



Insight

KEYSTONE DELAY DAY 26: President Obama's Foolish Decision on Keystone XL

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The Washington Post is [reporting](#) that the State Department will formally reject the Keystone XL pipeline this afternoon. This decision is a disaster for major energy infrastructure investments, a significant blow to already strained relations in Washington, and a blatant concession to an environmental lobby desperate to claim victory against oil. Unfortunately, this empty win for the left is a kick in the teeth to American energy security and economic development. In the wake of Obama's Council on Jobs and Competitiveness [report](#) yesterday calling for increased domestic energy production, it's also hypocritical. Let's take a look at the ramifications.

1. *No job creation for America's heartland.* Keystone's job creation numbers have been a matter of [extended controversy](#) in the United States, but no reasonable groups contest that pipeline construction would require at least 6,000 skilled, American jobs. These jobs wouldn't require a penny of government "stimulus" – the pipeline would be entirely funded by private TransCanada dollars. Even labor unions, a key ally of the White House, have [pushed heavily for Keystone approval](#). The President is turning down jobs and infrastructure investment.
1. *No tar sands oil for American refineries.* Sure, this is an obvious one. It's also significant. The added oil from the Keystone XL pipeline would have fueled a boom in refining capacity along the Gulf Coast and improved our position as an [exporter of fuels](#) to the developing world. Instead, our refineries will be limited to existing supplies, with no chance of alleviating painfully upward trends in gas prices. The President is turning down meaningful growth in a key American export.
1. *China will assume a major position in North American oil.* China has been buying up stakes in Canadian oil fields in an attempt to secure future energy supplies for their growing, energy-hungry population. Until now, 99% of Canadian oil exports came to the United States in a convenient and profitable trade partnership. Without Keystone, Canada [has no choice](#) but to [ship North American oil to Asian nations](#), fueling economic growth overseas. The President is turning down a chance to compete with China.

1. *Tar sands oil will be developed anyway.* Environmental activists have been arguing that this oil is resource-intensive to develop and will increase greenhouse gas emissions and other pollution to disastrous affect. By not building Keystone XL, they contend, we can forestall environmental disaster. What they missed in their hyperbole is that oil is still driving the world, and other nations were fast on our heels to claim a stake in development. Austan Goolsbee, former Chairman of Obama's White House Council of Economic Advisers, [called these opponents "naïve."](#) The President is turning down reality to curry favor among the left.

1. *America falls behind in energy leadership.* Obama's supporters complain that the president can't catch a break, ignoring a [continuing crisis of leadership](#) on a comprehensive, sensible plan for American energy. Turning down Keystone is the most recent example of a spineless strategy to avoid major decisions in the hope that pie-in-the-sky investments in green energy will churn out a cheap solution to fuel our future. While we hope for change and decisive leadership from the White House on developing and innovating the future of American energy, the President is turning down yet another opportunity to put us on the right track.

By turning down Keystone, President Obama is saying no to American energy independence, economic growth, and jobs today. He should shoulder all responsibility for this foolish decision.