

Understanding Natural Resources Governance in Canada: The Role of Institutions, Interests, and Ideas in Alberta's Oil Sands Policy

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Abstract : As a federal state, Canada's constitutional arrangements regarding the management of natural resources is unique because it gives complete ownership and control of natural resources to the provinces (subnational level). However, the province of Alberta—home to the third largest oil reserves in the world—lags behind comparable jurisdictions in levying royalties on oil corporations, especially oil sands royalties. While Albertans own the oil sands, scholars have argued that natural resource exploitation in Alberta benefits corporations and industry more than it does Albertans. This study provides a systematic understanding of the causal factors affecting royalties in Alberta to map dynamics of power and how they manifest themselves during policy-making. Mounting domestic and global public pressure led Alberta to review its oil sands royalties twice in less than a decade through public-commissioned Royalty Review Panels, first in 2007 and again in 2015. The Panels' task was to research best practices and to provide policy recommendations to the Government through public consultations with Albertans, industry, non-governmental organizations, and First Nations peoples. Both times, the Panels recommended a relative increase to oil sands royalties. However, irrespective of the Reviews' recommendations, neither the right-wing 2007 Progressive Conservative Party (PC) nor the left-wing 2015 New Democratic Party (NDP) government—both committed to increase oil sands royalties—increased royalty intake. Why did two consecutive political parties at opposite ends of the political spectrum fail to account for the recommendations put forward by the Panel? Through a qualitative case-study analysis, this study assesses domestic and global causal factors for Alberta's inability to raise oil sands royalties significantly after the two Reviews through an institutions, interests, and ideas framework. Indeed, causal factors can be global (e.g. market and price fluctuation) or domestic (e.g. oil companies' influence on the Alberta government). The institutions, interests, and ideas framework is at the intersection of public policy, comparative studies, and political economy literatures, and therefore draws multi-faceted insights into the analysis. To account for institutions, the study proposes to review international trade agreements documents such as the North American Free Trade Agreement (NAFTA) because they have embedded Alberta's oil sands into American energy security policy and tied Canadian and Albertan oil policy in legal international nodes. To account for interests, such as how the oil lobby or the environment lobby can penetrate governmental decision-making spheres, the study draws on the Oil Sands Oral History project, a database of interviews from government officials and oil industry leaders at a pivotal time in Alberta's oil industry, 2011-2013. Finally, to account for ideas, such as how narratives of Canada as a global 'energy superpower' and the importance of 'energy security' have dominated and polarized public discourse, the study relies on content analysis of Alberta-based pro-industry newspapers to trace the prevalence of these narratives. By mapping systematically the nodes and dynamics of power at play in Alberta, the study sheds light on the factors that influence royalty policy-making in one of the largest industries in Canada.

Keywords : Alberta Canada, natural resources governance, oil sands, political economy

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