

ance the supply-demand equation. Given the long-run physical limitations of conventional energy supply, the development of renewable energy sources is therefore essential and inevitable. Time is the variable.

Existing technology determines the manner in which production takes place. It also places limitations on the growth of the economy. As energy scarcity intensifies, changes in technology are unavoidable. The potential success of these changes and their contribution to overcoming an energy shortfall is unknown.

Canada's most pressing needs are for better information on feedbacks in the economy which involve energy; better market signals to reflect the changing costs of alternatives; and incentives which encourage technological change bearing on energy demand and supply. Easing the substitution of other inputs for energy and reducing the share of energy in total production costs are endeavours which could benefit significantly from new innovations.