Lecture 9, Oct 6, 2022

Petrocapitalism

- Expanded profit growth hinges on mass extraction of fossil fuels
- Dramatic growth is fostered by a policy framework established by the government
  - Petroleum shapes policy (technological momentum)

The Resource Curse

- A country rich in a natural resource becomes more and more dependent on that resource
- Country is rich in a natural resource → developing it raises value of currency → higher currency disadvantages other exports/industries (exports cost more) → other industries close → cost of imported goods increase → country becomes even more dependent on that natural resource
  - Ultimately dependence on a single resource makes the country more vulnerable to market volatilities of that resource (especially oil)
- Hits Canada unevenly – Alberta benefits from oil while Eastern provinces lose money

Case Study: Natural Gas

- Requires extensive extraction and transportation system (fracking, pipelines, specialized storage & transportation)
- Projected demand to increase (from 24% of world energy mix)
- 18 proposed natural gas export facilities in Canada (but currently none)
- TC Energy is building the Coastal GasLink pipeline at a cost of $11.2 billion
- BC offers subsidies totaling $5.35 billion
- Local economic benefits:
  - 10000 people employed at peak construction, 500-900 permanent employees
  - Secondary economic benefit to local businesses
  - Broad support
- Provincial economic benefits:
  - Natural gas is to be shipped out when there is high demand – if we don't sell ours, someone else will
  - Primary to Asian markets where coal electricity is commonly used, so ultimately this reduces GHG emissions
  - Royalties for the province to support products for the public good