

CLEAN TRADE

ENERGY SECURITY. NATIONAL SECURITY. GLOBAL LEADERSHIP.

Canadians fund foreign threats through an anti-market trade rule that empowers authoritarians and armed groups. Canadian statesmen can abolish that rule now.

For 40 years the West's biggest threats and crises have come from oil states.

ISIS. Putin. Assad and the Syrian refugee crisis. Gaddafi. Saddam. Al Qaeda and 9/11. The Saudis' spread of an extreme version of Islam worldwide. The Soviets' surge ahead in the nuclear arms race. Iran's incessant support for terrorism.

The West has unwittingly financed these threats and crises by buying oil from authoritarians and armed groups. The West will face increasing energy instability and national security threats if it buys more oil from highly coercive actors.

We no longer need to buy oil from those men.¹ Tomorrow's policies will require no military action, no changes in diplomatic relations, no new treaties, no new international bodies—only principled, visionary leadership.

A North American Clean Trade transition away from authoritarian oil would take months and would be almost costless.²

Nick Butler, former Vice President of BP and Energy Columnist for the *Financial Times*

A Clean Trade Act will taper off Canadian imports of oil and other natural resources from all authoritarian regimes and failed states.

By passing a Clean Trade Act, Canada will only change its own laws, for its own people, on its own soil; the troops can stay home. Who rules in oil-rich countries is 'none of our business'; but autocrats and armed groups will get 'none of our business' for oil.

After Canada leads the West to adopt Clean Trade, Asian importers will have a choice. They can announce their own tapering of imports of 'blood oil'—or they can become heavily dependent on a destabilizing Middle East for their energy. China and India will not want to buy oil from ISIS 2.0.

With Clean Trade, Canada can counter the 'Western imperialist' narrative that recruits so many extremists. Canada will peacefully affirm the rights of *the people* of resource-rich countries—as it gets out of business with those who spend resource money to oppress and attack the people.

Clean Trade can also further other priorities, like increasing the value of Canadian oil on world markets, developing Canada's own energy resources, and furthering an 'Authoritarians to Alternatives' plan to replace today's imports of blood oil with greener energy sources.

Oil is the largest source of unaccountable power in the world today. Except in democracies, oil revenues flow to whoever can keep military control over the wells. This money comes with no strings attached, it never has to be paid back, and authoritarians and armed groups spend it to escape public accountability by buying arms, paying soldiers and suppressing dissent.

Why? An archaic, anti-market law turns oil into unaccountable power: 'Might Makes Right'. All countries today still make it legal to buy oil from whoever can control the wells by force.

'Might Makes Right' forces consumers to do business with the world's most repressive and violent actors. **Last year Canada imported over 400 liters of authoritarian and conflict oil for each Canadian citizen.**⁴ Because we say forceful control over oil will secure large revenues, we incentivize armed conflict over the wells and empower petrocrats to stay in power.

The Curse of Might Makes Right.

Today's Oil Curse: Countries where oil came before democracy suffer much more authoritarianism, civil conflict and extremism, and their violence regularly spills over to the West. Unlike the rest of the developing world, oil states are no freer, no richer, and no more peaceful today than in 1980.⁴ (See Fig. 1)

Might Makes Right

If armed robbers seize a gas station, we don't get the legal right to buy the gas from the gang. Yet when Saddam seized Iraq in a coup, every nation's laws made it legal to buy Iraq's oil from him. And when ISIS seized the same wells in 2014, it became legal to buy oil from ISIS. All states' default rule for the oil of other countries is, 'Whoever controls it by force can sell it to us.' Coercion there creates legal property rights here: a violation of basic market principles.

Tomorrow's Oil Curse: The 'arc of oil' from the Middle East to Africa will have a youth bulge as it gets hotter, hungrier and more crowded. This will mean more instability from uprisings, armed conflict and terrorism—while authoritarians and armed groups gain better bioterror, precision, and cyber weapons.⁵ Business as usual for oil will produce increasing energy and security threats to the West.

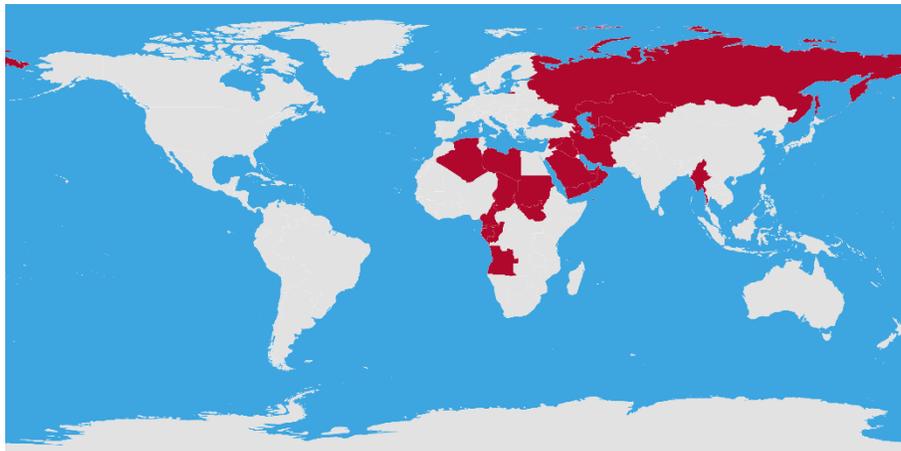
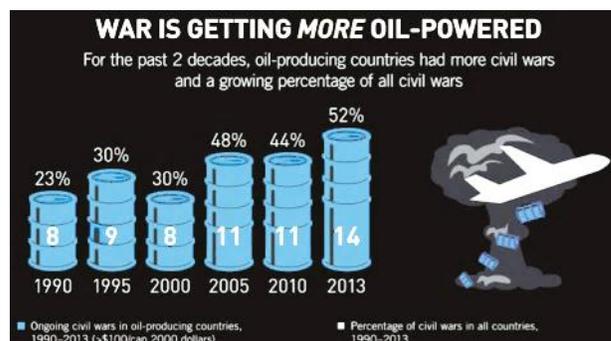
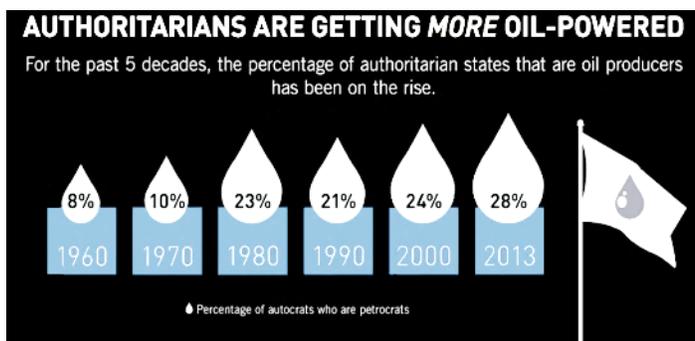


Fig. 1: THE CURSE OF MIGHT MAKES RIGHT
Authoritarian and Failed Oil-Exporting States
(Freedom House 'Not Free' 2016)



The West has tried three strategies to check the power of oil from outside the country:

Alliance with autocratic regime: The Shah of Iran, Saddam, Gaddafi, the Saudis...

Military action: Saddam (Gulf Wars I & II), Gaddafi, drones...

Sanctions: Iran, Iraq, Sudan, Syria, Russia...

Result: The Middle East is the worst it's been for 50 years, and faces unprecedented bloodshed.

- CIA Director John Brennan, March 2016

Analysis: The power of oil cannot be checked from outside the country.

OIL AND TERRORISM	STATE SPONSORED TERROR
When the State Department last required that nationals of certain countries undergo extra flight screening, 64% of the countries were oil states .	71% of countries ever on the US State Sponsors of Terror list have been oil states .

The better, modern rule for resource trade: All countries belong to their people. A government must be accountable to its citizens when the country's resources are privatized (as in the US), or sold to foreigners, or left in the ground. **Popular Resource Sovereignty.**

Popular Resource Sovereignty

A country's resources belong to its people. Leaders worldwide already publicly affirm this principle. Its language is already enshrined in major treaties ratified by nearly every country (US, China, India, EU-28, etc.) covering 98% of the world's population. The principle is entirely compatible with resource privatization.

Test for Popular Resource Sovereignty: Bare-minimum civil liberties and political rights—can citizens hold officials accountable for resource decisions without fearing for their lives or freedom (e.g., Freedom House 'Free' or 'Partly Free').

Today over 50% of the world's traded oil is exported with no public accountability. Nations like Canada that believe in market freedom and popular sovereignty should not buy oil that's been stolen from the people of other countries.

Passing a Clean Trade Act is the best way for Canada to declare its energy independence from increasingly volatile regions like the Middle East. And a Clean Trade Act is entirely WTO-compatible.⁶

Continuing business as usual with 'Might Makes Right' for oil will mean giving more unaccountable power to dangerous foreigners. Statesmen can abolish this anti-market law, show that Canada respects the rights of peoples everywhere, and lead the world to greater freedom and security.



1. BP Statistical Review of World Energy 2015.
2. See Wenar, *Blood Oil* (Oxford, 2016), pp. 302-03.
3. Statistics Canada, *International Merchandise Trade*.
4. Ross, *The Oil Curse* (Princeton, 2012), updated by the author to 2016.
5. National Intelligence Council, *Global Trends 2030*.
6. Bartels, 'WTO Aspects of Clean Trade' (2015).

Global Leadership

300 years ago, 'Might Makes Right' was the rule for all of international law.

300 years ago, the international rule even for human beings was 'whoever can control them by force can sell them to us.' This made the Atlantic slave trade legal.

In that violent era, 'Might Makes Right' also made colonial rule and apartheid legal.

Through heroic movements, the slave trade, colonial rule and apartheid became violations of international law.

'Might Makes Right' for natural resources is one of the few unreformed remnants of the old, violence-based international system.

The next campaign against the rule that once legalized the slave trade, colonial rule and apartheid can begin now.

Parliament should pass a Clean Trade Act now.



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