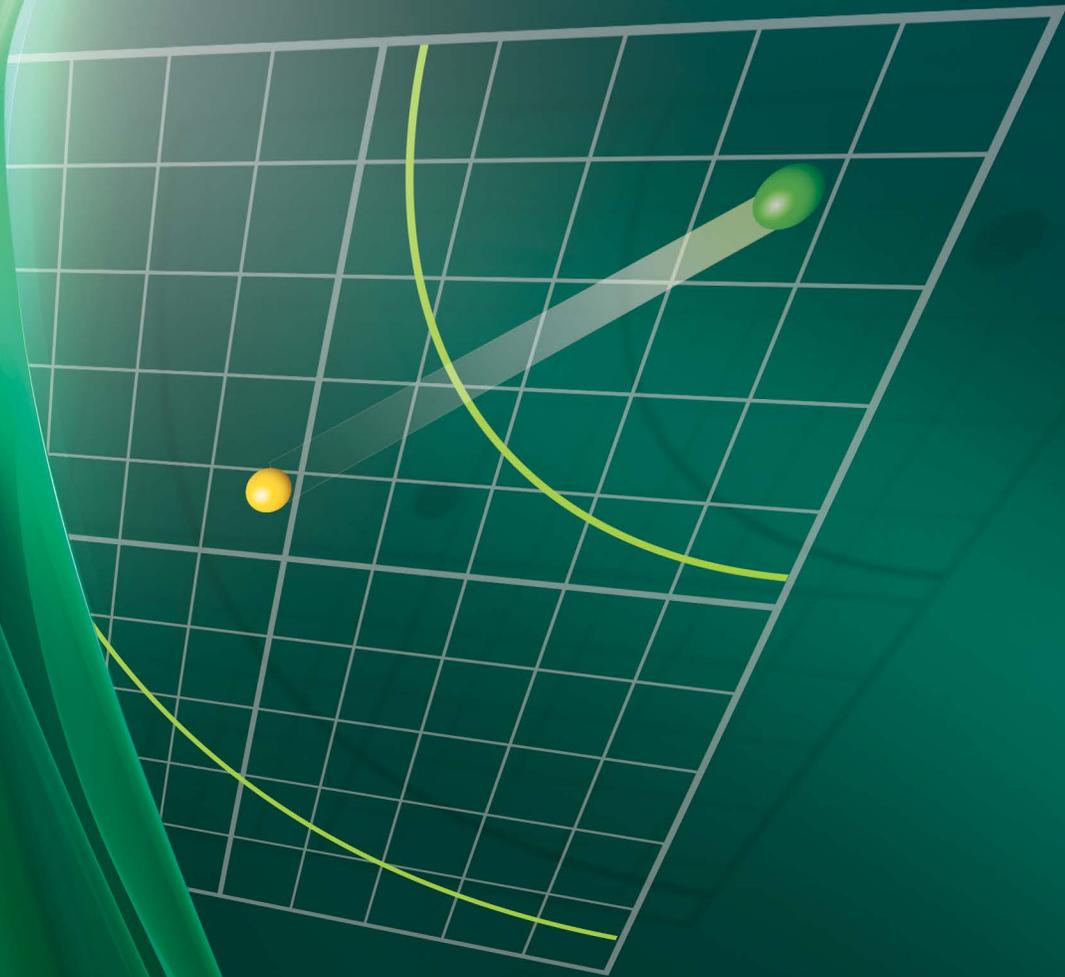


CANADA:

Making the Case for Nation-Building Projects

Preface



A project undertaken by:



**The Bowman Centre
For Sustainable Energy**

As Marshall Kern states in the Executive Summary of this book, Canada seems to have lost its way when it comes to advancing major projects on a nation-building scale, a theme that the late and dearly missed Jim Prentice and I explore in significant detail in our 2017 *Globe & Mail* bestselling book titled *Triple Crown: Winning Canada's Energy Future*.

Canada is a top-five global producer of all forms of energy: we are third in the world in producing hydroelectricity, fourth in crude oil, and fifth in natural gas. Yet Canadian firms are still only able to export to one single customer, namely the United States, due to a lack of infrastructure capacity to reach international markets for oil and gas. Despite decades of official federal government policy aimed at diversifying Canadian export markets and the fact that many Canadian provinces have long-established international networks of commercial and 'para-diplomatic' representation offices abroad, exports of our most valuable commodity – energy – have not diversified beyond our single customer. This situation has become even more puzzling in recent years as Canada has signed free trade agreements with the European Union as well as several countries in the Asia-Pacific Rim, most of which are lacking in natural resources and energy endowments, where our valuable natural gas and crude oil are not part of any of those agreements.

It is clear that there is no national effort or plan to align national infrastructure priorities to our trade and export ambitions. There was no concerted efforts for example, when negotiating with Japan as part of the Trans-Pacific Partnership trade agreement, to align an energy infrastructure buildout on the West Coast to achieve a long-term supply agreement for liquefied natural gas (LNG), which Japan required after the Fukushima Daiichi nuclear disaster in 2011.

This alarming lack of major infrastructure development is due to several factors. In our book *Triple Crown: Winning Canada's Energy Future*, we discuss the constitutional factors that hamper efforts to achieve a national consensus on developing major projects, especially in the energy sector. One factor is that the Constitution Act puts natural resource development under provincial jurisdiction, which limits federal involvement in coordinating any national policies. Another factor is the policy division over environmental policy, so coordination in that sphere is also difficult. Thirdly, our difficult historical relationship with First Nations and Indigenous Peoples also mitigates any quick fix to building national infrastructure projects, as Canada has never fully resolved its constitutional and fiduciary responsibilities in this regard, resulting in legal uncertainty and costly delays.

Among the factors we do not examine in any great detail in *Triple Crown*, mostly due to space and subject matter limitations, are the societal changes that make major projects more difficult to achieve due to relatively new, and shifting goal posts that some call "social licence" – although to be frank I personally do not like that term. In my view, industrialization in the past century and perhaps more significantly the rapid urbanization of our society since around World War II has created a gap in citizens' understanding of how natural resources contribute to our economy. Canada has a large segment of the population that is now divorced from the process of wealth creation via the responsible development of our plentiful natural resources – both renewable and non-renewable – which account directly for over 15% of our Gross Domestic Product.

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Jim Prentice's co-author of the
Globe & Mail bestseller *Triple Crown:
Winning Canada's Energy Future*
(Toronto: HarperCollins, 2017)

Whereas our grandparents might have left the farm to find work in forestry, mining or oil & gas, their descendants have grown up in suburbs and taken jobs in offices or in the service industries. We as a society have less direct experience these days in generating wealth by digging something out of the ground and selling it. One of my favorite anecdotes in Triple Crown is when Jim recounts his seven summers working ‘under the bins’ as a coal miner in Crowsnest Pass, Alberta, to pay for his university education in the 1970s. He recalled, “[e]very man under the bins knew that we were at the bottom of Canada’s industrial economy, but every one of us took pride in our work. The coal that we were mining was Canada’s best metallurgical coal. We knew it was being exported to Japanese steel producers who were paying premium prices for it, and we were proud of that fact.”

Because citizens are divorced from the realities of wealth creation and sometimes uninformed about the process of getting resources out of the ground, transforming them into something of value, and their transport to markets, it becomes easy to oppose major resource projects. In this context, “NIMBYism” (Not In My Back Yard) is easy to form. In the policy choices we face between protecting the environment and making use of natural resources, a sense balance has been lost and has swung resolutely to the former. It is hard to support an issue one is disconnected from, and easy to oppose something one knows little about because people incur a personal cost in building support (time, effort, and stigma) and little cost in opposing something far away.

Therefore, any book that explains how our economy works and discusses efforts to promote sustainability and improve our global position in responsibly developing our natural resources, building our infrastructure to transform and transport them to international markets is a positive step. Jim Prentice and I acknowledge that in a few decades, hydrocarbons as a source of energy will be replaced by something else. Until then, Canada can be a responsible and sustainable producer and exporter: the choice is not binary. And by being careful and purposeful we can sustain our natural resource economy and lay the foundation for generations of successful, employed Canadians and with the full participation of Indigenous Peoples as project proponents, equity partners, operators and partners because the economic growth and broader revenue opportunities that these nation-building projects will enable must benefit all Canadians.

Let’s get started!



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