American interests in energy and the disintegration of Canada

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In June 1979 the OPEC countries raised oil prices to an avarage of $20 per barrel. The United States did not slow its purchases. On July 4 Mexico raised the price on its oil exports 80 per cent of which go to the U.S., to $22.80 per barrel. The United States did not slow its purchases. But on July 1 Canada raised the price on its oil exports, all of which go to the U.S., to merely $11.75 per barrel or $13.75 Canadian, supplemented by a federal tariff which still leaves Canadian oil a great bargain (proof of the bargain: the U.S. pays importers a special bonus of $5 for each barrel of oil they succeed in bringing in from Canada).

Why so low a price if our customers demonstrate their readiness to pay so much more and continue buying up every single drop we offer?

The explanation is that we do not sell our own oil. Instead the Americans sell our oil to themselves, through shipments from their wholly-owned or massively-dominated Canadian subsidiaries back to the parent American corporations. Left hand giving to the right. And whereas normal selling is at as high a price as the seller can command, the parent corporations dictate that the oil transferences from Canada be at as low a price as they can get away with, to minimize the shift of payments out of the U.S.

Friends of the American oil interests within Canada rationalize that we don't want our oil prices to go too high because we don't want prices at our local filling stations to become too ridiculous. They and the media over which they have influence refuse to discuss the obvious solution: a true two-tier price system, with as high a price as we can exact -- perhaps $35 per barrel, considering that that is the going rate on the European spot market and considering the inexpensiveness of pipeline vs. tanker transport -- for our exports, and a much lower price pegged to production costs -- perhaps $4 or $5 per barrel, translating into 40 cents per gallon at the pump -- for our domestic consumption. Why is Canada *eliminating* two-tier pricing?

The closeness between the American oil interests and the conservatives of oil-endowed Alberta is well known and can be documented, whether relating to campaigne contributions, issue advertizing, or the positioning of Peter Lougheed's brother as Vice President of Imperial Oil. The Alberta conservatives have never made a move disapproved by the oil interests. Ottawa, on the other hand, sets a minimum price below which it will not allow oil to leave Canada. This makes the United States very unhappy. Ottawa also sets a quota on the maximum number of barrels per day it will allow to cross from Alberta to the U.S., in order to force transference of oil to Quebec and eastern Canada and thus minimize the number of barrels we must buy from Venezuala and the Middle East. This also makes the United States very unhappy.

The Alberta conservatives are ready to let the American companies drain the province's oil and gas at virtually whatever pace and whatever price the companies want. That's why they are in office. Their vow: laissez faire. Only the power of Canada's federal government stands in the way. This power to restrict oil flow and interfere with price thievery is broken by breaking the country. The ever-present possibility of oil nationalization is also eliminated by breaking the country. The most convenient means at hand for breaking Canada and the power of Ottawa is the separation of Quebec. If Quebec goes "free", Alberta is free to deliver.

It is easier to purchase compliance of politicians and even the people of a two million population province than of a 23-million population country. The four billion dollar so-called "Heritage Fund" for Alberta, accumulated over many years, equals less than half the sum the American oil companies steal from Canada each year. Alberta is sold cheap.

The separation forces in Quebec recognize full well whom their allies are. Hence Rene Levesque's celebrated visit to the New York Economic Club and embrace with Exxon's David Rockefeller in December 1976 a month after Levesque's election; hence the warm rapport and mutual back-scratching between Lougheed and Levesque at every federal-provincial conference; and hence the separatists' counsel to their followers to vote on May 22 with the business parties, either Conservative or Social Credit (70 per cent of Quebecers didn't follow).

A bonus to American oil exploiters if Canada disintegrates, in addition to a free hand in Alberta, is a free hand in the Yukon and Northwest Territories (the islands of which American oil company maps do not recognize as being Canadian). In supporting separation they are playing not for Quebec, but for this half of the continent, the still-largely-undepleted half. America the voracious consumer wants to deal with a strong union of the provinces and territories from which it buys ($40 billion per year) no more than Dominion Stores the consumer wants to deal with a strong union of the (egg, apple, wheat) farmers from which it buys. America is playing in Canada the oldest of games, called Divide-and-Conquer.

Jimmy Carter has come down from his mountain and announced the salvation of the American economy. That proposed salvation will rest largely on the expected increased charitablemess of the "good neighbors to the north" who now, under administration by federal conservatives from Alberta installed with 35 per cent of the country's popular vote, will open the gates to unprecedented-scale ripping.

Did anyone imagine that Canada could forever leave direct ownership and control of 65 per cent of its economy in the hands of a foreign power without ultimately forfeiting sovereign political control to that power? Designs are already drawn for adding some stars to the American flag. What is rightfully, uniquely ours, with the potential to make Canadians easily the wealthiest people on earth, then becomes fully theirs. And even the new problem created by Carter's promise to hold American oil imports from rising to levels more than an additional half-million barrels per day above current import levels is wonderfully resolved if the coundaries between what is domestic to the U.S. and what is foreign are appropriately shifted.

If the basic ownership discussion can be opened, Quebecers will not opt to give up their claim to 30 per cent of the enormous richness that is Canada. One resource alone, the at-least-50-billion-barrel oil reserves of Canada's far north, will yield (with a modest $20 per barrel margin) a net profit of at least one trillion dollars, of which 300 billion dollars is the share of Quebecers, $43,000 per individual, or more than $170,000 in today's money for each family of four. Only the union Canada can assure that that richness is not seized by the Boss, by American companies and their agents. Quebecers will not opt to be the scabs that break our Canadian union and that forfeit our wealth to the Boss, especially knowing that the Boss shows a different face to a scab after the union is no more.

But Quebecers will stick with the union only if we move now and act as a union. The resource treasure of Canada's land and water is the common property of all citizens of our union. Quebecers can be promised, and will indeed each receive, the full personal cash benefit from this common property of all Canadians if, and only if, this common property is exploited by enterprises owned by and beholden exclusively to all Canadians -- by common-benefit crown corporations. Instead of a vested interest in sales at the lowest price abroad and the highest price at home, the reverse. Instead of impotent pleadings with American subsidiaries to uncap sufficiently many of our wells to satisfy Quebec and East-Canadian demand, the calculated lifting of exactly the number of barrels required to both meet domestic consumption and optimize the nation's trade income. Instead of profit benefit abroad, profit benefit here, making ours a union worth belonging to.

Joe Clark's conservatives, in their role as handmaid for the oil boss, are determined to decimate the crown corporation Petro-Can precisely because Petro-Can's super-profitability for the people of Canada embarrasses them and the Boss, proving -- by extrapolation -- the magnitude of the profit rip-off by the Boss. Joe Clark's conservatives are also determined to eliminate the federal tariff of exported oil and replace a fraction of that tariff with a corresponding additon to the well-head price because (1) the tariff monetarily profits each and every citizen-owner of a share of Canada whereas fees at the well-head go almost entirely into the pockets of our American customers' own subsidiaries, never leaving the hands of the Boss; and because (2) a well-head price rise kills two-tier pricing, with higher domestic payments further fattening the foreign Boss at our expense.

If our astronomic common wealth does not give each Quebecer his 1/23,000,000th share of profit, Canada is not his union, and he wants out. The boss is helpfully showing him the way out. Either we are going to immediately take command of what we own and adopt a healthy measure of rational socialism, or we are going to lose Canada.

Editor's note: The opinions expressed in the preceding article are not necessarily ours.