



Energy and Progressive Continentalism in North America

Harvey Locke
October, 2004

The humane man, desiring to be established himself, seeks to establish others: desiring himself to succeed, he helps others to succeed...

A government is good when those near are happy and those far off are attracted.

Confucius, *Analects*, nos.44 and 99

Introduction

How to relate well to the United States of America is a dominant foreign policy question for most countries, not just for Canada. No country in history has had more global influence or power than the U.S.A. It is not surprising that coping with the reality of America particularly preoccupies its adjoining neighbours to the north and south.

Canada has some natural advantages and some disadvantages in its relationship with the U.S.A., all born of proximity. Our biggest advantage is a degree of cultural compatibility. As the New Yorker cartoon had it, we are familiar but somehow different. The difference manifests itself in part through Canadian's eagerness to embrace collective rights over freedom of the individual in issues ranging from gun control to health care and in Canadians' acceptance of difference in culture and viewpoint. The biggest disadvantage is that its giant neighbour could swamp Canada. Canadian nationalists like me want to maintain our progressive qualities. The question is how best to do that.

Canadians are also citizens of the world and much of the world is concerned about the direction the US has taken. It is my premise that Canada and the U.S.A. are inextricably intertwined, that isolationism is impractical and dangerous, and that in this moment in history, Canada can and should play a subtle leadership role in North America by actively embracing the progressive part of the U.S.A. I believe this is the best means to ensure the preservation of Canadian values and sovereignty and that it could help make the world a better and safer place. I call this approach to Canada-U.S. relations Progressive Continentalism.

Intertwined Destinies

Isolationism cannot work because from the beginning Canada has been shaped by reference to the U.S.A. The shaping begins ten years before there even was a country called United States of America. By 1763, after the end of the Seven Years War, which had global dimensions, Britain had won Canada from France. There was some discussion during the ensuing peace treaty negotiations between those European powers of ceding Canada back to France. One prominent colonist from Philadelphia named Benjamin Franklin was opposed to that idea due to the essential connection between Canada and the Thirteen British Colonies.

Self-described as a “loyal Briton”, Franklin wrote “The Interest of Great Britain Considered with Regard to her Colonies”. In it, he argued that keeping control of Canada would benefit the British Empire and help protect the Thirteen Colonies from harassment by France and her First Nations allies.¹ To make his point Franklin used sarcasm. One of his ten reasons why Canada should be restored to France is particularly relevant for its anticipation of what followed:

We should restore Canada because an uninterrupted trade with the Indians throughout a vast country, where the communication by water is so easy, would increase our commerce, already too great.²

In the end Britain kept Canada.

Throughout the country’s development, Canadians used their east-west flowing rivers to build an economy based on the fur trade with First Nations. They then built the Canadian Pacific Railway, the TransCanada Highway and the Canadian Broadcasting Corporation to create a nation that had a domestic market and a cultural exchange that ran east-west. Throughout the 20th century, Canadians also exported raw materials, agricultural products and manufactured goods to the U.S. to enhance their incomes and build their capital.

Thus the very nature of Canada was shaped by the two realities first noted by Franklin – the east-west nature of Canadian geography that makes it a viable whole and Canada’s north-south trade relationship with the U.S.A. which makes complete isolation impossible. The two countries are like two intersecting circles in a Venn diagram: there is an area of overlap and though they are two separate spheres, they are not wholly independent spheres. Though we may have separate heads, we North Americans are joined at the hip.

The Special Situation of Energy

In two fields of economic activity, the fundamental north-south ties between Canada and the US are particularly pronounced: automobiles and energy. I will focus on energy, particularly oil and gas.

The US Energy Information Agency (USEIA) does an analysis of all large energy producing countries. The lead entry relating to Canada on its website states simply *“Canada and the U.S. also enjoy a highly interdependent energy relationship, trading oil, natural gas, and electricity.”*³

The Canadian oil and gas industry has become a major global player. This is a recent development whose implications are not widely understood. The USEIA website reports that as of January 2004 Canada's total proven crude oil reserves stood at 178.9 billion barrels. Canada currently trails only Saudi Arabia, which holds the most proven crude oil reserves in the world. Prior to 2002, Canada did not even rank in the top 20 of countries with the most proven crude oil reserves. The massive increase in reserves reflects the inclusion of Alberta's tar sands, which stood at 174.4 billion barrels as of January 2004. Regarding natural gas, Canada produced about 6.6 Tcf of natural gas in 2002, making it the world's third largest natural gas producer (after the United States and Russia) and second largest natural gas exporter (after Russia).

The United States total primary energy requirements are met by three main sources: oil about 40%, natural gas about 23% and coal about 23%. The US has plenty of coal but it is particularly dependent on Canadian oil and gas. In 2001, about 31% of Canada's energy production was exported, with the United States its main customer. In the first three quarters of 2003, the United States imported more oil (including crude oil and petroleum products) from Canada than from any other country. During the same period, the United States also imported about 2.5 trillion cubic feet (Tcf) of Canadian natural gas, representing 87% of total U.S. natural gas imports. The following quote from the US country description on USEIA website is illustrative:

“Growing U.S. demand for Canadian natural gas has been a dominant factor underlying many of the pipeline expansion projects this decade. The U.S. and Canadian natural gas grids are highly interconnected and Canadian natural gas has become an increasingly important component of the total natural gas supply for the United States. This is especially true for certain U.S. regions such as the Northeast, Midwest, the Pacific Northwest and California, which depend on Canadian natural gas for significant amounts of their supply.”⁴

This high dependency of the US on Canadian gas will soon be the norm for oil too. The following appears in the Bush Administration's National Energy Policy: “Estimates of Canada's recoverable heavy oil reserves are substantial... Their continued development can be a pillar of sustainable North American energy and economic security.”⁵

The new point with far reaching implications is that the tar sands are now considered a viable source of oil second in size only to Saudi Arabia's reserves. As a result, the United States will have an acute and increasingly dependent interest in oil and gas from Canada for a long time to come.

Oil and gas is energy from carbon that drives climate change

Oil and gas is energy from carbon that comes from decomposed life forms. Climate change is being primarily driven by humans releasing carbon dioxide through burning oil, gas, methane and coal. Canada is a contributor of these greenhouse gases to the global commons in its own right and the biggest foreign supplier of carbon to the US which is world's biggest contributor of greenhouse gases (current projections indicate that U.S. emissions of carbon dioxide will reach 5,985 million metric tons in 2005, around one-fourth of total world energy-related carbon emissions⁶)

Climate change is now a proven phenomenon, not a forecast. Canada as a northern country is disproportionately vulnerable to it. Prairie rivers that depend on summer meltwater from glaciers in the Rocky Mountains could dry up by the middle of this century when the ice disappears, so rapidly are the glaciers receding. Permafrost melting in tundra regions is already destabilizing soils and could release vast amounts of methane which also drives climate change. Weather everywhere in the world will be increasingly destabilized. British Prime Minister Tony Blair recently described the acute problem of climate change in a speech on September 14, 2004

“The situation therefore can be summarised in this way:

1. If what the science tells us about climate change is correct, then unabated it will result in catastrophic consequences for our world.
2. The science, almost certainly, is correct.”⁷

The Kyoto Protocol in an international treaty that, once ratified by Russia, will oblige signatory nations to reduce their emissions of carbon dioxide. It is a global effort to avoid the dangerous consequences of human induced climate change. The Bush administration has refused to sign it. Opponents of the Kyoto Protocol in Canada argued that Canada-US economic interdependence meant that Canada could not afford to ratify it either. The treaty was ultimately ratified by Canada but special concessions were made to the oil and gas industry (see the Climate Change Plan for Canada)⁸

Tar sands oil is particularly intense in carbon emissions. This because in addition to producing oil that releases carbon dioxide when it is used, significant amounts of energy are needed to release the oil from the tar sands in the first place. Because Canada is in a surplus position with regard to oil, all of the tar sands production is for export, primarily to the US. Thus Canada's contribution to US emissions of greenhouse gases is already large and will grow exponentially.

Cultural engagement is not cultural surrender

Today, at the dawn of the 21st Century, Canada has successfully engaged the U.S. in commerce. The two countries (along with Mexico) are signatories to the North American Free Trade Agreement and Canada and the US have the world's largest bi-lateral trading relationship. Canada's two largest industries – energy and auto manufacturing (including auto parts) - rely on trade that flows seamlessly north-south over the border. American capital created Canada's automobile industry. American capital and expertise also built Canada's oil and gas industry. Canada now is the largest energy exporter to the U.S. Canadian oil and gas companies now operate in the U.S. and sell their skills all over the world. The consequence of this engagement has been that Americans are now staunch defenders of Canada's oil, gas and auto industries. There is no talk of trade sanctions in these areas.

Canadians also import American popular culture like music, movies, television, magazines and fashion and assist in their development by the export of Canadian movie directors, movie stars, and musicians. Americans read Canadian writers, and vice versa. But, none of these economic or cultural activities make Canadians less Canadian. These activities are products of proximate geography. They are examples of two peoples profiting through symbiotic engagement rather than suffering through isolating each other from the world's largest trading relationship. Moreover, despite these close ties, Canada has not surrendered its sovereignty. Canada sat out both the Viet Nam and Iraq wars while cousins in distant Australia thought it necessary to respond to America's demands for troops in those ill-considered imperial adventures.

In the world of ideas there already is significant social engagement practiced by political conservatives. Prominent American conservative Henry Kissinger is reported to have said "Canada is self-righteous but we are condemned to live together."⁹ Canadian David Frum is a prominent US conservative. Canadian Conservatives attend the Republican national convention.¹⁰ As mentioned earlier, the position of the US was used to argue against ratifying the Kyoto Protocol on climate change.

Curiously, most progressive Canadians who, like me, are interested in preserving Canada's characteristic collective accomplishments such as socialized medicine, public education (including universities), land use planning (with zoning), some redistribution of wealth, environmental protection (both pollution and Nature protection), and functional political system have not sought to engage Americans. The perception is that since Americans are obsessed with individual liberty and have dangerous tendencies to want to impose freedom at the point of a bayonet (some Americans actually do want to do that)¹¹, Canadians should build a cultural fortress and foreign policy to keep them out. This would never work. Canada's capacity to repel invasion is next to nothing. And Canadians like money and entertainment too much to turn their backs on the world's largest economy and entertainment industry. But more importantly a policy of turning a cold shoulder to America would also be a missed opportunity based on a misunderstanding of our neighbours.

The U.S.A. is not a conservative monolith

The U.S.A. is not a monolithic horde of George W. Bush and Dick Cheney acolytes. There is a deep and strong progressive element in America. Canadians should embrace and support it. Canadians did once when they let in anti-Viet Nam War immigrants. These immigrants enriched Canada in many ways, bringing social activism and citizen-led debate into a sleepy society (think of Jane Jacobs in urban planning, Stephen Herrero in wildlife conservation, and Elizabeth May in the environmental quality field.) Indeed, if one looks at voting patterns in the U.S.A., the progressively inclined Democratic and Green candidates received a larger percentage of the vote in the 2000 federal presidential election than did the Republican candidate (remember Al Gore, the Democrat, won the popular vote). But the Republicans won the presidency and control both houses of Congress by small margins. In Canada, the progressive parties in the form of Liberals, NDP, Bloc Quebecois, and Greens received the vast majority of the vote in the 2004 federal election. Viewed only through an American lens, there is a deep split between progressive and conservative elements. Factor in Canada and there is a clear progressive majority in North America.

Canadians have nothing to fear from progressive Americans, many of whom are anti-globalization and pro-foreign sovereignty. They do not want other countries to become like the U.S. so they are often “hands-off”, thinking it is best to leave other countries alone. Progressive Americans should not follow that logic when it comes to Canada. Progressive Americans should be investing in Canada to help Canada get things right. They can bring about change at home by helping to make things work in Canada first and then import them to the U.S.A. For example, Canadian workers are now more productive in building American-brand cars and parts than their southern neighbours and in that industry Canada exports twice as much as it imports partly because public health care reduces labour costs. Public health care has also created greater worker freedom and mobility in Canada than the U.S.A. Labour with freedom of mobility is essential to a properly functioning market. Why not take steps to let the Americans in on the secret? The best way to protect universal health care in Canada is to have the Americans adopt it. And there is a chance they would.¹²

Progressive Continentalism

It is time for a doctrine of Progressive Continentalism. We should have a shared North American vision of progress. Here is my take on what it should be. It would consist of free exchange of ideas, labour, capital and goods. It would promote continental stewardship of shared resources like clean air, fresh water, and wildlife (we are trashing all of them on both sides of the border with our separate management regimes while trucks full of SUVs and pipelines full of oil flow freely across the line). Each country's unique cultural institutions would remain. In Canada, they include public health care, public schools, public land use planning, and seamless engagement of ethnic diversity among our citizens, a domestic news media, and reconciliation with and empowerment of

Aboriginal people. Inspired to do these things exceptionally well, with support from progressive American capital and institutions, Canadians could take pride in perfecting them. Canadian ideas could then find a ready market in the U.S. Americans are geniuses at picking up good ideas and they love excellence (basketball was invented by a Canadian and National Public Radio has embraced much of the CBC's style and hired many of its people.) An effective way to ensure the survival of Canadian values and institutions is to have Americans embrace them and replicate them at home.

Regarding energy, Canada should work with progressive elements in the US to reduce oil and gas consumption across the continent through adopting continent wide vehicle efficiency standards like those in California. Canadians should also work to create awareness in the US of the carbon emissions and resulting climate impacts of their growing dependency on Canadian tar sands to encourage a shift to less carbon intense energy. Canadians should invest heavily in developing our strong fuel cell industry and our renewable energy industry, which could together could facilitate a North American switch away from an economy based on carbon energy to one based on hydrogen developed from renewable energy sources (such a policy is being pursued in Europe). Together these Canadian actions would be giant steps towards solving the climate change problem and serve our country economically. The acute threat that climate change is to Canada makes it time for Canada to be a leader in North America, not a timid follower.

Progressive Continentalism at work

Progressive Continentalism may be a new label but, in fact, it has been practised in some ways for a long time. There are some 20th Century examples. Canada's longest serving Prime Minister was William Lyon Mackenzie King. He presided over Canada's first big steps towards independence from Britain and he became the first Canadian, as opposed to British, citizen.

Before he became Prime Minister, King was a progressive continentalist who developed ideas in Canada that the U.S. imported, notably on progressive labour relations (though they were well short of today's standards)¹³. After King was instrumental in defusing a major labour dispute in Alberta coal mines and had developed theories of industrial relations in Canada, John D Rockefeller Jr. brought King to the U.S.A. Rockefeller needed to completely restructure his labour relations in the wake of the violent deaths of striking miners at Rockefeller owned mines in Ludlow, Colorado. King's new and gentler ideas from Canada had a transformative impact on a powerful man of enormous influence in America. Peter Horowitz and David Collier describe it in Rockefellers: An American Dynasty:

“Junior began looking for new advisors and new advice. He found two men who seemed to be in tune with the changing times and offered a way out of all the chaos around him. Ivy Lea, a southerner, and MacKenzie King, a Canadian Liberal, may have seemed strange allies for the world's richest man. Yet they had one trait in common: each in his own way was a prophet

of the new age: each had proved himself able to combine a visionary sense of progress and practical identification with the existing order of things. Each in his own way would become a midwife to the Rockefeller rebirth...’’¹⁴

The “Rockefeller rebirth” led to that family becoming a major force in progressive philanthropy around the world, including donating land in Manhattan for the creation of the United Nations after World War II. Another major U.S. institution, the Carnegie Foundation, endowed by industrialist Andrew Carnegie, would also retain King to help examine labour issues. It also funded public libraries in small centres across North America, like the old Central Library in Calgary.

As Prime Minister of Canada, King would later embrace President Franklin Roosevelt’s “Good Neighbour” policy. He also adopted Roosevelt’s “New Deal” social policies, which were much more progressive than Canadian policies at the time. Ultimately, King and Roosevelt agreed to a Joint Board of Defence for the protection of the northern hemisphere. For the first time the isolationist U.S. had pledged to protect Canada from invasion during the dark years of World War II.¹⁵

In more recent times, environmentalists from coastal British Columbia have attracted U.S. philanthropy to protect the environment from the ravages of Canada’s own old-growth-liquidating forest industry. Without it there would be very few tall trees left on Canada’s west coast. American philanthropy has now become a mainstay of our wilderness and wildlife efforts across Canada (for example, the Canmore, Alberta based Yellowstone to Yukon Conservation Initiative gets far more financial support from the U.S. than it does from Canada even though two thirds of the area it deals with is in Canada).

Many Americans have abundant wealth and a powerful impulse to make the world a better place. They love to invest in opportunity. Canadians can give it to them. Canada has attracted a lot of human and investment capital from America for business reasons; it should do so for social and environmental reasons. If a critical mass of Americans were to see Canada’s success as important to their success, they would be more likely to respect Canada’s independence.

Conclusion

Canada’s best strategy for maintaining its sovereignty and institutions is Progressive Continentalism. Such a policy of engagement and friendship that helps to strengthen the progressive element in both the U.S. and Canada (which is not to be confused with subservience to the reactionary element in the U.S.) would be an act of friendship that also brings a host of benefits. It would meet Canada’s national aspirations to be a sovereign global citizen with a robust economy. Moreover, it would help to make the world a better and safer place. It is an approach worthy of a confident people.

-
- 1 Walter Isaacson, 2003 ,Benjamin Franklin: An American Life, Simon and Schuster, New York p. 202
 - 2 Isaacson, p.200-01
 - 3 United States Energy Information Agency, country analysis briefs Canada <http://www.eia.doe.gov/>
 - 4 United States Energy information Agency, country analysis briefs, US <http://www.eia.doe.gov/>
 - 5 George W Bush, President of the united States of America, 2001, National Energy Policy
http://www.energy.gov/engine/content.do?BT_CODE=AD_AP ch 8, p8)
 - 6 USEIA, US brief
 - 7 Tony Blair, Prime Minister of the United Kingdom, Speech on Climate Change, September 14, 2004, <http://www.number-10.gov.uk/6663.asp>
 - 8 Climate Change Plan for Canada http://www.climatechange.gc.ca/plan_for_canada/plan/index.html
 - 9 Nigel Hannaford "Elections are won on trust" Calgary Herald, September 4, 2004, p A21
 - 10 Nigel Hannaford "Elections are won on trust", Calgary Herald, September 4, 2004, p A21
 - 11 Dinesh D'Souza, 2004, Hoover Institution "Islam versus the West: A clash of Civilizations", public lecture, The Aspen Institute, Aspen Colorado, August 19, 2004
 - 12 Robin Tower, July 25,2004 "Voters are Very Settled, Intense and Partisan, and its only July", New York Times
 - 13 Desmond Morris, 1997, A Short History of Canada 3ed. MacClelland & Stewart Inc, p.155
 - 14 Peter Collier and Horowitz, David, 1976 The Rockefellers; An American Dynasty, Signet, New York p. 114
 - 15 Desmond Morris, 1997, A Short History of Canada 3ed. MacClelland & Stewart Inc, p. 214 and p. 218