THE ENERGY CRISIS

LAST POST SPECIAL REPORT LAST POST

Perhaps it was all a coincidence...perhaps

by Carole Orr

The men who run the giant oil companies are by far the most powerful men in the industrial world. The modern industrial state depends on energy, and accordingly the men who control the energy in large measure control the state. When they choose to wield their power, the oilmen are listened to, and usually obeyed. They have chosen to wield their power now. The result is the Energy Crisis of 1973.

In Canada, the crisis has given new urgency to the continuing energy debate, a key part of the more general debate about who will control the Canadian economy, who will profit from it, and how it will be run.

Until recently, most Canadians have understood little and cared less about energy, living in a happy ignorance carefully nursed and tended by successive federal governments. But with the growth of such movements as consumerism, environmentalism and nationalism in the late sixties, people began to make it their business to know just what was going on in the shady nooks of government economic and trade policies, areas previously assumed to be beyond the ken of the participatory hordes.

The Great Canadian Energy Debate was inaugurated by the unforgettable Joe Greene, then minister of energy, mines and resources in the Trudeau cabinet. It happened in — of all places — Washington, the date was December 4, 1969, and the occasion later came to be known as the Gee-Whiz Conference.

Joe Greene's pratfall

Thirteen years earlier, President Eisenhower, in keeping with the protectionist policies of the United States at the time, imposed quotas on U.S. imports of Canadian crude oil. The quotas at the time were meant to shield the domestic oil industry in the U.S. from outside competition. They have since been a lever for the Americans in any trade negotiations with Canada, as the Canadian industry has always sought to extend foreign markets for its crude oil.

But now Walter Hickel, the American secretary of the interior with whom Greene had just met, was proposing a new idea: continental energy integration. Greene could not contain his enthusiasm. He told the press later that "this is a great opportunity for Canada." Asked whether it would mean a substantial economic integration of the two countries, Greene replied: "Yes, I think it would."

All over the world, the last forty years have witnessed the struggles of dozens of countries, from Mexico to Libya to Indonesia, to regain control of economies strangled by American "multinationals" and especially the powerful oil companies: Standard of New Jersey, Standard of California, Texaco, Mobil, Gulf. And now Joe Greene was going to reverse the tides of history over lunch.

Back home, Greene met the full wrath of betrayed nationalists and a horrified cabinet. The continental energy scheme wasn't going to happen quite as precipitously as Joe had thought. Greene himself, in one of history's more startling turnabouts, later turned up as a nationalist of sorts.

In the summer of 1971, President Nixon announced that the U.S. would remove quotas on Canadian crude if the two countries could reach agreement on dealing with oil supplies in an emergency. The U.S. was in sight of an energy shortage and needed a *stable* supply. No such agreement was reached but short-term energy deals were made, and there were massive Canadian sales to the U.S.

At the beginning of this year, rumblings of an energy shortage in the States grew louder. Instead of isolated stories on the inside pages of newspapers there were now front-page items on the closing down of schools in North Dakota for lack of heating fuel. Economists gave dire warnings of severe price increases, in Canada as well as the U.S., that could accompany a shortage if the American crisis were not relieved.

Senator Henry Jackson, chairman of the U.S. Senate Interior and Insular Affairs Committee, stepped up his call for freer oil trading with Canada. Always an advocate of a continental energy policy, Jackson now called for an end to the oil import quota system where Canada was concerned.

The energy crisis was taking shape.

Monday, January 8: Shell Canada announces an increase of 20 cents per barrel in the price of Western Canadian crude. The domestic price of gasoline will therefore go up one cent per gallon.

Tuesday, January 9: Imperial Oil, the Canadian subsidiary of Standard of New Jersey, does the same. Three others follow suit.

Wednesday, January 10: Senator Jackson opens the Senate Committee hearings on energy policy in Washington. Interior Secretary Rogers Morton argues before the committee that the U.S. "must pursue" a continental energy policy regarding oil, gas and other energy supplies to North America. He dismisses the Soviet Union as a potential source, saying "I can think of a lot of better places to spend our money."

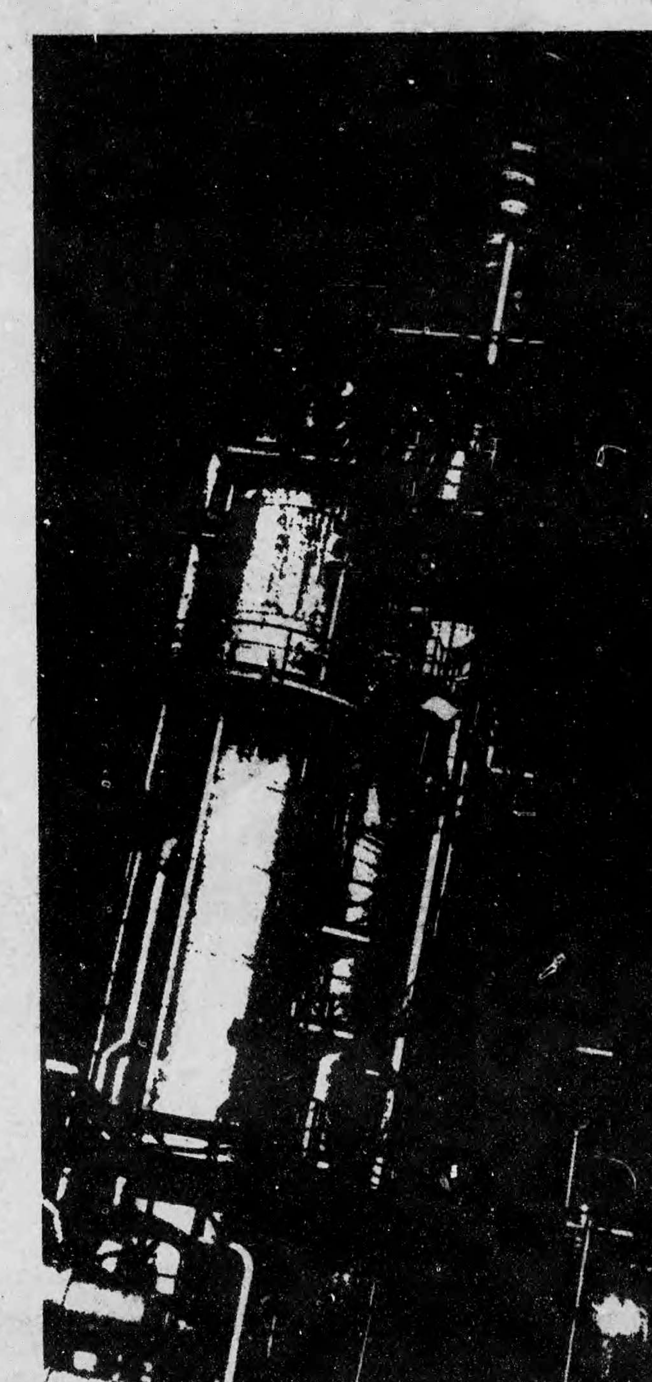
Senator Jackson urges his government to give "much higher priority to relations with Canada as far as our energy problem is concerned."

Thursday, January 11: The urgency of Senator Jackson's position is underlined by a rash of newspaper stories about heatless homeowners, schools shut down, airlines running on minimum supply, and industrial employees laid off, primarily in snowbound Minnesota and the Dakotas.

"Winter moves fast. Oil moves slow. That is the trouble," says a petroleum industry spokesman.

The television program CBS Reports *makes the suggestion that the oil is moving slowly not because it is hard to get but because the oil industry is making sure it is. The oil companies have in fact said to the American government that unless it will grant them the price increases and protective tariffs they demand, they will not "be able to extract and refine the existing petroleum resources in a way that is economically feasible for them."*

As a measure, there are reports that three producers in the offshore Louisiana fields have asked for an immediate 73-percent price increase and want further annual increases which would drive their prices to twice current levels within seven years.



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The head of a southern gas company says, "We don't have enough gas to go around. We can't get enough to keep everybody in gas."

Donald Macdonald, successor to Joe Greene as Canada's minister of energy, mines and resources, is attacked in the House of Commons on the government's stand on the energy crisis. The NDP's Tommy Douglas points out that the demand for oil in the U.S. is already pushing up the price we must pay for oil here.

Don Getty, Alberta's minister of intergovernmental affairs, is quoted as warning that Canada is now facing an energy resources crisis of its own. Macdonald replies with his intention of "reserving supplies against the future needs of Canada, and then selling any surplus," adding that "there is no danger to Canadian energy supplies."

Headline in the Sarnia Observer: *"Energy Crunch Reaches Sarnia." W. B. Caswell, manager of Dome*

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