

FEBRUARY 9, 1973

Oil Co. in Sarnia, reports that its storage supply of 500,000 barrels of liquid petroleum gases is depleted and its plant is shipping directly out of production.

Statistics Canada reports cheerfully that energy shortages in the United States mean increases in Canadian mineral production, notably fuel production, which in 1972 rose by \$2.3 billion or 15.6 per cent over 1971.

Friday, January 12: The U.S. Federal Power Commission reports that U.S. natural gas reserves fell in 1971 by 7.1 per cent to 161.3 trillion cubic feet. To remind us.

Wednesday, January 17: President Nixon signs a proclamation increasing the quota on Canadian crude oil imports east of the Rockies by 93,000 barrels a day to 675,000. This means Canada will export at least 30 million more barrels of crude and finished oil to the United States this year than in 1972, if the Canadian government so wishes.

Monday, January 22: Senator Jackson advises his

government to abolish the import quotas entirely without asking any return concessions from Ottawa. The irony and inappropriateness of the offer is apparently lost on Donald Macdonald.

At this point, both sides revived the Mackenzie Pipeline debate, dormant since the October elections. The oil companies and other proponents of the pipeline from Alaska and the Canadian Arctic to southern Canada and the American midwest stepped up the campaign to get on with the building, which has also been dormant, in the midst of the panic.

Tactics have included newspaper stories like one in the Winnipeg Free Press of January 23: "Pipeline Would Aid Unity, Says Geologist." The man was talking about Canadian unity. Meanwhile, opponents of the pipeline increased their publicity campaign, as the National Energy Board hearings on the project, scheduled to begin in March, approached.

Wednesday, January 24: Donald Macdonald announces the government's intent to hold hearings on the environ-

mental and social effects of the Mackenzie pipeline, in addition to the NEB hearings. He told a Toronto audience that the pipeline "would be essentially to meet Canadian rather than American needs."

For a man who could take advantage of hindsight, Macdonald is sounding oddly like Joe Greene without the bells on. Nixon's relaxing of the quotas without, so far as we know, any concessions on "security" from Ottawa is a clear admission of desperation. But it is open to several interpretations, ranging from the plausible to the paranoid.

- Does Nixon need new fuel supplies to call the bluff of the oil companies, who now have guns in his back?
- Are the companies and the U.S. government co-operating in a massive effort to exert moral suasion on the Canadian people, who will be portrayed as refusing their bounty to freezing schoolchildren?

Meanwhile, the B-52s executing the last, purgative raids of the war over Hanoi did not suffer for want of fuel.

Scenario for a sell-out

by James Laxer

For a few weeks now, American energy companies and the Canadian and U.S. governments have been treating the people of both countries to a well-orchestrated energy scare so that they can carry out programs that will rearrange the energy industry on this continent.

Hearings in the U.S. Senate, a report from the Ontario government and planned hearings by Canada's National Energy Board have been highlighted against the backdrop of a winter oil distribution crisis in the United States.

The crisis is being built up to convince Americans that unless the plans of the energy companies are allowed to go ahead, the U.S. will face cold, empty schoolrooms in winter and failed air-conditioning equipment in summer.

For Canadians, as the Ontario government report put it recently, the energy crisis is a "spill-over" from the crisis in the United States.

The American crisis flows from a record of bad domestic planning for the past 20 years. It arises from the Pentagon's fears of America becoming too dependent on oil imports from politically shaky countries. A further worry is caused by environmentalists, who have been getting in the way of the building of electric power plants and strip mining for coal.

These factors, taken together, have created an energy problem which Washington authorities see lasting until the mid-1980s. After that, they hope, technology will bail them out and new sources of energy will become available and take the pressure off fossil fuels.

American proven reserves for both natural gas and oil stand at about 10 years supply.

Natural gas, the non-polluting wonder fuel, is in the most serious trouble. In 1971 it supplied 35 per cent of U.S. energy needs and only three per cent of this was imported. The U.S. National Petroleum Council projects that by 1985 the absolute amount of natural gas used will decline slightly, and that, relatively, natural gas will fall sharply from more than one third to about one sixth of American total energy supply. About one third of this gas will be imported by 1985, according to this projection.

Just over 40 per cent of U.S. energy supply now comes from oil, 30 per cent of which is imported. According to the National Petroleum Council, by 1985 oil will still provide the same proportion of American energy as it does today — but by then 60 per cent will be imported.

A sure sign of the current crisis is the revival of coal production in the U.S. It will move from supplying under 20 per cent of American energy to almost 25 per cent — passing natural gas in importance.



"It is expensive," said Trudeau, "but so was the Canadian Pacific Railway. Is it too big a project for Canada? Only in the view of those who have lost faith in what Canada is all about."

Of course, these projections for U.S. energy use are based on the assumption that the same philosophy of energy use will remain dominant. Fully 50 per cent of American energy output is now absorbed by transmission losses, mechanical inefficiencies and incomplete combustion. And that is without even questioning the priorities of U.S. energy use. It is obvious that a country that maintains 93 million cars and 185,000 planes and that charges cheaper rates for fuel the more an industry uses can only survive by living off the energy resources of much of the world.

In the long term, the Americans are hoping the energy crisis will be ended by nuclear power, and particularly by the fast breeder reactor which produces more fuel than it consumes. They are also looking to giant windmills, solar energy, hydrogen fuel for jet aircraft and even human waste as potential sources.

The assumption is that technology will come through as it always has. And whether or not that assumption is correct, the effects of the energy crisis on Canada will be determined by that view of the problem.

Energy companies expect an announcement soon from President Nixon that the Federal Power Commission will take the price ceiling off natural gas and allow it to rise to levels determined by market forces. This will set off a frantic exploration surge for the remaining reserves in the U.S.

It will also increase the price of natural gas in Canada. Even before the recent distribution crisis in the U.S., Alberta Premier Peter Lougheed had announced that he wanted a two-price system for natural gas — one for Alberta and one for the rest of North America. Under Alberta's royalty arrangements, two thirds of the proposed increased price would go to the energy companies, and one third to the provincial government.

Even if the federal government or the courts finally decide that Alberta cannot establish a two-price system for gas between Alberta and the rest of Canada, Lougheed will have won popular support within Alberta for his increase.

And now Ontario has got into the act with its own report on energy. The report, produced by a task force

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