

# More dependent than ever

News analysis by Jim McElgunn  
The average price of a house in Edmonton in December was \$83,000, down \$6,000 from a month earlier.

Wonderful news, right? Think again. Before you go into paroxysms of joy thinking you may once again have the opportunity to belong to that elite class known as "homeowners," ask yourself if a drop in housing prices is unambiguously good news.

Unfortunately for most Albertans, the sudden drop in housing prices, as well as the frequent sudden rises previously, indicates the growing instability of the Alberta economy. Increasingly, housing prices and other key economic indicators are subject to sudden shock waves which pass through Alberta's economy with every rise and fall in fortunes of the huge synthetic oil projects. The boom to bust cycle is alive and well and living in Alberta.

How did this come to pass? In 1971, the Lougheed government was elected pledging to reduce Alberta's dependence on the energy sector. Lougheed

himself was well aware of the outmigration and economic stagnation which plagues declining oil-producing regions, having witnessed it first-hand in the 1950s in Oklahoma.

His government, he vowed, would be different. And since entering politics in 1965 his main theme has been the need to diversify Alberta's economy by building up the non-energy sectors - agriculture, manufacturing, forestry, tourism, research, and so on.

In fact, just the opposite has happened.

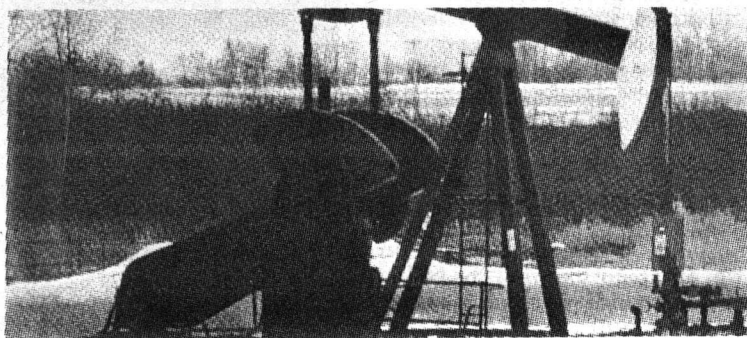
Alberta's dependence on the energy sector is at an all-time high, and rising. Over a third of provincial employment is directly related to the oil and gas industry. The government itself depends on nonrenewable resources for almost 60 percent of its revenues up from about 25 percent in 1970.

The energy boom has spun off into jobs in countless service industries, not the least being the burgeoning provincial civil service. Alberta has been transformed into an economic marvel, seemingly the only place in

Canada immune from recessions. Edmonton and Calgary are growing at phenomenal rates, annually adding about 25,000 and 30,000 residents respectively. Grant Prairie, Fort McMurray, Medicine

immense pressures on Alberta to fill the gap, regardless of the ill effects on our economy.

Developments outside the province have thus meant that any Alberta government would have



Hat, Red Deer and others have all become boom towns.

Even the most chauvinistic Albertan must admit that this remarkable growth in the midst of recession elsewhere has been due largely to the success of the major oil-exporting countries which seized control of world oil pricing.

Even with the lowest energy prices in the Western world, the price per barrel of Alberta crude has risen from \$2.60 in 1970 to about \$15 today. This has produced a massive inflow of money into Alberta, and has also made the development of the oil sands feasible for the first time.

Meanwhile, the energy picture in the rest of Canada has continued to deteriorate, putting

to swim very hard against the tide to avoid the growing dependency of its economy on the energy sector. And this government hasn't been swimming very hard.

Conventional oil is being produced at capacity and rapidly depleting, and the Conservatives have devoted much of their efforts towards economic development of the oil sands, heavy oil and petrochemicals.

In action, if not in word, the government has let diversification slide in its list of priorities. One sign of this is its changing attitude towards the Heritage Trust Fund. When it was created in 1976, the emphasis was on it as an investment fund to diversify the Alberta economy.

More and more however, the government is referring to it as a revenue source for "when the (conventional) oil runs out," as a source of investment in governments and projects outside the province, and as a political pork barrel.

For Albertans, the bottom line of these developments is that our economic well being depends increasingly on a very small range of economic activity. For better or worse, we have tied our fortunes to the unstable fortunes of the world energy industry. Not since the pre-1940's wheat economy has Alberta been so vulnerable to outside disruptions.

Recently, we have seen clear demonstrations of this vulnerability, as the fate of single projects has produced dramatic changes in our economy.

Syncrude is approved and constructed, and suddenly armies of office towers march through downtown Edmonton and Calgary. The Alsands plant is delayed and suddenly the vacancy rate in these towers begins to climb, and plans for more construction are shelved until the project gets the go ahead.

The federal budget comes out and the oil rigs start to migrate south of the border. Suddenly, shock waves of unemployment and business failures rush through the Alberta economy.

And housing prices, which seemed to have no upper limit, suddenly drop six percent in one month.

Caught in the middle are the people of Alberta, whose lives are increasingly at the whim of forces even the large multinational oil companies cannot control.

A revolution in Iran boosts oil prices, and waves of Ontarians migrate westward. Reagan's election in the United States and the federal budget make the Alberta oil exploration scene less attractive, and oil rigs begin streaming across the 49th parallel.

Even the most politically apathetic student is affected by our economic instability: one of the results of the federal-provincial fight was Amoco oil company's cancellation of its recruitment program in Alberta's universities.

Clearly all is not well in "Saudi Alberta." Through outside pressure and our own decisions, we've gotten ourselves into a very unstable situation. The boom to bust cycle has returned to Alberta and for good or ill it is something we must learn to live with.

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## FEE PAYMENT DEADLINE

University regulations provide that the last day for payment of the second instalment of fees and for payment of fees for Second Term only registrants is January 15, 1981. A penalty of \$15.00 will be charged on any payment received after that date.

The regulations further state that should payment not be made by February 2nd, registration will be subject to cancellation.

Fees are payable at the Office of the Comptroller, 3rd floor, Administration Building, or by mail addressed to the Fees Division, Office of the Comptroller, The University of Alberta.

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An Involvement Opportunity

## Students' Finance Board

**Required:** 2 students willing to be U of A S.U. nominations to the Students' Finance Board.

The Students' Finance Board is responsible for the administration of the entire student assistance program, the setting of budget guidelines for loans and the implementation of program changes in the student aid program. The SFB meets approx. 8 times a year in full day meetings.

**If YOU are interested...**

Please submit a resume to Nolan Astley, President, Students' Union, Rm. 259, SUB by 4:30 P.M. Wednesday, January 21, 1981. All replies will be held in absolute confidence. For more info contact N. Astley, President, Rm. 259, SUB (432-4236)

## SELECTION

## NEED SOME EXTRA CASH?

The Students' Union requires staff for the General Election on Friday, February 6th. Help us out and earn \$4.00/hour at the same time. For further information, please contact the SU Returning Office (Room 271, SUB) or the Receptionist, SU Executive Offices (Room 259, SUB).

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