The Political Economy of Oil and Democracy in Venezuela and Alberta

Paul Kellogg

The discussion of oil in Alberta is very politically charged. On 5 May 2015, Rachel Notley’s New Democratic Party (NDP) won a stunning majority, ending nearly forty-four years of rule by the Progressive Conservatives (PCs). The next day, Canada’s major stock exchange plummeted two hundred points, largely in reaction to Notley’s campaign promise to review royalties paid by oil and other resource-based corporations (Gerson 2015). Four days before the election, in part prompted by the threat of rising royalty fees, five Edmonton businessmen—including Doug Goss, member of the board of governors of the University of Alberta—held what one commentator labelled a “highly unusual” press conference in which they “pilloried Rachel Notley’s ‘amateur’ NDP policies and highlighted the ‘solid’ track record of Jim Prentice’s Progressive Conservatives” (Kleiss 2015).

This kind of fear mongering has deep roots. In 2011, Paula Arab, a Calgary Herald columnist and editorial board member, asserted that when one is discussing Alberta’s oil industry, using tar rather than oil as the adjective for sands is “inaccurate and pejorative. It has become part of the rhetoric of extremists who are anti-oil and who want to shut down the industry” (Arab 2011). Ever since, the province has seen a neat division between those who use the adjective tar and those who use the adjective oil. While on a tour of Alberta during the 2012 federal election campaign, NDP leader Thomas Mulcair very nearly deployed the now politically incorrect adjective tar. As he recovered from his near-tar faux pas, he suggested the adoption of a perhaps more neutral and possibly more acceptable adjective—bitumen. “They’re bitumen sands,” he said, “because the chemicals are neither oil nor tar.” Mulcair indicated his willingness to forgo the use of tar, saying, “If removing that linguistic impediment can make the conversation easier, I’m not going to keep it in place intentionally.” However, he
added that “a linguistic cleanup doesn’t change anything about what we’re talking about in terms of the ecosystems” (Fong 2012).

The truth is that the Calgary Herald—initiated tempest over the use of tar is a distraction from the real issues at stake, one of which, of course, is that identified by Mulcair—the threat to ecosystems. This chapter has a different focus. Bitumen exploitation has two great centres—the nation of Venezuela and the Canadian province of Alberta. This chapter examines the intersection between oil and politics in each of these jurisdictions, with a specific focus on the 2012 provincial elections in Alberta and the confrontation, from 2001 to 2003, between the state-oil company in Venezuela and the Venezuelan government. While bitumen sands play a large role in the politics of both Alberta and Venezuela, they do so in quite different contexts and in quite different ways. Venezuela remains extremely poor, while Alberta is a centre of enormous wealth and entrenched corporate power. This wealth difference is rooted in the very different places occupied by Venezuela and Canada (and by extension, Alberta) in the world hierarchy of nations: Venezuela is a semi‐peripheral member of the world economy’s Global South, while Alberta, as part of Canada, is very much a core member of the world economy’s Global North.

The relationship between oil and democracy in Venezuela has been marked by the desperate attempt to assert sovereignty over the oil industry, a struggle to shift the locus of power out of the hands of what one might call a state‐capitalist comprador elite into the hands of the Venezuelan state. In Alberta and Canada, by contrast, the oil and gas industry that intersects with Canadian democracy is, for the most part, very Canadian. There may well be issues of accountability and popular control in Canada that need to be addressed. Indeed, this chapter documents the heavy corporate footprint left by the oil and gas industry in the 2012 Alberta provincial election. However, unlike Venezuela, Canada does not face a national task of wrenching control of the bitumen sands from forces outside of the country. The dilemmas posed by the exploitation of bitumen sands in Alberta cannot be outsourced. They are quintessentially Canadian dilemmas, to be grappled with and addressed (or ignored and allowed to fester) by our own institutions of democracy and governance.

The Two Worlds of Alberta and Venezuela

A 2001 study estimates that Venezuela and Canada together hold approximately 3.4 trillion barrels of “original oil in place” (OOIP) trapped within their
bitumen-soaked mud (2.2 trillion in Canada and 1.2 trillion in Venezuela), accounting for between 55 percent and 65 percent of the known reserves of such oil in the world. In Venezuela, the heavy oil exists in the Faja Petrolífera del Orinoco deposits, also known as the Orinoco Belt. In Canada, this resource is located in the heavy oil belt of northern Alberta and Saskatchewan, with Alberta containing the vast majority (Dusseault 2001, 1–2). In 2013 the Energy Resources Conservation Board estimated that in Alberta, 177 billion barrels of this OOIP are recoverable using current technologies. However, since the science and technology is constantly evolving, the “ultimate potential” of this resource “using reasonably foreseeable technology” is thought to be 315 billion barrels (ERCB 2013, 2–10). Venezuela’s slightly smaller heavy oil deposits, are somewhat more recoverable, one report estimating their potential at 267 billion barrels using current technologies (Dusseault 2001, 2). A 2010 estimate by the US Geological Survey was much higher, at 513 billion barrels (BBC News 2010). The world’s greatest known reserves of easily recoverable oil are located in Saudi Arabia, which had an estimated 250 billion barrels of recoverable oil in 2001, a figure that had grown to 260 billion by 2010 (Dusseault 2001, 2; BBC News 2010). The Alberta potential of 177 to 315 billion barrels, and the Venezuela potential of 267 to 513 billion barrels, put both constituencies very much in Saudi Arabia’s league. The bitumen-soaked deposits in Venezuela and Alberta are without question an extremely important source of oil for the world economy in the twenty-first century.

The intersection of oil and politics in the two societies is, however, quite different. In Venezuela, that intersection has, for years, occurred on a terrain that is volatile and sometimes violent. The year 1935 saw the end of the twenty-seven-year dictatorship of Juan Vicente Gómez, only to be followed by the emergence of another dictator, Eleazar López Conteras, in power from 1935 to 1941. Political liberties were restored in the 1940s, but military dictatorships returned for much of the 1950s. Two parties vied for office through the 1960s, 1970s, and 1980s—Acción Democrática (Democratic Action) and Partido Social Cristiano (Social Christian Party, or Christian Democrats). Recent decades have seen economic and political turmoil, including an uprising in Caracas against austerity in 1989, in which three thousand people died and a 1992 coup attempt led by the late Hugo Chávez (who was finally elected president in 1998; Heckel et al. 2012). In Alberta, the picture is very different. Without doubt, there is an intersection between oil and politics, as is demonstrated below, but the terrain on which it has occurred has always been much less volatile. One party, the
Social Credit, held office from 1935 until 1971, and the Progressive Conservative Party held power for almost the next forty-four years, until its 2015 meltdown. There have been no coups d’état or revolutions.

In large part, these differences reflect the different places that Venezuela and Alberta occupy in the world economy. If they are similar in terms of heavy-oil deposits, they are extremely dissimilar in terms of their positions and trajectories in the global economy. The Canadian province of Alberta is in the Global North, while the Latin American nation Venezuela is in the Global South. While by no means one of the poorest countries of the South, Venezuela’s economic position is extremely far removed from that of Alberta and Canada. Many within the field of international political economy are more specific, classifying Canada as being in the core of the world system and placing Venezuela in the semi-periphery—that important zone of countries that functions as a buffer between the core and the periphery.¹

Measuring gross domestic product (GDP) per capita provides a helpful snapshot of a country’s place in the world’s hierarchy of economies. Figure 5.1 displays GDP per capita in constant 2005 US dollars for Canada and Venezuela from 1960 until 2013 and for Alberta from 1981 to 2013. Interestingly, the two countries were not worlds apart in 1960, with Canada’s GDP per capita sitting at $12,931 and Venezuela’s at $5,940. There were some who, based on these kinds of statistics, placed Venezuela, along with countries like Canada, as a member of the core rather than the semi-periphery of the world system (Babones 2005, 52). Today, no one would make such a decision. Figure 5.1 shows that over a half a century, Venezuela’s GDP per capita stagnated, by 2013 sitting at just $6,402—roughly the same as it was in 1960. Canada’s, in contrast, increased steadily to $37,524. These kinds of comparisons between core countries such as Canada and semi-peripheral countries such as Venezuela are, however, considerably distorted by the weak exchange rates typical of the latter, whose usually undervalued currencies have the effect of seriously reducing GDP per capita when expressed in US dollars. The dashed line in figure 5.1 takes this into account, expressing Venezuela’s GDP per capita between 1990 and 2013 (in constant 2011 international dollars) using “purchasing power parity” (PPP), a method that largely removes this distortion. But while GDP per capita in Venezuela does increase by this measure, so do comparable figures for Canada (the dotted line), and Venezuela still lags considerably behind GDP per capita in Canada and still displays long decades of stagnation, contrasting sharply with the steady increase in the Canadian figures.
The most striking contrast, however, emerges from a comparison not of Canada to Venezuela but of Alberta to Venezuela. When Alberta’s GDP per capita is expressed in 2005 US dollars, the picture that emerges is startling. Between 1981 and 1999, Alberta’s GDP per capita, while greater than overall figures for Canada as a whole, tracked closely to that of Canada as a whole. But
since 1999, it has greatly exceeded the Canadian average, surging by 2008 to $57,630, falling back considerably during the recession of 2009, but then continuing to increase again, until by 2013, it sat at $55,697, almost 50 percent higher than the figure for Canada as a whole and almost nine times greater than the US dollar figure for Venezuela. Without question, Alberta and Venezuela exist in extremely different places in the world hierarchy of economies.

![Graph showing maternal mortality per 100,000 live births: Canada, Venezuela, and the United States, 1990–2013. Source: Compiled from data available in World Bank (2014).](image)

**Figure 5.2.** Maternal mortality per 100,000 live births: Canada, Venezuela, and the United States, 1990–2013. Source: Compiled from data available in World Bank (2014).

I am not arguing that there is a universal condition of wealth in Alberta and a universal condition of poverty in Venezuela. These kinds of aggregate figures are helpful at a very general level in placing different economies in the world system into appropriate categories (core, semi-periphery, etc.). By themselves, however, they tell us nothing about how the wealth within those economies is distributed. Travel to Calgary, and you will see ostentatious wealth existing side by side with the most extraordinary and visible poverty. A 2009 City of Calgary report observed that in the city, despite “enormous opportunities and socio-economic prosperity … we are seeing growing income disparities and
entrenching of poverty in racialized and Aboriginal populations” (Pruegger, Cook, and Richter-Salomons 2009, 1). Travel to Caracas and search for centres of support for the politics of the late Hugo Chávez, and you will inevitably end up in the neighbourhood of Petare, which Jonah Gindin (2004, 31) refers to as “an infamous epicentre of rebellion and politicization,” noting that “Petare residents played a leading role in the caracazo—the popular uprising against the neoliberal policies of then President Carlos Andres Perez in February 1989.” In 2002 after an attempted coup against Chávez, “Petare residents stormed the state television station, bringing it back on the air to inform the country of the coup, rallying Chávez’s supporters to successfully demand his return” (31). Petare is extremely impoverished, leading many to see it as “the notoriously dangerous barrio of Petare” (Eulich 2010). By contrast, should you use the privileges that come with carrying a Canadian passport and visit the Embassy of Canada, you will find yourself in the Altamira neighbourhood of the city, a place of wealth and comfort on a Global North scale.

GDP per capita, in other words, is not a “lived” category, but rather an overall general indicator. Our lives are ordered according to more specific aspects of the economy—wages received from work, social wages received from government-provided services, access to education, access to fresh water and sanitation, and so on. For a complete picture of life in any society, all of these need to be examined. GDP per capita figures should be seen as just the beginning of an analysis, a preliminary window into the complex entities we call “economies”—an important beginning, often providing critical clues to what we will find when more specific categories are examined, but nonetheless, just a beginning. Here, we will look at just one such specific category. Figure 5.2 displays a key development statistic that is actually experienced—maternal mortality per 100,000 live births, from 1990 to 2013 in Canada, the United States, and Venezuela. In Canada, the figure was 6 in 1990. By 2010, it had more than doubled to a startling 13 per 100,000 live births, declining to 11 in 2013. The situation in the United States is worse. In 1990, maternal mortality was already at 12 per 100,000. In 2005 it jumped to 17, in 2010 it went to 27, and by 2013 it had reached the shocking figure of 28, more than twice what it had been in 1990. These figures reflect the shameful effects of neoliberal policies on one of the most basic indicators of development in two of the richest Global North states, Canada and the United States. Shifting our gaze to Venezuela, however, the figures are qualitatively higher. In 1990, maternal mortality rates were 93 per 100,000 live births, increasing to 98 in 1995. The rates declined to the low
nineties in 2000 and 2005, reflecting the reforms implemented by Chávez and his successors, but in 2010, they shot back up to 110, where they remained in 2013—many times higher than rates in Canada and the United States. In Venezuela, in other words, it is far more risky for a woman to give birth than it is in Canada or the United States. For every other development indicator, these kinds of contrasts are visible. For example, in 1999, Chávez’s first full year in office, mortality rates for infants per one thousand live births (i.e., the number of babies who would die before their first birthday) was a very high 18.8. This figure has been systematically lowered in the years since, by 2012 sitting at 13.1. Still, this is more than double the rate in the United States and almost triple the rate in Canada (6.0 and 4.7, respectively; World Bank 2014). The GDP per capita figures, in the case of these three countries, do not lie. Life is lived, on the whole, very differently in a Global South semi-peripheral country such as Venezuela compared to a Global North core country such as Canada.

**Bitumen and Politics I: Alberta, 2012**

How does oil intersect with politics in these two very different societies? In Alberta, the picture is somewhat opaque, but the 2012 provincial election provides a useful window. The surprising defeat of the Wildrose Alliance Party, despite its lead in every pre-election opinion poll, and the return to office of Alison Redford and the Progressive Conservatives is a story in itself. There had been a flight from the Tories toward Wildrose by a conservative base that saw new Tory leader Alison Redford as being too “liberal.” This collapse of the Tories’ conservative base, apparent to everyone in the province, seemed to point to a Wildrose victory. But to the surprise of many, there was an even bigger flight to the Tories driven by concern about the perceived pro-corporate and socially conservative politics of Wildrose. Commentators had anticipated a flight of this nature from the Liberal Party, but that in itself would not have been enough to stop Wildrose. What few predicted—and it proved to be the decisive factor—was the surge in voter participation, a surge clearly driven by an “anyone but Wildrose” sentiment (Kellogg 2014). Bitumen was part of this drama. The political economy of oil has many dimensions, but one of them is the relationship between bitumen sands development and climate change. Smith alienated many in the province when she argued, one week before the election, that the question of climate change was not yet settled (Canadian Press 2012). After the election, she acknowledged that controversial Wildrose statements including “her questions about climate change … may
have given undecided voters ‘some pause’ as they made up their minds. … ‘The fact of the matter is there are certain policies that clearly Albertans didn’t want to see implemented,’” she said (CBC News 2012).

Many “oil-positive” media outlets had backed the election of Wildrose, including the editors of the National Post, who argued that “Alberta’s government could use some fresh blood and vibrant new ideas” (“National Post Editorial Board” 2012). However, the fact that Smith, an oil company favourite, lost, in part because of her stance on climate change, does not mean that the oil companies themselves lost. The editors of the Globe and Mail differed from their colleagues in the National Post, backed the Tories because, in their eyes, Redford was a more positive voice than Smith for Alberta’s oil industry. Redford’s “Canadian Energy Strategy would facilitate the shipment of oil-sands oil to Asia, the US and Central Canada; she also promises to help fund oil-sands extraction technology” (“Time for Big Alberta” 2012). The Globe and Mail editors were reflecting the point of view of big sections of corporate Alberta. The key issue in the election was to put in place an oil-friendly government. The National Post editors gave a nod to Wildrose. The Globe and Mail editors gave a nod to the Tories. These two conservative media outlets were reflecting the thinking in the boardrooms of corporate Alberta, comfortable with a victory by either Wildrose or the Tories. Both parties received corporate donations running to hundreds of thousands of dollars—in the case of Wildrose, reaching almost $1 million. Table 5.1 lists all the corporations that made donations to both parties, beginning with those involved in the petrochemical and energy industries.

Table 5.1. Corporate support for both the Wildrose and Progressive Conservative parties

<table>
<thead>
<tr>
<th>Petrochemical / Energy corporations</th>
<th>Wildrose</th>
<th>PCs</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cenovus Energy Inc.</td>
<td>$25,500</td>
<td>$10,001–30,000</td>
</tr>
<tr>
<td>Enbridge Pipelines Inc.</td>
<td>$5,000</td>
<td>$5,001–10,000</td>
</tr>
<tr>
<td>EnCana Corporation</td>
<td>$15,000</td>
<td>$10,001–30,000</td>
</tr>
<tr>
<td>Ensign Energy Services Inc.</td>
<td>$5,000</td>
<td>$5,001–10,000</td>
</tr>
<tr>
<td>Marathon Oil Canada Corporation</td>
<td>$5,000</td>
<td>$10,001–30,000</td>
</tr>
<tr>
<td>North West Upgrading</td>
<td>$7,000</td>
<td>$5,001–10,000</td>
</tr>
<tr>
<td>NOVA Chemicals</td>
<td>$12,000</td>
<td>$10,001–30,000</td>
</tr>
<tr>
<td>Penn West Petroleums Ltd.</td>
<td>$10,000</td>
<td>$10,001–30,000</td>
</tr>
<tr>
<td>Suncor Energy Services Inc.</td>
<td>$7,500</td>
<td>$5,001–10,000</td>
</tr>
</tbody>
</table>

doi:10.15215/aupress/9781771990295.01
<table>
<thead>
<tr>
<th>Petrochemical / Energy corporations (cont’d)</th>
<th>Wildrose (cont’d)</th>
<th>PCs (cont’d)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Transalta Corporation</td>
<td>$12,500</td>
<td>$5,001–10,000</td>
</tr>
<tr>
<td>TransCanada Pipelines Limited</td>
<td>$5,000</td>
<td>$375–5,000</td>
</tr>
<tr>
<td><strong>Other corporations</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Axia Supernet Ltd.</td>
<td>$7,500</td>
<td>$5,001–10,000</td>
</tr>
<tr>
<td>Borden Ladner Gervais LLP</td>
<td>$10,000</td>
<td>$375–5,000</td>
</tr>
<tr>
<td>Brookfield Residential</td>
<td>$10,000</td>
<td>$375–5,000</td>
</tr>
<tr>
<td>CANA Construction Co. Ltd.</td>
<td>$15,000</td>
<td>$10,001–30,000</td>
</tr>
<tr>
<td>CCS Corporation</td>
<td>$5,000</td>
<td>$5,001–10,000</td>
</tr>
<tr>
<td>Deloitte Management Services LP</td>
<td>$10,000</td>
<td>$5,001–10,000</td>
</tr>
<tr>
<td>Don Wheaton Ltd.</td>
<td>$5,000</td>
<td>$10,001–30,000</td>
</tr>
<tr>
<td>Maclab Enterprises</td>
<td>$5,000</td>
<td>$375–5,000</td>
</tr>
<tr>
<td>Prairie Merchant Corporation</td>
<td>$30,000</td>
<td>$375–5,000</td>
</tr>
<tr>
<td>Ramsay Ranches Inc.</td>
<td>$6,000</td>
<td>$5001–10,000</td>
</tr>
<tr>
<td>Shane Homes Ltd.</td>
<td>$5,000</td>
<td>$375–5,000</td>
</tr>
<tr>
<td>Sherritt International Corporation</td>
<td>$10,000</td>
<td>$10,001–30,000</td>
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<tr>
<td>WAM Development Corporation</td>
<td>$5,000</td>
<td>$10,001–30,000</td>
</tr>
<tr>
<td>Witten LLP</td>
<td>$5,000</td>
<td>$375–5,000</td>
</tr>
</tbody>
</table>

*Source:* Compiled from data available in Wildrose (2012); Audette and PC Alberta (2012). Wildrose provided actual amounts; PC Alberta provided ranges of support: hence the difference in the presentation of data.

Significantly, twenty-five corporations gave cash to both parties—including many companies in the petrochemical and energy industries. For Cenovus, Enbridge, Encana, Marathon Oil, North West Upgrading, NOVA Chemicals, Penn West Petroleum, Suncor Energy, Transalta, and TransCanada Pipelines, there was a certain indifference. Smith or Redford would do. Either of them would be a good bet to allow the expansion of bitumen sands production into the foreseeable future.

Clearly, oil and gas corporations play a central role in Alberta politics. But whose corporations are they? When we turn to an examination of Venezuela, we will see how the entire oil-politics connection has been shaped by the presence of an oil industry controlled in an earlier age by non-Venezuelan
oil multinationals—in the late twentieth and early twenty-first century, by an externally oriented state-capitalist comprador elite. This is not the case in Canada. What has emerged in the oil and gas industry as a whole, and in the bitumen sands in Alberta in particular, is a capital accumulation process with Canadian firms entrenched as dominant players. Elsewhere, I have examined this in some detail (Kellogg 2013). For the purposes of this chapter, we need only examine the highlights.

Figure 5.3. Country of control: petroleum and natural gas (percentage of capital employed, 1954–87); oil and gas extraction and support activities (percentage of assets, 1999–2012). Source: Compiled from data available in Statistics Canada (2000, 2014c).

Statistics Canada provides a breakdown for the control of the petroleum and natural gas industry in Canada, from 1954 until 1987, on the basis of percentage of capital employed (see figure 5.3). There is a break in the series, but from
1999 on, we have statistics showing control for the industry by assets, operating revenue, and profits. Of the three categories, the one for assets is the most comparable with the earlier series. Throughout the 1950s and 1960s, Canadian control was quite low, at less than 40 percent, while nonresident corporations controlled in excess of 60 percent every year until 1970. Of this, the vast majority comprised US control. Through the 1970s and 1980s, however, the situation changed markedly. By 1987, 60 percent of the industry was in Canadian hands, US control had declined to 26 percent, and the share of other nonresident corporations stood at 14 percent. When the story picks up in 1999 with the new series based on assets, we see that Canadian control of the industry remains above 60 percent, US control slips to just below 20 percent, and other nonresidents represent the rest (in 2012, just over 17 percent). Three trends stand out here: first, the clearly visible Canadian corporate dominance in the field; second, the steadily declining portion of nonresident control represented by US corporations; and third, the steadily increasing portion of nonresident control represented by “other than US” corporations.

Let us switch from the general category of petroleum and natural gas to the subcategory of bitumen sands production. Clearly some of the corporations involved in bitumen sands exploitation in Canada are nonresident. Statoil Canada is owned by Statoil Norway, Imperial Oil Ltd. is 69.6 percent owned by Exxon-Mobil in the United States, and Murphy Oil Corp. is headquartered in El Dorado, Arkansas. But there are some who claim that other, nominally Canadian corporations are in fact not Canadian. Since “71 per cent of all tar sands production is owned by non-Canadian shareholders,” argues one influential report, it is justifiable to deny that what is going on in the tar sands is made in Canada (Skuce 2012, 1). On this basis, Husky Energy is considered to be non-Canadian as are the two biggest oil and gas producers in Canada (Canadian Natural Resources Ltd. [CNRL] and Suncor Energy Inc.), as well as the seventh biggest (Cenovus Energy Inc.), the thirteenth biggest (Canadian Oil Sands), and the thirty-third biggest (MEG Energy Corp.; Skuce 2012). A specific controversy over the Canadian bona fides of Husky Energy is due to the dual citizenship of the family members who control it, a controversy I have dealt with elsewhere (Kellogg 2013). As for the others, the method by which their corporate nationality has been determined is misleading. The fact that just over 50 percent of the shares of CNRL, Suncor, Cenovus, and Canadian Oil Sands are held outside of Canada says very little about who controls these companies. As noted in their 2011 annual reports, all of them are headquartered in Calgary,
and none are subsidiaries of another corporation. Furthermore, the issue of a majority of shares being held outside of Canada is by no means indicative of control. According to the very standard understanding of corporate power provided by the Organization for Cooperation and Economic Development (OECD 2003), “control of a corporation occurs when a single institutional unit owning more than a half of the shares, or equity, of a corporation is able to control its policy” (2003). In other words, non-Canadian ownership of 50 percent or more of the shares of a corporation would only be significant if those shares were controlled by a single entity. The OECD goes further: “In practice, when ownership of shares is widely diffused among a large number of shareholders, control may be secured by owning 20 per cent or less of total shares.”3 With the OECD definition of ownership as a basis, Figure 5.4 provides a snapshot for 2012, the year of the Redford election, showing the twelve top-producing bitumen-extraction corporations operating in Alberta and ranking them by barrels of bitumen per day, current and planned. It makes very clear the physiognomy of the industry in Alberta.

![Figure 5.4](image_url)

**Figure 5.4.** Top twelve bitumen-extracting corporations measured by barrels of bitumen per day (current and planned), Alberta, 2012. Source: Compiled from data available in Alberta (2013).
There are two Asian-based corporations on this top twelve list (Dover and Nexen, numbers 7 and 8), as well as one based in the United States (Imperial, number 6) and one based in Europe (Shell, number 4). Most striking, however, is the overwhelming Canadian presence on the list. The top three—Suncor, Cenovus, and CNRL—are all Canadian corporations, as are Syncrude (number 5) and MEG, Teck, Athabasca, and Husky (numbers 9, 10, 11, and 12). Even if we were to remove Husky from the list because of the dual citizenship of its principal owners, the key corporations are, without any question, Canadian. Overall percentage of control for bitumen extraction, current and planned, are given in percentages at the bottom of the figure. At 64.8 percent, Canadian corporations dominate the field. Far behind them are Europe (13.5 percent), the United States (9.8 percent), and Asia (9.2 percent). We cannot outsource the problem of the bitumen sands—the problem is very Canadian, very Albertan.

*Bitumen and Politics II: Venezuela, 2001–3*

When we shift our gaze to Venezuela, we see a different political economy of oil, characterized in particular by a much more visible, volatile, and politically charged relationship of the oil industry with the state. This story has, for decades, been bound up with the Great Powers. Oil is the indispensable fuel that drives Great Power economies, a lubricant for their international rivalries and a source of incredible profit for their corporations. In the immediate aftermath of World War II, “Enrico Mattei coined the phrase ‘the seven sisters’ to describe the Anglo-Saxon companies that controlled the Middle East’s oil” (Hoyos 2007). Several generations later, these remain very large and very powerful corporations. Table 5.2 lists the twelve biggest public corporations in the world, according to the 2011 figures compiled by Forbes. Those highlighted in grey represent the former Seven Sisters, reduced to four through mergers. PetroChina and Petrobras (Petróleo Brasileiro) have recently risen to prominence and are oil companies from the Global South. Six, then, of the top twelve corporations in the entire world are involved in the oil industry, four of them being the consolidated continuation of the old Seven Sisters group. In 2011, the total sales of these contemporary six sisters amounted to $1.97 trillion, with net profits of $165 billion.

The economics of Big Oil, throughout the twentieth century, was inextricably linked with the politics of Great Powers. The premier of France, Georges Clemenceau, famously argued in 1917, that “gasoline was as necessary as blood.
in the battles of tomorrow” (Bérenger 1920, 60; my translation). In 1918, ten
days after the armistice, Lord Curzon—former Viceroy of India and soon to be
British Foreign Secretary—told the assembled guests at a British government
dinner put on for the Inter-Allied Petroleum Conference that “the Allied cause
had floated to victory upon a wave of oil” (Yergin 2008, 167).

Table 5.2. The twelve largest corporations in the world

<table>
<thead>
<tr>
<th>Rank</th>
<th>Company</th>
<th>Country</th>
<th>Sales</th>
<th>Profits</th>
<th>Assets</th>
<th>Market value</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Exxon Mobil</td>
<td>USA</td>
<td>$433.5</td>
<td>$41.1</td>
<td>$331.1</td>
<td>$407.4</td>
</tr>
<tr>
<td>2</td>
<td>JPMorgan Chase</td>
<td>USA</td>
<td>$110.8</td>
<td>$19.0</td>
<td>$2,265.8</td>
<td>$170.1</td>
</tr>
<tr>
<td>3</td>
<td>General Electric</td>
<td>USA</td>
<td>$147.3</td>
<td>$14.2</td>
<td>$717.2</td>
<td>$213.7</td>
</tr>
<tr>
<td>4</td>
<td>Royal Dutch Shell</td>
<td>Netherlands</td>
<td>$470.2</td>
<td>$30.9</td>
<td>$340.5</td>
<td>$227.6</td>
</tr>
<tr>
<td>5</td>
<td>ICBC</td>
<td>China</td>
<td>$82.6</td>
<td>$25.1</td>
<td>$2,039.1</td>
<td>$237.4</td>
</tr>
<tr>
<td>6</td>
<td>HSBC Holdings</td>
<td>UK</td>
<td>$102.0</td>
<td>$16.2</td>
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Note: Figures are in billions of US dollars. Corporations in shaded rows are the former Seven Sisters.
Source: DeCarlo (2012).

World War I was the cauldron from which the United States emerged as the
world’s dominant power; at the time, it was also the world’s greatest producer
of oil. As the US went abroad looking for sources of oil to import, Mexico was,
at first, more important than Venezuela. That changed on 18 March 1938. In the
context of a strike in the oil fields “against the appalling conditions in shanties
and hovels,” Mexican president Lázaro Cárdenas nationalized the foreign-
owned oil companies So popular was this move, and so central to Mexican
society, that 18 March was “proclaimed as a new day of independence.”

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response from the Great Powers was swift. A boycott of Mexican oil was organized by the United States, the United Kingdom, and the Netherlands. Even when the three governments lifted the boycott “to satisfy the demands of the Second World War,” the Seven Sisters were busy looking for an alternative place to do business (Sampson 1991, 105).

Venezuela was a natural choice. There, too, oil workers had engaged in a strike against appalling conditions, this time in 1936, but the Venezuelan government took the side of the oil companies, using police force to suppress dissent (Prashad 2007, 189). On 22 January 1937, a wildcat strike by petroleum workers was settled through the granting of a small wage increase, but “in July of that year several labor leaders—dubbed as ‘agitators’ by the oil companies—were expelled from the Maracaibo area” (Baloyra 1974, 43). Venezuela was revealing itself as a more congenial place than Mexico for the oil companies to do business. Thus, while the Mexican people were left to “drown in their own oil,” to use the words of US ambassador Josephus Daniels (Prashad 2007, 192), the Seven Sisters shifted their focus to the more compliant state of Venezuela. “In the 1950s, oil production doubled. . . . In 1957 alone the Seven Sisters made $828 million in Venezuela, whose regime allowed them to remit all their profits without restrictions. As one US banker noted, ‘You have the freedom here to do what you want to do with your money, and to me, that is worth all the political freedom in the world’” (189, 191).

Beginning in 1958, the political and economic situation changed in form but not in substance. In 1958, a “new relatively progressive government led by Acción Democrática (AD)” took office (Prashad 2007, 192), and in 1960, the Venezuelan government created the Corporación Venezolana de Petróleo (CVP) “in an attempt to give the government more control over the oil industry within the country” (McNew 2008, 150). This was followed in 1976 by a nominal “nationalization” of the oil industry, in large part through the “creation of a new national company, Petróleos de Venezuela, S.A. (PDVSA)” (150). But the oil industry remained, in reality, in the hands of the Seven Sisters. The PDVSA did not do away with the oil concessions previously granted to the foreign transnational corporations. Instead, it “absorbed the fourteen existing entities and made them subsidiaries,” which “left a substantial amount of power in the hands of transnational managing boards that had formerly controlled the oil industry in Venezuela” (151).

The oil industry in Venezuela became even more oriented toward the transnational oil companies in 1992 through what was called the “Apertura,” or
“Opening.” This is when the bitumen sands in the Orinoco Belt become a major factor. The Apertura involved the signing of “thirty-two operating agreements and . . . four joint ventures operating within the Orinoco Belt.” These agreements involved “lower taxes and royalties to attract private enterprises under the premise that marginal oil fields were more risky and costly to operate” (152). The transnational corporations were in effect subcontracted by PDVSA and were, in legal terms, not considered producers of oil but service providers. This was very positive for the transnationals and very negative for the government of Venezuela:

Classifying these companies as service providers . . . allowed for more than simple involvement in the oil industry; it also allowed for considerable tax and royalty breaks unavailable to “oil producers.” Because these contractors were not oil producers, they did not pay the 67.7 percent income tax rate—the rate applicable to oil activities at the time they were created—instead, they only paid the 34 percent income tax rate applicable to non-oil activities. (153)

Because royalties were to be paid by the producer and because the transnational oil corporations were classified as “service providers,” they were also able to avoid virtually all royalties. “The PDVSA capped the royalties to be paid by these projects at 1 percent, as opposed to the 16.6 percent maximum available at the time” (153).

Why would a government, and a government-run enterprise such as PDVSA, enter into such one-way contracts with foreign oil corporations? Perhaps they were in no position to bargain and so had little choice. But perhaps there are other, more complex class-related factors at work. In the dependency/underdevelopment literature, the term _comprador_ is used to describe an internal elite—economic and/or political—that works to enrich economic interests in the Global North at the expense of national economic development. The term originates in China and “refers to any national economic elite that enriches substantially itself through selling out its own country’s assets and wealth to foreigners” (Dobbin 2007, 526). In an analysis of Egypt, Patrick Clawson (1978, 21) summarizes what he calls neo-Marxist understandings of the _comprador bourgeoisie_ as “the large bourgeoisie based on trade and landownership . . . said to be tied to foreign capital, and totally reactionary.” PDVSA is not “based on trade and landownership” and was not situated in the private sector. Nonetheless, until the 2001–3 strike wave (examined below), describing the company as a _comprador_ is completely justifiable—a corporation based in the Venezuelan
state but oriented toward the Global North, rather than toward national
development in Venezuela. PDVSA, until the 2001–3 watershed, was a “state
capitalist” comprador corporation. The upper levels of management at PDVSA
were increasingly seen as being a “state within a state” representing “a parallel
power to the elected president and the legislature. . . . PDVSA officials viewed
themselves as part of a global managerial petroleum network, whose decisions
reflected international concerns rather than primarily Venezuelan interests”
(Tinker-Salas 2005, 52). This exactly corresponds to the term “comprador state
capitalist elite.” Between 1976 and 1995, according to an article entitled “El para-
sitismo petrolero” (“Petroleum Parasitism”) by Uslar Pietri, this comprador oil
elite “generated and largely squandered US$270 billion dollars from oil sales”
(cited in Tinker-Salas 2005, 52).

This was the situation that Hugo Chávez, who took office as president in
1999, set out to change. By 2006, he would label his goal “full sovereignty over
oil” (Carreño 2006; McNew 2008), with the aim of gaining 51 percent ownership
of the thirty–two joint ventures with foreign companies, raise income taxes to
50 percent (O’Grady 2005), and increase “royalties payable to the government
from as low as 1 percent to 33 percent” (Collier 2006). This process began in
2000 with much more modest goals, the National Assembly passing that year
an enabling act allowing Chávez to rule by decree for one year. “In November
2001, shortly before the act was set to expire, Chávez enacted 49 decrees. These
included the Hydrocarbons Law (“Venezuela—Chavez” 2007). Initially envi-
sioning a 30 percent flat rate for royalties, the bill as introduced called for a
“softer” royalty regime, “assessed on a sliding scale between 20% and 30%.”
Most controversial was the provision that “the state hold a majority stake in
exploration, extraction, transportation, and initial storage of hydrocarbons”
(“Venezuelan Strike” 2001).

The reaction from big business was one of outrage. On 10 December 2001,
there was a twelve-hour national strike called by the “top business association,
Fedecámaras, of which the Venezuelan Oil Chamber is a member.” In an extra-
ordinary development, this bosses’ strike was also supported by “Venezuela’s
largest confederation of trade unions, the Workers’ Confederation of Venezuela
(CTV)—which includes oil workers” (“Venezuelan Strike” 2001). This initiated
a “united front” between the bosses’ organization, Fedecámaras (Federación
de Cámaras de Comercio y Producción), and the trade union central, CTV
(Confederación de Trabajadores de Venezuela)—a coalition that was to domin-
ate the anti-Chávez, pro-PDVSA movement from that point until early 2003.
These pro-corporate actions by Venezuela’s unions are why there is a literature analyzing some of these institutions as representing not labour as a whole but rather a “labour aristocracy” (Rutledge 2005, 95).

The December strike did not stop Chávez’s attempt to reform PDVSA. In February 2002, Chávez fired the head of PDVSA and replaced him with Gaston Perra, a move widely seen as “intended to quash mounting resistance within the company to demands from the government for heavier fiscal contributions” (Webb-Vidal 2002). On 28 March, Fedepetrol (Federación de Trabajadores Petroleros, Químicos y sus Similares de Venezuela—the union representing oil and gas workers) launched a forty-eight-hour strike, ostensibly over wages (Webb-Vidal 2001). The real issue was the attempt to reform PDVSA. Chávez pushed ahead with these reforms, dismissing seven senior managers on 6 April. On Tuesday, 9 April, CTV leader Carlos Ortega and Pedro Carmona Estanga, the leader of Fedecámaras, “with the support of many other civil society organizations, called for a general strike” to stop the reforms at PDVSA (Encarnación 2002, 42). Initially, this was to be a twenty-four-hour strike, but it soon escalated into a mass confrontation with the regime itself (Lapper and Webb-Vidal 2002). On Thursday, 11 April, a massive march to PDVSA headquarters was redirected toward the presidential palace. In circumstances that remain extremely controversial, gunfire erupted and perhaps as many as twenty people, both pro- and anti-Chávez, were shot dead (Cannon 2004, 285). Over the next three days, Chávez was removed from office and a new government installed, headed by Pedro Carmona, but a massive pro-Chávez uprising made that new government unsustainable, and, with the support of a section of the army and mass demonstrations in the streets of Caracas, Chávez returned to office.

In and around this enormous social upheaval, a reconfiguration of class forces was taking place. At the base of society, new mass organizations were in formation, a process that had begun in 1999—the first full year of Chávez’s presidency. With the official union movement deeply corrupted because of its privileged position inside the parasitic oil industry, Chávez had set out to establish new grassroots organizations “drawn mainly from the poorest sectors of Venezuelan society.” These Bolivarian circles were in part social welfare institutions, delivering “healthcare, job-training and short-term credit” to the very poor in the country. They were also centres of political mobilization. “During the April coup, the members of the Bolivarian circles . . . took to the streets to demand the return” of Chávez (Encarnación 2002, 41). Marta Harnecker (2004, 39) notes that after the defeat of that coup, “Bolivarian Circles
multiplied throughout the country, adopting more varied forms. New organizations emerged, such as urban land committees and specific middle-class groups of doctors, teachers, and lawyers. Further, union leaders from various industries, critical of the complicity of the CTV, accelerated their efforts to build an independent labor force to support the revolutionary process.

Chávez’s return to office on 14 April 2002 did not end the dispute. In November and December, all the old issues re-emerged. A new general strike was launched in December: the hope was “to topple Chávez by reviving a military-civilian coup effort that overthrew Chávez for two days in April 2002.” The situation, however, had evolved considerably since the spring. In April, when CTV leaders had called out their members, they had been relatively unchallenged from within the union ranks. By the autumn and winter, this was no longer the case. In October, Fedepetrol announced that it would not support a twelve-hour strike called against Chávez. Union official Rafael Rosales “said that he believed 85% of the federation’s membership opposed the strike”; Rosales described the strike call “as a ‘political ultimatum’ by foes of Chávez” (“Fedepetrol” 2002). Nonetheless, the strike began on 2 December and was widely supported by the white-collar employees at PDVSA. About half of PDVSA’s workforce, “executives, engineers, technicians and ship captains . . . went on strike and shut down almost all operations for three months” (Collier 2006). Unlike the earlier strike, however, many in the blue-collar unions were now supporting Chávez. In the end, this was to prove decisive (Toro 2002).

When the strike began, oil output was averaging three million barrels a day. The strike caused this to drop to almost nothing. By early January, production levels had crawled back up to 400,000 barrels a day, after the government was able to “restart production with loyal personnel” (EIU 2003). By the end of January, the strike was essentially over. Chávez officially ended it, declaring it unconstitutional and dismissing eighteen thousand PDVSA employees (International Business Publications, USA 2012, 98). Some put the figure at nineteen thousand (“Venezuela—Ali Rodriguez” 2005). The blue-collar workers supported Chávez. The more well-off workers, the white-collar “executives, engineers, technicians and ship captains,” opposed him and were let go. The dismissed employees represented fully “90 percent of PDVSA’s white-collar workforce” but only half of the company’s entire workforce (Collier 2006).

The departure of the vast majority of the intelligentsia who had directed work at PDVSA has been extremely serious for the Venezuelan oil industry. Three years after the strike, one industry analyst put it this way: “The firing of
over 50% of PDVSA’s work force, over 19,000 employees, has had an irrecoverable impact on production” (“Venezuela—Ali Rodríguez” 2005). Anti-Chávista commentators have been quick to document these troubles. One blogger summarized it this way:

PDVSA’s effective crude oil production capacity has dropped to about 2.3 million barrels per day at best, compared with over 3.5 million barrels per day in 1998. . . . PDVSA’s refineries—Amuay, Cardon, El Palito and Puerto La Cruz—are falling apart. All of PDVSA’s programmed maintenance activities at three refineries have . . . suffered frequent delays and postponements over the past several years. And dozens of workers have been killed or injured in refinery accidents since 2005.⁶

All agree that there are problems at PDVSA, and these problems are certainly related to the dismissal of virtually the entire PDVSA intelligentsia. However, it is not clear what choice Chávez had. The flow of profits had to be redirected back into Venezuela, instead of out of the country and into the pockets of the corporations of the Global North. The strike could not have been allowed to go on much longer, as it had brought the country to its knees, “with real gross domestic product (GDP) contracting 29 percent in the first quarter [of 2003], and 9.2 percent for the entire year, after already contracting 8.9 percent in 2002” (International Business Publications, USA 2012, 97). The Spanish bank BSCH “described the situation as the ‘biggest [example of] wealth destruction in Venezuelan history’” (EIU 2003). The choices were either to capitulate and leave the power of the comprador elite intact or to create PDVSA anew with a politically reliable workforce, since only such a workforce would agree to a PDVSA oriented toward Venezuelan development rather than toward corporate profits in the Global North.

Conclusion

This chapter opened with a survey of the somewhat silly linguistic polemic currently under way in Alberta, polarized around the use of the adjective tar. One of the difficulties confronting those who, with a kind of neoliberal political correctness attempt to vilify the use of the tar word, is that the pairing of this adjective with the noun oil is quite well-established in the industry itself. In early 2015, I searched for the term tar sands on the website OnePetro, which describes itself as “a unique library of technical documents and journal articles serving the oil and gas exploration and production industry” and is operated by the
Society of Petroleum Engineers. At that time, the “library” contained 160,000 documents produced by eighteen publishing partners. The search resulted in 2,028 different hits related to research papers as varied as “Comparing Venezuelan and Canadian Heavy Oil and Tar Sands” (Dusseault 2001) and “Promising Approaches to Enhance SAGD Performance in Uneconomical Tar-Sands” (Akhondzadeh et al. 2012). Perhaps it is time to raise the level of discourse somewhat—to get beyond a dispute over adjectives and grapple with some of the real issues at stake. This chapter has outlined one such issue—the different ways in which the economics of processing bitumen impacts politics in Venezuela and Alberta, a difference shaped by the contrasting positions those economies occupy in the hierarchical world economy.

There is a deeply human side to this story. In the wake of the mass firings of 2003, hundreds of former PDVSA employees made their way to Alberta to put to use, in the bitumen sands of Alberta, heavy-oil skills developed in Venezuela. One of those is Pereira Almao, who, in 2006, estimated that there were “300 former PDVSA families in each of Calgary, Edmonton and Fort McMurray and more are on the way. Among the biggest employers of Venezuelans are Suncor Energy Inc., Syncrude Canada Ltd., Canadian Natural Resources Ltd. and Jacobs Engineering Group Inc.” (Cattaneo 2006). According to Almao, “Canada is in a very privileged position. . . . Canada will expand its marketing of heavy oils and I don’t think Venezuela is going to grow. . . . It could be 50 years before you see real activity and real growth in the Venezuelan oil industry again” (quoted in Harding 2006). The irony couldn’t be more profound. The oil-related issue in the past for Venezuela was the flow of oil profits out of the country to the Global North. Chávez successfully reversed that flow, increasing taxes and royalties to keep the profits in Venezuela. But the price of that reversal has been a new flow out of the country—a flow into the Global North of talented, trained and experienced professionals.

Alberta is a subnational state within Canada, a member of the core of the world economy situated in the Global North. Venezuela is a semiperipheral country situated in the Global South. A comparative analysis of these two societies demands an approach sensitive to the complex relationship between classes, and between class, nation, and the world economy. Venezuela’s oil economy began as an effect of Great Powers and corporate oil machinations (the need to punish Mexico and keep oil development under corporate, Global North control); it then continued, until 2002, to function under the direction of a comprador, state-capitalist elite. The effects were typical of resource
development under neocolonialism—vast wealth removed from the country, leaving behind pools of stagnation and poverty. That stagnation has been evident for decades. Writing in 1973, Norman Gall documented that “Venezuela and West Germany had roughly the same per capita GNP in 1956. Since then, however, West Germany’s per capita GNP increased from around $650 in 1956 to $1,300 in 1960 and $53,034 in 1970, while Venezuela’s has remained largely stagnant” (Gall 1973).

By contrast, this chapter has documented the dynamic expansion of GDP per capita in Alberta. That province, like Canada as a whole, is one of the small number of places in the world that provides a home to the transnational corporations—among them oil corporations—that have over the years extracted enormous wealth from countries in the Global South. Oil corporations exert political influence in Alberta: the evidence from the 2012 provincial election makes this absolutely clear. The extreme reaction to the 2015 NDP electoral victory shows, by way of negative example, where their political loyalties lie. But they do not exert this influence as a “comprador elite” operating in a manner to frustrate capitalist development in Alberta. They do so as full partners with the provincial political elite, with both focused on establishing a self-sustaining cycle of capitalist accumulation in the province. Since the 1980s, a new, indigenous capitalist class has become entrenched at the apex of the Alberta economy, highlighting the prescience of John Richards and the late Larry Pratt, who in 1979 argued in Prairie Capitalism that “it would be absurd to conclude” that the Alberta government is “merely an instrument of external capital or that Alberta’s new bourgeoisie is ‘comprador’ in nature—i.e., that its role is merely to facilitate the penetration of the local economy by foreign capital” (227). Their thesis was that the provincial intervention into the oil economy of the 1970s was laying the basis for an indigenous bourgeoisie in later years. This analysis has been completely confirmed. In 2005, in an interview with Jeremy Mouat, Pratt indicated that in the years since the now classic Prairie Capitalism was published, Alberta has become home to

big world-scale Alberta companies . . . not just operating in Alberta, but internationally. Those are not foreign owned, they are Canadian-owned. . . . If you add them up, there’s maybe 15 to 20 companies that are big enough to operate outside the country, and which also have significant operations inside the United States. In a sense, that is what we were getting at in Prairie Capitalism: the growth of an indigenous bourgeoisie, in Marxist terms, or an indigenous capitalist class. (Mouat 2005)
Oil development in Venezuela was dominated, until this century, by a state-capitalist comprador elite oriented toward non-Venezuelan external interests rather than Venezuelan economic development. Alberta, by contrast, has seen regional (provincial) state capitalism lay the basis for the development of what Richards and Pratt, years ago, called “a nascent regional bourgeoisie of substance and considerable power” (1979, 11), a development deeply rooted in the exploitation of mineral staples, particularly those associated with the bitumen sands. This reinforces a perspective being developed by a new generation of young Canadian political economists, who begin by situating Canada as a core economy, a mature capitalist country, actively helping to shape the policies of the Global North, the very policies that oppress and impoverish countries like Venezuela. (Two recent examples of this new scholarship are Klassen [2009] and Gordon [2010].)

This comparative framework can help us navigate Alberta’s political terrain over the next few years. A clue as to what we might expect comes from the political biography of the new MLA for Lethbridge-West, Shannon Phillips, who is the NDP’s minister of the Environment and minister responsible for the Status of Women. “As a policy analyst for the Alberta Federation of Labour, Ms. Phillips . . . steered the federation’s opposition to the Northern Gateway pipeline,” a position that clearly positions her against the oil elite. However, Phillips is also “a supporter of Enbridge’s Line 9B proposal . . . ‘because it established east-west connections, energy security for Canada and import substitutions for eastern Canada’” (Giovannetti 2015). This positions her and the Alberta NDP on side with the oil elite in Alberta and in opposition to the climate justice movements in Ontario and Québec, which have campaigned for years against the Enbridge proposal. There will be pressure applied to the new NDP administration by the powerful and entrenched oil elite in Alberta. There will be points of friction and tension. But Alberta is not Venezuela. We are not likely to see this scenario unfold through attempted coups and revolutions. The NDP is not likely to inspire equivalents to the Chávez-era Bolivarian Circles. We have many examples, in Global North countries, of social-democratic parties such as the NDP tapping into popular discontent with elite politics, but then adapting their policies, once in office, to the pressure of those very elites.

That, however, opens up a line of inquiry outside the scope of this chapter. There are many other such issues which require further investigation. This chapter has not focused on the deep inequities within Alberta’s bitumen sands economy. It has not focused on the environmental devastation that accompanies
bitumen sand exploitation. It has not raised the issue of Indigenous rights and land claims, which are inextricably intertwined with bitumen economies. Other authors in this volume take up many of these questions. All that is being said here is that the profound differences in the manner in which oil corporations have exerted political influence in Venezuela and Alberta are inexplicable without understanding the two economies’ very different relationships to the world hierarchy of nations.

Notes

1 In recent years, a strand of Canadian political economy (CPE) has emerged that is influenced by world systems theory (WST) and takes a contrary view, conceptualizing Canada as a semi-peripheral rather than a core economy (Clarkson 2001; Clarkson and Cohen 2004; Glenday 2010; Ikeda 2004; Laxer 2004). The analysis offered by this strand of CPE is discordant with WST-influenced international political economy (IPE) literature, which almost universally conceptualizes Canada as a member of the core (Arrighi and Drangel 1986; Babones 2005; Boli-Bennett 1980; Chirot 1977; Kentor 2000; Kick and Davis 2001; Korzeniewicz and Martin 1994; Smith and White 1992; Van Rossem 1996). I find the latter school much more persuasive, and throughout this chapter, the terms core and semi-periphery are used, with IPE scholarship in mind. In chapter 2 of Escape from the Staple Trap (Kellogg 2015), I provide an overview and critique of both the CPE and IPE strands of WST-influenced approaches to Canada in the world system.


3 This does not by any means exhaust the issue of the influence of non-Canadian corporations on the trajectory of development in this country. The investment rules embedded in the North American Free Trade Agreement (NAFTA) give considerable scope for corporations to bypass the Canadian political and judicial processes and to seek redress through the dispute-settlement provisions of NAFTA (chapter 11). Using just this provision, for instance, the US-based oil and gas company Loan Pine Resources, on 8 November 2012, filed notice of intent to submit a claim for a quarter of a billion dollars in damages from the Government of Canada for what it saw as impediments to its fracking activities in Québec (Bennett Jones LLP 2012; Council of Canadians 2013). The point is to contrast the situation in Alberta with the situation in Venezuela.

4 The smallest category, Canada-China (2.75% of the total), is a one-company category, capturing the previously referenced controversy over the nationality of Husky Energy. How we resolve that controversy will be immaterial to the findings here.
It has become fashionable to highlight Apple as the world’s biggest corporation. But this is true only if a single criterion is used—market value. The Forbes list is more accurate, as it avoids distortions that can arise when corporate size is “based on a single metric.” When Forbes uses “an equal weighting of sales, profits, assets and market value to rank companies according to size,” Apple falls to twenty-second place (DeCarlo 2012).


References


