ENERGY

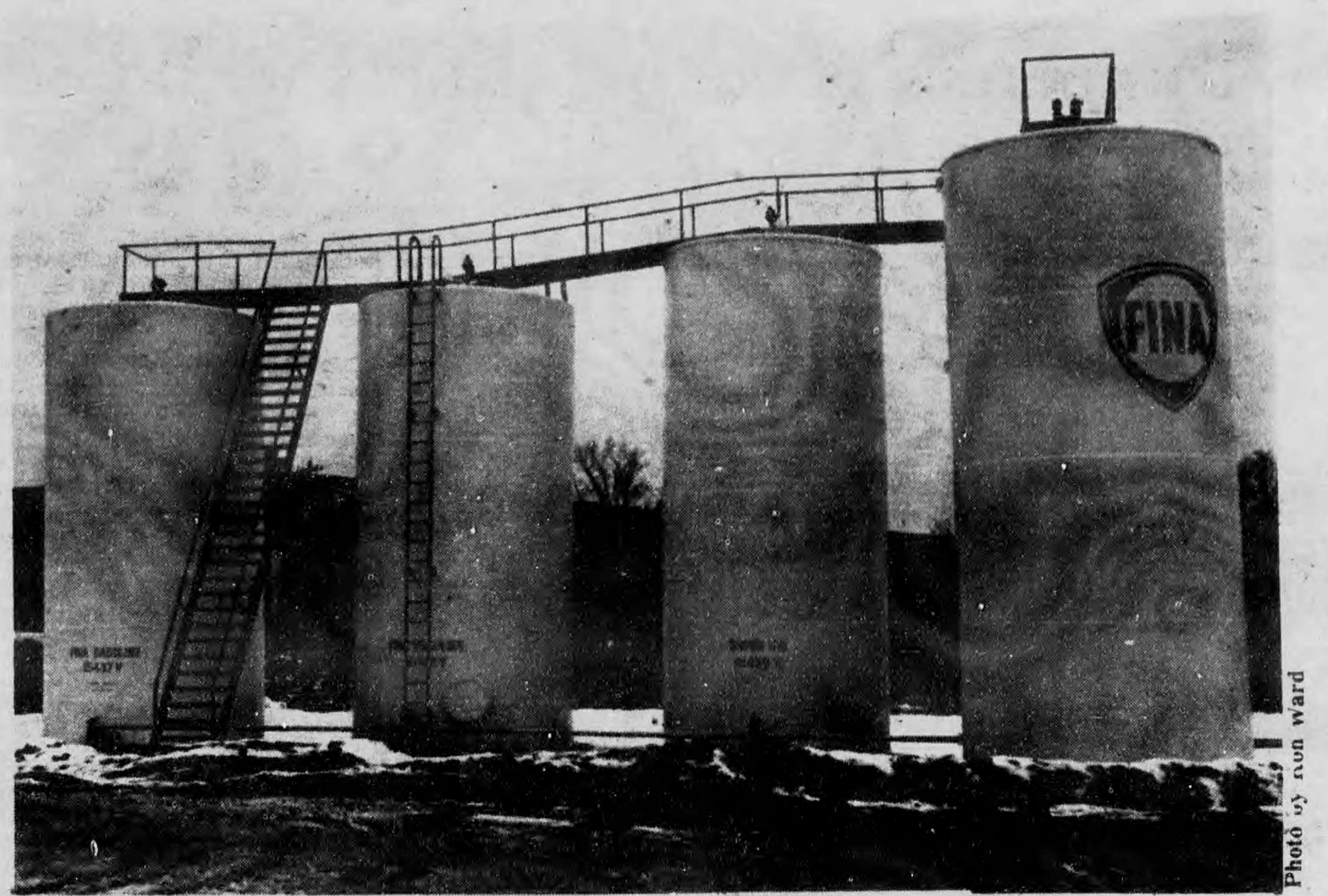

Photo by Ron Ward

..can't replace it

unwillingness to step on anyone else's toes. Suddenly Ottawa took what can only be described as unilateral action on the subject of oil exports, thus effectively destroying whatever fragile understanding there may have been among the four decision-makers.

The move was the imposition of a 40 cent per barrel export tax. The Alberta government was understandably annoyed, but received assurances that they would henceforth be consulted before any decision on energy was taken. There was even some talk in Ottawa that indicated the action was considered too hasty by some MPs. Then on November 1st, without prior consultation with Alberta, Ottawa announced a further increase in the tax, to $1.90 per barrel. The outraged Alberta-Northwest Chamber of Mines, Oils and Resources called for MacDonald's resignation. Further dialogue with Ottawa on the subject of energy was abandoned. The province embarked on a plan to set up an Energy Marketing Board that would buy Alberta's crude oil and resell it to outside buyers.

From here on in, any decision made by Ottawa will undoubtedly raise somebody's ire. The extension of the oil pipeline from Toronto to Montreal, once fiercely opposed by eastern companies in the days when imported crude was plentiful and cheap, now seems to be a classic example of too little, too late. Even now there is some opposition in Quebec to pipeline, since plans for a supertanker port and refinery for foreign crude coming into Montreal may well be hurt by the move.

Alberta's problems with Ottawa over the jurisdiction of natural resources serves as a warning to other provinces. Premier Regan of Nova Scotia is eager to develop the natural gas field off Sable Island, but probably won't be willing to make a commitment until the full extent of Ottawa's interest and jurisdiction in the venture is agreed upon.

Lately Ottawa has been under pressure to set up a National Petroleum Corporation, indicating a general desire to have more public control over supply contracts, rather than dealing through a corporation which is usually foreign-owned. In this respect, a government-to-government deal with Venezuela for a long-term supply contract is being considered by Ottawa. Public investment in the pipeline extension could also be ensured through the participation of Panarctic, a company in which the government has a major interest.

At present, prices of oil and gas in Canada are receiving as much attention as supply. The voluntary price freeze, already broken by Gulf Oil, will be in effect until February 1st, 1975. Canadian domestic crude prices will then be brought in line with international crude prices as reflected in the Montreal markets. It is hoped that this adjustment will make prices across Canada more or less equal, or at least more equal than they are now! Prices in eastern Canada are not expected to change much, but prices in the West may go up by as much as six cents per gallon.

A general confusion about the future oil policies adopted by Canada, and by the US as well, have brought both Trudeau and Nixon to the television screen recently. It was hard for them to reassure the public, yet "tell it like it is" at the same time!

A rather bland Prime Minister Trudeau told Canadians more or less what they were expecting, albeit not wanting, to hear during his television broadcast on November 22nd. We were urged to follow all voluntary conservation measures proposed by the federal government as well as suggestions from our own provincial energy ministers. Mandatory allocations of fuel supplies will be a strong possibility this winter. Trudeau neatly sidestepped the question of price increases by saying they would more closely approximate international prices when the freeze lifts, but not if international prices went soaring unrealistically. What else could he say?

Trudeau's speech was a masterful effort in the art of soothing ruffled feelings. He explained the oil policy of the sixties, which divided Canada into two markets, east and west, in terms of a generous attempt to foster an Albertan oil industry. Thus western Canada was asked to pay more for Alberta crude to support the new industry, while eastern Canada continued to pay low prices for foreign crude. No crisis was anticipated then, but the situation changed quickly. The seventies are bleak — little security of supply, higher prices, more demand. The extension of the oil pipeline, the purchase of over one million barrels of crude on the foreign market for reserve supplies, and intentions to investigate other oil reserves as well as alternate energy sources are only the beginnings of a new policy. The implication in Trudeau's message was — we helped you get started, Alberta, now you co-operate to help us.

According to Trudeau, and despite remarks made by Nixon, Canada is not taking advantage of the US this winter. As much oil as we have left after domestic supplies are ensured will be shipped to our southerly neighbour. The import tax simply keeps our export prices in line with other export prices.

In other words, we all will be paying the price of our past lavish consumption of energy. The era of cheap energy, short but sweet, is over.

There are other prices to pay as well. Environmental concerns will be sacrificed to the demands of developers as they try to find as much oil as they can, as quickly as they can. Playing on the fears of the government during this shortage crisis, they will obtain free license to exploit both land and sea. Extensive land development, especially in the tundra, changes the land irreparably, and thus may alter the climate of whole regions. Pollution of the sea kills phytoplankton and algae, the main source of the oxygen we breathe. Most obvious, perhaps, will be the crowded parks and beaches, as everyone tries to get back to Nature when her foothold on the land is swiftly diminishing. This is the price we pay, gradually, often not realizing it, until one day we look for something that is no longer there. This price will far exceed the more immediate problems we face now — reduced mobility, cooler houses, no more yachts or private planes. Yet one cannot help feeling that, but for lack of planning, this could have been avoided.

Photo by Ron Ward