

*Government Orders*

In 1976, Petro-Canada embarked on an aggressive exploration campaign in the Arctic and off the east coast. Prices would keep rising, it was thought, and focusing on these Canada Lands would mean that the benefits of major new discoveries would flow directly to Petro-Canada and thus to the federal treasury.

Trudeau's Liberals were less than contrite when Albertans pointed out that this focus on the frontier siphoned activity and jobs away from the western sedimentary basin, a situation radically worsened by the early 1980s National Energy Program.

However, frontier exploration was risky and frightfully expensive. The fledgling company's resulting dependence on the public purse generated few defenders and a great deal of sniping, particularly from opposition Conservatives. This was not Trudeau's idea of fun and it was not Petro-Canada management's idea of security. The solution to both problems was to allow the company to finance some of its own expenses and the way to do that was to get into the profitable refining and marketing downstream sector.

In 1978, Petro-Canada moved to take over Pacific Petroleum. Not to put too fine a point on matters, the Conservatives went wild. Liquidate it, demanded Joe Clark. Sell it. Give it away. Anything. Just get rid of it.

And less than a year later, the Conservatives got their chance, their first chance. But although they won the 1979 federal election, Petro-Canada proved more popular, or at least more long-lived, than did Joe Clark's prime ministership. Petro-Canada survived, the mathematically-impaired Clark government did not.

The Liberals returned to power with the National Energy Program and a whack of new cash for Petro-Canada, much of it funnelled through special grants paid for by new energy taxes.

That the Liberals had won the election in large part because of their loud and protracted campaign against such taxes, as proposed by the Tories in their ill-fated "short-term pain for long-term gain" budget was deemed no impediment, merely an inconvenient quirk of history best quickly forgotten.

Seeing what appeared to be a blank cheque, as well as the Liberals' political need for Petro-Canada gas stations in eastern Canada, the company gobbled up Petro-Fina in the name of Canadianization.

How much did it cost? Only Petro-Canada and a few Cabinet insiders know. The Canadian public and the Auditor General never found out.

Sharp criticism of the PetroFina deal and tough times in the oil patch followed. Petro-Canada responded by hunkering down, cutting costs and staff, and concentrating on its bottom line.

By the time the Mulroney Conservatives came to power in 1984, despite its effective use of nationalistic advertising slogans like "It's Ours", "Canada First", and "Pump Your Money Back Into Canada", Petro-Canada itself had essentially blunted its public policy role. Henceforth, under the resurgent Tory regime, the company would operate under a new commercial mandate. As the company's 1984 annual report put it: "Petro-Canada is not to be perceived in the future as an instrument in the pursuit of the government's policy objectives." In short, the company would now operate like any other big integrated oil company, and public policy be damned.

In a similar vein, the Mulroney government moved quickly to deregulate the energy industry generally. Price and export controls were removed. The National Energy Board was neutered. The 1988 free trade agreement created an integrated continental energy market utterly free of significant government intervention.

Then, long after memories of energy crisis rip-offs had faded to a hazy sepia, at least until the new Middle East crisis and attendant oil price hikes starting this past August, and with their second mandate safely tucked into the ballot box, the Conservatives struck. Canada's national oil company was off to market—not as the buyer, but as a nice fat sale item.

The axe fell as part of the finance minister's budget speech on February 20 of this year. Petro-Canada was to be privatized.

Interestingly, February 20 is known by some as Hoodie Hoo Day. It is a day when all the residents of the Northern Hemisphere are to go outdoors at high noon and yell: "Hoodie hoo," at the top of their lungs. The idea is that by so doing the Hoodie hoo-ers will chase away winter and all the cold and nasty things associated with winter. Obviously, there were far too few participants in Canada this last year.

Speaking the next day, February 21, in the House of Commons, Minister of State for Privatization, the hon. John McDermid, gave the government's rough idea of