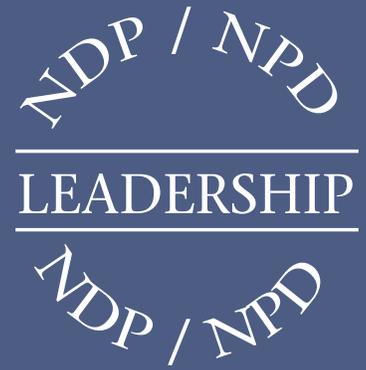


TAR SANDS: DIRTY OIL AND THE FUTURE OF A COUNTRY

Thomas Mulcair

Thomas Mulcair proposes a new approach — a sustainable approach — for Canada's economic development. He writes that our government is failing to address what may be the most important challenge facing our country today: managing the economic, social and environmental impact of developing the wealth of Canada's oil sands. Under Stephen Harper, he writes, Canada has moved to block international agreements to fight climate change, failed to meet our own commitments to end subsidies to the oil and gas industry and is now seeking to export even more raw, unprocessed bitumen to the United States and China.

Thomas Mulcair estime que notre gouvernement est incapable de répondre à l'un des plus importants défis auquel notre pays est confronté actuellement : la gestion des conséquences économiques, sociales et environnementales qui résultent de l'exploitation croissante des sables bitumineux au Canada. Selon lui, le Canada de Stephen Harper a tout fait pour bloquer des traités internationaux de lutte contre les changements climatiques ; il a renié ses propres engagements de mettre fin aux subventions accordées aux industries pétrolière et gazière, et il cherche maintenant à exporter encore plus de bitume non transformé vers les États-Unis et la Chine. L'auteur propose une nouvelle approche, une approche durable, pour le développement économique du Canada.



Four years ago, Andrew Nikiforuk wrote a remarkable book entitled *Tar Sands: Dirty Oil and the Future of a Continent*. He just as easily might have called it *Tar Sands: Dirty Oil and the Future of a Country*, because managing the challenges and opportunities presented by the bitumen deposits of northern Alberta will be one of the most important tasks facing our next prime minister.

Stephen Harper has already failed badly at the task, positioning Canada as a deal-blocker in global climate change negotiations and as a pusher of ever increasing quantities of carbon-intensive, unrefined bitumen into the United States and — if the Prime Minister has his way — China.

Mr. Harper's position on the issue was never clearer than in 2010, immediately after the G8 and G20 meetings in Muskoka and Toronto, when he rejected a suggestion made by his own minister of finance to abolish the \$1.4 billion in annual federal subsidies granted to the oil industry. Until we can rid ourselves of this Conservative government, the environmental, social and economic mess created by the current manner of developing the tar sands will continue — with no end in sight.

The Prime Minister's position is immoral, for we know that it is impossible to maintain the current manner of tar sands development without seriously affecting the health of human beings — and without destroying important ecosys-

tems forever. He is currently placing the largest ecological and economic debt imaginable in the backpacks of our children and grandchildren.

It's an economically illogical position because it's rooted in 19th century thinking. Indeed, the already large-scale importation of low-paid foreign labourers deprived of their full rights is eerily reminiscent of the opening up of the Canadian West by the Chinese workers who were brought to BC to build the first railroad.

Sitting in Parliament, I have a front-row seat for the daily spectacle presented by the so-called Harper Government. Two decades after the Porter hypothesis clearly demonstrated how environmental regulation could contribute to increased productivity and innovation, the Conservatives remain mired in the old dialectic of environment versus jobs. Two decades after the Brundtland Report established that our future depends upon our capacity to apply the principles of sustainable development to every decision that government makes, Canada is going backwards rather than forwards.

When John Baird was minister of transport, he stated that the *Navigable Waters Protection Act* was the "biggest job killer." He then gutted this law that had been protecting Canada's lakes and rivers for over one hundred years, a law that should have been used to protect the

Athabasca River, which flows through Fort McMurray, and the First Nations downstream.

In the House of Commons, any reference to the “tar sands” will immediately produce cries of “oil sands” from a gang of Conservative MPs, as though sanitizing the terminology could somehow render the production cleaner. The industry’s arguments will then be systematically recited: the

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land is restored, trees are planted, there are strict standards, Canada depends on this resource, etc., etc. But the government is silent when it comes to answering questions on the long-term effects, both environmental and economic.

Since the 1960s, the term *Dutch Disease* has been used to describe the economic conditions created when powerful external forces affect a country that produces a high volume of petroleum products. The term refers to the situation that the Netherlands faced when large natural gas deposits were discovered in the North Sea. That which was at first seen as a blessing was soon viewed as a curse. A meteoric rise in the value of the local currency, the guilder, made exporting other products difficult. Indeed, the Netherlands’ manufacturing sector soon collapsed.

A Statistics Canada report published in August 2007 stated that Canada did not have Dutch Disease since “the Dutch case involved the discovery of a new resource, while Canada’s recent trend stems from the integration of emerging nations, particularly China, into the global economy. Also, contrary to the Dutch experience, during which manufacturing faltered in the short term, overall manufacturing output in Canada expanded by 1.3 percent between 2003 and 2006. The construction and services sectors have also exhibited growth.”

Less than two years later, Statistics Canada reversed itself by publishing a report entitled “Trends in Manufacturing Employment.” The report explained that “employment in manufacturing experienced a clear downward trend with successive annual losses of at least 3 percent from 2005 to 2008. In these four years, more than one in seven manufacturing jobs were lost. These losses resulted in the rapid erosion of the share of manu-

facturing jobs in the economy, from 14.9 percent in 1998 to 14.4 percent in 2004 before falling sharply to 11.5 percent in 2008.” The report concluded: “From 2004 to 2008, more than one in seven manufacturing jobs (322,000) disappeared in Canada.”

The majority of those jobs were lost in Ontario, but drops were also evident elsewhere in the country. In six provinces, at least 1 in 10 manufacturing jobs disappeared from 2004 to 2008. These losses occurred during a period of economic turbulence in the country, as the exchange rate fluctuated widely.

Even before the recession hit in 2008, Canada was in the process of losing its manufacturing sector. The rapid expansion of the tar sands has contributed to a 40 percent increase in the value of the Canadian dollar since 2004, as an artificially high number of US dollars flow into Canada to purchase that heavy oil. The amount of US dollars was artificially high because the cost of the greenhouse gases, the cleanup of the tar sands sites, and the cleanup of the lakes of poisonous residues and the waters of the Athabasca River, was never internalized into the final price of the product.

And it is not only manufactured goods, but all Canadian exports that have been affected. Following the adoption of Canada’s first free trade agreement with the United States, Canadian exports grew to nearly 44

percent of our economy, but in just the last 10 years the rise in the Canadian dollar has wiped out more than half of that increase while leaving those industries that were disadvantaged by free trade in no better condition than they were before. As a share of the Canadian economy, these years saw economic sectors such as forestry, fisheries and manufacturing decline by 40 to 45 percent while extractive industries, led by oil and gas, grew by nearly 70 percent over the same period.

As a result, the tar sands might now be taking more money out of the Canadian economy than they are putting in. And so, not only has the Government of Canada saddled future generations with the cost of the environmental degradation, it has also bequeathed to them a less balanced and diversified economy.

If Canada could simply apply the basic principles of sustainable development, such as the internalization of costs and polluters pay, it would have long-term beneficial effects both environmental and economic.

This is why I have proposed a “comprehensive cap and trade plan” that would be based on the principle that “polluters pay.” My plan would cap climate change pollution at the source, thus avoiding complicated monitoring systems that are prone to loopholes. It would also include all the major sources of climate change pollution in Canada. It’s a plan that has been endorsed by Professor Andrew Weaver, a lead author of the UN Intergovernmental Panel on Climate Change and co-recipient of the 2007 Nobel Peace Prize.

Instead of taking such a sensible approach, Stephen Harper continues to heavily subsidize unsustainable practices by making direct financial transfers, by reducing taxes for petroleum producers and by investing large numbers of taxpayer dollars into speculative research into the capture and storage of carbon dioxide.



CP Photo

Emissions are clearly visible at Fort McMurray, the centre of operations in the oil sands, which NDP leadership candidate Thomas Mulcair refers to as the “tar sands.”

We’re also exporting jobs, since exporting unrefined heavy oil creates no value-added jobs in upgrading or refining. It’s equivalent to exporting raw logs — a practice typical of undeveloped nations.

While I was the environment minister of Quebec from 2003 to 2006, I sometimes surprised colleagues and ecologists by affirming that the vast majority of companies respected the environmental laws. Yet it’s perfectly understandable that they do respect such laws, since to do otherwise risks fines to the enterprise and its directors, the sully of the company name and, ultimately, the alienation of customers.

In today’s world, astute business practice means not breaking laws, but getting them modified to one’s advantage. BP lobbied hard to be exempt

from drilling a relief well in the Gulf of Mexico in advance of the Deepwater Horizon spill and, unfortunately, was successful in that effort.

If the public doesn’t demand that their protection be prioritized, companies will continue to ask for and receive the regulatory changes that suit their purposes.

In the spring of 2010, the second phase of the dismantling of Canada’s environmental laws was undertaken by the Conservative government. They transferred the responsibility for all environmental evaluation for large natural resource extraction projects from the Canadian Environmental Assessment Agency to the National Energy Board.

Steven Guilbeault of the organization Equiterre spelled it out: “It’s a

catastrophe. What we’re doing in Canada is dismantling the environmental assessment process.”

Viewed in its entirety, we can see the depth of foolishness in Stephen Harper’s approach to developing the tar sands. The environmental, social and economic costs will be astronomical for the country, the continent and even the planet.

The NDP can do better. We will do better. Our children and grandchildren deserve no less.

Thomas Mulcair is the MP for Outremont and a candidate for the leadership of the New Democratic Party. This essay is adapted from his preface to Les sables bitumineux: La honte du Canada, the French version of Andrew Nikiforuk’s book Tar Sands: Dirty Oil and the Future of a Continent.