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## Oil-price hike subject of First Ministers' Meeting

The Federal Government's "essential elements to an effective national energy strategy" were enumerated by Prime Minister Joe Clark at a meeting of First Ministers in Ottawa, November 12, convened to negotiate a new pricing agreement between Ottawa and the producing provinces.

Mr. Clark said that the price of oil must be high enough to bring on new sources of supply and that the price regime must provide the industry enough certainty to plan ahead; more effective conservation must be encouraged; the substitution of cheaper and more plentiful fuels must be accelerated and the use of oil reduced; and the proportion of Canadian ownership, particularly in new ventures, must be increased.

Canadian consumers had been sheltered from world oil market realities by a policy that subsidized their use of oil, said the Prime Minister. Each barrel of oil bought abroad now costs Canada between \$25 and \$35 a barrel. The price paid directly by Canadian refiners is about \$16. The difference is subsidized.

Those using domestic oil are subsidized by the producers and the producing provinces, especially Alberta. The cumulative subsidy to Canadian oil consumers is now approaching \$20 billion. The United States, he continued, which pursued similar price restraint policies, had now decided to move its oil price to world levels by September 30, 1981. "That," said Mr. Clark, "removes an important barrier to sensible pricing decisions in Canada."

## Oil price proposals

The Federal Government proposed that prices rise by \$4 a barrel a year until Canadian prices reach a level of about 90 per cent of the so-called Chicago price (the blended price of U.S. domestic and imported oil). Premier William Davis of Ontario opposed any increase beyond what had been already agreed upon — \$1 a barrel on January 1 and another \$1 a barrel on July 1, 1980. Alberta's Premier Peter Lougheed agreed with Ottawa about raising prices by scheduled increases to the "Chicago price".

### Late news

As this issue went to press, former Prime Minister Pierre Trudeau announced that he was stepping down as Leader of the Liberal Party of Canada. Mr. Trudeau will continue as Leader of the Opposition in the House of Commons until a new leader is named, probably in the spring. The next issue of *Canada Weekly* will carry more details.



Prime Minister Clark (second from left) consults with provincial representatives.

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