ALBERTA OIL AND THE DECLINE OF DEMOCRACY IN CANADA
INTRODUCTION

Framing the Debate on Democracy and Governance in an Oil-Exporting Economy

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In 1953, C. B. Macpherson’s *Democracy in Alberta: The Theory and Practice of a Quasi-Party System* appeared. Much has changed in the sixty years since the publication of this influential work, which explores the nature of democracy in a jurisdiction dominated by one class of producers—the farmers. Today, more than ever before, Alberta can be seen as a one-industry economy, with agricultural interests having been replaced by those of the oil industry. Since Macpherson’s analysis, Alberta’s population has also grown dramatically as a result of both national and international migration. Calgary and Edmonton have become major urban centres, and economic and political power has incrementally and steadily shifted from central Canada to western Canada. What did not change until 5 May 2015—when the New Democratic Party (NDP) formed a majority government in Alberta, decisively ending nearly forty-four years of rule by the Progressive Conservative (PC) Party—was the dominance of one party in the provincial political system and the resultant concern for the health of democracy in this province. While the symbolic significance of the NDP electoral victory is enormous, it remains to be seen to what extent the NDP’s traditionally social democratic stance will alter the course of provincial energy policy.

At the time Macpherson wrote, the state of democracy in Alberta might have been assumed to be of only local importance. This, too, has changed: it is now clear that contemporary trends in Alberta have significant national and international implications. Because of Alberta oil, Canada joined the list of the
world’s top ten oil producers in 2006, and it subsequently rose to number five on the list in 2014 (USEIA 2014, 2). The far-reaching ramifications of environmental damage caused by unconventional oil extraction and the intensification of neoliberal policies in the country have garnered interest in the health of democracy in both Alberta and Canada. In this context, it is worth exploring Macpherson’s thesis that a society dominated by petit bourgeois producers tends to reduce politics to a single-minded focus on maximizing returns from sales of commodities for these producers. In such a society, in which there is an unequal distribution of wealth, inevitable conflicts of class interests, if they are recognized at all, are treated as irrelevant to political life (Macpherson 1953).

This collaborative project originated in an article that we co-authored (Shrivastava and Stefanick 2012). The article provides a survey of studies, most of them focused on countries in the Global South, that explore the relationship between oil dependence and liberal democracy. Reliance on oil exports can provide important revenue that might be used for development purposes, but it can also have negative economic and political effects. From the studies focused on the Middle East (e.g., Mahdavy 1970) to wide-ranging cross-national studies (e.g., Ross 2001, 2009; Tsui 2011), much of the vast literature under the banner of “oil and democracy” argues that reliance on oil exports is strongly associated with undemocratic, authoritarian rule (e.g., Bulte, Damania, and Deacon 2005; Karl 1997; Lowi 2004; Wantchekon 2002). This is not to suggest that “oil undermines democracy” is an unchallenged thesis, since some studies have also shown the pro-democratic effects, in varying degrees, of the discovery of oil wealth on countries such as Ecuador, Congo, Nigeria, Trinidad, and Venezuela (e.g., Herb 2005; Smith and Kraus 2005). Nevertheless, the bulk of the oil and democracy scholarship has found a negative relationship between natural resource dependence, particularly oil revenue, and democracy.

This negative relationship has been traced to phenomena such as the rentier state (that is, a country that derives a high proportion of its income from resource rents) and the “Dutch disease.” The term rentier state is most frequently used to describe countries in the Middle East and in North Africa, along with characteristics of their national economies and state institutions and their governments’ attitude toward their citizens. Using the revenue generated by the extraction and export of resources as the independent variable, theories of the rentier state draw causal links between the income derived from resource rents and poor economic governance as well as authoritarian rule (Ross 2001, 2006). The term Dutch disease—which first appeared in The Economist (1977) to describe
the decline of the manufacturing sector in the Netherlands after the discovery of a large natural gas field in 1959—refers to another causal mechanism, one that harms a country’s non-resource sectors. A sharp rise in revenue from the export of primary commodities, such as oil, has the effect of strengthening the country’s currency, which in turn drives up the cost of its other exports. This reduces the competitiveness of the country’s agricultural and manufacturing sectors, which have already been weakened by the booming resource sector, and thus draws both capital and labour away from these sectors, thereby raising production costs (Gylfason 2001).

These mechanisms are part and parcel of what is often called the “resource curse.” Sometimes described as the “paradox of plenty” thesis, the resource curse is used to explain why countries rich in natural resources—notably, petroleum-producing countries—have been unable to use that abundance to boost their overall economic growth—although recent studies have shown that it is the volatility in commodity prices, rather than abundance per se, that drives the resource curse paradox (e.g., Cavalcanti, Mohaddes, and Raissi 2012; Leong and Mohaddes 2011). Simply put, the resource curse posits that the narrowing of a capitalist economy down to one commodity gives those with control of that commodity inordinate power. This skewed power is particularly evident when comparisons are drawn to economies in which the competition between different factions of capital creates opportunities for varied agendas on the part of both the state and civil society.

Our 2012 article applies measures of democracy (such as the principles of “good governance”) used in the oil and democracy literature to assess the impact of oil wealth on fundamental elements of liberal democracy in Canada. Specifically, we set out to determine whether relationships between oil-dependence and democracy similar to those found in the Global South could be found in Alberta, a subnational jurisdiction in the Global North. We argue that the political influence of the powerful oil lobby in the province has led to a decline in political liberalism—which refers to the limited role of government, reduced to that of a neutral referee mediating among competing definitions of the public good (see Rawls 1993)—and that the result constitutes a democratic deficit that is fuelling political and economic inequality in the province and the country. Although our focus is subnational, the implications of our findings are national in scope.

In any given context, political, economic, and social variables, which are the product of a range of historical factors, mediate the relationship between
resource management and political economic outcomes. These contextual differences might explain, at least in part, the discrepancy in development outcomes in different resource-abundant countries. Most importantly, these contextual variables are strongly influenced by the prevailing political dynamics. In the Canadian context, the strident rhetoric that characterizes debates about whether Alberta oil is “ethical” or whether reliance on “dirty” oil is turning Canada into a petro-state tends to deflect the focus from the political system and the policy apparatus that is shaping the relationship between resource management and political economic outcomes—in particular, the role of neoliberalism.

The term neoliberalism most commonly refers to economic reform policies and measures such as eliminating price controls, deregulating capital markets, lowering trade barriers, and reducing state influence on the economy, especially through privatization, fiscal austerity, and financialization. Additionally, neoliberalism can be a political ideology that explains and justifies a preferred economic and governmental order for society (Knight 2006). In Canada, neoliberalism entered the national scene under the regimes of Jean Chrétien and Paul Martin, which oversaw the first wave of rollbacks of the national welfare state. Changes they made to the Canadian Assistance Program, for example, enabled welfare restructuring at the provincial level; Alberta and Ontario were the first provinces to replace welfare with workfare (Herd 2002; Peck and Theodore 2010). The Conservative-led government under Stephen Harper has overseen what Jamie Peck and Adam Tickell (2002) characterize as “roll-out neoliberalism”: strategies for restructuring the state characterized by authoritarian measures that rollback the welfare state while maintaining class privilege and market dominance. In Alberta, restructuring of the welfare state through privatization, deregulation, the tightening of eligibility requirements for assistance, and the devolution of welfare services to nonprofit and voluntary sectors, has a long pedigree but certainly reached its zenith under Premier Ralph Klein in the 1990s. The intensification of neoliberal policy provincially and federally has implications for both natural resource management and political economic outcomes.

Contributors to this volume, therefore, consider two sets of issues: the first pertains to broad questions about institutions of liberal democracy in Alberta and Canada, and the second concerns specific trends in an oil-exporting jurisdiction. Unsurprisingly, these issues often overlap and are guided by similar
questions: What are the historical, socio-political, and political economic trends that have played a role in the evolution of governance, equity, and citizenship issues in Alberta? How are these trends being felt on the national level? How does political ideology affect provincial and federal public policy issues? What are the impacts of economic and political inequality on resource management and governance?

This collection takes a different approach from that of much of the oil and democracy literature. Instead of relying on quantitative measures of democracy, the volume provides a critical evaluation of the application of the principles of liberal democracy in Alberta, and in Canada generally, by investigating significant public policy areas, such as energy, Aboriginal issues, the environment, labour law, and urban planning. Additionally, the book includes a selection of largely qualitative studies of political ideology, political economy, national security, political activism, gender, labour, and the visual arts in the milieu of increasing oil dependence federally and provincially. While most chapters focus primarily on Alberta as the major oil-producing jurisdiction in Canada, others draw comparisons between Canada and oil-rich powers in the Global South—notably, Venezuela and Iran. The fourteen scholars contributing to this book are from nine different academic disciplines; this diversity of approach and method reflects the cross-disciplinary reach of this topic. These many perspectives on the nature and operation of democracy in Alberta, all informed by liberal democratic theory, have significant ramifications for the country as a whole.

**Liberal Democracy in an Oil-Exporting Jurisdiction**

Among the many aspects of the “oil impedes democracy” claim is the state of liberal democracy in oil-based economies, which we have chosen as the focus for this book. Consequently, the theme of democratic governance weaves its way through every chapter of our exploration of various features of liberal democracy. We recognize, however, that the term liberalism encompasses a diversity of often contradictory streams of thought. For instance, in the United States, liberalism is associated with the welfare-state policies of the New Deal program instituted by the Democratic administration of President Franklin D. Roosevelt, whereas in Europe, it is more commonly associated with a commitment to limited government and laissez-faire economic policies. In Canada,
liberalism is most often associated with social liberalism, which ascribes to the state a legitimate role in addressing economic and social issues such as welfare, health care, and education, while simultaneously expanding civil rights. For the purposes of this book, we use the terms political liberalism or liberal democracy interchangeably. They refer to a system of governance characterized by civil liberties, more than one political party competing for election, separation of power, the rule of law, and a representative government based on majority rule with protections for minority rights (see, for instance, Cunningham 2002).

Combining democracy with liberalism creates an uneasy juxtaposition of the individualistic ideology of liberalism, which in its classical form concerns itself with limiting the power of the state over the individual, and the collectivist ideal of democracy, which is concerned with empowering the masses. Thus, liberal democracy may be seen as a negotiated compromise between liberal individualism and democratic collectivism. One way to achieve this fine balance is through economic freedoms, which are supposed to result in the formation of a significant middle class and a broad and flourishing civil society. Moreover, attributes such as the protection of civil liberties and human rights, political pluralism, equality before the law, the right to petition elected officials for redress of grievances, and due process are often seen as preconditions for liberal democracy (Beetham 1992). In a nutshell, freedom, equality, and democratic participation are considered the cornerstones of a liberal democracy. As the cycles of recession became more common and intense after the end of the Cold War, however, some scholars (e.g., Habermas and Rehg 1998; Tamas 2011) argued that the increasing state authoritarianism and income inequality were important signifiers of the failure of the liberal or representative democratic framework and that alternative models of democracy were needed. Some of these models, such as deliberative or participatory democracy, go beyond but do not discard the liberal tradition. Moreover, the resilience of the liberal democratic model is amply attested to in the continued use of the attributes of this framework in measures such as the Democracy Index or the Polity Project, which seek to assess the political health of countries around the world, including that of oil-exporting states.

Nonetheless, we do not accept the premise of liberal democratic theory uncritically. As many of the chapters in the book explain, more expansive definitions of democracy are needed to challenge the assumptions and rigid limitations of the liberal democratic model. For instance, liberal democracy typically implies a market-based economy that relies on supply and demand, with some
regulation to prevent monopolistic behaviour. Much like C. B. Macpherson, who highlighted the tensions between possessive individualism and capitalist market relations in the liberal democratic model (see Macpherson 1977, 1985), many chapters in this book call attention to the problems associated with accommodating the utilitarian concerns of the market and with broader developmental liberalism, both of which are important underlying assumptions of liberal democratic theory.

In this context, the notion of “developmental liberalism” is particularly pertinent to our use of liberal democratic theory. Developmental liberalism emphasizes notions of political legitimacy, public reason, and respect for reasonable pluralism (Rawls 1993); the conceptualization of development in terms of capability expansion (Sen 1999); and the role of the state in governance issues such as the fair distribution of resources (Rawls 1971). With the recognition of the socio-economic failures of neoliberal financialization and deregulation, the developmental role of a democratic state has re-emerged not only in the burgeoning critique of neoliberal orthodoxy but also in governance discourse, where good governance is essentially equated with sound “development management” (Harriss 2005, 37).

As pointed out by Munck and Verkuilen (2002), even the most widely used democracy indices suffer from important weaknesses deriving from methodological issues. The normative, descriptive, methodological, and semantic limitations of theorizing democracy amply apply to the liberal democratic framework and are dealt with in some detail in the opening chapter, by Meenal Shrivastava. We acknowledge the limitations of this framework, but because most studies on the impact of oil dependence on democracy apply the liberal democracy model, we have chosen to use it as a limited but necessary framework upon which to build our assessment of the strength of democracy in Alberta. While this has provided our authors with a consistent set of indicators, their application actually reveals the restrictive and simplistic nature of the liberal democratic conceptualization. The limitations of the liberal democratic parameters stand out most noticeably in the chapters comparing Venezuela (Kellogg, chapter 5) and Iran (Fraser, Mannani, and Stefanick, chapter 6) to Canada, but they are also evident in the examinations of homelessness in Canada’s richest province (Evans, chapter 12), the legal and human rights of the First Nations communities affected by the extractive industry (Slowey and Stefanick, chapter 7), and the gendered dimensions of resource extraction (Dorow, chapter 10). Furthermore, Karen Wall’s analysis of the state of the visual arts in Alberta.
Terminology, Staples Theory, and the Impact of Oil Wealth on Democracy

Another theme that provides a connective thread in the following chapters is the relationship between oil dependence and democracy. The debate over the
impact of oil dependence has at times been conducted at a shrill pitch in drawn-out public battles, with “petro-state” and “ethical oil” characterizing the two extremes of the ideological spectrum. At one time, the petroleum industry’s chosen term for the bitumen sands was tar sands. The oil industry, mainstream media, and government officials have since adopted oil sands as their preferred term because the word oil is perceived to have a less negative connotation than tar. In an effort to achieve a balanced perspective unburdened by the political polarization inherent in “oil” versus “tar” sands, authors in the book have chosen to adopt the term bitumen sands. The goal is to emphasize the analysis. After all, if causal links exist between oil revenue dependence and specific elements of liberal democracy in Alberta, they do so independently of terminology.

On a global scale, there appears to be considerable support for the assertion that oil-dependent economies in the Middle East, Africa, and Latin America are characterized by a democratic deficit within both quantitative and qualitative measures of liberal democracy (Feldman 2003; Ross 2001, 2009; Tsui 2011; Wantchekon 2002). There are many other factors, however, that inhibit the growth of democracy in the Global South, most notably the legacy of imperialism and colonialism that continues to affect internal and external relations of these countries. However, both the impact of this important historical context and the international system that created and perpetuates the North/South division are often overlooked within the rigid confines of the liberal democratic framework. Furthermore, singling out oil as a “curse” to democracy may well overstate the case, as other commodities such as diamonds, gold, and other minerals have been shown to have similar antidemocratic effects (Corden and Neary 1982; Ross 2006; Van Wijnbergen 1984).

As mentioned above, nearly all of the studies on oil and democracy use the liberal democratic framework and related measures for their analyses. Associated indices, such as the Worldwide Governance Indicators of the World Bank, and other good-governance models, such as that of United Nations Development Programme, have been applied in their various iterations as key variables for the development of a functioning market economy, economic development, and democratic characteristics. A discussion of the evolution and limitations of these indicators is provided in the opening chapter. However, the notion that democracy is alive and well in the Global North is becoming increasingly contentious, as is evidenced by the many global movements, such as Occupy Wall Street, that protest the austerity measures in Europe and North America. These movements seek to address what is seen as a rising democratic
deficit in both the Global North and the Global South that is producing socio-economic inequities and environmental destruction.

In Canada, there is sporadic rhetoric of “petro-state,” on the one hand, by critics who charge that the oil industry has an inordinate amount of influence on democratic governance in Canada (e.g., Nikiforuk 2010) and “ethical oil,” on the other, by those who advocate the development of bitumen oil on “ethical” grounds (Levant 2011). There is scholarship on the impact of Alberta’s oil dependence on the environment from a political economic perspective (see, for instance, Davidson and Gismondi 2011) and on socio-cultural dimensions of an oil economy: see, for instance, the special issue of the Canadian Journal of Sociology in 2013 on the petro-culture of the Fort McMurray region. This collection provides an important complement to the existing research by exploring the intensification of many political and policy trends in Alberta that appear to be directly or indirectly influenced by the development of Canada’s bitumen oil. In doing so, this book evaluates the political, policy, and cultural dimensions of economic practices associated with the rise of oil dependence in Alberta and Canada, rather than examining political economy and culture as distinct components. This approach is in keeping with many studies which argue that the oil industry does not just function as an isolated outpost of the export economy but broadly influences the formation of social and political values, labour practices, and notions of citizenship (e.g., Chomsky and Santiago 1998; Coronil 1997; Finn 1988; Klubock 1998; Putnam 2002; Salas 2009). After all, as Miguel Salas (2009, 238) notes in the context of past studies of Venezuela, “To only address economic factors associated with this extractive industry was to underestimate the power of oil to influence society, politics, and culture. Beyond monopolizing the economy, oil shapes social values and class aspirations, cemented political alliances, and redefines concepts of citizenship for important segments of the population.”

While applying to the Global North the same lens that has been used to analyze the oil-rich nations of the Global South helps to unearth the many similarities in economic and political trends in the two hemispheres, it is not very useful in providing a cogent explanation for the political and economic outcomes of oil dependence. By explaining development performance solely in terms of the size and nature of the resource wealth, the oil and democracy literature often does not adequately account for the role of internal and external social, political, and economic environments in shaping development outcomes in resource-abundant countries. In response to the perceived reductionism of the oil and
democracy literature, some recent studies have been questioning the validity of examining various political pathologies and poor development performance fostered by natural resource wealth (Rosser 2006; Meissner 2010). According to Rosser (2006, 3), the most pertinent question to ask is this: “What political and social factors enable some resource abundant countries to utilise their natural resources to promote development and prevent other resource abundant countries from doing the same?” While Rosser asks this question with reference to the countries in the Global South, it is equally applicable to economic, political, and social development in the Global North, when, for instance, we consider the vast difference between the management of oil wealth and its impact in Canada as compared to Norway.

In our examination of the political economy of Alberta and Canada, we use staples theory, a complementary articulation of the more recent “resource curse” literature, to bring political economic and institutional dynamics into the study of oil and democracy. Emerging in the early decades of the twentieth century, the staples theory of economic development explained the role of Canadian staple commodities (fish, fur, lumber, agricultural products, and minerals) in the creation of institutions that defined the political trends of the nation and its regions (Innis 1956; Mackintosh 1923). This theory was revived in the 1960s through Mel Watkins’s work on resource capitalism, and the state-fostered backward and forward linkages in the supply chain. These linkages were credited for creating opportunities for innovation and economic growth. Watkins’s expansion of the scope of the staples thesis pointed out some active directions for policy makers to pursue in staples production. His work inspired many other staples-oriented theories in a similar vein (e.g., Hirschman 1980; Kindelberger 1986). Fundamentally, the staples thesis argues that while the export of raw materials can sustain economic growth, reliance on exporting natural resources has made Canada dependent on the international market. This dependence has resulted in periodic disruptions to economic life as the international demand for staples rose and fell, as the staple itself became increasingly scarce, and as technological change resulted in shifts from one staple commodity to another (see Watkins 1963, 1977).

Writing just as Western Canada’s most recent resource boom started, Michael Howlett and Keith Brownsey (2008) question the continuing importance of staples in the Canadian political economy, arguing that the Canadian economy has evolved past its mature staples stage and that Canada is becoming a “post-staples” state. This post-staples state features severe cost and
supply pressures that have led to the contraction of the once important natural resource industries, growth in metropolitan shares of employment and population, and economic diversification in both urban and rural areas. Although the authors acknowledge that resource development continues to be important in some regions, they suggest that resource governance is now more participatory and democratic than previous staples development because it incorporates multiple interests, such as those of environmentalists and the Aboriginal peoples.

Other writings during the same period (e.g., Stanford 2008; Watkins 2007) emphasize the fact that the unprecedented resource boom led to foreign takeovers, currency overvaluation, and crises in the domestic automotive sector. These changes mark a shift away from the mature staples political economy theorized by Mel Watkins in which governments provided firms with access to natural resources in exchange for royalties, commitments to employment, and infrastructural development in rural areas, leading to economic diversification through expanded secondary manufacturing. Instead, during the most recent resource boom, which extended from the rise of global petroleum prices in 2007 to the drop in prices in late 2014, natural resource firms used highly mobile workforces to produce commodities for export rather than for domestic manufacturing, and fewer benefits accrued to local communities. Particularly in relation to oil and gas as extensions of staples production, Watkins (2007) raises issues such as the appropriate use of the “rent” and associated fiscal effects that may suggest regression to a staples economy. In light of the preceding, many scholars (e.g., Drache 2013; Mills and Sweeney 2013; Stanford 2013) contend that Canada’s political economy is better characterized as neostaples, with resource rents increasingly concentrated in the hands of foreign investors rather than governments, employees, and resource-dependent communities.

It is important to note that recent characterizations of the neostaples economy do not pay enough attention to internal colonial relations or to the increased participation of northern Aboriginal peoples in resource industries over the past three decades. This increased participation has come about through the successful push for recognition of proprietary interests over the territory of the First Nations, expansion of their jurisdictional authority, and the relocalization of employment benefits for northern populations through measures such as Impact and Benefit Agreements (IBAs; see Mills and Sweeney 2013). However, Suzanne Mills and Brendan Sweeney (2013) admit that in its extensive use of subcontractors and “fly-in, fly-out” work arrangements, the

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governance of employment in a neostaples stage of resource development deviates from the Fordist compromise of preceding eras of resource development. Shaped by global mining trends, the resulting model of employment governance has had ambiguous outcomes for Aboriginal workers. The agency of Aboriginal actors is constrained by the internationalization of the industry and private capital, the lack of control of Indigenous peoples over significant dimensions of work and labour practices, and the neoliberalization of Aboriginal governance (MacDonald 2011; Mills and McCreary 2013; Slowey and Stefanick, this volume).

Nonetheless, in keeping with the nature of the neostaples political economy, while Aboriginal institutions are playing an increasingly important role in governing employment, the role of unions is much diminished, as evidenced by the increasing number of non-union mines and the widespread use of subcontractors. The declining local influence over resource development and employment is particularly problematic in the context of encroachments on worker wages, benefits, and collective representation in a neoliberal economy. Labour unions in the mature staples regime represented a large number of workers and enhanced their ability to capture increasing shares of resource rents in wages and benefits. In the neostaples regime, however, unions have been relegated to defending a smaller proportion of workers, since new operations are increasingly non-unionized.

Clearly, staples theory continues to be popular and relevant, not only to describe the ramifications of staples production for the evolution of the Canadian economy and society but also as an analytical tool to study the economies of countries that are dependent upon resource extraction and primary industries. As such, we use the staples theory to complement the liberal democratic model that underlies our analyses and provides insights into the efficacy of various policy choices in promoting and supporting institutions of democracy. In particular, the history of the social and economic characteristics of Alberta is not only useful for understanding political monopolies but also raises probing questions about the nature and operation of democracy itself, particularly with respect to democracy in oil-exporting countries in both hemispheres.

*Alberta: The Epicentre of Canada’s Oil Economy*

The nature and strength of democracy in Alberta became a subject of scholarly interest long before oil lubricated the political economy of the region.
C. B. Macpherson (1953) analyzed the phenomenon of one-party rule in Alberta, exemplified by two parties that grew out of populist movements: the United Farmers of Alberta (UFA), which ruled from 1921 to 1935, and the Social Credit Party, which grew out of depression-ravaged Alberta and dominated provincial politics for the next thirty-six years (Finkel 1989). Unbeknownst to Macpherson in 1953, a provincial branch of the Progressive Conservatives would replace the Social Credit in 1971 and would lead the government for almost forty-four years. Nevertheless, Macpherson correctly notes the uniqueness of Alberta politics since its earliest days: the same party leads the government for many years and is eventually decimated when the electorate switches en masse to a new party, which then continues to dominate the political scene. Reducing the PC numbers to a paltry ten MLAs in May 2015, the rise of the NDP from a four-MLA party in the 28th legislative assembly of 2012 to a fifty-four-MLA majority government in the 29th legislative assembly fits this pattern. It is too early to say, however, how long the reign of the left-wing NDP will last, or if the NDP will be able to make substantial policy changes to address issues related to democratic deficits noted in this volume.

According to Macpherson, this one-party dominance, which the resource curse literature generally associates with oil-exporting states, produced a new species of democratic governance in Canada, a “quasi-party system” that emerged in the first half of the twentieth century. Macpherson describes this system as a deviation from the normal two-or-more-party system generally envisaged in a liberal democratic state. In the quasi-party system, strong opposition and party competition appear only periodically, thus enabling one party to monopolize political power. It is noteworthy that the lack of political plurality and strong opposition is a characteristic most often associated with oil-exporting states in the Global South. According to Macpherson, the political longevity of one party in Alberta during the first half of the twentieth century had two significant causes: (1) the traditional system of alternating parties was never popular among the petit bourgeois class of independent producers in Alberta, whose interests and particular conceptions of society dominated the political landscape, and (2) this same interest group rejected party-dominated parliamentary representation, advocating instead for a populist system of functional representation, whereby legislators see themselves as delegates of their constituents rather than as representatives bound by party discipline (Macpherson 1953).
Macpherson’s critics argue that his view of the homogeneity of Alberta’s population is simplistic (Richards and Pratt 1979). Indeed, as the recipient, at the turn of the century, of waves of immigration from Britain, Europe, and the United States that comprised a diverse cross-section of people, Alberta experienced large electoral majorities, partly as a result of the first-past-the-post electoral system. This system over-rewards the winning party in a multiparty situation that reflects a very diverse electorate. But Macpherson’s larger point about Alberta being dominated by the petit bourgeois class of independent producers has some merit. Since Alberta has always had an economy dominated by a single staple, the producers of the dominant commodity (whether wheat or oil) have had inordinate influence on provincial politics. Historically, commodities from the West have fed Central Canada’s industrial heartland. It was not until the 1930s, however, that the Western provinces gained parity with other Canadian provinces with respect to gaining control of their own natural resources. The deep-seated distrust of the federal system of government is a legacy of these pre-1930s “quasi-colonial” years when Western provinces perceived themselves as continually subservient to the capital interests of the industrial heartland. As Harrison (this volume) notes, this has remained a defining feature of Alberta’s politics and culture, providing fertile ground for new political parties that experimented with new forms of governance. In addition, as Macpherson (1953, 247) puts it, “The quasi-colonial society in which independent producers are the predominant element appears peculiarly liable . . . to reject the regular party system.”

The first manifestation of the functional representation phenomenon can be seen in the first governing party in Alberta, the Liberals, who ruled from 1905 to 1921. In 1913, the Liberals passed the Direct Legislation Act, which provided citizens with the ability to call for a referendum through petition (Barrie 2006, 9). Strands of anticorporatism and concern about the stifling power of party discipline can be seen in subsequent parties, such as the UFA. This populist party advocated for farmers, particularly around improving access to health care and education; it also supported the women’s suffragette movement. It was during the so-called dirty thirties that two other populist parties were born in Alberta—the Co-operative Commonwealth Federation (the forerunner of Canada’s left-wing New Democratic Party) and the Social Credit Party. All of these early populist parties supported public health care, something that is normally associated with left-leaning parties. As Richards and Pratt (1979) and Harrison (this volume) point out, a staples-based economy does not preclude
progressive politics. The story of the conversion of Alberta’s Social Credit Party from left- to right-wing populism is discussed in Harrison’s chapter. Suffice to say here that by the 1940s, Social Credit had firmly entrenched a right-wing populist agenda in Alberta that opposed both the social welfare programs and the centralizing tendencies of the federal government of Canada (Finkel 1989). Long after Macpherson’s analysis of the party system and Alberta’s political structures and institutions, right-wing populism flourished in Alberta under the Alberta Progressive Conservatives and the official opposition, the Wildrose Party, earning for Alberta the redoubtable distinction of being ruled by two right-wing parties without interruption for eighty years.

Another constant in Alberta is the nature of its economy. For nearly a century, Alberta’s economy has followed a pattern of primary-resource exploitation and dependence on external markets, moving from the export of fur prior to becoming a province, to wheat and beef, and finally to petroleum. Although the existence of vast bitumen pools had been recognized for decades, it was only with advances in extraction technologies and the rapid rise in international prices of oil since the last quarter of the twentieth century that the production of unconventional oil became financially viable. The pace of bitumen oil production picked up significantly beginning in 2004–5, coinciding with consistently high international oil prices. The resulting socio-economic changes to the province were immediate and profound, and quickly spread across Canada. Imbalances in provincial fiscal capacity, waves of internal migration, and political and income disparities are a few examples of these changes. The rapid expansion of the oil sector has been realized with significant government support for Alberta’s oil industry in the form of investment, subsidies, and tax breaks at both federal and provincial levels. In particular, this government support has spurred the expansion and development of the unconventional oil industry, which in the past provided little profit because of the high cost of extraction and transportation. Alberta’s extremely industry-friendly tax and revenue-sharing regime, along with the province’s propensity to externalize the social and environmental costs of bitumen oil production, has led to handsome returns for private corporations (Campanella 2012). For instance, Royal Dutch Shell announced in 2007 that its Canadian bitumen oil division made an after-tax profit of $21.75 per barrel, nearly double its worldwide profit of $12.41 per barrel on conventional crude oil (Mortished 2007). As noted in a Pembina Institute report (Dobson and Asadollahi 2014, 2), while federal and provincial taxes fell between 2009 and 2012, subsidies to the oil sector rose simultaneously.
The growing economic and political might of Alberta has made this province the barometer of political economic change in Canada. The rising political influence of this landlocked province can also be construed as leading to the “Albertization” of Canada under the leadership of Stephen Harper and the Conservative Party, as exemplified by fiscally and socially conservative federal policies. This policy orientation includes government austerity, especially with respect to social programs; privatization of government services; and reductions in income tax for corporations and upper-income earners. The role of the province of Alberta within the larger Canadian federation has changed dramatically in the past decade. With 11 percent of the total population of Canada, Alberta accounts for 17 percent of its gross domestic product (GDP), 28 percent of which is derived directly from the energy sector (Alberta, Alberta Energy 2015). In 2014, the oil and gas industry produced one-quarter of Alberta’s GDP, almost 70 percent of its exports, and 35 percent of Alberta government revenues, and the industry accounted for 146,000 direct and indirect jobs (Alberta, Alberta Energy 2015; CERI 2014, ix). It is important to note that although it is best known for the world’s largest bitumen oil reserves, Alberta is also the largest producer in the country of conventional crude oil, synthetic crude, coal, natural gas, and gas products. Agriculture and food processing, forestry, construction, manufacturing, biotechnology, and services are the other major sectors of Alberta’s economy, but they are much smaller in relation to the energy sector (Alberta, Alberta Innovation and Advanced Education 2015). Moreover, as of 2011, the cumulative natural resources sector represented 15 percent of Canada’s nominal (i.e., not adjusted for inflation) gross domestic product (GDP), generating nearly 800,000 direct jobs, as well as a roughly equivalent number of indirect jobs, in the construction, manufacturing, transportation, financial, technology, and service sectors (Canada, NRC 2012).

While the figures above are significant, they do not reflect the actual scale of the direct and indirect impact of the oil industry at both provincial and national levels. These numbers do not account for important factors such as the volatility of the unconventional oil industry; the combination of fiscal and taxation policy leading to significant concerns related to revenue realization; the weakening of the various regulatory regimes under pressure from the short-term priorities of the oil industry; and the cost of several externalities, such as pollution and inflation, related to the rising costs of manufacturing. While some analysts point to the declining contribution of oil and gas to Canada’s GDP, from a high of 12 percent in 1997 to 10 percent in 2012 (Leach 2013), the
assertion that the influence of oil vis-à-vis the Canadian economy is actually lessening does not account for issues such as the diminishing share of total corporate taxes, problems of oil revenue realization, the impact on frontier lands of the elimination of foreign ownership restrictions for production licences, or the issue of First Nations treaty violations.

The financial crisis of 2008–9 compressed and depressed the world economy, as well as oil prices. The fiscal impact of this ongoing crisis was compounded by the rapid rise of bitumen production costs in Canada, owing in part to shortages of labour and materials. Government policies in response to these challenges continue along a familiar trajectory by ceding more regulatory control to industry; opening new doors for foreign acquisitions; and increasing financial, social, and environmental subsidies. Given this scenario—along with the direct and indirect environmental costs of the expansion of bitumen oil production, such as water and energy use, release of greenhouse gases, destruction of the boreal forest, water pollution, and toxic tailings ponds—the contributors to this book have focused their attention on bitumen oil development as the most contentious beneficiary of government support, rather than on the wider energy sector.

By using the contemporary political and policy trends in Alberta as a snapshot of the larger Canadian political economy, we hope that the analyses in this volume will be relevant for the examination of liberal democracy in a myriad of contexts in the world. Despite our focus on Alberta, the general principles, issues, and institutions explored in this collection are common to resource-based jurisdictions around the world and are pertinent to concerns about democratic governance. As the diverse topics covered in this volume reveal, oil wealth not only impacts democratic governance; it has infused all aspects of life in Alberta.

**Themes and Assumptions**

The uniqueness of this book lies in critically examining the “oil inhibits democracy” thesis within a jurisdiction in the Global North by applying the liberal democratic parameters that are usually applied to explain the deficiencies of democracy in the oil-dependent economies of the Global South. Of course, Canada is not the only oil-exporting country in the Global North and is most frequently compared to Norway. Despite the recent rise of right-wing politics in Norway, the country’s high taxes continue to fund its welfare model, while
almost all government revenue from oil go into the Norwegian pension fund. In contrast to this approach of sharing the resource rent with future generations, Alberta’s low tax rate means that it must use oil royalties to fund current government expenditures. Norway’s state capitalism, then, is markedly different from Canada’s increasing entrenchment of neoliberal policies and its retreat from social democracy. By avoiding a North-North comparison that often assumes the strength of democracy as a given, not only do we open the door for a much richer and wider analysis of democracy in a specific jurisdiction and of democracy in oil-exporting countries of the Global North more generally, but we also eschew the normalized North-South dichotomy that informs studies of oil and democracy.

The three sections of this book explore the “oil inhibits democracy” hypothesis by examining some critical aspects of liberal democracy in Alberta and Canada. The first section starts with a broad theoretical discussion as well as the contextualization of bitumen oil in the global oil market. It then provides a context for democracy in Alberta through historical, political economic, and socio-political perspectives. Starting from the local and the specific, and then moving to the international, the chapters in this section outline the political peculiarities of Alberta and highlight the similarities and differences between Alberta and jurisdictions in the Global South. Clearly, neoliberalism has become a global phenomenon, sparing few countries, resource rich or not. Within this context, we are concerned about how the predominance of a single resource may create special problems for creating or maintaining democratic norms. Alternatively, could it be that the threat to democracy in states dependent on the export of one commodity is another manifestation of a generalized corporate attack against democratic norms in a period characterized by a global capitalist crisis of overproduction and declining confidence in governments and institutions? In the wake of the electoral rout of the PC Party in Alberta in May 2015, this trend is manifested by the reaction of the energy industry in the media and the stock exchange (Hussain and Morgan 2015).

The second section of the book concentrates on rights claims in an oil-exporting economy, focusing on the most vulnerable groups: women, workers, Indigenous populations, and immigrants. This section underscores the similarities among vulnerable communities in both the Global North and the Global South, showing that “First and Third World” relations can be replicated within any country, particularly those with Indigenous populations. Despite being focused on Alberta, these chapters illustrate a worldwide neoliberal trend.
toward maximizing profit by undermining the rights of labour, sidelining marginalized communities, and downloading specific functions of the state on the family—and in particular, on women. The end result is class-based, gendered, and racialized economic structures wherein certain groups in society bear the brunt of the social, political, and economic burdens of oil extraction.

The third section of the book considers the impact of the trends identified in the previous sections on certain governance, equity, and citizenship issues in Alberta. Specifically, the chapters in this section look at current policies and institutions as reflections of particular political ideologies. Significantly, these chapters identify existing policies as the manifestations of neoliberal notions of citizenship and identity that are shared by corporate and state interests, effectively excluding those who have different understandings. The disciplinary role of government is explored, as is the impact of privileging the role of government in fostering favourable market conditions for business on the provision of social and economic justice in Alberta.

It is obvious that oil influences democratic participation and governance in Alberta; however, it is equally clear that its impact is shaped by other factors. As illustrated in many of the chapters in this volume, the fact that Canada is part of the Global North does affect the trajectory of the form and outcome of political economic trends. Moreover, it is also clear that while the particular manifestation of the democratic deficit may be different in Alberta and Canada than elsewhere, the general oil versus democracy theme has relevance in various parts of the world. Finally, we cannot ignore the fact that while many jurisdictions in the Global South have the additional burden of colonialism, which adds to the democratic malaise, Canada’s own internal colonization of its Indigenous population dampens its claims to having healthy democratic institutions.

Certainly, these chapters point to a variety of factors that ultimately influence the nature and practice of democracy in an oil-exporting country. Some of these interactions are consistent with what has been reported in studies of oil-dependent countries in the Global South, while others are unique to Canada as an oil-exporting country in the Global North. Perhaps the most valuable lesson that can be taken from this study is that oil-rich jurisdictions in the Global North are not so categorically different from those in the Global South. Nor is the binary classification of “North” and “South” very helpful in exploring the dimensions of democracy in an interconnected world. The chapters in this volume highlight that the success of liberal democratic institutions in reflecting collective priorities and interests is complicated not only by the nature and
history of an oil-exporting jurisdiction but also by the rapidly changing global political and economic dynamics. In Canada, the short-term priorities of the oil industry are shaping politics and policy provincially as well as federally. Many chapters in this book suggest that these policies will have a long-term impact on democracy in Alberta. Oil wealth may not be the only engine that works toward diminishing democratic structures, but it certainly serves as the fuel that helps to propel specific socio-economic and political forces and ideologies. What is indisputable is that oil has left an indelible stamp on democracy in Alberta and Canada.

Notes

1 Resource rent is the surplus revenue generated from the extraction of a natural resource. That is, it is the revenue that remains after all the costs of extraction and production, including the minimum return that investors need on the capital they have invested, have been deducted from the total revenue. Governments do not typically engage directly in extraction and production activities. Instead, as the holders of the rights to a country’s natural resources, they levy a tax on the resource rents earned by businesses.

2 We use the term political economy in its broad sense to refer to the influence of political ideologies on economic life, particularly in relation to the development of public policy. Although specific political economic analyses inevitably reflect the disciplinary framework and theoretical orientation of the researcher, all begin from the fundamental insight that politics and economics are inextricably bound up with one another.

3 Financialization is explained in more depth in the next chapter. Briefly, it refers to changes in the structure and operation of financial market that lead to an increase in the size and importance of a country’s financial sector relative to its overall economy (Krippner 2005).

4 As Slowey and Stefanick explain in chapter 7 in this volume, the legacy of internal colonialism has also had a huge impact on the relationship between Aboriginal and non-Aboriginal people in Canada. In this regard, the same forces that inhibit development in the Global South are at work in the Global North.


7 Watkins’s theoretical interpretation did not go unchallenged. For instance, John Richards and Larry Pratt, in Prairie Capitalism: Power and Influence in the New West (1979),
argue that staples theory ignores the classical theory of comparative advantage. They also question the Canadian dependency thesis as proposed by staples theory.

8 Fordism relates to an economic and social system based on industrialized and standardized forms of mass production, mass consumption, and changes to working conditions of workers over time. The Fordist compromise guarantees employment at relatively good wages for a subset of (usually) unionized workers in return for acceptance of capital’s exclusive right to run the company and its right to earn high profits in the process.

9 At the time we write, the human impact of the volatility of the energy sector has been brought home once again, owing to the recent downturn in international oil prices. According to a Statistics Canada analyst, from September 2014 to early January 2015, thirteen thousand jobs were lost in Alberta’s energy sector, most of them in oil and gas. Moreover, in January, the Canadian Association of Oilwell Drilling Contractors predicted that the number of rigs operating in the field would decline by 167 in 2015, “resulting in the layoffs of 3,400 rig workers with the loss of another 19,500 indirect jobs” (Geddes 2015).

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