

purpose of constructing an electrical power corridor to export electricity elsewhere in Canada or in the United States. We feel that this new authority of the Board will result in a direct intervention of the Liberal federal government in the Churchill Falls dispute between Quebec and Newfoundland. The federal government could use its new powers for constructing a corridor on Quebec territory, at the request of the Newfoundland government. But without Quebec's consent, such a unilateral action would be a denial of co-operative federalism. The NDP, therefore, stands firm in its conviction that this dispute should be settled through negotiations between the parties, even if arbitration is necessary. My party cannot accept that the federal government should impose unilaterally its own solution one way or another. Mr. Speaker, it is difficult to understand how hon. members from the Liberal Party representing Quebec can support a bill which challenges the territorial integrity of their province. How can they still pretend to be the legitimate protectors of their fellow Quebecers' interests?

[English]

The Minister of Energy, Mines and Resources (Mr. Lalonde) in his speech said that he did not want to get involved in this dispute. But he also said that he was asked by the government of Newfoundland to bring in this bill. There are obvious reasons why the government of Newfoundland wanted this bill, that is, as a club in its dispute with Quebec.

Clearly, the most contentious part of this bill is the power that will be granted to the National Energy Board to expropriate land for the purpose of constructing an electrical power corridor. It is true that the NEB already has this power over oil and gas pipelines. The minister said that, and I agree. The problem is that if Quebec does not give Newfoundland a better deal on the Churchill Falls contract, the NEB could step in and give Newfoundland a hydro corridor through Quebec for the export of Labrador power. The power is there in the bill and it could be used. The federal government has jumped into a snake pit, quite frankly, Mr. Speaker, because both Newfoundland and Quebec, to put it very mildly, have very strong views on this issue.

Two principles are involved, Mr. Speaker. In our view, there is the principle that the federal government must have an overriding right to legislate on energy, for the national good. The Minister of Energy, Mines and Resources put it well, Mr. Speaker. For example, if Saskatchewan had blocked the oil pipeline from Alberta to Manitoba and Ontario, the federal government would have had the right at some point to step in and ensure that Canadian oil flowed to eastern consumers. Therefore, this power that has been put in the bill, as the Minister of Energy, Mines and Resources said, is constitutionally within the federal domain. We agree with that and we think he is right.

There is another principle involved, one that is equally important, Mr. Speaker, in a federal state. The federal government should not favour one side or the other in a dispute between two provinces. Unfortunately, in this case the two principles clash. We in the New Democratic Party believe that this bill is premature. We wonder why the Liberal Party is

*National Energy Board Act (No. 3)*

proceeding with it when Newfoundland and Quebec are presently negotiating the Churchill Falls contract. Is this, Mr. Speaker, part of the Trudeau-Lévesque blood feud? I hope not. We prefer negotiation and the principles of co-operative federalism that the Prime Minister (Mr. Trudeau) apparently has thrown out of the window.

It seems to me, Mr. Speaker, so shortly after Quebec was isolated in the Constitution agreement, we need to offer to Quebec an olive branch rather than—if I may mix my metaphors—waving a red flag to a bull. We need to offer an olive branch; this surely is not the time for anything else. That is why I differ fundamentally with the Minister of Energy, Mines and Resources.

Let us be clear then, Mr. Speaker. Under this 65-year contract which was negotiated in 1969—I think it commenced about 1976—Hydro-Quebec purchased Churchill Falls power from Newfoundland. It purchased it at 3.6 mills per kilowatt hour. That power is presently being sold by Quebec to the United States for 30 mills to 40 mills per kilowatt hour. That is a very bad deal for Newfoundlanders.

I understand the Quebec argument, Mr. Speaker. Quebec argues that Hydro-Quebec took all the capital risks involved in the project. They did. Quebec completed a bad deal contract, for example, by exporting over a long period of time cheap energy to Ontario. That is true. Also, the 1927 court decision to give Labrador to Newfoundland is disputed by Quebec. I understand that. But let us, however, call a spade a spade. This is a bad deal and it needs renegotiation.

I repeat, Mr. Speaker, the negotiations are going on. We should give them a chance, it seems to me, before bringing in this controversial measure. That is we support the amendment proposing a six-month hoist.

• (1720)

It is extremely unlikely that the bill would bring a speedy resolution of the problem. Instead, the issue could be tied up in the courts for years. I wish the minister were here as I would put the argument to him that the bill is counterproductive and will not lead to a settlement. Rather, it raises a lot of problems. Furthermore, the legislation does not deal with the real problems, which for people living in Labrador are high unemployment, poor social services, alienation from the power base of St. John's and people having no say over their own lives. I suspect that people on the Quebec side of the border have the same problems.

We must ask ourselves if the economic problems will be solved as a result of this bill. I believe that they will not and that people will be put against each other on the grounds of which side of the border they live on. St. John's and Quebec City share the same problems. They need similar regional development plans to get away from the boom and bust economies of their hinterlands in Labrador and northeastern Quebec. Both provinces should share in the development of that region. As Newfoundland needs Quebec's agreement on its equitable arrangements for the transmission of electricity,