

Martha's Monthly November 2004

Barbie Sales, Crude Oil, and Elections

Barbie sales are down! Way down. Sales of the doll have dropped 13% this year and have led her maker, Mattel, to post a 5% drop in revenues. We are talking about billions of dollars in worldwide sales. Now before your feminists heart burst with pride in the misplaced belief that sales are down because self esteem is up among young girls who recognize Barbie's had a few ribs removed to have that waist size, let Martha set the record straight. Barbie sales are down for one big reason: oil prices are up. Way up. And plastic (because Barbie **really** is just made of plastic) has pretty much doubled in cost because it is made of oil products. When oil goes up, plastic goes up and Barbie sales go down. Don't even get me started on Tupperware.

And as Martha likes to say, everything is political. Even Barbie sales. When we see these big drops in sales of Barbie we have to wonder why. The answer is simpler than economists like to paint it. Simply, when Barbie production costs increase, her retail price increases. As we mothers look at consumer items we manage to simultaneously calculate the relative value of Barbie and the increases we expect to see for gasoline, heating oil, natural gas, and all the consumer items that get affected by increases in oil prices because trucking companies have to charge more for transportation costs and the costs get passed on to consumers. Watch for the price of everything from bananas to Tang to increase.

But we live in Alberta. And we have been told that what is good for the oil companies is good for Albertans. I mean we paid off our "debt" with the royalties from oil right? So when oil prices increase Albertans are supposed to be pleased. It means lots more money in our surplus and surpluses are good. At least that is what we have been told by our premier.

There are more than a few voices of dissent on that topic. It might not be as simple as saying that debt is bad and surplus is good. One voice, Duncan Cameron, wrote an article on rabble.ca about why public debt is better than private debt and why the worst public policy decision that can be made is to "pay down the debt". (See [Cameron's article](#)) and another for the [Parkland Post](#) that went into more detail on why debt free status is bad public policy.

The Parkland Institute, an Alberta think tank, released a report entitled [Giving Away the Alberta Advantage](#) in which they calculate how little Alberta receives from the oil companies. We have heard that Alaska and Norway both receive much larger royalties from their oil. But did you realize that under Peter Lougheed's government we also received much higher royalties? And it was

subsequent premiers, Mr. Getty and Mr. Klein, who negotiated much lower royalties for oil companies. They first negotiated these reduced royalties when the bottom fell out of the oil industry in the 1980s. But when oil prices increased the royalty fees did not increase. The Parkland Institute report estimates that just collecting royalties at the same rate as we did during the Lougheed years would have meant about \$3.78 Billion more per year between 1992 and 1997. That's nearly \$20 Billion difference. So the Klein government let big oil companies (largely foreign owned Martha points out) take an additional \$20 Billion in just five years. And these were the years of huge public service cutbacks and "belt tightening" that cut almost every public service in Alberta. We Marthas and Henrys started to take it for granted that our government could not afford things. We began to pay health care premiums (about a billion a year) and we paid user fees for many things we had got free before (maybe you remember when road maps were free, like Martha does). Suddenly Klein took government from a public service to a "business" and made departments find ways to "generate revenue". Provincial parks were privatized, electrical deregulation came into effect and Alberta became the only place in North America that [charges people to borrow books](#) from their public library.

Premier Klein has called an election for November 22. There seems little doubt that he will be re-elected. He has refused to discuss any policy issues and seems to be running on the fact that Alberta is debt free. But he has given away billions in oil royalties, begun charging Albertans fees to do nearly everything (a form of regressive taxation) while saying we have low tax rates, and cut services to those who need it most. Duncan Cameron suggests that the issue of oil should be the election issue. Martha agrees. Let's make our government hear our discontent over poor service, user fees, and letting foreign oil companies off too easily. We deserve to know what Klein plans to do after elected and we deserve to have an election where the incumbents will answer our questions.

Below is a letter you can email on to Mr. Klein about this issue. Copy it into a new email and send it to premier@gov.ab.ca and CC it to Brian Mason, NDP leader at alison.crawford@assembly.ab.ca, Kevin Taft, Liberal leader, at Edmonton.riverview@assembly.ab.ca and back to us at marthasmonthly@yahoo.ca

and a little PS from Martha:

In a few weeks there is a speaker [coming to Calgary](#), Linda McQuaig who has written a book called "Its The Crude Dude: Oil and The Public Good" [And don't forget to VOTE on November 22!](#)

Premier Klein

premier@gov.ab.ca

November 8, 2004

Dear Mr. Klein:

We Marthas of Martha's Monthly are writing to you again!

During this election we are paying close attention to the platform that your Party has decided to run on. We are concerned because we have heard very little substance in your platform. We are keenly aware of the issues of the oil price and believe your platform should make a clear statement on royalties. We are concerned that oil companies in Alberta are not paying a fair royalty for the oil they take from Alberta and they should have paid billions of dollars more over the last 10 years. We are not comparing Alberta's royalties to those of Norway or Alaska. We are simply comparing the royalty rates that were collected under Peter Lougheed's government and your government. The Parkland Institute has calculated that during the years 1992-1997 Alberta collected nearly \$20 Billion less on royalties than we could have had we maintained the royalty rates of the Lougheed government. And it was during this same time that Albertans began to pay user fees for everything from libraries to provincial parks to health care.

We want public debate around issues such as oil royalties, user fees, and government programs. We believe that this discussion is best supported through tried and true democratic measures such as direct and clear campaign platforms and open public policy debate with your opposition and critics. We are less confident than your party that such measures as "public consultations" through questionnaires on health care and AISH raise the critical questions necessary for genuine alternatives in public policy.

Please take the Marthas of this province seriously when you campaign and give us credit. We want to talk about issues during a campaign and we scrutinize Party platforms before we vote. We look forward to your response.

Sincerely,