

Failures of Discourse

Or How Alberta talks about oil

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Outline

- That whole “public speaking” thing
- What are “discourses,” and how they fail
- Case Studies
 - A Misunderstanding: Home Oil
 - A Public Debate: the 1972 Royalty Review
 - A Crisis: the Syncrude Project
 - A Disaster: the Lodgepole Blowout

Public Speaking, and other Caveats

- Studies find, at funerals, most people would prefer to be in the casket rather than delivering the eulogy
 - That means people would rather be dead than speak in public.
- There are cases of people having heart attacks and dying at the podium
- I do try to be funny (mostly self-deprecating, some sarcasm), any sympathy laughs are more than welcome

One Slide on Theory (sorry)

- Discourses... are the way we talk about things
- There are a thousand and one ways to say something, so why did you say it like that?
 - Each way of doing it emphasizes something, and minimizes something else (power + persuasion)
- How we talk and what we say has consequences, often unintended

A Misunderstanding:

The Debate over the Sale of Home Oil, circa early 1970s

Some Context...

- It's the early 1970s, and the Progressive Conservatives are the Official Opposition in the Legislature
 - Lougheed and Company have been a thorn in the Social Credit side for years
- Some of the more prominent attacks while in Opposition:
 - The Benson White Paper on Taxation
 - The Alberta Resources Railway

The Initial Volleys

- Early January 1971, the possible sale of Home Oil to Ashland Oil of Kentucky surfaces in the papers
- Home Oil was thought to have a special place in the Alberta psyche
 - The largest “independent” in Calgary
 - A wildcatter / a risk-taker

Cultivating the Image

- Peter Lougheed and Don Getty wanted to make Home Oil an issue
- They wanted to play up its “uniquely Albertan” identity
- However... For most of Home Oil’s early history, it was controlled by Vancouver-based financiers
- There was also a period of time where the majority of shareholders lived in Quebec

The fight for home oil begins

- PC news release sent out on 9 February 1971
- “A Progressive Conservative Government in Alberta would be actively involved in keeping ownership control of Home Oil Company in Alberta and Canada. Home Oil has its roots sunk deeply in Alberta soil. Its development has been uniquely Albertan and the majority of its assets are in fact held in our province”

The Social Credit Response

- House Speaker Art Dixon: there is nothing the “Legislature can do to prevent the sale of any oil company”
- Getty’s reply: “Astonished that the Speaker felt the Legislature couldn’t do anything”
- Goal of painting Social Credit as weak? Accomplished.

But Suddenly, a Problem Emerges...

- The Conservatives are campaigning as a free-enterprise party (realizing it is hard to get elected as a socialist in Alberta)
- Is there a contradiction?
- One supporter demands:
 - “That a party dedicated to private enterprise should advocate the principles of private property and affirm the right of the owners” to sell to whoever they wanted...

Lougheed's Response

- ...I believe that there may be some confusion as to our position on this issue. Don Getty, in speaking about the sale of Home Oil shares made it very clear that we do not advocate preventing the major owner (Mr. Brown) from selling to whomever he pleases. However, at the same time, we feel that effective steps could be taken to find Canadians who would be willing to put up the money... The Conservative M.L.A.'s do feel that greater Albertan and Canadian participation in our own economy should be encouraged in every way possible but we support a free enterprise economy and in no way advocate forcing individuals to sell only to government approved buyers...

Other Public Figures Weigh In...

- Premier Harry Strom:
 - “Is it fair for a government to tell the owner of Home Oil that although he had found a buyer for his firm the sale could not go ahead because of the buyer’s nationality?”
- Independent Petroleum Association of Canada
 - “Extremely concerned”
 - “Dangerous precedent”
 - “Emotional concerns”
 - “Governments forced to purchase because of political pressure”

What did Albertans Say?

- A number wrote the Government and the Opposition offering to buy shares... “if a mechanism was available.”
- This, despite
 - Home Oil shares were available on a number of stock exchanges since 1920
 - The man trying to sell Home Oil had himself taken control of the company through share purchases

What Did Albertans Say? (2)

- “When our province is blessed with so much oil, are we not entitled to own one company?”
- “There could never be a more golden opportunity to put into action what we have been giving a lot of lip service to, namely, retaining control over our natural resources.”
- If sold, we “would never regain it for our children.”
- We “shouldn’t have waited until 80 percent of our oil was American owned.”

Why this is troubling...

- It shows that a fair number of Albertans do not understand how the oil industry works
- The vast majority of oil belongs to the Crown
- The government makes decisions about its development through leases, policies, sales, royalties...
- The 1930 *Natural Resources Transfer Act*... this established Alberta control, it is part of our provincial memory
 - We remember who owns the oil when the Feds come in, why not with private companies?
- Banff Oil was about to be sold to Aquitaine Oil of France... but no one cared

SO, Why the Big Deal with Home Oil?

- Lougheed and Getty turned Home Oil into a metaphor, a symbol of Alberta
 - They did this to win voter support
- Metaphors emphasize certain points and mask others...
 - The Conservatives could say the province was losing its identity and attack the Socreds
 - The Conservatives could not say the province retained control through any other number of mechanisms
- And the debate about provincial oil companies never really happens...

A “Public” Debate:

The 1972 Royalty Review

Some background on Royalties...

- Leduc discovery: Ernest Manning sees oil revenues as the way to wean the province off the boom and bust cycle of agricultural commodities
- But, markets are already over-supplied with oil...
 - The province offers low royalties, easy access, and other supports to the industry to help it grow

The Opposition Conservatives on royalties

- Party position: royalties are too low
 - “It’s like selling your house to pay for groceries”
- Lougheed had ambitious plans for the province, this would need money
- Also promised to “Restore the Legislature as the focal point of Democracy in the province” and avoid decision-making by Cabinet

Treading Lightly before the election

- Letters to an Edmonton consultant asking what the consequences would be if royalties were raised
 - Reduced demand by increasing production costs
 - Reduced competitiveness of Alberta fuels
 - Long-term fuel switching
 - Breaking contracts and “changing rules”
- The Benson White Paper controversy

treading lightly before the election (2)

- February 1971 interview with *Oilweek*
- No statement on royalties
- Pledges that the party would maintain incentives to attract investment and protect the industry from federal intrusion

Other parties before the election

- NDP: “The rightful heritage of the people of this province, not the preserve of private interests”
- Liberals: “The market can stand an increase in oil royalties”
- Social Credit: “There is an unlimited market for Alberta oil”
- *The Edmonton Journal*: “What might have been justified as policy twenty years ago is not necessarily acceptable now”

Lougheed Wins the Election

- Now we can talk about royalties, sort of
- Interview with *Oilweek*
 - “Won’t make change for the sake of change”
 - But changes were possible in “surface rights compensation, pollution control and the traditional 10-year revision of royalty rates

So, how do we decide royalties?

- Lougheed tells the *Journal* that “the public will have the opportunity to comment on new oil and gas agreements” but “was not sure the government will conduct public hearings”
- Also reminded the public that the government could implement royalties “by an order-in-council from Cabinet” and that debate in the Legislature was not needed

The push for a public debate...

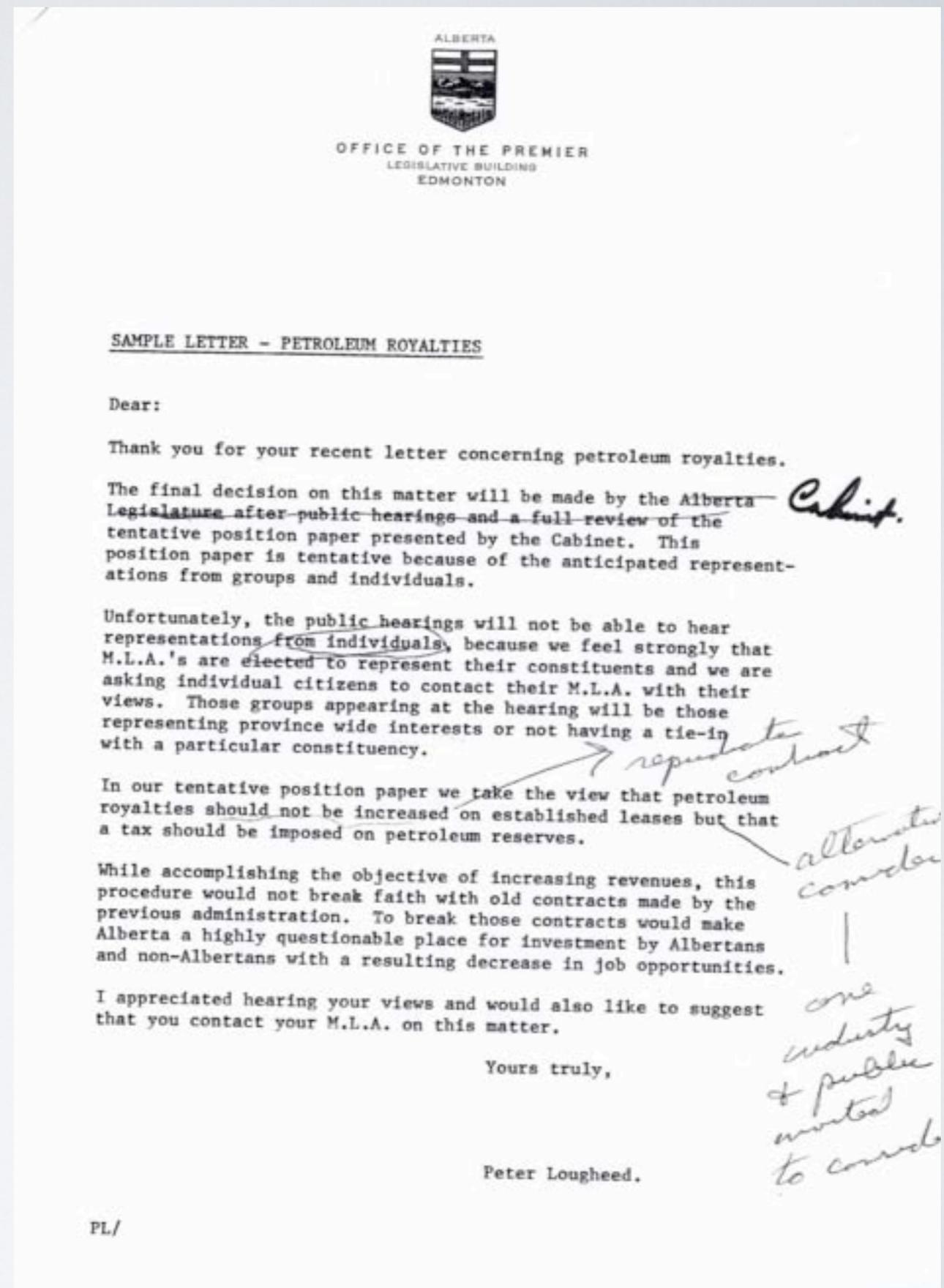
- The Conservatives had promised to restore Democracy in the province
- The Liberals, the NDP, and public sentiment wanted an open venue
- Even newspapers were calling for the public to be involved
- *The Edmonton Journal:*
- *“the public at large can’t help but gain a better understanding of the delicate balance between maximum returns from the province’s natural resources and the phenomenon commonly described as killing the goose that lays the golden egg”*

How did the Conservatives Respond?

- Secretary to the Premier began drafting form letters for people writing the government
 - One letter for people who wanted lower royalties
 - One letter for people who wanted royalties to stay the same
 - One letter for people who wanted higher royalties

The Secretary's letter

- Letter states the public will not be involved, MLAs will represent their interest(s)
- Bill Dickie, Minister of Energy edits the document
- Inserts "Cabinet" instead of "the Alberta legislature after public hearings"



MLAs representing diverse public opinions?

- Days before the letter was written, the Legislature debated that very issue.
- Veteran MLA Gordon Taylor:
 - “When the hon. Premier suggests that the MLA can represent the individuals, I would say this is really impossible. I can’t represent the thinking of every individual in my constituency, neither can he, neither can any hon. member of this Legislature, because there may be ten or 15 very divergent points of view...To say we represent the individual, every minority view, would not be right.”

So, how did it play out?

- The review only heard from associations, no individuals
- MLAs only allowed one question each
- Debate limited to 3 days
 - Automobile insurance and provincial parks had longer debates in the Legislature during Lougheed's first session
- We learn it is easier to make promises in opposition than to deliver on them in government
- And the debate about royalties never really happened...

A Crisis:

The threats to the Syncrude project

Some Background...

- The oil sands are not an easy resource to develop
 - Many had tried, only Great Canadian Oil Sands (Suncor) had succeeded
- The province had too much oil, and Manning was ambivalent about the role of the sands (pro-rated exports)
- The province vacillated, causing concern in the Syncrude camp

Syncrude wants government support

- How do they get it?
- By making public statements that the project was threatened, and might not go ahead
- Frame it as fragile, and discuss the possibility of the project failing

The First Crisis, 1969

- While waiting for Oil and Gas Conservation Board (OGCB) approval, the company releases a press statement saying:
- *“Unless it gets early approval for its \$300,000,000 oil sands project--the plant--and the company--could be scrapped... Any additional delay may as well have the same effect as denial.”*

Fear about the project's health is now part of the discourse

- April 1970, Don Getty, in the Legislature, demands an assurance from the government that Great Canadian Oil Sands was “not on the verge of a shutdown”
- When pushed, Getty said his information was based on rumours, and that he “could not evaluate the precise credibility.”
- Already, threats to the oil sands can be used to gain support or attack opponents

Syncrude Used again

- Company submits proposal to increase size of plant from 80,000 bpd to 125,000 in August 1971
- Company argues the move will help address the “foreseeable energy gap” facing the country
- Lougheed says Socred stalling is hurting the country
- Premier Strom says the company will receive its approval, *before the Board made its decision*
 - Oil sands politicking now trumps the independent and well-respected Board

Another crisis

- Again seeking to prod the government, the Syncrude companies talk about a substitution risk
- The Colorado oil shales are now a threat to the oil sands
- Letter from Syncrude to Bill Dickie:
- Possible royalty hikes by the province “in direct contrast to the incentives” being considered for shale, and would “only place Alberta’s tar sands at a distinct disadvantage.”
- Even the Edmonton Chamber of Commerce worried about the company losing its “time slots” with forging industries to other mega-projects

And another crisis

- 1970s Middle East crisis: reduced oil imports, supply concerns
- Syncrude speaks publicly about the “war time situation” and how the plant can “avert a fuel crisis in the coming months”
- Could the company really start delivering fuel in months?
- No, but it sounded good and that is really what matters

The power of crisis

- Risks, fear, crises... these can be used by politicians and companies to support their position
- With oil sands plants, it did not matter what crisis existed, but only that a crisis existed
- And the debate about the role of government in supporting Syncrude never really happened...

A Disaster:

Events leading up to the Lodgepole Blowout

Previous Experience with sour gas

- In the 1970s, the province is booming
- Cities and suburbs are popping up overnight
- Problem is... they are popping up on or near sour gas fields
- How is the province going to manage the trade-off between public safety and resource development?

The answer: Poorly

- Changing plans throughout the decade successfully alienated industry, municipalities, and citizens
- 1968 Government & Industry Sour Gas Committee Meeting notes:
 - *“No member present at the meeting had any suggestions as to any projects that might be undertaken in the future by our sub-committee. It was left that should any suggestions occur to a member in the future or if any serious problems were brought to the attention of the Chairman, a further meeting would be called.”*

1973: Sour Gas release by new norway

- Dr. Hugh Horner says “the very toxic nature” of the H₂S release warrants an update to the *Disaster Services Act*
- Companies protest the undue burden on plant operations and changes made by the ERCB without government approval
- The regulator-regulated dance continues, as more cities grow and more wells are dug
- The government tries to figure out what to do

The pressure to Act builds

- Government forms another committee
- The “Alberta Industry-Government Sour Gas Environmental Committee on Guidelines for Urban Development in Relation to the Sour Gas Industry” finds...
- “There is a need for an examination of this problem” before cities are built on sour gas fields

Contradictory tensions for the government

- They want to develop sour gas fields, this is revenue, jobs, taxes
- They want to assure public safety, and keep municipalities away from sour gas fields
- They want to let municipalities expand and grow
- End result: no change

Municipalities get angry

- The Battle River Planning Commission...
 - Is “confused on what legal stand to take”
 - And reminds the government that it is “in the greater public interest to not create confusion and unnecessary concern”
 - And that comments made in private meetings with government officials “sound totally different in political reality”

others Get confused

- Decalta Petroleums:
 - “Are we correct in assuming that there is no law, or clear policy governing the matter?”
- The ERCB is not being consistent with sour gas regulations
 - Even MLAs ask the government to “check into the rather strange actions of the board”

And the government comes clean

- The Provincial Planning Board Secretary states
 - “No one has even attempted to define the problem”
 - The province lacked “any guidelines which would have universal application as a general guide for the benefit of all concerned”
- Even the ERCB admitted it had “no obvious solution to this problem”

Uncertainty and unclear regulations

- The inability to talk about sour gas meant that throughout the 1970s, there were inconsistent regulations around sour gas drilling and urban encroachment
- Even the 1973 New Norway release and the 1977 blowout near Lodgepole did not create clear regulations
- It took a major, sixty-day, two-worker death incident to get people talking seriously about sour gas...

The End

Comments? Questions? Observations?