

# Political wrangling continues over Keystone pipeline

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On November 18, the US Senate failed by one vote to pass a bill authorizing construction of the Keystone XL pipeline, intended to carry crude oil from the tar sands of western Canada nearly 1,200 miles southward across the Dakotas into Nebraska, linking there with existing pipelines to reach refineries on the US Gulf Coast.

The project requires federal government approval, and since it would cross an international border, it is being reviewed by the State Department rather than the Environmental Protection Agency (EPA), as would be the case if it were a purely domestic undertaking.

First announced in 2005, and submitted to the US government for approval in 2008, the pipeline is to be built by TransCanada, a Canadian company, and is projected to transport 830,000 barrels of heavy crude per day once it becomes operational. The Canadian tar sands formation is estimated to contain nearly 200 billion barrels of recoverable crude oil. If so, it would be the third-largest proven oil reserve in the world after Saudi Arabia and Venezuela.

House of Representatives had passed a bill approving Keystone the previous week, the ninth time that such legislation has been passed by the House. In each previous instance the pipeline was blocked in the Senate.

The latest vote was abruptly scheduled by the Senate Democratic leadership, following the party's significant losses in the recent mid-term election, to assist Senator Mary Landrieu of Louisiana, chair of the energy committee, who is trailing badly in the polls ahead of a runoff election next month against a Republican challenger.

Landrieu, a three-term Democrat, is a staunch supporter of the energy industry. The vote was called despite the fact that for years the majority of Democrats in the Senate voted against the Keystone XL pipeline, ostensibly on environmental grounds.

Despite the backing of all Senate Republicans and 14 Democrats, the bill failed by 59-41, falling one vote short of the 60-vote super-majority required under Senate rules to bring Landrieu's bill up for a vote. It thus became a debacle for Landrieu rather than a victory to tout going into the December 6 runoff.

Whether Landrieu wins the runoff against Republican Congressman Bill Cassidy or not, the Republicans will have a majority of 53 or 54 votes out of 100 in the incoming Senate and a stronger majority in the House of Representatives, assuring eventual future passage of Keystone legislation. Obama has threatened to veto such a measure for short-circuiting the State Department review, but White House officials have already

signaled that the pipeline will become a bargaining chip in ongoing negotiations with the Republican-controlled Congress over budget and social policy measures.

The Keystone pipeline has been presented in the media as a debate between the oil industry and its political supporters on the one hand and environmentalists on the other. However, the controversy over the pipeline has more to do with political maneuvering between factions of the ruling class than an actual consideration of the likely effects on the environment.

In 2012, during his re-election campaign, President Obama announced that he would not support construction until all environmental studies had been completed. A State Department study of the project's potential environmental impact concluded that roughly the same amount of tar sands oil would ultimately be extracted regardless of whether the Keystone XL pipeline was built, since alternate transportation methods could be employed.

The State Department study has been criticized by environmentalists and the EPA for failing to consider that the heavy tar sands crude is "dirtier," resulting in greater environmental pollution than oil from other sources. The environmental group Friends of the Earth has charged that the principal consultant employed in the preparation of the State Department study has financial ties to TransCanada. The pipeline is still under review in a Nebraska state court and the White House has said that it will not take a final position until that process is completed.

Exploitation of the Canadian tar sands oil, also known as bitumen, located in the province of Alberta, does indeed raise significant environmental concerns. The process of extraction is difficult, requiring a greater expenditure of energy than other oil deposits and substantial quantities of water. It produces large amounts of contaminated waste. The oil itself has corrosive properties, which makes it more difficult to store and transport than that from more typical sources.

Finally, tar sands oil burns "dirty," reportedly releasing 37 percent more toxic pollutants than ordinary oil. Overall, the use of tar sands oil is projected to produce a 10 percent to 15 percent larger carbon footprint than conventional crude, when the entire cycle, from extraction to final use, is taken into account. Furthermore, spills from the pipeline would pose the danger of contaminating the Ogallala aquifer, a major underground water source in the relatively arid US Great Plains.

Republicans, and many Democrats, endlessly repeat the mantra

of “jobs” and “energy independence” as justification for the pipeline. The jobs generated would be minimal and largely temporary. It is estimated that only 50 permanent jobs will be created once construction is completed.

Pipeline opponents have argued that construction of the Keystone XL pipeline will produce little benefit to the domestic energy supply since it will simply permit transshipment of the Canadian crude to refineries on the Gulf Coast, with the resulting products shipped overseas.

From the standpoint of the oil companies, however, this makes no difference. Since the refineries in question are currently operating at less than full capacity, the additional crude from Canada would increase their profitability. According to *Bloomberg Businessweek*, “It’s the refineries along the Gulf Coast that are really interested in getting Canadian oil. They spent billions in the mid-2000s upgrading their plants to be able to handle thicker, heavier oil from Canada. Now they want to recoup that investment.”

More fundamentally, the discussion of “energy independence” is bound up with the global strategy of American imperialism. Against the threat of disruption of energy supplies from West Africa and Venezuela, the US ruling class seeks a more reliable (i.e., politically subservient) supplier in Canada. That is why the push to exploit the tar sands oil continues despite the recent substantial fall in world oil prices caused by a significant drop in consumption due to the deteriorating economy.

Along with the substantial increase in oil and gas production in recent years due to the growing use of hydraulic fracturing (fracking), and the opening of the Mexican oil industry to US investment, direct access to tar sands oil would increase the freedom of operation for Washington in the oil-rich areas of the Middle East and Central Asia, which supply its major capitalist rivals in Europe and Asia.

At least three considerations seem to be behind the continued delaying of Keystone by the Obama administration, none related to any principled objection on environmental grounds. The White House has long treated Keystone as a bargaining chip in proposed deals with congressional Republicans, going back to the talks that resulted in a last-minute budget deal at the end of 2011. There are many indications that approval of Keystone will be part of negotiations with the incoming Republican-controlled Congress in early 2015.

There are also institutional issues, since the executive branch views with hostility efforts by Congress to assert itself in the spheres of international relations and environmental regulation, usurping powers previously reserved to the State Department and the EPA. And there is an international dimension, as the US aims to bully China, India and Brazil in negotiations on a global climate pact next year, and this would be undermined if Obama embraces a well-publicized “dirty oil” scheme on the eve of the talks.

Meanwhile, the Keystone delay has produced a mounting political crisis in Canada, where the pipeline has potentially enormous economic impact, providing a direct outlet to the world market for Canadian oil that up to now has been hostage to the prices US companies are willing to pay. The Obama administration’s foot-dragging of the project has exacerbated

tensions between Ottawa and Washington, despite the efforts by the Harper government to curry favor through more direct Canadian participation in US military operations in the Middle East and elsewhere.

In response to the protracted political wrangling, TransCanada has now proposed plans to construct an alternative pipeline, entirely within Canada, to bring the tar sands oil to the east coast, from whence it would be exported by ship to the US or elsewhere. In addition, there has been a huge increase in shipment of oil by rail. By 2016, the projected volume would be nearly that anticipated for the Keystone XL pipeline. Both of these alternate transportation modes pose their own environmental hazards, at least equal to Keystone, as illustrated by last year’s catastrophe when an oil train exploded in Lac-Mégantic, Quebec. Moreover, transport by ship or by rail is more expensive than an entirely pipeline route.

One way or another, the dirty oil from the Canadian tar sands will likely reach market. Even without Keystone, the amount of Canadian crude being shipped to the Gulf Coast by other means has risen 83 percent over the last four years. It should also be noted that the southern leg of the overall Keystone project, from Oklahoma to refineries outside of Houston, Texas, has already been built, providing an outlet for much of the oil being produced in the central United States.

The environmental concerns raised over Keystone and tar sands oil are entirely legitimate, but the furor that has been raised over the approval of this particular project only serves to prop up illusions in the Obama administration and its supposed commitment to action on global warming. In reality, Obama is a representative of the energy interests, an integral part of the US ruling elite, and no amount of protest or lobbying can change that.

The real issue is whether the energy economy can be taken out of the hands of capitalists, whose all-consuming goal is to maximize profits, whatever the consequences to the environment or the mass of the population, and place it under rational, scientific control to be developed for the well-being of all. Massive investments in research and implementation of energy efficiency and alternative sources of energy would greatly reduce reliance on fossil fuels, the burning of which is one of the key drivers of climate change. Such efforts have been hobbled for decades by the interests of private energy corporations and rival nation-states. That will only change under a workers’ government dedicated to the implementation of socialist policies on a global scale.



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