

The President announced this morning that he would not approve the Keystone pipeline project. This wasn't a huge surprise at this point of the game. Still, it's a good time to take stock of the dispute.

The fight was largely — but not entirely — symbolic. With falling oil prices, the alternative of rail transport for the tar oil has become less appealing. The oil can also be shipped via other pipelines. But those too are less appealing at the moment because the oil needs to be diluted with other chemicals for transportation, which adds to the cost. There is always the possibility that the Canadians will build new transport infrastructure, but that's less likely given recent elections at the national level and in Alberta, where the oil sands are located.

The industry isn't bullish about the oil sands at the moment, with Shell recently abandoning some of its investments. Rejecting the pipeline means that some of the oil sands may never be used, or at least, the use will be delayed. Given the high amount of carbon produced by the production of the tar oil, that's a definite plus. On the other side, the industry may lose a bit of money, and about 35,000 temporary construction jobs won't happen.

Although the practical significance of the decision is real but limited, the symbolic significance is substantial. Supporters of the pipeline didn't really care about the pipeline itself all that much — it was symbolic of the “drill, baby, drill” mentality of increasing fossil fuel production. And on the other side, the actual impact on carbon emissions was less important than the importance of oil sands as the poster child for profligate carbon emissions. So this was a big symbolic win for climate change advocates. This is a particularly important symbolic gesture for Obama heading into the Paris climate negotiations. The fact that the decision was announced on Friday — notoriously the day for slipping bad news past the public — is an indication that the real audience is probably foreign rather than American.

Two final points about the politics. The first is a reminder that elections matter. The pipeline would have been approved years ago with a Republican — any Republican — in the White House. The second is that grassroots action also matters. Without the efforts of grassroots opponents, it's also very likely that the pipeline would have slid through the approval process. I'm sure that the detailed analysis of economic and environmental impacts also made a difference. But for decisions of this significance, politics is never going to be irrelevant.