

Syncrude: an evaluation after the event

Syncrude was originally an 800 million dollar project designed to exploit the vast potential of the Athabasca tar sands, a project whose first estimates spiralled to over two billion dollars and en-

tangled federal and provincial governments in a costs-shared program with total investments of 600 million dollars.

Dr. Larry Pratt is the U of A political science professor who

released confidential documents concerning negotiations between the Alberta government and the Syncrude party, documents which made waves in more than one political fish bowl.

Since publication of those documents, Dr. Pratt has written a book on the issue entitled *The Tar Sands*. Yesterday he gave *Gateway* an interview on the entire proceedings.

On December 4th, 1975, Atlantic Richfield, one of the principal props of the Syncrude project - withdrew from its commitments.

Following this withdrawal, the three remaining firms - Imperial, Gulf, and Cities Service - issued an ultimatum to Albertans and Canadians alike. Their demands stated that unless a further *one billion dollars* could be pumped into the Syncrude project, the entire operation would fold. Their deadline, they

broadcast, was January 31st, 1975.

Following this declaration, the Calgary *Albertan* listed the one billion dollars as only the first in a list of demands which included "additional partners, federal tax concessions, guarantees that production would not be limited and that Syncrude would be allowed to sell their oil at world prices, and an assurance that there would be not labour strife during the

construction phase of the project."

Then on February 3, 1975, three days after the ultimatum deadline had been passed, a summit meeting between oil and government officials was held in a small Winnipeg hotel. There the money and most of the concessions called for were met by the representatives of the Alberta, Ontario, and federal governments.

Though this move was touted by government news services as a rescue, to many people it seemed merely another in a long line of costly concessions made on behalf of the public to big business. Only this time the stakes were different. And the massive sums of public monies involved were being invested in the risk-taking portion of the oil business.

In anticipation of the government move, Dr. Pratt decided in January 1975 to publicly release some confidential documents concerning the Syncrude project, which he had

had in his possession since spring, 1974.

The documents were minutes of meetings held between Syncrude officials and the Premier of Alberta and members of his cabinet. Those minutes revealed clearly that the government, instead of having received their public relations lauded "deal of a lifetime", had acquiesced to most of the demands of Syncrude officials during negotiations and, as a result, had incurred major drops in potential revenues.

This is what Dr. Pratt says occurred:

"I took the documents down to the Edmonton Journal last January and tried to persuade the editorial staff to use them. But I got a call later, saying that they would not.

"I had to go outside the province to broadcast the documents, on CBC's 'As It Happens', and the Journal picked it up by Canadian Press a day afterwards.

"I suppose I was naive in what I expected from the press. The experience made me more aware of the priorities of a newspaper like the Journal - at that time they seemed more interested in uncovering some sort of conspiracy against the government than in taking the documents at face value, reading them, and trying to discover whether they, in fact, said something about the government itself and how it relates to the oil industry.

"An old-timer from the *Albertan* phoned me up and said 'I think we've got a local Watergate on our hands.' Which I, of course, agreed with. But what he meant was *not* that there was lying and corruption in high places or wrong secretive dealings in high institutions - which is my interpretation of the documents. What he meant instead was that just as the Republicans had attempted to destroy the Democrats in 1972 through surreptitious means, so I and a group of conspirators (presumably the NDP) were attempting to subvert the Lougheed government."

"A story came out (of the Syncrude offices, I presume) that the papers in question had been stolen in a July 1974 break-in at the Syncrude offices. Now, the papers came to my attention in May, two months before the break-in, but the local media played this up a great deal and I had the police come around to visit me. The media chose to ignore the fact that the police had said that the theory relating the break-in to my information was totally false."

Now a full year after the problems with and disclosure to the media, Dr. Pratt's book *The Tar Sands* (see review opposite page) has been published in which he deals with the papers and other previously-confidential materials.

Although all the plans for the construction of Syncrude have been completed and are being implemented, Pratt feels that his book may still fill a large gap in the flow of information which the public has available to it.

"I think Syncrude is a prototype - and it may be setting a major precedent. It's important that people understand what a bad arrangement it is for the tax-payer when huge sums of public monies are invested for minority ownership - where the large corporations retain control of projects but manage to pass on a lot of the risks to the public - both the tax-payers (through public monies) and the consumers (through increased oil and gas prices).

"The key issue is not how the money is going to be shared, but how the risks are going to be shared."

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