

SECRET

- June 26, 1980

Meeting with Ed Clark (ADM. EMR.) June 20/80

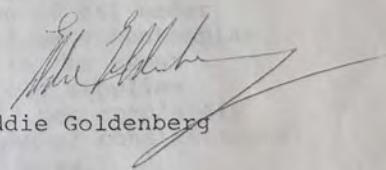
Present: Gérard Veilleux, Edward Goldenberg, Frank Carter,
Georgina Wyman.

The general purpose of the meeting was to discuss the Federal position on resources and offshore resources in the context of the present energy pricing negotiations.

Mr. Clark reported on the meetings between Mr. Lalonde and Mr. Leitch and expressed his doubts about a willingness on the part of Alberta to want to avoid a confrontation. He then raised the question of whether Premier Lougheed will attend the September First Ministers meeting and also what the attitude will be of Alberta during the summer negotiations.

Mr. Clark stated that Saskatchewan seems far more willing to come to an accomodation with the Federal government. Saskatchewan believes (in private) that the February 1979 position of the Federal government went too far in terms of giving up jurisdiction over interprovincial trade. It is the view of Saskatchewan that interprovincial and international trade in resources should be treated the same way.

In terms of the February 1979 "best efforts draft", Mr. Clark promised to transmit by Monday a full explanation of Mr. Lalonde's position as well as the minister's position on offshore rights. (A copy of that position is attached).


Eddie Goldenberg

c.c.: E. Goldenberg
F. Gibson
G. Veilleux



Energy, Mines and
Resources Canada

Énergie, Mines et
Ressources Canada

Senior Assistant Deputy Minister
Energy Policy

Sous-ministre adjoint principal

June 23, 1980

SECRET

Mr. Gérard Veilleux
Assistant Deputy Minister
Federal-Provincial Relations
and Social Policy Branch
Department of Finance
Place Bell Canada
160 Elgin Street
Ottawa, Ontario
K1A 0G5

G. Veilleux
Dear Mr. Veilleux:

Further to our meeting on Friday, I have now obtained my Minister's views on the position which the federal government should take during the constitutional discussions which are to begin on July 8th. The central issue is whether the federal position should be the "best efforts draft" which was tabled in February 1979 by the federal government at the First Ministers' Conference on the Constitution.

My Minister has made quite clear that there is a fundamental inconsistency between the federal government's willingness to make substantial concessions to the provinces on powers over resources and inter-provincial trade in the constitutional context, while contemplating use of the powers it now has in these areas in the context of oil pricing negotiations and the formulation of a national energy strategy. He therefore wants Mr. Chrétien to be fully aware that shortly after the constitutional discussions begin, he may well be faced with the federal government moving to unilaterally impose the price of oil under its trade and commerce powers, and seriously contemplating the use of the declaratory power in the event that Alberta counters by cutting back oil supplies. Such steps will seriously undermine, if not completely bring to a halt, any serious discussions of constitutional reform - particularly in the resources area.

...2

Mr. Chrétien will have to decide whether he wants to risk being accused of bargaining in bad faith in the event that the entire spirit of the "best efforts draft" is violated in the energy discussions.

While it is my Minister's preferred position that the "best efforts draft" be withdrawn, he did review the various components of the "best efforts draft" and is prepared to contemplate the following as a fall-back position:

1. On the question of provincial powers over inter-provincial trade, he is prepared to contemplate federal and provincial concurrency with unrestricted federal paramountcy. Coupled with this must be a clear statement that the federal government wants tough anti-discrimination provisions, both with respect to supply and pricing of natural resources.
2. In the sphere of international trade, he is prepared to accept federal-provincial concurrency with unrestricted federal paramountcy.
3. He is not prepared to contemplate any restrictions or alterations to the declaratory power.
4. He is prepared to see the proposals on taxation go ahead, i.e. for purposes of natural resources, provinces be given powers over indirect taxation.
5. On the question of the offshore, his position remains the same, i.e. the issue of jurisdiction should be settled by the courts. The federal government will not give jurisdiction to the provinces pending such settlement. The federal government is prepared to contemplate discussion of arrangements with the provinces related to administration of the offshore. However, such arrangements would not give way on federal control over rate of development or on setting the price for the offshore resources.

I trust that the above will meet your requirements for purposes of the discussions with Mr. Chrétien. I regret that I am unable to attend the meeting, but have asked Georgina Wyman to attend instead and represent our views. She will of course work with Frank Carter in preparing a position to be presented to Ministers at the Cabinet Committee on Priorities and Planning.

Yours sincerely,

W.E. Clark

W.E. Clark

2-2200

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Present Gerard Vailloux; Edward Edelberg; Frank Carter; Georgina Wyman

The general purpose of the meeting was to discuss the Federal position on resources and off-shore resources in the context of the present energy pricing negotiations.

Mr. Clark reported on the meetings between Mr. Labonde and Mr. Leitch and expressed his doubt about a willingness on the part of Alberta to want to avoid a confrontation. He then raised the question of whether Premier Lougheed will attend the September First Ministers meeting and ~~if~~ what also what the attitude will be of Alberta during the summer negotiations.

Mr. Clark stated that Saskatchewan seems far more willing to come to an accommodation with the Federal government. Saskatchewan believes (in private) that the February 1979 position of the Federal Government went too far in terms of giving up jurisdiction over interprovincial trade. It is the view of Saskatchewan that interprovincial and

in resources
international trade, should be treated the same way.

In terms of the February 1979 "best efforts" draft, Mr. Clark
expressed his minister's view that

- 1) As far as taxation is concerned, there is no need to change the draft;
- 2) As far as the declaratory power is

promised to transmit by Monday a full explanation of Mr. Lalonde's position
as well as the minister's position on off-shore rights. (A copy of that
position is attached).

Meeting with El Clark

June 20/80

- Ventres, Carter, Wyman, Clark, Schlaberg

- Duration of Meetings with Alberta

- El Clark feels Longfield won't come in September
- Peter Kelane was ready before negotiations broke down.
- D.M. of Energy from Alberta didn't show up.
- Saskatchewan feels we went too far in giving up control over inter-provincial trade

Taxation; inter-provincial trade; offshore; declaratory power

Taxation :- Best efforts draft is OK.

Declaratory Power :- P.M. wants to withdraw offer of "compelling national interest"

Inter-provincial Trade :- Lalonde believes best efforts draft went too far.

Offshore - Lalonde won't budge

- Will get responses from Lalonde on resources, offshore, & fisheries
- will get guidance on how far we can trade off on the offshore
- will get a proposal which would be satisfactory to Saskatchewan
- Longfield & P.M. are meeting on July 15th.