It’s critical to develop that resource in a way that’s responsible and environmental and the reality for the United States, which is the biggest consumer of our petroleum products, is that Canada is a very ethical society and a safe source for the United States in comparison to other sources of energy.

Prime Minister Stephen Harper, 7 January 2011

Stephen Harper was referring, of course, to Alberta’s bitumen sands. These comments to the media were made on the heels of a declaration by Peter Kent, Harper’s newly appointed minister of Environment, that Alberta was an “ethical” source of oil. The terms ethical oil and dirty oil have recently crept into the lexicon of energy-related politics. Critics of the bitumen sands such as Andrew Nikiforuk (2008) bemoan the environmental degradation associated with this industrial megaproject and point to the myriad of social problems associated with hyperdevelopment. In contrast, proponents such as Ezra Levant (2010) claim that the “dirty oil” moniker used by environmentalists and other critics of bitumen development do not do justice to the benefits of Canada’s “ethical” oil: that is, oil that comes from a nation that safeguards its citizens’ rights and freedoms. Six months after the 2010 publication of Levant’s Ethical Oil: The Case for Canada’s Oil Sands, Prime Minister Stephen Harper began to draw attention to Canada’s liberal-democratic institutions in order to promote Canadian bitumen sands on the international stage, particularly in the United States. The questions driving this chapter are these: What explains the emergence of the dirty/ethical oil monikers in reference to Alberta’s primary resource? And why has the use of these terms led to such a polarized debate?
This chapter makes two arguments. The first is that the dirty/ethical debate represents a dramatic shift in the trajectory of Alberta’s energy regime. The debate stems from the connection of Canadian oil-driven economic prosperity to American national security, a connection that is both a result of the entrenchment of neoliberalism and a tool to consolidate it within the Canadian landscape. Both industry and governments cast resistance to the current rapid pace of bitumen extraction as opposition to economic prosperity and, more importantly, to national security conceived in continental terms. Points of view that are in opposition to government policy are construed as treasonous resistance to a continentalized border and economy, making critics unpatriotic at best and criminal at worst. While the trajectory of Alberta’s energy regime is shifting once again with the collapse in the price of oil in 2015 and the subsequent election of an NDP government in the province, the negative view of those who question bitumen extraction policy lingers on.

Second, while Alberta’s citizens are typically construed as a homogeneous bloc whose interests are tied inextricably to the energy sector, this chapter will demonstrate that this view is simplistic. A particular set of historical circumstances in Alberta’s democratic development helped to downplay the diversity of interests in the province, in addition to providing fertile grounds for those who would later sow the seeds of neoliberalism. For those who seek to challenge Alberta’s unbridled economic development strategy, seeking support outside Canada offers opportunities to materialize their concerns about negative outcomes of hypercapitalism. As Gattinger and others have observed, environmental groups, labour unions, associations, and other nongovernmental actors can take advantage of the transnational character of the energy sector to add progressive voices to the milieu of its development (Gattinger 2005). Yet the strategy of bitumen sands opponents of leveraging international pressure on domestic decision makers may also be short-sighted, given bitumen’s precarious position in a rapidly changing and unpredictable global oil market.

**Alberta Oil: Neoliberal Transformation, Consolidation, and Resistance**

In “Neoliberal Transformation and Antiglobalization Politics in Canada,” William Carroll and William Little (2001) explore the specificity of neoliberal transformation in Canada by focusing on its peculiar history, geography, and organization of the state. They argue that the adoption of neoliberal ideas has been facilitated by Canada’s regional political identities. Because the control of
most aspects of education, health, welfare, labour law, and resource development rests with the provinces, Canada’s federal structure of divided sovereignty provided the base “for launching certain elements of the neoliberal project, well in advance of the trade agreements” (39).

Carroll and Little identify “neoliberal mentalities of political and economic rule” as being critical for both the transition to neoliberalism and its consolidation (46). A neoliberal mentality involves attitudinal changes about the role of the state and markets in social life. “Alongside the new economic regime of accumulation is a political culture or ‘governmentality’ in which market rationales and ‘active citizenship’ replace the social rationales and entitlements of the postwar era” (46). Political and cultural identity is transformed; Prime Minister Pierre Trudeau’s “good and just society” embodied by the activist welfare state is replaced by a neoliberal understanding of the relation of public to private, citizenship, and the role of government in managing the economy in a global era. Individual responsibility is emphasized, while universal entitlements associated with the welfare state are diminished. The free choice and autonomy that underpin this discourse ultimately create “new circuits” of control that limit the possibilities of resistance to neoliberal globalization through industry deregulation, increased self-regulation, and disciplinary procedures (51–53).

Although all Canadian provinces have adopted neoliberalism to varying degrees, the ideology finds its most comfortable home in free enterprise Alberta (39). The widely accepted view in Alberta that the development of Canadian national sovereignty will be done at the province’s expense made it easy to resist nation-building exercises in favour of a less active role for the state—a role that was perceived to fit more closely with Alberta’s interests. While Canada was already following other industrialized nations down the neoliberal path through state restructuring and the signing of continental free-trade agreements, it was the 2006 installation of Stephen Harper’s federal Progressive Conservative government at a time when oil prices were climbing to record-breaking levels that signified the final nail in the coffin of a nationally focused, federal government-directed energy policy that might in any way resemble Trudeau’s National Energy Program (NEP). The NEP will be discussed later in this chapter; suffice to say at this juncture that most Albertans despised it and that it still figures prominently on their list of historic grievances. Harper’s Conservatives are now using the same energy playbook favoured by Alberta’s Conservatives—specifically, that “security” is attained by prosperity derived from Alberta oil, which fuels both American and Canadian free market
economies (Canada, Department of Finance 2012, 101–2). In this context, “economic security” is defined by strong economic growth based on oil extraction, regardless of whether the benefits of this growth accrue to more than a small minority of the population.

The evolution of the oil economy in Alberta and Canada provides the context for understanding both the resistance to the security/prosperity discourse and attempts to restrain and contain this resistance. To illustrate why the energy debate is so polarized, the following section tracks energy relationships among Alberta’s provincial government, Canada’s federal government, and the US Administration in three critical periods. The first period comprises the energy sector’s early development, and its later evolution in the era of both province and nation building, that provided the foundation for neoliberal transformation. The second period saw the consolidation of neoliberalism, punctuated by a sharp turn toward protection from international terrorism. The third period is characterized by the entrenchment of the security/prosperity nexus in the post-9/11 period of revved up economic growth and rapidly rising oil prices, followed by an economic crash, recovery, and shifting demand for Alberta’s oil. In the third period, those who frame the energy discourse in terms of security and economic growth stand in stark opposition to those who frame it in social or environmental terms.

The Project of Nation and Province Building: The Context for Transformation

The British North American Act of 1867 (BNA Act) formalized the Canadian federation by establishing a unique regime that mixed provincial rights with parliamentary supremacy. Uslaner (1992, 42–43) summarizes the tension this can produce: “The BNA Act reserved all lands, mines, minerals, and royalties within a province’s borders to provincial control. Yet the act also permits the federal government to regulate international and interprovincial trade and to control any provincial works that it ‘declares’ to be ‘for the general advantage of Canada’ or ‘of two or more of the provinces.’”

The situation in the West was complicated by the fact that the Prairie provinces were created after Confederation. Prior to becoming provinces, the western territories provided the resources for the industrial machines of the central Canadian heartland. Canada’s National Policy ensured that the terms of trade were favourable for protecting these nascent industries, preventing westerners from engaging in trade on more favourable terms with the United States.
Even after Manitoba, Saskatchewan, and Alberta became provinces (in 1870, 1905, and 1905, respectively), the federal government retained administrative control over their natural resources in order to advance the broader interests of the new nation. After protracted negotiations, the federal government finally transferred control of natural resources to the western provinces in 1930 (Canada, Parliament 1930). In Alberta, this struggle for control of its resources began the tug-of-war between the federal government and Alberta’s political and economic elite, which became a defining feature of the new province’s identity.

Other groups in Alberta also were concerned with property rights. Waves of immigrants came to Canada at the turn of the twentieth century, enticed by the federal government with promises of land. When WW I broke out, many of these non-Anglo Saxon immigrants had title to their property revoked and were imprisoned under the War Measures Act because they held passports issued by the Austro-Hungarian and Turkish empires, with whom Canada was at war. Ironically, many of these migrants had fled those empires because they had become ethnic minorities when their homelands were annexed during various European conflicts. Disproportionate numbers of these same minorities were later sterilized under the eugenics program of the Alberta government in an attempt to control the “mentally feeble” (Christian 1974). During World War II, it was the Japanese who were imprisoned. In both wars, the internment camps were disproportionately located in Alberta and British Columbia, and many former inmates settled in the local area. This dark early history helps to explain why a distrust of government and a devotion to the protection of private property permeates all facets of Alberta society. As noted in chapters 2 and 14 of this volume, the various forces of populism, progressivism, and distrust of central Canadian political and economic forces coalesced in what C. B. Macpherson (1953) described as “business government,” wherein the role of government is limited to fostering favourable conditions for economic development. While this conception of government is consistent with neoliberalism, it is also consistent with developmental liberalism within a liberal democratic framework. Fostering economic development only becomes problematic in the developmental liberalism context when its broad definition is replaced by the narrowly defined interests of a dominant industry—in Alberta’s case, agriculture, followed by oil.

When Peter Lougheed and the upstart Progressive Conservative Party swept into power in 1971, the role of government changed. Lougheed promoted
province building through purposeful economic development (Dyck 1986, 481), making large investments in infrastructure and education (Wood 1985, 100–105) and managing both the province’s finances and its economy through the establishment of the Heritage Savings Trust Fund (Le Riche 2006, 172). At that time, the Canadian economy was centred in and around the profitable manufacturing hub in Ontario and Québec (Innis 1995), albeit tied deeply to the American market. Recognizing that a global energy crisis was developing, Lougheed set his sights on developing Alberta’s vast oil and natural gas reserves by enticing large oil companies to invest in their development (Lougheed 1980). This strategy was not a break from the past; over 90 percent of oil and gas assets in the 1970s were foreign owned, primarily by American-based companies (Fossum 1997, 25). At the same time, however, Lougheed raised oil extraction royalty rates (Wood 1985, 141–42), earning him the title of “the blue-eyed sheikh” (Pratt 2012).

Internationally, major oil-producing countries formed the Organization of Petroleum Exporting Countries (OPEC) in 1960, and by 1973, industrialized countries were reeling from escalating oil prices that resulted from price coordination. Because industry in Central Canada relied on imported oil, Canada was not immune to the ensuing price shocks. Prime Minister Trudeau, like US President Nixon and other national leaders, began crafting policies to ensure sovereignty, economic stability, and protection from fluctuating energy costs. The creation of the Crown corporation PetroCanada in 1975 and the NEP in 1980 was an attempt to ensure Canadian energy independence. These initiatives—in particular, the NEP—were bitterly unpopular in Alberta, reminding Albertans once again of previous institutional arrangements that had made their province a subordinate partner in the Canadian confederation. In the words of Lougheed, the NEP was received in Alberta as “an outright attempt to take over the resources of [the] province” (Lougheed 1980).

During the 1970s, the Americans were looking north to diversify their supply of oil and move it away from the politically unstable Middle East. Writing soon after the 1973 OPEC oil embargo, Ted Greenwood (1974, 695) observed that shortages of domestic oil and gas in the United States and rising world oil prices have caused an increased American demand for Canadian crude and calls by both American legislators and administration officials for a continental energy policy. . . . At the same time the combination of declining conventional reserves, disappointing results in frontier exploration, and rising Canadian nationalism has led to a Canadian rethinking of long-term strategy for oil and gas exports.
With respect to oil and natural gas, Canada-US relations were as complex in the 1970s as they are now. Canada's concerns centred on ensuring self-sufficiency in domestic supply for its manufacturing sector, Alberta's concerns focused on garnering foreign direct investment in its nascent industry, and American concerns revolved around ensuring access to Canadian supply at prices that were not disruptive to American domestic oil suppliers.

This was also the era when neoliberal thought began to be expressed in the policies of Margaret Thatcher in Britain and Ronald Reagan in the United States. In Canada, Prime Minister Brian Mulroney replaced Trudeau in 1984, and in Alberta, Premier Don Getty replaced Peter Lougheed the following year. The new leaders did not have their predecessors' appetite for government using the state for nation or province building, and thus the way was paved for the transition to neoliberalism at the national and provincial levels. At the federal level, Mulroney discontinued the NEP and privatized PetroCanada. In Alberta, the predilection for smaller government was supported by the fiscal woes brought on by the collapse of the price of oil, which dropped to a meagre $9 per barrel in 1986, shortly after Lougheed left office. Despite efforts to diversify the economy, Alberta was more dependent on oil revenue than ever before (Pratt 2012). With 40 percent of the provincial budget coming from oil revenue, Alberta was particularly susceptible to fluctuations in global oil prices. The new premier cut spending in a vain attempt to balance the budget, but he also used public funds in an attempt to shore up Alberta's failing businesses. By the time of Getty's departure from office, the provincial debt had reached $11 billion. The stage was thus set for a dramatic change in policy direction.

Consolidation: 9/11 and the Alberta Advantage

Neoliberalism leapt forward under the leadership of Ralph Klein, who became premier in 1993. A former mayor of Calgary, Klein believed that the financial management of the province should resemble municipal financial management; he adopted policies aimed at balancing the books. Klein reduced the debt and deficit through eliminating government jobs, contracting out services, downsizing government, and cutting education and health care expenditures. Most importantly, the Klein government reduced oil royalties in order to encourage investment in what was then a very depressed industry because of the low price of oil. It also reduced personal and corporate taxes to the lowest in the country and adopted the "Alberta Advantage" corporate brand.
Of these changes, the reduction of taxes has arguably had the most significant impact on the relationship between citizens and the state. Alberta is unique among provinces in that until 2015, it did not have a progressive income tax system; all citizens who earn above $17,787 paid a 10 percent flat tax. For middle- and high-income earners, this represents a huge tax saving. For low-income earners, however, there is little tax relief. Additionally, Alberta is the only province in Canada that does not have a provincial sales tax. When citizens pay very low taxes, the bond between citizens and their government is weakened. Politicians must be re-elected of course, but when little money is generated directly from citizens, the political focus is on those who make the largest contributions to government budgets. While Alberta boasts low corporate rates of taxation, the government’s dependence on resource rents for its operating expenses provides high incentive to nurture the corporate-government connection. Very low participation rates in elections in Alberta, which dipped to 40.6 percent in 2008 (Leger Marketing 2008), give Albertans the distinction of being among the most apathetic citizenry in Canada. Even in one of the most exciting elections in recent memory, voter turnout in 2015 was less than 54 percent (Elections Alberta 2015). Neoliberal governments have repeatedly told citizens over two decades that the government’s role in their lives should be minimal; it appears that many have begun to believe that the state truly is so irrelevant that they cannot be bothered to vote.

In addition to changing Alberta’s tax structure, Premier Klein (and Stelmach after him) set Alberta on a path of deep integration with the United States with respect to energy policy. Both premiers made trips south to “pitch the Americans on the notion that Alberta’s bitumen sands represent an energy source of strategic importance to the continent” (Byfield 2002). In the United States, the Clinton and Bush II eras led a global shift toward neoliberalism through a number of regulatory reforms such as dismantling the Glass-Steagall Act. During this time, Klein and Stelmach’s promotion of bitumen development met little resistance—perhaps because the environmental degradation was perceived to be “remote” and of little consequence (Stefanick 2009). The global shift toward a neoliberal policy orientation at the international, national, and provincial levels did not occur without resistance, however.

Around the turn of the millennium, a number of massive protests took centre stage in cities like Santiago (1998), Seattle (1999), and Québec City (2001) to protest the excesses of capital and the entrenchment of neoliberalism as a policy framework serving the interests of transnational corporations and an
emerging global elite. Labour union representatives, environmentalists, students, pro-democracy activists, and others marginalized by decades of government cuts, decreased access to services, job losses, and environmental strain took to the streets. Energy policy was a concern to the extent that it was tied to the activities of transnational corporations and the global elite who ran them; however, the issues associated with bitumen extraction were not yet top of mind. That said, the move away from energy conservation in this era was underscored by the opulent lifestyles of those who were benefitting from the new global order. When OPEC cut production to take advantage of increased consumption, oil prices rose, and those least able to afford the increased costs were hurt by the price inflation. By early 2001, these protests had disrupted a number of international meetings, capturing the attention of media, the general public, and law enforcement. The events of 11 September 2001, however, dramatically changed the framing of these protests from being a legitimate response to the policies of neoliberalism to being unpatriotic and even treasonous.

The September 11 terrorist attacks were pivotal for American foreign policy; the top priorities of the United States became ensuring security and curbing the spread of terrorism. Before 2001, the focus of the American public was on energy—specifically, how to ensure affordable energy from a reliable source in the face of increasing demand. Oil and gas shortages, rising prices at the gas pumps, and periodic electrical power blackouts in California heightened American anxiety about long-term energy supply. At US$2.50 per gallon, the price of gasoline became the dominant issue of the presidential election contested by Vice President Al Gore and Texas Governor George W. Bush. Since 9/11, however, concern for American national security has defined a number of continental policies, such as border security, drug trafficking, and, as this chapter contends, energy security.

A particularly poignant example of the difference between the pre- and post-9/11 American world view is demonstrated by the question posed by a Wall Street columnist just prior to 9/11: “While the U.S. imports 52 percent of its energy, it’s not clear why that’s a problem either. The producing countries will always have an incentive to sell the oil somewhere, and in a world market, the U.S. will always be able to buy its portion. Moreover, foreign producers also tend to be the low-cost producers. Why make U.S. consumers pay higher prices to drain domestic reserves?” (Taylor 2001). After 9/11, most Americans could answer this question: they have grave concerns about oil-producing nations holding their country hostage to threats of turning off the taps. Moreover,
existing producers were unable to keep up with increased demand for energy caused by the global economic boom beginning in 2003. Upheavals such as Nigeria’s civil war, the ongoing conflicts in Iraq, and hurricanes in the Gulf of Mexico further disrupted supply. Prices rose 300 percent, with some observers claiming that the price increase was a result of oil companies manipulating prices in response to disruptions (Smith, Carlisle, and Michaud 2003). Whatever the source of rising oil prices, the concern over America’s energy security became that much more acute. Unconventional sources of crude oil that were previously prohibitively expensive (such as the bitumen and heavy oil found in Alberta and Venezuela, and the shale in mineral deposits in the US Rocky Mountains) now became an attractive alternative.

In the immediate post-9/11 world, the idea of increasing oil imports from its “friendly neighbour,” Canada, became very appealing to Americans. With oil prices reaching unprecedented levels, Alberta’s lucrative extraction of natural resources became an increasingly important component of the Canadian economy (Stanford 2008, 7). The new federal government elected in 2006 moved swiftly to cement the security/prosperity nexus.

The Entrenchment of the Security/Prosperity Nexus

The economic policy *Advantage Canada: A Strong Economy for Canadians* (Canada, Department of Finance 2006) outlined the top priorities of the new Conservative government led by Stephen Harper. As one might expect from a title so closely linked with the Alberta Advantage corporate brand, the five major components of the federal policy were the following: reducing personal and corporate taxes; eliminating government net debt; reducing “unnecessary regulations” and burdensome “red tape”; creating an educated, skilled, and flexible workforce; and building modern infrastructure as required (6). In terms of energy, the Harper government aligned itself with those of Premiers Klein and Stelmach: “Advances in technology have made the Alberta oil sands a viable alternative to conventional sources and are pushing down costs of production for renewable sources. In the oil sands alone investments could top $100 billion over the next decade” (61). Moreover, “the Government will support Canada’s emergence as an energy superpower by making the needed investments in knowledge and people and creating the economic environment that will attract capital from home and abroad” (61).
With the economy red hot in 2007, including skyrocketing prices for energy and record profits for oil companies, growing public pressure in Alberta suggested that oil companies should be paying higher royalty rates, despite internal government reviews saying that royalty rates were appropriate. Premier Stelmach ordered an external review, and the resulting report not only recommended increasing royalty rates by nearly 20 percent for all three major resources (conventional oil, natural gas, and bitumen) but also noted that the government had failed to collect royalties already owed (Hunter et al. 2007). The government partially implemented the review panel’s recommendations, although it then rolled back many of the royalty increases in 2010, after the economic downturn.

The nexus between security and economic prosperity at the provincial, national, and international levels remained strong after President Obama was elected in 2008. Obama’s first foreign visit was to Canada to meet with Prime Minister Harper, and among the top priorities on their agenda were economic recovery, energy, and security (Canada, PMO 2009). These sentiments manifested in a number of ways through Canada’s coordinated efforts with the United States on security and economic growth. Both governments jointly released Beyond the Border: A Shared Vision for Perimeter Security and Economic Competitiveness as a declaration for “a new long-term partnership” in order to “enhance our security and accelerate the legitimate flow of people, goods, and services between our two countries” (Canada, Foreign Affairs and International Trade 2011, iii, 34). A Canada-United States Regulatory Cooperation Council was established, aiming “to better align our regulatory approaches to protect health, safety, and the environment while supporting growth, investment, innovation and market openness” (v). In the area of security, Beyond the Border notes areas of cooperation as joint integrated threat assessments, a harmonized approach to screening cargo and travellers, and shared information on immigration. With respect to strategies to increase trade and bolster economic growth, the report cites as examples the free flow of goods and services, supply-chain connectivity, and the reduction of administrative burdens through streamlining (12–22).

In terms of the energy sector, the freer flow of goods causes deeper integration of Canada and the United States. Canada’s export of energy products (including oil, natural gas, and electricity) had been steadily increasing since 2000–2001 (Canada, NEB 2011, 1). By 2010, almost all of Canada’s oil exports were going to the United States, representing 22 percent of US oil imports (3). The bulk of US imports of natural gas was also coming from Canada,
representing 14 percent of US consumption (4). The security/prosperity nexus encouraged this energy relationship, facilitated the consolidation of neoliberal reforms in Canada and the United States, and hindered resistance to its effects. This is not to suggest, however, that dissenting voices were silent. Indeed, it was the articulation of the negative effects of rapid resource extraction for export that led to both the “dirty oil” descriptor by opponents of bitumen extraction and the adoption of the “ethical oil” moniker as a counterpoint. The Canadian federal government subsequently adopted the notion of oil as ethical, using this as a tool to stifle opposition, particularly that pertaining to the environment.

**Environmental Resistance and the Neutralizing of Dissent**

The consolidation of neoliberal policy and the increasing intransigence of its opponents were occurring at the same time that challenges to the security/prosperity framing of bitumen development were assuming new and more powerful forms. The sheer scale of the project to extract oil out of the province’s massive reserves strikes anyone who visits the bitumen sands industrial complex in northern Alberta. The bitumen lies under 140,200 square kilometres; as of 31 December 2012, 767 square kilometres had been cleared or disturbed for development (Alberta, Alberta Energy 2014). Bitumen oil extraction is criticized because of its heavy toll on the environment; for example, two tonnes of bitumen sands must be extracted to produce one barrel of crude oil. As discussed in chapter 7 in this volume, additional environmental impacts include the destruction of habitat and its impact on wildlife and birds; the removal of peatland, which in its intact state acts as a carbon sink; greenhouse gases that are emitted as part of the extraction process; the amount of water used (although estimates vary, according to one government source, three to four barrels of water are used to mine one barrel of oil [Canada, NRC 2013, 3]); and the storage of contaminated water in massive tailings ponds, now covering 176 square kilometers of land. Back in 1999, the environmental issues had sufficient profile that the Canadian Senate Subcommittee on the Boreal Forest wrote: “The world’s boreal forest, a resource of which Canada is the major trustee, is under siege” (quoted in Burton et al. 2003).

When the sharp increase in oil prices in 2003 made extracting oil from bitumen cost effective, the environmental community in Alberta became seriously alarmed and began to look outside the province for support. In December 2005,
twelve prominent, nationally focused environmental groups issued a declaration that urged politicians to institute a new bitumen sands “licence to operate.” Two years later, 1,500 scientists from more than fifty countries petitioned the Canadian government to protect the boreal forest (CBC News 2007). Critics also pointed out the myriad of social concerns and complained that the low royalty paid for this nonrenewable resource results in a massive transfer of wealth from the people of Alberta to oil corporations (Campanella 2012). Yet despite the environmental damage of the bitumen sands operations, its social consequences, and its impact on local Indigenous groups, the critics failed to garner much media attention or to mobilize significant opposition within the province to bitumen extraction projects.

It was the deaths of 1,600 migrating birds that mistook a tailings pond for fresh water in 2008 that galvanized media attention (Nelson et al. 2015). That same year, Andrew Nikiforuk’s book Tar Sands: Dirty Oil and the Future of a Continent appeared in bookstores, and the moniker of “dirty oil” became the tagline of opponents. The following year, Canadian activists made a presentation about the global impact of the bitumen extraction at a “green summit” in rural Virginia attended by top American environmental activists (McCarthy 2012). The National Energy Board’s approval of the construction of TransCanada’s 1,897-kilometre Keystone XL pipeline elevated American concern over Alberta oil. The $7 billion pipeline would carry hundreds of thousands of barrels of bitumen from Alberta to Nebraska daily; it had been under review since 2008, and the US Department of State concluded in the spring of 2010 that the impacts on the environment would be minimal. The conflict between proponents and opponents took the familiar form of “jobs versus the environment.” Over 1,250 were arrested during a sit-in, and nine winners of the Nobel Peace Prize wrote President Obama urging him to reject the Keystone proposal and to pursue renewable and clean energy sources.

By the fall of 2011, President Obama had revoked approval, necessitating a reapplication to the US Department of the State for a Presidential Permit to allow the pipeline to cross the border. The president of Friends of the Earth, Erich Pica, responded to Obama’s decision and captured the position of environmental opponents in the debate:

Today’s announcement is a welcome example of President Obama following through on his promise that corporate polluter lobbyists will no longer set the agenda in Washington. . . . The Keystone XL pipeline would have been dirty at both ends, dangerous in between, and certainly not in our national
interest. Big Oil and its bought-and-paid-for confederates in Congress couldn't drown this dirty reality despite all of their threats and bullying. (Friends of the Earth 2012)

Not to be outdone, the federal government in Canada countered with equally strong rhetoric. In an open letter to Canadians posted on the Government of Canada website, Minister of Natural Resources Joe Oliver claimed that

there are environmental and other radical groups that would seek to block this opportunity to diversify our trade. . . . These groups threaten to hijack our regulatory system to achieve their radical ideological agenda. They seek to exploit any loophole they can find, stacking public hearings with bodies to ensure that delays kill good projects. They use funding from foreign special interest groups to undermine Canada’s national economic interest. They attract jet-setting celebrities with some of the largest personal carbon footprints in the world to lecture Canadians not to develop our natural resources. (Oliver 2012)

Environment Minister Peter Kent went further, alleging that “some Canadian charitable agencies have been used to launder off-shore foreign funds” (Max Paris Environmental Unit 2012). These statements stake out the position of the federal government in the clearest of terms: those who oppose the promotion of economic interests have a radical agenda.

In 2011, thirty members of the House of Representatives (both Republicans and Democrats from eighteen states) wrote a letter to Secretary of State Hillary Rodham Clinton in support of the approval of the Keystone XL project. According to the members, “Dependence on foreign oil has created difficult geopolitical relationships with damaging consequences for our national security.” They summarized the Keystone issue as being not only a matter of national interest but also a matter of national security and urged Clinton to approve the transport of Canadian oil in order to minimize the need for the United States to purchase oil from nondemocratic countries in volatile regions of the world (TransCanada 2011). The same year, Michigan’s House of Representatives passed a bill that used similar language in support of the approval of the Keystone pipeline (Michigan, Legislature, House of Representatives 2011).

What is notable about the language used is that Canadian oil is seen as an alternative to “foreign” oil. This conceptualization of Canadian oil as a “domestic” source springs from Canada’s position as a friendly liberal democratic ally of the United States: the choice for consumers is between purchasing fuel from liberal democratic countries or from regimes that violate basic rights and
freedoms. Popularized by Ezra Levant in 2010, this view is based on the argument that the environmental critique of Alberta’s bitumen sands is incomplete and that Canada’s record needs to be compared to those of other oil-producing nations (Levant 2010, 53). A 2011 report from the Fraser Institute by Mark Milke picks up this theme. Using a variety of measures, Milke analyzes thirty-eight oil-exporting countries that produce 250,000 barrels per day. He concludes that “with the exception of Norway, Canada is the only major oil exporting country that scores highly on all measurements of civil, political, and economic freedom, including the rights of women to full career, medical and travel choices, media freedom, religious freedom, and property rights, as well as on other measurements such as judicial independence and relative freedom from corruption” (Milke 2011, ii). Ethical oil proponents conclude that the net effect of demonizing Canadian oil will be to drive consumers to buy their oil from states with far worse records, using any type of measure.

The billion-dollar question, of course, is, What are the “right” things to measure? The Fraser Institute’s measures are confined to individual freedoms and government priorities that impact individual freedom, and the economic and social well-being of individuals. Freedom is defined as the ability to participate in democratic elections, judicial freedom, media freedom, religious freedom, and so on. The Fraser Institute report also includes property rights as an indicator of freedom (Milke 2011, 25). While the report does include measures of such things as literacy rates and access to education as proxy measures of freedoms that contribute to social well-being, it makes no attempt to assess the freedom of minority groups, freedom from poverty, or the health of the environment (31). This focus on individually defined freedom is consistent with the neoliberal emphasis on personal responsibility; however, it is in direct conflict with a view of the state as playing an important role in promoting a more generalized public good. Even the very notion of an identifiable Canadian identity with respect to ownership could be questioned, given that the majority of shareholders of Canadian companies (defined as located in Canada, traded on the Canadian stock exchange, and using Canadian accounting practices) are foreign nationals, and over half of oil and gas revenue goes to foreign entities (De Souza 2012).

While the debate raged on over whether Alberta oil is “ethical” or “dirty,” both the federal and provincial governments began to dismantle the structures that had been set in place after WW II to provide both public and scientific input into environmental protection processes. The goal was to make
the environmental review process more “efficient,” with efficiency defined as the speed with which approvals can be made. Along with the 2012 budget, the federal government passed Bill C-38, a massive omnibus bill that included a completely new environmental assessment law, repealed the Kyoto Protocol Implementation Act, weakened protection of at-risk species, decreased opportunities for public participation in environmental decision making, weakened accountability by allowing more decisions to be made by cabinet and individual ministers, allowed cabinet to override decisions made by the National Energy Board, and contained an entirely new environmental assessment law that sets timelines for environmental assessment hearings and narrows the range of projects that will come under review (May 2012). Another omnibus bill was subsequently passed in 2012 with equally devastating consequences for environmental protection: Bill C-45 made major changes to the Navigation Protection Act and the Environmental Protection Act.

The changes to the environmental protection regime were profound, and since they were contained in massive omnibus bills, the opportunities for debate and deliberation was minimized. In the case of Bill C-38, the time frame was seven days (Whittington 2012). The amendments to the Navigation Protection Act and the Environmental Protection Acts followed cuts to and dismantling of advisory bodies such as the National Roundtable on the Environment and Economy and the Canadian Environmental Network, the latter of which comprises hundreds of environmental groups across Canada and, according to its website, now operates on a volunteer basis. Environment Canada was also dramatically cut, and almost twenty thousand public servants were notified that they would lose their jobs, including the cadre of scientists within government departments and agencies who provided policy advice based on their environmental expertise (CBC News 2012a). Given the Keystone controversy, it is ironic that these sweeping cuts included the Environmental Emergencies Program, the group that coordinated the clean up of oil spills. In 2013, Alberta experienced two particularly large and damaging environmental incidents involving bitumen extraction that together were named the fifth-top news-making story of the year by the Edmonton Journal (“Top Stories” 2013).

Alberta followed the lead of the federal government with respect to environmental deregulation, albeit using a very different strategy. In December 2013, seventy-five environmental officers who provided oversight of bitumen extraction companies left their government posts to take higher-paying jobs with the newly created, arms-length Alberta Energy Regulator, which is funded by the
oil, gas, and coal industries. By eliminating the Energy Resources Conservation Board, which was funded by both government and industry, the government handed over responsibility to administer the Water Act, the Public Lands Act, and the Environmental Protection and Enhancement Act, with respect to issues pertaining to the energy industry, to the industry-funded regulator. Critics argue that having the regulator entirely funded by industry makes it vulnerable to regulatory capture, especially given that the chair of the new entity is one of the founders of a leading industry lobby group—the Canadian Association of Petroleum Producers (Pratt 2013; Valentine 2013).

Federally, the auditing of nonprofit groups to ensure that their advocacy activities amount to less than 10 percent of their overall budget was yet another tool to discipline dissenting voices (Canadian Press 2012). Under rules set out in the Income Tax Act and a Federal Court ruling, groups that have nonprofit status are allowed to pursue nonpartisan advocacy work that is directly related to their group’s mission as long as these activities do not consume more than 10 percent of their budget. Maintaining charitable status is critical to the ability of nonprofits to raise funds, since donors can deduct donations from their income tax. The Tides Foundation provides grants to Canadian environmental and social justice groups and was among those organizations singled out for audit because it receives support from American charitable foundations. A Tides spokesperson opined, “I do think it’s very likely . . . that the government is really looking at environmental charities, and looking for ways to limit the effectiveness of those charities as they try and stimulate discussion and public discourse around major public-policy developments relating to resource extraction and the like” (Canadian Press 2012). The federal budget of 2012 proposed other disciplinary measures, such as fines and limits on the amounts of money charities can give to other charities for advocacy work, in order “to ensure that charities devote their resources primarily to charitable, rather than political, activities, and to enhance public transparency and accountability in this area” (Canada, Department of Finance 2012, 189). This followed the announcement, by the MP for Athabasca-Fort McMurray Brian Jean, of plans to put forward a private member’s bill “to make sure that these people that receive the benefit of a non-profit status are transparent” (Banman 2012).

Jean (who would become the leader of Alberta’s official opposition, the Wildrose Party, in 2015) eventually introduced a bill; however, Bill C-526, “Cracking Down on Organized Crime and Terrorism Act,” focused on “gang members, organized criminals and terrorists.” While Bill C-526 was not passed,
the federal Conservatives did introduce another bill that reflects that party’s focus on security. Bill C-51 sought to facilitate information sharing within government (with little or no restraints on how information is used—or misused), give authorities the power to arrest and detain people suspected of terrorism, widen the scope of what is considered to be a terrorist act, and greatly enhance the power of Canada’s spy agency, CSIS (Forcese and Roach 2015). One hundred academics (mainly law professors) signed an open letter criticizing the bill, and rallies were held across Canada protesting both the method of passing the bill (cutting off debate) and the substance of the bill—specifically, its threats to freedom of speech in the name of national security (Payton 2015).

According to Carroll and Little (2001), the significance of the neoliberal mentality is that it removes the space for meaningful political contestation. Branding a discussion “against the national interest” effectively moves it out of the arena of debate. Cutting government funding to charities such as the Canadian Environmental Network serves to silence potential dissenters. Threatening remaining charities with fines or a revocation of the charitable status that is critical to their ability to fundraise is yet another way of chilling the debate. Cutting support to agencies that solicit input or promote evidence-based decision making in the name of fiscal austerity serves the same purpose. As noted by Carroll and Little (2011, 52), “when the activity of government is refocused on questions of cost, priority, efficiency, accountability, and ‘continuous improvement’ in the delivery of services, the space for debate on substantial public issues concerning social justice and citizenship rights is severely restricted.” The neoliberal conceptualization of the citizen’s place in society focuses on the rights of the individual; it has little to say about the possibilities for either collective choice or collective responsibility. Describing dissenters to the ethical oil narrative as using funds from “foreign special interest groups” or as being “radical” (Oliver 2012), or accusing them of “laundering” funds from offshore donors” (CBC News 2012b) disperses and neutralizes resistance, which, as Carroll and Little (2011, 52) argue, “minimizes the opportunities for collective resistance to form around a common demonized identity.” Using the levers of the state to discipline those who challenge neoliberal policies and the continentalization project neutralizes dissent. Neutralized dissent, however, is not equivalent to provincial consensus. This point is underscored by the unexpected results of the 2015 provincial election, when the nearly forty-four-year rule of the hegemonic Progressive Conservative Party came to a dramatic end, replaced by the left-leaning NDP, who rose from a mere four seats to
form government. As has been demonstrated in this chapter, the interests of Albertans are not static; nor are they homogeneous.

Dirty Oil, Ethical Oil, and the Public Interest

This analysis underscores the importance of American and Canadian national interests in the development of Alberta’s energy sector. Recently, the ethical versus dirty oil debate entered the discussion, allowing the two camps to pitch simplistic but convenient flags. Through the neoliberalization of the provincial, national, and continental economies, there has been a dramatic shift from the province- and nation-building aspirations of the Lougheed-Trudeau era to a neoliberal agenda built on, and reinforced by, the security/economic prosperity nexus. With this shift, we see the transformation of both political and cultural identity. Pierre Trudeau’s notion of a “good and just society” embodied by robust social programs and Loughheed’s use of the state to build infrastructure and diversify the economy are being replaced by a neoliberal conceptualization of the relationship between the state and citizen, wherein the primary role of the state is to provide security defined in terms of physical safety as opposed to social well-being. In this view of identity, divergent views are framed as being in opposition to national security and economic prosperity.

Three distinct developmental periods of Canada’s oil industry help to explain why neoliberalism found such a natural home in Alberta, and more recently, why the debate over resource extraction has become so bitter. The first period sets the stage for Alberta’s democratic development; it provides the context for Alberta’s “business government” during the era when oil was discovered. During the latter part of this period, Premier Lougheed’s province-building strategies collided with Prime Minister Trudeau’s nation-building strategies, leaving an indelible mark on the psyche of Alberta. The clash over the NEP is the defining moment of this period, congealing Alberta’s identity as a political community alienated from the interests of Central Canada. The second period begins in the 1990s, when Ralph Klein became the premier of Alberta; this period saw the transformation and consolidation of neoliberalism in Alberta and, later, in Canada more generally. The result of this consolidation is a weakening of the bond between citizens and the state, as the state shrinks its range of activities to focus on economic development. The mid-point of this period saw the end of economic recession, the beginning of global resistance to the neoliberalization of post-industrial economies, and the emerging
preoccupation with security as defined by the events of 9/11. The third period began in the early years of the new century; this was the era of hypergrowth in the oil patch as a result of a booming world economy punctuated by a spectacular crash. The province’s rapid growth and economic development saw an equally rapid rise in Alberta’s political importance on the national stage. With this came the entrenchment of the frame of Canadian oil extraction as domestic US supply within the context of American national security and Canadian economic prosperity.

Oil-based economic growth brings with it social and environmental problems, which have resulted in increasingly frustrated critics taking their concerns to the global arena. New inter- and intrastate relationships have been supported by the framing of Canadian oil as “ethical” and weakened by its portrayal as “dirty,” while opposition to the continental energy regime has been construed as radical. With criticism marginalized, neoliberal globalization flourishes: industries operate in an increasingly deregulated or self-regulated environment. Ironically, however, the transnational nature of the oil industry, which has allowed governments to define the public interest from a continental perspective, is the very thing that makes transnational mobilization effective.

The economic downturn of 2008, pronouncements that the development of US shale deposits will position the United States to become energy self-sufficient by 2020, the discovery of shale oil in Australia and China, and the collapse of oil prices in 2014 signal the beginning of another era of global energy relationships. The rise in fortunes of the federal NDP after the election of their provincial counterparts in Alberta provides another interesting variable to consider. A regime change at both levels will change the playing field, as presumably more attention will be given to environmental considerations. Given that bitumen oil is much more expensive to produce than other sources of oil, these new developments will have a significant impact on the markets for Canadian oil and will renew concerns about Canada’s energy security due to the continued reliance of Central Canada on imported oil. Canada will move from depending on American consumption of its oil to pursuing emerging markets. New possibilities for resistance present themselves through the globalized and splintered character of the oil industry; however, the “dirty oil” frame that has been effective in the past in focusing attention on the environmental and social costs of bitumen extraction and transport may be less so in the future if the primary consumers of Alberta oil are not American. Similarly, framing Canadian oil as “ethical” will probably become less useful in the future, considering the
rapidly changing and complicated market for Canadian oil. The only certainty in all of this is that the debate within Alberta will continue to occupy centre stage, given the enormous economic impact that bitumen extraction has on the province—and the equally enormous social and environmental consequences.

Notes

1 Harper’s remarks are quoted in Steven Chase, “Harper’s Embrace of ‘Ethical’ Oil Sands Reignites ‘Dirty’ Arguments,” *Globe and Mail*, 7 January 2011. Kent had just declared that the United States should give preference to Alberta oil on the grounds that it is “the product of a natural resource whose revenues don’t go to fund terrorism.” Quoted in Steven Chase, “Peter Kent’s Green Agenda: Clean Up Oil Sands’ Dirty Reputation,” *Globe and Mail*, 6 January 2011.


3 In the proposed 2015 Alberta budget, Premier Prentice introduced the elimination of the flat tax, replacing it with a progressive tax that, among other things, would see the tax rate of those making over $131,000 rise 1.5 percent over three years. Those who make over $250,000 would pay 2 percent over three years, although in the fourth year, their taxable rate would decrease 0.5 percent (Bellefontaine and Estabrooks 2015). There was no change to the corporate tax or oil royalty rates. While the additional amounts that high-income earners would be paying were modest, Prentice claimed that “this will be the most significant budget in modern times in the province” and that, as such, “whoever is the premier had better have a mandate” (Bennett 2015). With that, the government, breaking its own recently passed law fixing election dates, called an election a year early. The result was the historic election of an NDP majority government, which promised even more significant changes: replacing the flat tax with one that is progressive, increasing corporate taxes, and reviewing royalty rates.

4 The 1933 US Glass-Steagall Act, or the Banking Act, sought “to provide for the safer and more effective use of the assets of banks, to regulate interbank control, to prevent the undue diversion of funds into speculative operations.” In 1999, sections 20 and 32, which stated that banks could not be affiliated with securities dealers, were repealed, helping to deregulate the conduct of banks and securities dealers. Since the stock market crash of 2008, a number of policies have been developed in an attempt to regain some government oversight into operations.


Bitumen extraction is also criticized for its social impacts: the consequences of hypergrowth on the small city of Fort McMurray, such as severe housing shortages, escalating prices, strained public services, and increased crime and drug use; the declining health of individuals in nearby First Nations communities; the increasing reliance on temporary foreign workers as a solution to chronic labour shortages; the stress on families due to the boom-bust cycle of shiftwork; and the high rate of worker injury and death, including those incurred on the so-called Highway of Death between Fort McMurray and Edmonton, which has seen over 125 fatalities since 1990. (See chapters 7, 8, 9, and 10 in this volume, as well as Bartko and Mertz 2015.)


The first incident involved a spill in an in situ bitumen sands project on the Cold Lake Air Weapons Range, while the second incident involved containment ponds on the Athabasca River upstream of the province’s largest bitumen site.

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