKazakhastan, a Canadian oil company, operating in Kazakhstan; a $4.2 billion takeover bid. Chinese state equity investments were on a tear. These purchases were supplemented by significant investments in the Athabasca region by Norway's Statoil and France's Total.

With the horse a long way out of the barn, in September 2009, Washington began voicing concerns about Chinese investments in the oil sands. Congress's U.S.-China Economic and Security Review Commission went public with a complaint about PetroChina's $1.9 billion investment in the Athabasca region. However, two years before, the Harper Government had initiated guidelines for foreign state enterprises making investments in Canada through the Investment Canada Act.

Skipping ahead to 2011, the Chinese presence in Alberta's "oil patch" expanded at a rapid pace -- although not free from bumps in the road. PetroChina had agreed to a $5.4 billion, 50-50 joint deal with Canadian Encana Corporation, in February 2011, on a natural gas play in northern British Columbia (Dawson Creek). Canadian Industry Minister Tony Clement affirmed a review of the transaction at Investment Canada. Since the Chinese had opted to craft the deal without ownership control, no alarms were raised. (The controversy in the U.S. over CNOOC's takeover bid of Unocal in 2005 caused CNOOC to back off, as did China Minmetals' in its bid for Canadian mining giant, Noranda.) After months of negotiations, the Encana-PetroChina natural gas deal fell through in June 2011. More success was achieved by PetroChina in December 2011 via its gradual takeover of Athabasca Oil Sands Corporation.

PetroChina continued its buying binge. Just three months later PetroChina purchased a 20% stake in a shale gas project in northeastern British Columbia owned by Royal Dutch Shell. In another deal in 2011, China Petroleum & Chemical Corp, (Sinopec) bought Daylight Energy Ltd., a Canadian conventional oil and natural gas company.

Notwithstanding China's finely-tuned calibration of North American politics, Prime Harper in the spring of 2011 warned that Chinese state purchases of energy property had to be "commercial" purchases done for commercial reasons. Any hint that such purchases would carry out strategic state purposes, he said, would be turned aside. It is not entirely clear what Harper might have meant by this declaration, except to blunt another uncomfortable media query during the spring election campaign. It was obvious to all except to the most naive that purchases by foreign state enterprises would indeed function as state instruments for home-country purposes. State enterprises in China's energy sector are emphatically instruments of the Chinese Communist state. Indeed, prominent energy media commentators in Canada continued to be uncomfortable about the Chinese. They queried: what will be the rate of development of Chinese equity investments in Canada; will these energy investments be consistent with Canadian strategic interests? Moreover, they raised doubts about a double dependence on Chinese *and* the U.S. as duopsony energy purchasers.

However all these reservations about Chinese investments in the Canadian energy sector were swept away when Obama reneged on the Keystone XL deal with Harper. The smiling faces between "Stephen" and "Barack," as the two leaders referred to each other on Dec. 7, 2011 at the White House could not hide Harper's strained *bonhomie* at the press conference when asked if he was satisfied Obama's Keystone decision. The previous week, Harper had sent signals through the Canadian media that Canada would not be a "captive supplier of the United States [on energy]." When Harper returned from Washington, the gloves came off. In early January 2012 in the presence of the Chinese Ambassador to Canada and in front of television cameras, Harper announced a trip to China to "explore energy markets." In the meantime, his Minister of Energy launched an opening salvo of attacks against "foreign (American) environmental lobby groups" attempting to delay regulatory hearings on the Northern Gateway pipeline project. In Guangzhou in early February, Harper declared for Chinese businessmen and officials: "We have abundant supplies of virtually every form of energy. And you know, we want to sell our energy to people who want to buy our energy – it's that simple." American diplomats in the audience would have conveyed the message back to Washington.

Summary

Quite obviously the hot politics of Canadian energy policy and ancillary mega-projects have become salient in the last few years. However, the heat from political contestation has rarely been very productive particularly on the matter of delivering oil and natural gas to North American markets. Cool politics often characterizes the discovery and development phases of oil and gas, but then the pipelines to consumers become hot and the obstructions begin.

Consistent with current general theories from prominent scholars, geography, control of territory, and spatial occupation not only matter for economic and social development but also for energy politics.[6] Because geography matters and who controls it, pipelines traversing vast distances, intruding into unspoiled wilderness, isolated wildlife habitats, and lands claimed by aboriginals, especially in Canada, have made pipelines the hot melting core of energy politics.

The leading actors on pipeline stratagems engage in a politics so distorted and ephemeral it corrupts much public understanding on public policy settlements, and bends any straightforward and timely execution of energy development. Thus, hot pipeline politics lines up the characters and roles in what invariably results in a kind of theatre of the absurd: pipeline construction companies are usually the protagonists, environmental and aboriginal NGOs are the antagonists, and national governments and provincial/state agencies take on various roles such as ingenue, villain, hero, narrator, or marionette.

[6] C.f. David S. Landes, *The Wealth and Poverty of Nations*: New York, W.W. Norton & Company, 1998; Ian Morris, *Why the West Rules – For Now*, Toronto: McClelland and Stewart Ltd., 2010.

Beyond intrusions into other peoples' lands or unoccupied natural environments, the other primary source of hot politics is the demand for expanded state fiscal appropriations typically mobilized by Canadian provincial governing authorities, and sometimes the Government of Canada. Often, bold and assertive provincial Premiers want a bigger slice of the development pie; they want more money from energy developers typically in the form of higher royalty payments. Government of Canada authorities have also been at the forefront. Occasionally, the national government leads the charge; Trudeau's National Energy Policy being the finest or most notorious example. But, primarily it is from provincial Premiers that so much fiscal intrusiveness is enjoined. Starting with that great public entrepreneur, Premier Peter Lougheed of Alberta, to the more recent crop of provincial Premiers, Stelmach in Alberta, Williams in Newfoundland & Labrador, Hamm in Nova Scotia (and in 2011 Premier Brad Wall on potash in Saskatchewan) fiscal appropriation has risen to a high art in resource-rich provincial jurisdictions in order to assist revenue embellishment. It is never clear at any given time who in Canada legitimately wears the crown: "the Hugo Chavez of the North."

A somewhat cooler, shall we say, "medium hot" kind of politics is typically exercised by state regulatory agencies on behalf of governing regimes in Canada. National and provincial/state regulatory bodies are commissioned by provincial or national Cabinets to insert themselves into decisions in "the public interest" or to determine specific technical demands for approval standards in order to produce or deny necessary permitting for specific projects. In Canada, without question, national commissions of inquiry, most notably the Thomas Berger Commission and national regulatory boards, notably, the National Energy Board have been powerful and dominating forces involved in regulatory politics. While it might be convenient to point the finger at energy companies for actually having the temerity to propose projects for energy development, it is these national commissions and regulatory boards that have designed hearings processes that are often expansionary beyond imagination, and evident institutional control over the scope of intervention. Moreover, the capacity of state-subsidized aboriginal and environmental groups to delay timely decisions and ignore basic economics of energy development has the effect of de-mobilizing applications for development. The “mother” of all regulatory debacles in Canada has been the Mackenzie Valley pipeline project.[7] Cumulatively, it was a monstrous regulatory process that began in the early 1970s, ground to a halt in the late 1970s, was resurrected at the turn of the twenty-first century, and was finally taken off life-support in 2011. In April 2012, the Imperial Oil consortium sponsoring Mackenzie Valley effectively ran out of money and viable markets for natural gas. Indeed, the Mackenzie Valley regulatory hearings post-2004 have become textbook examples of what not do, and have acted as a backdrop to the current policy of the Government of Canada to expedite such hearings under the meta-policy “one project, one review.”

Notwithstanding the contestation among the key players, whether initiated by aboriginal groups, environmental NGOs or even Premiers in the resource rich provinces, once the chief executives of Canada or the U.S. enter the fray of the hot politics on pipelines or any other energy development, the temperature shortly cools. Prime Ministers of Canada and Presidents of the United States effectively exercise their authority and the “bully pulpit” to settle disputes or order state action to be undertaken. Once this power is invoked all politics quickly settles down. Whether it is Harper establishing “one project, one review” or Obama demanding a re-evaluation of the Keystone XL, or Bush II lobbying for a renewed continental energy program, or Mulroney and Reagan agreeing on continental free trade, including oil and gas, disputes by lesser players are set aside, placed on the back burner, and new national arrangements and bi-national agreements on energy and arrangements are put into place. In the end, whether correct or incorrect in their policy judgments, the chief executives assert a discipline on national and bi-national energy contestation that is not available to others.

[7] See Joseph Doucet, *Unclogging the Pipe: Pipeline Reviews and Energy Policy*, C.D. Howe Institute Commentary # 342, Feb. 2012.