

YOUR NATURAL RESOURCES

They are Still YOURS

**THE TRUE STORY OF
ALBERTA'S NATURAL RESOURCES—
AND THE BATTLE TO WIN CONTROL OF
THEM FOR THE PEOPLE**

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How Control Was Won for the People

Many absurd and grossly inaccurate statements are being made by socialist office seekers concerning the administration of Alberta's natural resources. Typical of these is the wholly untrue allegation that the Social Credit Government is selling or giving away the oil and mineral resources of the Province to various corporations and individuals.

It should be understood clearly that anyone who makes such a ridiculous statement either is deliberately asserting something he knows positively to be false, or else he is grossly and inexcusably ignorant of the facts.

The Social Credit Government's policy in the administration of the oil and mineral resources of the Province is clear-cut and definite. NEVER at any time has the Social Credit Government sold or given title to any of Alberta's oil or mineral resources to any company, corporation or individual.

Companies or individuals who are prepared to spend money in the development of such resources can obtain oil and mineral rights from the Social Credit Government—but only on terms laid down by the Government, on a rental basis. In every case, title or ownership in the mineral rights is retained by the Government in the name of the people.

What is more, all who obtain such leases are required to develop them in accordance with regulations prescribed by the Government, designed to assure orderly development in the best interests of the Province as a whole.

Both leases and regulations are subject to amendment at any time to enable the Government to make such changes as may be necessary to safeguard fully the interests of the people.

In addition to the annual rentals charged on all such leases, royalties are collected by the Government for the people on the oil and minerals produced on lands so leased from the Crown.

Since the establishment of the oil industry in Alberta, more than \$13,000,000 have been received by the Government for the people in rentals and royalties on oil production alone.

THE INSIDE STORY

In order to understand clearly the true story of Alberta's Natural Resources, it is essential that the citizens become familiar with the background of this important question. The "inside story" is one of prodigal giving by the Dominion before the Province was allowed to administer the resources; of grab and waste on the part of certain private interests; and of courageous and masterly handling by the Social Credit Government of a situation inimical to the people of Alberta.

Many Albertans do not know that while Alberta became a province in 1905, her Natural Resources were administered by the Dominion until 1930. In other words, it was twenty-five years after Alberta became a province before a Provincial Government was permitted to have jurisdiction over the Natural Resources.

In those twenty-five years was laid the groundwork for many subsequent problems. Then, indeed, could it be charged that a Government was giving away Alberta's Natural Resources. The Dominion actually did alienate important Crown rights. Large areas of Crown lands passed into the possession of individuals and corporations, and with them passed all rights in the minerals.

This must be borne in mind: NOT the Province, which had no control, BUT the Dominion, which exercised control, gave away these great areas of Crown lands, and, in doing so voluntarily, forfeited all rights to collect rentals on such lands, or to collect royalties on minerals produced on them.

The examples of alienated Crown lands cited by those whose sole purpose is to discredit the Social Credit Government, are without exception those in which the resources were sold or given away by the Dominion Government years before the present administration came into office.

As a result of this Dominion policy, more than one-half of the present oil production in Turner Valley is taken from lands on which the Dominion Government forfeited all rights to collect royalties or rentals. Naturally, the Dominion having forfeited these rights, the Province cannot take them back, for reasons which will be plain as the story unfolds.

In addition to this policy of alienation, the Dominion also leased to companies and individuals large areas for development, under Dominion leases and Dominion regulations.

The immediate question is: Why are these facts withheld from the people by those who strain to discredit the Social Credit Government? The political motive is too obvious to need explanation.

THE TRANSFER AGREEMENT

In 1930 administration of our Natural Resources was turned over to the Provincial Government of the day. But under terms of the Transfer Agreement, it was a condition of transfer that the Province should honour all arrangements made previously by the Dominion whereby oil, mineral and timber lands—in fact, any Natural Resources—were leased, sold or otherwise disposed of during the quarter century of Dominion administration, and make no alterations in the terms of such leases, without the consent of all parties.

This meant, in effect, that the Province in return for a limited jurisdiction over her Natural Resources, was bound to abide by the existing commitments of the Dominion Government. Furthermore, the Province could make no effort to enforce conservation, nor make regulations pertaining to development or production in any area unless the same regulations applied to all areas.

Such was the unhealthy situation which existed when your Social Credit Government was elected in 1935. The task of the Government was an arduous one; it was to rectify, as far as was humanly possible, the deplorable conditions brought about by Dominion action. And so the battle of the resources was begun. The fight was hard and long, but it has been carried to the highest courts in Canada and even to the Privy Council in your government's determination to win for the people those rights which had been so flagrantly disregarded in previous years.

Following its election, in 1935, the Social Credit Government commenced immediate and persistent efforts to have the restrictions imposed by the Transfer Agreement removed. This would have made possible the orderly development of the oil industry, and put an end to the scandalous wastage of natural gas which was practised in the oil fields.

In 1938, after three years of effort, the Government was successful in having the Agreement amended to permit the making of conservation regulations; but the Province was still denied the right to control drilling or production generally.

The Petroleum and Natural Gas Conservation Board was then established for the purpose of ending gas waste and enforcing the best engineering practice in the production of oil. But the hands of the Board were tied, since the Dominion refused to permit the Province to control development and production.

THE OIL SCARCITY

In 1940, oil had become one of the most critical materials of war. Canada needed oil and was importing large quantities. Alberta's Social Credit Government wanted to develop the oil industry, but Dominion restrictions still retarded progress. Representatives of the Province hammered at the doors of the Dominion, pleading that the restrictions be lifted so as to permit the Province to direct drilling and production in any area and without applying such orders to the whole Province.

The Dominion Government at last agreed and legislation was introduced in the House of Commons providing for amendment of the Transfer Agreement. Your Social Credit Government felt that a major hurdle had been cleared; that at last the resources could be administered in the best interests of the people and the industry.

But the Dominion legislation was never passed.

DRASTIC ACTION

Drastic action was necessary and your Social Credit Government took such action. In order to circumvent the unjust restrictions, your government ordered, in 1941, that every leaseholder must drill a well on his lease within one year, or suffer cancellation of his lease. Naturally, it was impossible for most of the leaseholders to drill wells in a year and the majority of their leases were cancelled.

The Provincial Government then made it possible for these leases to be renewed, but only as Provincial leases subject to Provincial regulations. This had the effect of eliminating most of the old Dominion leases with their concessions, and of placing the Province for the first time in control of development.

Today, your Government can encourage development, control drilling and production, and collect for the people of Alberta whatever is considered to be a fair share of production. That share has been increased from the maximum 10%, effective under Dominion regulation, to 12½% or a graduated royalty with a maximum 15% under Provincial leases. All leases are subject to a change in royalty at any time.

In other words, we increased the royalties from 25% to 50% over the former rate; and in addition, a royalty of 15% is now collected on natural gas production, where formerly, under Dominion leases, no royalty was collected at all.

At the last Session of the Legislature, your Government passed legislation which broke the monopoly existing in the Turner Valley under which all natural gas consumed had to be purchased from one company. By breaking this monopoly your Government made it possible for all producers in the Valley to share in the market for natural gas.

Your Government has also made the oil pipelines common carriers under Provincial Legislation, thereby eliminating the evils of monopoly control.

A Gas Utilities Board established under Provincial Legislation was given authority to fix all prices of gas from the producer to the consumer, and to direct that all

unused gas shall be returned to the structure for future use and to aid in future recovery.

This, in brief form, is the story of Alberta's battle for control of the oil and gas resources. Only persistent, aggressive and considered action made it possible to break the monopolies existing and to bring to the people the present measure of effective control they now enjoy.

SOCIALIZATION

The socialist office seekers, nevertheless, will not speak of these facts. And this story would not be complete without reference to their absurd and ridiculous claims that they will, if elected, provide various social services from the profits they will make by confiscating the oil industry.

The facts are these: that since the birth of Alberta's oil industry, more than \$136,000,000 have been spent by individuals and companies in bringing oil production to its present state of development.

In this period, the total value of oil recovered is roughly \$118,000,000. In other words, the oil industry to date has taken out of the wells \$18,000,000 less than it has put into them. And this is the industry which advocates of State Socialism and State Monopoly claim will give them profits to pay for social services.

If a Socialist bureaucracy had attempted to develop Alberta's oil industry, rather than private business, the people of the Province would have suffered a loss, to date, of the above \$18,000,000, not to mention the interest on the debt incurred in development; and in addition, they would have lost the \$13,000,000 they have already collected in royalties and rentals.

The history of oil development shows that of 1,150 wells drilled only 440 were producers. There were 175 gas wells and 535 dry holes. A typical example is that of a company which recently spent \$600,000 and ended with a dry hole. They are now drilling another well. If this should prove to be a producer they will first have to recover about \$800,000 actually spent before any profits are made at all.

On the other hand, from the first day they produce oil, people of Alberta will benefit by the royalties they collect, and they will not have invested a cent.

The truth of the oil situation is carefully kept hidden by the socialists. But it is a fact, nevertheless, that Alberta has only one proven major oilfield. This field has now passed its peak of production—it actually is on the decline. So the search for oil must be intensified over many years at enormous cost. No honest government could conscientiously recommend to the taxpayers that millions of dollars annually be spent in such a hazardous business.

THOSE "PROFITS"

For purposes of political propaganda the advocates of State Socialism allege that during the year 1942, twenty companies had made \$7,000,000 out of producing oil. The statement, of course, is entirely false. By far the greater part of these alleged profits were returns on the refining and distributing of oil products, a large part of which—in fact over ten million gallons of gasoline—were produced in the United States and imported into Alberta, and therefore did not accrue from Alberta oil at all. It also includes profits made on oil shipped, refined and sold by them in British Columbia, Saskatchewan and Manitoba.

It is manifestly absurd and unfair to use for comparative purposes the earnings of these companies for

one particular year when they spent millions of dollars to explore and develop the oil resources to the present stage. Especially is it unfair to refer to these earnings as profits from production of oil in Alberta.

Again, for political propaganda, the alleged \$7,000,000 profits are compared with the \$700,000 which the Province received as royalties. Obviously, the comparison is deliberately deceptive and misleading. If the comparison is to be made on the basis of money accruing to the oil companies, then obviously, on the Government side of the ledger, should be credited all the revenue accruing to Government—in taxes as well as royalties and rentals—from all those engaged in the production and distribution of oil.

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The monopoly of finance is the one great monopoly by which millions of dollars in profits are made annually on credit created practically without cost to the banking institutions. But on this credit must be paid interest by Governments, individuals, and industries.

Not without reason did the late J. Ramsay MacDonald say when he was Prime Minister of Great Britain: "Finance can command the sluices of every stream that flows to turn the wheels of industry, and can put fetters on the feet of every Government in existence." It is an elementary fact of economics that those who control money and credit have complete and effective control over all industry, trade and commerce, and can dictate the standard of living of every man, woman, and child.

Can it be that the champions of State Socialism are peddling their deceptive and misleading propaganda to divert the attention of the people from the one, vital fundamental issue of the monopoly of finance? Is this the reason why your Social Credit Government, throughout its unrelenting fight against the most vicious of all monopolies, has received, not assistance, but obstruction, from these state socialists who would have men believe they are the champions of progressive reform?

Who was it first challenged the Federal Minister of Finance to reveal the hidden reserves of the Canadian Chartered Banks?

Who was it that protested to the Dominion Government and exposed the vicious nature of the proposals of the so-called "financial experts" of 34 countries to force the world back on the Gold Standard after the war?

Who was it that presented to the Turgeon Parliamentary Committee on Reconstruction and Re-establishment the one submission containing a practical proposal for financing the necessary program of post-war reconstruction without pawning Canada with the money lenders?

Who was it? It was not the advocates of State Socialism who, posing as champions of reform, are attempting to distract from the battle against the financial monopoly by a lot of false propaganda on the record of the Social Credit Government.

It is your Social Credit Government that was responsible for these well-timed proposals. That is the Government these men are trying, so savagely, to discredit and dispossess.

Alberta's greatest Natural Resource is the people who make up our citizenry. To preserve their rights and prevent their exploitation by monopoly is and always has been the first duty of your Social Credit Government. Monopoly will be fought and subjected in all fields, whether it be the monopoly of finance, of industry, or the "monopoly of the Supreme State."

Only thus can social justice be assured our people. And social justice can be best achieved and maintained through the tested and proven democratic principles of Social Credit.