

THE LEAGUE FOR SOCIAL RECONSTRUCTION
MONTREAL BRANCH

3653 Oxenden Avenue,
Montreal,
June 30th 1936.

Dear Mr. Williams,

I have your letter of the 20th., in which you ask me certain constitutional questions. I will deal with them in turn.

Question 1. The production of liquor and beer by breweries and distilleries in a province is I think a purely provincial matter, so long as those engaged in production are not supplying an extra-provincial market. In other words, a brewery or distillery which supplies a local market in the province could be expropriated by provincial law, as the whole matter is one of property and civil rights within the province. If the producing unit supplies a market outside the province, then the answer is not so clear, since the Dominion jurisdiction over inter-provincial trade would seem to be involved. You will remember that a B.C. compulsory marketing scheme was wrecked by the Supreme Court on this ground. I rather think a province could not expropriate a large distillery supplying a foreign market, and that this power belongs to the Dominion. I fancy the courts would use this argument to destroy legislation of which they disapproved. Just the same I am of the opinion that a CCF government should try this expropriation if it gets a chance, because the move would be popular and the legal power may well exist.

Question 2. As regards tobacco, I think the same arguments apply. The province can create a monopoly of sale and distribution, and can control advertising. It could I think expropriate small factories. But a large exporting factory probably falls under Dominion jurisdiction. Again the question is not clear, and I shouldn't worry too much about the constitutional angle. The sooner these questions are brought before the courts the better. Unfortunately from the provincial point of view, the real profits in tobacco are made in manufacture and processing and not in distribution. Do you think a provincial monopoly of sale would bring in revenue?

Question 3. My belief is that a province can take over the production and sale of electrical energy. Certainly a province can fix rates and limit profits. The Ontario Hydro has power to expropriate existing plants in Ontario. You should go ahead on the assumption that the power is lawful.

Trusting these answers may be of some use to you, and wishing you a most successful convention,

I remain,

Yours sincerely,