

# Canadian big business presses Trudeau to push through Trans Mountain pipeline expansion

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Canadian big business is increasingly impatient with Justin Trudeau's Liberal government over its as yet unrealized pledge to bring Alberta tar sands oil to tidewater. While the immediate trigger for the complaints is the stalled Canadian \$7.9 billion Kinder Morgan Trans Mountain oil pipeline project, powerful sections of the corporate elite are complaining that investment in Canada is at risk of becoming "uncompetitive."

Since the beginning of the year, the conflict between the provincial Alberta and British Columbia governments over Trans Mountain—which would transport untreated bitumen from northern Alberta to Vancouver, on BC's Pacific coast—has intensified.

The Trudeau government approved Kinder Morgan's plans to triple the capacity of an existing pipeline in late 2016, but construction has yet to begin and company officials are now saying that no oil will move through the expanded pipeline till 2020.

John Horgan's minority New Democratic Party (NDP) government in BC, which came to power last July, has vowed to do all it can to block the project. A key reason for this is that the Green Party, which is sustaining the NDP in office, has made its support conditional on opposing the pipeline expansion.

Alberta's NDP government, led by Premier Rachel Notley, meanwhile, has emerged as the most strident advocate of the interests of the province's big oil corporations and their demand that they get increased access to tidal water for their product.

The spat has seen tensions escalate between the two provinces, with some observers suggesting Canada's "national unity" could soon be at risk.

Citing the risk of an oil spill on BC's coast and other environmental dangers, Horgan announced last month that his government would not allow any increase in the amount of bitumen travelling through British Columbia, pending a review of plans and procedures to deal with bitumen spills.

Notley responded by slapping a ban on the import into Alberta of BC wine, a major export for the province. And she has threatened to take other retaliatory measures if Horgan does

not soon back down.

Hundreds of billions are at stake for the oil companies. At present, Canada ships 99 percent of its oil to the United States, where it is sold for a knockdown price. Currently there is a \$28 per barrel gap between the price Canadian producers get in the US market and the world oil price. Frank McKenna, a former New Brunswick Liberal Premier who is now an oil executive with Canadian Natural Resources Ltd. and an adviser to Notley, complained bitterly that the oil-price gap has cost the industry \$117 billion over the past seven years.

Although US and Canadian imperialism have arguably formed the world's closest bilateral military-strategic partnership for the past seven decades, the two countries are increasingly economic rivals in the sphere of energy and resources. US President Donald Trump's avowedly protectionist agenda, coupled with the shale oil and gas boom in the United States, have fueled concerns among Canadian bankers and businessmen that they are missing out on huge profit opportunities.

Trudeau has repeatedly pledged that the Trans Mountain project will go ahead and Canada will gain access to Asian oil markets. "I'm not going to opine on disagreements between the provinces in this case," Trudeau stated February 1. "We're just going to reiterate that the decision we made was in the national interest and we're going to move forward with that decision, which means we're going to get the Trans Mountain pipeline built."

However, Big Oil is demanding that Trudeau go further and ensure a speedy resolution of the pipeline dispute, by invoking constitutional powers not used in decades that empower Ottawa to impose transportation projects, deemed in the "national interest," over the objections of a province or provinces.

Whether the federal government proposes a compromise, bringing the BC NDP government on side, overrides Victoria's objections, or Horgan manages to stall the project long enough to force investors to pull out, the pipeline dispute is fueling increased political instability.

The social-democratic NDP, one of Canada's major capitalist parties, is deeply divided over the pipeline issue and could even

potentially split over it. The national party leadership carefully avoided taking a stance on the Alberta-BC pipeline feud at last weekend's federal party convention in Ottawa. Horgan and Notley, for their parts, both choose not to attend the biennial party meeting.

Horgan's acceptance of the pipeline would almost certainly spell the end of his government and a new election in BC. Moreover, it would likely provoke a radicalization of public protests against the pipeline and raise the danger, from the standpoint of the ruling class, that the NDP would no longer be able to contain and control the popular anger.

If Trans Mountain fails to go ahead, hard-right United Conservative Party leader Jason Kenney will almost certainly defeat Notley in next year's provincial election. Kenney, a former Harper government minister, has deliberately stirred up Anglo-chauvinist and anti-Quebec sentiments since the formation of the UCP, encouraging sentiments in favour of greater autonomy and even outright separation of Alberta from Canada's federal state.

Notwithstanding Trudeau's attempts to pose as a "progressive" prime minister, his government is just as determined as its Conservative predecessor to push through socially and environmentally destructive resource projects. Even the language employed by the Trudeau and Harper governments when discussing the importance of increasing oil exports and gaining access to Asian markets is similar, with both referring to the industry as critical to Canada's "national interest."

During the 2015 federal election campaign, Trudeau pledged that Trans Mountain would be subject to a full federal review before it was approved. When the Liberals took office, they instead pressed ahead with the approval of the project under the Conservatives' National Energy Board. The Tories' regulatory system is widely discredited and has provoked popular opposition to energy projects across the country. A number of First Nations communities, across whose land the expanded Trans Mountain pipeline would flow, are firmly opposed.

When the Trudeau government's 2016 approval of Trans Mountain triggered substantial protests, Natural Resources Minister Jim Carr told a closed-door meeting with business executives that the Liberals would be ready to call in the army to break up demonstrations or acts of civil disobedience aimed at stopping the pipeline's construction.

Aware that Stephen Harper's explicit support for resource development, denial of climate change and cozy ties to big oil served as lightning rods for popular opposition, the Liberals are attempting to sell multi-billion resource development projects in "progressive" packaging. On February 8, Carr and Environment Minister Catherine McKenna released new guidelines for the approval of major energy projects and claimed that the new system would allow all Canadians to be heard.

Carr's and McKenna's proposals are aimed at integrating a

wealthy layer of indigenous chiefs and businessmen into the consultative process, a development which is being marketed as part of the government's bogus "reconciliation" efforts with native peoples. Similarly, the plan would seek to incorporate environmental groups so as to provide a veneer of public legitimacy to the approval process and help identify profitable business opportunities in the rapidly expanding renewable energy sector.

All of these initiatives are geared towards allowing big business to cash in. As Carr and McKenna acknowledged in a joint op-ed published in the *Financial Post*, hundreds of energy projects worth a combined \$500 billion are planned across Canada in the coming decade.

Carr's and McKenna's announcement proved insufficient, however, to staunch criticism of the Liberals from business circles. Business lobby groups have expressed mounting disquiet with the Trudeau government since it moved last year to close a tax loophole used by businesses and well-paid professionals to slash their tax bills.

In the end, the Liberals not only shredded virtually all of their plans to reform the taxation of "Canadian Private Corporations (CPCs)." They implemented an across-the-board tax cut for CPCs and all other small businesses.

Now the corporate media and financial elite are demanding that the Trudeau government match the Trump administration's massive tax handouts to big business and the rich, saying urgent action is required to keep Canada "competitive."

As important as the expansion of oil exports is, Paul Wells pointed out in *Maclean's* magazine that more is at stake in the current impasse than Trans Mountain. "[T]he question is bigger: Is Canada a place where any project that crosses provincial borders and traverses an array of unceded territories can happen?... People with deep pockets are watching," he wrote.

Wells noted the complaint of Suncor CEO Steve Williams that Canada has just become too hard a country to invest a "few billion dollars" in. "The Trudeau Liberals vaunted but still embryonic Canada Infrastructure Bank is designed to lure big international investors for big projects," added Wells, referring to Trudeau's initiative to privatize large swathes of Canada's public infrastructure. "Months after the Bank announced the names of its board, it still has no CEO and the only project publicly known as a candidate for CIB investment, Montreal's audacious regional rail network, looks like it's costing more and arriving later than planned."



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