

University of Nebraska - Lincoln

DigitalCommons@University of Nebraska - Lincoln

Op-Eds from ENSC230 Energy and the
Environment: Economics and Policies

Undergraduate Research in Agricultural Economics

Fall 12-16-2014

Why Keystone Pipeline XL Construction Doesn't Matter Either Way

Melissa Allen

University of Nebraska-Lincoln, mallen4991@gmail.com

Follow this and additional works at: <http://digitalcommons.unl.edu/ageconugensc>

Allen, Melissa, "Why Keystone Pipeline XL Construction Doesn't Matter Either Way" (2014). *Op-Eds from ENSC230 Energy and the Environment: Economics and Policies*. 41.

<http://digitalcommons.unl.edu/ageconugensc/41>

This Letter to the Editor is brought to you for free and open access by the Undergraduate Research in Agricultural Economics at DigitalCommons@University of Nebraska - Lincoln. It has been accepted for inclusion in Op-Eds from ENSC230 Energy and the Environment: Economics and Policies by an authorized administrator of DigitalCommons@University of Nebraska - Lincoln.

Melissa Allen - mallen4991@gmail.com

ENSC 230

12/16/2014

Op Ed

Why Keystone Pipeline XL Construction Doesn't Matter Either Way

Republicans now hold the majority in Senate as of the November 2014 midterm elections. President Obama has managed to push the Keystone XL controversy under the rug throughout most of his presidency, but he will soon have to make a choice as republicans move forward with the Keystone Pipeline XL early next year.

Within the last few month, the President has become more vocal about the hot topic.

"We've got to measure its benefit against whether or not it's going to contribute to an overall warming of the planet -- which could be disastrous," He said on the popular comedy news show, the Colbert Report on Monday night.

The pipeline controversy surfaced in 2012, when routing plans made by TransCanada, the Canadian oil company constructing the pipeline, threatened to run over through the ecologically-sensitive Sandhills of Nebraska and the Ogallala Aquifer, the major source for water for 8 Midwestern states. Building plans have been halted to reroute the pipeline, and has been waiting for federal approval ever since. A year and a half later, it's about to get an answer on whether it can be built.

According to Pew Center Research poll, 66 percent of Americans approve of the construction of the pipeline, and is especially popular among oil companies, unions, and Americans who believe the pipeline construction will prove to be an economic booster for the country as well as lower gasoline rates at the pump. (By the way, this isn't true. OPEC's decision to keep the production of oil as it is and let the prices drop lower are threatening American and Canadian oil companies, and are specially targeting TransCanada. The lower the gas prices, the less resistance oil companies closer to home can compete.) Crude oil refineries especially benefit, as the pipelines will be able to deliver the dirty oils for cheaper, and profitable prices.

The alliance against the pipeline construction are an odd but workable mix of environmentalists, rural landowners, and Native American groups. Twenty-three percent who actively oppose are environmentalists are concerned with the dirty oil extraction of tar sands in Alberta, Canada, which will raise carbon dioxide emissions of extracting dirty oils by 12 percent compared to conventional crude oil, according to a study by Jacobs Consultancy, and America's increasing dependency on oil. A major concern with oil extraction from tar sands is managing the separation of oil from the peanut-butter consistent petroleum. Extraction plants use hot water and chemicals to separate the oil. "Not all of the water can be recycled and what remains is a goopy toxic waste contained in some 170 square kilometres of man-made ponds," stated the Economist. (*The Steam From Below*, 2014). Landowners, and Native American/First Nation reservations in the path of the pipeline are also worried by possible oil spills and destruction of land. Especially for Native American reservations, land is oftentimes a core root to the traditional

cultures being practiced on the reservations. Pipelines cutting through these lands represent a social cost to the community. Already, South Dakota Sioux are declaring any construction of the pipeline around the reservations will be seen as an “act of war,” and encroachment on their communities.

The Keystone XL pipeline has proved to be a major dividing concept between economists and environmentalists. Republicans and democrats. Liberals and conservatives.

Both sides of the issue must fact check themselves before they go into battle against each other. Pro-pipelineers are spouting off about the 200,000 jobs the pipeline will produce, while environmentalists are shooting down that number to 20. Environmentalists are going on about the ecological damage and possibility of oil spills, while pro-pipelineers are arguing for economic growth and lower gas rates.

Here are the facts of what the Keystone Pipeline XL would bring in it's construction:

At best, it will create as many jobs as an average outlet mall. As of January 2014, the State Department has assessed the pipeline will create about 1,950 jobs for a two-year period, and 50 permanent jobs. It would add \$3.4 billion to the U.S. economy, which is about .02 percent of the U.S.'s gross domestic product. Gas prices won't be affected either way, but are expected to keep declining regardless.

The issue here isn't the production of oil coming out of the dirty tar sands of Alberta. Production will continue with or without the pipeline. The fact is, pipelines are the most environmentally-sound method of oil transport. As for the possibility of a spill, TransCanada has made 57 improvements to the construction and layout of the pipeline, making it one of the safest pipelines for oil transport, according to the State Department and TransCanada website.

The reality of the pipeline is that both sides are wasting their time. When the pipeline is constructed--and I'm confident since the midterm elections it will be constructed despite opposition--it's not going to create millions of jobs and reassert American economic dominance over the world. But the Midwest isn't going to be covered in oil due to a spill either. Economists won't really lose either way, and environmentalists can invest their energy in any of the other million environmental problems facing the United States and the world.

The underlying issues of the construction of the pipeline is that it shows how much America hasn't really tried to move on from their love affair with oil companies. You know what is going to happen? America is just going to get a little more dependent on dirty fuels. Because of this, Canada's CO2 levels are going to go up a little, and no one is going to benefit from anything in the long run. Let's get it constructed already and move on from it so we can look back 40 years from now and talk about how much of a difference it didn't make for anyone either way.

Sources:

"Final Supplemental Environmental Impact Statement for the Keystone XL Project Executive Summary." (n.d.): n. pag. U.S. State Department, Jan. 2014. Web. <<http://keystonepipeline-xl.state.gov/documents/organization/221135.pdf>>

"Environmental Responsibility." *Keystone XL Pipeline*. N.p., n.d. Web. 02 Nov. 2014. <<http://keystone-xl.com/about/environmental-responsibility/>>

Allen, Melissa, and Kelli Rollin. "UNL Students, Scholars Discuss TransCanada's Keystone XL Pipeline." *Daily Nebraskan*. Daily Nebraskan, Apr. 2013. Web. 02 Nov. 2014. <http://www.dailynebraskan.com/endowment/unl-students-scholars-discuss-transcanada-s-keystone-xl-pipeline/article_7aca16ba-a551-11e2-96c6-0019bb30f31a.html>

Eilperin, Juliet. "The Keystone XL Pipeline and Its Politics, Explained." *Washington Post*. The Washington Post, 4 Feb. 2014. Web. 02 Nov. 2014. <<http://www.washingtonpost.com/blogs/the-fix/wp/2013/04/03/the-keystone-xl-pipeline-and-its-politics-explained/>>

Cassata, Donna. "GOP in Charge of the Senate, Eager to Move on Keystone XL, Taxes." *PBS*. PBS, 06 Nov. 2014. Web. 06 Nov. 2014. <<http://www.pbs.org/newshour/rundown/gop-charge-senate-eager-move-keystone-xl-taxes/>>

Voorhees, Josh. "Obama Has Been Stalling on the Keystone Pipeline for Years. Now He Has to Make a Decision." *Slate Magazine*. Slate Magazine, n.d. Web. 03 Nov. 2014. <http://www.slate.com/articles/news_and_politics/politics/2014/11/keystone_pipeline_republicans_finally_have_the_votes_to_force_president.html>

"South Dakota Sioux Tribe Calls Keystone XL Pipeline Approval 'act of War'" *The Guardian*. The Guardian, 17 Nov. 2014. Web. 1 Dec. 2014. <<http://www.theguardian.com/environment/2014/nov/17/sioux-tribe-keystone-xl-pipeline-south-dakota-act-of-war>>

Gerken, James. "Canada's Tar Sands Battle With Europe." *The Huffington Post*. TheHuffingtonPost.com, 10 May 2012. Web. 04 Dec. 2014. <http://www.huffingtonpost.com/2012/05/10/canada-tar-sands-battle-europe_n_1505658.html>

"The Steam from below." *The Economist*. The Economist Newspaper, 06 Sept. 2014.
Web. 04 Dec. 2014.

<http://www.economist.com/news/science-and-technology/21615488-new-technologies-are-being-used-extract-bitumen-oil-sands-steam>

Alpert, Bruce. "President Obama Plays Stephen Colbert on Comedy Central and Downplays Keystone Pipeline Benefits." *NOLA.com*. NOLA, 09 Dec. 2014. Web. 11 Dec. 2014.