NATURAL RESOURCES

AGREEMENT WITH MANITOBA

Hon. CHARLES STEWART (Minister of the Interior) moved the second reading of Bill No. 18, respecting the transfer of the natural resources of Manitoba.

Mr. SPEAKER: Is it the pleasure of the house to adopt the motion? Carried.

Mr. C. H. CAHAN (St. Lawrence-St. George): The second reading has not passed, Mr. Speaker?

Mr. SPEAKER: Yes. Did not the hon. gentleman hear?

Mr. CAHAN: I did not hear, and I was listening. I understood that the hon. Minister of the Interior (Mr. Stewart) was going to explain this bill. If he does not, I will undertake to explain it myself.

Mr. STEWART (Edmonton): While the explanation on the introduction of the bill was not very extended, a brief outline of its main provisions was given, and I thought that by now the house had possibly had time to digest the bill thoroughly. I have no idea of the nature of any objections that my hon. friend might have to take to the bill. The federal government and the provincial government have come to an agreement as to the transfer of the natural resources. The provincial government have passed their legislation, and it remains for us to pass legislation here. The main provisions of the bill have to do with the setting up of the necessary machinery for the administration of the lands and natural resources which will be transferred from the federal to the provincial jurisdiction. Outside of the provision for the payment of a fixed sum of money and the continuation of the subsidies, I do not think there are any sections of the bill that will require much discussion.

Mr. CAHAN: Mr. Speaker, the bill of which the second reading has been moved is one of three bills relating to the prairie provinces, and it seems to me that these bills are of such prime importance that a clear statement might well have been expected from the Minister of the Interior with regard to their subject matter.

I quite appreciate the fact that the Conservative party, under the leadership of Sir Robert Borden as Prime Minister, committed itself to the transfer of the so-called natural resources of the prairie provinces. I understand that the actual carrying out of the transfer was delayed by the war coming on suddenly in 1914 and extending to 1918, and by the vast amount of public business which came before parliament in the years of reconstruction.

To my mind, the importance of this legislation largely centres around the fact that it is conveying to the province of Manitoba, in this case, and to the provinces of Alberta and Saskatchewan in the bills dealing with those provinces, the school lands and the school lands funds which were set aside as a quasi-trust at the introduction and enactment of the first Dominion Lands Act. Apart from that, I make no special opposition to the bill.

I remember in earlier days that it was recognized by both parties in this house, under the leadership first of Alexander Mackenzie, assisted by Mr. Blake, and again when the question came up under the leadership of Sir John A. Macdonald, that these public lands in what was then the Northwest Territories had been vested in the crown in the right of the Dominion government. I remember something of the discussion of those days to this effect, that those crown lands so-called in the Northwest Territories would require for their development for agricutural and industrial purposes such a large investment of public funds as could only be supplied by the federal treasury of Canada. It is no new thought, but I had always expected that there would sooner or later be in the government of this country a department which might well have been called a department of industrial development and which would have devoted itself wholly, if not exclusively, to measures for the development of Canada as a whole. Such a development could be carried out only by a department of government with the entire resources of the federal treasury behind it.

I recognize that both parties are committed at this stage to the transfer of these lands to the respective governments concerned. Sometimes I wonder whether, if I could return at a later stage to this terrestrial sphere, I would find that that development had increased as it should by coming under the disposition and control of the several provincial governments, because to my way of looking at it they are undertaking vast duties and responsibilities towards the people of their several provinces and towards the people of the whole country which can be carried out to full fruition only by large appropriations from the federal treasury.

Leaving that aside, this bill proposes to vest in the crown in the right of the province of Manitoba those school lands and school land

funds which have been accumulating ever since the first Dominion Lands Act was passed by the government, I think, of Alexander Mackenzie. In fact it was Mr. Blake, if my memory is correct, who drafted those first provisions with regard to the accumulation of the school lands fund and the setting aside of lands then unappropriated for the purpose of increasing the principal of that fund to provide for all time revenues for school purposes in the Northwest Territories or in the provinces which subsequently might be carved out of those territories.

The school lands fund as at present accumulated and the school lands which are unappropriated are very extensive indeed. I have taken the trouble to examine into the matter, and if I may be allowed to refer to these schedules it will enable me to illustrate my point more clearly. I find that the land areas of Manitoba, Saskatchewan and Alberta, as of January 1, 1929, was:

	Acres
Land area of Manitoba	148,432,640
Land area of Saskatchewan	155,764,480
Land area of Alberta	161,872,000
Total acres	466,069,120

Of the surveyed tract, so-called, that is of that portion of these 466,069,120 acres which has been surveyed to date, exclusive of land covered by water, I find the acreage to be:

	Acres
Manitoba	37,376,098
Saskatchewan	79,153,099
Alberta	85,640,866
Total	202,070,063

So that there is of land not water-covered, now unsurveyed, in those three provinces, 263,099,057 acres.

Now, of these 264,000,000 acres unsurveyed, when finally surveyed, one-eighteenth of the area as surveyed in sections must, according to the present law, be set aside as a school land endowment; that is, approximately 14,666,000 acres of school lands remain unsurveyed. In addition to that I find that of the surveyed lands of Canada the acreage on March 31, 1929, set aside as a school land endowment, and the acreage at present undisposed of, are as follows:

	Surveyed area	Acres disposed of	Acres unsold
Manitoba	1,637,800	633,932	1,003,868
Saskatchewan	3,944,400	1,771,554	2,172,846
Alberta	3,760,500	1,222,613	2,537,887
Totals	9,342,700	3,628,099	5,714,601

That is, there are now 5,714,601 acres of surveyed lands included in the school land endowment which remain undisposed of, and in addition approximately 14,666,000 acres of the school land endowment not yet surveyed, and not likely to be disposed of for many years to come.

Now, as these lands were sold under the provisions of the Dominion Lands Act the proceeds were set aside as a fund held by the federal government, the interest on which was to be paid, and was paid in fact, to the several governments in respect of the areas sold within the territories thus settled, and such proceeds have been accumulated to date as a school lands endowment fund. I find the balances standing to the credit of the school lands fund of each province as on March 31, 1929, for the fiscal year ending on that date, were as follows:

Province	Total amount at credit of fund	Amount invested in debenture stock
Manitoba	$ 5,888,709 88	$ 5,880,800
Saskatchewan	16,646,177 08	16,645,004
Alberta	9,124,536 28	9,124,000
	$31,659,423 24	$31,649,800

When I look into the amounts which were paid to these three several provinces for the year ending March 31, 1929, I find that certain interest was paid, and that in addition certain revenues from leases and royalties and grazing rights in respect of these school lands were received from year to year and also paid over annually to these provinces, with the result that for the year ending March 31, 1929, the three provinces received the following:

	Interest Paid	Net Revenue Paid	Total Paid
Manitoba	$ 293,412.50	$ 20,776.24	$ 314,188.74
Saskatchewan	788,150.00	352,330.08	1,140,480.08
Alberta	423,687.50	331,527.82	755,215.32
Total	$1,505,250.00	$704,634.14	$2,219,884.14

The figure $2,219,884.14 represents the total amount paid last year by the Dominion government as the interest upon the accumulated school lands fund and the revenue from school lands. The agreement with Manitoba, as in the case of the agreements with Alberta and Saskatchewan respectively, provides for the transfer to the several governments of the principal sum of $31,650,000. That sum is now invested in Dominion bonds or debentures upon which they receive only the interest. In addition this agreement provides for the transfer outright to the several governments of all the lands held by the crown in the right of the Dominion government according as they are located within the bounds of these respective provinces. So that in addition to the sum of $31,650,000, we are proposing at

the present time to transfer to these provinces 5,714,601 acres of school lands at present surveyed, and 14,666,000 acres of school lands which at the present time remain unsurveyed. This represents an enormous sum of money and involves a very great area of land. The question arises whether that fund, which has always been regarded throughout the several provinces of Canada—and especially in the province which I have the honour to represent—as a quasi-trust for the support of schools in those respective provinces for all time to come, shall hereafter be maintained. Under the legislation as it now stands only the annual revenue may be appropriated by the provincial legislature for educational purposes.

Various opinions have been expressed as to the safeguards which are necessary in order to ensure that this fund may be permanently invested as it accumulates from year to year. At the convention of the Conservative party held at Winnipeg a resolution was passed approving of the transfer of the natural resources to these three provinces but insisting that there should be provision for the maintenance and administration of the school lands and school land funds for educational purposes according to the laws of the respective provinces and also in compliance with the letter and spirit of the constitution. That resolution was approved in turn by this House of Commons at a recent session. The point I wish to emphasize is that I believe it was the intention of this house to provide for the maintenance and administration of those school lands and school land funds for all future time and thus to secure to these several provinces a school endownment which would be of great value for the present when they are in receipt of the large annual income of $2,220,000, and which would, if allowed to accumulate, amount in a few years to a principal sum of many millions of dollars.

When I look at this Manitoba agreement I state frankly that I think it is unfair to the house that before the agreement was executed it was not submitted to parliament, so that we in good faith could have considered whether the terms of the agreement conserve the school lands fund in the present and in the future as intended by parliament. My complaint is that instead of the government taking this house into its confidence and submitting the agreement for approval before it was executed, they have gone so far as to execute this agreement and to induce—is that too strong a term?—to induce the legislature of Manitoba to ratify the agreement by legislation, and to induce the legislatures of Alberta and Saskatchewan to ratify the agreement in like manner. All three legislatures have now been adjourned before this matter has been brought up for our consideration.

The House of Commons is placed in the position that it cannot demand that the agreement be amended in certain essential particulars in order to carry out the clear intention of this house without taking the position of being entirely opposed to the transfer of these resources to the several provinces as intended. To understand the principle of this statute one must look beneath the surface and consider the terms of the agreement itself. I find that the first section of this Manitoba agreement, as in the case of the Saskatchewan and Alberta agreements, purports to transfer to the province all the crown lands within that province. There can be no doubt that the transfer proposed by the first section of the agreement includes all the school lands within the province which are undisposed of at the date of the sanction of this agreement. Then, the declared intention of this first paragraph is that the province may be in the same position as the original provinces of confederation by virtue of section 109 of the British North America Act, 1867. Let me read section 109 of that act in order that the intention may be clear:

> All lands, mines, minerals, and royalties belonging to the several provinces of Canada, Nova Scotia, and New Brunswick at the union, and all sums then due or payable for such lands, mines, minerals, or royalties, shall belong to the several provinces of Ontario, Quebec, Nova Scotia, and New Brunswick in which the same are situate or arise, subject to any trust existing in respect thereof, and to any interest other than that of the province in the same.

Therefore the intention is clear to transfer all these lands to the province; it is expressly provided that the lands so transferred shall belong to the province, but it adds, "subject to any trusts existing in respect thereof." I presume the Minister of Justice will contend that those words, which are taken from section 109 which I have read, are intended to refer to the nature and conditions of the so-called trust which is exercised by the Dominion government in respect of the school lands endowment funds now held by that government and in respect of the school lands now vested in the crown in the right of that government.

I have considered this matter carefully, and it is my opinion, for what it is worth—and I can see no other interpretation or construction which can be placed upon the words—that these school lands which are being transferred certainly are not a trust or a trust estate within the meaning of that section. I think that is so clear that I need not argue it. It is further provided in this agreement that:

The said lands, mines, minerals and royalties shall be administered by the province for the purposes thereof, subject, until the legislature otherwise provides, to the provisions of any act of parliament of Canada relative to such administration.

That clause undoubtedly provides that, upon the transfer of these lands being made, each of these three legislatures may pass legislative enactments repealing and amending the provisions of any act of the parliament of Canada relative to the administration of these lands. That is a very, very broad provision. It is a major provision of the agreement, and it seems to me that the subsequent clauses of the agreement may be well interpreted or construed by any court in the future subject to that provision, because the legislature of the province is thereby empowered to amend or repeal any act of the parliament of Canada relating to such lands.

Then the sixth paragraph of the agreement provides for the transfer to the provinces of existing school land funds. The first paragraph provides for the transfer of all the lands, and the sixth paragraph provides in addition for the transfer to the province of the existing school land funds. This applies to each of the provinces, but at the moment I am dealing with Manitoba. Then the seventh paragraph, let it be noted, relates solely to the administration of the school land funds, not for the future, not for all time to come, but as at present accumulated and invested, and to school lands which have not yet been disposed of. I contend that no provision is made therein for the administration of the proceeds of school lands which may be sold hereafter. This seventh paragraph provides that the school land funds as now accumulated, which are to be transferred to the province by the sixth paragraph, and the unappropriated school lands shall be set aside and shall continue to be administered by the province in accordance, mutatis mutandis, with the provisions of sections 37 to 40 of the Dominion Lands Act.

When I look at those words "in accordance with the provisions of sections 37 to 40 of the Dominion Lands Act" I think it is perfectly clear by any accepted canon of construction that they imply that section 40 of the Dominion Lands Act is not included and does not apply. In fact, so convinced am I that this is the proper interpretation that I am persuaded in my own mind that it was never the intention of the draftsman of that agreement that section 40 should apply to the school lands or the school land funds. I think it is clear that the word "to" has not a settled legal meaning, but by the English courts it is uniformly construed as a word of exclusion, unless by necessary implication it must be held to be used in the inclusive sense in order to effectuate fully the clearly indicated intentions of the parties to the agreement. In this case it is clear that there is no such necessary implication. You will find in construing statutes that there is in the interpretation act of many English statutes a provision to the effect that the citation of sections 1 to 3, for example, shall be deemed to include sections 1 and 3, but so far I have been able to find there is no such interpretation act which applies to statutes of Canada or to agreements which have been confirmed by the parliament of Canada. There is no such necessary implication that this word "to" is used in an inclusive sense.

The use of the final words in the seventh paragraph reading "for the support of schools organized and carried on therein in accordance with the law of the province" clearly indicates to my mind that it was the intention of the draftsman, or of the parties who signed that agreement, to exclude section 40 of the Dominion Lands Act, which in terms provides that the interest arising from the school funds shall be paid towards the support of schools organized and carried on in accordance with the law of the province. If it was the intention that the whole of section 40 should apply, the agreement certainly would not have quoted a material part of that section and left unquoted the remainder. Let us look at section 40, which provides for the maintenance in the future of that fund. Section 40 of the Dominion Lands Act, being chapter 113 of the revised statutes of Canada, reads as follows:

All moneys from time to time realized from the sale of school lands shall be invested in securities of Canada to form a school fund, and the interest arising therefrom, after deducting the cost of management, shall be paid annually to the government of the province within which such lands are situate, towards the support of schools organized and carried on in accordance with the law of such province;

If it had been the intention of the parties to include section 40, that section would have been named specifically. If it had been the intention of the parties to include section 40, they would never have quoted only a part of that section without in express terms making the rest of that section applicable.

Paragraph seven of the agreement clearly indicates to my mind an intention to exclude all the provisions of section 40 from application to these Dominion lands and the Dominion lands fund. I notice that the hon. gentleman smiles, but I venture to say that if he looks

carefully into this he will find that section 40 is the only section which provides, first, that moneys realized from the sale of school lands shall be invested in securities to form a school fund; second, that the interest arising from those securities shall be paid annually to the province; and, third, that this annual interest shall be applied for the support of schools, etc. In other words, if section 40 is not included in the terms of this agreement, and it seems to me probable if not inevitable that the courts of this country will hereafter declare that section 40 is not included, then there is no provision in this Manitoba agreement, there is no provision in the Alberta agreement, nor is there any provision in the Saskatchewan agreement, for the permanent maintenance of the principal sum of the school land fund, and for its further increase and accumulation in the future as other school lands are sold. There is no provision that the moneys realized in the future from the sale of school lands will hereafter form part of the principal fund, the interest only on which shall be used for school purposes. There is no provision in the agreement that the principal sum shall be maintained intact and that only the interest thereon shall be appropriated by the respective legislatures from year to year for the maintenance and support of schools.

I venture the opinion that each of those three governments has placed on this agreement the interpretation which I am now giving to it before this house. I venture the opinion that none of those governments through their responsible attorneys general could be induced to express openly an opinion which is not in accord with the contention I am making. If it is the intention, as hon. gentlemen on the other side seem to suggest by their smiles, to include section 40, then why not say so? Paragraph seven of the agreement reads in part as follows:

> —mutatis mutandis, with the provisions of sections thirty-seven to forty of the Dominion Lands Act. . . . .

It would be very simple to say, "sections 37, 38, 39 and 40," or it would be very simple to say, "sections 37 to 40 inclusive." Such language is used every day in drafting agreements; it is used every few months in drafting laws, and the use of such language would enable the draftsman to express clearly the intention that sections 37, 38, 39 and 40 shall apply.

I should have preferred that either one of the Alberta or the Saskatchewan agreements, both of which contain somewhat different clauses, had been introduced first in order that I might have discussed the whole matter at one time. However, I shall reserve the right, when either the Alberta or Saskatchewan agreement is presented, to make a few additional observations.

I say to the hon. Minister of Justice (Mr. Lapointe) that he is the special guardian of the traditional rights and interests of the people with respect to the school fund of the Northwest Territories and of the provinces which were created out of those territories, and it was his special duty and responsibility as Minister of Justice to see that this agreement was drawn so as to express the meaning and intention which this parliament desires to be expressed. I think that he has neglected his duty in that respect because he has left an opening for future litigation which may destroy the entire framework of this fund as well as render useless its effectiveness as a permanent fund, the interest on which shall be used for all time in the future to maintain schools in these respective provinces.

Hon. ERNEST LAPOINTE (Minister of Justice): Mr. Speaker, it is always rather disagreeable to me to be criticized by the hon. member for St. Lawrence-St. George (Mr. Cahan), but in this instance, if his criticism has had the effect of putting me in a different light from that indicated by some of his friends in other parts of the country as would appear from different newspaper reports, then a good purpose has been served.

The hon. gentleman commenced his remarks by saying that he and his party were committed to the principle of this bill transferring the natural resources to the western provinces. With this I heartily agree. But he also said that when the war broke out, preparations had already been made to give effect to the pledges which had been made, and that the outbreak of war was the reason why the matter was not carried out by the friends of my hon. friend. The war has been made responsible for many things, but I have yet to learn that it was responsible for the postponement of the settlement of this very important question. In point of fact I think I could not quote a better authority than the former Prime Minister of this country, Mr. Meighen. During the last session of Parliament over which he presided as Prime Minister, that is, during the session of 1921, a motion with respect to the matter having been presented to parliament by the hon. member for Nelson, Manitoba, the then Prime Minister gave the reasons why this question had not been settled. Mr. Meighen may have had imperfections, but he had the merit of frankness and boldness in the statements he made and he did not hide himself behind a

wall in giving the reason why no solution of the question had been reached. I have his speech under my hand, and I commend to hon. members a perusal of it. They will find it in Hansard, of 1921, at page 2541 and subsequent pages. I will quote only a couple of sentences. In this speech the then leader of the Conservative party admitted, confessed, utter failure with regard to this question. He said that it was almost insoluble. As reported on page 2545 he made this statement:

It becomes a matter with respect to which it is impossible to arrive at anything like an accounting on a trustee basis at all. Consequently I have argued—and I have argued very recently with the prime ministers of these provinces—that we do not get any further by trying to establish and admit the principle that the lands originally should have been transferred. We do not get any further by setting up that trustee principle—as "a great white flame" if we only keep our eye on it will settle this matter on the eternal basis of right—you do not get any further by that method. You may get further by one way, and one way only, by presenting some concrete proposal in figures that will appeal to a fair-minded man as a square, bald, rough but honourable solution.

He was then asked by Mr. Reid, representing the constituency of Mackenzie:

In 1911 Sir Robert Borden the prospective premier, promised us that if he was returned to power he would give to the western provinces their natural resources. Have the difficulties of doing that multiplied very much since then?

Mr. Meighen: Was the government, which the hon. gentleman supported, the government in power at that time, ready to take those resources unless it got the subsidies as well? Sir Robert Borden did not say he would give the provinces the subsidies as well as the resources; and the provinces have never agreed to take the resources unless they keep the subsidies as well.

But I wish to quote the concluding sentence of that speech. Mr. Meighen said:

You might settle it by arbitration, but I do not think that outsiders coming in to arbitrate could do as well as the heads of the governments themselves. You could not settle it in the courts, because there is no principle to go on. I would be only too glad if this was a question of law, then it could easily be relegated to the courts and there decided—a solution devoutly to be wished.

Mr. Crerar: Why not send it to the exchequer court?

Mr. Meighen: The exchequer court is a court of law, and it would have to decide the question on principles of law. If it were such a question it would not be very long troubling the government; that is where it would be, but it is not such a question. Nor does it seem to me that we could get very far by arbitration. You would have to arrive at mutual concessions, and you would have to have some principles which the board of arbitration could follow to decide what portion of any special class of expenditure was attributable to the fact that the Dominion retained the resources; and to get an accounting on anything like a fiduciary basis seems to me a task beyond the capacity of the human mind. At best it can only be got at in a rough way, and can never be reached until both sides approach the matter in a fair and conciliatory spirit.

It is an achivement that we are able to present to parliament to-day three agreements with three western provinces solving this question which was stated by the Prime Minister in 1921 as being impossible or almost impossible of solution. It is a great step in advance in this country, especially at a time when, in spite of temporary difficulties which may have arisen, we are on the eve of a tremendous development of our resources. It is a great achievement that the decks should be cleared for action and that those difficult questions which have been rather an impediment to progress in this country should have been solved as they will be when these agreements shall have been put into effect by the legislation of parliament and subsequent enactments.

My hon. friend has devoted the whole of his remarks to the matter of the school lands and the school lands fund. I agree with him that this is an important matter, and that it was always contemplated that these lands set aside for purposes of education should be considered as an endowment and a trust and should be preserved by the various governments which will have to deal with the question. It was in 1872, after the acquisition by the Dominion of the Northwest Territories, that the first statute concerning Dominion public lands was enacted, namely, chapter 23 of 35 Victoria. In that act section 22 created that educational endowment, sections 11 and 29 in every surveyed township being set apart for purposes of education in the territories. In 1879 chapter 31 of 42 Victoria, placed under the Minister of the Interior the administration of school lands and school funds derived from the sale of such lands. Those statutes have been consolidated at various times and they form part of the present Dominion Lands Act, being sections 37, 38, 39 and 40, as has been mentioned by my hon. friend.

Mr. BENNETT: Those sections were amended in 1908?

Mr. LAPOINTE: Yes. As was pointed out by various statesmen on many occasions, and more particularly by Sir John A. Macdonald in 1883—and I am quoting his words:

The Dominion government is merely the trustee for these lands and cannot divert them in any way whatever from the purpose of school endowment.

In 1884, when the province of Manitoba made application to be given back the lands, it was specifically stated in the order in council passed by the then government of Sir John A. Macdonald that when the return of the lands would be considered, provision would be made to preserve this school endowment. I am glad that this meets with the views of my friend from St. Lawrence-St. George. I may tell him that it is what this government had in mind, as well as the government of the western province in the execution of this agreement.

My hon. friend complains that the agreement was not submitted to this house before being signed. But the agreement was the result of a conference between the government of Canada and the government of Manitoba, an agreement which was reached only after many interviews, conversations and negotiations; and like all other agreements it was signed subject to ratification by parliament. Surely that is the democratic way of proceeding. It would be utterly impossible to adopt any other method. May I remind my hon. friend that the governments of Manitoba, Alberta and Saskatchewan, which rather boast of their democracy, also signed these agreements before submitting them to their respective legislatures, and I have not seen that anybody has been criticized on that account.

My hon. friend says that we have induced the provinces of Manitoba, Alberta and Saskatchewan to accept these agreements. Well, I do not know, but I do not think the present government would find my hon. friend's friends in Saskatchewan so very easy to seduce. We have come to an agreement in good faith with the various provincial governments subject to the usual ratification by our own parliament and by the respective provincial legislatures concerned.

My hon. friend also says that it is now too iate. He complains because the legislatures of the provinces have prorogued, and says that to delay now would postpone a solution for another year. May I say that the government would have been prepared to proceed with this legislation before the Easter holidays? As a matter of fact, consideration of this bill has been postponed, once at the request of my hon. friend from Argenteuil (Sir George Perley) because the leader of the opposition (Mr. Bennett) was going to be absent the following day, and again at the request of the leader of the opposition himself because of the absence of my hon. friend from St. Lawrence-St. George. So we cannot very well be blamed for having delayed the introduction of this measure.

[Mr. Lapointe.]

Now I come to the main contention of my hon. friend. I do not yield to him in my desire to make sure that the school lands and the school lands fund shall be maintained as an endownment for educational purposes. My hon. friend says that the language of section 7 of the agreement does not include section 40. May I first read section 7 of the agreement ? It says:

> The school land fund to be transferred to the province as aforesaid, and such of the school lands specified in section thirty-seven of the Dominion Lands Act, being chapter one hundred and thirteen of the revised statutes of Canada, 1927, as pass to the administration of the province under the terms hereof, shall be set aside and shall continue to be administered by the province in accordance, mutatis mutandis, with the provisions of sections thirty-seven to forty of the Dominion Lands Act, for the support of schools organized and carried on therein in accordance with the law of the province.

My hon. friend says that the intention was to exclude section 40. May I tell him that the intention was, and is to include section 40? That was the intention of the parties to the agreement, and section 40 is certainly included in the language of section 7.

Mr. BENNETT: Why was not the word "inclusive" put in after the word "forty," as is usual in agreements of that kind?

Mr. LAPOINTE: I do not know. I did not draft the agreement myself, but those who drafted it are absolutely convinced that the language covers the objection of my hon. friend. That is also my own view. It is the view of the Department of Justice, of the deputy minister and of the officers of the department. It is the view of the Solicitor General. It is even the view of somebody else that I shall surprise my hon. friend by mentioning in a moment or two.

Mr. CAHAN: Do not prolong the suspense.

Mr. LAPOINTE: It will be all the more interesting to my hon. friend; the surprise will be the greater.

If hon. gentlemen will look at the Dominion Lands Act, they will see that sections 37, 38, 39 and 40 are in a separate group by themselves, with a separate title, school lands. Section 37 deals merely with the lands. Section 38 also deals merely with the lands. Section 37 designates the school lands and sets them apart as an endowment for purposes of education, subject to the special provisions contained therein. Section 38 regulates the sale and leasing of school lands. Section 39 regulates the terms of payment in respect of sales of school

lands. There is no question of the fund at all in any one of those three sections. Sections 37, 38 and 39 deal with the school lands. Section 40 regulates the investment, application and distribution of all moneys realized from the sale of school lands.

Mr. CAHAN: And the whole question centres around whether section 40 is included or not.

Mr. LAPOINTE: Exactly, and I think I shall be able to convince even my hon. friend that section 40 is included. Section 40 says:

All moneys from time to time realized from the sale of school lands shall be invested in securities of Canada to form a school fund, and the interest arising therefrom, after deducting the cost of management, shall be paid annually to the government of the province within which such lands are situate, towards the support of schools or organized and carried on in accordance with the law of such province; and the moneys so paid shall be distributed for that purpose by the said government in such manner as it deems expedient.

I repeat, sections 37, 38 and 39 do not refer at all to the fund, to the moneys raised by the sale of the lands; only section 40 deals with the school lands fund, its administration, its management, the use it is being put to. So when paragraph 7 of the agreement says:

The school lands fund to be transferred to the province as aforesaid and such of the school lands specified in section thirty-seven of the Dominion Lands Act, being chapter one hundred and thirteen of the revised statutes of Canada, 1927, as pass to the administration of the province under the terms hereof, shall be set aside and shall continue to be administered by the province in accordance, mutatis mutandis, with the provisions of sections thirty-seven to forty of the Dominion Lands Act, for the support of schools organized and carried on therein in accordance with the law of the provinces.

—it is more than obvious that section 40 is included, because it has the effect of providing for the administration of the fund which will continue to be administered by the province in accordance with those sections, and it is the only section which deals with the administration of the fund.

Mr. CAHAN: Quite so.

Mr. LAPOINTE: How can my hon. friend say that the whole section does not make it clear that section 40 is included, because it deals with the administration, with the management, and is the only section that deals with it in the school lands group of the sections of the Dominion Lands Act?

Mr. CAHAN: I wish I had a moment to explain the matter. I may have an opportunity later.

Mr. LAPOINTE: My hon. friend will certainly have his opportunity. May I say that the words "to" "from" "up to" "until" and similar words might be—and this is absolutely according to the authorities, and I have quite a number that I should be pleased to quote to my hon. friend—might be either inclusive or exclusive according to the intention, which intention is to be discovered from the context and by applying the ordinary rules of interpretation; and one of the main rules of interpretation is that the intention must be found so that the context does not lead to something which is absurd. This would be absurd there, because we speak of the administration, we say that the fund will be set aside and continue to be administered according to sections 37 to 40—obviously in order to be set aside and to be administered you must include section 40, for it is the only one that deals with administration and management.

Mr. CAHAN: Will my hon. friend allow me a question? I do not wish to ask it if he thinks it will put him out. Paragraph 7 is not correctly quoted by the hon. gentleman. It says:

The school lands fund to be transferred to the province—

That refers to an existing fund. Then it refers to:

—such of the school lands—

And so on.

—as pass to the administration of the province under the terms hereof, shall be set aside and shall continue to be administered by the province.

Mr. LAPOINTE: That is what I said.

Mr. CAHAN: How long? Until under the previous section they pass provincial acts amending the Dominion legislation to which the hon. gentleman refers.

Mr. LAPOINTE: Never. I am glad my hon. friend is bringing that forward because he referred to paragraph 1 as the basis of his contention. He said that the words:

—and the said lands, mines, minerals and royalties shall be administered by the province for the purposes thereof, subject, until the legislature of the province otherwise provides, to the provisions of any act of the parliament of Canada relating to such administration.

And he claimed that this would authorize the legislature to pass legislation which would do away with what is provided for by paragraph 7 of the agreement.

Mr. CAHAN: Just one moment and I will not interrupt again.

Mr. LAPOINTE: It is rather difficult—

Mr. CAHAN: I know it is, but I think in order that the hon. gentleman may make his arguments clear I should be allowed to call this to his attention. Section one says:

Shall be administered by the province for the purposes thereof, subject, until the legislature of the province otherwise provides, to the provisions of any act of the parliament of Canada relating to such administration.

There it is subject only to any existing act of the parliament relating to such administration until the legislature otherwise provides.

Mr. LAPOINTE: Exactly. This refers to lands in general, and my hon. friend may see the title—

Mr. CAHAN: We do not construe titles.

Mr. LAPOINTE: Will my hon. friend keep his peace for a minute and give me a chance?

Mr. CAHAN: It is difficult listening to such a ludicrous statement.

Mr. LAPOINTE: My hon. friend is usually sure of his ground, but he is usually wrong. I am sorry to have to say that because of our friendly relations.

Mr. CAHAN: Anything the hon. gentleman says I regard as friendly.

Mr. LAPOINTE: My hon. friend always interrupts when I am speaking. I am sorry to have to make the request, but I would be much obliged if he would give me the advantage of proceeding with my argument.

Mr. CAHAN: I asked the privilege of calling attention to a mistake the hon. gentleman was making.

Mr. LAPOINTE: Will my hon. friend allow me to proceed?

Mr. CAHAN: I simply called attention to a mistake the hon. gentleman was making.

Mr. LAPOINTE: Will my hon. friend keep on calling my attention to what he considers mistakes?

Mr. CAHAN: Not necessarily. I trust the hon. gentleman has intelligence enough to understand my point.

Mr. LAPOINTE: My hon. friend is always referring to the intelligence of others. I acknowledge that he has a great intellect; I admire it, but he might be kind enough to concede to those who differ with him some little particle of intelligence. That concession will not take away any of his intellect at all; it will rather enlarge it. Paragraph 1 refers to the lands in general and my hon. friend may notice the words:

[Mr. Lapointe.]

and subject as therein otherwise provided—

—which certainly puts a different light on what he said. All this is subject to what is in the agreement "otherwise provided"; and paragraph 7 surely otherwise provides. Paragraphs 6 and 7, as well as paragraphs 2, 3 and 5, are exceptions to paragraph 1, and it is specially stated in paragraph 1 that that section is "subject as therein otherwise provided". I have not the slightest doubt that the clauses referring to the school lands and the school lands fund stand by themselves in this agreement and do not at all come under section 1 as my hon. friend has stated.

Mr. EVANS: Will the hon. gentleman admit a question there?

Some hon. MEMBERS: Order.

Mr. EVANS: Paragraph 7 says:

The school lands fund to be transferred to the province.

But the school lands are only to be administered by the province. Are they not to be transferred as well as the fund?

Mr. LAPOINTE: Yes, they are to be transferred as well as the fund.

Mr. EVANS: Why are those words used in the fourth line: "pass to the administration of"? Why is not the word "transferred" used?

Mr. LAPOINTE: Well, the word "pass" is just as good as the word "transfer". This language is accepted by both parties to the agreement, but I assure my hon. friend that both the lands and the fund are transferred and pass to the administration of the province.

May I say with regard to the objection of my hon. friend that a critical examination of sections 37 to 40 of the Dominion Lands Act proves the following facts in reference to the relation of section 40 of the Dominion Lands Act to the school londs fund and its administration: First, that section 40 is the only one of the four sections which provides for the creation and administration of the school lands fund, which is the subject principally dealt with by clause 7; second, that it is the only section in which the fund is directed to be applied towards the support of schools carried on in accordance with the law of such province. This is substantially the language employed in clause 7. I have said that there are many authorities with regard to the use of the words "to," "from," "until" and "up to" as being either inclusive or exclusive according to the context and the intention as it appears in the documents. In this connection may I quote an authority from western Can-

ada? I refer to the case of Quail vs. Beatty (1913) which is found in 24 Western Law Reports at page 22. In that case the decision is closely applicable to the question of construction now under consideration. The question was whether an agreement for the sale and purchase of land in which the land was described as "lots 1 to 4" embraced lot 4. Mr. Justice Walsh after considering the decisions held that lot 4 as well as lots 1, 2 and 3 was covered by the agreement. In support of his contention the learned judge stated at page 244:

> In all of these cases it is held that under a description of land as extending from one point to another both of these points are excluded.

He further states:

> These descriptions all differ however from the one in hand. They are descriptive of land lying between two certain points the nearest parts of which to the land in question are properly taken as its boundaries. If the description here had been "from lot 1 to 4" it might have been successfully contended that neither of these lots but only the intervening lots 2 and 3 passed for the form might have been used to describe the land lying between the nearest points to each other of lots 1 and 4. The words here used however are descriptive of the lots themselves and it must be taken, I think, that each of the lots thus mentioned is included in the agreement.

This is exactly the same circumstance as we have in the present instance. Sections 37 to 40 are descriptive of the sections which apply and all of them are certainly included, more particularly in view of the fact that the one which my hon. friend says seems to be excluded is the one which deals exclusively with the school lands fund. My hon. friend almost issued a challenge when he said that it was the intention of the parties to the agreement to exclude section 40. He said that we could not induce any one of the parties to the agreement, apart from ourselves, to say that the intention is to include section 40. I am very glad my hon. friend raised the point, as I have a surprise I wish to spring on him. We are at the present time dealing with the Manitoba agreement, and when I learned that someone harboured a doubt as to whether section 40 was included I asked the province of Manitoba whether they had so construed section 7 of the agreement. I have in my hand a telegram sent to me by the Attorney General for Manitoba. My hon. friend took the trouble to say that no attorney general of the provinces concerned could be induced to say that he considered section 40 as included. I wish to read the following telegram:

Winnipeg, Man., March 19, 1930.

Hon. Ernest Lapointe, K.C.,
Minister of Justice,
Ottawa, Ont.

It is our understanding that clause 7 of natural resources agreement as it stands covers all four sections, both 37 and 40 of the Dominion Lands Act.

W. J. Major,
Attorney General for Manitoba.

Although I am always hesitant to align my own opinion against that of my hon. friend the member for St. Lawrence-St. George, my views in this respect are shared by the legal gentleman who drafted the agreement, Colonel Biggar, as a representative of the Department of the Interior in these negotiations; they are shared by the Deputy Minister of Justice and by the officers of the Department of Justice; they are shared by my hon. friend the Solicitor General, who has no doubt in the matter, and they are shared by the Attorney General for the province of Manitoba. With all humility I say that I have no fear in the discharge of my duties, and although my hon. friend dealt harshly with me in his concluding remarks I have no doubt that section 40 is included as well as the other sections.

Mr. CAHAN: Will the hon. gentleman allow a question?

Mr. LAPOINTE: Yes.

Mr. CAHAN: When this telegram was sent by the Attorney General for Manitoba why did the hon. gentleman not reply? Why not use the word "inclusive?"

Mr. LAPOINTE: There is no doubt that if the agreements had not been signed and ratified at that time by some of the legislatures that would have been easy. However as there is no doubt in our minds as to the meaning of the section I do not think it would be advisable to reopen the whole question for the purpose of putting in that word.

Motion agreed to, bill read the second time, and the house went into committee thereon, Mr. Laflamme in the chair.

Section 1 agreed to.

On section 2—Agreement confirmed.

Mr. CAHAN: I simply wish to refer to this matter a little more in detail. I do not find the statement of the Minister of Justice convincing, and I am sure this matter will come before the courts. I regret very much that he did not personally superintend the drafting of the agreement. I remember when the previous agreement came up two years ago I directed the hon. gentleman's attention

to the interpretation I then placed upon the word "to" in that connection, and when a new agreement was being drafted I should have thought that it might have been made clear. I am quite sure that if my hon. friend had retained the direction of the drafting of the agreement he would have placed in the clause words which would clearly indicate that section 40 of the Dominion Lands Act was included, but he will see the following in the schedule to this agreement:

> And whereas by an order in council adopted upon a report from the Right Honourable W. L. Mackenzie King, Prime Minister of Canada, and approved by His Excellency the Governor General on the first day of August, 1928, it was provided, pursuant to an agreement in that behalf entered into with representatives of the government of the province that the province would be placed in a position of equality with the other provinces of confederation with respect to the administration and control of its natural resources—

That is the foundation of the whole agreement, namely that the province of Manitoba shall be placed in a position of equality with the other provinces of confederation with respect to the administration and control of its natural resources. Then the agreement provides in terms for the transfer of all those natural resources without limitation, in so far as they have been unappropriated up to the present time. Then section 1 says:

> —the said lands, mines, minerals and royalties shall be administered by the province for the purposes thereof, subject, until the legislature of the province otherwise provides, to the provisions of any act of the parliament of Canada relating to such administration—

My contention is that this is a clear provision that the legislature may hereafter amend or repeal any act of the parliament of Canada with respect to the administration of these lands or relating thereto.

My third contention, in brief, is that section 6 simply provides for the transfer to the province of the money or securities constituting that portion of the school lands fund which is derived from the sale or other disposition of any school lands within the province, and so on. That constitutes a transfer of the school lands fund in so far as it is at present accumulated and, as far as section 6 is concerned, without any limitation or condition whatsoever being placed upon the use or disposition of this fund. Then we come to section 7, which provides:

> The school lands fund to be transferred to the province as aforesaid and such of the school lands specified in section thirty-seven of the Dominion Lands Act, being chapter one hundred and thirteen of the Revised Statutes of Canada, 1927, as pass to the administration of the province under the terms hereof, shall be set aside and shall continue to be administered by the province in accordance, mutatis mutandis, with the provisions of sections thirty-seven to forty of the Dominion Lands Act, for the support of schools organized and carried on therein in accordance with the law of the province.

My contention with respect to that section is that the provision that this fund is to be administered applies only to the fund as at present accumulated, and to the administration of the lands which are now being transferred in accordance with certain sections of the Dominion Lands Act, only so long as those provisions of the Dominion Lands Act are not repealed by the legislature, which is empowered in a previous section of the act to repeal them. I submit further that the use in section 7 of the words, "for the support of schools organized and carried on therein in accordance with the law of the province" is a quotation of the express words of section 40 of the Dominion Lands Act, and that by incorporating in this agreement certain words of section 40, the application of the other words of that section is excluded.

Having pointed out these facts as being my clear opinion in a matter of such great importance to many people throughout this country and of such peculiar importance to my own people in the province of Quebec, the Minister of Justice must take the full responsibility with regard to the interpretation of that agreement.

Mr. LAPOINTE: I do.

Mr. BENNETT: Is it intended to discuss the sections of the agreement at all? The schedule to the act is the agreement. Is it intended in committee of the whole to discuss the sections of that agreement?

Mr. STEWART (Edmonton): Yes, certainly.

Section agreed to.

The CHAIRMAN: Is it the desire of the committee that the schedule should be discussed paragraph by paragraph?

Some hon. MEMBERS: Carried.

On the schedule—paragraph 1 agreed to.

On the schedule—paragraph 2.

Mr. BENNETT: The minister will remember that many of the contracts for the lease of property between the crown in right of the Dominion and lessees throughout the country refer to regulations. Was it the purpose in framing section 2 to make certain that the regulations which are incorporated in such

documents shall continue to be binding as part of the contracts between the crown and the lessees?

Mr. STEWART (Edmonton): I think my hon. friend will agree that the wording covers that point.

Mr. BENNETT: That is what I am very doubtful about.

Mr. STEWART (Edmonton): The paragraph reads:

—every contract to purchase or lease any crown lands, mines or minerals and every other arrangement whereby any person has become entitled to any interest therein as against the crown—

Mr. BENNETT: I appreciate the terms of that paragraph but a few days ago my attention was directed to this matter by a letter which I received from a lessee, I think it was one of the numerous oil companies operating in Alberta. I was asked the question whether or not it was abundantly clear under the provisions of the agreement that the regulations of the Department of the Interior, approved by the governor in council, which are incorporated in some of these leases would remain as governing regulations during the lifetime of the lease. I am unable to give a definite answer to that question. The regulations issued by the Department of the Interior and approved by the governor in council, and which are made a part of some of the leases, are very far reaching; but if the effect of paragraph 2 is to continue those regulations as conditions governing the relations between lessor and lessee then there would be no difficulty. If, on the other hand, the regulations are subject to change it might well be that an entirely new contract could be set up by the provincial governments in connection with outstanding leases. My answer would have been that the language of the paragraph is broad enough to cover the case, but when I was west the other day—perhaps I should discuss this matter in the Alberta case—one of the smaller companies referred to the fact that certain changes had been recommended in the regulations and that the provincial government had agreed to adopt such suggested changes. Obviously the effect of that would be to render paragraph 2 of doubtful value. I was only able to say in a general way that my understanding was that the purpose of the agreement and of the legislation was to ensure that whatever contractual rights might be enjoyed by any party in any contract outstanding with the crown at the date of the transfer would be respected in their entirety. I think that was the intention, but I believe that the Solicitor General will agree that there is something in the suggestion that if some of the regulations are incorporated in a lease there is nothing in that paragraph which makes it certain that such regulations cannot be changed, in which event you might have a contract subject to regulation passed by the provincial authorities which would be in variance with those already existing.

Mr. STEWART (Edmonton): That matter was discussed with the provincial representatives, and all the provisions of the agreement will have to be honoured by the province. There is one exception in favour of the crown, namely, that they reserve the right to make general changes in royalties from time to time. We could not ask the province to accept that provision when it appeared in all leases, and during the life of such documents they will be subject to such regulations as were in effect when the document was executed. It is only such changes as I have mentioned that would apply.

Mr. BENNETT: I am afraid the hon. minister has not grasped my point.

Mr. CANNON: Any privileges which are now enjoyed are to be continued, with two exceptions; that any changes which may be made are to be by agreement and by general legislation. Regulations passed by the provincial government which would affect these contracts would have to be regulations passed under general legislation.

Mr. BENNETT: The hon. Solicitor General and the Minister of the Interior are quite clear as to the last four lines of the paragraph, which read:

—or, in so far as any legislation may apply generally to all similar agreements relating to lands, mines or minerals in the province or to interests therein irrespective of who may be the parties thereto.

Even the consideration of the phrase "except either with the consent of all the parties thereto other than Canada" does not answer the question as put to me. I was curious to know whether or not the matter had been considered, because my own mind is very uncertain about it. Take the question of royalties as mentioned by the minister. I apprehend that the right to increase royalties is derived from the latter part of the paragraph, that portion which relates to legislation of a general character. An agreement to make the term of a lease ten years instead of five would be an illustration of the first point covered by the paragraph, and the matter of royalties would be an illustration of the second point.

The question of royalties might vitally affect the whole condition of the terms of a contract, and I was a little doubtful as to whether or not that is the only power which would authorize an increase in royalties.

Mr. CANNON: It would have to be a general increase.

Mr. BENNETT: I realize that. Suppose there is a grazing lease outstanding on which the rental is five cents an acre; would it be competent for the province to make that rental ten cents an acre as of January, 1931?

Mr. CANNON: If it was changed by general legislation.

Mr. BENNETT: Is that quite fair in view of the preceding part of the paragraph, which reads:

> The province will carry out in accordance with the terms thereof every contract to purchase or lease any crown lands, mines or minerals.

Mr. CANNON: The Dominion would have the right to do that, and if the province is substituted in our rights, they would be exercising a right which we have already. The lessees would be in no worse a condition.

Mr. BENNETT: My hon. friend has not quite grasped the point which I have in mind. It would not be competent for the Dominion to increase the rental on a lease from five to ten cents an acre without granting compensation.

Mr. CANNON: It would be federal legislation.

Mr. BENNETT: It could not be done by a federal order in council.

Mr. CANNON: My hon. friend is perfectly right in saying that, but suppose we passed general legislation giving us authority to do so, then we could do that.

Mr. BENNETT: Not without compensation.

Mr. CANNON: If general legislation was passed by the province, then the province exercising its right under that legislation could change certain aspects of the leases.

Mr. BENNETT: Not without the payment of compensation.

Mr. CANNON: Oh, yes, by general legislation.

Mr. BENNETT: When the crown by general legislation takes away a right, it must be presumed to pay for it. The privy council said so about 1870 in the Windsor-Annapolis railway case. I also had the question before the exchequer court in the case of the estate of the late Maunsell against the crown where under the Irrigation Act lands were taken away, the statute being a general one, and it was claimed there was no compensation to be paid, but the court decided otherwise.

Mr. STEWART (Edmonton): My hon. friend's difficulty in this respect will be overcome. I am not so sure about the exact provisions of the grazing leases in regard to which he raises a question, but I am clear as to the reservation in connection with oil leases and mining leases in cases where royalties are collected. We have that right if we so desire; that is, the lessee leaves himself subject to changes if they are of a general character. I am not clear whether or not that is embodied in the grazing leases, although I am inclined to think it is—that is, in regard to specifying a term of years at so much per acre.

Mr. BENNETT: I take it in a case of that kind in any event it was intended section 2 should safeguard the interest of the lessee who had a lease for a definite term at a fixed rental.

Mr. STEWART (Edmonton): There would be no question about that. I merely want to make it clear that all the rights the provinces get in the way of any changes are the rights now enjoyed by the federal government. That is all we are transferring to the provinces in that respect; otherwise every provision of a contract will have to be carried out in its entirety by the province.

Mr. BENNETT: That was my understanding.

Paragraph agreed to.

Paragraphs 3 and 6 inclusive agreed to.

On paragraph 7.

Mr. BENNETT: I confess I have been unable to understand why in the preparation of this document about which it is well known that difficulties may arise, the word "inclusive" was not added after the word "forty." At one time I was very actively engaged in the preparation of documents and I certainly would not prepare such a document without the insertion of the word "inclusive." What the Attorney General may say has no effect upon the construction of a document, as my hon. friend knows, and the general principle is that stated by the hon. member for St. Lawrence-St. George. The opinion of Mr. Justice Walsh, that is the opinion of a single trial judge, was that the sale of lots one to

four includes four, but I could give cases in which numerals from one to a number designated did not include the last. In Great Britain there is a section of the Interpretation Act dealing with the matter, which fortunately or unfortunately we do not have in this country. I only mention that it is difficult to understand why, when there was a possibility of trouble and where the use of one word would cure it all, that one word was not used.

Mr. LAPOINTE: There is no doubt that if these agreements had not all been signed and even given ratification by legislatures, it would have been an easy matter to insert the word "inclusive," but I have no doubt that the word is really included in the meaning of the section.

Paragraph agreed to.

On paragraph 8.

Mr. BENNETT: Perhaps what I have to say in connection with water might be better said in connection with one of the other agreements, because I think the question of water and water-powers is left in a very uncertain position. The use of half a dozen words would have cured the trouble. The Irrigation Act of Canada provides that all waters in the Northwest Territories are the property of the crown; that is, in Alberta and Saskatchewan the property in the water itself is in the crown. Under the autonomy acts of Alberta and Saskatchewan the crown in the case of water was defined to be the crown in right of the Dominion and not of the provinces. I had a very personal knowledge of that, because at that time I was actively engaged in irrigation work with the Canadian Pacific, and I assisted to the best of my ability in making certain that the section of the autonomy acts clearly provided, as perhaps the minister will recall, that the water should be held by the crown in right of the Dominion. Under those circumstances is it clear that the waters in Saskatchewan and Alberta—I am not talking about Manitoba for the moment—will belong to the crown in right of the provinces without any further action being taken? I am leaving the question for the moment and I trust the minister will look into it, because frankly I am certainly very doubtful whether or not the waters and water-powers in Saskatchewan and Alberta have been transferred to the provinces under the agreements.

Mr. CHURCH: I would like to find out from the Minister of the Interior what the policy of the government is regarding the water powers of Manitoba. So far as this clause goes, it seems to give away property rights enjoyed by the prairie provinces. We know what the policy of the government is, because last session, after a debate of several days, they surrendered water powers to private owners. I am surprised that some of my Progressive friends who stand for public ownership of the water powers of this country do not rise and protest. Just last Friday the Governor of New York state came out clearly for expropriation of the water powers of that state to preserve them for the people for all time.

Nobody knows to-day the vast wealth in water powers of the prairie provinces Last year there was a debate in the house for several days in an endeavour to do something as a legislature to preserve for the people the water powers of the great prairie provinces. The question of water powers has been made a football by the present government. Nobody knows where they stand on the question in regard to not only Manitoba but Ontario. They have been afraid to face the music and to do something for the people of Ontario regarding the St. Lawrence waterway. They have shelved that problem, which is one purely of navigation, by handing out these deals to various corporations in Ontario and Quebec. I am surprised that we are going to make the mistake to-night of passing this clause. The fact that the government of Manitoba agrees to this is no reason why it should be the law and the clause may be taken to the privy council. A few years ago there was passed in this house an act which was taken to the privy council and I venture to say that that is where the St. Lawrence question will be taken, because the people will not stand for two governments sitting down together and making an agreement regarding water powers, robbing the people of what belongs to them.

Hon. members know what the water powers of Ontario have meant to the people of this province and the money they have saved to the toiler on the farm and the artisan in the city. We are bartering away to one corporation the Winnipeg river and the Seven Sisters falls; we are giving to another gentleman the Lake of the Woods, and as regards this particular clause 8, the fact that the Premier of Manitoba comes to Ottawa, sits at a table with representatives of the Dominion government and makes an agreement which they say is an agreement, does not make it one. Clause 8 prevents and hinders the people of Manitoba from having their own property. We are sitting here as the party to the second part,

backing up the Bracken government in taking away these resources from the people of Manitoba and handing them over to private greed and gain. In the coming election this question will be one of the great issues. In the United States the Democratic party and the Governor of New York are coming forward with a policy of public ownership to preserve the water powers for the people. Who knows the vast wealth that lies in the magnificent undeveloped water powers of the prairie provinces? I am sure a large number of the members know hardly anything about this agreement and I doubt whether anybody knows where this particular clause 8 is going to land. It will certainly find its way to the privy council. Clause 8 reads:

> The province will pay to Canada, by yearly payments on the first day of January in each year after the coming into force of this agreement, the proportionate part, chargeable to the development of power on the Winnipeg river within the province, of the sums which have been or shall hereafter be expended by Canada pursuant to the agreement between the governments of Canada and of the provinces of Ontario and Manitoba, made on the 15th day of November, 1922, and set forth in the schedule hereto, the convention and protocol relating to the Lake of the Woods entered into between His Majesty and the United States of America on the 24th day of February, 1925, and the Lac Seul Conservation Act, 1928, being chapter 32 of 18 and 19 George the Fifth—

And so forth. All these payments and agreements are made whether the people like them or not. What is the policy of the government regarding the water powers of this country? So far it has been to give them away to private greed and gain. This has been the case with regard to the Beauharnois, the Seven Sisters falls, and if the present government is to continue to have its say, there will not be a water power left to the people of Canada. There has been no election in Manitoba to decide whether or not the Bracken government has the support of public opinion in regard to clause 8 of this agreement. I venture to say that if there were an appeal to the province in Manitoba tonight, the people would not back up the Bracken government because of the way it has been handing out the water powers of that province. There was a deal made only a few years ago by which Mr. Backus, the American millionaire, crossed into Canada and was given very valuable rights. The government is giving him help in connection with the Lake of the Woods agreement. We ought to have some minister tell us what the policy of this government is regarding the question of water powers in the province of Manitoba. There are on the government benches some supporters of Hydro-Electric in Ontario. What

do they think of the hand-outs that are being given? What does the Minister of Railways think on this question of water powers? Is he for private ownership, or would he turn these magnificent water powers over to private greed and gain?

There was an investigation held by the Washington government not very long ago which brought out the fact that many of these millionaires in possession of the magnificent water powers of that country were buying up newspapers to influence public opinion in regard to water powers in the eastern and central states. They were spending large sums of money in advertising, and had their candidates at election time. I am afraid that they have crossed over into Canada, judging by what I see in the province of Ontario. The question of light and power is being made a football of. Sir Adam Beck tried to keep the water powers for the province, but now we are simply a filling station for these privately-owned water powers in Quebec, and the result of it all will be that the rates will be doubled and trebled before the contract terminates. Are we going to repeat this monument of folly in Manitoba by passing clause 8? You are adopting here the policy of private ownership of water powers. Are we going to hand over these magnificent water powers in Manitoba to Mr. Bracken for him to hand them over to a few favourites, as was done in connection with the Seven Sisters Falls? What about the undeveloped water powers of that province? There is going to be a day of reckoning, and the time has come for the government to lay down a policy. The government has authority to develop all these water powers and to hand them over to the province at cost. That would save the situation so far as the public is concerned. Where does the public come in with regard to clause 8? They are not consulted at all. There is such a dearth of public opinion with respect to water powers that almost any kind of water power agreement can be put over, but in a few years the country will wake up. We shall find that we must buy back these water powers. We have been buying them back in Ontario, and at a fabulous capital cost.

What has the Labour party to say on this question? Where does the Minister of Labour stand? He is supposed to represent the working classes of the province of Manitoba. He is supposed to put some protection in this agreement for the working classes, instead of the jokers with which it is filled from cover to cover, and the true meaning of which we shall not find out until a case goes to the privy council.

So far as I am concerned, I am opposed to the policy of the present government, handing over the natural resources of this country to the province of Manitoba with riders and restrictions therein. The province of Manitoba is not protected in any way in this agreement. The Bracken government is giving away water powers all the time. They would give away the parliament buildings in Winnipeg. If there is anything that they would not give away, I would like to know what it is. They are parting with water powers everywhere to a few favourites, and with no public control over rates. We had the same situation under the Liberals in Ontario up until 1905. They had given away all the water powers of the province when Sir James Whitney came into office, and he had to buy back the last power site in the Niagara district, from which he built up a magnificent system under public ownership.

Where does the Minister of Railways stand in this question? What is his policy regarding the city of Brandon and the water powers of Manitoba? Is he in favour of private ownership, or does he stand by the Seven Sisters deal and all that kind of thing? Is he in favour of the policy of the government in regard to the lake of the Woods? There seems to be such a dearth of public opinion in Manitabo that the government can give away anything and the people will know nothing about it. The government have absolutely failed to preserve the water powers for the people. This government could have developed power on the St. Lawrence, but instead of doing that they allowed three or four favourites to get away with valuable power sites. The government did have a policy at one time, and they referred it to the courts, but the judges could not understand their questions. I venture to say that the day is not far distant when the great development of the province of Manitoba, agriculturally and industrially, will make it necessary to buy back these water powers for the benefit of the people.

Mr. STEWART (Edmonton): My hon. friend never fails to take the opportunity to make a speech on water powers. Paragraph 8 has very little to do with water powers. It makes provision for repayment to the federal government of moneys used for the purpose of raising the levels of the lake of the Woods, which is in Ontario, and by the way was agreed to by the Ontario government, and for the repayment of the investment in Lac Seul, which is also in Ontario, and from which Ontario receives considerable benefit. The ownership of the water powers will be vested in the Manitoba government. They are responsible to the people of Manitoba, and will no doubt inaugurate a policy of dealing with those water powers that will be satisfactory to the province. That is all we are providing for here.

Paragraph agreed to.

Paragraphs 9 to 14 inclusive agreed to.

On paragraph 15.

Mr. BENNETT: It does appear to me to be a rather serious thing to say that the exclusive legislative power authorized to deal with a national park in Manitoba or any national park shall be the parliament of Canada, as this section does. In the days of Sir Oliver Mowat, were such a proposal made, I know what the answer would have been. Perhaps the Solicitor General will recall very readily the great case of the St. Catharines milling company which went to the privy council to establish the right of the province with respect to lands that were part of the Indian reserves. We are creating a little park of the Dominion of Canada within a province and subjecting that little park to the exclusive legislative power of the federal parliament. That is something that thus far in Canada has been unheard of,—that by agreement made with a province, and which the province reluctantly is compelled to accept, you provide that even with respect to taxation, where there is conflict between the province and the Dominion, the Dominion legislation shall prevail with respect to a national park in one of the western provinces. I can only register my protest against it, and I feel certain the day will come when this parliament will have to undo that which it is now doing in this regard. The sections are the same in all the agreements, and section 16 perhaps is the more objectionable. It provides:

> The parliament of Canada shall have exclusive legislative jurisdiction within the whole area included within the outer boundaries of the said park, notwithstanding that portions of such area may not form part of the park proper;—

That is a queer statement, that the legislative power over part of a province, vast in area it may well be, containing towns and villages, as in fact is the case in one of the parks, shall now vest in this parliament.

> —the laws now in force within the said area shall continue in force only until changed by the parliament of Canada or under its authority, provided, however, that all laws of the province now or hereafter in force, which are not repugnant to any law or regulation

made applicable within the said area by or under the authority of the parliament of Canada,—

That is, by order in council.

—shall extend to and be enforceable within the same, and that all general taxing acts passed by the province shall apply within the same unless expressly excluded from application therein by or under the authority—

Not of the legislature but—

—of the parliament of Canada.

That is such a departure from the provisions of the British North America Act that I have to content myself with merely making my general statement with respect to it. I shall discuss it further when I come to deal with the Alberta agreement.

May I say this? It is futile for us to make objections here. The Minister of Justice in the observations he made a few minutes ago indicated that we are but a rubber stamp. These agreements have been accepted by the respective legislatures and each constitutes now a contract between two parties, the province and the Dominion. We have no power to amend, we have no power to change, because no one party to a contract can change the contract without the consent of the other party. Therefore so far as this parliament is concerned we might as well accept these agreements and be done with them. All we can do is call attention to points which occur to us as we go along, and objections which we have to certain phases of the agreement; but as the minister very properly observed, it is too late to talk of changes once a contract is signed unless both parties thereto consent; and inasmuch as one party is not available for the purpose of making changes without long delay, there is nothing more to be said but to accept the agreements as they are.

Mr. RYCKMAN: Mr. Chairman, before this section passes I desire to say merely a word or two, because later on when this agreement may be further investigated it will be the wonder of the one who reads it how we assumed to have legislative authority to legislate as is proposed in this section 16. The scope and extent of the legislative jurisdiction of the parliament of Canada is defined by the British North America Act, and in my opinion it is idle and foolish—and I want to put that statement on record—that we as a parliament should attempt to determine what is within the exclusive legislative jurisdiction of the parliament of Canada.

Mr. LAPOINTE: Did my hon. friend say that he reserves his other remarks until the Alberta agreement is under discussion?

[Mr. Bennett.]

Mr. BENNETT: Yes.

Mr. LAPOINTE: Very well.

Paragraphs 15 and 16 agreed to.

Paragraphs 17 to 19 inclusive agreed to.

On paragraphs 20, 21 and 22.

Mr. CAHAN: With regard to what I assume is a very large increase in the actual subsidies payable to the three western provinces, is it the intention of the government to make a readjustment with the maritime provinces, so that their subsidies will be permanently increased in proportion as the subsidies are increased by these agreements?

Mr. STEWART (Edmonton): The position of the government is well known in that respect. The Prime Minister has stated on many occasions that each province or each section of the country and its problems will be treated on its merits. Now, the maritime provinces have received consideration, as my hon. friend well knows, and the arrangement for the settlement of the resources of the province of Manitoba is in a similar category. I fail to understand how one could give an answer to my hon. friend's question. If the maritimes feel they have some claims that are still unsettled, it is their privilege to make their representations to the federal authorities, as the western provinces have been repeatedly making their representations with respect to this matter, of which this agreement is the outcome as to Manitoba.

Mr. CAHAN: Then I understand the hon. gentleman to say, on behalf of the government, that inasmuch as the annual subsidy from the Dominion treasury to Manitoba is increased by this agreement, and similarly in the cases of Saskatchewan and Alberta, the government are prepared to reconsider the whole question of subsidies to the older provinces?

Mr. STEWART (Edmonton): Does my hon. friend expect me to answer?

Mr. CAHAN: Yes.

Mr. STEWART (Edmonton): I say at once, no.

Mr. CAHAN: Why not? Take the province of Quebec: in dealing with territorial interests the argument is frequently made that a large territory was subtracted from the Northwest Territories and annexed to Quebec, whose territorial limits were thereby extended in order that the property rights within that area might be vested in the crown in the right of the province. It has been stated also that the area of Ontario was increased so that the

lands brought within its jurisdiction might be vested in the crown in the right of that province. But in addition to transferring all these lands and everything implied in the word "lands," such as mines, minerals and royalties, when this agreement is ratified and confirmed by imperial legislation these will be vested in the crown in the right of these several provinces. Therefore they are restored to all the rights which were withheld from them at the time those provinces were created. But there is also a very large increase in the federal subsidy to each of those provinces under the several agreements, which puts out of balance, it seems to me, the whole question of the distribution of federal subsidies as between the older provinces and the new. Is that fact to be considered in a readjustment of the subsidies to the older provinces, especially to the maritimes? Are we acknowledging that that is a fair basis on which application may be made by those provinces and favourably considered by the government?

Mr. STEWART (Edmonton): The basis of the adjustment was not on any other theory or policy than that of putting the western provinces on an equality with the other provinces of Canada. May I point out that as early as 1912 the request of the premiers of the three prairie provinces to the federal government was that they should have returned to them their unalienated resources and that the full subsidy provided under the act of autonomy of 1905, when the population had increased to the extent that they would earn the full amount, should be continued for all time to come. That has been denied them up until the present, and the statement of my hon. friend that additional subsidies have been granted is not quite correct in that respect. These were provided for in the act of 1905, and they are getting no more than the continuation of the subsidies provided for in that act when they have the population to earn them. This is to make a basis upon which other provinces will base their demands. No one can prevent a province from making demands upon the federal government for consideration of any sort. I do not know upon what grounds they may base their contention for consideration; that is their privilege. As far as the western provinces and these agreements are concerned the intention is to put those provinces on an equality with the other provinces of Canada. So I say that the question whether the maritime provinces have the right to make an appeal to the government under the provisions of this agreement or on some other ground remains entirely with those provinces. The agreements stand upon their own feet, and as stated in the agreements themselves, they are to put the western provinces on an equality with the other provinces of Canada.

Mr. CAHAN: Does the hon. gentleman say that paragraph 20 of the agreement specifying the sums payable until the population of the province reaches 800,000, and then thereafter until it reaches 1,200,000, and then thereafter as provided in this section, does not increase by the extent of one dollar the provision already named in the 1912 legislation in respect to the payment of subsidies to the province of Manitoba?

Mr. STEWART (Edmonton): No; that was the provision of the agreements with the provinces, that when they had the population the subsidies would be increased from time to time until they reached the maximum of $1,125,000. That is the amount specified in each of the agreements.

Mr. BENNETT: On a population basis.

Mr. STEWART (Edmonton): Yes, on a basis of population.

Paragraph agreed to.

Paragraphs 23, 24 and 25 agreed to.

Schedule agreed to.

Bill reported, read the third time and passed.

NATURAL RESOURCES

AGREEMENT WITH ALBERTA

Hon. CHARLES STEWART (Minister of the Interior) moved the second reading of Bill No. 17, respecting the transfer of the natural resources of Alberta.

Mr. CAHAN: I presume we will have some explanation as to the special features of this bill. If not, I shall proceed to make some criticism upon it.

Mr. STEWART (Edmonton): There are some slight differences between the agreement with the province of Alberta and the agreement respecting the province of Manitoba. In the main however the provisions are almost identical. They are identical with respect to the terms for the payment of subsidies, and I wish to inform the house that the Solicitor General (Mr. Cannon) will move an amendment to section 2 so as to bring the Alberta act in conformity with the provisions of the Saskatchewan act. When that is done the two acts will be identical in every particular.

Mr. BENNETT: May I suggest that the minister read the amendment so that it will appear in Hansard to-morrow?

Mr. STEWART (Edmonton): All right. The amendment will affect section 2. Section 2 is as follows:

The agreement set out in the schedule hereto is hereby approved.

I shall ask to have section 2 amended so that it will read as follows:

The agreement set out in the schedule hereto is hereby approved subject to the proviso that in addition to the rights accruing hereunder to the province of Alberta the said province shall be entitled to such further rights if any with respect to the subject matter of the said agreement as are required to be vested in the said province in order that it may enjoy rights equal to those which may be conferred upon or reserved to the province of Saskatchewan under any agreement upon a like subject matter hereafter approved and confirmed in the same manner as the said agreement.

May I say in explanation of that amendment that the province of Saskatchewan was anxious that the matter referred to the commission should not be confined to the period from 1905, the date of the act of autonomy, to the present time. They suggested that they should be permitted, upon the submission of certain questions to the courts, to decide whether or not compensation which they claimed from 1870 onward should be given. This puts Alberta in identically the same position if it desires to take advantage of the provision.

Mr. BENNETT: There is another point as well: Saskatchewan reserves the right in connection with the Dominion Lands Act.

Mr. STEWART (Edmonton): Yes, it reserves that right, of course, but that gives the Alberta government exactly the same privileges and rights, if they desire to take advantage of them to bring forward a test case on this question.

Mr. CAHAN: What were those rights?

Mr. STEWART (Edmonton): They can be discussed better in committee, I think. The matter is contained in the Saskatchewan agreement.

Mr. BENNETT: Would it not be better to take the Saskatchewan agreement first?

Mr. STEWART (Edmonton): I much prefer to deal with this agreement first if possible because I should like to take them in the order in which they were executed by the provinces.

Mr. BENNETT: I should like to ask the minister a question, if I may. How can you add to the agreement, which is a contract between the two parties, without both parties agreeing to such amendment?

[Mr. Bennett.]

Mr. CANNON: There is a provision in the agreement whereby such an amendment can be made.

Mr. STEWART (Edmonton): There is nothing in this agreement in addition to what was contained in the Manitoba agreement. The only difference is the provision in the Manitoba agreement for the repayment of the moneys which were expended for improvements of water powers, and the lump sum payment provided for in the Manitoba agreement. This simply provides for the payment of the subsidy when the province has a population sufficient to earn the increased subsidy up to $1,125,000.

Mr. CAHAN: I should like to speak for some time in connection with this agreement. It is now fifteen minutes to eleven o'clock; we have done all we possibly could to assist in putting through the Manitoba agreement, which is very important, and I should like to suggest that I be allowed to move the adjournment of the debate.

Mr. STEWART (Edmonton): Would not my hon. friend be content to make his remarks in committee of the whole?

Mr. BENNETT: This is the proper place, and it is my intention also to speak on the second reading.

On motion of Mr. Cahan the debate was adjourned.

On motion of Mr. Mackenzie King the house adjourned at 10.46 p.m.

Tuesday, April 29, 1930.

The house met at three o'clock.

RADIO BROADCASTING

PETITIONS PRESENTED

Mr. PAUL MERCIER (St. Henri): Mr. Speaker, I have the honour to present and to deposit 171 petitions containing 21,592 signatures and 546 requests, making a total of 22,138 persons objecting to any change in the present system of radio broadcasting; that is, against the report of the Aird commission on radio broadcasting.

APPEALS IN CRIMINAL CASES

Hon. ERNEST LAPOINTE (Minister of Justice): I beg to lay on the table of the house amendments to the rules relating to criminal appeals which were made by judges of the supreme court of Nova Scotia on February 14, 1930.