

10<sup>th</sup>

# News in Review

April 2000

## Contents

### Rising Oil Prices: The New Energy Crisis

The global economy and global interdependence have positive and negative implications for all nations, depending on their resources and needs. For North American consumers and others around the world who are highly dependent on the automobile, the price of gasoline has a very real impact on their lives. The latest price increases by the Organization of Petroleum Exporting Countries (OPEC) have had a very real impact on Canadians in particular. Truckers protests, the U.S. government's heating allowances for the poor, and consumer group pressure on local and national governments to lower gas taxes are some examples of this economic cause-and-effect situation. And once again, citizens of industrialized nations reconsider their dependency on foreign oil reserves and the effect such dependency has on their own lifestyles.

[Introduction](#)

[Issues and Impact](#)

[The Role of the Government](#)

[Truckers Speak Out](#)

[Environmentalists Speak Out](#)

[Short-term, Long-term](#)

[Concerned Parties](#)

[Discussion, Research, and Essay Questions](#)

## Comprehensive News in Review Study Modules

Using both the print and non-print material from various issues of **News in Review**, teachers and students can create comprehensive, thematic modules that are excellent for research purposes, independent assignments, and small group study. We recommend the stories indicated below for the universal issues they represent and for the archival and historic material they contain.

[The Persian Gulf Oil Crisis, October 1990](#)

[The Clean Air Act, December 1990](#)

[Cutting Emissions: New Fuels For Cars, February 1998](#)

## Other Related Videos Available from CBC Learning

Does Your Resource Collection Include These CBC Videos?

[Oil War](#)

[Hooked on Oil](#)

[Joey's Spade](#)

[Winds of Change](#)

[If Caribou Could Vote](#)

[A Little Short of Magic](#)

[The Next Energy Crisis](#)

[Hibernia](#)





# News in Review

April 2000

## Introduction

### Rising Oil Prices: The New Energy Crisis

In Canada everyone is dependent on and benefits from the oil and gas industry, whether it relates to driving a car, heating our homes, or even cutting the grass with gasoline-powered mowers. All such common needs are dependent on the price of oil. We are also affected by the oil and gas industry because approximately 80 per cent of commodities in Canada are shipped by truck. As a result, increases in transportation costs are passed along to Canadians through higher prices of food and consumer goods. Furthermore, the industry generates a great deal of money for the companies involved, and the government makes a substantial amount of money from taxes that are included in the price of gasoline we buy. Those taxes are then used to pay for other services Canadians enjoy. Depending on where you live and how you live, recent events have led to either the best of times or the worst of times.

Some people are more directly affected by increases in gasoline prices than others. One such group is truck drivers. Because the cost of diesel fuel increased by 150 per cent in one year, many truckers found themselves spending \$1000 to fill up their trucks. A number of truckers found that after expenses, they were working for nothing. This group brought their concerns to the attention of Canadians in February 2000, by staging a series of blockades, protests, and slowdowns across the country.

Most automobile drivers also were angered at the increases and they began demanding answers. But answers are not easy to find because the cost of oil is not determined by a single factor.

Nonetheless, many Canadians blame the high cost of gasoline on taxes; almost half the price of a litre of gasoline in Canada goes to taxes. The provincial government receives 14.7 cents from every litre of gasoline sold, while the federal government receives 10 cents a litre, and then tacks on another 7 cents through the Goods and Services Tax (GST).

Another group that many Canadians blame for high gasoline prices is the Organization of Petroleum Exporting Countries (OPEC). This group of oil-producing nations controls about 80 per cent of the world's oil reserves. In 1999, OPEC cut oil production by three per cent in an effort to boost oil prices on the world market. But when parts of the United States were hit by an unseasonably cold winter, oil companies found they did not have enough reserves to meet the increased demand. When demand exceeded supply, prices rose. At the end of March 2000, OPEC agreed to increase oil production to respond to the shortage, but this is unlikely to result in reduced gasoline prices until the fall of the year 2000.

Environmentalists, on the other hand, hope that as prices rise consumption will fall and that this, in turn, will help reduce the production of greenhouse gases and slow global warming. But North Americans have a real love affair with the car; sales of gas-guzzling machines like sports utility vehicles continue to rise, and light trucks represent almost half of all new car sales. Just in terms of our modes of transportation, it would appear that oil and gasoline prices will have to get a lot higher before we make significant alterations to our lifestyles.

[Contents](#)

[Introduction](#)

[Issues and Impact](#)

[The Role of the Government](#)

[Truckers Speak Out](#)

[Environmentalists Speak Out](#)

[Short-term, Long-term](#)

[Concerned Parties](#)

[Discussion, Research, and Essay Questions](#)

Using both the print and non-print material from various issues of **News in Review**, teachers and students can create comprehensive, thematic modules that are excellent for research purposes, independent assignments, and small group study. We recommend the stories indicated below for the universal issues they represent and for the archival and historic material they contain.

[The Persian Gulf Oil Crisis, October 1990](#)

[The Clean Air Act, December 1990](#)

[Cutting Emissions: New Fuels For Cars, February 1998](#)

### Other Related Videos Available from CBC Learning

Does Your Resource Collection Include These CBC Videos?

[Oil War](#)

[Hooked on Oil](#)

[Joey s Spade](#)

[Winds of Change](#)

[If Caribou Could Vote](#)

[A Little Short of Magic](#)

[The Next Energy Crisis](#)

[Hibernia](#)



10<sup>th</sup>

# News in Review

April 2000

## Issues and Impact

### Rising Oil Prices: The New Energy Crisis

Between December 1998 and February 2000, the price of crude oil, from which heating oil and gasoline are processed, tripled. This brought the price of crude oil to over \$30 (U.S.) a barrel, the first time oil passed the \$30 mark since the Persian Gulf crisis. The higher prices of oil had an immediate impact, most noticeably on increased fuel costs. These higher costs have some people screaming and some people applauding.

#### What Are the Issues?

During a first viewing of this News in Review report, you will be assigned one of the items below. After viewing, explain in your own words its importance in terms of this story.

- protests
- cause and effect
- fault-finding
- private versus commercial transportation
- free market forces
- Canadian regionalism
- priorities
- boom times and bad times
- supply and demand
- farming
- motivation
- taxation

economic diversity and expansion  
the 1970s  
the culture of the automobile  
the environment

### What Is the Impact?

Before viewing this News in Review story a second time, read the information below and then, during viewing, make point-form notes in which you summarize how the video communicates through language, images, or in some other way the negative or positive impact of rising oil prices.

### The Negative Impact

Rising oil prices have resulted in a public backlash. Many automobile drivers are angry about the increased costs to fill up their cars and they often lash out at the attendants at their local service stations even though those attendants do not set the gasoline prices. Premier Mike Harris of Ontario helped fan the flames of consumer outrage against higher gasoline prices when he accused the big oil companies of gouging consumers at the pumps. As a result of these concerns, in March 2000 the Ontario government launched hearings into the way gasoline is marketed. Ron Brenneman, the president and chief executive officer of Petro-Canada, responded by saying that there is absolutely no conspiracy and he would be happy to open his books to any investigation.

Rising oil prices have had the most immediate and significant effect on the transportation sector of the economy. It costs many truckers up to \$1000 to fill up their rigs with gasoline, and many independent truck drivers have been unable to renegotiate contracts (originally based on lower fuel costs) with clients. As a result, some truckers are being forced to park their rigs because they can no longer afford to compete against the larger transportation companies. Airline earnings are also down, and in the United States, courier companies and airlines have increased their prices to help offset their increased costs. Southwest Airlines Company, for example, expects that increased fuel prices will cost the company an additional \$75-million in the first quarter. But the increases in ticket fares are only expected to generate between \$10-million and \$20-million for the company.

### The Positive Impact

One impact of rising oil prices is higher profits for oil companies and a boom in the offshore oil industry. Canadian Occidental Petroleum Limited (CanOxy) is one of Canada's largest oil and gas producers, with operations in Yemen, Nigeria, Colombia,

and the Gulf of Mexico. CanOxy's earnings could reach \$1.4-billion this year, double its 1999 levels. Imperial Oil announced that its third-quarter profits are up nearly 77 per cent over last year. The Alberta Energy Company, one of Canada's biggest energy producers, announced an 82.5 per cent increase in its third quarter profits.

Another group that welcomes the increased oil prices is environmentalists. Activists in this area argue that we can no longer ignore the climate changes that result from global warming caused in part by automobile emissions. They point to record temperatures that occurred throughout the 1990s and suggest that we have yet to see the true effects of this climate change because to date the world's oceans have been able to absorb the increased heat. They say that as ocean temperatures increase, the damage to our ecosystems will be irreversible. Environmentalists hope that higher gasoline prices will force people to reduce energy consumption.

#### Historical Perspective

Canada lived through a serious energy crisis in the 1970s. During a final viewing, determine what we as Canadians did or did not learn from that crisis. What evidence is there that we will learn from the current energy crisis?

#### [Contents](#)

#### [Introduction](#)

#### [Issues and Impact](#)

#### [The Role of the Government](#)

#### [Truckers Speak Out](#)

#### [Environmentalists Speak Out](#)

#### [Short-term, Long-term](#)

#### [Concerned Parties](#)

#### [Discussion, Research, and Essay Questions](#)

Using both the print and non-print material from various issues of **News in Review**, teachers and students can create comprehensive, thematic modules that are excellent for research purposes, independent assignments, and small group study. We recommend the stories indicated below for the universal issues they represent and for the archival and historic material they contain.

[The Persian Gulf Oil Crisis, October 1990](#)

[The Clean Air Act, December 1990](#)

[Cutting Emissions: New Fuels For Cars, February 1998](#)

### Other Related Videos Available from CBC Learning

Does Your Resource Collection Include These CBC Videos?

[Oil War](#)

[Hooked on Oil](#)

[Joey s Spade](#)

[Winds of Change](#)

[If Caribou Could Vote](#)

[A Little Short of Magic](#)

[The Next Energy Crisis](#)

[Hibernia](#)





# News in Review

April 2000

## The Role of the Government

### Rising Oil Prices: The New Energy Crisis

As motorists became more and more frustrated by the rising cost of gasoline, many urged governments to step in and do something about the high prices. But governments at both the provincial and the federal levels have so far refused to become directly involved in what is a free-market economic effect. While reading the information below, decide whether the criticism directed toward governments for its alleged inaction is warranted.

#### The Government Response to the Crisis

Governments across Canada have not necessarily reacted in the same way to the crisis, but many critics say that none have acted decisively. On February 15, 2000, for example, Ontario Premier Mike Harris created consternation among oil companies by claiming that higher gasoline prices were the result of a virtual monopoly in the industry. Although Harris refused to heed calls to step in and freeze gasoline prices, he did threaten to review provincial legislation to see if there were any flaws in the province's competition laws that have failed to ensure greater competition.

At the federal level, Prime Minister Jean Chrétien also refused to get directly involved in the issue. He said that the federal government was not to blame for the higher prices because the percentage of taxes being collected by his government had not increased. On February 23, 2000, he further upset truckers by refusing to cut diesel fuel taxes and advised the truckers to pass

the price hike on to customers. The truckers are like any other business, he said. When you have added costs, you transfer it to the people you are working for.

Harris and Chrétien also started to blame each other for the high prices of gasoline, arguing that it was the responsibility of the other level of government to take action. And both levels of government do make a great deal of money from gasoline taxes; about 15 cents a litre is collected by the provinces and about 17 cents by the federal government. As a result of constant public pressure, Paul Martin, the federal Minister of Finance, went on record at the end of March claiming that he would lower the federal portion of gasoline taxes if the provinces would too.

#### The Critics Response to Government

Government positions on this issue have met with much criticism. Bill Simpkins, vice-president of The Canadian Petroleum Products Institute, denied there is a monopoly in the oil and gas industry. While he acknowledged that there are only four major refiners in Ontario the largest market in the country in terms of gasoline consumption he also argued that fuel can be purchased from other sources, suggesting that the market is not controlled by these four Canadian companies alone.

Some critics disagree that the government is unable to do anything about the high prices. In particular, they believe price disparities between high and low population density areas should be capped. As well, they want securities laws amended so oil companies are forced to reveal retail profits or losses, not bury them in refinery numbers. They also point to a need for independent truck drivers to have the same tax privileges as the major trucking companies, allowing them to hold onto the tax revenue they collect for 45 to 90 days.

David Leonhardt of the Canadian Automobile Association argues that the only way we will ever see true competition in the oil and gas industry is for excessive gasoline taxes to be cut. As long as gasoline taxes are high, industry executives can argue that the high cost of gasoline is the result of these taxes. They have little incentive to reduce their part of gasoline costs. In addition, Leonhardt would like to see oil companies forced to advertise gasoline prices publicly, as supermarkets do, so that prices cannot be changed whimsically.

Judith Andrew, of the Canadian Federation of Independent Businesses, also wants to see a reduction in taxes. In particular, her organization wants the GST removed from the gasoline

taxes in order to help independent truck drivers because gasoline costs are the major part of their operating expenses.

### Analysis

Representing two levels of government, both Mike Harris and Jean Chrétien argue that there is nothing they can do about high gasoline prices. But other governments have taken steps to reduce these prices in the past.

In 1975, the Progressive Conservative Party was in power in Ontario under Bill Davis. At that time the provincial government froze prices at the pump for 90 days as a cooling off measure. The action seemed to work; prices fell and remained lower even after the cooling off period was lifted.

In 1997, Quebec's provincial government under Lucien Bouchard passed a law to help independent gas stations compete with the major oil companies. The law barred the refiners from selling gasoline at their own retail outlets for less than they charge for bulk sales to independent stations. Discuss the effectiveness and validity of the above two government measures. Would they work in today's economy? Would they be considered unwarranted government intervention in the free market? What might a government risk by implementing such measures? Can you conceive of similar or other measures a government could take?

### [Contents](#)

#### [Introduction](#)

#### [Issues and Impact](#)

#### [The Role of the Government](#)

#### [Truckers Speak Out](#)

#### [Environmentalists Speak Out](#)

#### [Short-term, Long-term](#)

#### [Concerned Parties](#)

#### [Discussion, Research, and Essay Questions](#)

Using both the print and non-print material from various issues of **News in Review**, teachers and students can create comprehensive, thematic modules that are excellent for research purposes, independent assignments, and small group study. We recommend the stories indicated below for the universal issues they represent and for the archival and historic material they contain.

[The Persian Gulf Oil Crisis, October 1990](#)

[The Clean Air Act, December 1990](#)

[Cutting Emissions: New Fuels For Cars, February 1998](#)

### Other Related Videos Available from CBC Learning

Does Your Resource Collection Include These CBC Videos?

[Oil War](#)

[Hooked on Oil](#)

[Joey s Spade](#)

[Winds of Change](#)

[If Caribou Could Vote](#)

[A Little Short of Magic](#)

[The Next Energy Crisis](#)

[Hibernia](#)



10<sup>th</sup>

# News in Review

April 2000

## Truckers Speak Out

### Rising Oil Prices: The New Energy Crisis

In February 2000, truckers took to the public roadways in Canada to draw attention to high fuel prices, toll highways, and declining wages, all of which they view as major threats to their industry and to their livelihoods. The price of diesel fuel increased over 150 per cent in one year, and a number of truckers were being squeezed out of their jobs by escalating and unmanageable operating costs. The increase in diesel fuel meant that it was costing truckers as much as \$1000 to fill up their tanks. And while rising fuel costs were causing problems for truckers, the action of the truckers in turn caused problems for commuters, distributors, and consumers, since about 80 per cent of the country's commodities and over 90 per cent of its cargo is transported by truck in Canada.

**Political Action, Civil Disruption, or Economic Self-Defence?**  
On Monday, February 21, 2000, at least 400 transport trucks blockaded the Trans-Canada highway at the Nova Scotia-New Brunswick border. The blockade, which lasted two days, effectively shut down the movement of goods into Atlantic Canada. The truckers agreed to end their blockade after Peter Mesheau, New Brunswick's Minister of Economic Development, agreed to meet with the truckers. Ralph Boyd, head of the Atlantic Provinces Trucking Association, then announced that they could call off the blockade because the point we were making has been recognized by the general public, various levels of government, and our own industry.

On the same day, several hundred truckers parked their vehicles in Toronto and refused to work. Peaceful protests were also organized at truck stops in London, Ontario, and Bloomfield, Ontario (east of Windsor). Other drivers in Quebec, Ontario, and Newfoundland, staged demonstrations by congregating and driving slowly along major highways.

Although many truck drivers who participated in the public protests simply wanted to raise awareness of the problems facing truckers as a result of increased oil prices, a group of 2000 truck drivers in Ontario had a list of demands. Paul Bourgeois, a truck owner and operator, said drivers wanted a 46 per cent wage increase from their fleet shippers and carriers, and a 50 cent per litre cap placed on diesel fuel. Bourgeois estimates that truck drivers have not received a raise in over 10 years, and that the average driver works 80 to 90 hours per week and takes home about \$1500 a month after taxes.

#### Deregulation of the Trucking Industry

Paul Bourgeois states that truck drivers have not had a raise in over 10 years. The principal event that resulted in a drop in wages for truck drivers was the deregulation of the trucking industry in 1988. According to some analysts, after deregulation occurred, the transportation industry became a shippers market. Numerous new owner-operators and carriers therefore appeared overnight, and fierce competition was introduced into the road freight market. This in turn resulted in a decline in freight costs, and independent one-truck operators found themselves working more for less; because their small businesses were becoming less and less cost-effective they also found themselves squeezed into the bottom of the market. Furthermore, independent truckers, who are unable to implement mass marketing strategies, have little power to negotiate prices with the big shippers in the auto, grocery, and pulp and paper industries who refuse to compensate truck drivers for increased fuel costs.

#### Activities

1. Write a one-page analysis of the actions taken by the truck drivers. In your analysis, state the concerns of the drivers, the tactics they took to raise public awareness, what they achieved, and whether or not you believe their actions were justified.
2. Deregulation is a controversial issue and a risky policy for governments to adopt. Under deregulation, government controls over a particular sector of the economy are reduced or abolished with the aim of improving competitiveness and consequently value to the consumer. The laissez faire economic philosophy

that says the state should not intervene in economic affairs except to break up a monopoly has been a critical social issue for a long time. Examine the issue of deregulation as it affected another transportation industry: the airlines. Obtain the video and resource guide for *Canadian Airlines: Fighting to Survive*, in the February 1997 issue of *News in Review*. Write a one-page backgrounder in which you trace the effect of deregulation in this industry. Suggest what lessons can be learned from this situation that might apply to this current news story.

3. Civil protest is a legal and common means by which citizens draw the public's attention to difficulties they are facing. Such protests, however, do cause inconvenience to the general public in a number of ways, and the inconvenience is in fact part of the strategy of creating public awareness. Examine another instance of a public protest in *A Day of Protest: Shutting Down Toronto* (December 1996, *News in Review*). After examining this situation, discuss as a class the similarities and differences between the recent truckers' protests and the protest examined in *A Day of Protest*. Then, working in small groups, attempt to come up with a list of societal guidelines for such protests. What, in your opinion, should be allowed and what should not? What is acceptable and what is not in a democratic society?

[Contents](#)

[Introduction](#)

[Issues and Impact](#)

[The Role of the Government](#)

[Truckers Speak Out](#)

[Environmentalists Speak Out](#)

[Short-term, Long-term](#)

[Concerned Parties](#)

[Discussion, Research, and Essay Questions](#)

## Comprehensive News in Review Study Modules

Using both the print and non-print material from various issues of **News in Review**, teachers and students can create comprehensive, thematic modules that are excellent for research purposes, independent assignments, and small group study. We recommend the stories indicated below for the universal issues they represent and for the archival and historic material they contain.

The Persian Gulf Oil Crisis, October 1990

The Clean Air Act, December 1990

Cutting Emissions: New Fuels For Cars, February 1998

Does Your Resource Collection Include These CBC Videos?

Oil War

Hooked on Oil

Joey s Spade

Winds of Change

If Caribou Could Vote

A Little Short of Magic

The Next Energy Crisis

Hibernia



10<sup>th</sup>

# News in Review

April 2000

## Environmentalists Speak Out

### Rising Oil Prices: The New Energy Crisis

Amid the public concerns about rising oil prices, environmentalists frequently find themselves alone in support of increased oil and gasoline prices. This is because one of the benefits of increased prices is that oil and gas consumption may decrease. This in turn, they say, would lower greenhouse gas emissions and help to stop the climate change that many environmentalists claim we are experiencing. But is the climate changing? In December 1999, American and British meteorologists stated that global warming has reached a critical stage. Record temperatures were noted through the 1990s; Arctic sea ice has thinned 40 per cent in the past 30 years; and financial losses from severe weather events have grown at 10 times the rate of the country's economic growth. Furthermore, environmentalists warn that many of the effects of global warming have not yet been seen because the earth's oceans have acted like giant sponges and have soaked up the increases in temperature. Now that the temperature of the oceans themselves is starting to rise, according to environmental experts, the impact on our ecosystems will be irreversible.

In an article in *The National Post* on January 17, 2000, Canadian scientist and environmentalist David Suzuki argued that energy efficiency measures are needed because of the dangers posed by an increasingly unstable climate. He said in part, "They make sense socially in terms of reduced air and water pollution. And they make sense environmentally in terms of a more efficient

and sustainable use of the planet's resources. These are immediate, tangible benefits. Reducing the atmospheric burden of greenhouse gases and slowing climate change are added bonuses, but lucky for us, ones that provide insurance against an uncertain future. And one of the ways to reduce greenhouse gases, and cut oil and gasoline consumption, is to reduce our reliance on the automobile.

#### The Other Costs of Cars

Auto-Free Ottawa is an environmental and alternative energy group. The group has collected excerpts and articles on its Web site that summarize and examine what the organization sees as the real, long-term costs of operating an automobile.

As you read the information below, which summarizes these costs, make notes on the environmental and social costs attributed to the automobile. What counter-arguments would someone in the auto industry make against each of these points?

#### Environmental Costs

A number of researchers have tried to estimate the true environmental costs of the car. One of the more widely recognized of these studies was produced by the Environment and Forecasting Institute in Heidelberg, Germany. In this study, researchers found that long before a car arrives in the showroom it has already produced significant amounts of damage to air, water, and land ecosystems. For example, each car produced in Germany, where environmental standards are among the world's highest, produces 25 000 kilograms of waste and 422 million cubic metres of polluted air in the extraction of raw materials alone. The transport of these raw materials to factories produces a further 425 million cubic metres of polluted air and uses 12 litres of crude oil per car. The production of the car itself adds a further 15 000 kilograms of waste and 75 million cubic metres of polluted air.

The researchers then calculated the impact of a car in use. Assuming the car is mid-sized, has a three-way catalytic converter, and is driven 13 000 kilometres a year, the researchers concluded that over a period of 10 years one car will produce 44.3 tonnes of carbon dioxide, 4.8 kilograms of sulphur dioxide, 46.8 kilograms of nitrogen dioxide, 325 kilograms of carbon monoxide, and 36 kilograms of hydrocarbons. Each car also releases toxins from its tires, brakes, and from the road surfaces it travels on. Disposal of the vehicle produces a further 102 million cubic metres of polluted air and quantities of PCBs and hydrocarbons. In total, each car produces 59.7 tonnes of carbon dioxide and 2040 million cubic metres of polluted air. The

Heidelberg researchers calculated that the exhaust emissions of each car in its lifetime is responsible for three dead trees and 30 sick trees.

### Social Costs

In addition to the direct environmental costs of the automobile there are also a number of social costs associated with this method of transportation. John Whitelegg, head of the Geography Department at Lancaster University, reports that over its lifetime, each car is responsible for 820 hours of life lost through a road traffic accident fatality and 2800 hours of life damaged by a road traffic accident. Statistically, one individual in every 100 will be killed or injured in a road traffic accident.

In *Towards Sustainable Communities*, a report for the National Round Table on the Environment and the Economy in Canada by Mark Roseland, Director of the Community Economic Development Centre at Simon Fraser University, Roseland notes that there are a number of social costs associated with the car. One of these costs is that automobile use in North America has allowed dispersed land-use patterns to develop. In the simplest interpretation of the term, dispersed land-use patterns means suburbs. The growth of suburbs has been possible because of our access to cars, whereas mass public transportation systems are generally an urban phenomenon. But these suburbs in turn have had a significant environmental impact, including higher auto emissions as a result of commuting to work, high per capita water use for things like lawn irrigation, high domestic heating costs because of the lack of a shared insulating effect when buildings are grouped together, and poor recycling rates as a result of the large costs involved in collection from individual houses. Roseland notes that European cities have four to six times the recycling rates of North America.

### Support For Environmentalists

The concerns raised by environmentalists are backed up by studies conducted by government departments. For example, a 1994 Ontario government study called *The Social Cost of Motor Vehicle Crashes in Ontario* reported that car crashes cost Ontario an estimated \$9-billion annually. The Ministry of Transportation argued that the study could be used to justify expenditures to improve road safety, whereas the Better Transportation Coalition argued that the study proves that cars are inherently dangerous and that we need to increase funding for other modes of transportation.

A few economists are also stepping forward to urge governments not to reduce gasoline taxes. In an article in *The Toronto Star* on

April 1, 2000, economic issues columnist David Crane argued that a reduction in gasoline taxes would take Canada in the wrong direction at this time. Crane argued that higher prices provide an incentive to pursue energy efficiency and conservation, something Canadians have not been doing since the 1980s. He points to the jump in purchases of sport utility vehicles, minivans, and trucks, and notes that Canada has failed to meet its own obligations under the Kyoto Environmental Agreement to reduce carbon emissions. In his view, a cut in gasoline taxes would signal that Canada is not concerned about its commitment to greenhouse gas emissions, and that . . . we are not prepared to make sacrifices for the environment and future generations if these sacrifices are inconvenient.

#### Applications

1. Examine Auto-Free Ottawa's Web site at [www.flora.org/afo/contact.html](http://www.flora.org/afo/contact.html) to learn more about this organization and these issues.
2. Visit the Web site of one environmental organization and one member of the oil and gas industry. Gather information about the environmental impact of higher gasoline prices and prepare a report for your class. The Canadian chapter of the Sierra Club, an environmental group, can be found at [www.sierraclub.ca](http://www.sierraclub.ca) and the Canadian Association of Petroleum Producers can be contacted at [www.capp.ca](http://www.capp.ca). Prepare an oral report in which you give an overview of the mandate and activities of each organization.

#### [Contents](#)

#### [Introduction](#)

#### [Issues and Impact](#)

#### [The Role of the Government](#)

#### [Truckers Speak Out](#)

#### [Environmentalists Speak Out](#)

#### [Short-term, Long-term](#)

#### [Concerned Parties](#)

#### [Discussion, Research, and Essay Questions](#)

Using both the print and non-print material from various issues of **News in Review**, teachers and students can create comprehensive, thematic modules that are excellent for research purposes, independent assignments, and small group study. We recommend the stories indicated below for the universal issues they represent and for the archival and historic material they contain.

[The Persian Gulf Oil Crisis, October 1990](#)

[The Clean Air Act, December 1990](#)

[Cutting Emissions: New Fuels For Cars, February 1998](#)

### Other Related Videos Available from CBC Learning

Does Your Resource Collection Include These CBC Videos?

[Oil War](#)

[Hooked on Oil](#)

[Joey s Spade](#)

[Winds of Change](#)

[If Caribou Could Vote](#)

[A Little Short of Magic](#)

[The Next Energy Crisis](#)

[Hibernia](#)





# News in Review

April 2000

## Short-term, Long-term

### Rising Oil Prices: The New Energy Crisis

Although the immediate short-term effects of increased oil and gasoline prices are felt by car drivers, truck drivers, and home owners across the country, some economists are concerned about the long-term impact.

After studying the information below, create an organizer or a chart that compares the short-term and long-term impact of higher gasoline prices.

#### Economic Recession

One concern is that continued high oil prices will trigger an economic recession in the United States and that because the Canadian economy is so strongly tied to that of the United States, this would most certainly have a negative impact on our economy. Oil prices have traditionally been a reliable predictor of economic downturns. Indeed, energy cost spikes have preceded every significant recession since the Second World War.

However, some economists, like Professor Steven Davis of the University of Chicago Business School, argue that the U.S. economy is much less vulnerable to oil price spikes now than it was in the past because its economy is more service-based and therefore less dependent on energy-intensive operations like steel mills.

Not everyone agrees with Davis' argument, however. Bill Carrigan, an independent stock market analyst who writes for

The Toronto Star, argues high oil prices could still lead to problems. He believes that although the North American economies are becoming more technology-based, the new energy resources that were supposed to replace oil such as fuel cells, solar energy, and nuclear power are not yet fully operational. For that reason, oil prices may still prove to be very problematic for the economy.

#### **Inflation and Interest Rates**

Another long-term concern is that continued high oil prices will push up the inflation rate in Canada. The inflation rate is a measure of the increase in costs of consumer items, which in turn reflect the costs of bringing goods and services to market. Canada experienced a sharp and unexpected jump in the nation's inflation rate from 2.2 per cent in November 1999 to 2.6 per cent in December 1999. Economists watch the inflation rate carefully because an increase in inflation often indicates that the economy is about to slow down. One way governments prevent inflation rates from increasing is by raising interest rates. And although increased interest rates help curb inflation, they also result in higher lending rates, which make it more expensive to borrow money from the bank. In response to these increased concerns about inflation, Gordon Thiessen, the governor of the Bank of Canada, raised the Bank of Canada rate to 5.5 per cent on March 22, 2000. This prompted banks to raise their prime rates to seven per cent on March 23.

[Contents](#)

[Introduction](#)

[Issues and Impact](#)

[The Role of the Government](#)

[Truckers Speak Out](#)

[Environmentalists Speak Out](#)

[Short-term, Long-term](#)

[Concerned Parties](#)

[Discussion, Research, and Essay Questions](#)

Using both the print and non-print material from various issues of **News in Review**, teachers and students can create comprehensive, thematic modules that are excellent for research purposes, independent assignments, and small group study. We recommend the stories indicated below for the universal issues they represent and for the archival and historic material they contain.

[The Persian Gulf Oil Crisis, October 1990](#)

[The Clean Air Act, December 1990](#)

[Cutting Emissions: New Fuels For Cars, February 1998](#)

### Other Related Videos Available from CBC Learning

Does Your Resource Collection Include These CBC Videos?

[Oil War](#)

[Hooked on Oil](#)

[Joey s Spade](#)

[Winds of Change](#)

[If Caribou Could Vote](#)

[A Little Short of Magic](#)

[The Next Energy Crisis](#)

[Hibernia](#)





# News in Review

April 2000

## Concerned Parties

### Rising Oil Prices: The New Energy Crisis

#### Concerned Parties

The oil and gas industry is worth billions of dollars. It affects almost all other areas of our economy and the lifestyles of almost all Canadians. Because of the far-reaching effect of this industry on society in general, there are a number of corporations, government agencies, and public or private associations that are concerned about the price of oil and gasoline. Below you will find a list of some of these groups, a brief description of the organization, and information on how to contact them. With a partner, select one of the groups, research it and prepare a report for your class in which you describe the group's mandate, philosophy (if any), and mode of operation.

**The Organization of Petroleum Exporting Countries (OPEC)**  
OPEC has 11 member countries, which supply more than 40 per cent of the world's oil and possess about 78 per cent of the world's proven crude oil reserves. ([www.opec.org](http://www.opec.org))

**The Canadian Automobile Association (CAA)**  
Formed in 1913, CAA lobbies the government on behalf of Canadian motorists. It also provides a variety of services to members. ([www.caa.ca](http://www.caa.ca))

**The Canadian Trucking Alliance**  
This is an alliance of the seven Canadian provincial trucking

associations, representing over 2000 motor carriers. ([www.cta.org](http://www.cta.org))

#### The Petroleum Communication Foundation

This organization provides information on Canada's petroleum industry, including the issue of pricing. ([www.pcf.ab.ca/index.html](http://www.pcf.ab.ca/index.html))

#### Natural Resources Canada

This federal government department conducts research on natural resources in Canada, is involved in public education and awareness, and creates programs to try to reduce energy consumption in Canada. One such program is Auto Smart. ([www.nrcan.gc.ca](http://www.nrcan.gc.ca))

#### Gasoline Wars

A British Columbia-based site, this group provides information on prices by region and according to retailer. This site also offers oil and gas industry news. ([www.gasolinewars.com](http://www.gasolinewars.com))

#### Purvin & Gertz, Inc.

This Calgary energy consulting company provides analysis, planning, and special studies to the crude oil refining, natural gas, gas processing, power generation, and petrochemical industry. ([www.purvingertz.com](http://www.purvingertz.com))

#### The Sierra Club

The Canadian chapter of this environmental organization conducts research into climate change, raises public awareness of environmental issues and concerns, and lobbies the government for change. ([www.sierraclub.ca](http://www.sierraclub.ca))

#### [Contents](#)

#### [Introduction](#)

#### [Issues and Impact](#)

#### [The Role of the Government](#)

#### [Truckers Speak Out](#)

#### [Environmentalists Speak Out](#)

#### [Short-term, Long-term](#)

#### [Concerned Parties](#)

#### [Discussion, Research, and Essay Questions](#)

Using both the print and non-print material from various issues of **News in Review**, teachers and students can create comprehensive, thematic modules that are excellent for research purposes, independent assignments, and small group study. We recommend the stories indicated below for the universal issues they represent and for the archival and historic material they contain.

The Persian Gulf Oil Crisis, October 1990

The Clean Air Act, December 1990

Cutting Emissions: New Fuels For Cars, February 1998

### Other Related Videos Available from CBC Learning

Does Your Resource Collection Include These CBC Videos?

Oil War

Hooked on Oil

Joey s Spade

Winds of Change

If Caribou Could Vote

A Little Short of Magic

The Next Energy Crisis

Hibernia



10<sup>th</sup>

# News in Review

April 2000

## Discussion, Research, and Essay Questions

### Rising Oil Prices: The New Energy Crisis

1. Despite the recent increase in gasoline prices, Canadian prices are quite low compared with other developed countries. In England, drivers pay the Canadian equivalent of about \$1.80 a litre. In France, the cost is \$1.51 a litre. And in Italy the cost is \$1.48 a litre. In some of these countries, the high costs are a deliberate government strategy to force people to drive less. Create a colour advertisement to get Canadians to conserve energy and use less fuel by a more sensible use of cars.
2. Conduct research into the energy crisis of the 1970s. In particular, look at the short- and long-term impact of the crisis. Present your report to the class.
3. As Canadian drivers get more fed up with record high gasoline prices, some are sending e-mails across the country, calling for boycotts at the pumps. One such e-mail proposed a grassroots boycott of all gas stations and asks drivers to unite in protest April 7 through 9, 2000. Ontario resident Dennis Saunders received the e-mail from three different friends, and he believes such a strategy can work. If enough people actually do boycott, it will send a message at least. What do you think? Would a nationwide boycott of gasoline for three days result in a reduction in gasoline prices? What other tactics could also be helpful at reducing prices?
4. Peter Foster, a columnist for The National Post, argues that the truckers' actions against the government were justified. While the truckers' actions have caused inconvenience, they are merely following the successful example of other much richer

industries such as farming in clamouring for relief from government. The difference is that the truckers are not asking for a handout; they are just asking for the government to stop putting them out of business. Do you agree with Foster? Outline your arguments in a one-page opinion piece.

5. On March 24, 2000, scientists at the National Oceanic and Atmospheric Administration released a report stating that a major warming trend is evident in three of the world's great oceans. The scientists were able to make this conclusion after collecting temperature data from more than five million readings at various depths of the Pacific, Atlantic, and Indian oceans from 1948 to 1996. Read the complete study and write a report on the impact that increasing ocean temperature will have on the earth's ecosystems. As well, record the steps that the scientists believe are necessary for us to put a halt to climate change. The study can be located in the March 2000, edition of Science magazine.

[Contents](#)

[Introduction](#)

[Issues and Impact](#)

[The Role of the Government](#)

[Truckers Speak Out](#)

[Environmentalists Speak Out](#)

[Short-term, Long-term](#)

[Concerned Parties](#)

[Discussion, Research, and Essay Questions](#)

## Comprehensive News in Review Study Modules

Using both the print and non-print material from various issues of **News in Review**, teachers and students can create comprehensive, thematic modules that are excellent for research purposes, independent assignments, and small group study. We recommend the stories indicated below for the universal issues they represent and for the archival and historic material they contain.

The Persian Gulf Oil Crisis, October 1990

The Clean Air Act, December 1990

Cutting Emissions: New Fuels For Cars, February 1998

## Other Related Videos Available from CBC Learning

## Does Your Resource Collection Include These CBC Videos?

Oil War

Hooked on Oil

Joey s Spade

Winds of Change

If Caribou Could Vote

A Little Short of Magic

The Next Energy Crisis

Hibernia

