CONCLUSION

Of Democracy and Its Deficits
Surviving Neoliberalism in Oil-Exporting Countries

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The substantial oil and democracy literature has contributed tremendously to understanding the relationship between oil dependence and liberal democracy in the Global South. Little effort, however, has been expended to analyze this question with reference to an oil-exporting country in the Global North. This book seeks to fill this gap by critically exploring the practice of liberal democracy and the impact of that practice on institutions of democracy at the subnational level in Alberta, as well as in Canada generally. On the back of Alberta oil, Canada has emerged as one of the top ten oil-exporting countries in the world. On the surface, it would appear that democracy is alive and well in Canada. After all, Canada is a jurisdiction that fares well in terms of all the attributes of liberal democracy measured by the influential ranking industry, through assessment tools such as the Democracy Index and Polity IV. However, a closer examination of the theory of liberal democracy reveals a growing rift between the two core assumptions of liberal democracy—capitalist market relations and developmental liberalism. This rift is not accounted for in the quantitative measurements of the practice of liberal democracy used by most oil and democracy studies. In order to broaden the narrow application of the liberal democratic framework in these studies, we suggest complementing it with the staples theory of economic development to examine the political economy of an oil-exporting country.
The oil and democracy literature contains valuable insights regarding the political and economic outcomes of resource dependence, such as the rentier effect and the resource curse. By pointing to policy mechanisms to avoid the resource curse, however, staples theory enters the realm of developmental liberalism, which is often a missing piece in the oil and democracy literature. Ignoring developmental liberalism within a democratic framework marginalizes the investigation and understanding of several characteristics of the process and outcomes of capitalism, including the source, dynamics, and effects of economic and political inequality, of relations of power, and of social upheavals and struggles. Consequently, the fourteen authors in this book examined significant public policy areas—such as energy, national security, Aboriginal issues, the environment, labour law, urban planning, gender, and the arts—in the context of the entrenchment of the neoliberal ideology in an oil-exporting jurisdiction. Observing the role of neoliberal political ideology on the liberal democratic mode of governing, we note an increase in economic and political inequality, as well as a decline in democratic accountability. The negative impact of these trends on the practice of liberal democracy can indeed be construed as a democratic deficit in Alberta, as well as in Canada.

Most studies define a petro-state as a political jurisdiction that depends on petroleum for at least 50 percent of its export, at least 25 percent of its GDP, and at least 25 percent of its government revenues. Oil and gas account for 18.5 percent of Canada’s exports and roughly 8 percent of the country’s GDP. Canada is also a major importer of oil, with Québec and the Atlantic provinces relying on foreign oil for more than 80 percent of their fuel needs (see Campbell 2012). Clearly, then, Canada falls well below the standard petro-state thresholds. In contrast, oil and gas account for 70 percent of Alberta’s exports, 27 percent of its GDP, and 28 percent of its government revenues (Alberta, Alberta Energy 2015). Alberta’s economic profile thus qualifies the province as a petro-province within the Canadian federation, which warrants a closer examination of the institutions of liberal democracy in the province. Moreover, it is telling that the rise of Canada as one of the top ten oil-exporting countries in the world has been accompanied by increasing income inequality nationally and a backward slide on many socio-political markers in comparison to its peer countries in the OECD. Undoubtedly, the impact of oil does not end at the Alberta border but affects the whole of Canada; therefore, how oil wealth is managed is a major national issue with substantial political, economic, social, and environmental consequences. A nuanced understanding of the political economic dynamics, at
the national and subnational levels, of an oil-exporting economy in the Global North is likely to contribute to the burgeoning oil and democracy literature, which needs to expand beyond its focus on countries in the Global South, especially since the largest oil-exporting countries in the world now include several OECD countries with growing inequality. In this context, the health of liberal democracy can no longer be taken for granted, whether in the Global North or in the Global South.

Most of the chapters in this collection report that governance processes, policy, and institutions in Alberta are creating a democratic deficit through declining democratic accountability and increasing economic, political, and social inequality in the province. While the causal links between oil dependence and democratic malaise typically are not direct, it is well established in the oil and democracy literature alluded to in the introduction and in chapter 1 that significantly large oil extraction generates great wealth for some but also creates particular political and economic conditions that inhibit democracy for most of the population in an oil-exporting economy. The growing economic and political inequality in Canada (see chapter 1) and in Alberta (see particularly chapters 7, 8, 9, 10, and 12) not only raises moral questions about fairness; it also has implications for social outcomes such as quality of life and life satisfaction, as well as for long-term economic prospects. Various chapters in this volume confirm the rising democratic deficit in Alberta (and Canada), as well as the mechanism through which it is rising—the entrenchment of the neoliberal state in an oil-exporting economy. The next section highlights themes within this volume with reference to the nature of the neoliberal state, particularly in terms of its application in the governance and administrative apparatus in Alberta. This chapter concludes with an analysis of the practice of liberal democracy in the context of rising inequality.

The Neoliberal State: Policies, Institutions, and Their Impact on Democracy

Neoliberalism can be defined as a political ideology or a discourse of governance that informs the economistic separation of democratic spheres and considers the economy as a nonpolitical self-regulatory space of individual enterprise immune to the interventions of the state. The minimalistic conception of liberal democratic theory in the neoliberal discourse has been fuelling economic and political inequality around the world through the vastly expanded role of financial motives, market institutions, and elites in the operation of governing
institutions, an expansion that has occurred at the international, national, and subnational levels. As I point out in chapter 1, practices and policies affecting economic institutions have significant ramifications for political issues such as social justice, distribution, and economic performance. Furthermore, the current focus on capitalist market relations at the cost of developmental liberalism is producing limits to the practice of liberal democracy, a process that is occurring through increasing economic and political inequality and decreasing democratic accountability.

It is important to note that the penetration of market values and instruments into the liberal democratic apparatus has not happened exclusively in oil-exporting jurisdictions such as Alberta. In particular, the new public management principle of administrative reform has spawned various forms of “new governance” or “third-party government” models around the world. Many of these models redefine public roles and compromise the institutional integrity of the public sector at all levels, creating problems of political steering, control, transparency, and democratic accountability (see Peters and Pierre 2010; Stefanick 2009 and this volume). However, in an oil-exporting economy, the rentier effect further exacerbates the democratic deficit created by market-based structures, as shown by many of the chapters in this book.

Neoliberal formulations of political and economic organization began exerting their influence in the 1980s and found a fertile home in Alberta. Trevor Harrison, in chapter 2, and Lorna Stefanick, in chapter 14, note that while a large number of Albertans vote consistently for opposition parties that represent progressive sentiments, their diffuse distribution among parties and throughout Alberta, combined with a first-past-the-post system, has fragmented the vote, producing a reoccurring pattern. While May 2015 saw the unexpected election of an NDP majority government facing a sizeable opposition in the far-right Wildrose Party, it remains to be seen to what extent this electoral victory will translate into changing governance patterns established during the nearly forty-four-year rule of the PC Party. Midway through the province’s history, Conservative governments in Alberta moved to the right of the political centre. This orientation—mixed with populism, western alienation, and commitment to individualism—made Albertans receptive to the neoliberal reforms implemented by the Progressive Conservative (PC) government of Ralph Klein in the 1990s. As Jay Smith points out in chapter 3, the neoliberal state has been referred to as the “garrison state,” in which “the welfare state—a critical means to the provision of social and economic justice (in the form of social security,
equality of access to education and health care, and the equitable distribution of wealth)—is de-emphasized in favour of security, the military, the protection of property, and the building of prisons.”

The impact of neoliberal reform is evident in most chapters in this book. What is particularly noteworthy about neoliberalism in Alberta, however, is the interesting marriage it has had with another major strain in Alberta’s socio-economic culture: business government. Coined by C. B. Macpherson (1953), the term business government refers to the important historical role that government has played in Alberta’s economic development. Major infrastructure projects, such as building railroads, were undertaken by the federal government. Similarly, the provincial government was active in enticing commercial interests to Alberta through investments in infrastructure and social development (such as education and health care). These activities were an important feature of the first half of the PC tenure in Alberta, which began in 1971 and ended in 2015. In the past few decades, the dominance of neoliberal ideology is obvious; the PCs increasingly abandoned the role of the activist state and systematically dismantled the welfare state.

In chapter 4, Stefanick describes the neoliberal mentality, characterized by emphasizing “active citizenship” that focuses on emphasizing individual responsibility, dismantling the regime that regulates industry; enhancing measures for disciplining citizens, particularly those who oppose capitalist interests; and shrinking the space for public participation, advocacy, and contestation. These trends are linked to the neoliberal conception that the government’s role is that of a facilitator for creating favourable market conditions for business. Many chapter authors discuss the disciplinary role of the government in terms of branding opposition as contrary to the public interest (chapter 4) and using tools of the state to limit and/or control the activities of civil society and advocacy groups (chapters 3, 6, 7, 10, 11, and 12), labour unions (chapter 9), workers (chapter 8), and those involved with the arts (chapter 13). In this disciplinary role, the Alberta government favours capital interests over the provision of social and economic justice, effectively limiting opportunities for public engagement with issues that relate to resource development and shrinking the public space for discussion and contestation of public policy. As Stefanick notes in chapter 4, the framing of Alberta oil as “ethical” oil normalizes the economic, environmental, and political risks associated with bitumen extraction, leading those who question this frame to be branded as “radical.”
The distance between the two frames is telling. Ricardo Acuña, in chapter 11, describes how what is considered to be acceptable in Alberta’s public policy realm has moved to the right of the political spectrum through a concerted effort to flood the public with radical neoliberal discourse. After a while, these radical ideas become normalized, and those whose ideas are slightly to the left of “normal” are portrayed as radical. The shrill responses to the NDP’s recommendation of a hike in corporate tax from 10 percent to 12 percent is another indicator of how far to the right the policy window has moved in Alberta, and indeed in Canada. The rhetoric in the media continues to ignore the effects of increased oil production in the United States or of declining global oil prices, while vilifying the proposal in the NDP election platform to modestly revise the existing tax regime or review the energy royalty structures for potentially threatening the future of the oil industry (Penty, Tuttle, and Lam 2015).

The power of framing is seen most pointedly in the case of Aboriginal issues colliding with the extractive industry. Jay Smith, in chapter 3, and Gabrielle Slowey and Lorna Stefanick, in chapter 7, argue that the colonized Indigenous peoples in Canada are framed as outside of normal and are thus effectively ignored. The danger of this framing is evident in Bill C-51, which received Royal assent as the Anti-terrorism Act in June 2015 and which aims to grant exceptionally broad powers of surveillance to government agencies—seemingly targeting environmental and Aboriginal rights activists under the guise of “anti-terrorism” measures (Payton 2015). Under widespread public pressure, the Conservative government made a few amendments to Bill C-51, to ostensibly make it more palatable politically, while clearly denying the possibility of providing more oversight to protect civil liberties (Bronskill 2015).

The same phenomenon can be seen in chapter 12, with respect to the homeless. Josh Evans contends that “politics is conflict over who is recognized, whose voice is heard as speech rather than noise, and the divisions by which these relationships are established and changed.” By seeking to “end” homelessness, the government puts the issue into the expert technocratic hands of public servants, thus removing the causes of homelessness from the realm of democratic debate or contestation. This new policy strategy of “ending” homelessness is good for business in that it removes the problem from public view while neatly sidestepping the issue of inequalities in an oil economy that causes some people to be left without shelter in the first place. According to Evans, the Alberta government’s policy response to homelessness illustrates the way that “oil wealth
provides states with extraordinary abilities to mute the social dissension and discord that is itself symptomatic of systemic social inequalities."

As the chapters above suggest, democratic struggle can take place in a variety of spaces and ways. But as spaces for this debate contract in an oil-exporting economy, and as governments increasingly abandon mechanisms for seeking public input into decision making, the dissenters turn to different arenas to affect political change. As a result, new circuits of resistance spring up, domestically as well as internationally. The chapters in this volume demonstrate the role that oil wealth has played in increasing political and economic inequality, while also providing a major incentive for marginalized groups to contest the distribution of that wealth.

Therefore, this book not only confirms the existence of deficits in the practice of democracy in Alberta but also explains the mechanism for the weakening of the bond of democratic accountability between the government and the majority of citizens. Conversely, the bond between the government and the corporate sector has been strengthening, nurtured by corporations assuming the regulatory functions of the government and through a more direct enmeshing of corporations and government, as Paul Kellogg notes in chapter 5 in relation to the corporate support for right-wing parties in Alberta. Kellogg highlights the differences between two oil-exporting countries, Venezuela and Canada, by virtue of their locations in two different hemispheres, as well as the nature of their corporations. He concludes that oil corporations exert significant political influence in both jurisdictions, although with vastly differential economic consequences. The difference, he argues, is tied more to the international hierarchy of nations than to the internal dynamics of a resource economy.

Considering the existence of the emerging democratic deficit as highlighted by several chapters in this volume, the internal dynamics of an oil-exporting nation could be seen to apply to Canadian political economy, albeit in varying measures. For instance, from the perspective of the democratic deficit, the issue of regulatory capture—allowing employers preferential access to policy making—is another critical dimension in a neoliberal conception. As Bob Barnetson observes in chapter 8, one of the consequences of a booming oil economy in Alberta has been an employer-friendly policy environment, where the basic rights of workers are compromised by weakening the labour movement and by regulatory capture.

In chapter 9, Jason Foster and Bob Barnetson explore policy changes to the federal Temporary Foreign Worker Program, one of the mechanisms through
which an oil economy affects labour issues, noting in particular the impacts of that mechanism on the democratic health of a region. The Alberta government’s justification and encouragement of the use of migrant workers in the oil industry had created an unprecedented growth in temporary foreign workers in Alberta. Foster and Barnetson note that not only is the growing reliance on foreign migrant labour creating a contingent, underpaid, racialized foreign workforce, but it is disempowering both migrant and Canadian workers by undermining the capacity of both to resist economic restructuring advocated by the powerful industrial lobby. Moreover, the TFWP could also be seen as shifting Canada’s immigration policy away from the laudable objectives of multiculturalism to a policy of differential exclusions. The declining local influence over resource development and employment is not unique to Alberta; it is particularly problematic in the context of encroachments on worker wages, benefits, and collective representation across the board in Canada. As I pointed out in chapter 1, the relegation of labour unions to defending a smaller proportion of workers and the curtailment of the role of the labour unions in their ability to capture increasing shares of resource rents in wages and benefits is definitely one of the characteristics of a neostaples economy.

Last but not the least, in terms of the nature of a neoliberal state, it has been suggested that the conceptual framework of neoliberalism goes beyond capital and class (see Cannella and Perez 2012; Hubbard 2004). The hegemony of neoliberalism reflects and reproduces a complex set of power relations that encompasses global capitalism, the neoliberal state, and the patriarchal family. In particular, there is a gendered dimension to the processes of excluding marginalized groups from political and policy spaces. In different ways, chapters 6 and 10 highlight how neoliberal policy serves to recentre masculinity in the political economy at the same time that it produces inequality. In examining the entrenchment of patriarchy in the political economy of oil-exporting countries, these chapters show how the oil economy both benefits from and reproduces these unequal configurations, not only in liberal democratic Canada but also in the Islamic Republic of Iran. Despite the best justifications of new public management, however, citizens are not just consumers of government services; they are members of political and social communities. These complex communities are context specific and are affected by social and institutional facets of the economy. Joy Fraser, Manijeh Mannani, and Lorna Stefanick, in chapter 6, Gabrielle Slowey and Lorna Stefanick, in chapter 7, and Sara Dorow, in chapter 10, highlight the gendered and racialized structures of the oil economy,
showing that women and visible minorities bear many of the social and economic burdens of oil extraction.

Nevertheless, democracy in Alberta is more than just a textbook case of a neoliberal policy cauldron. As mentioned by Stefanick in chapter 14, Alberta was on the forefront of several progressive ideas, being among the first provinces, for example, to extend voting rights to women and to create an Office of the Ombudsman. Despite the historical lead on some issues, however, other elements of Alberta’s history exacerbate the entrenchment of neoliberal formulations of a small state in contemporary times. Some of these elements include Alberta’s alienation in its relationship with the federal power centre, the persecution of minority groups and the confiscation of their land, battles between levels of government for the control of natural resources, and finally, the battle over the control of oil wealth.

Far from being a provincial phenomenon, these trends pertaining to democratic accountability and developmental liberalism significantly impact the whole country. Indeed, Alberta’s insatiable demand for workers from across Canada explains why it has been easy to conflate the best interests of the oil and gas sector with national interests, despite the oil industry reportedly contributing only 10 to 12 percent of Canada’s GDP (Leach 2013). However, it is much more than that—it is the entrenchment of neoliberal ideology which is prompting a country that is statistically not a petro-state to behave like one in terms of its disregard for the basic tenets of liberal democracy and for sustainable economic and environmental objectives. A long list of actions related to this assertion have taken place under the leadership of Prime Minister Stephen Harper: centralization of power in the Prime Minister’s Office and in unelected officials, arbitrary prorogation of Parliament for partisan ends, the Senate crisis, violation of the Access to Information Act (Janus 2013), undermining of unionized public service employers such as educational and medical institutions and postal services, and sustained attacks on scientific and research facilities and on data collection (CBC 2014; Linnitt 2013), and the revolving door between powerful industrial and mining sectors and high-ranking political officials, to name just a few. The marginalized sections of society bear the brunt of the resultant political apathy, which has led to record low voter turnouts and unprecedented levels of poverty in one of the world’s richest jurisdictions (see Hudson 2013).
Inequality: The Stumbling Block in a Liberal Democracy

From early concerns with the issues of “underdeveloped” countries to considerations of international economic and political conditions of development, many development studies scholars have seen the complex legacy of “development” as involving ideological discourse and policy directed by the Global North toward former colonies in the Global South. Much has been written about the ascendancy of neoliberalism in the 1980s, when the Washington Consensus was used to “roll back the state” in the Global South, a policy devised and pursued by governments in the Global North through bilateral aid programs and through interventions by international financial institutions. During the same period, however, the political course of neoliberalism as a program of state reform was also “squeezing and splitting” the state in the Global North, redefining what states should and can do (e.g., less redistribution, more “security”) and re-engineering the ways in which they do it (see Wuyts, Mackintosh, and Hewitt 1992, 61–63). Consequently, the earlier framework of state-led development—which included public investment and employment generation, strong provision of public goods, and redistributionist measures—was displaced by structures of incentives and competitive pressures of “efficiency” provided by the market and its price signals. The disastrous economic and political consequences of such “structural adjustment programs” subjecting countries in the Global South to market fundamentalism are very well documented. Interestingly, few studies see these trends in parallel with the trend of major welfare gaps created by squeezing and splitting the state in the Global North, leading to losses in formal employment and deteriorating provision of strategic public goods such as health care and education during the 1980s and 1990s. These developments can be directly linked to the unprecedented scale of inequality in countries in the Global North.

In 2011, the Occupy movement drew considerable attention to income inequality in the United States and globally and brought this issue back onto the political agenda. Inequality has been described both as irrelevant in the face of economic opportunity in a globalized world (Friedman 1999, 247–50) and as a cause of the decline in social mobility, particularly in industrialized economies (see Fukuyama 2012; Krugman 2007; Noah 2013). Politically, the impact of inequality can be seen in the declining influence of average citizens and mass-based interest groups on public policy, leading to economic elite domination.
and effectively transforming democracies into oligarchies where the wealthy elite wield the most power (Gilens and Page 2014).

While inequality has risen among most OECD countries, since the early 1970s it has grown the fastest in Canada and the most in the United States (OECD 2008). During the three decades after World War II, a “middle-class society” with a relatively low level of inequality emerged in the United States, the product of relatively high wages for the working class and political support for income-leveling government policies. The return to high inequality—or what Paul Krugman (2007, 125) calls the “Great Divergence”—began in the 1970s, leading to a trend of declining labour union membership rates and resulting diminishing political clout, decreased expenditure on social services, and less government redistribution. This period also saw the transformation of American politics away from a focus on the middle class, with a transition of the American elite from pillars of society to a special interest group, as aggressive and well-financed lobbyists and pressure groups effectively acted on behalf of upper-income groups in the power corridors. As a result, between 1979 and 2007, the top-earning 1 percent of households gained about 275 percent after federal taxes and income transfers, compared to a gain of less than 40 percent for the 60 percent in the middle of America’s income distribution (United States, Congress, CBO 2011). From 1992 to 2007, the top four hundred earners in the United States saw their income increase 392 percent and their average tax rate decrease 37 percent. It is estimated that this continuing upward redistribution of income is responsible for about 43 percent of the projected Social Security shortfall over the next seventy-five years (Baker 2013).

Explanations for the “Great Divergence” of income levels in the United States include public policy and party politics, aside from the impact of race, gender, immigration, transformative technology, tax policy, the decline of labour, and the rise of globalized trade. Based on his synthesis of a number of studies, Timothy Noah (2013) concluded that the two biggest contributors to income inequality in the United States, each of which is responsible for 30 percent of the post-1978 increase in inequality, are the executive capture of corporate governance and various failures in the American education system. Most of the top earners in the United States work in finance, a sector of the US economy whose deregulated incentive structure relies on complex financial instruments increasingly divorced from traditional notions of value. The finance sector has seen its share of corporate profits rise from less than 10 percent in 1979 to more than 40 percent in the early 2000s, which has led to the top 0.01 percent of the
population controlling 7.7 percent share of US national income (see also Saez and Piketty [2003] 2013).

The exception to these trends is Norway, which is often compared to Canada because of the two countries’ many similarities, particularly as major oil-exporting nations in the Global North with high economic and political indicators. The eighth- and sixth-largest oil-producing countries in the world, Norway and Canada are both democratic constitutional monarchies ranking very high on the Human Development Index—numbers one and six, respectively (EIU 2013, 3). However, a number of underlying differences between the two countries shed light on the interrelationship of inequality and democracy, particularly in an oil-exporting economy. For instance, while Norway has maintained its second position as the world’s most equal economy with a Gini coefficient of 0.25, Canada has slid to twelfth (out of seventeen peer countries), with a coefficient of 0.32 (Conference Board of Canada 2013). Despite the petroleum industry accounting for nearly a quarter of Norway’s GDP, the country has maintained its position in the five countries with the highest Human Development Index, as well as its top ranking in the Democracy Index (EIU 2013). An exemplary signatory of the Kyoto Protocol, Norway maintains a welfare model with universal health care, highly subsidized higher education, and a comprehensive social security system, all of which is funded by its high taxes (Holter 2012). The country generates money for its sovereign wealth fund from taxes on oil and gas, ownership of petroleum fields, and dividends from its 67 percent stake in Statoil ASA (STL), Norway’s largest energy company. Of course, the management of the Norwegian oil wealth is not without problems, as evidenced by the criticism of its rate of crude extraction since the 1990s (Anderson 2012); the cynicism that met Norway’s announcement to achieve emission cuts of 30 percent by 2020, which includes significant purchases of carbon offsets to achieve this goal (Rosenthal 2008); and the recent rise of right-wing parties to power (see Wahl 2011). Nevertheless, as illustrated by an Oxfam study (2013), despite the above problems, Norway has managed to counter increasing levels of income inequality through its efficient redistributive policies.

As an extreme example of the rise in inequality in Canada, in 2013 a story broke in the local media about cases of body lice in Edmonton’s homeless population (CBC News 2013). Dr. Stan Houston, who first brought the story to the attention of the media, referred to this discovery as “a very powerful health indicator of the kind of poverty we are seeing (and creating) in this, one of the wealthiest political jurisdictions in the world. . . . Not only is body lice a
marker of extreme, refugee camp-like conditions, it can transmit at least three potentially life threatening diseases” (pers. comm., 11 February 2013). Tax cuts in particular have stripped hundreds of billions from the public purse since the mid-1990s in Canada, squeezing public programs and support for necessities such as education, health care, housing, child care, and transportation. However, there was little acknowledgment of this bleeding of public funds in Alberta’s “austerity budget” in March 2013, which included severe cuts to advanced education, human services, and the environment in the name of “fiscal necessity,” despite record profits by oil companies and the growing crescendo of public opinion for meaningful revenue reforms related to taxation and oil rent (AFL 2013; Bower 2013).

Undoubtedly, the predominance of neoliberal beliefs has led to the growing concentration of income and wealth and to a new thrust in public policy—with ideology, rather than evidence, being the driver. Moreover, as Stefanick notes in chapter 14, as the role of the state as a producer or supporter of evidence-based research diminishes, there is little to hold back the tide of ideology. As pointed out in many of the chapters in this volume, in a neoliberal state, dependence on oil revenue is certainly playing a role in increasing income inequality and eroding institutions of liberal democracy, even if that oil-exporting country is in the Global North.

Oil and Democracy in the Global North

The timeliness of this book lies in wake of the recent surge in oil production driven by the discovery of massive shale oil reserves in the United States. The United States has the largest known deposits of shale oil in the world, although the estimates of recoverable reserves have been revised recently, raising uncertainty regarding the sustainability of such high levels of oil production (Ahmed 2014). Nevertheless, as of April 2013, US crude production was at a more than twenty-year high, at nearly 7.2 million barrels per day (USEIA 2014), with shale oil from the seven most prolific shale-producing regions of the country accounting for 95 percent of oil production growth from 2011 to 2013 (USEIA 2015). While shale oil and gas can be extracted by other methods, such as conventional drilling or horizontal drilling, hydraulic fracturing—the propagation of fractures in a rock layer by a pressurized fluid—is seen as the key method of extraction of shale oil and gas to make it commercially viable.
However, hydraulic fracturing, commonly called fracking, has raised environmental concerns such as groundwater contamination, risks to air quality, migration of gases and hydraulic fracturing chemicals to the surface, and other risks to public safety and health, challenging the adequacy of existing regulatory regimes (Jackson et al. 2014). Most troubling, according to the United States Geological Survey (USGS 2015), are earthquakes induced by hydraulic fracturing and the resulting waste disposal wells, which have been reported in several locations. Although the magnitude of these quakes has been small so far, the USGS says that there is no guarantee that larger quakes will not occur. Moreover, the frequency of the quakes has been increasing. In 2009, there were 50 earthquakes greater than magnitude 3.0 in the area spanning Alabama and Montana, and in 2010, there were 87. In 2011, in the same area, 134 earthquakes occurred, a sixfold increase over twentieth-century levels (Soraghan 2012). There are also concerns that quakes may damage underground gas, oil, and water lines and wells that were not designed to withstand earthquakes.

Canada has used fracking for decades, and many companies are exploring for and developing shale oil and gas resources in Alberta, British Columbia, Québec, and New Brunswick (CAPP 2012; Wood 2014). Fracking remains a popular technique despite the conclusion of a British Columbia Oil and Gas Commission investigation which found that a series of thirty-eight earthquakes (with magnitudes ranging from 2.2 to 3.8 on the Richter scale) that occurred in the Horn River Basin area between 2009 and 2011 were caused by fluid injection during hydraulic fracturing in proximity to pre-existing faults (BCOGC 2012, 6–8). The development of shale oil is going ahead with little regard for public outcry or scientific warnings. Indeed, several researchers and commentators have reported difficulty in conducting and reporting the results of studies on hydraulic fracturing due to pressure from industry and government and the censoring of environmental reports (“Documents” 2011; Elgin 2015; Urbina 2011; Wood 2014). It is not a coincidence that the extreme income inequality in North America has made it possible to ignore the democratic ideals of transparent public consultations, or political accountability, under pressure from politically powerful industrial interests.

On the other side of the planet, energy companies are celebrating the shale discovery bonanza in South Australia and Queensland, estimated to be nearly as large as the total expected oil deposit in Saudi Arabia. Australia is bracing for the rush of large multinational energy companies (Kaye 2013). With the significant rise of income inequality in the past fifteen years (Austrailian Social
Inclusion Board 2012), the spectre of unacknowledged environmental and public health concerns (Fraser 2013), the issue of Aboriginal land rights, and racial discrimination (e.g., Changarathil 2012; NLC 2013), Australia appears disturbingly similar to the other big unconventional oil producers—the United States and Canada.

The research of Andre Gunder Frank and Barry K. Gills (1992) on global economic systems reminds us that despite being the economic hegemons of the world economy for several millennia, China and India could not prevent being reduced to the poorest countries in the world after only two hundred years of colonization. The rise and fall (and the possible re-emergence) of these countries serve as an important reminder to not take for granted our perceived strengths in political and economic structures. For the countries in the Global North, it would indeed be a tragedy if the significant long-term gains of a liberal democratic system were sacrificed to the short-term priorities of the oil industry. While the causal relationship between an oil economy and a diminished democracy is too complex to prove unequivocally, the link between the rise of inequality through the institutionalization of unfettered neoliberalism in an oil economy and its detrimental impact on democratic institutions is undeniable. In this context, revisiting the basic assumptions of liberal democracy is very instructive. In particular, given the significant pitfalls of inequality, it is useful to bring back a focus on developmental liberalism, one of the consistently ignored assumptions of liberal democracy in a neoliberal context.

The staples theory of economic development has much to contribute to an exploration of the relationship between oil and democracy. In particular, it provides a useful framework for investigating the structural changes in the industrial landscape in an oil Exporting jurisdiction and for examining the governance of resource industries from the perspective of workers, resource-dependent Aboriginal and non-Aboriginal communities, and governments. An intellectual and political process of both deconstruction and reconstruction is required to understand and reform the political, social, and economic institutions and practices in an oil Exporting country. We need a wider intellectual and political understanding of developmental liberalism as a process of redistributional conflict, and we must use the diverse intellectual resources that transcend binaries such as North/South in order to advance such an understanding. Moreover, removing the filters of the North/South dichotomy clarifies the global scale of comprehensive market reforms that rely on similarly comprehensive state reforms. Transcending the North/South binary also reveals the

Conclusion 405

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reasons for the pursuit of the narrowly defined “good governance” rather than the more expansive conceptions of liberal democratic framework. As Henry Bernstein (2005, 119) reminds us, the hegemony of neoclassical economics, which supports the neoliberal discourse, “is as good an example as any of a theoretical model achieving supremacy as a world view, and global programme, owing to political and ideological conditions rather than intrinsic intellectual authority.”

In the introduction to this volume, Lorna Stefanick and I noted that neoliberalism has become a global phenomenon, with few exceptions. We wondered if the predominance of a single resource creates special problems for creating or maintaining democratic norms, or if threats to democracy in resource-exporting countries are simply manifestations of a generalized corporate attack against democratic norms in a global capitalist era facing a crisis of accumulation and legitimacy. The evidence in this volume suggests that economies dominated by commodity production, and particularly fossil fuel production, do indeed pose particular challenges for proponents of liberal democratic norms—especially for unabashed proponents of economic democracy as a necessary complement to formal political democracy. The short-term society-wide prosperity created by oil allows dominant interests to perpetuate a mythology of social solidarity in which environmentalists, along with proponents of social and economic justice, are enemies of a supposedly unchallengeable “progress” and should not be permitted to conduct research and disseminate information and ideas that challenge the hegemony of a petroleum-based economic and political elite. But, as this book illustrates, movements of resistance have arisen within states dependent on petroleum wealth; the potential of such movements should not be discounted. It is equally important, however, not to discount the particular problems that these groups face in countering the dominance and power of neoliberal capitalist ideology when it is married to a commodity that dazzles huge segments of the population in countries or in subnational entities that house the commodity.

The picture that emerges in this volume of the relationship between oil and democracy in Alberta and Canada is suggestive of many themes that are global in nature. How these themes play out in a variety of jurisdictions will vary depending on the political, economic, and institutional contexts; they will diverge in unexpected ways that transcend antiquated binaries. Our hope is that by exploring the nature of the interaction of oil and democracy in Canada,
we can contribute to a sophisticated analytical discussion of these increasingly important political economic issues.

Notes

1 A meta-analytical study (Doucouliagos and Ulubasoğlu 2008) associates liberal democracy with higher human capital accumulation, lower inflation, lower political instability, and higher economic freedom. The researchers found that while democracy has no direct effect on economic growth, it has strong and significant indirect effects that contribute to long-term economic growth. The findings of this study are in stark contrast to the entrenchment of neoliberal orthodoxy that relies on the economic argument that equality and efficiency are trade-offs.

2 Although the United States had far fewer colonial possessions than did the European nations, it has substantial historical experience of policy making and intervention in its “informal empire,” notably in South America.

3 The Gini coefficient measures income inequality by calculating the extent to which the distribution of income among individuals within a country deviates from a perfectly equal distribution—a Gini coefficient of 0 represents exact equality, while a Gini coefficient of 1 represents total inequality—that is, one person has all the income and the rest of the society has none.

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