

**The effect of interest groups on poliheuristic
decision making:
the case of the Keystone XL pipeline**

by

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B.A., Simon Fraser University, 2013

Project Submitted in Partial Fulfillment of the
Requirements for the Degree of
Master of Arts

in the

Department of Political Science
Faculty of Arts and Social Sciences

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Summer 2015

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Abstract

Poliheuristic (PH) decision making theory has been developed to bridge rational choice and cognitive based theories of foreign policy decision making. PH theory asserts that decisions are made in two stages. In the first stage, decision makers act based on simplified decision strategies, or cognitive heuristics which seek to constrain the decision alternatives. In the second stage, the decision maker weighs the alternatives and selects the one which maximizes utility, according to the rational actor framework. Using the case of the Keystone XL pipeline and President Barack Obama's indecision on it, it is my aim to assess whether PH theory can explain Obama's postponement of a decision on the pipeline and how interest groups effect decision making in the first stage of PH theory. I conclude that interest groups primarily influence PH decisions by making certain alternatives politically too costly, framing issues in certain ways, and by increasing the salience of an issue to both the public and the decision maker. In addition, I find that PH theory is able to explain Obama's decision making on the Keystone XL issue.

Keywords: Poliheuristic theory; foreign policy decision making; interest groups; Keystone XL; Obama

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Introduction

For decades, foreign policy decision making scholars have been debating the degree to which decision makers act based on rational expected utility models or cognitive perceptions derived from psychology. Some have considered this debate to be critical in the field of international politics, and others consider the two schools of thought to be complementary rather than in opposition to each other.¹ At the heart of this debate is the question of whether decision makers “maximize or satisfy utility, whether they are engaged in a holistic or nonholistic search, whether they are capable of making detailed calculations or are limited to simplifying heuristics, and whether they are influenced by framing effects.”²

To help bridge the divide between the rational and cognitive schools, scholars developed a theoretical paradigm based on both rational and cognitive aspects of decision making. This theory is known as Poliheuristic Theory (PH) and it is comprised of a two stage decision making process. In the first stage, decision makers act based on simplified decision strategies, or cognitive heuristics which seek to constrain the decision alternatives. In the second stage, the decision maker weighs the alternatives and selects the one which maximizes utility, according to the rational actor framework.³

¹ Michael Brecher, “Reflections on a Life in Academe,” Paper presented at the annual meeting of the International Studies Association, Distinguish Scholars Panel (February 1995), quoted in Alex Mintz, “Foreign Policy Decisionmaking: Bridging the Gap Between the Cognitive Psychology and Rational Actor ‘Schools,’” in *Decision Making on War and Peace: The Cognitive-Rational Debate*, edited by Nehemia Geva and Alex Mintz (Boulder, CO.: Lynne Rienner, 1997), 1, 7.

² Mintz, “Foreign Policy Decisionmaking”, 1.

³ Alex Mintz and Nehemia Geva, “The Poliheuristic Theory of Foreign Policy Decisionmaking,” in *Decision Making on War and Peace: The Cognitive-Rational Debate*, edited by Nehemia Geva and Alex Mintz (Boulder, CO.: Lynne Rienner, 1997), 82; Alex Mintz, “How Do Leaders Make Decisions? A Poliheuristic Perspective,” *Journal of Conflict Resolution* 48(1) (2004), 3.

While being a relatively new theory, PH has been utilized in many different applications, explaining traditionally 'high politics' issues such as what led to decisions surrounding war and peace, issues surrounding how political advisors affect the decision making process, as well as being applicable to 'low politics' issues such as environmental policy.⁴ One area that has not been developed within the PH literature is the notion of how interest groups affect decision making within this framework. Critical questions regarding the role of interest groups are: to what extent, if any, do they influence the political evaluations of alternatives in the first stage of PH decision making; can they lead to the removal of alternatives; what are the conditions necessary for interest groups to have an effect; and by what means do interest groups achieve their effect on decisions?

This project aims to be a test of the Poliheuristic decision making model, and does not seek to compare OR engage in a broader comparison of PH theory to other decision making models. More specifically, the questions which this project seeks to address are: does PH theory explain the decision making behind the Keystone XL (KXL) pipeline and to what extent can interest groups affect PH decision making? I argue that indeed PH theory can explain the case of President Obama's decision making on the KXL pipeline and that interest groups have contributed to this effect.

The Keystone XL pipeline provides an intriguing case for assessing the effect of interest groups within a PH framework. KXL has become the longest, in duration, international pipeline regulatory approval project in the history of the United States (US). The pipeline was intended to transport oil from Alberta's oil sands to the US Gulf-Region,

⁴ Steven B. Redd and Alex Mintz, "Policy Perspectives on National Security and Foreign Policy Decision Making," *Policy Studies Journal* 41(1) (2013): S18-S20; Steven B. Redd, "The Influence of Advisers on Foreign Policy Decision Making," *Journal of Conflict Resolution* 46(3) (2002); Amy Below, "U.S. Presidential Decisions of Ozone Depletion and Climate Change: A Foreign Policy Analysis," *Foreign Policy Analysis* 4 (2008); Amy Below, "Decisions to Ratify the Kyoto Protocol: A Latin American Perspective on Poliheuristic Theory", PhD diss. University of Southern California, 2008.

where it is refined. With the project being first proposed in 2008, the delay in approval now measures six years in length.⁵

Throughout the six year process, the Canadian government has made its interests in the pipeline well known, encouraging the Obama administration rather assertively for an approval to no avail. Environmental groups have chosen the KXL pipeline to be the paramount piece in their fight against climate change.⁶ Over the years, numerous environmental review studies have been conducted, with the definitive studies being released by the US State Department in August 2011 and January 2014.⁷ Both studies concluded that the KXL pipeline would have no net effect on global greenhouse gas (GHG) emissions or global temperatures.⁸ Yet President Obama has consistently chosen to render no final decision on the Keystone XL pipeline, which when considering

⁵ Alexander Moens and Alex Bartos, *Canada's Catch-22: The State of Canada-US Relations in 2014*, (Vancouver: Fraser Institute, 2014), 12-13.

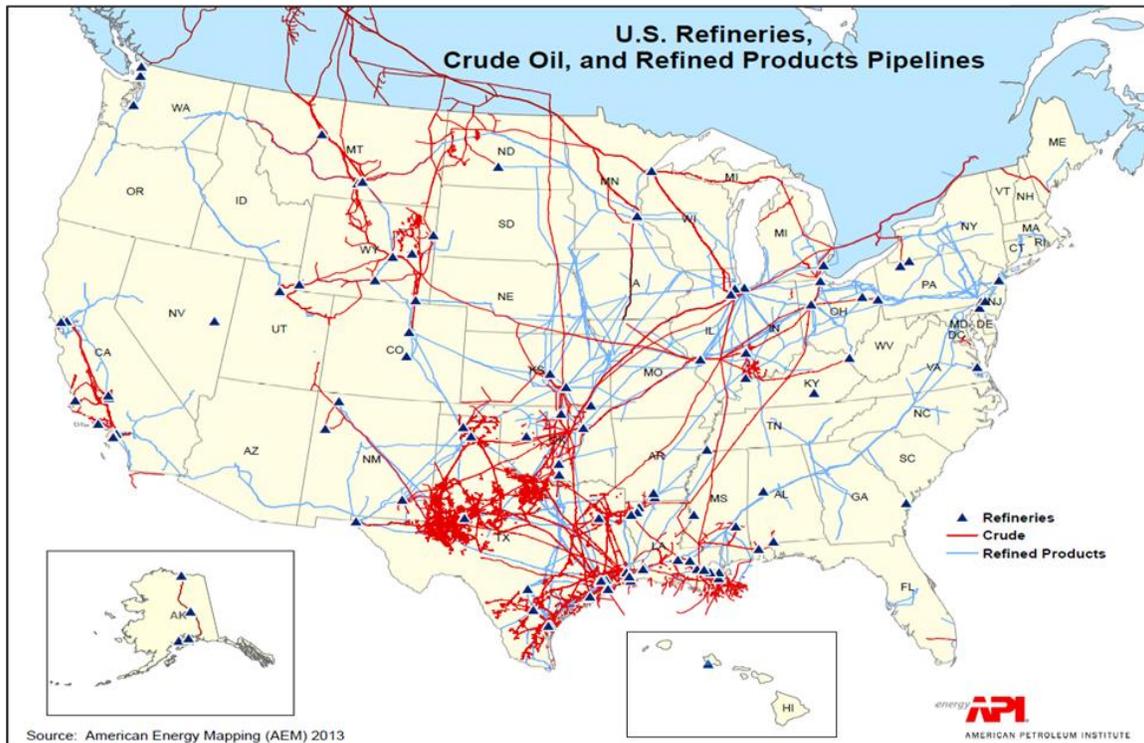
⁶ Ryan Lizza, "The President and the Pipeline: The Campaign to Make the Keystone XL the Test of Obama's Resolve on Climate Change," *The New Yorker* September 16, 2013, accessed March 3, 2015, <http://www.newyorker.com/magazine/2013/09/16/the-president-and-the-pipeline>; Juliet Eilperin and Lenny Bernstein, "Environmental groups say Obama needs to address climate change more aggressively," *The Washington Post* (January 2014)

⁷ Some have criticized these findings based on a potential conflict of interest between State Department contractors and TransCanada. The potential conflict results from contracted companies having done past work for TransCanada. However, in a statement released by one of the companies in question, the company acknowledged that it had been contracted by TransCanada in the past but ardently felt that no conflict of interest existed. The State Department said that it ensured that there were no financial or other conflict of interest breaches. Kate Sheppard, "Another Firm That Evaluated Keystone for State Department had Ties to TransCanada," *Huffington Post* (March 13, 2014), http://www.huffingtonpost.com/2014/03/13/keystone-state-department-conflict-of-interest_n_4951943.html; Jim Snyder, "Probe of Keystone Contractor Energizes Pipeline Foes," *Financial Post* (August 7, 2013), http://business.financialpost.com/2013/08/07/probe-of-keystone-contractor-energizes-pipeline-foes/?__lsa=e1cc-9358.

⁸ US State Department, *Final Supplemental Environmental Impact Statement for the Keystone XL Project*, (Washington D.C.: US State Department, 2011), <http://keystonepipeline-xl.state.gov/documents/organization/182010.pdf>; US State Department, *Final Supplemental Environmental Impact Statement for the Keystone XL Project*, (Washington D.C.: US State Department, 2014), <http://keystonepipeline-xl.state.gov/documents/organization/221135.pdf>; see also Benjamin Zycher, "The Fact-Free Opposition to Keystone XL," *American Enterprise Institute* (2014).

existing pipeline infrastructure between Canada and the United States and within the United States (see figure 1), amounts to 'just another pipeline'.⁹

Figure 1: U.S. Refineries, Crude Oil, and Refined Products Pipelines



Source: American Petroleum Institute, "U.S. Refineries, Crude Oil, and Refined Products Pipelines," accessed March 2, 2015, <http://www.api.org/~media/files/oil-and-natural-gas/pipeline/us-pipeline-map-api-website3.pdf>.

In order to examine the effect that interest groups have on the first stage of PH theory, this project will proceed as follows. The first section will be an overview of the theoretical field of foreign policy decision making, focusing on how the field evolved towards PH theory and what exactly PH theory entails. The second section will assess the applicability of PH in describing the case of KXL and the role of interest groups. The section will begin with a brief history of the pipeline and the (de)merits surrounding it, followed by a discussion of the salience of the issue to both the general public and

⁹ This language was also used by the USA Today Editorial Board. See USA Today Editorial Board, "Keystone's just another pipeline: Our view," *USA Today* (2014, November 18), <http://www.usatoday.com/story/opinion/2014/11/17/keystone-xl-oil-pipeline-house-vote-senate-editorials-debates/19198737/>, accessed December 1, 2014.

President Obama. The section will then delve into the literature on the effect of interest groups on public policy to better understand how successful interest groups pursue their activities. The subsequent subsection will identify how interest groups may be affecting the decision-making process for KXL and the paper will end with a conclusion that assesses the research questions.

Theory

The first section of this analysis will act as an overview of theoretical models of decision making within international relations and foreign policy. The section will be broken up into three subsections, loosely following the breakdown offered by Deborah Lines Anderson and David F. Anderson.¹⁰ The three sections are as follows: 1) rational choice and expected utility theory; 2) cognitive models: fully articulated alternatives to rationality; and 3) poliheuristic theory: a multi-perspective view of decision making. Each section will describe both the theoretical models and how they have been applied. The purpose of this section is to provide an overview of the history of foreign decision making theories and to discuss many of the concepts behind PH decision making.

Rational Choice and Expected Utility Theory

Rational choice theory has been the dominant theoretical underpinning of most models in international relations. It has been used at the individual, state, and system levels. It has also been employed in both realist and competing theoretical paradigms.

The classical realism of Hans J. Morgenthau and George Kennan emphasized the need for rationality in the actions of statesmen. Morgenthau writes in *Politics among Nations* that:

“To give meaning to the factual raw material of foreign policy, we must approach political reality with a kind of rational outline...In other words, we put ourselves in the position of a statesman who must meet a certain problem of foreign policy under certain circumstances, and we ask ourselves what the rational alternatives are from which a

¹⁰ Deborah Lines Anderson and David F. Anderson, *Theories of Decision Making: An Annotated Bibliography*, (Cambridge, Mass.: Alfred P. Sloan School of Management Working Paper, 1977), accessed October 6, 2014, <http://dspace.mit.edu/bitstream/handle/1721.1/49226/theoriesofdecisi00ande.pdf>.

statesman may choose who must meet this problem under these circumstances (presuming always that he acts in a rational manner), and which of these rational alternatives this particular statesman, acting under these circumstances, is likely to choose. It is the testing of this rational hypothesis against the actual facts and their consequences that gives theoretical meaning to the facts of international politics."¹¹

Morgenthau describes how the essence of international politics is to understand how decision makers acting rationally choose from a set of preferences when faced with a particular issue.

Of course acting rationally can be a difficult concept to define. Indeed, actors operating under other theoretical paradigms can still be acting rationally given certain constraints, whether those constraints are associated with a particular dimension of policy, constrained access to information and its processing, or making decisions under risk. What the above example of rational choice in international relations has demonstrated is a certain type of decision making that follows a particular method. It does not however, allude to the actual sequence of events that a rational decision maker will undertake. The method and process of rational decision making was developed after the writings of Morgenthau by scholars focusing on foreign policy decision making.¹²

Rational choice theory (RCT), put simply, is a model where decision makers seek to maximize their interests.¹³ Graham Allison and Philip Zelikow describe the four core concepts that comprise the rational choice model of decision making. The first core concept is related to the rational actor's *goals and objectives*. The decision maker translates his interests and values into measures of utility and preference.¹⁴ The second concept is the idea that policy makers are presented with *alternatives*. Alternatives are

¹¹ Hans J. Morgenthau, *Politics among Nations: The Struggle for Power and Peace*, (New York: McGraw-Hill, 1993), 4-5.

¹² It should be noted that the description of rationality from Morgenthau is more about the idea of rationality rather than being a description of the rational choice or expected utility model of decision making as used by Bueno De Mesquita.

¹³ James D. Morrow, "A Rational Choice Approach to International Conflict," in *Decision Making on War and Peace: The Cognitive-Rational Debate*, edited by Nehemia Geva and Alex Mintz (Boulder, CO.: Lynne Rienner, 1997), 12.

¹⁴ Graham Allison and Philip Zelikow, *Essence of Decision: Explaining the Cuban Missile Crisis* 2nd ed., (New York: Longman, 1999), 18.

different courses of action which a decision maker may take. The third core concept is that of estimated *consequences*. Each alternative is attached with consequences which are enacted if the policy is chosen. To bring it all together, the fourth concept of *choice* requires the decision maker to select from a set of alternatives; a choice which maximizes his utility.¹⁵ This type of decision making is compensatory, in that low scores on the valuation of an alternative's consequences, can be compensated for with higher evaluations of the alternative's other effects.¹⁶ Allison and Zelikow succinctly state that rational choice decisions are "consistent, value maximizing choice[s] within specified constraints."¹⁷

The crucial component behind RCT is the idea of rationality. Paul K. MacDonald argues that the assumption of rationality is satisfied by three conditions: purposive action, consistent preferences, and utility maximization.¹⁸ Purposive action describes a state where actors are driven by goals, not heuristics, which are mental shortcuts that people rely on in order to reduce the complexity of decision making or social phenomena.¹⁹ Consistent preferences infer that preferences are transitive, i.e. there is a dependent relationship between them. As an example if a relationship is transitive, then if you prefer A to B and B to C then you would also prefer A to C. The final assumption of rationality—utility maximization—implies that a decision maker selects the decision that maximizes their subjective view of utility.

In sum, rational choice theory assumes first that a decision maker is rational, and then evaluates how a decision maker weighs the consequences of alternatives, to select an alternative that maximizes utility.

¹⁵ *Ibid.*

¹⁶ Mintz, "How Do Leaders Make Decisions?" 3.

¹⁷ Allison and Zelikow, *Essence of Decision*, 18.

¹⁸ Paul K. MacDonald, "Useful Fiction or Miracle Maker: The Competing Epistemological Foundations of Rational Choice Theory," *American Review of Political Science* 97 (4) (2003): 552.

¹⁹ An example of a heuristic or mental shortcut given by Tversky and Kahneman is to evaluate risk of a heart attack in middle-aged people by thinking about and recalling occurrences in the people around you. This particular heuristic uses the availability of instances and judgments that a decision has previously experienced. See Amos Tversky and Daniel Kahneman, "Judgment under Uncertainty: Heuristics and Biases," *Science* 185(4157) (1974): 1124, 1127.

RCT has been well used and tested in the international relations literature, in particular by Bruce Bueno De Mesquita. The theory has consistently been used to explain instances of international conflict.²⁰ Rational choice has been utilized to explain international events based on domestic political situations.²¹ Using data gathered on the results of situations that included negotiations, capitulations, acquiescence and war, Bueno De Mesquita and Lalman found overwhelmingly that decisions were based on a desire to maximize national welfare, even decisions to go to war.²² Alex Mintz and Karl DeRouen also use a rational framework to understand why New Zealand's break from ANZUS during the Cold War was indeed rational if you consider the domestic political situation, arguing that New Zealand had presented itself as an international promoter of peace, conceivably increasing its security.²³

Anne Therese Gullberg used rational choice models to assess to what extent business and environmental groups should be lobbying the EU on climate policy, assuming that a group will lobby if the expected benefits outweigh the expected costs and a group will refrain from lobbying if the expected benefits are lower than the costs.²⁴ Gullberg concluded that environmental organizations lobby less than would be expected and business groups more than would be expected, arguing that environmental groups suffer from a lack of funds and that business groups may be taking a longer-term perspective, instead of a short term focus on a particular policy.²⁵

Overall, RCT has been a prominent force in the discipline of foreign policy decision making. It has been utilized from high politics to low; the system level of

²⁰ See Bruce Bueno De Mesquita, "An Expected Utility Theory of International Conflict," *The American Political Science Review*, 74 (4) (1980); Bruce Bueno De Mesquita, *The War Trap*, (New Haven: Yale University Press, 1981).

²¹ Bruce Bueno De Mesquita and David Lalman, *War and Reason: Domestic and International Imperatives*, (New Haven: Yale University Press, 1992): 266.

²² *Ibid.*

²³ Alex Mintz and Karl DeRouen Jr., *Understanding Foreign Policy Decision Making*, (New York: Cambridge University Press, 2010): 60.

²⁴ Anne Therese Gullberg, "Rational Lobbying and EU Climate Policy," *International Environmental Agreements* 8 (2008): 165.

²⁵ *Ibid*, 175.

international relations to the domestic world of foreign policy. Yet the theoretical paradigm is not without substantial criticism.

Cognitive Models: Alternatives to Rationality

This section explores and addresses a major critical approach developed in response to rational choice theory. While the overall list of critiques, extensions and alternatives is rather long and comprehensive, the review in this section will focus on two competing cognitive models – bounded rationality and prospect theory. In general however, one of the quintessential differences between rational and cognitive models of decision making is their focus. The classical rational choice paradigm can be thought of as focusing on the nature of the outcome. Whereas cognitive models focus on the process of how an outcome is selected.²⁶

A discussion of the critiques of rational choice theory should begin by noting that these criticisms are not implying that humans behave irrationally rather than rationally. Indeed, decision makers are usually acting quite rationally, as Herbert Simon posits “[decision makers] usually have reasons for what they do.”²⁷ Rather the critiques of rational choice theory take issue with the premise and process of utility maximizing decision making.

Simon pioneered the work into the psychological constraints decision makers face. Crucially, the bounded rationality paradigm argues that decision makers are constrained in their capabilities (i.e. the surveying and processing of information) and thus develop various procedures to make effective decisions under these circumstances.²⁸ In order to cope with the constrained capabilities, decision makers often pursue the strategy of satisficing. Satisficing implies that decision makers will stop

²⁶ Mintz and DeRouen Jr., *Understanding Foreign Policy Decision Making*, 69. See also Herbert A. Simon, “Theories of Decision-Making in Economics and Behavioral Science,” *The American Economic Review* 49 (3) (1959): 263.

²⁷ Herbert A. Simon, “Human Nature in Politics: The Dialogue of Psychology with Political Science,” *The American Political Science Review* 79 (2) (1985): 297.

²⁸ Redd and Mintz, “Policy Perspectives on National Security and Foreign Policy Decision Making,” S13.

searching for information once they have found a satisfactory alternative.²⁹ This is the alternative that is 'good enough' for the decision maker, who does not sufficiently search out all alternatives.³⁰ This alternative does not have to be an optimal one, indicating a break from the traditional rational choice theory, where decision-makers seek to maximize utility.

An extension of bounded rationality is cybernetic theory, developed by John Steinbruner, which is based on the idea that decision makers are constrained, and puts forth that decision makers will simplify complex situations in order to make them more manageable.³¹ The decision maker simplifies complex situations by ignoring the many calculations that would be necessary to determine a utility maximizing alternative.³² Instead, as Mintz and DeRouen describe, the cybernetic decision maker "filters out extraneous information and therefore is only focused on a narrow range of incoming information. With only a few options available, the cybernetic approach takes the appearance of a programmed response."³³ From the alternatives within a simplified decision, the decision maker makes a choice using simple decision rules.³⁴ The response appears to be programmed because decision makers have a repertory of operations that they can perform, responding to feedbacks from a few chosen variables. They do not assess relative utilities beforehand; rather a decision maker follows a "recipe" and reacts to feedbacks from those affected by the decision.³⁵

Another cognitive based model is known as prospect theory. Prospect theory was born out of experimental laboratory settings which found that the assumptions of RCT were often violated because people are most sensitive to gains and losses from a

²⁹ Simon, "Theories of Decision-Making in Economics and Behavioral Science," 262-263.

³⁰ Herbert A. Simon, *Models of Man: Mathematical Essays on Rational Human Behavior in a Social Setting*, (New York: John Wiley & Sons, 1957): 204-205.

³¹ John D. Steinbruner, *The Cybernetic Theory of Decision: New Dimensions of Political Analysis*, (Princeton: Princeton University Press, 1974): 51; Mintz and DeRouen, *Understanding Foreign Policy Decision Making*, 69; Charles W. Ostrom Jr. and Brian L. Job, "The President and the Political Use of Force," *The American Political Science Review* 80 (2) (1986): 544.

³² Steinbruner, *The Cybernetic Theory of Decision*, 57.

³³ Mintz and DeRouen, *Understanding Foreign Policy Decision Making*, 69.

³⁴ Ostrom and Job, "The President and the Political Use of Force," 544.

³⁵ Steinbruner, *The Cybernetic Theory of Decision*, 55.

particular reference point, rather than cumulative expected utilities. This means that a decision maker could prefer x to y or y to x depending on the point of reference that the decision maker is facing.³⁶ In general, the theory postulates that people are more risk-averse in relation to gains and more risk-acceptant in relation to losses.³⁷ As Jack Levy points out, “people tend to value what they have more than comparable things that they do not have.”³⁸ In relation to RCT, because decision makers overweigh losses to gains, the framing of certain alternatives can have a greater effect on their potential selection, in contradiction to RCT which assumes that order and method of information delivery are not crucial factors in the determination of a choice.³⁹

The decision making process as described by prospect theory is comprised of two phases: editing and evaluation. In the editing phase, the decision maker reformulates prospects to transform outcomes and simplify the evaluation of said prospects.⁴⁰ The decision maker in this phase is trying to construct what the various outcomes of prospects could be.⁴¹ It is in this phase where framing effects take place, and decision makers construct information from alternatives according to heuristics or various simplifying measures, such as the common availability heuristic, where people assess potential outcomes by thinking of events that have already taken place.⁴² In the evaluation phase, the decision maker evaluates each of the edited prospects to make a choice.⁴³

Bounded rationality and prospect theory are but two examples of cognitive models that challenged some of rational choice theory’s core principles. Both cognitive

³⁶ Jack S. Levy, “Prospect Theory and the Cognitive-Rational Debate,” in *Decision Making on War and Peace: The Cognitive-Rational Debate*, edited by Nehemia Geva and Alex Mintz (Boulder, CO.: Lynne Rienner, 1997): 34-35.

³⁷ Mintz and DeRouen, *Understanding Foreign Policy Decision Making*, 75.

³⁸ Levy, “Prospect Theory and the Cognitive-Rational Debate,” 35.

³⁹ Mintz and DeRouen, *Understanding Foreign Policy Decision Making*, 76.

⁴⁰ Daniel Kahneman and Amos Tversky, “Prospect Theory: An Analysis of Decision under Risk,” *Econometrica* 47 (2) (1979): 274.

⁴¹ Amos Tversky and Daniel Kahneman, “Advances in Prospect Theory: Cumulative Representation of Uncertainty,” *Journal of Risk and Uncertainty* 5 (1992): 299.

⁴² Tversky and Kahneman, “Judgment under Uncertainty,” 1127.

⁴³ Kahneman and Tversky, “Prospect Theory,” 275.

models presented above questioned the extent to which decision makers' act as utility maximizing surveyors of all information and alternatives.

Within cognitive models and heuristic based frameworks lay alternatives and critiques to rational choice theory originating in culture, beliefs, identity, and ideas. Decision making analyses from these frameworks seek to distance themselves from the focal point of a rational self-interested decision maker, instead acknowledging that "what actors believe may be just as important as what they want."⁴⁴

Ideas and culture have been growing as an analytical framework for both international relations and foreign policy decision making in recent decades.⁴⁵ Focusing on the latter, Deborah Welch Larsen found that an analysis of belief systems tended to explain why policy makers drew inferences about situations that could not have been formed using available information and why views harbored by decision makers of other states will only change slowly over time in response to contradictory information.⁴⁶ In addition, culture has been found to influence the decision making styles of different leaders, finding that, for example, certain cultures produce decision makers that are either more risk averse or acceptant than their peers.⁴⁷

Biases, which can be derived from culture and various ideological preferences, also contribute to the decision making process. According to Redd and Mintz, biases can include focusing on only one alternative and only accruing information that bolsters the preferred alternative of the decision maker, while ignoring information that is critical of

⁴⁴ John L. Campbell, "Ideas, Politics, and Public Policy," *Annual Review of Sociology* 28 (2002): 22.

⁴⁵ In the field of international relations see, for example, Martha Finnemore, "Norms, Culture, and World Politics: Insights from Sociology's Institutionalism," *International Organization* 50 (2) (1996): 325-347 and Alexander Wendt, *Social Theory of International Politics*, (Cambridge: Cambridge University Press, 1999). For an overview of the effect that ideas and culture can have on foreign policy decision making see Mintz and DeRouen, *Understanding Foreign Policy Decision Making*.

⁴⁶ Deborah Welch Larson, "The Role of Belief Systems and Schemas in Foreign Policy Decision-Making," *Political Psychology* 15 (1) (1994): 29.

⁴⁷ Mintz and DeRouen, *Understanding Foreign Policy Decision Making*, 144-145.

the preferred option.⁴⁸ Robert Jervis has extensively studied how biases surrounding perception and misperception are used by decision makers when selecting an alternative.⁴⁹ One common perception bias that Jervis discusses is the problem of decision makers developing their beliefs about certain countries by looking at recent international history. Jervis notes that there are three problems with this perception bias. First, there should be little reason as to why the past events that contributed to the development of beliefs should serve as the best guides to the future. Second, since the formation of the belief often occurs without “careful attention to details of causation, lessons are superficial and overgeneralized.”⁵⁰ Third, the decision maker often does not examine a number of competing historical characterizations before selecting the one which they feel provides the most insight about the current situation.⁵¹ Jervis also goes on to describe how perceptions and misperceptions are caused by attitudinal change, wishful thinking, and cognitive dissonance.⁵²

Poliheuristic Theory: A Multi-Perspective View of Decision Making

Poliheuristic (PH) theory was developed in response to the rational-cognitive debates in the foreign policy decision making literature. More specifically, it was considered to be a third perspective, adopting certain characteristics from the rational actor model and the cybernetic, bounded rationality, and prospect theory models. PH theory recognizes that, at a certain point, decision makers do utility maximize. However,

⁴⁸ Redd and Mintz, “Policy Perspectives on National Security and Foreign Policy Decision Making,” S27.

⁴⁹ Robert Jervis, *Perception and Misperception in International Politics*, (Princeton: Princeton University Press, 1976).

⁵⁰ *Ibid.*, 281.

⁵¹ *Ibid.*, 281-282.

⁵² *Ibid.*, 10.

at different stages in the decision making process, leaders can make less than optimal decisions, which tend to be better explained by the use of cognitive heuristics.⁵³

The essence of the poliheuristic theory of foreign policy decision making is that it encompasses a two-stage policy making process, with domestic politics being a central factor in generating foreign policy outcomes. Indeed, as Mintz explains, “[p]oliheuristic theory sees domestic politics as “the essence of decision”... [d]omestic political audience costs are an integral part of foreign policy decision making. Policy makers are political actors whose self-interest in political survival is paramount.”⁵⁴ Poliheurism’s sensitivity to domestic politics may make this form of decision making highly susceptible to interest group influence, something this project seeks to examine.

A key premise of this theory is that policy makers employ a variety of approaches to come to a decision, and it leaves the possibility that some decisions could be sub-optimal.⁵⁵ The first stage of PH theory involves a non-exhaustive search for alternatives. The decision maker then selects alternatives that will be carried forward to the second stage.⁵⁶ This is the stage where the potential for sub-optimal decisions are the highest. As policy makers eliminate options in the first stage, simplifying heuristics are used to select the subset of policy alternatives that will move on to the second stage.⁵⁷ However, using simplified logic and non-exhaustive searches to select alternatives can produce selections that do not maximize utility.

There are five main characteristics of PH decision making. They are 1) nonholistic; 2) dimension-based; 3) non-compensatory; 4) satisficing; and 5) order-sensitive. These characteristics describe how decisions are made in the model’s first stage. It is important to note that based on previous applications of the PH model, to

⁵³ Alex Mintz and Nehemia Geva, “The Poliheuristic Theory of Foreign Policy Decisionmaking,” in *Decision Making on War and Peace: The Cognitive-Rational Debate*, edited by Nehemia Geva and Alex Mintz (Boulder, CO.: Lynne Rienner, 1997): 81.

⁵⁴ Mintz, “How Do Leaders Make Decisions?” 7.

⁵⁵ *Ibid*, 4.

⁵⁶ Redd and Mintz, “Policy Perspectives on National Security and Foreign Policy Decision Making,” S17-S18.

⁵⁷ Mintz and Geva, “The Poliheuristic Theory of Foreign Policy Decisionmaking,” 83.

garner a successful application of the model, not all five characteristics have to be present in the decision making process.

The first characteristic is that decisions are nonholistic. This concept moves beyond bounded rationality and is closer to the ideas presented in prospect theory. Nonholistic decision making entails the use of simplifying heuristics to weigh alternatives on few dimensions, without consciously considering all possible dimensions that an alternative could impact in a holistic fashion.⁵⁸ For example, when a decision maker rejects or selects alternatives without seeking to gather all relevant information or the possibility of other alternatives, he is engaging in nonholistic decision making.

The dimension aspect of the PH model is at odds with the alternative-based reasoning present in RCT. Dimension-based decision making occurs when decision makers place differential weighting, time, and information into evaluating an alternative on particular areas of policy. If unequal importance is placed on political dimensions over all others, then a decision maker is following this principle or short cut. As an example, this characteristic would be present in a decision where the decision maker chooses to focus on and weigh alternatives based singularly how they performed on the political dimension of the decision.

Central to the first stage of PH decision making is the non-compensatory principle. Mintz describes this concept as follows:

“in a choice situation, if a certain alternative is unacceptable on a given dimension, then a high score on another dimension *cannot* compensate/counteract for it, and hence the alternative is eliminated.”⁵⁹

Thus, if a policy scores high on the military and diplomatic dimensions but low on the political dimension, those high scores cannot compensate for the low scores. The failure of a policy option to meet any of the operationalized political criteria in Table 1 (not an exhaustive list) could lead to an alternative not making it past the first stage.

⁵⁸ *Ibid*, 84-85.

⁵⁹ Alex Mintz, “The Decision to Attack Iraq: A Noncompensatory Theory of Decision Making,” *Journal of Conflict Resolution* 37 (1993): 598.

Table 1: Operationalization of Non-compensatory Principle⁶⁰

1. Threat to a leader's survival
2. Significant drop in public support for a policy
3. Significant drop in popularity
4. The prospects of electoral defeat
5. Domestic opposition
6. Threat to regime survival
7. Intraparty rivalry and competition
8. Internal or external challenge to regime
9. Potential collapse of the coalition, government, or regime
10. Threat to political power, dignity, honour, or legitimacy of a leader
11. Demonstrations, riots, and so forth
12. The existence of veto players

The fourth characteristic is derived from the bounded rationality school of thought and takes the form of satisficing. Again at odds with RCT is the idea that decision makers' satisfice rather than optimize. In turn, a decision maker will seek to find an alternative that is acceptable, not utility maximal.⁶¹ Satisficing occurs when a decision maker selects an alternative that is 'good enough' and should not be confused with compensatory decision making where low scores on one dimension can be compensated for by high scores on other dimensions. Satisficing refers to the scope of the alternative search and compensatory decision making refers to how information is processed.

The final characteristic—order-sensitive search—implies that the order in which dimensions are considered or presented can have an effect on the alternative that is

⁶⁰ The list forms a summary of how PH was used in many different cases. See Mintz, "How Do Leaders Make Decisions?" 9.

⁶¹ Mintz and Geva, "The Poliheuristic Theory of Foreign Policy Decisionmaking," 86.

selected. Indeed, experimental research has presented robust results for the effect that the presentation of information and alternatives can have, with a particular focus on how information presented first from political advisors can have considerable influence on the decision that is chosen.⁶²

It is this first stage where cognitive or heuristic factors dominate, postponing the implementation of RCT decision making. The theory differs from the traditional rational actor model by first and foremost acknowledging that political actors are self-interested individuals, and self-interest in politics is acquisition and control of office. Consequently, any policy options which jeopardize an actor's political standing will be disregarded in the first stage.

Those options that are not eliminated in stage one move forward to the second stage of decision making, where utility maximization and RCT characteristics take over in the decision making process. Decision makers in this stage of the theory, consider the information of the surviving policy alternatives and select the one which maximizes utility and minimizes risk, mirroring rational choice theory and compensatory decision making.⁶³

One of the first applications of the non-compensatory principle was Mintz's analysis of President George H.W. Bush's decision to attack Iraq. Mintz argued that the political costs associated with the alternatives of withdrawal and containment led to their elimination, leaving only one alternative: use of force. Also, the order in which information was presented to the president proved crucial in influencing the alternative that was selected.⁶⁴ Mintz suggests that had President Bush not met with Margaret Thatcher, who appears to have encouraged Bush to be 'tough' with Saddam on August

⁶² See Redd, "The Influence of Advisers on Foreign Policy Decision Making"; Eben J. Christensen and Steven B. Redd, "Bureaucrats versus the Ballot Box in Foreign Policy Decision Making: An Experimental Analysis of the Bureaucratic Politics Model and Poliheuristic Theory," *Journal of Conflict Resolution* 48 (1) (2004).

⁶³ Mintz, "How Do Leaders Make Decisions?" 4.

⁶⁴ Mintz, "The Decision to Attack Iraq," 610, 613.

2nd at the beginning of the crisis, thereby altering the order in which certain information was presented to the President, the outcome may have been different.⁶⁵

Amy Below applied PH theory to the decision making of four consecutive presidents (Reagan to Bush Jr.) on the issue of the environment. She found that domestic political factors and cognitive heuristics (individual beliefs, values, or personality) influenced each president's decision making, and in the case of George W. Bush, heavily so because Bush was unwilling to adversely affect the non-renewable energy sources that made up his political base.⁶⁶ Beginning with Reagan, Below described how he had traditionally strongly supported industry, suggesting that he would not be supportive of signing the Montreal Protocol, which was aimed at reducing ozone depletion. But when there was moderate bipartisan support, Reagan eliminated any non-signing options.⁶⁷ Similar to Reagan, George H.W. Bush was described as someone with a "penchant for big business."⁶⁸ However, Bush faced increasing pressure from Congress to enact increased environmental protections on ozone. This strong domestic pressure is what led Bush to not eliminate many policy alternatives in the first stage of decision making. On climate change, Bush faced strong critics on both sides of the political spectrum. In order to somewhat appease both sides Bush eliminated overly strong options at either end of the spectrum. Even though a strong deal on climate change would have bolstered Bush internationally, Below argues that he engaged in non-compensatory decision making because he could not compensate for negative effect that a strong treaty would have had on his domestic industrial base.⁶⁹ In terms of Clinton's efforts to make deals to address both ozone and climate change, Below notes that he made efforts to not upset his liberal environmental base with his selection of alternatives in the first round, even though Clinton faced strong opposition from Congress on any proposed deals.⁷⁰

⁶⁵ *Ibid.*, 613.

⁶⁶ Amy Below, "U.S. Presidential Decisions of Ozone Depletion and Climate Change," 13, 15-16.

⁶⁷ *Ibid.*, 14.

⁶⁸ *Ibid.*

⁶⁹ *Ibid.*, 15.

⁷⁰ *Ibid.*

PH theory has also been readily applied to authoritarian regimes. Patrick James and Enyu Zhang found that nine of fourteen Chinese foreign policy crises between 1950 and 1996, supported PH theory, a relatively impressive performance according to the authors.⁷¹ In a separate study that compared PHs application to Chinese and Turkish foreign policy crises, again the primacy of the political dimension and, in general, the application of PH theory proved to be effective.⁷² In sum, PH theory has had many successful applications to foreign policy decision making cases and has been well developed, across varying situations, in the literature.

⁷¹ Patrick James and Enyu Zhang, "Chinese Choices: A Poliheuristic Analysis of Foreign Policy Crises, 1950-1996," *Foreign Policy Analysis* 1 (1) (2005): 46.

⁷² Nukhet A. Sandal, Enyu Zhang, Carolyn C. James and Patrick James, "Poliheuristic Theory and Crisis Decision Making: A Comparative Analysis of Turkey with China," *Canadian Journal of Political Science* 44 (1) (2011): 46.

Interest Groups and Poliheuristic Decision Making

As a relatively new theory, certain aspects of PH remain underdeveloped. One such area is the role of interest groups. In particular, it remains unclear the extent to which exogenous stimuli—such as interest groups—are able to effect calculations along the political dimension, that in turn could render certain alternatives to be discarded in stage one of the decision making process. This section analyzes the interaction between poliheurism and interest groups using the case of the Keystone XL pipeline and President Obama. Before analyzing this relationship, two critical conditions, as outlined by Kai Oppermann, must be met in order to ensure that PH decision making is applicable to this case. Oppermann’s research demonstrated that for PH theory to be robust in its application, the particular issue, in this case the Keystone XL pipeline, must be salient to both the general public and the decision maker, with policy salience being described as “the relative importance and significance that an actor ascribed to a given issue.”⁷³ Below, a history of Keystone XL will be articulated and the salience of the issue to both the public and President Obama will be evaluated.

Keystone XL

The Keystone XL pipeline has arguably been one of the most contentious projects in the history of American energy infrastructure. The pipeline has gone six years without a definitive approval or rejection, all during a time period which saw almost an

⁷³ Oppermann, “Delineating the Scope Conditions of the Poliheuristic Theory of Foreign Policy Decision Making,” 26.

additional 10,000 miles of crude oil pipeline added to the US system.⁷⁴ In addition, before the end of 2015, Keystone XL's approval process will have been ongoing for more than 2,500 days, in stark contrast to the average approval length of 500 to 600 days.⁷⁵

TransCanada, the company seeking to construct the pipeline, initially submitted its application to the US Department of State to construct the Keystone XL pipeline on September 19^h, 2008. The pipeline would measure 875 miles in length and deliver up to 830,000 barrels of oil per day from Canada's oil sands and the Bakken shale formation in the United States to Nebraska, where it is further transported to the gulf coast region and then refined. For context, it is worth noting that a large amount of Canadian oil is already moved to the US through pipeline networks. When only considering the three major pipeline systems moving oil from Canada to the US—Spectra Express, TransCanada Keystone, and Enbridge Mainline—they have a current combined capacity of 3,371,000 barrels per day, or 280,000, 591,000, and 2,500,000 barrel per day, respectively.⁷⁶ Keystone XL would only amount to a 25 percent increase in capacity from major cross-border pipelines.

Keystone XL is the last phase of a pipeline system that includes another pipeline that crosses the Canadian-American border. If the Keystone XL pipeline is completed the system will be capable of transporting a total of 1.4 million barrels of crude oil per day to hubs and refineries in the US Midwest and Gulf Coast. The Keystone pipeline, which also crosses the border and was the first pipeline to be constructed in the system,

⁷⁴ Pipeline and Hazardous Materials Safety Administration, "Annual Report Mileage for Hazardous Liquid or Carbon Dioxide Systems," *U.S. Department of Transportation*, last updated December 1, 2014, <http://www.phmsa.dot.gov/portal/site/PHMSA/menuitem.6f23687cf7b00b0f22e4c6962d9c8789/?vgnnextoid=d731f5448a359310VgnVCM1000001ecb7898RCRD&vgnnextchannel=3430fb649a2dc110VgnVCM1000009ed07898RCRD&vgnnextfmt=print>.

⁷⁵ Todd Weiler, "With veto, it's time for the NAFTA option," *The Globe and Mail* (March 2, 2015), accessed March 3, 2015, <http://www.theglobeandmail.com/globe-debate/time-for-keystones-nafta-option/article23232598/>.

⁷⁶ There are also a number of smaller pipelines that cross the Canada-US border. National Energy Board, *Canadian Pipeline Transportation System: Energy Market Assessment*, (Calgary: National Energy Board, 2014), <http://www.neb-one.gc.ca/nrg/ntgrtd/trnsprtt/2014/2014trnsprttsssmnt-eng.pdf>

and was activated in 2010, is currently delivering 591,000 barrels per day from Canada to the United States.⁷⁷

The issue surrounding the pipeline has been the presidential approval, necessary for all proposed petroleum pipelines crossing international borders. To construct a cross border pipeline, a proposed project must receive a presidential approval as per Executive Order 13337, which designates the Secretary of State to be the receiver of all applications.⁷⁸ The State Department subsequently must decide if a project is in the “national interest”, and this determination generally takes place after the consideration of environmental impacts.⁷⁹

The first iteration of the Keystone XL regulatory approval process (just over three years) was less contentious than the second period (see figure 1 below). The State Department released its first *Final Supplemental Environmental Impact Statement* (SEIS) on August 26, 2011 and found that “the pipeline will have limited adverse environmental impacts during construction and operation.”⁸⁰ In November 2011, the State Department announced that they needed some additional time to evaluate an alternative route for the pipeline that would avoid the sensitive Sand Hills region aquifer located in north-central Nebraska. However, Congress pushed forward in late December and passed the Temporary Payroll Tax Cut Continuation Act which required the president to render a decision on the EIS within 60 days, prompting President Obama to

⁷⁷ TransCanada, “Keystone Projects Overview,” accessed March 2, 2015, <http://keystone-xl.com/wp-content/uploads/2014/10/Keystone-overview-booklet-canada.pdf>

⁷⁸ Presidential Documents, “Executive Order 13337 of April 30, 2004: Issuance of Permits With Respect to Certain Energy-Related Facilities and Land Transportation Crossings on the International Boundaries of the United States,” *Federal Register* 69, no.87 (May 5, 2004): 25299, <http://www.gpo.gov/fdsys/pkg/FR-2004-05-05/pdf/04-10378.pdf>.

⁷⁹ Paul W. Parfomak, Linda Luther, Richard K. Lattanzio, Jonathan L. Ramseur, Adam Vann, Robert Pirog, and Ian F. Fergusson, *Keystone XL Pipeline: Overview and Recent Developments*, (Washington D.C.: Congressional Research Service, 2015): 4-5.

⁸⁰ Energy & Commerce Committee, “State Department Finds Keystone Pipeline will Have Limited Environmental Impacts; Upton Presses White House to Make Final Decision to Create Jobs,” *United States House of Representatives*, August 26, 2011, <http://energycommerce.house.gov/press-release/state-department-finds-keystone-pipeline-will-have-limited-environmental-impacts>.

reject the pipeline and ask TransCanada to resubmit to the State Department on January 18, 2012.⁸¹

The second period of Keystone XL's history has followed a similar path to the first period. At the end of January 2014, the State Department released its updated SEIS, finding a similar conclusion that the pipeline would be safe and will have limited impact on GHGs and the environment because "the approval or denial of any one crude oil transport project, including the proposed Project, is unlikely to significantly impact the rate of extraction in the oil sands or the continued demand for heavy oil at refineries in the United States."⁸² The pipeline would be further delayed indefinitely on April 18, 2014 by the State Department, citing the ongoing litigation in the Nebraska Supreme Court over the pipeline.⁸³ In early 2015, this situation was resolved when the Nebraska Supreme Court did not achieve the support of five of seven judges needed to declare a law unconstitutional.⁸⁴

After the 2014 midterm election, Congress, now in a lame-duck session, began the process of passing a bill to approve the construction of the pipeline. Initially passing in the House of Representatives, the Senate bill sponsored by Mary Landrieu (D-LA), who was facing a run-off vote in the energy producing state of Louisiana, failed to get a filibuster proof 60 votes, only receiving 59. While the bill failed, comments made by the US president resulted in a public disagreement between Obama and TransCanada CEO Russ Girling. In the anticipation of the congressional bill, Obama made the statement that Americans need to "[u]nderstand what this project is: It is providing the ability of

⁸¹ Juliet Eilperin and Steven Mufson, "Obama administration rejects Keystone XL pipeline," *The Washington Post* (2012, January 18), accessed December 1, 2014, http://www.washingtonpost.com/national/health-science/obama-administration-to-reject-keystone-pipeline/2012/01/18/gIQApuPF8P_story.html.

⁸² US State Department, *Final Supplemental Environmental Impact Statement for the Keystone XL Project*, ES-15-ES-16.

⁸³ US State Department, "Keystone XL Pipeline Project Review Process: Provision of More Time for Submission of Agency Views," April 18, 2014, <http://www.state.gov/r/pa/prs/ps/2014/04/224982.htm>.

⁸⁴ Andrew M. Harris, Rebecca Penty, and Jim Snyder, "Nebraska Supreme Court Oks Keystone Pipeline Path," *Bloomberg* (Jan 9, 2015), accessed March 3, 2015, <http://www.bloomberg.com/politics/articles/2015-01-09/keystone-pipeline-nebraska-path-is-cleared-by-state-high-court>.

Canada to pump their oil, send it through our land down to the Gulf where it will be sold everywhere else.”⁸⁵ Mr. Girling was prompted to correct Obama, and note that many of the Gulf coast refineries intend to refine the Canadian oil sands.⁸⁶ The public disagreement is an example of the often inflammatory and emotional rhetoric surrounding the pipeline. Prime Minister Harper has also used this type of rhetoric, having once referred to the project as a “no brainer.”⁸⁷

In early 2015, the newly elected Republicans entered Congress, granting Republicans a majority in the House and Senate. With the majority, Congressional Republicans were able to gain enough support to develop a filibuster-proof bill that was passed and sent to the President for approval. On February 24, 2015, President Obama vetoed the bill on the grounds that Republicans were trying to circumvent a process that is part of the Executive Branch’s mandate, and maintained that he is still keeping an open mind to the pipeline.⁸⁸

As of the completion of this project the issue continues to be unresolved and it remains to be seen what the future of the pipeline will be.

The Impact of Keystone XL

The purpose of the Presidential Review and the Final SEIS goes beyond simply addressing the effect of the pipeline on the environment alone, rather the document also

⁸⁵ Jim Snyder, “Obama disputes claims that Keystone XL pipeline will add jobs and cut gasoline prices in the U.S.,” *Financial Post* (2014, November 18), http://business.financialpost.com/2014/11/14/obama-disputes-claims-that-keystone-xl-pipeline-will-add-jobs-and-cut-gasoline-prices-in-the-u-s/?__lsa=3fd2-8bd5.

⁸⁶ Russ Girling, “Russ Girling comments on the debate and vote on U.S. Senate bill 2280,” *TransCanada*, <http://keystone-xl.com/russ-girling-comments-on-the-debate-and-vote-on-u-s-senate-bill-2280/>.

⁸⁷ Paul Koring and Shawn McCarthy, “Obama vows to veto Republican’s Keystone XL grab as showdown looms,” *Business News Network* (January 7, 2015), accessed March 3, 2015, <http://www.bnn.ca/News/2015/1/7/Obama-vows-to-veto-Republicans-Keystone-XL-grab-as-showdown-looms.aspx>

⁸⁸ Angela Greiling Keane, “Obama vetoes Keystone XL bill, but White House says pipeline’s approval still ‘possible’,” *Financial Post*, (February 24, 2015), accessed March 3, 2015, http://business.financialpost.com/2015/02/24/obama-to-veto-keystone-xl-approval-bill-tuesday-in-blow-to-pipelines-prospects/?__lsa=e1cc-9358.

addresses socioeconomic and cultural factors, representing a broader assessment of the national interest. According to the State Department some of the factors which are weighed include energy security, environmental impacts, economic impacts, and foreign policy.⁸⁹

Energy security is a term that is increasingly becoming relevant in public policy. The meaning of the term however can take many different forms. In the opening remarks of a 2008 US Senate hearing on energy security, former Senator Joseph Lieberman touched on many of the themes of energy security, including prices, dependence on foreign sources of oil, and dependence on oil itself.⁹⁰ Energy expert Daniel Yergin describes energy security as having ten fundamentals including developing infrastructure and supply chains; robust and flexible markets.⁹¹ The Keystone XL pipeline can be expected to be beneficial on many of these dimensions. The pipeline could be expected to displace some of the oil currently being refined in the Gulf region from states such as Venezuela, while also providing a secure supply from a stable country. While there is a period of low prices currently, the IEA's recent *World Energy Outlook* predicts growing demand for both oil and oil from Canada's oil sands in the future, and provides caution that rising geopolitical tensions could lead to future supply shortages and price spikes.⁹² These future trends make it all the more necessary to secure a long term, stable supply of oil to the US, something Keystone XL would help to do.

The environmental impact of the pipeline has been perhaps the most controversial dimension surrounding the approval process, and President Obama has

⁸⁹ US State Department, *Final Supplemental Environmental Impact Statement for the Keystone XL Project*, ES-1.

⁹⁰ *Energy Security: An American Imperative: Hearing before the Committee on Homeland Security and Governmental Affairs United States Senate, July 22, 2008*, 110 Cong. (2008) (opening statement of Joseph Lieberman, Committee Chairman), <http://www.gpo.gov/fdsys/pkg/CHRG-110shrg44578/html/CHRG-110shrg44578.htm>.

⁹¹ *Hearing on "Foreign Policy and National Security Implications of Oil Dependence" Committee on Foreign Affairs US House of Representatives, March 22, 2007*, 110 Cong (2007) ("The Fundamentals of Energy Security", testimony by Daniel Yergin, Chairman, Cambridge Energy Research Associates), <http://democrats.foreignaffairs.house.gov/110/yer032207.htm>

⁹² International Energy Agency, *World Energy Outlook 2014*, (Paris: OECD/IEA, 2014).

put forth that he would not approve the pipeline if it significantly exacerbated carbon pollution.⁹³ The State Department's SEIS concluded that the Keystone XL pipeline would not significantly affect GHGs because the oil is likely to still be produced and either sold to other markets or transported to the US by rail, which has indeed been the recent case.⁹⁴ However, the results from the State Department have proved controversial. An article in *Nature Climate Change* argued that the construction of the pipeline would lead to lower prices⁹⁵, thereby increasing demand. The conclusion was that the State Department's estimates were a fourfold underestimate of the emissions from the pipeline.⁹⁶ As economist Jack Mintz has pointed out, this analysis of KXL's emissions impact is flawed, because it does not consider how in the absence of Keystone XL higher prices will incentivize production in other regions and the authors underestimate the power of transportation alternatives to handle new oil sands supplies.⁹⁷

The EPA in a February 2015 response to the State Department's SEIS outlined its concerns with the analysis and pipeline in general.⁹⁸ The EPA's criticism of the

⁹³ Carl Ek and Ian F. Fergusson, *Canada-US Relations*, (Washington D.C.: Congressional Research Service, 2014): 58.

⁹⁴ US State Department, *Final Supplemental Environmental Impact Statement for the Keystone XL Project*, ES-15-ES16; Joseph Kane, Robert Puentes, and Adie Tomer, "Keystone XL or Not: How Does America Move Oil Now?" *Brookings Institution*, last modified December 3, 2014, <http://www.brookings.edu/blogs/the-avenue/posts/2014/12/03-keystone-xl-america-oil-kane-puentes-tomer>.

⁹⁵ It should be noted that what is being referred to here is the global price of oil, based on a WTI or Brent crude benchmark. However, the presence of the pipeline might also lead to higher prices for Canadian oil which is often sold based on the benchmark Western Canadian Select (WCS) price. Compared to a similar Mexican heavy crude oil blend, Maya, WCS currently sells at a discounted rate. According to Natural Resource Canada, two reasons for the discounted selling price are insufficient pipeline capacity and a shortage of rail cars, and delays in the construction of Keystone XL. The lower prices are caused by a growing amount of supply that cannot make its way to refineries because of inadequate infrastructure. See Natural Resources Canada, "Fuel Focus, November 29, 2013," *Natural Resources Canada*, <http://www.nrcan.gc.ca/energy/fuel-prices/gasoline-reports/13854>.

⁹⁶ Peter Erickson and Michael Lazarus, "Impact of the Keystone XL Pipeline on Global Oil Markets and Greenhouse Gas Emissions," *Nature Climate Change* (2014): 1.

⁹⁷ Jack M. Mintz, "How Keystone, other oil projects suffer from fossilized economics," *Financial Post* (2014, August 14), <http://business.financialpost.com/2014/08/14/jack-m-mintz-how-keystone-other-oil-projects-suffer-from-fossilized-economics/>.

⁹⁸ Cynthia Giles, "Letter to Amos Hochstein and Judith G. Garber," *Environmental Protection Agency*, February 2, 2015, accessed June 22, 2015. Note that after initially accessing this letter through the EPA on the date provided, it appears to no longer be available. A copy of the letter has been scanned and is included in the appendix.

pipeline focused on two issues: the larger lifecycle GHG emissions from the heavy oil in the Canadian oil sands and that the current low oil price scenario may change some of the economics of Canada's oil sands. However, the EPA analysis appears to be flawed.

Comparing oil sands GHG life cycle emissions to those of other oil types is somewhat misleading. The refineries in the US Gulf of Mexico that will be refining the oil transported by Keystone XL are optimized to refine heavy oil and the oil from Keystone XL will likely substitute for other heavy oils produced in Venezuela, Mexico and Saudi Arabia. When compared to the lifecycle emissions from other heavy oil sources, Canada's oil sands are well within these emission ranges and actually emit fewer GHGs than some of the other heavy oils that could be displaced by Keystone XL.⁹⁹ This position by the EPA also ignores the analysis by the State Department that Keystone XL could actually decrease emissions if the same amount of oil is to be transported by other methods by between 27.8 and 41.8 percent.¹⁰⁰

The second point made by the EPA is that the current low oil price environment could impact the current and future production of the oil sands. This argument by the EPA is in contradiction to many different forecasts of future oil sands production growth. For example, the International Energy Agency (IEA) expects that over the next 25 years oils sands production growth will be more than three million barrels per day, while the Canadian Association of Petroleum Producers in their latest market outlook project that Canadian oil production will increase by over one million barrels a day between 2015 and 2030.¹⁰¹ In addition, rail has also become a more prominent shipper of oil to the United States and is projected to ship 200,000 barrels per day in 2015, rising to 600,000

⁹⁹ Government of Canada, "Oil Sands: GHG Emissions," *Government of Canada*, accessed July 15, 2015, https://www.nrcan.gc.ca/sites/www.nrcan.gc.ca/files/energy/pdf/eneene/pubpub/pdf/os2015/14-0698-Oil-Sands-GHG-Emissions_us_access_eng.pdf.

¹⁰⁰ US State Department, *Final Supplemental Environmental Impact Statement for the Keystone XL Project*, 5.3-5

¹⁰¹ Yadullah Hussain, "New emissions from Canada's oil sands 'extremely low,' says IEA's chief economist," *Financial Post*, November 27, 2015, accessed July 15, 2015, <http://business.financialpost.com/news/energy/new-emissions-from-canadas-oil-sands-extremely-low-says-ieas-chief-economist>; Canadian Association of Petroleum Producers, *Crude Oil: Forecast, Markets & Transportation, June 2015*, (Calgary: Canadian Association of Petroleum Producers, 2015): 3.

barrels per day by 2018. As rail capacity increases its economics will improve, reducing the cost differential between rail and pipelines.¹⁰² In contrast to the EPA's analysis, it is clear that even under low cost conditions increased production of Canada's oil sand will continue into the future, and could perhaps even be spurred on by declining geopolitical conditions.

In the end the absence of KXL and higher transportation costs likely makes only marginal projects unaffordable. When considering the environmental safety of the project, one must also take into account that the two other primary methods of transporting oil sands oil, truck and rail, are much more likely to be involved in accidents, raising the risk of spills.¹⁰³

The position that the Canadian oil sands will continue to be developed and likely be transported by rail argument has recently been bolstered by a report from respected energy consulting firm IHS. The report concluded that even at the current significant reductions in oil prices, Canadian oil sands production will continue to grow and exports will move to the US Gulf Coast. Without the Keystone XL pipeline most of the increased production is expected to be carried to refineries by rail.¹⁰⁴ Indeed, recent data from the US Energy Information Agency (EIA) shows that annual exports of oil by rail from Canada to the US have increased from 42,000 barrels in 2010 to 42 million barrels in 2014.¹⁰⁵ The IHS report also found that the crude oil that travels to the Gulf Coast will likely be refined there and about 70 percent will be consumed domestically in the United States, with only 30 percent being exported. This is in contrast to the remarks of President Obama that the pipeline will just be used to export Canadian oil.¹⁰⁶

¹⁰² CAPP, *Crude Oil*, 32-33.

¹⁰³ Diana Furchtgott-Roth and Kenneth P. Green, *Intermodal Safety in the Transport of Oil*, (Vancouver: Fraser Institute, 2013): 14-15.

¹⁰⁴ Aaron Brady, *North America's Heavy Crude Future: Western Canadian Access, The US Refining System, and Offshore Supply*, (Englewood, CO: IHS Energy, 2015): 4, http://www.eenews.net/assets/2015/02/23/document_pm_02.pdf

¹⁰⁵ Energy Information Agency (EIA), "Movements of Crude Oil by Rail," *U.S. Energy Information Agency*, last modified April 29, 2015, accessed May 12, 2015, http://www.eia.gov/dnav/pet/pet_move_railNA_a_EPC0_RAIL_mbb1_a.htm.

¹⁰⁶ Brady, *North America's Heavy Crude Future*, 4.

The State Department SEIS also estimated the potential economic benefits, coming to favorable conclusions. The estimates concluded that the construction of the pipeline would support approximately 42,000 jobs (direct, indirect, and induced)¹⁰⁷, \$2 billion in earnings throughout the US, a contribution of \$3.4 billion to US GDP (0.02 percent), and the counties along the pipeline would see significant gains in property tax revenues, amounting to an increase of 10 percent or more in 17 of the 27 counties with project facilities.¹⁰⁸

While the diplomatic dimension often appears to be lost in the United States, as Keystone XL has turned into a domestic political issue, it remains a significant irritant for Canada-US relations. Canada has lobbied aggressively for the pipeline in Washington D.C., but these cries for approval have largely gone unanswered. An approval of the pipeline would go a long way to helping to restore the “special” relationship. Overall, as Michael Levi of the Council on Foreign Relations pointed out, KXL’s impact on the climate and the economy will be small.¹⁰⁹ However, the consequences of a decision, or lack thereof, will likely have a greater impact on Canada-US relations, as some are already suggesting that TransCanada launch a NAFTA challenge for unfair treatment.¹¹⁰

We can use the above summary of the effects of the pipeline along the dimensions used by the State Department to determine whether the pipeline is in the national interest to assess a potential decision based on a rational choice framework. A

¹⁰⁷ This number is not without controversy. An analysis from Cornell University’s Global Labor Institute projected that KXL will generate between 2,500-4,650 jobs, while a Canadian Energy Research Institute report conversely found that the implementing KXL could contribute to growing US employment by 99,000 jobs by 2035. See Cornell Global Labor Institute, *Pipe Dreams? Jobs Gained, Jobs Lost by the Construction of Keystone XL*, (Ithaca: Cornell University Global Labor Institute, 2011), accessed July 15, 2015, https://www.ilr.cornell.edu/sites/ilr.cornell.edu/files/GLI_keystoneXL_Reportpdf.pdf; Afshin Honarvar, Dinara Millington, Jon Rozhon, Thorn Walden, and Carlos A. Murillo, *Economic Impacts of Staged Development of Oil Sands Projects in Alberta (2010-2035)*, (Calgary: Canadian Energy Research Institute, 2011), accessed July 15, 2015, http://www.ceri.ca/images/stories/2011-08-24_CERI_Study_125_Section_1.pdf.

¹⁰⁸ US State Department, *Final Supplemental Environmental Impact Statement for the Keystone XL Project*, ES-19.

¹⁰⁹ Michael Levi, “What Low Oil Prices Mean for the Keystone XL Pipeline,” *Council on Foreign Relations*, accessed January 8, 2015, <http://blogs.cfr.org/levi/2015/01/07/what-low-oil-prices-mean-for-the-keystone-xl-pipeline/>.

¹¹⁰ Weiler, “With veto, it’s time for the NAFTA option.”

decision from the approach of rational choice would see the decision maker weigh the costs and benefits of alternatives to select an option that would maximize utility. This type of decision making is compensatory, in that a low score on one part of an alternative can be compensated for by high scores on other parts.

The above analysis considered four critical aspects of the decision whether or not to allow the approval of the pipeline. In the area of energy security, the pipeline appears to be a net benefit. KXL would provide the US with greater security of supply amongst growing geopolitical strife, and into the future when oil use is expected to continually grow. Likewise, approval of the pipeline would be a net benefit for Canadian-American relations, as this issue has been a persistent irritant.

While there has been contention over the number of jobs that will be created by the pipeline, economically the pipeline does appear to be a net benefit, even if a small one. The pipeline will create temporary construction jobs, as is the case with all infrastructure projects, as well as long term jobs resulting from the operation of the pipeline and associated spinoffs in the oil industry. The pipeline will also provide benefits for the counties along the pipeline in the form of increased tax revenues.

For the environmental aspect, determining whether the pipeline would be a net cost or benefit is more difficult. If it is recognized that the oil will likely be extracted and be moved to Gulf refineries whether or not the pipeline is built, then the pipeline would likely be a positive, as pipelines are both safer and more efficient. However, some have argued in opposition to the State Department that the presence of the pipeline would add additional CO₂ to the atmosphere. In preparation for Congressional testimony, climate scientist Paul Knappenberger assessed what the warming effect would be of the extra emissions that groups such as the EPA have asserted would result from the pipeline, using a business-as-usual feature emissions scenario. The results were that the extra CO₂ that *may* come as a result of the pipeline would lead to about 0.00001°C of annual

warming, or 1/100,000 of a degree.¹¹¹ While this number is extraordinarily small, it is still a warming impact. Indeed, regarding increased CO₂ emissions, the State Department in their SEIS found that depending on the scenario (only rail, rail/pipeline, rail/tanker); alternatives could lead to increases in CO₂ emissions of between 27.8 percent and 41.8 percent.¹¹² With there being potential environmental benefits and costs it is hard to completely discern which would have a greater impact, and thus the pipeline is viewed to be neutral towards its impacts on the environment.

Overall, when weighing the costs and benefits using a rational choice model, it appears that a 'yes' decision would be utility maximizing. The absence of the 'yes' decision identified by a rational choice framework lends credence to the need for decision making models that go beyond RCT. Thus, below, this analysis will use a PH model of decision making to assess the present outcome of a non-decision on the Keystone XL pipeline.

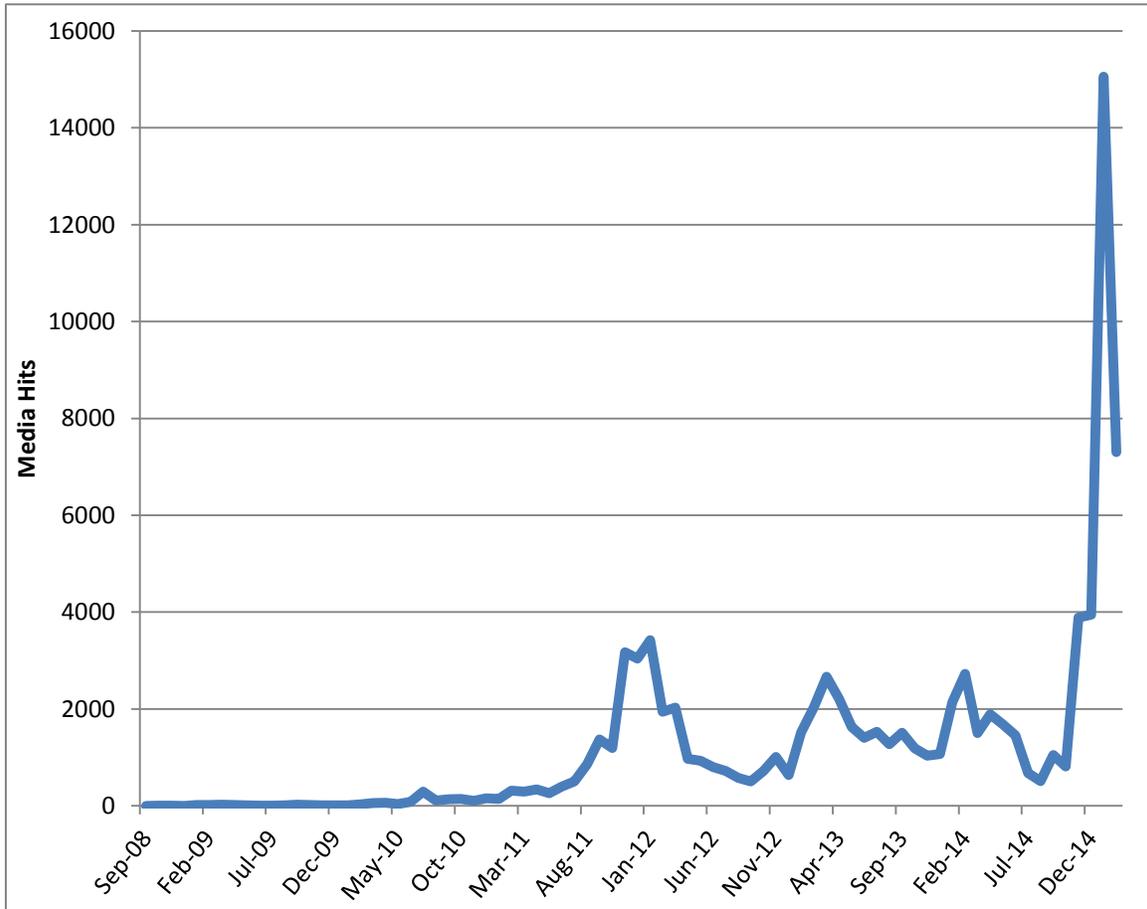
The Public and the Pipeline

Determining the salience of the issue to the general public is a necessary condition when attempting to apply PH theory to a foreign policy decision. For almost two years the prospective project remained relatively unknown to the public, only attracting local media attention (see graph 1).

¹¹¹ *Keystone XL Pipeline: Examining Scientific and Environmental Issues: Hearing before the Subcommittee on Environment, Joint with the Subcommittee on Energy, and Committee on Science, Space, and Technology*, 113 Cong (2013) (Testimony by Paul Knappenberger, Assistant Director, Center for the Study of Science, Cato Institute), <http://www.gpo.gov/fdsys/pkg/CHRG-113hhrg81190/pdf/CHRG-113hhrg81190.pdf>.

¹¹² US State Department, *Final Supplemental Environmental Impact Statement for the Keystone XL Project Chapter 5.3 Comparison of Alternatives*, (Washington D.C.: US State Department, 2014), 5.3-5, <http://keystonepipeline-xl.state.gov/documents/organization/221196.pdf>.

Figure 2: Number of Media Hits for Phrase “Keystone XL”, September 2008-February 2015



One way to determine the relative salience of an issue to the public is to look at the level of media coverage of an issue.¹¹³ The Dow Jones Factiva database was used to assess the number of media hits¹¹⁴ for the search term “Keystone XL”. The initial peak in coverage reached 3,423 media hits in the month of January 2012 coinciding with President Obama’s formal rejection of the pipeline and his asking of TransCanada to re-apply. TransCanada would reapply for a permit to the State Department in May of 2012.

¹¹³ Oppermann used a similar method to determine the relative salience of issues to the British population in previous work. See Oppermann, “Delineating the Scope Conditions of the Poliheuristic Theory of Foreign Policy Decision Making,” 34.

¹¹⁴ Includes newspapers, television, and radio mentions.

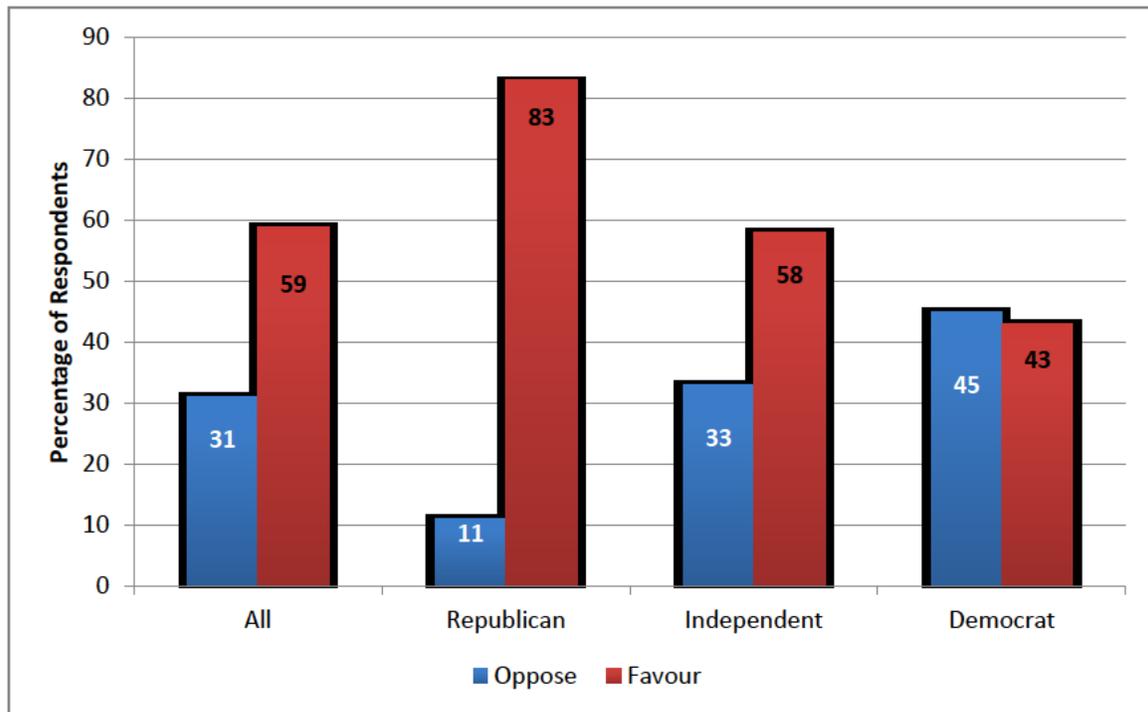
Between May 2012 and November 2014, the issue of the pipeline's approval has remained rather constant in terms of public salience. While moving up and down in coverage, the lowest number of media hits during this period came in September 2012 with only 502 mentions. Three distinct peaks in reportage stand out over this period. The first occurs in March 2013, when Exxon's Pegasus pipeline experiences a major spill in the area of Mayflower, Arkansas; the second peak occurs with the release of the State Department's favorable environmental assessment; and the greatest saturation of coverage came in January 2015 (15,057 media hits), when the issue of approval was propelled to national coverage, with the election of a Republican controlled Congress who made the pipeline a central issue. Overall, between TransCanada's second submission to the State Department in May 2012 to February 2015, the monthly median value for media hits was 1430.

To put this into perspective, in the first two months of 2015, "Keystone XL" garnered 22,362 media mentions, "Stephen Harper" was only mentioned 21,280 times, "ISIS" received 70,874, and "Obama" received 340,619 media mentions. When considering the extent to which the issue of approving the Keystone XL pipeline is salient to the general public, the above analysis demonstrates that this is indeed the case after identifying the large amount of media coverage on this issue, particularly during the second iteration of Keystone XL from May 2012 to the present.

Additionally, as seen in graph 2, recent public opinion data on the pipeline is also illuminating. Overall, 59 percent of Americans support the approval of the project, while only 31 percent oppose it. When the data is broken into political affiliation (Republican, Independent, and Democrat), most Americans in those categories still are in favour of the pipeline, although a slight majority of democrats (driven by those who consider themselves liberal democrats) are opposed to the pipeline. As shown in graph 3, support appears to be declining amongst Independents and Democrats, as support from both political affiliations has diminished over the last two years. This data demonstrates that the majority of the American public supports the pipeline project, making it all the more

curious why the pipeline has not received approval, and adding further evidence of the need for an alternative explanation.¹¹⁵

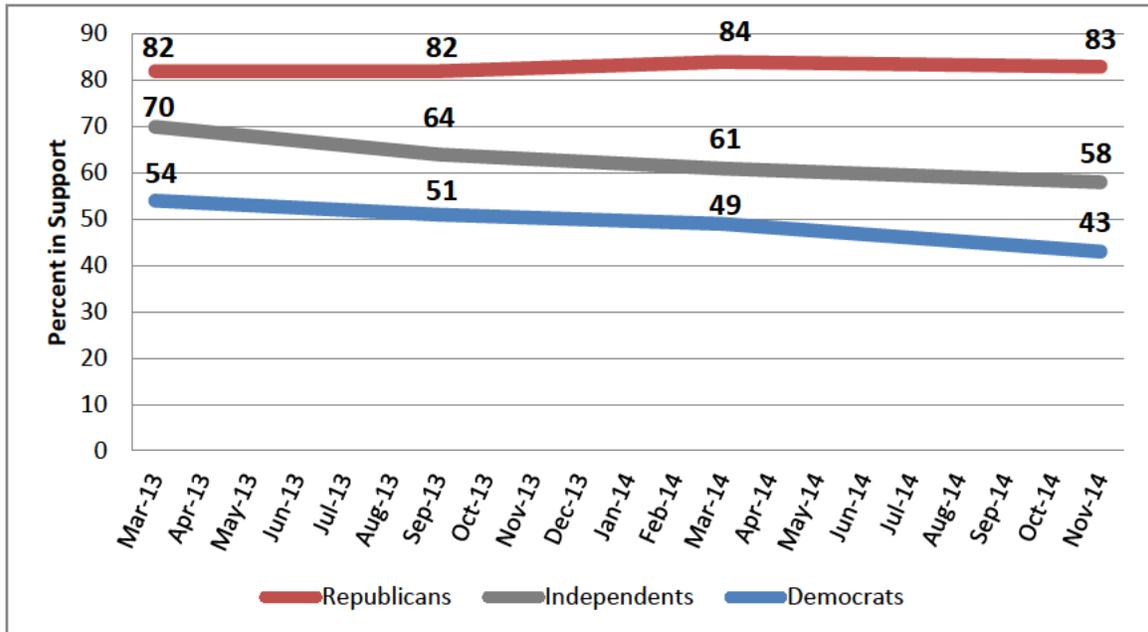
Figure 3: Support for Keystone XL by Political Affiliation, November 2014



Source: Pew Research Center, “Little Enthusiasm, Familiar Divisions after the GOP’s Big Midterm Victory,” last modified November 12, 2014, <http://www.people-press.org/files/2014/11/11-12-14-Post-election-release.pdf>.

¹¹⁵ Pew Research Center, “Little Enthusiasm, Familiar Divisions after the GOP’s Big Midterm Victory,” November 12, 2014, <http://www.people-press.org/files/2014/11/11-12-14-Post-election-release.pdf>.

Figure 4: Trend in Support for Keystone XL Pipeline, March 2013 - November 2014



Source: Pew Research Center, "Little Enthusiasm, Familiar Divisions after the GOP's Big Midterm Victory," last modified November 12, 2014, <http://www.people-press.org/files/2014/11/11-12-14-Post-election-release.pdf>.

President Obama, the Environment, and Keystone XL

To effectively examine PH theory, consideration first needs to be given towards the relationship between President Obama, the environment, and the Keystone XL pipeline. For interest groups to have an effect on a president, the president must be susceptible and sympathetic to their causes. It is unlikely that environmental interests groups would have been able to exert pressure on President George W. Bush, were he the president who had to make the decision on the approval of Keystone XL. Indeed, in Below's application of PH theory to presidential decision making on ozone and climate change, she noted that President Bush's "affinity for the energy industry" led to the ruling out of certain policy alternatives.¹¹⁶ To make a clear case for the link between interest

¹¹⁶ Below, "U.S. Presidential Decisions of Ozone Depletion and Climate Change: A Foreign Policy Analysis," 15.

group pressure and political calculations, a decision maker must be shown to have a susceptibility to the interest group's particular interest.

To determine a president's attitude towards the environment, Below used a typology that placed presidents into three categories: leader, laggard, and postponer. Leaders are considered to be those that take environmentally proactive stances on policy issues. Laggards fall in between leaders and postponers, neither facilitating nor impeding environmental policies, but tending to opt for weaker policies. Finally, postponers are those who chose not to make policy decisions, or do so at a very late stage.¹¹⁷ This methodology will be applied to cases of President Obama's environmental policy to determine where his policies stand in regard to their "environmentalness."¹¹⁸

Eight cases will be used to determine Obama's overall stance on the environment (see Table 2). When Obama first came into office his rhetoric on the environment presented a drastic shift from that of his successor. Obama's first presidential memorandum was dedicated to "highlighting the dangers of climate change, warning that 'no single issue is as fundamental to our future as energy'."¹¹⁹ Obama was immediately seen as a leader in the realm of environmental politics with his executive orders which were aimed at reducing the emissions from automobiles.¹²⁰

Obama's stance on environmental issues would continue through his response to the 2008 financial crisis: the American Reinvestment and Recovery Act (ARRA). The President sought the creation of "green jobs", which include installing insulation in houses, installing solar panels, and the building of windmills and mass transit lines.¹²¹ Along with the creation of "green jobs", the Obama administration also used the ARRA to provide government assistance in the development and proliferation of green

¹¹⁷ *Ibid.*, 13.

¹¹⁸ *Ibid.*

¹¹⁹ Elizabeth Bomber and Betsy Super, "The 2008 Presidential Election: Obama and the Environment," *Environmental Politics* 18(3) (2009), 427.

¹²⁰ *Ibid.*

¹²¹ John C. Berg, "Environmental Policy: The Success and Failure of the Obama Presidency," in *The Obama Presidency: Promise and Performance*, edited by William Crotty (Lanham, MD.: Lexington Books, 2012), 89.

technologies. In total the ARRA earmarked \$70 billion for clean energy investments and an additional \$9 billion for advanced research projects.¹²² With the initial estimate of the ARRA being \$787 billion, environmental measures roughly take up 10 percent of the bill.¹²³

Another area where Obama acted as a leader on the environment was on proposing cap-and-trade legislation. While campaigning during his initial bid for presidency, Obama made the promise that “[I] will set a hard cap on all carbon emissions at a level that scientists say is necessary to curb global warming - an 80% reduction by 2050.”¹²⁴ In his first budget, Obama proposed a cap-and-trade regulatory system. Rep. Henry Waxman (D-CA) introduced a bill into the House—H.R.2454—American Clean Energy and Security Act of 2009—that would have established a cap-and-trade system in the US. The bill passed in the House with 219 yeas (211 Democrats and 8 Republicans) to 212 nays (44 Democrats and 168 Republicans), but it was not able to gain enough bipartisan support in the Senate, eventually falling by the wayside.¹²⁵ Any future hope from the President of passing climate change policies was significantly diminished after the Republicans gained control of the House following the 2010 midterm elections, and the subsequent gaining of the Senate after the 2014 midterms. Since gaining control of the house, the Republicans have consistently thwarted Obama’s climate change policy proposals, voting against his environmental policies.¹²⁶ Beyond further demonstrating Obama’s willingness to be a leader on climate change initiatives, the case of cap-and-trade also exemplifies the difficulty Obama faces from Congress.

¹²² Kent D. Shifferd, “In the Land of the Blind: Evaluating Obama’s Environmental Record,” in *Grading the 44th President: A Report Card on Barack Obama’s First Term as a Progressive Leader*, edited by Luigi Esposito and Laura L. Finley (Santa Barbara, CA.: Praeger, 2012), 104.

¹²³ Congressional Budget Office, “Estimated Impact of the American Recovery and Reinvestment Act on Employment and Economic Output from October 2011 Through December 2011,” (February 2012), from <http://www.cbo.gov/sites/default/files/cbofiles/attachments/02-22-ARRA.pdf>.

¹²⁴ Politifact, “Promises about the Environment on Obameter,” *Tampa Bay Times*, <http://www.politifact.com/truth-o-meter/promises/obameter/subjects/environment/>.

¹²⁵ *American Clean Energy and Security Act of 2009*, HR 2454, 111th Cong., <https://www.congress.gov/bill/111th-congress/house-bill/2454>

¹²⁶ George C. Edwards III, *Overreach: Leadership in the Obama Presidency*, (Princeton: Princeton University Press, 2012), 160-166.

Facing significant challenges in passing environmental laws through Congress, Obama has shifted to the use of executive agencies to implement his policies. One notable example is the recent plan by the Environmental Protection Agency (EPA) to reduce carbon emissions from power plants. The new regulations, instituted under the Clean Air Act, seek to reduce CO₂ emissions from the power sector (in particular for coal plants) to 30 percent below CO₂ emission levels in 2005.¹²⁷ These measures should be viewed as another example of the Obama administration acting as a 'leader' on the environment as set out by Below.

In terms of international environmental agreements, President Obama has been less of a leader, until recently. The President understood that he would not be able to get a ratification of an extension to the Kyoto Protocol through Congress. Instead, Obama pursued an international understanding on green-house gas (GHG) emissions through the Copenhagen Accord. However, Obama's presence at the conference appeared to be half-hearted, as he only arrived at the conference on the final day. In the end, the Copenhagen Accord yields no tangible outcomes. Rather, the agreement was more of an understanding on GHG emissions¹²⁸ between major countries than a concrete policy formulation aimed at combating climate change.¹²⁹

Obama became a leader on international climate change agreements with the recent US-China Joint Announcement on Climate Change, cementing Obama's status as a leader on climate change. The US committed to a reduction in emissions of 26-28 percent below 2005 levels by 2030; while China intends to peak its emissions by 2030 and increase its share of non-fossil fuels primary energy consumption to 20 percent by

¹²⁷ Environmental Protection Agency, Proposed Rule, "Carbon Pollution Emission Guidelines for Existing Stationary Sources: Electric Utility Generating Units," *Federal Register* 79, no.117 (June 18, 2014): 34832, <http://www.gpo.gov/fdsys/pkg/FR-2014-06-18/pdf/2014-13726.pdf>.

¹²⁸ The understanding was that countries committed to making meaningful GHG emission reductions. Specifically, the accord sought to limit the increase in average global temperature to 2 degrees Celsius. However, there was no timeframe established, it did not contain specific targets for certain countries and a schedule for the negotiation of a binding treaty was not agreed upon.

¹²⁹ Berg, "Environmental Policy," 91-92.

2030.¹³⁰ This announcement represents the first time that the world's two largest GHG emitters have agreed on a framework for reducing GHGs. Further adding to the determination that Obama was a leader on this particular policy is that the agreement is more binding on the US, as the US has to begin reductions immediately while China has until 2030 until it must begin to reduce its GHGs.

The final case in the attempt to determine Obama's stance on environmental issues also identifies the salience of the pipeline itself. Environmental groups have taken a strong anti-KXL stance, coalescing around the idea of blocking the pipeline. To such groups, this regulatory approval project has become the central focus of their fight against climate change, and these groups have continued to pressure the president for a rejection.¹³¹ On this subject Obama has certainly taken on the role of a postponer, and this view likely holds for both those for and against the pipeline because he has yet to make a final definitive decision.

It took three years for the President to deny the initial application of the pipeline project, which was attributed to Congressional Republicans for having forced a deadline as to when a decision had to be rendered.¹³² Since the 2012 re-approval by TransCanada, commentators have been trying to predict when a decision would come from the president.¹³³ By early 2015 there has yet to be a final decision on the pipeline, even after the release of the State Department SEIS stating that the KXL pipeline would have no net effect climate change. The President continues to take no clear stance on

¹³⁰ Office of the Press Secretary, "U.S.-China Joint Announcement on Climate Change," *The White House* (2014, November 11), <http://www.whitehouse.gov/the-press-office/2014/11/11/us-china-joint-announcement-climate-change>.

¹³¹ Lizza, "The President and the Pipeline"; Laura Barron-Lopez, "5 things greens still want from Obama," *The Hill* (2014, November 29), <http://thehill.com/policy/energy-environment/225469-5-things-greens-still-want-from-obama>.

¹³² Barack Obama, "Statement by the President on the Keystone XL Pipeline," *White House*, <http://www.whitehouse.gov/the-press-office/2012/01/18/statement-president-keystone-xl-pipeline>.

¹³³ Claudia Cattaneo, "Keystone XL pipeline project primed for Obama's approval, ambassador says," *Financial Post* (2014, January 30), http://business.financialpost.com/2014/01/30/keystone-xl-pipeline-project-primed-for-obamas-approval-ambassador-says/?__lsa=c264-de53; Jeffery Simpson, "Keystone a green light? Not so fast," *The Globe and Mail* (2014, February 5), <http://www.theglobeandmail.com/globe-debate/keystone-a-green-light-not-so-fast/article16705074/>.

the pipeline and continues to postpone the final decision, even though this was the clear criteria he set as to determining whether the pipeline is in the national interest.¹³⁴

At the G20 in November of 2014, Obama further downplayed a decision on the Keystone XL pipeline by deferring to a consultation process currently being undertaken by the State Department. President Obama went on to add that “one major determinant of whether we should approve a pipeline shipping Canadian oil to world markets, not to the United States, is does it contribute to the greenhouse gases that are causing climate change.”¹³⁵ And in early 2015, the President vetoed a Congressional bill that would have allowed for the construction of the pipeline, citing procedure and said that he was still open to allowing the project to move forward. The persistence of this issue/irritant is indicative of its salience to the president, simply based on the fact that it is a consistent contentious issue that he is required to address.

¹³⁴ Jeff Mason, “Analysis: Politics, legacy loom over Obama decision on Keystone XL pipeline,” *Reuters* (January 27, 2014), <http://www.reuters.com/article/2014/01/27/us-usa-obama-keystone-analysis-idUSBREA0Q08F20140127>.

¹³⁵ Office of the Press Secretary, “Remarks by President Obama at G20 Press Conference,” *The White House* (2014, November 16), <http://www.whitehouse.gov/the-press-office/2014/11/16/remarks-president-obama-g20-press-conference-november-16-2014>.

Table 2: Summary of President Obama's Decision Making Behaviour

		Policy Behaviour		
President	Case Study	Leader	Laggard	Postponer
Obama	Auto Regulations	X		
	"Green Jobs"	X		
	Green Technology	X		
	Cap-and-Trade	X		
	Coal Plant Regulations	X		
	Copenhagen Accord		X	
	China/US Climate Deal	X		
	Keystone XL			X

What the evidence above allows us to conclude is that Obama is undoubtedly, using Below's language, a leader on environmental issues, making him both likely to be sensitive to environmental interests and that Keystone XL has been a salient issue to him.

Interest Groups

Poliheuristic theory is a decision making model that has offered compelling insights into how concerns over certain policy dimensions can affect decisions. One particular example is that of domestic politics. Under RCT a low score on the domestic politics dimension could be compensated for with higher scores on other dimensions of a given choice. PH theory suggests however, that decision making can be non-compensatory at the start or early point in a decision, where a low score on the domestic politics dimension can lead to the removal of a given alternative from consideration. What remains absent from applications of PH theory are analyses of how an exogenous stimulus, such as an interest group, affects decisions under this model.

The continued delay in approving Keystone XL presents an intriguing case. As briefly examined above, KXL appears to be a net benefit to the United States on many dimensions and has the broad support of the public, including majority support from Republicans and Independents, only slight disapproval from Democrats¹³⁶, as well as benefits to the economy and diplomatic relations, all the while having little to no (if one considers the alternatives) effect on the environment. Evaluations of the pipeline point to a utility maximizing choice of “yes”, yet the pipeline continues to languish without a final decision.

When using PH theory the question then turns to how decision making in the first stage sheds light on the absence of RCT. The connection between interest groups and PH theory resides in this stage, where prospective alternatives are assessed to determine their viability in moving onto the second stage of decision making. If interest groups can have an effect on PH decision making and subsequently Obama’s decision making on Keystone XL, then they will be able to make certain alternatives unacceptable, thereby causing them to be disregarded.

It is necessary to first understand how interest groups affect public policy. Scholars have developed many different models and theories in an attempt to ascertain this effect. An early definition of an interest group was a “privately organized aggregation which attempts to influence public policy.”¹³⁷ More recently, however, Anthony J. Nownes defines interest groups as “any non-party organization that engages in political activity.”¹³⁸ There are three key components to this definition: non-party, organization, and political activity. To be considered an interest group, an entity must not be an explicit wing of a party, it must be organized, and it must subsequently engage in political activity to attempt to sway policy towards its interests or beliefs.

¹³⁶ Only progressive democrats have a majority unfavorable opinion on the pipeline.

¹³⁷ Alfred de Grazia, “Nature and Prospects of Political Interest Groups,” *Annals of the American Academy of Political and Social Science* 319 (1958): 114.

¹³⁸ Anthony J. Nownes, *Interest Groups in American Politics: Pressure and Power* 2nd ed., (New York: Routledge, 2013), 4; see also Heath Brown, *Lobbying the New President: Interests in Transition*, (New York: Routledge, 2012), 19.

Donald Abelson presents three different theoretical approaches that can be used to examine how interest groups and lobbies influence public policy. The first approach looks at lobbies from the perspective of a pluralistic environment. Policy decisions are considered to reflect the outcome of group competition. Lobbies act as competitors vying to convince policy makers of the merits of their issue. Two assumptions remain crucial to this view. The first is that the American political system embraces the ideas of a plethora of interests and that they have the freedom and opportunity to express their views. And the second is that the government remains impartial allowing these groups to compete. However, this is a somewhat implausible approach, as governments are likely to assign a greater weight to opinions of certain groups over others.¹³⁹

The second of Abelson's models—elite theorists—view lobbies as having disproportionate access to key members in government, allowing them to extract concessions that may not benefit the broader public. Elite groups will donate millions of dollars to congressional and presidential candidates in order to help elect or re-elect individuals sympathetic to their causes. Scholars working from this viewpoint try to assess how the preferences of contributors translate into policies.¹⁴⁰ As an example, Abelson cites Stephen Krasner who described how American copper companies with operations in Chile pressured President Nixon into preventing the Chilean president from nationalizing the copper industry.¹⁴¹ Central to this theoretical approach is the idea that preferential access is effective at influencing policy. As is demonstrated below, access

¹³⁹ Donald E. Abelson, "Theoretical Models and Approaches to Understanding the Role of Lobbies and Think Tanks in US Foreign Policy," in *Policy Expertise in Contemporary Democracies*, ed. Stephen Brooks, Dorota Stasiak and Tomasz Zyro (Burlington, VT.: Ashgate, 2012): 16-17.

¹⁴⁰ *Ibid*, 17-18.

¹⁴¹ Stephen Krasner, *Defending the National Interest: Raw Materials Investments and U.S. Foreign Policy*, (Princeton: Princeton University Press, 1978) quoted in Donald E. Abelson, "Theoretical Models and Approaches to Understanding the Role of Lobbies and Think Tanks in US Foreign Policy," in *Policy Expertise in Contemporary Democracies*, ed. Stephen Brooks, Dorota Stasiak and Tomasz Zyro (Burlington, VT.: Ashgate, 2012): 18.

and associated campaign contributions have had demonstrated influences over policy decisions.¹⁴²

The holistic third approach as per Abelson looks at lobbies from the inside out. Theorists using this conceptual approach would seek to understand the networks lobbies have built up between bureaucrats, members of congress, journalists, and the greater public. Scholars focusing on the holistic approach also look at how lobbies adjust to changing policy climates; changing their strategies and orientations to continue to exert influence over policy.¹⁴³

Interest groups will employ a variety of different strategies to try and influence policy. Two commonly used methods include campaign donations and lobbying. When using campaign donations, interest groups either directly, or indirectly through Political Action Committees (PACs), contribute funds to an individual's campaign, in the hopes that it will get the candidate elected and influence future vote choices. The theoretical literature on interest groups identifies this type of behaviour as the exchange model of interest group politics. Formally, this model is described as the "process in which organized interests buy or bid on policies by providing resources to policymakers in exchange for favourable policy decisions."¹⁴⁴

Mark J. Rozell, Clyde Wilcox, and Michael M. Franz describe interest group behaviour as fitting into two theoretical strategies: an electoral strategy and an access/lobbying strategy. The electoral strategy attempts to influence the number of policy-makers who subscribe to the groups views. Often this is done by either offering an endorsement to a candidate or by attempting to shame certain candidates. The access pattern of behaviour most often occurs when interests seek to gain access to

¹⁴² Lawrence R. Jacobs and Benjamin I. Page posit that access allows certain elites to be more effective at influencing policy because they are able to articulate their points to policy makers more rapidly. See Lawrence R. Jacobs and Benjamin I. Page, "Who Influences U.S. Foreign Policy?," *American Political Science Review* 99 (1) (2005): 112.

¹⁴³ Abelson, "Theoretical Models and Approaches to Understanding the Role of Lobbies and Think Tanks in US Foreign Policy," 19-20.

¹⁴⁴ Ken Godwin, Scott H. Ainsworth and Erik Godwin, *Lobbying and Policy Making: The Public Pursuit of Private Interests*, (Thousand Oaks, CA.: CQ Press, 2013), 229.

policymakers through the use of campaign contributions or the hosting of fundraising dinners.¹⁴⁵

It should be noted that these models are not necessarily competing against each other. Indeed, most special interests employ multiple types of behaviour in trying to achieve their desired policy outcomes. When they are applied on their own, the models remain relatively unreliable at capturing the totality of interest group influence.¹⁴⁶ In order to understand the true influence that interest groups have on affecting policy outcomes, an analysis likely needs to consider many of the different tactics groups use.

While understanding how interest groups seek to influence a policy decision is crucial, how relatively successful they are at affecting public policy remains unanswered. One of the most measurable ways by which interest groups are considered to influence policy is through the use of campaign contributions. In particular this is because of the access to policy-makers that money buys, rather than money directly buying votes.¹⁴⁷ Indeed, a field experiment conducted by Joshua L. Kalla and David E. Broockman found that senior policy makers were made available to campaign contributors three to five times more often than to non-campaign contributors.¹⁴⁸ Kalla and Broockman describe this relationship as a contractual agreement, where “donors give to legislators with the understanding that legislators will grant them access or support for particular policies in exchange.”¹⁴⁹

¹⁴⁵ Mark J. Rozell, Clyde Wilcox, and Michael M. Franz, *Interest Groups in American Campaigns: The New Face of Electioneering* 3rd ed., (New York: Oxford University Press, 2012): 24-25.

¹⁴⁶ Godwin, Ainsworth and, Godwin, *Lobbying and Policy Making*, 39.

¹⁴⁷ Nownes, *Interest Groups in American Politics*, 243; Jan Potters and Randolph Sloof, “Interest Groups: A Survey of Empirical Models that Try to Assess Their Influence,” *European Journal of Political Economy* 12 (1996): 433; Joshua L. Kalla and David E. Broockman, “Congressional Officials Grant Access to Individuals Because They Have Contributed to Campaigns: A Randomized Field Experiment,” *American Journal of Political Science* (forthcoming), accessed March 17, 2015, https://www.ocf.berkeley.edu/~broockma/kalla_broockman_donor_access_field_experiment.pdf.

¹⁴⁸ Kalla and Broockman, “Congressional Officials Grant Access to Individuals Because They Have Contributed to Campaigns”, 19.

¹⁴⁹ *Ibid.*, 3; Richard L. Hall, Matthew Beckmann, and Robert van Houweling, “Lobbying Without Buying or Lying,” (paper presented at the annual meeting for the Midwest Political Science Association, Chicago IL., April 2 -5, 2009).

Additionally, Stephen G. Bronars and John R. Lott have demonstrated that there is a positive correlation between campaign contributions and voting behaviour.¹⁵⁰ Clayton D. Peoples comes to similar conclusions, finding that contributions do indeed sway voting behaviours. The analysis by Peoples also adds that the influence of contributions is much greater on low-visibility bills than it is on high-visibility bills.¹⁵¹ Gary C. Jacobson found that both incumbents and challengers gained support over time, in direct proportion to their level of spending. The marginal returns on spending were also found to be greater for challengers.¹⁵²

While not always in the form of direct contributions to campaigns, interest groups can attempt to influence elections in many ways. “Outside spending” refers to the spending made by groups independent of a candidate’s committee, often in the form of independent advertisements that do not necessarily express an endorsement or rejection of candidates, but rather they convey such sentiment via certain issues.¹⁵³ A recent study found that television advertisements have strong but short-lived effects, indicating the need for a constant stream of ads.¹⁵⁴ It has also been noted that the effectiveness of advertisements could be understated, as even a minor, statistically undetectable effect could provide enough of an advantage for a candidate to win a tight race.¹⁵⁵

¹⁵⁰ Stephen G. Bronars and John R. Lott, Jr., “Do Campaign Donations Alter How a Politician Votes? Or, Do Donors Support Candidates Who Value the Same Things That They Do?”, *Journal of Law and Economics* 40 (1997), 347.

¹⁵¹ Clayton D. Peoples, “Campaign Finance and Policymaking: PACs, Campaign Contributions, and Interest Group Influence in Congress,” *Sociological Compass* 7(11) (2013), 909.

¹⁵² Gary C. Jacobson, “Campaign Spending Effects in U.S. Senate Elections: Evidence from the National Annenberg Election Survey,” *Electoral Studies* 25 (2006): 220-221.

¹⁵³ Center for Responsive Politics, “Outside Spending,” <https://www.opensecrets.org/outsidespending/>; David B. Magleby, “Interest-Group Election Ads,” in *Outside Money: Soft Money and Issue Advocacy in the 1998 Congressional Elections* ed. David B. Magleby (Lanham, MD.: Rowman & Littlefield, 2000): 57.

¹⁵⁴ Alan S. Gerber, James G. Gimpel, Donald P. Green, and Daron R. Shaw, “How Large and Long-lasting Are the Persuasive Effects of Televised Campaign Ads? Results from a Randomized Field Experiment,” *American Political Science Review* 105 (1) (2011): 135.

¹⁵⁵ Richard R. Lau, Lee Sigelman, Caroline Heldman, and Paul Babbitt, “The Effects of Negative Political Advertisements: A Meta-Analytic Assessment,” *American Political Science Review* 93 (4) (1999): 856.

Research specifically on environmental groups and political contributions has found that, while environmental organizations typically make smaller contributions compared to their opponents, the effectiveness of ‘green money’ is often higher than other types of contributions, leading to the conclusion by Frank Grundig that environmental groups should give more consideration to campaign contributions in order to influence policy.¹⁵⁶ Similarly, Mary Riddel found that when analyzing senatorial elections during the 1996 and 1998 election cycles, donations from environmental groups had 300 times the impact of general campaign funds, suggesting that the “eco-labeling” environmental groups placed on candidates improved their chances of taking office. Riddel does note, however, that while candidates were electorally awarded by being “greener”, those who took extreme stances on the environment were ultimately penalized.¹⁵⁷

Analyzing the effects of interest groups on executive decisions, Jeffery E. Cohen noted the effect that interest groups can have on the presidential opinions of their followers. Cohen writes that “[p]residents ... are held accountable for the policy direction that they steer as well as whether their chosen policies work well or not. In selecting policies to pursue, presidents thus have to consider not only how well the policy works, but who will be receptive to differing policy approaches.”¹⁵⁸ Research by Jan Potters and Randolph Sloof found that such effects will be greater for larger sized groups and that in general, regardless of the specific method of influence, larger groups tend to be more successful.¹⁵⁹

Abelson, using the case of Ontario’s opposition to the North American Free Trade Agreement (NAFTA), examined the effect that the Canadian Environmental Law Association (CELA), which was given privileged access to the Ontario government, had

¹⁵⁶ Frank Grundig, “Political Strategy and Climate Policy: A Rational Choice Perspective,” *Environmental Politics* 18(5) (2009): 760.

¹⁵⁷ Mary Riddel, “Candidate Eco-labeling and Senate Campaign Contributions,” *Journal of Environmental Economics and Management* 45 (2003): 193.

¹⁵⁸ Jeffrey E. Cohen, “Interest Groups and Presidential Approval,” *Presidential Studies Quarterly* 42(3) (2012), 452.

¹⁵⁹ Jan Potters and Randolph Sloof, “Interest Groups: A Survey of Empirical Models that Try to Assess Their Influence,” *European Journal of Political Economy* 12 (1996): 433.

on its policy stance. This analysis focused on the effect of access, rather than the traditional focus on campaign finance. In the end, Abelson concludes that the close relationship between CELA and the Ontario government demonstrates why CELA was able to influence the position of the Ontario government during the NAFTA debates. Although Abelson is cautious about his conclusion, it is clear that CELA did have some effect on the government's decision making.¹⁶⁰ Focusing on international agreements, a study by Tobias Böhmelt and Carola Betzold found that when environmental non-governmental organizations (ENGOS) were able to attain greater access to international environmental negotiations, greater depths of commitment from states were achieved. The depth of commitment was also bolstered by higher numbers of ENGOS participating in the attempt to influence policy.¹⁶¹

Another component of lobbying is issue framing. Typically, issue framing as discussed in international relations and foreign policy focuses on how decision makers present their policies to the general populace. Decision makers will try to present a situation in a certain way, often by focusing on emotion in order to elicit a favourable response. The goal of framing is to make your policies look good and your opponents look bad or to perhaps bring attention to an issue which has received little.¹⁶²

Interest groups attempt to frame information, so as to garner attention and favourable responses from policy makers. It is their intention to place issues on the agenda, where decision makers are forced to engage on the particular issue.¹⁶³ Research focusing on issue framing and environmental groups has shown that these types of groups are quite effective at achieving influence through this method of

¹⁶⁰ Donald E. Abelson, "Environmental Lobbying and Political Posturing: The Role of Environmental Groups in Ontario's Debate over NAFTA," *Canadian Public Administration* 38, 3 (1995): 352-381.

¹⁶¹ Tobias Böhmelt and Carola Betzold, "The Impact of Environmental Interest Groups in International Negotiations: Do ENGOS Induce Stronger Environmental Commitments," *International Environmental Agreements* 13 (2013): 142-143.

¹⁶² Mintz and DeRouen, *Understanding Foreign Policy Decision Making*, 149-150.

¹⁶³ Walter A. Rosenbaum, *Environmental Politics and Policy*, 9th ed., (Thousand Oaks, CA.: CQ Press, 2014): 39.

influence.¹⁶⁴ Sheldon Kamieniecki attributes putting the environment on the agenda in both the United States and Europe to the mobilization of environmental groups.¹⁶⁵ The bulk of this success rests on being able to mobilize people and increase the relative salience of environmental issues.

On interest groups in general, we can conclude that the dominant methods whereby groups seek to influence public policy are:

- Campaign contributions
- Lobbying, access, and issue framing
- Coalitions with other interests
- Have the public on their side
- Large volumes of activity

If environmental interests have significantly contributed to the formation of Obama's political opinions regarding Keystone XL, they will have done so through a combination of these approaches.

Environmental Interests and Keystone XL

In order to make a determination of the effect environmental interest groups have had on the Obama administration's Keystone XL policy, multiple methods of interest group influence will be examined, with particular attention being given to campaign contributions and lobbying, access, and issue framing. The focus will be on these

¹⁶⁴ Robert J. Duffy, "Organized Interests and Environmental Policy," in *The Oxford Handbook of U.S. Environmental Policy*, ed. Sheldon Kamieniecki and Michael E. Kraft (New York; Oxford University Press, 2013): 518.

¹⁶⁵ Sheldon Kamieniecki, "Political Mobilization, Agenda Building and International Environmental Policy," *Journal of International Affairs* 44(2) (1991): 342-343.

strategies used to influence policy because they are the most commonly used and environmental interest groups have had some successes with them in the past.¹⁶⁶

Environmental interest groups have a proven track record of success in their ability to influence public policy. For example, while only comprising 4.1 percent of all interest groups, environmental interests' account for 8.3 percent of the testimony before Congress, 6.3 percent of agency rule mentions, and 19.5 percent of court document mentions.¹⁶⁷ Environmental interests appear to have been relatively successful in terms of their effect on public policy in the past, the question still remains however, whether such groups have had an effect on the political calculations surrounding Keystone XL.

Campaign Contributions

Campaign contributions are a critical avenue used by interest groups to attain their goals. As discussed above, there is some evidence that contributions and spending do have an effect on vote choice, but perhaps the greatest effect money can have is on obtaining access to policy makers.

Before exploring the extent of spending undertaken by environmental groups, it is necessary to first provide an overview of political contributions in the current context. In 2002, Congress passed the Bipartisan Campaign Reform Act which regulated the raising and use of soft money¹⁶⁸ and the ability for groups to engage in "electioneering communication."¹⁶⁹ Two landmark court rulings in 2010, however, have greatly shifted

¹⁶⁶ See Abelson, "Environmental Lobbying and Political Posturing"; Böhmelt and Betzold, "The Impact of Environmental Interest Groups in International Negotiations: Do ENGOs Induce Stronger Environmental Commitments"; Grundig, "Political Strategy and Climate Policy"; Riddel, "Candidate Eco-labeling and Senate Campaign Contributions"; Robert J. Duffy, "Organized Interests and Environmental Policy".

¹⁶⁷ Matt Grossmann, *The Not-So-Special Interests: Interest Groups, Public Representation, and American Governance*, (Stanford: Stanford University Press, 2012), 150.

¹⁶⁸ Soft money denotes the unlimited and unregulated funding of national parties. The contributors of such funds do not necessarily have to be revealed.

¹⁶⁹ Electioneering communications are "political advertisements that "refer" to a clearly identified federal candidate and are broadcast within 30 days of a primary or 60 days of a general election". See Joseph E. Cantor and L. Paige Whitaker, *Bipartisan Campaign Reform Act of 2002: Summary and Comparison with Previous Law*, (Washington D.C.: Congressional Research Service, 2004): Summary.

the role that financing and money can have in elections. Perhaps the more notable of the two was *Citizens United v. Federal Election Commission*. This decision lifted the prohibition of corporations and unions from using their “general treasury funds for political advertisements known as *independent expenditures*¹⁷⁰ and *electioneering communications*.”¹⁷¹ In *SpeechNow.org v. Federal Election Commission* the US Court of Appeals for the District of Columbia decided that “contributions to political action committees that make only independent expenditures cannot be limited.”¹⁷² Having both occurred in 2010, before the Keystone XL pipeline was a national issue (see Graph 1 above), these rulings on campaign finance and expenditures have made it much easier for interests to use their money to gain access and perhaps even sway decisions. They have also contributed to the record levels of spending now being seen in election cycles.

As seen in Graph 4, contributions from environmental interest groups have significantly increased in the last two elections cycles (2012 and 2014). This is particularly the case for money being spent that is considered outside money, which is money that independent groups use in an attempt to sway the vote choice of constituents, rather than directly giving the money to a candidate. According to data from the Center for Responsive Politics, environmental interests spent a total of just over \$85 million in 2014. Of all interest spending, this amount placed environmental interests as having the sixth highest total spending out of all interest group industries.¹⁷³ The top three highest spending interest groups were securities & investment (\$194 million),

¹⁷⁰ Independent expenditures are those which *explicitly* call for the election or rejection of a candidate, usually in the form of broadcast advertisements.

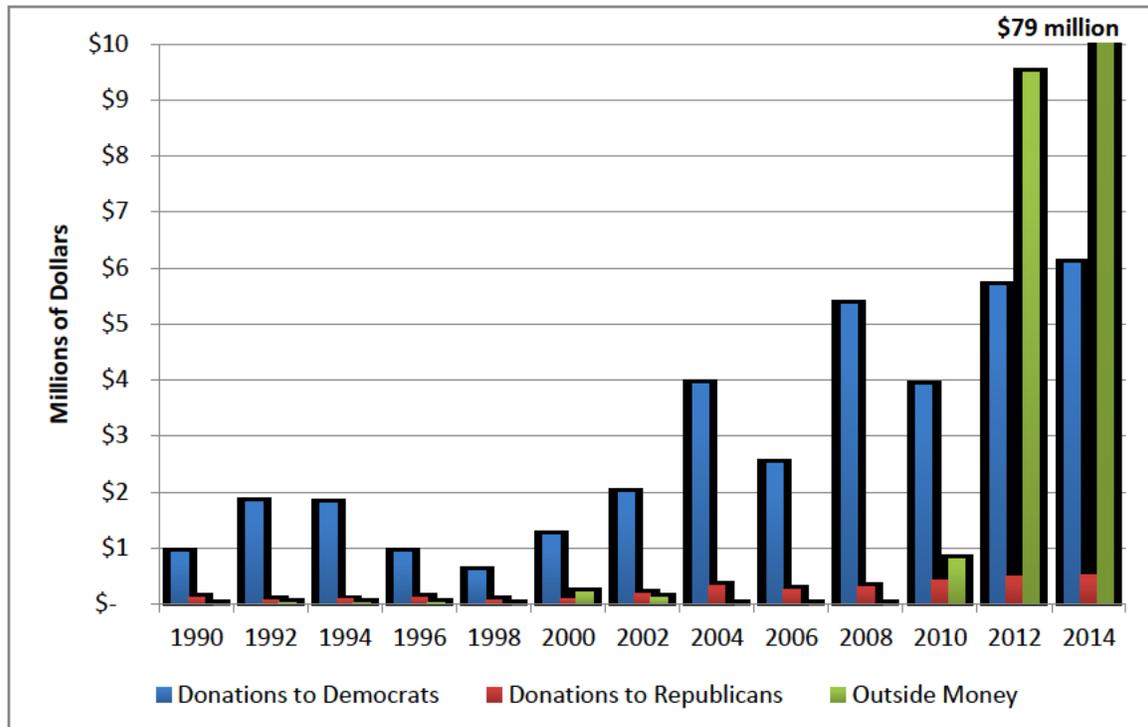
¹⁷¹ R. Sam Garrett, *The State of Campaign Finance Policy: Recent Developments and Issues for Congress*, (Washington D.C.: Congressional Research Service, 2014): 2.

¹⁷² *Ibid.*

¹⁷³ Center for Responsive Politics, *Environment: Long-Term Contribution Trends*, <https://www.opensecrets.org/industries/totals.php?cycle=2014&ind=Q11>, accessed March 9, 2015.

retirees (\$184 million), and lawyers/law firms (\$117 million).¹⁷⁴ The oil and gas lobby spent the ninth most at just over \$65 million.¹⁷⁵ It should also be noted that total spending by environmental interests may indeed be higher, as these figures do not include spending on gubernatorial or state legislature races.

Figure 5: Environmental Interest Group Contributions per-Election Cycle, 1990-2014



Source: Center for Responsive Politics, *Environment: Long-Term Contribution Trends*, accessed March 9, 2015, <https://www.opensecrets.org/industries/totals.php?cycle=2014&ind=Q11>.

¹⁷⁴ Center for Responsive Politics, *Securities & Investment: Long-Term Contribution Trends*, <http://www.opensecrets.org/industries/totals.php?cycle=2014&ind=F07>, accessed March 9, 2015; Center for Responsive Politics, *Retired: Long-Term Contribution Trends*, <http://www.opensecrets.org/industries/totals.php?cycle=2014&ind=W06>, accessed March 9, 2015; Center for Responsive Politics, *Lawyers/Law Firms: Long-Term Contribution Trends*, <http://www.opensecrets.org/industries/totals.php?cycle=2014&ind=K01>, accessed March 9, 2015.

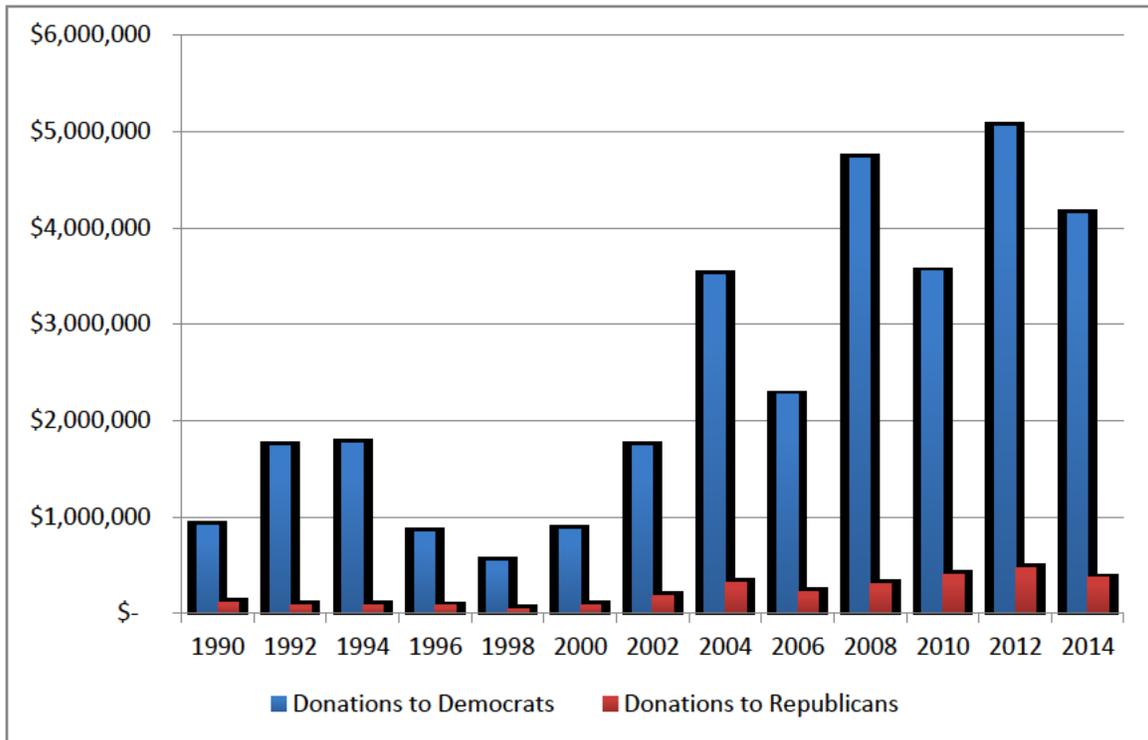
¹⁷⁵ Center for Responsive Politics, *Oil & Gas: Long-Term Contribution Trends*, <http://www.opensecrets.org/industries/totals.php?cycle=2014&ind=E01>, accessed May 3, 2015.

The outside spending by environmental groups is the most of any special interest (see Table 3) in the 2014 election cycle by almost \$9 million, with environmental interest groups spending just over \$81 million. This spending was almost completely targeted at liberal candidates or causes (see also Graph 5).

Table 3: 2014 Election Cycle Outside Spending						
Rank	Industry	Total	To Liberals	To Conservatives	% Liberal	% Conservative
1	Environment	\$81,048,018	\$80,823,518	\$500	99.72%	0.00%
2	Securities & Investment	\$72,315,532	\$24,422,276	\$46,930,382	33.77%	64.90%
3	Public Sector Unions	\$40,666,642	\$39,202,692	\$245,000	96.40%	0.60%
4	Misc Finance	\$35,878,979	\$15,358,454	\$7,349,280	42.81%	20.48%
5	Real Estate	\$24,268,269	\$5,239,249	\$8,765,231	21.59%	36.12%
6	Democratic/Liberal	\$24,211,215	\$23,687,936	\$152,467	97.84%	0.63%
7	Retired	\$24,025,124	\$9,417,560	\$14,301,379	39.20%	59.53%
8	Building Trade Unions	\$20,466,913	\$18,149,109	\$1,910,000	88.68%	9.33%
9	Misc Unions	\$20,065,079	\$19,622,300	\$0	97.79%	0.00%
10	Oil & Gas	\$14,675,442	\$786,102	\$13,379,247	5.36%	91.17%

Source: Center for Responsive Politics. *2014 Outside Spending, By Donors'*. Accessed December 1, 2014. <https://www.opensecrets.org/outsidespending/summ.php?disp=l>.

Figure 6: Environmental Interest Group Money to Congress, 1990-2014



Source: Center for Responsive Politics. *Environment: Money to Congress*. Accessed December 1, 2014. <https://www.opensecrets.org/industries/totals.php?cycle=2014&ind=Q11>.

In terms of spending, the bulk of the total is largely attributed to Tom Steyer and his superPAC NextGen Climate, spending almost \$74 million in the 2014 cycle (see Table 4).¹⁷⁶ Steyer, a billionaire former hedge fund manager, has long been a staunch and outspoken opponent of the Keystone XL pipeline on the basis of climate change impact.

¹⁷⁶ In the 2014 election cycle, just over \$1 billion was raised for House of Representative races and just over \$600 million was raised for Senate races. In both the House and Senate races contributions from individuals were significantly higher (over \$200 million greater in the House and over \$300 million greater in the Senate) than those from PACs. For an overview of spending in the election see Center for Responsive Politics, *2014 Overview*, <https://www.opensecrets.org/overview/>, accessed May 3, 2015.

Rank	Contributor	To Democrats	To Republicans
1	Steyer, Thomas & F. & Kathryn Ann	\$ 73,965,734	\$ -
2	Bloomberg, Michael R	\$ 6,624,400	\$ 505,200
3	Singer, Paul	\$ -	\$ 9,798,034
4	Mercer, Robert L. & Diana	\$ -	\$ 8,373,200
5	Eychaner, Fred	\$ 7,747,000	\$ 250,000
6	Ricketts, John J. & Marlene M.	\$ -	\$ 6,701,721
7	Uihlein, Richard & Elizabeth	\$ -	\$ 5,600,250
8	Adelson, Sheldon G. & Miriam O		\$ 5,469,000
9	Soros, George	\$ 3,746,400	\$ -
10	Simons, James H. & Marilyn	\$ 3,364,700	\$ 5,200
	Total Top 10	\$ 95,448,234	\$ 36,702,605

Note: includes both hard and outside money

Source: Center for Responsive Politics. *2014 Overview: Top Individual Contributors*. Accessed December 1, 2014. <https://www.opensecrets.org/overview/>.

Steyer used his money in an attempt to elect candidates who would take activist stances on climate change, promote proposed EPA regulations, and oppose the Keystone XL pipeline. He even went as far as to threaten to run ads against Democratic Senator Mary Landrieu because of her pro-Keystone stance and ties to the oil industry.¹⁷⁷ Steyer's money was also influential in the Florida governor's race, running attack ads against Republican incumbent Rick Scott. This forced Gov. Scott's campaign to release defensive ads, using up valuable funds. Indeed, when the Steyer ads were

¹⁷⁷ Andrew Restuccia, "Greens to Landrieu: Good Riddance," *Politico* December 6, 2014, accessed January 5, 2015, <http://www.politico.com/story/2014/12/mary-landrieu-louisiana-senate-election-2014-113366.html>.

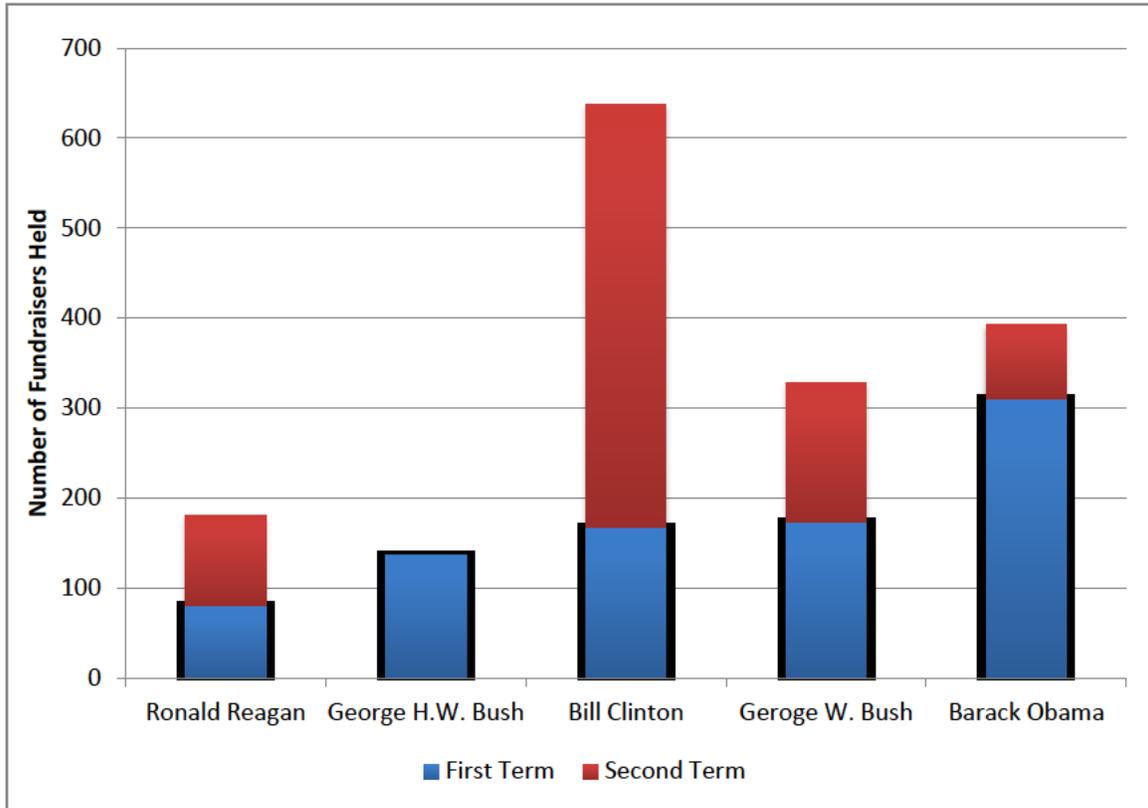
run they gave Democratic candidate Charlie Crist a boost in the polls in a highly contested race.¹⁷⁸

With ever greater amounts of money being spent in election cycles, attracting outside spending is becoming more important. This likely means that prospective candidates will have to be more active in attracting funds, and even making sure that individuals on the same side of the political spectrum are not spending money against them.

Polarization and hyper-partisanship have also raised the stakes of elections, likely making the president more attentive to the greater electoral needs of his party. Indeed, compared to other presidents in recent history, President Obama has held significantly more fundraising events (see graph 6). Data compiled by the *Washington Post* showed that Obama held 310 fundraisers in his first term, 79 percent more than the next closest recent president George W. Bush. Research shows that contributions from donors buys them access to policy makers, and given the amount of fundraising conducted by Obama during his first six years in office there has been ample opportunity for the contributions of environmental interests to receive attention from the president.

¹⁷⁸ Jason Dearen and Gary Fineout, "California Environmentalist Shakes Up Florida Race," *Associate Press* August 19, 2014, accessed January 5, 2015, <http://bigstory.ap.org/article/california-environmentalist-shakes-florida-race>.

Figure 7: Number of Fundraising Events held by Recent Presidents



Note: data for Obama up to July 2014

Source: Sebastian Payne, "President Obama Has Held 393 Fundraisers in His Six Years in Office," The Washington Post, July 16, 2014, accessed March 17, 2015, <http://www.washingtonpost.com/blogs/the-fix/wp/2014/07/16/president-obama-has-held-393-fundraisers-in-his-six-years-in-office/>.

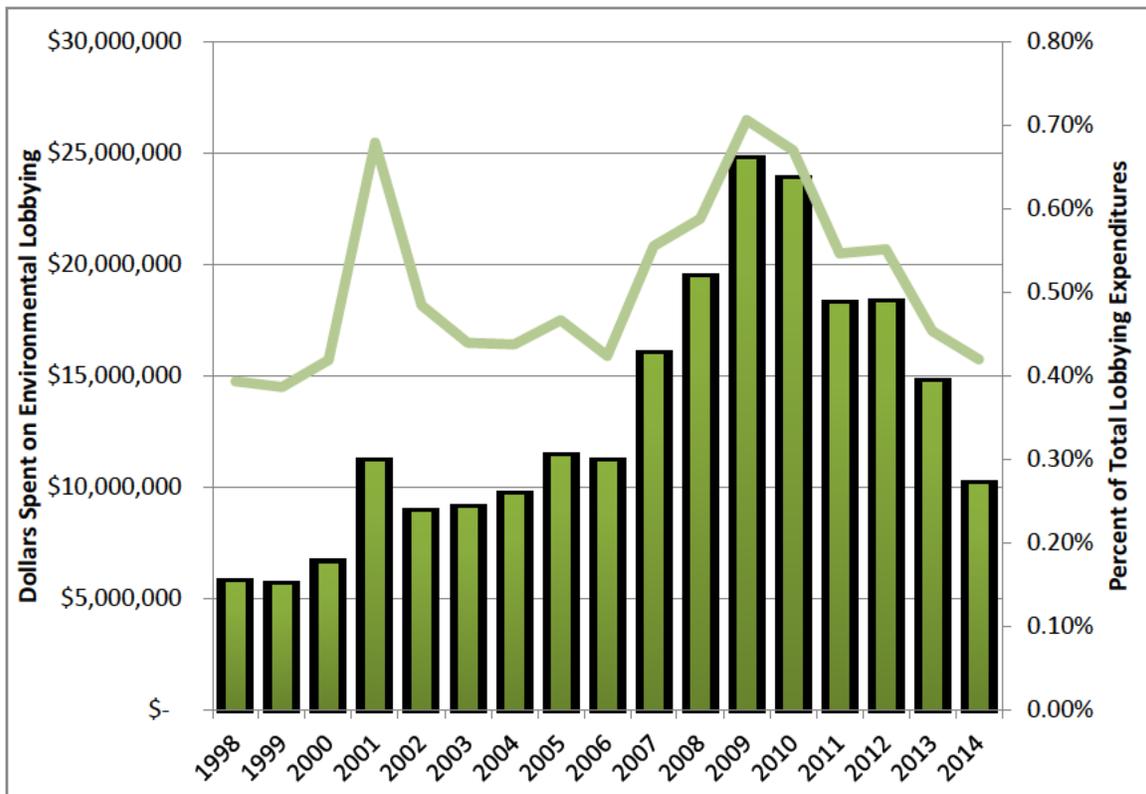
President Obama also campaigned and fundraised for congressional Democrats in 2014, making him all the more aware of not only the amount of money being spent but also how it was being spent. Given the tightness of races and that the control of the Senate was held in the balance, it appears that President Obama would not have made any decisions that might alienate one of the largest, most crucial sources of funding to Democrats in 2014.

Lobbying, Access, and Issue Framing

The expenditure data (see Graph 7) on lobbying for environmental issues shows only modest amounts of spending. Spending on lobbying peaked in 2009, and was also

quite high in 2010, corresponding with Democrat control of both houses of Congress. Since 2010 the trend in lobbying expenditures has been on a downward trajectory. Before the 2014 election cycle however, environmental groups spent more on lobbying than they did on contributions to candidates or outside money combined. The 2014 cycle represents a marked departure from previous trends, both in terms of how much was spent by environmental groups and where it was spent.

Figure 8: Annual Lobbying on Environment, 1998-2014



Note: bars represent the y-axis on the left (dollars spent on environmental lobbying) and the line represents the y-axis on the right (percent of total lobbying expenditures)
 Source: Center for Responsive Politics. *Environment*. Accessed March 9, 2015.
<https://www.opensecrets.org/industries/totals.php?cycle=2014&ind=Q11>.

The comparatively small amounts of direct expenditures on lobbying may not be indicative of the access that many interests against the pipeline have been able to obtain. Lobbying is only one of many potential methods of influence interests can use. It appears that when data on campaign expenditures versus lobbying expenditures are

compared, the chosen method for environmental interests has been to allocate most of their resources into campaign financing and outside spending. One of the advantages of focusing on financing measures other than lobbying is that it may achieve greater access to policy makers for certain interests, rather than spreading their message through intermediary lobbyists.

Perhaps one of the best examples of access, attributed to election finance, are the fundraisers held by major donors, where policy-makers attend events with prospective donors. Ryan Lizza has detailed the gathering of environmental groups in their opposition to the KXL pipeline, and the relationship between Tom Steyer and President Obama. Initially, after Obama's inauguration, environmental groups welcomed and commended the new President's commitment to policies directed towards the environment. However, as Lizza explains, such groups became deflated with the 2010 taking of the House of Representatives by Republicans, effectively defeating many of the President's climate change initiatives. The Keystone XL pipeline became the issue that was framed to fill the "policy vacuum" left by the President's post-2010 silence on environmental issues.¹⁷⁹ Lizza writes: "Keystone became the test of the question: are we going to do anything long term about climate change?, as [Obama] had promised in 2008."¹⁸⁰

In particular, Lizza's exposé of the relationship between Steyer and Obama over the Keystone XL pipeline recalls an event that demonstrates how money can buy access. As Lizza details:

"California Representative Nancy Pelosi, the top Democrat in the House, asked Steyer to hold the fund-raiser, to help Democrats running for Congress in 2014, he agreed, with one proviso: he would tell potential guests that they could lobby the President about the folly of approving Keystone...Steyer's pitch to the donors was simple: "This is the best deal I'm ever going to give you. You should want to give this money, period, even if you never got anything. You can go and speak to the highest people in the Democratic congressional leadership. And we're throwing in the President of the United States as a gimme...To insure that the event left an impression on Obama,

¹⁷⁹ Lizza, "The President and the Pipeline."

¹⁸⁰ *Ibid.*

Steyer invited fifteen top donors to join him for an intimate conversation with the President before the reception for a hundred. Jim Steyer said, "Tom really hammered Obama on the pipeline."¹⁸¹

Lizza recalls activists holding up "professionally printed two-toned blue signs that said, "STOP THE KEYSTONE XL PIPELINE." The "o" in "Keystone" replicated the Obama campaign logo."¹⁸² What this meeting demonstrates is the linkages between policy positions and campaign funds. The draw of the large fundraiser was that donors would be able to personally present their positions on the pipeline to the President. This provides an incentive for policy-makers to take stances on issues that do not threaten major donors. Steyer has also taken his message on the pipeline to the Democratic Senatorial Campaign Committee, where he spoke to attendees about polling regarding the pipeline.¹⁸³ As data presented above on the number of fundraisers held by recent presidents suggests, during President Obama's tenure opportunities for events as those detailed above, which grant access to special interests have increased substantially.

Regarding the connection between interest groups, executive agencies, and the Keystone XL pipeline, the Energy & Environment Legal Institute, a pro free market environmentalism lobby group, obtained emails between staff members at environmental organizations and the EPA under the Freedom of Information Act. They contained correspondences between then EPA Senior Advisor in the Office of Policy Alex Barron¹⁸⁴ and various environmental groups, including the Sierra Club and Natural Resources Defence Council. The emails detail how the interest groups were attempting to assist the EPA in constructing an argument with the goal of blocking the pipeline.¹⁸⁵ In addition, a Minority Staff Report from the United States Senate Committee on Environment and

¹⁸¹ *Ibid.*

¹⁸² *Ibid.*

¹⁸³ Andrew Restuccia, "Tom Steyer Planning \$100 Million Campaign Push," *Politico*, February 18, 2014, accessed January 6, 2015, <http://www.politico.com/story/2014/02/tom-steyer-campaign-donor-103617.html>.

¹⁸⁴ Dr. Barron is currently the Deputy Associate Administrator for the Office of Policy at the EPA.

¹⁸⁵ Energy & Environment Legal Institute, "E&E Legal FOIA'd Documents Expose Plans by EPA and Sierra Club/National Wildlife Fund to Employ Sketchy Economic Argument to Undermine Keystone XL Pipeline," press release, January 22, 2014, <http://eelegal.org/?p=2548>.

Public Works has detailed the connections between senior administrators at the EPA and their connections to interest groups.¹⁸⁶

The links between individual access, senior executive branch staff, and President Obama regarding KXL exemplify the pressure of interest groups on Obama's political calculations in two separate ways. The first is that any decision must be weighed against the effect it might have on pushing away potential donors. This calculation is all the more critical when considering that interest groups may use their outside contributions to run ads against you or your party. The second link recalls the literature on PH and advisors. Research by Redd and others has demonstrated the effect that the framing of issues by advisors can have on non-compensatory political calculations. Advice given from public servants with significant ties to interests that are unequivocally against the Keystone XL pipeline lead to questions about how exactly information is being framed and given to the decision-maker.

In particular, ENGOs have successfully utilized issue framing during KXLs regulatory approval process. In order to influence policy with issue framing, interest groups will try to first ensure that the issue is salient to the population and then try to frame their position in a way that makes it seem superior to their opponents. Regarding KXL, environmental interests have had considerable success at framing the pipeline as the singular most important issue in their efforts to fight climate change. James Hansen, the former head of the NASA Goddard Institute for Space Studies, has been perhaps the most successful at casting the pipeline in a negative frame. In a 2012 *New York Times* op-ed, framed as a response to President Obama's somewhat favourable comments surrounding KXL in an interview, Hansen presented the pipeline as the penultimate issue in the fight for policies to address global warming, stating that "[i]f Canada proceeds, and we do nothing, it will be game over for the climate."¹⁸⁷ Hansen goes on to

¹⁸⁶ U.S. Senate Committee on Environment and Public Works (Minority), *The Chain of Environmental Command: How a Club of Billionaires and Their Foundations Control the Environmental Movement and Obama's EPA* (Washington DC: 2014), http://www.epw.senate.gov/public/index.cfm?FuseAction=Files.View&FileStore_id=8af3d005-1337-4bc3-bcd6-be947c523439.

¹⁸⁷ James Hansen, "Game Over for the Climate," *The New York Times*, May 9, 2012, accessed March 17, 2015, <http://www.nytimes.com/2012/05/10/opinion/game-over-for-the-climate.html>.

directly challenge President Obama by saying, “President Obama speaks of a “planet in peril,” but he does not provide the leadership needed to change the world’s course.”¹⁸⁸ This type of rhetoric and framing of the pipeline is fairly consistent among leaders in the environmental movement.¹⁸⁹

It is worth noting that there has been a shift in Obama’s own rhetoric, and it is beginning to mirror much of that associated with interest groups who are against the approval of KXL. During the first few years of the pipeline’s regulatory approval process, Obama’s rhetoric was more measured and pragmatic. However, this is changing. One of the points consistently made by interest groups against the pipeline is how ‘dirty’ oil from Canada’s oil sands are. At a recent event in South Carolina, President Obama noted that the oil extracted in Canada is “extraordinarily dirty”.¹⁹⁰ This type of forceful rhetoric is a marked departure from the often cautious wording the president has chosen in the past surrounding the pipeline and it is notable that recent comments echo those made by environmental interest groups, perhaps referring to the success interest groups have had in communicating their thoughts to the President, whether through campaign donations and access or issue framing and salience.

¹⁸⁸ *Ibid.*

¹⁸⁹ See similar language in a letter written by Sierra Club Executive Director Michael Brune, Michael Brune, “Letter to the Editor: The Climate Scientist and the Pipeline,” *The New York Times*, March 8, 2013, accessed March 17, 2015, <http://www.nytimes.com/2013/03/09/opinion/the-climate-scientist-and-the-pipeline.html?ref=topics>.

¹⁹⁰ National Post Wire Services, “Canada’s ‘extraordinarily dirty’ oil extraction is reason for Keystone XL concern: Obama,” *Financial Post*, March 6, 2015, accessed March 17, 2015, http://business.financialpost.com/2015/03/06/canadas-extraordinarily-dirty-oil-extraction-is-reason-for-keystone-xl-concern-obama/?__lsa=dc7d-0608.

Analysis: Poliheuristic Decision Making and Keystone XL

This paper began by asking the questions: does PH theory explain the decision making behind Keystone XL and to what extent can interest groups affect PH decision making? There appears to be strong supporting evidence that indeed PH theory can explain President Obama's decision making process regarding the Keystone XL pipeline and interest groups appear to be able to exert influence on PH decision making.

Throughout Obama's first term, his foreign policy was viewed to be one of pragmatism and leadership, generally willing to make a judgment on the basis of the case and its merits, making it reflective of rational actor decision making.¹⁹¹ He spoke with a Wilsonian tone, offering grand and transformative visions; but acted in an incremental and pragmatic fashion, closer to the Hamiltonian tradition of American foreign policy.¹⁹² While some criticised the direction that he was taking American foreign policy, many initially saw the departure from President Bush's policies as positive, granting Obama success.¹⁹³ While Obama's typically pragmatic position may have been present early on in the KXL approval process, as the issue increased in salience, Obama appears to have departed from his usual decision making behaviour.

Not only has Obama appeared to depart from his normally measured and pragmatic approach to foreign policy, the analysis conducted above suggests that expected utility decision making cannot explain this case. PH theory was tested to see if

¹⁹¹ Martin S. Indyk, Kenneth G. Lieberthal, and Michael E. O'Hanlon, *Bending History: Barack Obama's Foreign Policy*, (Washington D.C.: Brookings Institution Press, 2012): 21.

¹⁹² Walter Russell Mead, "The Carter Syndrome," *Foreign Policy* 177 (January/February 2010): 58-64; see also Walter Russell Mead, *Special Providence: American Foreign Policy and How It Changed the World*, (New York: Routledge, 2002).

¹⁹³ Henry R. Nau, "Obama's Foreign Policy," *Policy Review* 160 (April/May 2010): 27-47; Indyk, Lieberthal, and O'Hanlon, *Bending History*, 21.

it had explanatory power over this issue, and there is evidence that Obama's decision making can be located in at least three of the main characteristics of PH theory: nonholistic, dimension-based and non-compensatory. There is also some evidence that information may have been presented in an order-sensitive manner.¹⁹⁴

It appears that Obama's search for information, across all possible dimensions applicable to KXL, has not been carried out in a holistic manner. Obama's decision making has only been focused on one dimension of the pipeline—its environmental impact. But even within this dimension he appears to only be ultimately concerned with one facet—GHGs. By making the pipeline's approval conditional on only one facet of one dimension, President Obama simplified the decision making process, in contradiction to the insights of RCT, where a decision maker surveys all possible information and equally weighs each dimension. In addition, Obama has appeared to disregard the conclusions of two State Department SEIS' that have deemed the pipeline to have minimal impacts on the environment compared to the alternatives, instead appearing to place much more emphasis on the view aligned with the arguments put forth by the EPA, adding to the assertion that Obama has not surveyed all information holistically.

Similarly, there is strong evidence Obama's decision making has been dimension based. The central focus for Obama on whether to approve the pipeline or not has surrounded KXLs impact on the environment and GHGs. When other dimensions, such as the pipeline's economic benefits or energy security are brought up, they are quickly dismissed, while the issue of the pipeline's potential environmental effects continues to be Obama's central focus.¹⁹⁵

Interest groups can affect dimension based decision making by increasing the salience of certain dimensions over others. Once interest groups fixate on certain

¹⁹⁴ While Obama does appear to be employing heuristics in his decision making over Keystone XL the source of those heuristics is unknown and beyond the scope of this paper.

¹⁹⁵ National Post Wire Services, "Canada's 'extraordinarily dirty' oil extraction is reason for Keystone XL concern: Obama."

aspects, potentially having electoral implications, decision makers use heuristic or cognitive shortcuts to elevate the status of particular dimensions among others.

There is strong evidence for the presence of non-compensatory decision making. Recalling Mintz's operationalization of the non-compensatory decision principle, leaders will engage in this type of behaviour if a leader's survival is threatened, they will experience a significant drop in popularity, they face the prospects of electoral defeat, or there is a threat to the legitimacy of the leader.¹⁹⁶ To a certain extent, Obama has faced these circumstances—but especially the last two threats of electoral defeat and threat to legitimacy—because of interest groups who are opposed to the pipeline. If President Obama approved KXL he would have been risking a significant amount of funding and domestic support from a very vocal environmental interest group sector. Such a loss in funding from vocal supporters could have electoral consequences, particularly in the context of the 2012 and 2014 Congressional elections, where the Democrats lost control of the House and later the Senate. PH theory argues that decision makers are often risk-averse when there is the prospect of a major loss, and the support of these interest groups constitutes such a loss.

While there is general support for the approval of the pipeline, domestic support has always been weaker amongst Democrats, in particular for the more left-leaning liberal Democrats, which coincide with Obama's core support base.¹⁹⁷ In a time when voter turnout is consistently in the low to mid 50 percent range, it remains crucial to encourage maximal turnout of your support base. Again it would be hard for Obama to justify the loss of support from a major base, especially when considering the work of Cohen who found that interest groups are able to hold policy makers accountable by shifting the voting patterns of their members.¹⁹⁸

Another factor contributing to the presence of non-compensatory decision making is the personal preference of the decision maker. Based on his track record,

¹⁹⁶ Mintz, "How do Leaders Make Decisions?" 9.

¹⁹⁷ Pew Research Center, "Little Enthusiasm, Familiar Divisions after the GOP's Big Midterm Victory."

¹⁹⁸ Cohen, "Interest Groups and Presidential Approval," 452.

Obama appears to be casting himself as a president who took action on climate change. Rhetoric from environmental groups has suggested that if the president were to approve the pipeline it would damage his legacy on the environment. With the 2011 shift of the House of Representatives to the Republican Party, this hampered much of what Obama had wanted to do on the issue of the environment, and as Steyer mentioned above, put the focus of Obama's environmental legacy on the Keystone XL pipeline. In addition, Hansen also directly challenged Obama and questioned his legitimacy as a leader on environmental issues in his *NYT* op-ed that considered the construction of the pipeline to be "game over for the climate".¹⁹⁹

Interest groups helped make the political and personal costs of an approval for the pipeline difficult to reconcile. For all the reasons cited above, a 'yes' decision on the pipeline would have likely lead to political repercussions for Obama and his party, as well as personal repercussions related to his legitimacy as an environmental leader. In relation to the non-compensatory principle, because of the threats Obama faced, if he were to allow the pipeline, he could not compensate for the low scores on the political and personal dimensions with the seemingly favourable dimensions of energy security, economic benefits, Canada-US relations, and potentially the environment, indicating the presence of non-compensatory decision making.

On Keystone XL, there appears to be some evidence that interest groups may have affected how information was conveyed to the President. Under RCT, the order information is presented does not matter, as the decision maker should consider each dimension equally, but PH theory acknowledges that the order in which alternatives are presented can affect how alternatives are evaluated. The presence of strong ties between senior policy-makers and anti-Keystone XL interest groups, as well as an active effort by said groups to craft the position of the EPA on Keystone XL are what lead me to these conclusions. However, the effect of these acts on how information was indeed presented to the President cannot be wholly confirmed without insider accounts of various discussions with the President over Keystone XL.

¹⁹⁹ Hansen, "Game Over for the Climate."

Conclusion

The first question which this project sought to answer was whether PH theory could explain Obama's decision making on Keystone XL. PH theory was found to provide a robust explanation of President Obama's decision making on this issue. The President has simplified the bulk of his decision to whether or not the pipeline will increase GHG emissions, placing differential time, effort, and weight on certain dimensions above others. These acts are similar to the first two processing characteristics of PH: nonholistic and dimension-based. Low scores on the electoral and environmental legitimacy dimensions could not be counteracted with high scores on many others, including energy security, economic, diplomatic, and even the environment, representing non-compensatory decision making. There also appears to be some evidence that information used to evaluate alternatives was presented in a specific order that may have tilted the decision making process.

The second question which this project sought to answer was whether interest groups can effect PH decision making. This project focused on three of the most common tactics used by interest groups to influence the decisions of policy makers, and all were found to have some sort of an effect. In terms of campaign contributions and spending, the focus on outside money rather than direct contributions allows interest groups to set the terms of their support better. If a candidate is at odds with a given interest's views, instead of shifting their funding to the other side, they will run ads denouncing the candidate. Spending practices such as these, coupled with access to the president against the pipeline have allowed these groups to affect the political calculations of Obama.

Issue framing by interest groups can have an impact on decision making in a number of different ways. According to Mintz and Redd, framing in part determines how information and alternatives are presented to a decision maker. It can lead to only

certain pieces of information being used to form a decision. Also, in regards to the order-sensitive search component of PH theory, framing can lead to information and alternatives being presented in different orders.²⁰⁰ Indeed, evidence provided above was found to be indicative of these effects.

Interest groups can have their greatest effect on decision making by increasing the salience of an issue. As Oppermann highlighted, a high level of salience on an issue often precedes PH decision making.²⁰¹ A high level of salience forces a decision maker to realize the potential political consequences of the decision, and be aware of the repercussions faced by alienating certain groups. If an issue is not salient to the public or interest groups they are not able to take a stand and contribute resources such as funding and time to influence policy. Research conducted above indicates that salience, which can be driven by interest groups, is necessary but perhaps not sufficient in order for interest groups to have an effect on PH decision making.

Poliheuristic theory is a relatively new model of foreign policy decision making, and as such many possible applications and interactions of the theory with differing situations have not been tested. In a recent article, environmental activist Bill McKibben argued that Obama's recent veto of the Keystone XL pipeline indicated that environmental interest groups had an effect on President Obama's decision making.²⁰² The analysis conducted above adds substance to McKibben's assertion, finding that PH theory explains the case of Obama and Keystone XL and that interest groups play a direct role in how the first stage of decision making is framed.

While past uses of PH theory had focused on how advisors influenced aspects of the decision. This project sought to delve deeper into whether interest groups can influence PH decision making and how they do so. Insights from this project have

²⁰⁰ Alex Mintz and Steven B. Redd, "Framing Effects in International Relations," *Synthese* 135(2) (2003): 194-195.

²⁰¹ Oppermann, "Delineating the Scope Conditions of the Poliheuristic Theory of Foreign Policy Decision Making."

²⁰² Bill McKibben, "Obama's Keystone veto threat is proof that climate activism works, no matter what the 'insiders' say," *The Guardian*, January 6, 2015, accessed March 22, 2015, <http://www.theguardian.com/commentisfree/2015/jan/06/obama-keystone-veto-climate-activism>.

broader implication for future work within PH decision making theory. When addressing for instance how political constraints effect decision making in stage I, analysts will also need to be cognizant of the effect exogenous actors such as interest groups have on political calculations, heuristic based decisions, and rational choice decision making.

Observations made in this project may also have broader applications beyond PH theory and may highlight a failure of the Canadian government and businesses to understand the US policy process. It appears that the Canadian government's focus on the diplomatic aspect of the KXL issue and even TransCanada's apparent lack of engagement with Democratic Party politics, seem to have forgotten former Speaker of the House "Tip" O'Neill's quip that "all politics is local" in the United States. On the question of the Keystone XL pipeline, environmental interest groups have been rather successful at supporting elements of the Democratic Party or indicating that their support may be in jeopardy if certain decisions are made. The lesson for Canadian business would be such that by not engaging in party politics and the lobbying process, and rather focusing on issues such as broader diplomatic ones; they run the risk of being marginalized by organized domestic interests. Canadian governments and business need to also clearly articulate how they will directly benefit Americans and therefore the politicians that represent them.

This project also noted several possibilities and limits of PH theory. In terms of possibilities, the determination of how interest groups can affect PH decision making may broaden the cases the PH analysis is applicable to, and future research should continue to delve into the effects that exogenous groups can have on PH decisions. This project also combined observations from different analytical frameworks (lobbying and interest group politics) to further develop the insights than can be gained from poliheuristics' application to different decisions. Future research would do well to continue to investigate how research in other fields can contribute to PH decision making.

On the limitations of PH theory, the relative level of salience necessary for PH decision making to take place remains a concern. Recalling Oppermann, PH decision making seems to take place under circumstances where the level of salience on a given

issue is high. The conclusion above that one of the main ways by which interest groups can affect PH decision making is by increasing the salience of an issue seems to bolster Oppermann's empirical conclusions, placing further limits on when PH analysis would be appropriate. Other research should also attempt to find a case where interest groups have swayed decision-makers away from their personal preferences, and analyze the conditions that made this possible.

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Appendix.

EPA Letter to State Department



UNITED STATES ENVIRONMENTAL PROTECTION AGENCY
WASHINGTON, D.C. 20460

FEB 2 - 2015

ASSISTANT ADMINISTRATOR
FOR ENFORCEMENT AND
COMPLIANCE ASSURANCE

Mr. Amos Hochstein
Special Envoy and Coordinator for International Energy Affairs
Bureau of Energy Resources
U.S. Department of State
Washington, DC 20520

Ms. Judith G. Garber
Acting Assistant Secretary
Oceans and International Environmental and Scientific Affairs
U.S. Department of State
Washington, DC 20520

Dear Mr. Hochstein and Ms. Garber:

In accordance with our authorities under the National Environmental Policy Act (NEPA) and Section 309 of the Clean Air Act, EPA has reviewed the Department of State's (Department) Final Supplemental Environmental Impact Statement (SEIS) for a Presidential Permit application by TransCanada Keystone Pipeline, LP (Keystone) to construct and operate the Keystone XL Project (Project). We are providing these comments now, rather than when the Final SEIS was published, because of the possibility that a decision of the Nebraska courts would have led to changes to the Final SEIS.

EPA recognizes that the Department has made a considerable effort to evaluate the potential environmental impacts associated with the proposed Project and reasonable alternatives, and to consider measures to mitigate potential harmful effects. The Final SEIS is comprehensive and provides responses to our April 2013 comments on the Draft SEIS. We would like to especially point out the usefulness of the new compilation of all of the proposed mitigation measures (Appendix Z).

The Department has also strengthened the analysis of oil spill prevention preparedness, response and mitigation and has committed to requiring numerous mitigation measures regarding leak prevention and detection, as well as spill cleanup measures. While risks of oil spills and adverse impacts remain, and spills of diluted bitumen can have different impacts than spills of conventional oil, the Department has included provisions to reduce those risks, including working with the state of Nebraska to develop an alternative route that avoids much of the Sand Hills region, and incorporating mitigation measures recommended by both the Pipeline Safety and Hazardous Materials Administration and the independent engineering analysis. We note as particularly important the commitment by Keystone to be responsible for clean-up and

restoration of groundwater as well as surface water in the event of a release or discharge of crude oil. These efforts will decrease the risk of spills and leaks, and provide for necessary remediation should spills occur. Nonetheless, the Final SEIS acknowledged that the proposed pipeline does present a risk of spills, which remains a concern for citizens and businesses relying on groundwater resources crossed by the route.

The analysis of climate change issues has also improved from the Draft SEIS. The Final SEIS makes clear that oil sands crude has significantly higher lifecycle greenhouse gas emissions than other crudes. The Final SEIS states that lifecycle greenhouse gas emissions from development and use of oil sands crude is about 17% greater than emissions from average crude oil refined in the United States on a wells-to-wheels basis.¹

The Final SEIS also finds that the incremental greenhouse gas emissions from the extraction, transport, refining and use of the 830,000 barrels per day of oils sands crude that could be transported by the proposed Project at full capacity would result in an additional 1.3 to 27.4 million metric tons of carbon dioxide equivalents (MMTCO₂-e) per year compared to the reference crudes.² To put that in perspective, 27.4 MMTCO₂-e per year is equivalent to the annual greenhouse gas emissions from 5.7 million passenger vehicles or 7.8 coal fired power plants.³ Over the 50-year lifetime of the pipeline, this could translate into releasing as much as 1.37 billion more tons of greenhouse gases into the atmosphere.⁴

Until ongoing efforts to reduce greenhouse gas emissions associated with the production of oil sands are more successful and widespread, the Final SEIS makes clear that, compared to reference crudes, development of oil sands crude represents a significant increase in greenhouse gas emissions. *

The Final SEIS also provided a more robust market analysis, and examined how market dynamics may influence the levels of greenhouse gas emissions associated with the proposed Project. Based on that market analysis, the Final SEIS concluded, in January of 2014, that if the Project were not approved, oil sands crude would be likely to reach the market some other way, most likely by rail. The Final SEIS acknowledged that the alternative of shipment by rail is more expensive than shipment by pipeline, and would therefore increase the costs of getting oil sands crude to market.⁵ However, the Final SEIS concluded that given global oil prices projected at that time this difference in shipment costs would not affect development of oil sands, which would remain profitable even with the higher transportation costs of shipment by rail. Therefore, the Final SEIS concluded that although development of oil sands would lead to significant additional releases of greenhouse gasses, a decision not to grant the requested permit would likely not change that outcome, i.e., those significant greenhouse gas emissions would likely happen regardless of the decision on the proposed Project. This conclusion was based in large part on projections of the global price of oil. X

¹ Final SEIS Executive Summary, p. ES-15.

² Final SEIS Executive Summary, p. ES-15.

³ Final SEIS p. 4.14-46.

⁴ Final SEIS p. 4.14-41.

⁵ Final SEIS p. 1.4-90.

Given the recent variability in oil prices, it is important to revisit these conclusions. While the overall effect of the Project on oil sands production will be driven by long-term movements in the price of oil and not short term volatility, recent large declines in oil prices (oil was trading at below \$50 per barrel last week) highlight the variability of oil prices. The Final SEIS concluded that at sustained oil prices of \$65 to \$75 per barrel, the higher transportation costs of shipment by rail "could have a substantial impact on oil sands production levels – possibly in excess of the capacity of the proposed project."⁶ In other words, the Final SEIS found that at sustained oil prices within this range, construction of the pipeline is projected to change the economics of oil sands development and result in increased oil sands production, and the accompanying greenhouse gas emissions, over what would otherwise occur. Given recent large declines in oil prices and the uncertainty of oil price projections, the additional low price scenario included in the Final SEIS should be given additional weight during decision making, due to the potential implications of lower oil prices on project impacts, especially greenhouse gas emissions.

Finally, we note that the Final SEIS includes additional information on how the Department screened pipeline route alternatives, and determined what routes to analyze in detail in the SEIS. Through this process, the Department determined that the Keystone Corridor alternatives, which would parallel the entire existing Keystone pipeline route in the United States, are not reasonable alternatives for the purposes of NEPA. The additional information provided in the Final SEIS is useful, but we note that eliminating alternatives from a detailed analysis based on an abbreviated estimate of environmental impacts is not the preferred approach under NEPA's requirement to take a "hard look" at alternatives, which would provide a more detailed and comprehensive discussion of the issues associated with these route alternatives. X

Please feel free to contact me or have your staff contact Susan Bromm, Director, Office of Federal Activities, at (202) [REDACTED] if you have any questions or would like to discuss our comments.

Sincerely,

[REDACTED]

Cynthia Giles

⁶ Final SEIS Executive Summary, p. ES-12.