

more distant prospects such as solar energy, the United States has huge fossil-fuel possibilities in the shape of further conventional oil and gas obtainable by offshore search and from deeper horizons on land, as well as by tertiary recovery methods; oil shales, and close to one-half of the world's coal. Canada has offshore oil and gas possibilities, plus the Arctic potential for conventional petroleum. It also has the tar sands and Alberta heavy crude oil, plus significant coal possibilities. The new situation in world energy markets provides the economic incentive for efforts to develop all of these potential resources, thus giving North America the opportunity to become at least self-sufficient and to cease being a competitor for the energy resources of the eastern hemisphere. From Canada's point of view, it represents the opportunity to convert resources which were only theoretical hitherto into economic assets which can be developed and marketed to the advantage of Canada's national income future.

Bilateral agreements

Developing new energy resources on an adequate scale will take time. The reasonable expectation is that they will be phased in over several decades, with conventional petroleum being gradually phased out as supplies are depleted throughout the world. Both consumers and the producing countries will in the interval have important interests in the costs and availability of crude oil in international markets.

It is often assumed that the overlapping and conflicting interests involved can best be dealt with through group cooperation and negotiation between consumers and the producing countries. Judging by actions in 1973 and the very early weeks of 1974 and by the apparent attitudes of Japan and many of the countries of Western Europe, such a cooperative approach may be hard to achieve. One cannot be sure, however, that such an outcome will in the end be particularly disastrous. A variety of bilateral agreements with individual producing countries may in the end be as satisfactory a route to identifying and meeting the needs of both sides.

Certainly, it is clear that the producing countries in most cases will be well-advised in their own interests to control the growth of their production and to prolong the life of their reserves. Certainly, those of them for whom oil and gas are a major but finite source of income must be concerned with how best to translate the proceeds from it into a solid economic base for continuing future incomes and employment for their peoples. This cannot be accomplished as quickly as oil revenues will mount at today's prices even without substantial further increases in production. The interests of the consuming countries may also be served by such restraint on expansion of production. Certainly, it will ensure continued stimulus to the necessary development of alternate sources of long-run energy supply.

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Reviving the Third Option

by Allan Gotlieb and Jeremy Kinsman

Canadian foreign policy is determined by a view of the world shaped by national interests. There is strong emphasis on the need to find solutions for the great, global problems of the North-South dialogue and the growing tension between East and West. But the greatest foreign policy challenge is the relationship with the United States. It always has been.

The United States is the only country where the importance of the relationship is imposed on us. We do not have to work to promote the content of the relations. The interaction between the two countries is vast and complex. The management of border questions alone is sufficient to make relations with the United States a priority with any sovereign Canadian government.

The mere mention of three current border issues is enough to demonstrate the truth of this statement — fish,

the environment, communications. Each of these raise complex questions that defy easy solution.

□ Whose fishermen will catch what, where and when? Canada has argued for the joint management of this vital resource. That call has been resisted by East Coast fishermen in the United States. They would prefer to take a risk with the future. Canadian fishermen cannot afford to take that risk.

□ Environmental issues are becoming critical. Acid rain is the subject of current headlines, but the range of difficulties is as wide as the border itself. A roster of geographical place names is enough to call serious environmental problems to mind — Garrison, Eastport, Juan de Fuca, the Great Lakes.

□ Communications problems multiply with the growth of technology. Where is the border for air waves? Who owns the content of broadcast material? What controls are needed?

There is a host of such issues of direct day-to-day impact on the Canadian public. Many of them, such as the three mentioned above, are irritants to the relationship. The careful and continuous management they require pres-

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