

Mr. E. C. Manning

Interview #22

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LS: Mr. Manning, before returning to some of the historical legislation and questions and issues, I'd like to start this morning's discussion talking about some current events because they're very exciting and very disturbing. That is, the whole question of the latest federal budget and its implications for Alberta's gas and oil development, and production.

And the second area that seems to be coming to the fore (at least in the newspapers), the whole question of Western Separatism. My question is, Is that in your opinion a media hype, or is there a real movement there?

I'd like your comments on that general area of the current constitutional issues.

ECM: There have been two major developments in Ottawa that have profoundly affected the country as a whole, and particularly this part of Canada. One is the proposal for patriating and amending the Constitution unilaterally, and the other is the Budget, particularly the aspects of the Budget that deal with energy.

On the first one, the aspect of the proposed constitutional amendment that has engendered opposition and controversy across the country is the decision of the Federal Government to move unilaterally, without the concurrence of the provincial governments.

At the ill-fated federal-provincial conference where this matter was discussed, it was significant that none of the provinces favoured unilateral action. Eight or nine of them were very strongly opposed to any action of that kind on the part of the national government without the concurrence of the provinces. Ontario backed away from that position to the extent that they are endorsing the package that has been proposed by the Prime Minister.

There are two main grounds on which the national controversy has arisen. One, as I have said, is the fact of acting unilaterally. And secondly, in the so-called package the Prime Minister is proposing to ask the British Parliament not merely to patriate the Constitution but to make several very vital amendments in the Constitution. The fact that it is doubtful whether any of these amendments could be obtained in Canada were the action being taken in this country, naturally incenses a lot of people. In effect, he is going to the government of another country and asking them to make amendments in Canada's constitution which would not be endorsed by the Canadian people were it done in this country.

The Federal Government will argue that Parliament will endorse it, and therefore it would be endorsed by the people of the country. But one thing that has to be remembered in that regard today is that the present Federal Government cannot be called a national government in the true sense. Out of its representation, the vast majority (something over 80% of its members) come from the two provinces of Ontario and Quebec. It has no representation west of Ontario, with the exception of one member.

As far as representation is concerned, what you have today is a national party that has really become a regional party as far as representation in the House of Commons is concerned, purporting to speak on a vital issue such as the Constitution for all the people of Canada, when vast regions of Canada are not represented in that government at all.

It's just a quirk of population distribution that with all these members from Ontario and Quebec they still enjoy a majority in the House of Commons, but they certainly do not represent the nation from a total standpoint. They are a very regional party.

So, while they can force this legislation through Parliament because they have a numerical majority, this doesn't get around the fact that the vast areas of Canada which are opposed to this thing feel that they are having it railroaded past them by virtue of this imbalance of population, which gives them a majority even though their members come just from Ontario and Quebec, and most of them from Quebec - from one province.

That's one of the first reasons for the animosity towards the unilateral action.

When it comes to the amendments, without going into a lot of detail, they are controversial. One is the strong determination of the Prime Minister to entrench a Charter of Rights. This gives rise to a very fundamental issue, and admittedly there is strong argument on both sides.

The argument for entrenchment is that that puts these rights beyond the control of legislatures or Parliament, in other words Parliament can't pass an act that would override a right which is entrenched in the Constitution. The entrenchment of rights is used in the United States, for example. Their rights are entrenched in their Constitution. Incidentally, it's also used in the Soviet Union - they have one of the most beautiful constitutions in the world, on paper. I mention that only because the fact that you entrench rights does not in itself protect the people when it comes down to the final crunch. To me, the argument that entrenchment is the one sure way of ensuring rights is not borne out in fact.

There is no disagreement in Canada on the importance of human rights. The country as a whole has a national Bill of Rights. Most of the provinces have Bills of Rights. The opposition to the concept of rights is practically nill. The whole debate is whether the preservation and protection of those rights should be in the Constitution with the alleged violations being settled in the Courts, or whether they should be in the legislation of Parliament and the Provinces where representations with respect to their effectiveness or otherwise are made to the elected representatives of the people, and changes are brought about by Parliament or Legislature.

Thus far in Canada, for over 100 years, we have protected our rights by Acts of Parliament. Great Britain, which is probably the classic example, doesn't have a Charter of Rights. They don't even have a Constitution. Where there is any challenge to rights, if it's necessary for the Parliament to move, it moves by Statute.

My own belief is that in a country such as Canada where there is a sparse population, where interests and circumstances differ very widely, the greater flexibility of leaving this to the responsibility of Parliament and the legislatures is an advantage.

In the last 20 years especially, there has been a tremendous change in the whole concept of rights. People call things rights today that 20 years ago would have been laughed at as "rights". For example, if a man hasn't work in his own community, and there's work for him in another area 500 miles away, he says, "I have a right to refuse to go there. My right is to have a job here where my home is and my family is." These things get to be ridiculous after a while. Today, if anybody wants to do something, and has some difficulty doing it, they end up by saying, "It's my right." And they want somebody to ensure that they can do it, whether it's sensible or stupid, or whatever. Everything's a right.

I mention that only to illustrate that we're undergoing quite an evolution in the whole concept of rights. And it may well be that with some of the things we talk about as rights today, people 10 years from now will feel, "Those should not be classed as an official right at all." You do find in these areas of rights that to establish one right you often take away another right. It gets to be, "Which one should have priority?"

One of the illustrations I've often used in this regard (and it's perhaps an oversimplification) is in the field of labour laws. The right of workmen to organize and to have closed shops where all employees are forced to join a union to work in that shop, is alleged by organized labour to be a fundamental right. They'll fight for it to the last ditch. On the other hand, we have to recognize that when you force that, the minority in that shop who don't want to belong to the union are forced by the implementation of that so-called "right" to join a union which they do not want to join, for any one of a score of reasons. So we're taking away their right as individuals to join or not to join, by giving this entrenched right to a union.

It may well be that ten years from now society may decide that the

preservation of the individual's right to say whether he will or will not join any organization is more important and fundamental than giving the majority in a shop the right to force the minority to join. This is illustrative of the type of thing I'm talking about.

Now, if these things are dealt with by legislation, they can be dealt with in the changed circumstances. If you etch them in stone in the Constitution, then you've got to change the Constitution, and from our experience in Canada, changing constitutions is a long, laboursome, almost impossible process. I don't like the rigidity that comes from entrenchment.

However, a more fundamental objection that I see in this is that when you entrench a Charter in the Constitution, anybody that feels they have any grounds on which to allege that their rights have been violated can go to Court. And the Court makes the decision. This of course is what's happening in the United States. There is reference after reference after reference. And ultimately the Courts end up almost as legislators. They interpret what the Constitution means, just as today in our country they interpret what the law means. But when they're interpreting what the statutes means (which is the normal process) if their interpretation is not what Parliament - or at least the present-day parliamentarians - meant, then Parliament simply changes the law to more clearly express the intent of Parliament. And the Courts go along accordingly.

But if you entrench these things, the interpretations become legal decisions by a Court that can no longer be challenged; the Court is the last point of appeal. The only change then would be by getting the Constitution changed, and from a practical standpoint that's wholly unrealistic.

So there are some very valid reasons for being concerned about entrenching rights. However, this is one of the things that the Prime Minister is asking the British Parliament to do before they send the Constitution back to Canada.

Another amendment he is asking for is to entrench in the Constitution the principle of "equalization" of revenues between Provinces. This grows out of the fact that for years we've had a national program of equalization under which if the revenues in certain provinces fall below the national average from certain fields of taxation, then there are grants from the Federal Treasury (equalization grants) to bring their revenue up to the average. As it works out today, the equalization grants are paid to all the Provinces except Ontario, Alberta, and British Columbia. Their revenue have for years exceeded this average, so they are the ones that contribute the revenue that goes to assist the others.

Now, the principle of equalization has been accepted by all the provincial governments and the federal government in this country for years, and it has been practiced. But now they're talking about entrenching this in the Constitution. The concern on the part of the provincial governments, as I understand it, is that they're not certain what the interpretation of "equalization" by a Court may be, if you put it in the Constitution.

If it simply means continuing the formula under which this distribution of revenues takes place as it has for years, there's no objection or opposition. But there is a fear on the part of some of the Provinces (including Alberta) that the federal government could move in on revenues from, say, resource development, putting heavy taxes on that resource development, on the grounds that these revenues are necessary to enable the federal government to discharge its constitutional responsibility under this entrenched right of equalization. That's the kind of thing that gives rise to the concern.

There are other proposed amendments. There's an amending formula proposed, and so on. But those are some of the reasons why there's great concern on the part of many people and organizations, and at least seven of the ten provincial governments are opposed to this entrenchment of rights, and making these amendments in that way.

On the second matter, the Budget, there you have combined with the Budget what Ottawa calls its National Energy Program. To me it's a travesty to

even refer to it as a National Energy Program.

This country along with others has had eight years since the first Arab boycott of oil to get an energy policy in place, and we have nothing in this country that remotely approaches a meaningful energy policy. In my opinion, our number one concern years ago when this trend became obvious, should have been to make this country energy self-sufficient. We are one of the few countries in the world where that is possible.

The sad fact is we're no nearer, in fact we're further away from energy self-sufficiency today than we were seven years ago when this hassle started. And after waiting seven years for a national energy program that would address that fundamental need from the country's standpoint, the program they've come out with now works completely in the opposite direction. It is negative almost entirely, as far as stimulating energy exploration and development.

My own belief is that unless they make some changes in this, any hope of Canada becoming energy self-sufficient in the foreseeable future has gone down the drain with these budget proposals.

LS: Could we just enlarge upon that. When you say it's "gone the other way" - what are some of the specifics that have discouraged development?

ECM: There are three main ones. One is the position of the federal government on the matter of oil and gas pricing, particularly oil pricing. As you know, we are still selling our oil in Canada at \$16.75 a barrel as against a world price of \$36 a barrel. Oil companies and drilling companies go down to the United States, and every barrel of oil they find they can sell for the world price. In fact, they're moving entirely in the opposite direction, to deregulate prices and deregulate almost everything connected with the oil industry.

So an oil company that's operating in Western Canada and allocating their capital for development looks at the United States and says, "Every barrel of oil we produce there, we sell for \$34-38 a barrel. If we produce the

same barrel of oil in Alberta, we sell it for \$16.75." It isn't hard to see from that which region the company is going to allocate its development capital to. And since this Federal Budget has come out, there have already been hundreds of millions of dollars of development capital on the part of the international companies, which would have been allocated to development to Canada, simply diverted to other areas - primarily the United States because certainly under the new Reagan Government they are going to move very rapidly to enticing oil companies to come there.

The oil price is one thing. Now it's true this Budget provides for an escalation of oil price over a period of years, but it's a rather slow escalation, and there's going to be a long period of time when developers in other countries can get far higher prices for their oil than developers in Canada. The natural result is going to be reduction in development in Canada and the diversion of capital to those other areas.

On top of the oil pricing thing, the federal government has imposed some significant new taxes and levies on production. One is a well-head levy, and this is very disturbing to the oil companies because it is imposed on the production at the well. Whether the company's losing money, making money, making too much money, or going bankrupt, makes no difference. They pay "x" amount per barrel at the well-head. It has no relationship to their profits or lack of profits. That type of thing, in any industry, is detrimental. Industry doesn't mind paying taxes if they have a profit, but to pay an additional tax when you may be in a position where you're losing ---. Now I don't say many oil companies are losing money today, and in that sense it's not that serious, but the principle is there, that you're taxing even before the costs of production come out of the income. Government takes a cut right off the top.

On top of that, they're imposing an export tax on gas when it leaves the country. This again is misleading. The gas which we're exporting (all of which goes to the United States - it's the only export market we have) is under agreement with the U.S. purchasers at firm prices. There may be provisions for escalation, but they're contracts. So there's no way that this tax can be passed on to the ultimate consumer, at least for a 90-day

period. They have to give a 90-day notice to change the price at the border. And that's why, when they implemented this thing in November, they did not make it apply to export gas because they couldn't do it for 90 days. The gas going out is under a fixed price, under contract.

However, while they could change it in 90 days (and I suppose down the road they'll try to change it, and pass on some of this on to the American purchasers) from the industry's standpoint (and it should be from Canada's standpoint) there's another big concern. We have already gotten the gas prices at the border up so high that American resistance to buying Canadian gas is now getting very stiff. It's becoming more economic now, for example, for them to generate electric energy from coal than it is to buy Canadian gas which would be their preference.

So the price level itself, in comparison to alternative fuels in the States, is such that there's a very definite limit to how much more you can add to that American price. The producers in Canada know this, and so if they impose the tax it's got to come out of the income of the producer. He has to absorb it, or he can't sell his gas. Or alternatively, the provincial government has to lower its revenue from gas in order to make it possible to sell gas in the American market.

So you can easily see that the effect of all these things is very negative as far as the industry is concerned, and it's drawing very severe criticism and concern of course from the Government of Alberta and to some extent Saskatchewan and British Columbia because they're faced with the same situation only on a smaller scale.

Just incidentally, while we're talking about this. Just this morning I heard an interview on the air with an analyst on a financial paper in New York. They have a division heavily involved in energy development. And the questions were regarding what was happening in the United States, and what was going to be the relationship between what was happening in Canada and what was being proposed by the Reagan Government in the States.

This chap from New York said, The conclusion here is that this is going to be very beneficial to the United States. The Reagan Government is going all out for increased production of oil and gas to get as close as they can to energy self-sufficiency. And two problems that they face are (1) attracting the huge amounts of investment capital which is needed and (2) [and this is one that's not so often thought of] the great difficulty today of getting the technical people that are needful for the rapidly expanding oil and gas industry - petroleum engineers, specialists at refining and producing - and the feeling there ever since the Canadian Budget came out is that Canada is now a very opportune field from which to draw both capital and skilled personnel. They are anticipating not only a significant flow of capital which would have gone into development in Canada, but also that they can attract a large number of technical specialists who are disgruntled with what this is doing to the future of the industry here, and who will naturally be attracted by the bouyancy that this program in the States is going to give to the petroleum industry there.

So we're losing in a lot of ways, and we're going to lose more. In my judgment, this energy policy part of the Budget is almost inconceivable. It's impractical, it's completely detrimental to Canada's interests from the standpoint of remotely approaching energy self-sufficiency. And where this comes back on the Canadian people (and unfortunately you can't get people to look ahead five years - they're far more concerned with "What do I pay at the gas pump when I fill up my tank this morning") is in two results. In the long run these are going to be very detrimental to the rank and file of Canadian citizens. By destroying any chance of approaching energy self-sufficiency in Canada, we guarantee that we're going to continue to buy high-cost imported oil in ever-increasing volumes. In five years, the projections are that oil will be at least \$50 a barrel - that's conservative, it may be more than that. Even the federal government's budget projections anticipate it will go higher than that.

Our balance of payments problem will be staggering - it's staggering now, and when you start bringing in 500,000 barrels per day of \$50/barrel oil, you're talking about a balance of payments problem that there's no hope of

offsetting by exports, no matter how much our exports increase. The effect of that is of course to completely undermine the value of our currency, and that in turn affects every consumer when they go to the store. So many of our consumer goods are imported, and we're going to see a dollar that may well be 80¢ or less by that time. All of which reflects in the price to the consumer, and hits his cost of living very, very severely.

Secondly, if we do not proceed with significant development of our own energy resources (which I don't think will be possible under this program) and we're forced to import oil at these fantastically high costs, I'm almost certain we'll get to the place where we just can't afford to do it. That will lead to rationing of energy in Canada--there'll be no other way of doing it--and of course much higher prices.

These are the things which Canadians do not think about because they're five years down the road. If they could only see what the ultimate outcome of holding production prices at unrealistic levels would be, it would be far more to their advantage financially as consumers to get the industry producing every bit of energy you can produce in Canada. Energy self-sufficiency, in my mind, should be the number one objective of a national energy policy.

The main objectives of the government program are not energy self-sufficiency, but what they call "Canadianization" of the industry, and higher revenues to the federal government. Now I haven't so far mentioned "Canadianization". This is another thing which is going to have a very negative effect on the development of energy resources in Canada. They are proposing that by 1990 over 50% of the petroleum industry should be Canadian owned. I don't think anybody would quarrel with that. We'd all like to see a vital industry of that kind owned by Canadians. And we are unique among most industrial nations in the amount of our energy industries that are foreign owned and controlled. So nobody would quarrel with that objective. But what is so regrettable in the federal government's program, to my mind, is the way they're going at this.

They're saying that they want these companies bought out within that period of time. And PetroCanada, the Canadian publicly-owned company, is going to be given a 25% shot in all these areas. In the first place, that scares the petroleum companies very seriously. They call it "Canadianization", but what it is is nationalization.

If this was a program to encourage Canadian investors and Canadian people to buy up the stock in these foreign companies, I think it would get a tremendous reception; I think it could be done. All the government would need to do is put a brake on new foreign ownership of the petroleum industry in the country, and design their development regulations so that they are more advantageous if the company in Canada is owned by Canadians than if it's owned by foreigners. Over a period of time, you would see foreign owners disposing of their stock, because it would no longer be as attractive as others, and you'd find Canadian investors buying it because it was a preferred stock from the standpoint of the returns it would produce.

If that method was adopted, I think in ten years' time we could have more than half our petroleum industry Canadian-owned without getting into nationalization. It would be bought by private investors, the same as the stock in the foreign companies that are here now.

I happened to be in the States when this Budget came out, and I stayed a few days after just to talk to people about this. And of course their impression is that this is just a thinly-veiled, thinly-disguised intention to nationalize the petroleum industry in Canada. That ultimately PetroCanada is going to be the dominant oil company in Canada.

They interpret these other actions as things which will have a negative effect on the oil companies in the country, and thereby decrease the value of their equity, so that PetroCanada can walk in and pick them up at a fire-sale price. You hear comments like, "Well, it's the petroleum industry today, but if that's the policy of the Canadian government, how do we know tomorrow it won't be a manufacturing industry?"

LS: Do you feel that's a legitimate concern?

ECM: I think there's a very definite danger that way, with the attitude of the bureaucrats in Ottawa today. They're socialistically oriented from top to bottom. And while the Government of course would deny this, all you have to do is put the stakes down back to ten years. Every year we're more socialized than we were the year before. And it's not uncommon in Ottawa, among the bureaucrats, when you talk this way, to say, "Well, if these so-and-so foreign companies don't want to develop, let them go. We'll do it ourselves. We've got PetroCanada." This is the attitude.

And of course the NDP crowd, all the socialist crowd, are cheering for PetroCanada to own everything.

LS: Do you think the attitude in Ottawa is, "Let the rest of the world develop their oil today, and we'll reserve ours, and even get more for it later"? Is that part of the rationale?

ECM: That may be a factor in the minds of some of them. As I say, I'm not advocating that Canada should produce oil in excess of Canadian consumption. But I think we are utterly stupid as a nation, when we have the potential to develop enough energy for our own use, to go on buying foreign oil at \$35-50 a barrel and maybe worse in the future. And that's the end that I want to see stopped.

If Canada's oil is reserved or developed in the future, fine. But if it's done in a way that at the same time we're importing half a million barrels of \$50/barrel oil every day, I don't think we've done a very good job in our planning. I think our timetable is pretty terrible.

LS: Just to clearly understand why the Federal Government feels this is the way to go right now. As you've mentioned, one thing is the consumer idea--they are concerned about the prices today at the gas pump; they don't have the long-range view. So politically it's important that the Federal Government take that kind of action to insure that today. But what, in your opinion,

are the other reasons for the action? How can supposedly intelligent people put in these policies with these kinds of ramifications?

ECM: I honestly don't know. I can truthfully say, as far as this energy package in the current budget is concerned, I have tried and tried to get at the rationale - to see why they decided to do this. I can't come up with any intelligent answer to that at all.

In the first place, as you know, they have been running a very expensive advertising campaign across the country, telling Canada we haven't an energy problem, that Canada has more energy and is a net exporter (which is true today, when you take in natural gas). But it's such a terribly misleading thing. Oil, which is the costly one, is already being imported to the tune of 250,000-300,000 barrels a day, and it's going on up from there. So while you could say, theoretically, we get enough for our export gas to pay for this oil for the time being, with depleting energy resources that's a situation that's going to peter out.

As I say, I really don't understand it at all. They don't seem to think that there's a serious energy crisis. I think they're terribly shortsighted in their assessment of it. They are definitely nationalistic. Ottawa - not only the elected people in the Government (Trudeau has always been socialistic and nationalistic), but the bureaucracy that they've built up there in the years since he's been the head of the Government - is oriented that way. And they have no concern about the negative effect of these programs on the private sector. Their answer is always the same: "Let them go if they don't like it. We've got PetroCanada, we're going to increase the scope of it." And as you know, they're now in the refining end of it, and the marketing end, and they're moving toward a state oil company. That's what they want.

To me, it's terribly shortsighted and detrimental to Canada's interests, but that is the position of the Federal Government.

LS: We asked whether there is any rational reason for this. What about any irrational reasons? Is there an undercurrent of feelings towards the West

- not only the private sector, but this part of the country? I want to talk about what we're reading and hearing now, Western Separation. Is the Federal Government irrationally saying, "We'll show you people out there."

ECM: No, I don't think that's true, to be fair to the Federal Government. One factor we haven't referred to is that the Federal Government already is absolutely desperate for revenue. This undoubtedly is the biggest rationale behind the higher taxes and levies. They are running a deficit this year of over \$14 billion, last year was over \$12 billion, and the projections in their own budget talk about the same thing for the next number of years. This is staggering for a nation of 23 million people. The United States is having a fit because they have a \$60 billion deficit, which population-wise is the equivalent of about \$6 billion in Canada. We have a \$14 billion deficit, and no hope of it getting better. So they're desperate for revenue.

And they look at the petroleum industry, and see Alberta getting a lot of revenue from the development of natural resources, and they say, "We should have that." They're looking for sources of revenue, and there aren't many left. I heard in Ottawa (and I can't vouch for the accuracy of this) that the federal people called in a group of the oil industry shortly after this budget came out, to discuss some of these things, and they put it very frankly: "The oil industry's making a lot of money; we're desperately in need of revenue, and that's the place to get it."

But I don't think it's correct to say this is a scheme hatched up behind the door in the dark of night to penalize the West. I don't think there's any sympathy for the West - they don't care too much who it's hurting out here - but I don't think it's deliberate in that respect.

LS: A number of companies have announced, as you mentioned earlier, that they are not putting development money into Canada. They're putting it somewhere else. So you now see the Federal Government coming in and saying, "We'll put out so much money " to help keep a corps of engineers and specialists, working. The Federal Government has said they hope Alberta will put up money too. That seems like a confusing move.

ECM: That particular instance is the Cold Lake heavy oil plant - Imperial Oil is the company involved there. This plant is to extract heavy oil by an in situ process, which is the injection of steam into the heavy oil to heat it up so it will flow, and then pump it out. This is an exciting project; it's the first of its kind in the world, which is of great interest to any people involved in the technology of the thing.

The company has worked on this for years, in the last year and a half especially, anticipating that they would be starting construction in 1980. They're already a year behind. They have built up a team of very highly specialized technical people in this new technology. When the Alberta Provincial Government and Ottawa couldn't agree on an oil pricing program, the Provincial Government refused to issue the permit for the construction of the plant. That's the technical reason why it's held up now. Ottawa has said that they are prepared to agree to a higher price for oil produced from the heavy oil plant (they've talked \$38/barrel with an escalation clause), but the Provincial Government has taken the position that they won't split this project out from the total energy pricing package. So they're refusing to issue a permit.

Recently, the Imperial Oil Company said, "We can't go on." They have spent something like \$120 million in preliminary work. They have two pilot plants operating in the Cold Lake area now, and a third one that goes into production next year, or this winter. But they've reached the place where they've spent \$120 million and they just can't go on paying out \$7 million a month on the preliminary work, with no assurance that they'll be permitted to go ahead with the project at all. They finally said, "We have to call a halt."

They went to the Federal Government and told them this: "We've put together this sophisticated team of experts from all over the world. It would be a terrible loss if they break up and go all over. It would take year to get them back together again. But we've reached the end of our rope; we can't go on doing this. But if you want to put up \$40 million that'll pay for another six months, and perhaps Alberta would pay half of it."

The Federal Government didn't agree to give them the money, but they said they would loan them the \$40 million, and they hoped Alberta would loan half of it. Well, Alberta said, "No way."

I don't know whether this is an appropriate place to do a little speculating, but I was puzzled by the way this was done. Lalonde, the Federal Minister, made a public statement that while they were prepared to advance this \$40 million, and they felt it was vital that the project not be dropped, and they certainly hoped and felt it was reasonable that Alberta would put up half of it. But at the same time, before Alberta was approached on this, he said, "But if Alberta won't, we'll put up the whole thing." Well, of course, that was a wide-open invitation for Alberta to say, "No". Which makes me, being a suspicious individual, think that Lalonde was not unhappy about Alberta saying no.

Again, I've heard it said (and there may be no substance to it) that the Federal people are not averse to pumping some public money into this in the way of a loan, so later on (if Alberta still doesn't issue the permit) Ottawa can say, "We have \$40 million of the public's money in this, that we have to protect. So we have to do certain things in the national interest." And they can do this under their overriding Federal powers - maybe even authorize the production without the Alberta permit. I don't know, but that is being said. And I'm a little suspicious, having regard to the manner in which the Federal Government agreed to the \$40 million loan before Alberta even had a chance to say no.

LS: One final question for the time being, on the nature of the Western Separatists. In your opinion, is it a major movement, or do you think there's fear that it can become one? And what is the nature of it? What are people objecting to? We've talked about some of the concerns, but I don't think the man on the street necessarily understands or appreciates the complexity of them. In your opinion, how grave is the danger of Western Separatism?

ECM: I think the present situation in that regard is serious, very serious. Certainly at this stage the great majority of the people of Western Canada

would oppose separation. But what is frightening is that what for many years was a little fringe of people often regarded as rather erratic and not too well informed that have talked about separation (it was more a joke than anything else), is now long past that stage.

One of the very significant things about the many meetings that are taking place around Alberta today on this issue is, first, the number of people that are attracted. Here in our own city they had 2,500 out to a meeting of this kind. You don't get 2,500 people out for many meetings unless it is something that has a lot of public interest. And almost without exception, these meetings are being packed out. I heard of a luncheon in Calgary where the seating was limited to 700 and they turned away 300 on top of that. So that in itself tells you something - there's a great public interest in this issue.

But second, and maybe even more significant, is the type of person becoming involved in this. Western alienation is not a new thing, of course. We've had many grievances against the central part of Canada for years and year - feelings over excessive freight rates, the impact of tariffs protecting Eastern industry to the detriment of the West - these are old, old grievances. They've rankled, but they didn't excite the interest of many people.

Today, you've got a tremendous upsurge in the number of people getting involved in this type of thing, and the calibre has changed completely. I've never been to one; I'm completely opposed to the idea of Separatism, but I know a great many people who have. They are businessmen, lawyers; these are not irresponsible erratics, they're sane, sensible people who are making policy decisions in business involving very important decision, a lot of money, and so forth.

To me, that is very significant. This is not just a "lunatic fringe" that has become excited. It's a cold, calculated, deep concern and deep resentment on the part of business and professional people. Many of them in this Province are connected with the energy industry, because they have been the hardest hit by what's happened.

What has given the tremendous up-surge to it is, one, the very strong resentment at the decision of the Prime Minister to move unilaterally on the constitution. That is violently opposed in Western Canada. There was the feeling that their voice was given no consideration at all; "we've made up our minds what we're going to do, and if you don't like it, you can lump it". And second, of course, the energy thing which is particularly detrimental to Alberta. This is going to cost the people of Alberta millions of dollars in revenue because they are now being siphoned off to the Federal Treasury.

The people I've talked to, among the business people, say, "We've always been opposed to the idea of separatism, but what's happened in the last few months in Ottawa has convinced us that our concerns, our viewpoints, get absolutely no attention at all. It's not that we want to separate. But we've no choice; we're either going to be vassals to Central Canada and their majority in the Federal Parliament where all the policy decisions are made, or else we're going to have to go it on our own." I don't agree with that, but that's what's being said by some very responsible people.

LS: There are various factions within the movement at the present time. Do you think it can coalesce into a party that will run candidates? Do you think they could be selected in electing people on that platform? Is that enough of a platform?

ECM: It's very hard to answer that. The gravest danger in the whole situation, as I see it, is that if somebody came along - an orator with a personality that inspired confidence and with leadership qualities - there's no doubt in my mind that you could organize a party in the four western provinces today and in a relatively short space of time could have a majority in the legislatures of this region. Some of the ones that are in this thing today will not attract many because they are not leadership calibre, but the danger is there. The fuel is there. It's a wide-open invitation to anybody that wanted to exploit it for political purposes. I think it's a desperately serious situation.

Figures can be very misleading in this, but there have been almost a

constant series of public opinion polls taken on this thing, and what is disturbing is that in the last 18 months the people that are prepared to publicly say they favour the West separating has jumped from about 3% (which was the old hard core that were angry at the East) to about 23%.

Now, I remember when they used to laugh at Rene Levesque's people, running in elections and always defeated. But what they seemed to ignore was they started out with about 5%, then they got 15%, then they got about 23%, and still weren't electing anybody. But then the next time around they ended up with 53% the other way!

So it snowballs. It feeds on itself. So it's dangerous. I hope it can be dampened down. I hope that much of what we're hearing right now is just the first flush of anger, and that cooler heads may prevail. But it is dangerous.

LS: Just to finish off, in saying "cooler heads" - in fact, it's very hard-nosed, cooler-headed decision makers and influence leaders, who you are saying are part of it.

ECM: That's what makes it so serious. The men who are supporting this today are men in whom a great many others have a lot of confidence. They're successful businessmen, professional men. I've heard, and I imagine you've heard, people who say, "I can't imagine separating, but if so-and-so is backing it, there must be some valid reason for it." This is a common expression that you hear today.

LS: I'd like now to return to a historical issue. We're talking about 1949, in particular certain conditions in the late Forties and early Fifties which must have had an impact on the setting of policy about natural gas. The things I'm referring to are the concerns about wasting natural gas (which were noted over the years), the question of provincial resource jurisdiction, and the pressures to insure that Alberta would have sufficient gas for its own consumption.

Apparently there was some suggestion at the time that your Government in fact did not have a gas policy - either about natural gas or gas for export. I wonder if you could address that to start with.

ECM: The period you refer to is the time when the volume of gas being found in the Province and already established as proven reserves was getting quite significant. In the earlier period, the volumes were not there. Export, for example, is not a matter that becomes a factor unless the volumes are very large. You have to talk trillions of cubic feet when you discuss exports.

But as the volumes increased and the potential looked so promising, there were an increasing number of groups that were putting together various projects, mainly for export. There was also interest in getting Western gas to Eastern Canada, which ended up ultimately with the TransCanada Pipeline. And it was getting to the place where feelers were being put out to the Provincial Government on what our position would be if an application was made for a large export.

LS: Were these coming from private sources?

ECM: From companies, yes. The export ones were mainly American companies. What they usually did was get a group of Canadian businessmen to go in with them so they'd have a Canadian arm, but they were American interests.

At the same time, there was concern about the wastage of gas. As far as the Government was concerned, we had been concerned about this at a much earlier time than that. As we said in our earlier talks, the closing down of the naphtha wells in Turner Valley way back in 1936 was done out of concern for the wastage of gas. The Government's position was definitely committed to conservation. We'd always said, "We haven't any gas or oil to waste. We're not going to waste it if we can avoid it."

What actually happened in the gas industry was that when you got fields, particularly wells producing both oil and gas (and there were lots of them in that category), until you get enough wells in a block, the volume will

not warrant the cost of a pipeline if you have to pipe it a long way. So until you get to that stage, there's nothing you can do, if you're going to produce the well at all, but to flare the gas. An increased number of these around the Province was starting to create more public concern.

It was a different thing when all this happened in Turner Valley, even though in Turner Valley there was more gas wasted than in all these little ones put together, but it became more visible as you saw dozens of them around the Province. And most of these were oil-well fields, but with the oil there was gas. The well was producing oil, but you had to screen the gas out. As I say, the volumes were relatively small because the gas that comes out with the oil is not a large volume. Until there were a significant number of wells, there was no economically viable way of tying that gas into a market. So you either had to refuse to let them produce the oil, shut the whole works in, or else let them produce it and flare the gas. There was nothing else to do.

So by that period of time this was building up to being a significant factor. The Government developed a couple of additional things in our program at that stage which were significant.

One was the matter of a decision on what we were going to do to protect the long-range interests of the people of Alberta. Some of this didn't get in place until later than the time we're talking about, but this was where it started. We finally, after a lot of studies with the Conservation Board and discussions with a lot of people who were knowledgeable in the whole field of the gas industry, decided that the best thing to do was to take what we called a "revolving cushion" of gas for Alberta. We finally settled on 30 years. We would not export gas from the Province until we had an established reserve adequate to meet Alberta's requirements for the next 30 years. And we had the Board do projections on what Alberta's consumption for the next 30 years would be.

Now admittedly, when you're trying to guess 30 years ahead it's not too accurate, but all you can do is take the trends and allow for all the factors that are there. We said, "That volume of gas must always be

reserved for Alberta." We called it a revolving reserve because we let that gas from the original computations be drained off as new fields were discovered and added to it. So you had new gas coming in at one end of the reserve picture, and the older discovered gas going out at the other. But it was all over a 30-year period.

Generally speaking, that was regarded by the public as being pretty reasonable, I think. It was opposed by a few newspapers that took the position that we shouldn't export any gas. And by the socialist crowd because they have always been very nationalistic on resources. And the NDP (CCF in those days), while they never had more than 3 members in the Legislature, were very vocal. Their position was, "No export. Keep it for Canada in the future."

So there was quite a bit of controversy over that, but generally speaking the 30-year revolving policy was well accepted.

The other thing I should mention is that right from the early days we spelled out our priorities as (1) to be sure we had this 30-year volume for Alberta, (2) that Canadian markets would have first claim on any surplus above that before it was exported out of the country, and (3) anything that was not picked up by the Canadian market, as far as we were concerned, we were prepared to export.

LS: So your reply to the criticism that there was no policy would be....

ECM: There was a very definite policy. The people that said there was no policy were mainly the people that wanted no export. The policy they wanted was for the Government to come out with a blanket statement, "We will not under any circumstances export Alberta gas from Canada." We would not accept that, so they said we had no policy.

LS: On another level of policy-making, there was a criticism that in fact policy was made by a few, and control over the policy was going to be more in the hands, not of the Legislature, but of the Cabinet and the Provincial Energy Board. I want your reaction to that - whether policy-making was in

the control of a few, and whether that was the way it should have been, as opposed to the House as a whole having input into that.

ECM: I guess the disagreement in the matter, to whatever extent it was a factor in those days, was on the definition of policy. Our position as a government was that we always discussed with our own Members first and with the Legislature, in detail, any proposed changes in legislation or government policy with respect to energy resources. And there could be debate as to whether legislation should have gone further. For example, the 30-year roll-over cushion was never in legislation. It was done under legislation, but the legislation itself didn't say there had to be 30 years. This was the program we outlined to the House in asking for legislation under which we could control the export and the distribution of gas, so they knew that was the policy. But that, as a policy, was not written into the Act. That undoubtedly was criticized by some, who wanted everything in the Statute.

The administration of the policy with regard to natural gas is a good example of how it worked. By legislation we set up the Alberta Conservation Board. Anyone wanting to export gas (or even just distribute it within the country) had to get an authorization from the Board. The Board was required to hold a public hearing, which they did - this was the public input.

Then the Board made a recommendation to the Lieutenant-Governor in Council, and the recommendation had to be approved by him before it became effective. At that stage, there were some who said, "Their recommendation should go to the Legislature, and the Legislature should approve it." We did not agree with that for the simple reason that it's a highly technical thing to begin with. The hearings were very technical. When you're talking about reservoir pressures and quantities of gas and trends in production and all that kind of thing, there's really no possible way that that information can become known in detail to any large body of people. We therefore felt that it was better to have the Conservation Board and their staff of technical people conduct the hearings, and their recommendation then coming to the Executive Council. If there was anything in it

that we felt was not acceptable within the policy that we'd outlined to the Legislature, we would say, "Wait a minute. We're not prepared to approve this recommendation. Or we want you to take a look at this aspect of it and maybe change it."

That was the method we followed, and I don't think anyone can truthfully say that the public as far as the Legislature was concerned was not fully informed on the policy and even the problems that arose under it. But we did not put into the Statutes the detail which required the Legislature to give approval.

LS: People today talk about certain styles of political leadership. Would you say that was part of the issue at all?

ECM: No, I think it would be more accurate to say that in that period this was almost the established way of dealing with things of this kind. This was not peculiar to Alberta; it was this way in the legislatures across the country, and even in Parliament. What has happened, in the last 20 years especially, has been a far greater public concern (and I sometimes wonder whether it actually comes from the public or whether it comes from certain interest groups) for "public input".

To give you a simple example of what's happened across the country (including Alberta):

In the early days of hearings before, say, public utility boards and the oil and gas conservation boards, and the federal boards generally, the only people appearing at the hearings were those directly affected - the utility companies, the municipalities to be supplied by them, the people who were being asked to finance it - those who had some direct part in the proposal. They came and argued why it should be this way or that way, or shouldn't be this or that way, and so on. The rank and file of the public never appeared. Maybe they'd sit in on a hearing now and then just to listen to it.

But then, I think largely as a result of the interest that arose in the

environmental area, they started opening these tribunals to, say, environmentalists. These were people who had no connection with the project at all; their interest was something altogether different. Here was a pipeline company applying to a utility board for a right-of-way to build a pipeline, and the people there were all the financial people, the gas people, the communities being supplied, and so on.

Then somebody became concerned that the pipeline would knock down some trees, and so on, and they wanted to be heard, on a matter which had nothing to do with the economics or the viability of the project at all. At first, this was strongly resisted. The hearing was to determine the economic viability of the project and whether the public interest was served. But they would say, "The public interest is affected because of the impact on the environment."

So we got into a period (it was just starting at the time I left government) where the regulatory tribunals were opened up to more and more people until today almost anybody can write to a regulatory body and say, "I want to appear because 40 years ago my uncle owned a piece of land that this is going through, and it has a historic value to me. I don't want it desecrated." That's maybe exaggerating a little, but there's almost no limit today. And as a result, from this emerged the whole new concept of "participatory democracy" - while I think some things can be said for it, I think a lot of things could be said against it in the way it actually works.

One of the unfortunate things which you can't avoid when you start this wide-open input business is that so many of the individuals and groups that claim this right of input are special interest groups. They've got an axe to grind. And as a result, the public interest often suffers, because the interest of this little particular group becomes blown up as a big factor, and the far bigger, overall reason why the project was being proposed at all gets sort of lost in the argument over whether the thing is going to hurt the environment or disturb the native rights or scare the caribou out of the Arctic, or something of that kind.

LS: In this discussion of 1949 about the gas policy, the name of Frank MacMahon and a company called West Coast Transmission comes up. What role did the man play, what did the company want, and what was your reaction to a proposal that they made?

ECM: West Coast Transmission was a gas company. The MacMahon brothers were business people in the field of gas. They were very knowledgeable, and capable at putting together things of this kind. They put together West Coast Transmission.

LS: Were they Albertan?

ECM: They were in Alberta and British Columbia. That company still operates. It's a big company in British Columbia. And they were involved in the export of gas to the Western States. They had proposals for exporting Alberta gas to the Western States. And they are a large exporter of gas from B.C. And there were some applications from them for Alberta gas to go to the States, in those early days.

LS: I think I recall reading that you were in fact opposed to giving them that permission. Was that correct?

ECM: I don't recall which particular application that might be. There were a lot of them in those times. This thing boiled down ultimately into about three major projects. There were a couple going to the States - one to San Francisco was promoted by Pacific Gas and Electric which is the largest investor-owned utility company in the world. That line goes from Alberta to British Columbia and then on down to San Francisco. I believe the MacMahons were involved in some alternates to that. I think they were trying to get gas into what they call the Pacific North-West, which is the Portland-Seattle area, and the other group wanted to run the line to San Francisco, which was the one that ultimately went through.

Then of course there were the two competing groups that emerged, one American and one Canadian, for the TransCanada PipeLine to move gas to Eastern Canada. The American group particularly, of course, wanted to take

gas off that line to the States - which is done even with the present TransCanada line.

LS: Before looking specifically at the legislation, I would like to get your feelings about how sure your Government was at that time on the question of provincial resource jurisdiction. It seems that in the discussions of that time there was some uncertainty about the constitutional position of the Province. Was that the case?

ECM: I wouldn't say there was uncertainty about the position. In the first place, Ottawa in those days was not trying to interfere with ownership and management of resources. I don't think they realized the potential of them at that stage! But the area where this constitutional question came up was mainly in the transmission lines.

Under the Constitution, if a pipeline crosses a provincial boundary it comes under Federal legislation because it's no longer exclusively in the right of one Province. And when the proposals began to emerge for export lines (either to the States or across Canada) these lines were certainly going to be outside Alberta's jurisdiction. What we were concerned about was, what happens to the portion of those lines that was inside Alberta? If they were built as an integral part of the total project, they would definitely not be under provincial jurisdiction. They'd be international or national, and Ottawa would be involved in them either way.

That's what gave birth to the Alberta Gas Trunk Line gathering system. We wanted to develop a pipeline system exclusively in the Province, that would only sell Alberta gas at the border, and any pipeline that was crossing provincial borders would be outside Alberta. In other words, TransCanada came to the Alberta border; it had nothing in Alberta at all. And it picked up Alberta gas at the Alberta-Saskatchewan border from Alberta Gas Trunk Line. By doing it that way, we kept under provincial control the entire gas-gathering system in the Province, and the Federal jurisdiction stopped at the Alberta border.

LS: Can we look now at some of the specific legislation, with a view to tying it in to the current situation. In a special session of 1949, certain kinds of legislation came up which laid the groundwork for years to come.

What was some of the legislation in that period of time?

ECM: In the special session of 1949, the second session, the Oil and Gas Resources Conservation Act underwent quite a major amendment. There was actually very little in the way of new principle introduced into this. It went into considerable detail that was needed because of the growth that had taken place in the industry.

For example, the definitions were enlarged to include matters like "absorption plants", "scrubbing plants" - all these different segments of the gas industry which were coming into being because the volume of gas production was reaching the place where these things were now needed and viable. It also dealt with conservation.

There was an old section struck out and a new more strongly worded one put in which said, "The intent and purpose and object of the Act is to effect the conservation of oil and gas resources to prevent the waste thereof and to give each owner the opportunity of obtaining his just and equitable share of the production from any pool." That latter part became necessary in the field of oil as oil pools were developed. There were now a lot of wells, and boundaries were being defined. In these pools there might be half-a-dozen or so companies operating in one area that was regarded as one oil pool. And there's a relationship underground with this oil--it's fluid, it moves back and forth. And the protection of the rights of each individual company so the other one couldn't drain its property was a problem that came up. This involved, for example, the setting of the size of "well spacings" - it varies anywhere from 10 acres where the oil is very heavy and will not flow, up to as much as 640 acres in some areas where it's considered that the product is fluid underground and if you get wells closer than that, then the one will infringe on the other's property. That type of thing was covered under this.

There was also the matter of pro-ration to market from these pools. We've talked earlier about the situation that developed in the area of oil first, where our production was getting to the place where it exceeded what we could use in Alberta and eastern British Columbia and Saskatchewan and Manitoba. In order to give every producer an equal chance in the market, we started pro-rating the wells and pools to market. This legislation strengthened the power to do that, because that was just coming into the picture at this particular time.

LS: That kind of approach was innovative, was it not?

ECM: Yes, it was. And it was something that the major companies opposed rather strenuously because they had enough of their own production to supply their own refineries, and that's what they would have preferred to do. Under this, they were required to buy a portion of their oil from their competitors, particularly the small Canadian companies who were only in the production end, who didn't have refineries. In fact, that was the main reason for this kind of thing. If we hadn't had that, once the oil production exceeded what the Canadian market would absorb, the multinational companies that were in both refining and marketing as well as production would simply take their own production, supply their own refinery, and the others would be out in the cold.

This legislation also dealt with common purchasers. If a company that had a majority interest in a field (either gas or oil) put in a pipeline to transport the oil and there were a couple of other little companies in the field with one or two wells, they could be directed to be "common purchasers". They had to buy from every company in the field, so that they couldn't use the facility just for their own and the others not be able to market theirs because there wasn't enough to warrant a pipeline.

LS: Before leaving that piece of legislation, that whole concept of common purchaser and common carrier was again innovative, was it not?

ECM: It was here, because this was the first place in Canada where this type of product was getting to a volume where these things were a factor. It was

done in the States. Incidentally, the "common purchaser" was a requirement by the Board that a company operating in a field would be required to buy the product of another company operating in that field if the company had no other way of marketing. The "common carrier" applied to pipelines. That simply meant that if you had a pipeline and it was declared a common carrier, you had to carry the product of companies other than your own.

LS: On that point, there's a quote that I'd like some clarification on. The Calgary Herald of July 6th, 1949, quotes Mr. Maynard: "Mr. Maynard spoke on the legal aspects of the legislation (this piece that we've just been talking about). He admitted that the government had 'considerable doubts as to how far the provincial legislation would be effective in declaring an oil or gas company a common carrier or a common purchaser.'"

What I'm trying to understand here is, why is that an issue?

ECM: You were really forcing a national or international company to buy the product of a certain competitor. He obviously felt that on a constitutional or legal ground there might be a case they could make that they could not be required by law to buy the product of another company - that was not their responsibility.

I don't ever recall it being challenged. It was done. And it was accepted I think because it was obviously a very practical thing. It just didn't make sense if you had a field with 50 wells in it, and 45 of them belonged to one company that had a pipeline to take the product out and 5 wells belonged to another little company. There was no way you could have a line to take the product of the small company; it wouldn't be economically viable, and it just wouldn't make sense to let them sit there. So it was never challenged.

But technically, he was expressing the fear that it might be.

Also in that same session there was an Act to Provide for the Preservation, Conservation, and Effective Utilization of the Gas Resources of the

Province. This again didn't introduce any really new principles, but it provided a much more detailed structure for completely regulating the development and transportation and marketing of gas and also with emphasis on the conservation end - to prevent gas wastage.

There really wasn't anything in that, as I recall, that introduced any new practices. It required the companies to get permits from the Conservation Board. It required the Board to hold hearings where the public interest was involved. It really put under this Act what had been handled before under the Gas Utilities Act. In fact, at the same session the Natural Gas Utilities Act was repealed because this new Act was a much more comprehensive Act and the old Gas Utilities Act was no longer needed.

LS: Was there any strong opposition to the Conservation Act, from companies?

ECM: No, I don't recall any strong opposition. There's always opposition to that kind of legislation because it imposes costs and work on them which they would be much happier not to have. But basically, conservation is a necessity that most companies in the petroleum or gas industry recognize as being essential.

You're more apt to get resistance from the small companies. We found this in the areas where we were controlling the rate of production for a conservation reason. We would say, "You can't produce this well beyond a certain level." The smaller companies were more concerned with getting their money back as fast as they could get it; they didn't have the volume of capital. The larger company would recognize that in the long run they would get more from the well by conforming to what was required. So there was less resistance from them.

In that same Session there was an amendment to the Public Utility Act, and this again was because of the movement of most of the gas regulation to this special Act. It took away from the Public Utility Board some of those regulations, and it was also at the same time a housecleaning bill to clean up a number of administrative amendments that were needed in the Act.

The Public Utility Act still contained a provision for fixing the field prices of gas, and tariffs in gas pipelines. The other one regulated where you're going to build, and the whole industry as such, but in the strict pricing end, there was still a provision in the Public Utility Act. That was because many of the municipalities, for example, were still getting gas through utilities, so you had a public interest in the town or city which had always been looked after under the Public Utility Act. This Act still gave them power to regulate pipeline tariffs for gas, and if necessary to fix field prices for gas as part of the pipeline price.

The Pipeline Act itself was amended. As I recall, this again didn't have anything new. You can appreciate, once you amend one of the statutes of this kind, usually you have to amend three or four others because you're moving some powers from one statute to another, or you're bringing new definitions into a statute which may occur in another comparable Act. This Pipeline Act does that--it brings it into conformity with what was done in the others.

The old Pipeline Regulation Act was repealed in that same session. It was obsolete in the light of the new legislation.

LS: I have one final question on that session, and that is the whole question of referendums, or perhaps that's not the correct word - some way of going to the public with the whole issue of how much gas was going to be available in 30 years. (By the way, did that turn out to be a good revolving cushion?) But the larger question about public input into the whole policy of natural gas development?

ECM: The idea of a public referendum on gas exports (which was the main one discussed) mostly was media promotion by some of the papers which had been very much opposed to any export of gas. When they knew the Government was prepared to approve exports beyond this "cushion" that we talked about, their next step was to press that "this is too important for the Government to decide; it ought to be referred to the public to decide in a referendum."

We rejected that because really there's no possible way that people generally could become knowledgeable on the factors that are involved in the decision whether it's viable to export gas or not export gas. It's based so much on detailed engineering and technical data, engineering forecasts of how the well pressures will hold up--how are you going to ask the rank and file of the public to become knowledgeable about those things? Yet those were the key things on which the judgment had to be made. Those were the things on which the assurance of future supply depended.

We felt that if we said, "Do you want gas exported or not?", an answer would be given on factors that really had nothing whatever to do with whether you had enough gas to export and still look after the interests of your people. On top of that (and I've said this in much more modern times) I've never favoured plebiscites. We did have two, I think, in our Government's history. I don't like plebiscites because I think they're terribly divisive; they polarize people into warring camps, and I doubt that they accomplish very much.

LS: Thank you.