



## Is the Government losing its moral authority to govern?

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15 May 2012

Recently the Minister of Natural Resources, Joe Oliver, presented a ‘call to arms’ of sorts in the *Globe and Mail*<sup>i</sup> to fight back the ‘evil hoards’ supposedly bent on disrupting the Northern Gateway pipeline project. While Mr. Oliver is free to comment in whatever way he chooses as a citizen, as a federal cabinet minister there are a number of faulty, short-sighted and dangerous assumptions he makes that should not be ignored.

First of all, there is his obvious premise that concern for the environment is somehow a bad thing. He implies that a concern for the quality of the air we breathe, the water we drink, the forests that clean our air and provide us with such happiness and well being – that such concerns among citizens are not only misplaced or inappropriate but are actually threatening. He suggests that concern for the environmental legacy that we leave our children, grandchildren and great grandchildren is simply out of place and should not be a factor in considering whether Canadians should pursue this project. The Minister refers to such concerned citizens as “radicals”.

Subsequently in fact, an environmental organization upon which CRA has bestowed charitable status and that funds initiatives to tackle poverty, climate change and social problems, ForestEthics, was branded by the PMO as an “enemy of Canada”<sup>ii</sup> for demanding that the Government fulfill its environmental obligations to Canadians. All Canadians should find this type of inflammatory language most troubling coming from persons who are in effect stewards of Canada’s natural resources and natural heritage. That the Minister should feel no obligation to future generations I find dangerous. His task, in particular, is not to squander Canada’s natural environment in a single generation but to husband that resource to insure that future generations can also benefit from it.

Second, the Minister seemed to say in his letter that regulation is fundamentally a bad thing. It is bad to have rules that provide oversight of companies who extract these resources in order to prevent them from pushing the cost of pollution (technically called externalities in economics) onto the public and depleting the value of its commonly held assets. In a market system, such as the one the Minister says he ascribes to, if one uses or diminishes the value of another’s assets there is a price to be paid in compensation.

Making sure that regulations are in place to compensate the public when its assets are transferred into private hands is in a nutshell the job of the Minister. If he thinks that regulations are bad and that corporate oversight is unnecessary, he should resign his position.

The Minister also seems to take a very narrow and sometimes twisted view of what constitutes development and public benefit. From his letter it would appear that there is no value, economic or otherwise, to the commonly held assets of clean air, clean water, and pristine environments, or to insuring low levels of CO<sub>2</sub> levels in the atmosphere. The only value worthy of consideration is the profit of resource companies. He says jobs are a consideration too but he refuses to debate the net job increases for all Canadians when one considers job increases in the resource sector versus the job losses in the manufacturing sector due to the now historically high level of the Canadian dollar. This isn't to say that job increases in one sector are better than another, but that as a Minister representing all Canadians, if the job card is to be played it should be done so using the net job increases not isolated sector increases. And yet even this one-sided sense of economic value is somewhat convoluted because it involves taking a public asset that is commonly owned and that all Canadians benefit from and converting it into a combination of privately held asset and publicly held waste.

The Minister clearly believes from his comments that that the questioning of the public good value of such an enterprise as the Gateway Pipeline is bad. The benefits are so obvious to all and sundry that there is no need to explore whether any trade offs are being made. There is no need apparently to take time to consider whether the trade off for additional jobs and GDP (which does not differentiate between non-polluting and pollution clean-up activities) has any net value for Canadians. And, given the growing contribution of oil extraction from the Alberta tarsands to Canada's GHG emissions and that 80% of Canadians believe there is solid evidence of global warming<sup>iii</sup>, he does not see the point of examining for the vast majority of Canadians whether the futures of their children and grandchildren are being traded away.

In fact, it would appear that to the Minister believes the questioning of government at all is bad. Only 'radicals' question authorities. On this point he would do well to be reminded of what his boss said in the House of Commons back in 2005, specifically that "when a government starts trying to cancel dissent or avoid dissent is frankly when it's rapidly losing its moral authority to govern."<sup>iv</sup> In knowing this, is the Minister's attempt to stifle dissent among those who would only protect and preserve Canada's shared assets for future generations a demonstration that he doesn't pay attention to the boss or that the Government has lost its moral authority to govern?

The Minister clearly believes that aboriginal views should be heard, but he makes no guarantee that they will be listened to. He suggests the evidence should be reviewed dispassionately and then an 'objective' determination should be made, however, he has already determined what that conclusion is. "Anyone looking at the record of approvals for certain major projects across Canada cannot help but come to the conclusion that many of these projects have been delayed too long", i.e. any attempt to examine the

social, environmental or economic tradeoffs of resource development is simply a delaying tactic and of no value in itself.

The Minister has already predetermined that the Northern Gateway project is “good” so where in his mind is the need to conduct an environmental review. His standard of ‘objectivity’ seems to be that all projects should be approved regardless of what impact that development might have on Canadians. However with this perspective in mind it becomes easier to understand the Minister’s contradiction that different viewpoints should be considered, only the government should not waste time listening to them. Everything is clear from the start. The government knows best and development is good without question.

The Minister’s attitude is clearly paternalistic, suggesting that Canadian citizens have nothing valuable to say, and that all they do is take up time. He implies that they should be happy with whatever the Minister feels they should have. It is an attitude which has surfaced from time to time in the history of the federal government with many negative consequences such as it did with the residential aboriginal schools program and the National Energy program. When governments fail to listen to Canadians, they invariably cause more than just political disenchantment they cause serious pain for Canadians.

In the course of his remarks, the Minister has demeaned the environmental review process for which he is responsible. He did not say it needs some improvement here or there, he said, “It is broken.” If it is broken, why should anyone pay attention to any aspect of it? He implies by his words that the review process, as it has evolved over the last half century, is a failure. He implies that merely being a hindrance to development, since almost all projects are approved, and taking time to explain to citizens the trade-offs being made in the name of development, is not something that is the public interest. Does the Minister truly believe that unfettered development of public lands and resources serves Canadians better? Has he become the in-house lobbyist for resource corporations?

Further he shows his obvious contempt of the Canadian legal system, as he refers to it derisively as a system where anyone can “sue everyone and anyone”. Why yes Minister anyone can sue anyone in Canada and that is the very cornerstone of our civil law. In fact, it is quite unbecoming of a Minister of the Crown, one whom Canadians expect would encourage the rule of law, to suggest that there should not be a right of any Canadian to take recourse to the legal system to fight for fair and equitable treatment under the law. Pursuing the inevitable conflicts between groups in society through the legal system instead of through other, historically more violent, means is assumed to be the hallmark of a civilized nation. Obviously, the Minister believes that if you simply feel you (meaning he and the resource companies) are ‘right’, it is OK to plough ahead regardless of what others might feel.

The Minister promotes his stance on the Gateway project as an effective tool of economic development. Setting aside the inflated benefits said to accrue over the next generation, does the Minister truly believe it is better to ship raw materials to other countries than refine and manufacture them here in Canada? His vision of economic development for an

advanced economy of the 21<sup>st</sup> century seems to be more grounded in the 19<sup>th</sup> century. When we add to this that most jobs that will accrue to the Gateway project are short term construction jobs that will disappear like the natural resources we will be pumping overseas the Minister seems to be promoting a fire sale. Further, he has failed to itemize the true cost of these jobs. This cost can be found in terms of associated job losses, first, in relation to the resource sector with respect to oil refining and second, with respect to manufacturing jobs lost to high dollar competition. He does not account for the potential costs of oil spills along the pipeline path or along BC's pristine coastline. He does not account for social or cultural costs that may be incurred by First Nations. He does not account for the growing loss of control of Canada's energy sector to foreign owned companies. He simply says a few new, temporary jobs will be created and to heck with any consequences.

Despite the previous supposedly principled stance taken by the federal Government with regard to foreign ownership with the Potash Corporation of Saskatchewan, the Government now accepts foreign ownership of Alberta tarsands companies without question. Canadian energy resources are now under the direction of foreigners and this appears in his mind to be good. When it comes to foreign interest some foreign interests are good (America's Exxon Mobil, Britain's BP, France's Total E&P, China's SinoCanada Petroleum Corp., Japan's Canada Oil Sands Ltd. South Korea's Daewoo conglomerate) while other foreign interests, one's that suggest that the Government is failing in its environmental obligations, are bad. The Vancouver Sun claims more than two-thirds of all tarsands production in Canada is owned by foreign entities, who send a majority of the industry's profits out of the country<sup>v</sup>. This apparently is good for Canada.

Foreign control of tarsands companies has meant that Sinopec, a secretive enterprise that answers only to the Chinese Communist Party Central Committee, gained veto power over Syncrude's decision to invest in the refinement of Alberta bitumen here in Canada<sup>vi</sup>. China Investment Corporation, also run by the Chinese Communist Party, took possession of a \$1.25-billion share of Penn West Petroleum and Opti Canada was sold to the Chinese National Offshore Oil Corporation and then Sinopec spent \$2.2-billion to take over Daylight Energy Ltd.. Most recently, the MacKay River tarsands project was taken over by Petro-China. Coupled with Sinopec's support of Enbridge's Northern Gateway pipeline, all that bitumen can now go directly to China for refinement there. Strange that this should suddenly be in Canada's national interest, especially given the Conservative party pledge in 2006, 2008 and 2010 not ship bitumen offshore and to keep Alberta's tarsands jobs and investment opportunities here in Canada.

In other words, the use of Canadian resources by Canadians is bad but the use of Canadian resources by foreigners is good – no matter what you think of the state-owned enterprise that uses them. How this has become so twisted by the Minister into a project that is vital to Canada's national interests is quite the sleight of hand. It is obvious to everyone that this is in China's interests. But Canada's?

Is it a good thing to hand control of Canada's energy sector to a foreign government, because let's be clear Sinopec, CIC, Petro-China etc. are all extensions of the Chinese

government? The federal Government likes to suggest that the tarsands is making Canada an energy superpower. In fact, it is China that becoming the energy superpower and Canada is just the hired help.

Last year, a poll found that 72.8 per cent of British Columbians were worried about China's increasing command of Canada's resources sector<sup>vii</sup>. Does that concern suggest to the Minister that 72.8 percent of BC residents are "radicals"? Also last year, John Bruk, the founding president of the Asia Pacific Foundation, that west coast bastion of radical environmentalism (not) warned about the Chinese take over Canada's natural resource industries. Bruk told the B.C. Business magazine, "we jeopardizing prosperity for our children and grandchildren while putting at risk our economic independence."

Bruk's remarks suggest that the Northern Gateway project is much more than an environmental issue it is a national security issue, but one which the Government has refused to become engaged in. In fact, the Government has so weakened foreign takeover rules that Canadian takeovers by foreign government entities are now looked upon in the same way as takeovers by private foreign firms. Canada no longer examines the national security issues involved in the acquisition of it's strategic national resources. The hoopla around foreign interference in the environment is moot, because the Government has already decided that foreign interference in the economy is OK.

When it comes down to it, all the Minister's rhetoric about 'foreign environmental radicals' seems to be about US authorities postponing their decision on the Keystone pipeline. That decision was based partly on the less than adequate planning on the part of the Keystone partners who are now in the process of correcting that shortcoming, as witnessed by the President's recent support of the southern leg of the pipeline in March of this year.

But the original decision to delay the Keystone pipeline was as much about a) Democratic frustration with Canada for not pulling its weight in reducing the CO<sub>2</sub> emissions, particularly those originating from its tarsands oil production, and b) concern that the US might be taking too much risk in transporting all that bitumen (with its attendant risk of spillage and vivid memories of BP's oil spillage in the Gulf of Mexico) across the largest underground aquifer in the US just when its water reserves are declining. The Minister chooses to ignore the fact that Canadian policy may have contributed to the US decision on Keystone, or that this week's report by the federal commissioner of the environment and sustainable development, which concluded Canada was "unlikely" to meet the government's own very meagre climate change goals, may well have further repercussions on US-Canada relations.

In the words of Mark Parent, NRTEE's Vice-Chair and former minister of the Environment for Nova Scotia, Canada's position on climate change and sustainable development could well result in Canadian companies being faced with "non-tariff trade barriers imposed by foreign countries and restricted market access because of private sector supply-chain requirements."<sup>viii</sup> Business (read jobs) and the environment are intertwined globally no matter what the Minister might imagine.

Instead of considering a revision of Canadian policy to bring it more in line with the US and its other major trading partners (ie. Europe), the Minister chose to be petulant and gave the US the monodigital salute, saying Canada is on the “edge of an historic choice” -- the choice being to diversify its energy markets away from the US and reach out to the first buyer of convenience no matter how dodgy they might be, or to engage constructively with our closest trading, military and cultural partner and deal with our shared issues head on. In a clear break with history, the Minister chose the former.

The Government’s current omnibus budget will serve only to further confirm that it is putting the interests of foreign governments ahead of those of both its citizens and its supposedly closest ally. Is this historic? Undoubtedly! Is this an urgent matter of Canada's national interest? Absolutely! More to the point, however, the Government seems, at least in the words of its leader, to be showing signs that it is losing its moral authority to govern.

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<sup>i</sup> Joe Oliver, “An open letter from Natural Resources Minister Joe Oliver”, *The Globe and Mail*, 9 January 2012

<sup>ii</sup> Allan Woods, “PMO branded environmental group an ‘enemy’ of Canada, affidavit says”, *Toronto Star*, 24 January 2012

<sup>iii</sup> “Canadian and US Views on Energy and Climate Change”, poll commissioned by the Public Policy Forum and Sustainable Prosperity, published in Ottawa, 23 February 2011.

<sup>iv</sup> Stephen Harper (as leader of the Opposition), *Canadian Press*, 18 April 2005

<sup>v</sup> Mike De Souza, “Majority of oil and gas profits sent out of Canada, study finds”, *Postmedia News*, 11 May 2012

<sup>vi</sup> Terry Glavin, “Canada doesn’t know how to protect its interests”, *Ottawa Citizen*, 4 February 2012

<sup>vii</sup> Terry Glavin, “Canada sells the oil sands to China. Then complains about ‘foreign interference’”, *The National Post*, 13 January 2012

<sup>viii</sup> \_\_\_\_\_, “Life Cycle Approaches Key to Canada's Competitiveness”, *Marketwire*, May 16, 2012