

## Assignment 6

A major controversy has been taking place in Alberta surrounding the Trans Mountain pipeline expansion. TransCanada is hoping to extend an existing 1150 km pipeline in Northern Ontario to triple oil flow. It is important for the company, as the Asian market is highly competitive and they will be unable to compete without the change. The pipeline is a “now or never” project, as the world is moving away from oil heading into a carbon-sensitive future. The pipeline would create tens of thousands of jobs otherwise not created over the next few years. The pipeline is also crucial to Alberta’s economy. If they cannot compete with other countries in Asia, it will mean a significant market failure for Canadian oil.

The externality involves local First Nations. These people would be hurt from the pipeline due to environmental impacts that it could incur. The first problem is projected oil spills. Over the course of 2 years between 2016-2018, 155 spills occurred and destroyed crucial spawning locations. If this happened in First Nation territory, it would not only harm the people, but also the sensitive environment there. Notably, Orcas have been restricted to this region with only 75 members still existing. A spill could bring them to extinction. The pipeline would also hinder Canada’s promise to comply to the Paris Agreement due to the new emissions it would bring.

TransCanada could attempt to relocate their pipeline elsewhere such that environmental impacts are lowered. This would be beneficial for both First Nations communities and for the sensitive environment in the proposed area. They could also implement a new environmental monitoring system to prevent spills. Lastly, they could give the First Nations an economic incentive with hopes that the externalities they incur could be mitigated.

Leavitt, Kieran. (June 2019) *The cases for and against approving the Trans Mountain pipeline expansion*. Retrieved from <[https://www.thestar.com/news/canada/2019/06/17/the-cases-for-and-against-approving-the-trans-mountain-pipeline-expansion.html?li\\_source=LI&li\\_medium=star\\_web\\_ymbii](https://www.thestar.com/news/canada/2019/06/17/the-cases-for-and-against-approving-the-trans-mountain-pipeline-expansion.html?li_source=LI&li_medium=star_web_ymbii)>. Web.