

September 29th, 1936.

Mr. Harold E. Winch, M.L.A.,
3792 Knight Road,
VANCOUVER, B.C.

Dear Harold,

Since I left Vancouver I suppose you have heard of the discussion we had with your group on the question of the provincial programme of socialized finance. Personally I was a little dissatisfied with the way the argument went; I had not expected so large a meeting, and do not feel that I handled the situation as well as it might have been done. However, I have come away with some very definite questions which I should like to pass along to you.

In the first place, the question of what would happen were B.C. to issue a separate currency issue of any kind is a highly technical one which cannot be answered by amateurs like myself or, I venture to say, the people who were at that meeting. Mere zeal for socialism is no substitute for knowledge of economic questions. Different members at the meeting asked me certain questions which I stated I was not competent to answer. When I professed ignorance, this was taken as proof that the dual currency advocates were correct, when all it proved was that no one at the meeting had sufficient knowledge to answer the question at all. My first clear impression is that before you do further propoganda work for the idea of a separate provincial currency you must get the opinion of men who are competent to predict what is likely to happen. I only know three such men in Canada, namely Parkinson, Forsey and Marsh, who are trained economists and socialists at the same time. You may have seen the article on a provincial savings bank which Forsey wrote in the September Canadian Forum.

My second impression is that the B.C. movement must lack the highly desirable quality of foresight and caution if it is capable of adopting new monetary ideas at such short

notice and with so little preparation. Monetary theories of this kind, like social credit and its innumerable variants, are all deviations from orthodox socialism. No other genuine socialist movement in the world has taken them up, and it is not likely that B.C. has suddenly discovered something which socialists in other parts of the world have overlooked. A much more reasonable explanation is that your movement has become contaminated with the general trend toward currency tinkering which is sweeping the Canadian West. I cannot myself say flatly that Frank Rogers and his followers are absolutely wrong; I simply do not know enough about currency to be dogmatic on that point. But I think I can say flatly that the fact that they advocate these ideas is no proof that the ideas are sound. They seem to be under the curious illusion that New Zealand has a dual currency and that B.C. can do everything which New Zealand does. However, the subject is one which I am hoping to have investigated by some of the economists here, and I shall certainly pass along to you whatever conclusions they arrive at.

There is another question which you raised on which I can give you more definite information. This relates to the power of the province to legislate upon the labour conditions of the workers on Dominion railroads. You showed me a letter from the Attorney-General of British Columbia contending that a province had no power of this sort. I said that I thought he was wrong, and I still think so after looking further into the matter, although there is some argument both ways. The general rule was stated in the case of *C.P.R. v. Parish of Notre Dame de Bonsecours*, 1899 A.C. at p. 372,

"the British North America Act, whilst it gives the legislative control of the appellant's railway qua railway to the Parliament of the Dominion, does not declare that the railway shall cease to be part of the Provinces in which it is situated, or that it shall, in other respects, be exempted from the jurisdiction of the Provincial Legislatures"

A provincial legislature has no power to regulate the crossings or the structural condition of the road-bed of a dominion railway, but the railway must observe provincial laws of general application. Thus, for instance, the railways are bound by the provincial

*Two Canadian Railway
v. Toronto, 17
holding out. W.C.A. 9*

*SC 17 3/6
117 17/18 + 17/19
Dunn - Reg.*

Workmen's Compensation Acts. A B.C. case on this point went to the Privy Council (see Workmen's Compensation Board v. C.P.R. 1920 A.C. 184. Similar decisions are found in McColl v. C.P.R. 1923-A.C. 126, and in Sincennes-McNaughton Lines v. Bruneseu 1924 S.C.R. 168. If the Dominion were to limit the hours of labour and provide minimum wages amongst railways by statute, then probably the province could not make alternative regulations, but in the absence of dominion laws on such matters I think provincial law would be competent provided it affected other industries in the province besides the Dominion railways.

I should be glad to hear from you from time to time as to the way things are going, and if any other constitutional points arise please send them along.

Yours sincerely,

F.R.Scott.