

products in return for the preference granted to New Zealand butter and other agricultural products in the Canadian market?

6. What was the value of the exports from Canada to New Zealand of, (a) agricultural products; (b) all other products, in each of the calendar years 1925 to 1928, inclusive?

7. What was the value of imports from New Zealand to Canada of, (a) agricultural products; (b) all other products, in each of the calendar years 1925 to 1928, inclusive?

8. What quantities and values of butter were imported into Canada from New Zealand in each of the calendar years 1925 to 1928, inclusive, and what were the quantities and value of butter exported from Canada to New Zealand in the same years?

9. What is the Canadian duty against New Zealand butter, and what is the New Zealand duty against Canadian butter?

10. What quantities and values of the following commodities were exported from Canada in each of the calendar years 1925 to 1928, inclusive, and what was the increase or decrease each year, pork, bacon and hams, lard, cheese, butter, milk and cream, milk condensed or evaporated or as milk powder?

11. What quantities and values of the following commodities were imported into Canada during each of the calendar years 1925 to 1928, inclusive, and what was the increase or decrease in each year, pork, bacon and hams, lard, cheese, butter, milk and cream, milk condensed or evaporated or as milk powder?

## UNOPPOSED MOTION FOR PAPERS

### IMPERIAL CABLE MERGER

On the motion of Mr. Heaps:

For a copy of all letters, cables, correspondence and other documents or agreements, entered into by the Canadian government in connection with the imperial cable merger of 1928.

Mr. VENIOT: On Monday when this matter came up I asked the hon. member to let it stand, for certain reasons which I presented to the house. I have no objection to the motion passing now, and I will undertake to produce the papers just as soon as it is possible to do so.

Motion agreed to.

## NATURAL RESOURCES

### PROPOSAL THAT DISPOSITION BE EFFECTIVE ONLY ON APPROVAL OF PARLIAMENT

The house resumed from Monday, February 25, consideration of the motion of Mr. Woodsworth:

That, in the opinion of this house, no disposition of the natural resources, under the control of the federal government, shall be effective until ratified by parliament.

Right Hon. W. L. MACKENZIE KING (Prime Minister): When the house adjourned on Monday evening last, the leader of the [Mr. J. W. Edwards.]

opposition (Mr. Bennett) had just concluded speaking in reference to this motion. Listening to my hon. friend I gathered that what he was most anxious to ascertain was the reason for haste in the transfer of certain natural resources, in particular the natural resources of Manitoba. Hon. members will recall that over and over again the leader of the opposition asked: "Why this haste? Why the haste in transferring these resources?" I would ask hon. members to recall the speech made by the leader of the opposition (Mr. Bennett) just two weeks earlier in the session when we were debating the address. My hon. friend was not asking then, "Why the haste?" He asked on that occasion over and over again, "Why the delay? Why the delay in the transfer of natural resources?" We had caused to be placed in the speech from the throne a reference to the desire of the government to transfer the resources of the western provinces, and indicating some progress that had been made; and when my hon. friend came to refer to that part of the speech, the whole tenor of his remarks was in the nature of a chastisement of the government for the long delay which had taken place in the transfer of the resources. May I answer his question as to "why the haste" by saying that "the haste was in order to avoid further delay." The whole reason of the haste was to avoid delay.

Let me briefly review the outstanding facts with respect to the transfer to the western provinces of their natural resources. I mentioned to my hon. friend at the time that primarily this government had not been responsible for the delay; as a matter of fact our efforts have all been in the direction of expediting the transfer with respect to all three of the western provinces. In 1911, as my hon. friend said on a previous occasion, when the Sifton government was in office in Alberta, Mr. Sifton made an appeal to Sir Wilfrid Laurier for the transfer to Alberta of its natural resources. The condition which Alberta proposed at the time was that the resources should be returned and that the province should also be permitted to retain the subsidy which had been given in lieu of resources when the province was created, and when it was decided that the Dominion government rather than the province should administer those resources. Sir Robert Borden's government succeeded that of Sir Wilfrid Laurier. Mr. Sifton was still in office in Alberta and he repeated the application for the transfer of the resources to Alberta in terms similar to those he had proposed to Sir Wilfrid

Laurier. Sir Robert Borden's government took the position that the resources could not be transferred and the subsidies continued.

The war came on, and the question of the transfer of the resources stood in abeyance for the time being, but when the Union government was in office an application was made not alone by the premier of Alberta but by the premiers of the three western provinces to the Union government for the immediate transfer of the resources. They were given to understand that the resources might be transferred but that if this were done the subsidy which had been given in lieu of the resources would have to be discontinued. They were not satisfied with that reply and the matter dropped so far as the Union government was concerned. Then the Hon. Arthur Meighen formed an administration, and while Mr. Meighen was in office the three western provinces were represented at a conference with the Dominion government, at which conference the request was made that the resources be transferred. The representatives were told by Mr. Meighen that they could have the resources back provided they were willing to forego the subsidies being paid them in lieu of the resources. Mr. Meighen said that would be the quickest way to solve the matter, but that was not satisfactory and the western provinces refused to make an agreement with the Dominion government.

We can hardly be held responsible for the delay which took place from 1911 to 1921, but for what has since transpired we are to some degree responsible. However, that responsibility is not all ours; it takes two to make a bargain, and if the resources have not been transferred to the western provinces thus far it has not been because of our unwillingness to go as far as our predecessors went, or indeed because of our unwillingness to go a great deal further, but because of the unwillingness of the western provinces up to the present to accept the resources even on what we consider the very generous terms we have offered them. The present administration came into office in December, 1921; in 1922, our first year in office, we received a deputation of the western premiers and discussed with them the question of the transfer of the resources to the western provinces. We were unable to reach any definite agreement as to terms, but we did get along a certain distance with respect to a basis for further negotiations. When the deputation left Ottawa an announcement was made in this house that we had agreed with the western provinces that the transfer should be made on a basis which would put the

western provinces in a position of equality with the other provinces of the Dominion. The announcement also was made that the provinces themselves felt that no good purpose would be served by all three seeking to deal with the government at the one time but that it would be better for each province to negotiate separately with the administration, and separate negotiations then started with the three provinces.

I might give to the house a very brief outline of the negotiations with all three provinces, and in that connection I would like the house particularly to notice how the negotiations have proceeded with respect to Alberta as compared to the progress made with either Manitoba or Saskatchewan, because the leader of the opposition (Mr. Bennett) seemed to imply that Alberta had not been treated just as fairly and generously as Manitoba or Saskatchewan; he contended that there was no reason why Alberta should be third in the race, so to speak, and should not get treatment equal to that given Manitoba and Saskatchewan. A review of the situation will show I believe that as far as Alberta is concerned we have gone much further than we have gone with either Manitoba or Saskatchewan and that negotiations as to the transfer of the resources are much nearer completion with respect to that province than with the others, though of necessity the final word rests with the province of Alberta itself.

Now may I come back to Manitoba, and here again draw particular attention to the question of the leader of the opposition, "Why the haste?" The leader of the opposition sought to have it appear, as I gathered from his remarks, that there was some sinister reason which accounts for the fact that in the month of July last a basis of transfer was effected and an agreement arrived at with the province of Manitoba. In other words, his remarks were calculated to cause hon. members to ask why this basis was not reached in September, in November, in December or during this year instead of July of last year. That is the question I wish to answer, and I hope to make the answer quite clear by quoting to members of the house some of the correspondence which passed between the government of Manitoba and this government in arranging for that particular conference. I will not go back to 1922 and discuss what took place during 1922, 1923, 1924 and 1925, but I will give the house as the first communication a letter from Premier Bracken of Manitoba under date of January 13, 1927. In listening to this letter I wish hon. members to seek to put themselves in the position of this administration in dealing with another

government. This letter emphasizes the delays which have occurred and urges that with as little delay as possible a conference be arranged. Note again the date of the letter, January 13, 1927. The letter is addressed to myself as Prime Minister and to the ministers of the federal government, and proceeds:

Mr. Premier and Gentlemen:

After more than four years of negotiations upon the basis of the agreement of April 21, 1922, between the governments of the Dominion and the province of Manitoba, we have reached very reluctantly the conclusion that the attempt to settle the natural resources question by mutual consent has broken down.

There have been two conferences, five or six less formal interviews, and almost continuous correspondence during the past three years.

Not only have all negotiations for a final settlement broken down, but the proposal of Manitoba to adjust at once less controversial details like the school lands and the school lands fund has proved unacceptable to the Dominion. In his letter of January 29, 1924, the Premier of Canada took the position that all negotiations

"have contemplated that the whole question should be dealt with as one, and disposed of either by mutual consent or by arbitration, as provided in the agreement made between the Dominion and the province on the 21st day of April, 1922."

In a subsequent letter, dated February 9, 1924, the Premier of Canada added that there were "limits beyond which, with the best will in the world, we cannot go and hope to obtain parliamentary approval of our proposals. . . . If no agreement can be reached, we must, I suppose, resort to arbitration."

In this conclusion the province of Manitoba is now prepared to acquiesce.

We take this opportunity also of stating frankly that the terms which have been made with the province of Alberta are not, and in our opinion never can be acceptable to the province of Manitoba, since Manitoba came into confederation in 1870, thirty-five years before the province of Alberta was created, and also because the agreement of April 21, 1922, was made exclusively with the province of Manitoba.

On behalf of this province therefore we beg to state that we are prepared to remit this whole question for arbitration to some tribunal to be mutually agreed upon. We would suggest that probably the most acceptable tribunal that could be agreed upon would be the Judicial Committee of His Majesty's Privy Council, if that could be arranged.

Will you kindly advise whether your government is prepared to proceed with the settlement of this question as above suggested.

Yours very truly,

John Bracken.

I replied to that letter on February 19, 1927, as follows:

Hon. John Bracken,  
Premier of Manitoba,  
Winnipeg, Manitoba.

Dear Mr. Premier:

I regret that it has not been possible to make an earlier reply to your letter of January 13th [Mr. Mackenzie King.]

on the natural resources question, which you suggest should be referred to arbitration, possibly before the judicial committee of the privy council.

Some consideration has been given to the question in council by my colleagues and myself, but we have not yet been able, in view of the pressure of preparing for and carrying on the session, to give it the full and detailed attention its importance warrants. I should therefore greatly appreciate it if the matter could stand over until the end of the present session, which will not in all probability be a long one. We shall endeavour then to come as speedily as possible to an agreement with your Government as to the best means of dealing with the matters still at issue.

Yours sincerely,

W. L. Mackenzie King.

That was the year in which we celebrated the diamond jubilee of confederation, and the conference between the provinces and the Dominion was held during the same year. These two events, I think, helped to account for the circumstance that the matter of a conference with Manitoba was not carried out. There was the additional fact that Manitoba was holding an election that year, and no doubt it was not a convenient time at which to negotiate an agreement.

Then we come down to 1928, and the following communication was received from the Premier of Manitoba on January 10 of that year:

The Rt. Hon. W. L. Mackenzie King,  
Premier of Canada,  
Ottawa, Ont.

Dear Mr. King,

May I again draw your attention to my letter of January 13 of last year, and to the series of letters and telegrams—from myself on December 31, 1926, January 13, February 28, and April 19, 1927, and your replies of January 1, February 19 and April 21, 1927—with regard to the arbitration of the question of Manitoba's natural resources in accordance with the agreement of April 21, 1922. May I also remind you of Mr. Craig's interview with you in May last, and my own in November when we reiterated the request of the Manitoba government for the arbitration of this question without further delay.

It was conceded nearly a year ago, after two formal conferences, five or six informal interviews, and almost continuous correspondence, that the attempt to reach a settlement by mutual consent had broken down. The proposal of Manitoba to settle less controversial details like school lands and the school lands fund also proved unacceptable. Your government (January 29, 1924) took the view that all negotiations "have contemplated that the whole question should be dealt with as one, and disposed of either by mutual consent, or by arbitration, as provided in the agreement made between the Dominion and the province on the 21st day of April, 1922."

A few days later (February 9, 1924) you pointed out on behalf of your government that there were "limits beyond which, with the best will in the world, we cannot go and hope to

obtain parliamentary approval of our proposals. . . . . If no agreement can be reached we must, I suppose, resort to arbitration."

Since that time a long and exhaustive series of claims has been drawn up by the maritime provinces. The Duncan commission was appointed to deal with these claims. A report was submitted, and the government has implemented that report in the most prompt and generous manner. The province of Manitoba, meanwhile, has been urging, not special bonuses and subsidies and freight rates, such as the Dominion has granted to the maritime provinces, but merely the arbitration of our case under an agreement made nearly six years ago.

You will recollect also the very friendly attitude adopted at the dominion-provincial conference in November last by the premiers of Quebec, Ontario and the maritime provinces towards the return of our natural resources. With the other provinces so favourably disposed and the whole dominion responsive to the spirit of the 60th anniversary of confederation, the time is singularly opportune for the settlement of this question by arbitration, as provided in the agreement of April 21, 1922. We cannot conceive any valid objection that can be taken to so fair and just a proposal at this time.

I am writing now to request of your government an early decision with regard to our proposal of January 13 of last year in order that we may make the necessary arrangements without further delay.

Yours very truly,  
John Bracken.

I replied to that letter on February 28, 1928, as follows:

The Honourable John Bracken,  
Premier of Manitoba,  
Winnipeg, Manitoba.

Dear Mr. Bracken,

Since the receipt of your communication of the 10th of January I have had an opportunity to enter very fully with my colleagues into the representations of your letter regarding a final settlement of the natural resources question with the province of Manitoba. Let me say at once that we agree most cordially with you that the recent Dominion-provincial conference has created an atmosphere much more favourable to a satisfactory solution of the outstanding questions between us, and also that in view of the diamond jubilee celebrations of the past year the present moment would be a most opportune time to remove the entire question from the field of controversy.

My colleagues and I share your regret that it has not yet been found possible to reach an agreement by conference. I now write to say that we have in no way altered our opinion that in the absence of a settlement by direct negotiation, the questions at issue between us should be referred to arbitration. In arranging for arbitration, however, we can see some objection to sending the question to the privy council. It would, therefore, be well that we should reach an agreement both with respect to the terms of reference for the arbitration and the tribunal to which the matter is to be referred. These arrangements may be made by a conference with yourself or with any of your colleagues at such time as may be mutually convenient.

While agreeing to the principle of arbitration, we are still inclined to believe that the ad-

ditional delay incident to arbitration might be avoided by further negotiations with a view to reaching a settlement by conference, and with this in mind we would suggest that one further attempt be made to settle the matter by this means, failing which we should reach a definite agreement as to the tribunal of arbitration and the terms of reference.

Yours sincerely,  
W. L. Mackenzie King.

On March 5, 1928, I received the following letter from Mr. Bracken:

The Right Honourable  
W. L. Mackenzie King,  
Prime Minister of Canada,  
Ottawa, Ont.

Dear Mr. King,

I beg to acknowledge receipt of your favour of the 28th ultimo, with further reference to the matter of the settlement of the natural resources question. I note that it is your view that the present is an opportune time to endeavour again to conclude some arrangement by which this question can be settled satisfactorily; but that you do not favour submitting the matter to the privy council, as suggested by us, preferring to attempt once again to settle the matter by conference, failing which, as you say, a definite agreement as to the tribunal and terms of reference can be decided.

The government of Manitoba is anxious to have this matter proceeded with at the earliest opportunity. Would you kindly advise, therefore, when you could arrange to meet representatives of the provincial government.

In concluding, permit me to express the gratification of the government at being assured of your desire to have this vexed question settled without any unnecessary delay, at this particular time in the history of the Dominion.

Yours very truly,  
John Bracken.

On March 17 I replied to that communication as follows:

Dear Mr. Bracken: I have received your letter of March 5, with further reference to the settlement of the natural resources question, and I note that the government of Manitoba desires to have the proposed conference proceeded with at the earliest opportunity. As the questions to be considered will demand considerable discussion and investigation, it would seem advisable that we should select a date when the representatives attending the conference would be free to devote their whole attention to the matters under discussion. In the circumstances, I would suggest that the conference should be held immediately following the close of the present parliamentary session.

Yours sincerely,  
W. L. Mackenzie King.

On March 26 I received the following communication from the Attorney General of Manitoba:

Province of Manitoba,  
Attorney General, Winnipeg.

Dear Mr. King,

I have your letter of the seventeenth instant addressed to the Hon. Mr. Bracken with reference to the settlement of the natural res-

sources question. Mr. Bracken is at present on a short vacation necessitated by the state of his health and has requested me to act for him in this matter during his absence.

I agree with you that it is advisable to select a date when the representatives would be free to devote their whole attention to the matter under discussion. I accordingly accept the suggestion that the conference be held immediately following the close of the present parliamentary session. I shall confer with our representatives with a view to selecting tentative dates which will be submitted to you in due course.

Yours sincerely,

W. J. Major,  
Attorney General.

On March 30 my secretary, Mr. Baldwin, sent an acknowledgement of this letter to Mr. Major. On April 2 Mr. Major makes further reference to his former letter as follows:

Dear Mr. King,

I have now had an opportunity of consulting with the Manitoba representatives in regard to the conference on natural resources, to be held at the close of the present parliamentary session.

In the event of the session closing by May 24, I would suggest that the conference be held between the twentieth of May and June 10. Any day you may appoint within this period will be convenient to us.

Faithfully yours,

W. J. Major.

I replied on April 26, concluding the letter, after acknowledging Mr. Major's communication, with this paragraph:

I may say in reply to this suggestion—

That is the one I have just read.

—that it is impossible to predict at this time just what the date of prorogation will be. We shall, however, do our utmost to meet your wishes and hope that it may be possible to hold the proposed conference during the first week in June, the exact date to be arranged later.

On June 6, 1928, I received the following telegram from Mr. Bracken:

In view of possible prorogation this week can you name date for conference on natural resources question.

John Bracken.

I replied on June 16 as follows to Mr. Bracken:

Re natural resources. If Wednesday, June 27 will be convenient to yourself and colleagues, I shall be pleased to arrange conference with our government beginning that day at Ottawa, eleven a.m. my office.

Mackenzie King.

On June 18, Mr. Bracken replied:

Replying your message sixteenth which arrived during my absence from city, regret impossible to arrange attendance at natural resources conference before first week in July owing to absence of ministers in meantime.

[Mr. Mackenzie King.]

I replied on June 19:

Replying to your night lettergram of the eighteenth please mention earliest date in July for conference. Will seek to suit your convenience.

On June 19 Mr. Bracken wired:

Wire to-day's date received. Can meet you re natural resources any time during first week of July or later date.

John Bracken.

My secretary replied:

Mr. King out of town. I now learn that western ministers have made plans to be in west after first July. Could you possibly re-consider suggestion that you come to Ottawa during week of twenty-fifth June.

Harry Baldwin.

Secretary to Prime Minister.

On June 20, 1928, Mr. Bracken sent the following communication to Mr. Baldwin:

Harry Baldwin,

Secretary to Prime Minister,  
Ottawa, Ontario.

Wire yesterday's date received. Suggestion contained therein could have been acceded to a week ago but since then Attorney General who has charge of natural resources case has gone to northern Manitoba mining area and will not be back till end of month. Am endeavouring to reach him by wire but am not hopeful of doing so. Could conference not be held here if western ministers are to be here during first week of July? Kindly advise. If there is any prospect of getting Mr. Major back before latter part of next week will wire later but think this impossible.

John Bracken.

Mr. Baldwin replied to this on June 21, as follows:

Regret it is impossible to accede to your suggestion in yesterday's telegram since Prime Minister cannot leave Ottawa. If week of twenty-fifth impossible for you and Mr. Major suggest second, third or fourth of July.

Harry Baldwin,

Secretary.

Mr. Bracken sent the following wire on June 21:

As Mr. Major not expected back until late next week suggest July 4 for natural resources conference.

Then Mr. Bracken sent this wire June 23 to Mr. Baldwin:

Have assumed July 4 decided upon for conference. Kindly advise if correct.

Mr. Baldwin wired back to Mr. Bracken:

Replying to your wire of to-day mister Stewart asks me to say that if you can be in Ottawa on morning of the third instead of fourth he will meet you here instead of at Toronto.

Then there was this communication from Mr. Bracken on June 24:

Harry Baldwin,  
Premier's Office,  
Ottawa, Ontario.

Wire yester's date received. Will be glad to meet Mr. Stewart on morning of the third at Ottawa. Am I to understand you desire natural resources conference that day as well. This can be arranged if it will better suit convenience of premier and federal ministers.

On June 25 I sent the following communication.

Hon. John Bracken,  
Premier of Manitoba,  
Winnipeg.

This will confirm arrangements made with you during my absence from town by my secretary and Mr. Stewart. Shall be glad to meet you in Ottawa on morning of Tuesday, third of July.

W. L. Mackenzie King.

I hope that correspondence makes perfectly clear how it came about that the conference was held in Ottawa on July 3, and I hope it answers the question of the leader of the opposition, "Why the haste?" There was no reason for the haste other than to avoid the delay of which Mr. Bracken had been complaining so long. As the correspondence shows, the government was sincerely desirous of getting the matter settled. We felt that the province had occasion to consider that there had been a delay and we were doing our utmost to meet its wishes for an early conference.

I might mention a further circumstance. Hon. members will know that after a long session of parliament running into the approach of summer most of the ministers do not remain in Ottawa; they go to different parts of the country. I was anxious to have this conference completed and over before the ministers began to disperse for the summer. As the correspondence shows, some of them had made engagements to be away in July, but they sacrificed their engagements in order to stay here to suit the convenience of Mr. Bracken and his colleagues. The Minister of the Interior (Mr. Stewart) had made engagements to be in the west. He stayed over for the first day of the conference, but in order to keep his engagements he was obliged to be away during the last two days.

The first day of the conference was taken up in reaching a basis upon which the resources could be transferred. We discussed the question of an appeal to the privy council, we gave our reasons for thinking that was scarcely an expeditious way of proceeding with the matter, and again asked the question whether it was not possible for us to agree upon some method and basis of settlement which would bring this large transaction to a finality. An agreement was reached as a result of the atti-

tude of the conference and the announcement of the agreement was made in the press some time in the month of July. I do not recall the exact date on which the announcement was made.

When the conference concluded at Ottawa, there remained the question of securing the consent of certain gentlemen to act as commissioners to go into the questions which would have to be investigated. Perhaps I should pause here to say a word about the exact nature of the settlement which we made. The choice, as will be clear from what I said earlier in my remarks, had been from the outset between an agreement arrived at by conference and an agreement arrived at by arbitration. From the beginning, whenever arbitration was spoken of, it was perfectly plain that once an endeavour was made to ascertain the total receipts of the Department of the Interior in connection with the administration of western lands, the total expenditures made in carrying out that trust on behalf of the western provinces, what particular transactions were to be taken account of, and the like—it was quite plain, I say, in the first place, that the government would find it very difficult to state exactly what should be referred to arbitration, and, in the second place, extremely difficult for the arbitrators to go through the endless accounting that would be necessary to arrive at an exact finding. Something of an alternative character had to be suggested, and the proposal was evolved in the course of the discussion that if three representative citizens of Canada, in whom the Dominion government as well as the government of Manitoba had confidence, could be found who could be persuaded to go into this matter intelligently and thoroughly, visiting the Department of the Interior and reviewing the situation there, deciding upon what matters should be excluded from their inquiry and what matters should be left to an accounting or settlement in some other way, they might be able to make to the two governments a recommendation which would appeal to the general good sense and fairness of both parties. That idea appealed to the Manitoba government and to our government, and we decided to work out our agreement on that understanding.

A question that was of special importance was the basis on which this commission would proceed. Were they to proceed on the basis that Manitoba should be put in the position in which she would have been had she had her resources when she came into confederation in 1870, or on some other basis? We concluded that the just and right and the fair

basis was the one I have indicated. I am pleased to say that the hon. leader of the opposition, speaking on the address, congratulated, perhaps I use too strong a word; at any rate he commended the government on having accepted that as a basis in dealing with Manitoba. So we have been fortunate to this extent at least, that the basis we laid down is one which appeals to both sides of this house, and I take it that hon. gentlemen in the far end of the house also feel that in that particular we have been fortunate enough to arrive at a basis of settlement which appeals also to them.

Here is the announcement that was given to the press as a result of the conference after we had agreed upon the gentlemen whom we would ask to act as members of the commission. The three gentlemen were the Hon. Mr. Turgeon, the Hon. Mr. Crerar, and Mr. Charles Bowman. Mr. Turgeon was in Europe at the time, and I had to cable him and ask if he would accept the position of chairman of the commission. Mr. Crerar was somewhere in Manitoba, and Mr. Bowman was in Kitchener. Until we were in a position to communicate with all three, it was not possible to give out an announcement to the public as to what had been agreed upon. This is the announcement which was given out:

Following a conference held at Ottawa on July 3rd and 4th, 1928, between representatives of the government of Canada and of the government of Manitoba, the results of which conference have since been approved by the two governments, agreement was reached as to the method and basis of settlement of the question of the administration and control of the natural resources of Manitoba, as follows:—

1. The province of Manitoba to be placed in a position of equality with the other provinces of confederation with respect to the administration and control of its natural resources, as from its entrance into confederation in 1870.

2. The government of Canada, with the concurrence of the government of Manitoba, to appoint a commission of three persons to inquire and report as to what financial readjustments should be made to effect this end.

3. The commission to be empowered to decide what financial or other considerations are relevant to its inquiry.

4. The findings of the commission to be submitted to the parliament of Canada and to the legislature of Manitoba.

5. Upon agreement on the financial terms following consideration of the report of the commission, the respective governments to introduce the necessary legislation to give effect to the financial terms as agreed upon, and to effect the transfer to the province of the unalienated natural resources within its boundaries, subject to any trust existing in respect thereof, and without prejudice to any interest other than that of the crown in the same.

6. Pending this transfer, the policy of the government of Canada in the administration of

[Mr. Mackenzie King.]

the natural resources of Manitoba to be in accord with the wishes of the government of the province.

The supplementary announcement read as follows:

The government of Canada and the government of Manitoba have jointly agreed upon the following persons as members to comprise the commission with respect to the transfer of the natural resources of Manitoba:

Hon. W. F. A. Turgeon,  
Court of Appeal,  
Saskatchewan.

Hon. T. A. Crerar,  
Winnipeg,  
Manitoba.

Charles M. Bowman, Esq.,  
Director,  
The Mutual Life Assurance  
Company of Canada,  
Kitchener, Ontario.

These gentlemen will be apprised immediately of the agreement upon their names as members of the commission and will be invited forthwith to accept appointment.

With respect to the terms of agreement, I have yet to hear criticism in any particular except one. Some hon. members in the course of the debate seemed to take exception to the last clause, or at least to some phase of it—I do not know whether I am interpreting them correctly—which reads as follows:

Pending this transfer, the policy of the government of Canada in the administration of the natural resources of Manitoba to be in accord with the wishes of the government of the province.

Let us forget for a moment the province of Manitoba, and let us think of the province of Saskatchewan or Alberta, or as we are a little further along in the way of a final agreement with Alberta, let us take the province of Saskatchewan. Let us assume that we are negotiating an agreement with Saskatchewan, and that to-morrow we reach an agreement that the resources are to be transferred, but it is apparent that it will take some little time—or that it may take years, as my colleague remarks—before the actual administration of those resources can be assumed by the province of Saskatchewan, and that the province of Saskatchewan as a consequence says to us: "This agreement is exactly what we hoped we might be able to reach, but now that you have agreed to the principle that the resources are ours and have agreed to turn them over, that you are holding the resources only as trustee for us, as we have reached an agreement as to the basis on which that transfer is to be made is it unreasonable for us to ask that pending the final transfer you will administer those resources in accordance with the wishes of our government?" I venture to say that as-

suming that proposal were made to-morrow by Saskatchewan, after we had reached an agreement with the province in regard to the transfer of the resources and decided upon the method and basis of that return, if this government refused to agree to that proposal, we would be strongly condemned by hon. gentlemen opposite for having declined to take a step which was fair to the province of Saskatchewan in the circumstances, and for adopting a course which might prejudice the whole situation.

Mr. WOODSWORTH: Is the Prime Minister not forgetting the solemn assurance given by a responsible member of the government in that regard?

Mr. MACKENZIE KING: No, I am not forgetting it; I am going to speak of that in a moment. But what I am now putting before the house is the position of the government when we were negotiating with Manitoba. When this whole subject was under discussion, when these terms were being arranged, the province of Manitoba made the request of us that pending the actual transfer of these resources the Dominion government should administer them in accordance with the wishes of the province. Some hon. members have sought to imply that in some way the Minister of the Interior was responsible for that particular clause going in. What their motive is I do not know, and cannot understand, but may I say that I have looked carefully over my notes of what took place at the conference, and I find that that last clause was not discussed in conference on the first day. It was put in on the second day, when the Minister of the Interior was absent from the city and had left for the west. The suggestion came from the Manitoba government, and it was accepted by our government as wholly reasonable.

Now, may I say this further. My hon. friend has spoken about some undertaking that the Minister of the Interior had given. Personally I had no recollection of that at the time of the negotiations. I suppose I ought to know everything that is said in the house. I am afraid I was not present at the time the matter to which my hon. friend has just referred was taken up. But had I known of it, I would not have permitted the whole question of the transfer of the natural resources under an agreement satisfactory to Manitoba and to ourselves to be held up just because of some undertaking on the part of the minister to discuss with certain members from the province a particular lease before that lease was granted.

May I say this to my hon. friend? The Minister of the Interior, as I gathered from his

remarks yesterday, did carry out his promise; he did, before the transfer was made even under these terms, see or seek to see the members from Manitoba in regard to that particular lease.

Mr. WOODSWORTH: No.

Mr. MACKENZIE KING: Let my hon. friend wait a minute; he will have an opportunity later. What I want to make clear is this. When the Minister of the Interior gave the assurance, he of course did not and could not know that by conference we would be able to conclude an agreement which would afford a basis of satisfactorily solving a problem which has been facing us for twelve or sixteen years. He could have had no knowledge of that whatever. He gave his assurance in the light of conditions prevailing at the time the assurance was given. He had no knowledge when this agreement was reached that this last clause was in it, and as a matter of fact when he saw it, I think he felt the embarrassment that was his as a result of the clause appearing there before he had had a chance of explaining to hon. members that it was one of the essential terms of the agreement reached with respect to the transfer of the natural resources. That was the position of the minister in the matter. At once he endeavoured to see those who were concerned. He did see some, but he admits that he did not see my hon. friend, the reason being that the hon. gentleman was not in Manitoba at the time.

Mr. WOODSWORTH: Was any letter or wire sent or any other effort made to communicate with me?

Mr. MACKENZIE KING: I think there was. I know my hon. friend's object was a worthy one in every particular. But to enable the house to appreciate the position, my hon. friend will recall—indeed, he made mention of it—sending me a cable in regard to the matter while I was in Geneva attending a meeting of the League of Nations; that was a couple of months after this agreement had gone through. The terms of the agreement were public knowledge all this time. In the meantime the minister had sought to see the members from Manitoba and explained to them that while he had made a promise in the house not to let any lease go through until he had had a chance of conferring further with them, an agreement was now completed, and that one of the conditions imposed by the agreement was that the department over which he presided would have to carry out the wishes of the government of Manitoba which was the other party to this transaction.

Now, I ask hon. members what other basis would be fair and reasonable in dealings between governments. Was this government, in a momentous transaction of this character—dealing with the whole question as one, as we said not this year but from the beginning it must be dealt with—when we had reached an agreement, to impair the possibility of consummating the agreement by taking the position that we would not accede to some request that was perfectly reasonable, as far as I can see it, on the part of the government which we were placing in the position of owner of the resources? The resources are owned by the crown either in the right of the Dominion or of the provinces. What was happening here was not the parting with a possession of the crown without due protection. It was parting with resources that we interpreted as belonging to the province and putting the provincial authorities to all intents and purposes in full possession. Surely the government of a province has the right to administer its own resources. That is all we have done—transferred the resources to the provincial government. If we had not done that we would have been held responsible for our failure. And may I say this, if to-morrow—

Mr. WOODSWORTH: Pardon me. May I ask whether the Seven Sisters were definitely transferred to the Manitoba government?

Mr. MACKENZIE KING: May I say with regard to the Seven Sisters that I never heard mention of one of them in the whole transaction. In the course of the negotiations which took place at Ottawa the question of the Seven Sisters was never mentioned.

Mr. ADSHEAD: Perhaps they were referred to in the correspondence that I inquired about the other day.

Mr. MACKENZIE KING: Yes, my hon. friend has not forgotten his friend. I am speaking here in the presence of my colleagues, the Minister of Railways and Canals (Mr. Dunning) and others who were present at the conference, and I say to this house that in discussing the transfer of the resources the question of the Seven Sisters falls was never mentioned. We discussed the question of the transfer of the resources as a whole in a broad and large way. We were seeking to deal with it as government with government. We saw no reason to begin our negotiations, which were intended to create goodwill between the two governments, by at the the outset throwing distrust and suspicion upon the provincial government.

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What right had we to ask the Manitoba government to do what was in the interest of Manitoba?

Mr. WOODSWORTH: I was trying to get at the legal point, that the transfer of the natural resources was not made to the Manitoba government, as I understood him to say was done, but that subsequent to the agreement the Seven Sisters falls power site was simply leased to a corporation.

Mr. MACKENZIE KING: Well, there are legal technicalities—I am not a lawyer—but I think I can make plain to my hon. friend what is essential in regard to that particular phase of the transaction. All of the resources so far as this government was concerned were being transferred to the government of Manitoba. After we had settled the agreement on that basis the government of Manitoba said: We want a particular lease to be made to a particular company. The minister himself was the agent of the government of Canada in carrying out its obligation under the agreement to which we had become a party, and among other things we had agreed to see that the resources were administered in accordance with the wish of the Manitoba government. The provincial government asked that that particular lease of the Seven Sisters falls should go to a particular company. What did the minister seek to do? He sought to transfer that lease not to the company but to transfer it to the government of Manitoba, so that they would have to deal with the question themselves. Then what did he discover? My hon. friend asked the question yesterday, and the minister I noticed said that he was not in a position to state the reason. I think it was because in his case the limitation was the same as in my own, that neither of us is a lawyer. But I understand the fact to be this, that the Manitoba government could not grant that particular lease until the resources were actually transferred, and it had been given by statute the necessary powers to lease the properties which are now subject to lease only by the Dominion. The lawyers of the house will be able to give the reasons in correct form, but I remember asking the minister why he could not make this particular lease to the government of Manitoba, and let the government of Manitoba deal with the company direct. His law officers advised him that that could not be done. The only way in which the wishes of the government of Manitoba could be carried out was for the minister himself to take action under the statute governing the leasing of these proper-

ties and make the transfer as requested by the Manitoba government. But in order to be secure in the matter, in order that there should be no doubt about his position, he did not take merely the word of the premier or a letter from the government of Manitoba as to what their wishes were. The minister demanded that before he would carry out their wish in this particular, the government of Manitoba, the whole government, should pass a formal order in council and forward it to him. That order was produced here the other day and the necessary action was taken as a result of it, carrying out in good faith this particular agreement.

Mr. EDWARDS (Frontenac): The federal government acting in the capacity of trustee and not in the capacity of sovereign owner.

Mr. MACKENZIE KING: Acting in accordance with the wishes of the government of Manitoba under the agreement that had been made with that government—the agreement governing the transfer of the whole of the natural resources. Let me say this, so that we may have a parallel case—and I believe it is only by removing the minds of hon. members from the field of prejudice that we shall get the true perspective of these questions: If to-morrow we were to agree to transfer their resources to either Alberta or Saskatchewan on identical terms with those we have been discussing and either of those governments came and asked us to do a particular thing in accordance with their wishes, I say we should be in honour bound to do it; we should feel bound to carry out our honourable obligations. And I am informed by the Minister of Railways (Mr. Dunning), who has had considerable experience in the matter, that we have been so doing right along in relation to school lands. There has therefore been no deviation from practice, no change in any particular in this connection.

I hope I have cleared up the doubts, if not the suspicions in the minds of some hon. gentlemen on this question. I have endeavoured to give all the facts as they have come before the government, and I believe that anyone viewing them in a fair and reasonable light will agree that the government did what was obviously the right thing to do in the circumstances.

May I go a step further and refer to the other phase of the attack which the leader of the opposition made. Perhaps I should not say attack; it may have been only an insinuation to the effect that Alberta had not been treated as well as the other provinces. What is the situation with respect to the transfer

of natural resources to Alberta? When in 1905 the province of Alberta was organized one of the conditions in the act was that the Dominion government instead of the province was to administer the resources the province was to receive a subsidy in lieu of lands; in other words, the province was to receive a certain annual payment in cash instead of its natural resources. That subsidy was to be as follows: until the population reached 400,000, the sum of \$375,000 per annum; until the population reached 800,000, the sum of \$562,500 per annum; until the population reached 1,200,000, the sum of \$750,000 per annum; and thereafter the sum of \$1,125,000 per annum.

I have mentioned that in 1911 the government of Sir Wilfrid Laurier was approached by Mr. Sifton and asked to transfer back to Alberta its lands and resources. But Mr. Sifton asked at the same time that Alberta should be allowed to keep the subsidies. That was refused. It was refused again, as I have already indicated, by Sir Robert Borden; it was refused by the Union government, refused by Mr. Meighen, and refused by the present administration when we came into office. However, we did not refuse to continue to negotiate with Alberta; we have not refused to do so from the moment we came into power. We have sought by repeated conferences to arrive at some agreement by direct negotiation. Alberta, like Manitoba, has always had the right to have back its lands, with an arbitration to decide what, if anything, is owing to the province as a result of the administration of lands by the Dominion government, and the resources alienated. That however, has never seemed satisfactory to the province. Premier Greenfield of Alberta had several conferences with this government, I shall not take up the time of the house in going over them. Suffice it to say that as a result of those conferences, at which he was accompanied by Mr. Brownlee, at the time, Attorney General, we were able to work out an agreement which avoided the necessity of any resort to arbitration. That is the point I wish to make clear. These provinces have always had the opportunity to get their resources immediately, provided they were willing to have them without the subsidies being continued on the undertaking that the question as to the amounts, if any, owing to them for resources alienated would be settled by arbitration or by an accounting. We have always recognized that the matter of accounting was a difficult thing, that in all probability it would extend over years, and that then possibly no one would be satisfied

with the outcome. Consequently we have tried to find some basis of settlement by mutual consent, and we succeeded finally in 1926 in securing not only a basis of settlement but terms of settlement with Alberta. We have never succeeded that far with Manitoba. The settlement with Alberta was embodied in an agreement presented to this house and dated January 9, 1926. Subsequently a bill was introduced into this parliament and into the legislature of Alberta, in which the terms of the agreement were incorporated; the bill was based upon the agreement. That is the extent to which we got along with Alberta as long ago as 1926.

I need not go into the reasons why these particular bills were not proceeded with; the reasons are known to hon. members of the house. In one particular there was a difference of view which was fully explained, but at any rate sufficient to account for a further delay. As a means of settling the difference, a certain constitutional question was referred to the supreme court, and delay was occasioned in consequence. The settlement which was reached in 1926, and which was acceptable to the government of Alberta at that time, was that Alberta should have the natural resources and that this government should allow Alberta the equivalent of three years' subsidy as a cash payment to help the province over the period which it was considered would be required to organize the department to administer the resources. There was to be no continuation of the subsidy, but simply a cash payment equivalent to three years' subsidy.

As I recollect the negotiations, the reason they extended over two or three years was first of all that Alberta wanted to obtain a continuation of the then existing subsidy for all time. When we would not agree to that, Alberta came down to ten years, and then to five years, and then finally to three, three years having been roughly worked out as the result of some estimates we had had prepared by the departments. In 1926, as I have said, Alberta, by a bill introduced in its own house, declared its preparedness to accept the resources on the basis of a grant the equivalent of the three years' subsidy, and without further accounting. In 1927 we had the Dominion-provincial conference. At that conference it became apparent to the federal ministers that the other provinces were prepared to take a more generous attitude in dealing with the western provinces. We had during the interval been dealing with the maritime provinces, and that had had its effect. So when Mr. Brownlee came back

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last year and asked us if we would resume the whole discussion in the light of what had taken place at the Dominion-provincial conference, in order to see if we could not reach a fresh agreement, which would avoid delays and further submissions to the court; we agreed so to do, and after discussing the matter a day or two made what we believed to be a generous offer to Alberta. We offered Alberta the resources and also a continuation of the present subsidy—not the subsidy increasing year by year as her population increases but the present amount of \$562,000 yearly.

Mr. ADSHEAD: For all time?

Mr. MACKENZIE KING: Yes, for all time. That is the offer before Alberta at the present time. My hon. friend asks why we do not settle with Alberta. The reason is that Alberta will not accept that offer, or has not up to the present time signified her intention of so doing. Are we to be blamed for that and held responsible for the delay? We have gone very far with Alberta, and if there is any delay it is entirely due to the fact that this offer, which I venture to say this parliament will regard as generous, with no strings attached to it, has not been accepted by the province. We are not blaming any one; it is entirely for Alberta to say whether or not she wishes to accept the offer.

Mr. RYCKMAN: When was the offer made?

Mr. MACKENZIE KING: I think in December of last year. The conference took place on December 13 and 14, 1928, and my recollection is that the offer was formerly submitted to Alberta in writing in a communication from myself before the end of the year.

That is the position with regard to Alberta, and now I come to Saskatchewan. The leader of the opposition referred to some statement from the Premier of Saskatchewan, and said he could not see why Alberta should not be treated as fairly as Saskatchewan. I do not know what statement he read but I can tell the house what we offered Saskatchewan: We offered that province exactly what we offered Alberta. We offered to settle with Saskatchewan on the basis of its present subsidy and the transfer of the lands, without any strings attached to the offer one way or the other. Saskatchewan has told us definitely that she will not accept that offer, so that is the position with regard to that province. Are we to be held responsible for not having transferred the resources to Saskatchewan? Hon. gentlemen

say we can make a settlement; yes, we can make a settlement if we are prepared to go just as far as these provinces wish us to go, but we must consider how far this parliament, representative of all the provinces of the Dominion, is prepared to sanction an action of the executive in this matter.

Mr. McQUARRIE: Before the Prime Minister takes his seat will he care to make any statement with regard to British Columbia?

Mr. MACKENZIE KING: Yes, I shall be happy to do so. Last year we agreed to transfer to British Columbia certain lands of the Peace River block and the railway belt. That offer was made to the last administration in the province of British Columbia, and the new administration had been in office only a few weeks when our friend, the former member in this house for Victoria but now the premier of British Columbia, Mr. Tolmie, came to Ottawa and asked if we were prepared to deal with him as generously as we had dealt with the previous administration. We told him our position in relation to him was exactly what it had been to his predecessors, and on leaving the city he gave out an interview in which he said that his conference with the Dominion had been wholly satisfactory. At present the officers of the departments concerned are working on the accounting and other details incident to the transfer.

Mr. McQUARRIE: May I ask what was the offer to British Columbia?

Mr. MACKENZIE KING: We offered to transfer certain of these lands on considerations which the commissioner appointed to look into the matter said should be taken into account. British Columbia has not a legal claim, but the commissioner stated that the province had a certain claim in equity, and we are trying to work out an equitable settlement. That is the present position.

I do not wish to take my seat for just a moment, Mr. Speaker, because up to the present the discussion on the resolution has seemed to centre solely on the transfer of these resources and in particular the resources of Manitoba rather than on the resolution itself. May I say a word upon the resolution in order to see how far it would be wise for this house to consider adopting it. The resolution reads:

That, in the opinion of this house, no disposition of the natural resources, under the control of the federal government, shall be effective until ratified by parliament.

That resolution is not restricted to any particular resources; there is no difference in

principle between the transfer of a western homestead and the transfer of the whole resources of a province; the two transfers in principle are exactly the same. There is no difference in principle between the position of the Dominion government in disposing of lands to a railway company, an irrigation company or any other company for public purposes and the same government disposing of the entire resources of a province. That is the first feature I wish to make clear with regard to this resolution: if it is passed it will obligate the government to bring to parliament every transaction which relates to the natural resources it is administering; in other words, it will make wholly impossible the business of administration in the Department of the Interior and in certain other departments of the government; it will make wholly impossible the business of this parliament in the matter of legislation, because it would be absolutely impossible for this parliament to consider the many matters relating to resources which under acts of parliament are being transferred by the executive to-day and still devote time to anything else, that is if the approval of these transfers were to be the first business before parliament. So far as the government's administration of the resources is concerned, it is the result of acts passed by this parliament. These acts impose certain obligations upon the government in administering the natural resources of the country. Parliament has surrounded the actions of the executive in this regard with such safeguards as parliament has thought necessary to impose, one of them being to the effect that there must be laid on the table of this house within a certain period after the opening of the session each year a statement together with all particulars of the transactions which have taken place. In addition, there is an obligation that these transactions must be recorded in the Canada Gazette, and in many cases they cannot go into effect until after the Gazette has been published a certain number of weeks or months. There are innumerable regulations restricting the executive, all designed to prevent the very thing my hon. friend has in mind in connection with this resolution, namely, the possibility of any fraud on the part of the executive in administering the public resources.

What acts have been passed by parliament to this end? To mention only some of them we have the Dominion Lands Act, the Forest Reserves and Parks Act, the Yukon Act, the Northwest Territories Act, the Irrigation Act, the Dominion Waterpower Act and the Dominion Land Surveys Act.

Under the provisions of these acts the government is parting with some resources from day to day; parting with them under orders in council, which is the only way the crown can proceed in matters of the kind. If this resolution should pass we would have to stop dealing with these matters until we could bring them before parliament for approval. What would be the position of parliament when it came to deal with them? I will read one clause from section 75 of the Dominion Lands Act, it is as follows:

Every regulation made by the governor in council, in virtue of the positions of this act, and every order made by the governor in council authorizing the sale of any land or the granting of any interest therein, shall have force and effect only after it has been published for four consecutive weeks in the Canada Gazette, and all such orders or regulations shall be laid before both houses of parliament within the first fifteen days of the session next after the date thereof, and such regulations shall remain in force until the day immediately succeeding the day of prorogation of that session of parliament, and no longer, unless during that session they are approved by resolution of both houses of parliament.

In pursuance of that clause the Minister of the Interior (Mr. Stewart) on February 8, 1929, laid on the table of the House of Commons a return to orders under this and other acts; mention of this return will be found in the votes and proceedings of that date. The minister laid on the table a statement showing the orders in council which had been passed since the date of the last return under the provisions of the Dominion Lands Act, the Dominion Forest Reserves and Parks Act, Migratory Birds Convention Act, the Yukon Act, the Northwest Game Act, the Northwest Territories Act, the Dominion Water Power Act, the Irrigation Act, the Dominion Lands Survey Act, and the regulations for the survey, administration, disposal and management of the railway belt in the province of British Columbia. Hon. members can see what these returns amount to from the size of the file of documents I hold in my hand, the resolution before us asks that every one of these orders should be reviewed by parliament before anyone of them would be effective. In preparing these orders, to secure the country against any shortcomings on the part of the administration, the departments have to have regard for the regulations surrounding the legislation. I asked the Minister of the Interior (Mr. Stewart) if he could secure some of the regulations, orders and acts which govern his department, and the volume which I hold in my hand, which is about four inches thick, is the legislation of which account has to be taken by the government departments in

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administering these resources. Before this parliament could decide definitely on these matters it would have to become familiar with all these regulations. This only shows how impossible is the task which the hon. gentleman is seeking to impose on us.

I have obtained a record of the business transacted at the Dominion Lands offices, and I will give the house the figures just for the one month of December, 1928. The number of transactions in Dominion lands was 3,737; in timber and grazing lands, 2,270; in mining lands, 1,873; school lands, 248, and miscellaneous, 226, a total for one month only of 8,354. Such transactions as these would have to be approved by parliament before they would become binding, if the resolution proposed by the hon. member should be passed and acted upon.

Mr. WOODSWORTH: What is the number of items of expenditure that would have to be passed upon in the course of the carrying on of the administration of the government of Canada?

Mr. MACKENZIE KING: I have been very busy during the last few days and I am afraid the hon. gentleman will have to work that out for himself. Perhaps I could give him some information which appears in the report of the Department of the Interior. For example, the report of the controller of the land patents branch and registrar of Dominion lands patents shows that for the fiscal year ending March 31, 1928 there were 5,490 letters patent issued, covering a total area of 938,652 acres. All those letters patent would have to be brought before this house and passed upon, should my hon. friend's resolution carry. Page 50 of this report contains the report of the superintendent, Mining lands branch; and the following is a portion of the first paragraph in this report:

The administration of those regulations which govern the disposal of mining rights on Dominion lands, that is, the mineral rights the property of the crown in the provinces of Manitoba, Saskatchewan, Alberta, and in the Northwest and Yukon Territories, is the duty of the mining lands branch.

The report continues:

All mineral rights are disposed of by lease, license or permit for limited periods of time, and not by sale.

And then again:

Of the above number, 1,603 petroleum leases were issued during the year, comprising an area of 318,605 acres.

The report has the following to say with regard to coal leases:

The total number of coal mining leases issued during the year was 73, comprising 26,788 acres,

and the total revenue collected during the year for rental of such rights was \$172,949.95.

Should this resolution pass, all such matters would have to be passed upon by this parliament. The report continues:

During the year entries were granted for 4,478 quartz mining claims, of which number 4,328 were for claims in the western provinces, for the most part in Manitoba.

Not one of those claims could have been dealt with if this particular resolution were in force. These are but a few of the transactions which might be cited in this connection.

I asked the Department of Indian Affairs this morning whether this resolution would affect the work of that Department in any way, and I have received the following memorandum from Mr. Scott the superintendent general:

The natural resources under the control of this department of the federal government consist of Indian reserves. These have been set apart out of the public domain usually under the stipulations of a treaty or agreement with Indians. They are held in trust and administered under the provisions of the Indian Act. This act provides for the surrender to the crown for sale for the benefit of the Indians the lands, timber, minerals and all other utilities appertaining to the reserves. When sales are made natural resources are alienated to this extent. As these transactions are numerous, it would be practically impossible to expect ratification by parliament. It is acknowledged that the ultimate interest in Indian reserves is in the province when the province owns the public lands and that upon extinction of the Indian interest (that is, if the Indians entirely disappear), all lands and moneys held in trust for them go back to the province.

The time of this parliament would have to be taken up with those matters to the exclusion of its proper duty.

Mr. EVANS: Did Saskatchewan turn down the offer because of certain conditions imposed by the Dominion government, or did they say that the subsidy was not enough?

Mr. MACKENZIE KING: The hon. member will have to ask the government of Saskatchewan what was in their mind. They turned it down, and I think the reason was that the subsidy was not enough.

I hope I have not trespassed too long, but I think it is important that the house should grasp the significance of some of the resolutions which are being introduced, and also the significance of some of the obligations which are placed upon the federal government. Were this particular resolution to be rejected it might appear to those who are not familiar with the business of government administration as though in some way hon. members of parliament who had opposed it were not as

anxious as my hon. friend who moved the resolution to make parliament supreme in reviewing transactions of this kind. I have dwelt on this matter at the length I have so that the public as well as hon. members will be in a position to see just what is involved in the motion before the house. Parliament has its obligation in the matter of legislation; the executive has its obligation in the matter of administration, and the moment you try to have parliament become the administrator rather than the maker of the laws, at that moment you create endless difficulties both for the administration and for parliament.

Mr. WOODSWORTH: Does the Prime Minister apply that to divorce cases?

Mr. MACKENZIE KING: I have not anything to do with divorce. I am not married. I have other problems to worry about.

May I come back to what I have been endeavouring to say? Parliament imposes upon the executive certain obligations. Parliament controls by regulation the work of administration. The duty of the executive is to carry out the obligations that parliament places upon it. It is not the duty nor the business of the executive to go further in these matters than was intended by parliament in its legislation.

I think it is apparent that most of the problems respecting resources relate to the provinces. The provinces are primarily concerned with the natural resources, whether they be lands, mines, timber, water-powers or other resources. I can conceive of nothing easier than to raise in this country the old issue of provincial rights if the federal government were to go beyond its jurisdiction and seek to perform in dealing with resources that belong to provinces acts which parliament never intended should be performed by a federal government. We have to be particularly careful in this Dominion, which is composed of provinces as well as a federal authority, to see that powers given to the Dominion for one purpose are not used to frustrate the rights of provinces as regards other matters which have been entrusted to them.

A good deal of discussion has taken place in connection with power resources, and I want to say a word in that connection, in order to make perfectly clear wherein the administration of water-powers within a province may belong to the province, and not to the Dominion, and wherein there may be a difference of views as to powers generated in navigable waters. The question has arisen whether, under the rights which the Dominion

has with respect to the protection of navigable waters, the power that results from works constructed in a river for the purpose of improving navigation, would belong to the Dominion or the province. That question has been referred to the Supreme Court of Canada and the answer that we have received, as I made clear the other day, is to say the least, indecisive as to what in that regard are the rights of the respective parties. Some persons reading the judgment may say that the emphasis inclines in one direction, while others may say that it inclines in the other. I think the judges have indicated fairly clearly that they must have a concrete case before them before they will attempt to give any real decision as to the respective rights of the Dominion and the provinces. What I wish at the moment to make clear is that, as regards navigable waters, the authority given to parliament to protect navigation and the means taken by parliament to exercise that authority enables the government, with respect to any applications that comes before it for approval of plans of any company generating power in navigable waters, to impose such conditions as, in the opinion of its experts, are necessary to safeguard navigation. But it was never intended by any legislation of which I am aware, that the power which was given to the Dominion, to protect navigation, was a power to be exercised to frustrate provinces in the legitimate development of their own natural resources. That is an aspect of its rights and obligations which the government has to consider pretty carefully.

We have had placed before us by a company in the province of Quebec an application for the approval of certain plans that are essential in the development of power under a charter which has given to that company by the province of Quebec. From much of the discussion in the public prints, one would think that the Dominion government was giving a charter for the right to develop water power in the province of Quebec. The government has neither the power nor the authority to give a charter such as the one I refer to. The legislature of Quebec protects its own water powers; that legislature gives its charters to companies in the light of its administration of its own resources and what it may wish to have done with them, all that this government is called upon to do, under the legislation which has been passed by parliament to protect navigable waters—navigable waters being a subject which, by the British North America Act, is assigned to the Dominion parliament for protection and

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development—is to say whether or not those plans prejudice in any way or will injure the needs of navigation in the waters in which the works are to be placed or to which they may be related. When plans are submitted they do not go before a body of ministers; they go to expert engineers who examine them to see whether or not they would be an obstruction to navigation. If they are, then the Dominion has no right to approve them. If they are not, the Dominion has then to consider whether there are other obligations of a general character of which account has to be taken? Where the river St. Lawrence is concerned, I submit there is a very real obligation of which the Dominion must take account: the Dominion is obliged to see that any step which is taken under a provincial charter shall not be of a character which in any way will, in the first place, interfere with navigation, or, in the second place, prejudice any possible scheme of development of navigation of which account ought to be taken because of the important national interests involved or to be considered. In other words, in regard to the St. Lawrence, the government would not only be justified in refusing but ought to refuse to approve any power plans that would have the effect of prejudicing the development of the St. Lawrence as a great ocean shipway. But if engineers and experts, whose business it is to look into these matters, advise the administration that not only do plans submitted not obstruct or appear in any way as an obstruction but that they may also be made to serve to help the larger object, then the government has to ask itself whether it is justified in preventing an industrial development in the matter of water power in a province where it finds navigation fully safeguarded simply because under an act of parliament, it has been given the duty of safeguarding navigation? I am bringing this up at the moment because it also bears on the resolution of my hon. friend.

In matters of government certain acts are legislative; others administrative; while parliament has given to the executive power to approve plans, has parliament thereby parted with its power of controlling any situation, should it be found that the executive in the exercise of its duty and authority has made a mistake, has gone too far? Not a bit of it. The other evening I read to the house a section of the Navigable Waters Protection Act which provides with respect to any approval given by the Dominion to any works or other construction in navigable waters that parliament may at any time annul all that has been

done. My hon. friend the leader of the opposition says: But would parliament think of annulling any act of the executive. He said if this were done it would destroy the credit of the country, that it would never do to make a contract and then subsequently to annul it. Well, that is something which the parties who apply for approval of their plans under the navigable waters protection act, have to take into account and have always had to take into account. That is how parliament protects itself. That is how the country's interest is protected. All a company gets when its plans are submitted is approval of its plans subject to the right of parliament to annul all that the executive may do in granting approval.

Mr. WOODSWORTH: Is not that what my motion asks for?

Mr. MACKENZIE KING: No, it does not do that. It is just the other way around. It suggests that even before any kind of approval is given, this parliament should of itself pass upon plans in the first instance. I think I have made clear that such a proceeding would make the prosecution of public business impossible in this parliament. We would be spending all our time in trying to approve plans, involving technical and engineering features of which with our knowledge we could know but little. My hon. friend from Winnipeg North Centre (Mr. Woodsworth) has not made any new discovery by his resolution, or discovered any new way in which parliament can protect the rights of the people in the matter of these natural resources. Parliament has taken the one means that is consistent with parliamentary government and the administration of public affairs. If we were to adopt the method which my hon. friend has suggested, business administration and the work of parliament as well would be rendered impossible. That is the point I want to make clear, and I do submit that in matters so comprehensive in their scope hon. members should not permit their judgment to be obscured by current rumours with respect to a lease here or a lease there, rumours which as well known are often circulated merely for the purpose of confusing an issue, but rather that they should look at the situation in its entirety, and ask themselves whether existing legislation goes far enough to protect the public interest. If it does not, then by all means let legislation be introduced which will serve this end; but let it be workable legislation.

Hon. J. W. EDWARDS (Frontenac-Addington): Mr. Speaker, I shall not occupy very

many minutes with what I have to say. The first observation I have to make is to say to the right hon. the Prime Minister that I do not think he was quite fair and candid in his reference to the leader of the opposition (Mr. Bennett).

Mr. MACKENZIE KING: In what particular?

Mr. EDWARDS (Frontenac): I will say in a moment. I am sure the right hon. the Prime Minister realizes that when the leader of the opposition used the words, "What is the hurry? Why the haste?" he was referring specifically to the deal put through in regard to the Seven Sisters falls, and not the natural resources at all.

Mr. MACKENZIE KING: Not at all.

Mr. EDWARDS (Frontenac): In that respect I do not think the right hon. gentleman was quite fair.

In the second place, I want to say that I cannot support the resolution proposed by the hon. member for Winnipeg North Centre (Mr. Woodsworth). I cannot do so because it says:

That, in the opinion of this house, no disposition of the natural resources, under the control of the federal government, shall be effective until ratified by parliament.

I cannot support that because in doing so I would be giving acceptance to his statement that the natural resources of the prairie provinces are under the control of the Dominion government, and I do not believe that properly they are. I believe that in regard to the natural resources of the prairie provinces the Dominion government has usurped authority, and it cannot justify it by any reference to our constitution. It is clearly set forth in section 117 of the British North America Act that:

The several provinces shall retain all their respective public property not otherwise disposed of in this act, subject to the right of Canada to assume any lands or public property required for fortification or for the defence of the country.

I make the statement that under the constitution the Dominion is a landless entity, that every foot of land within the bounds of a province is the property of that province as soon as it is created, with the exceptions specifically stated in the British North America Act referring to Indian reserves and lands required by the Dominion for fortifications or for purposes of defence. With these very clearly stated exceptions, I say that as soon as a province is created the land within that province is vested absolutely in the province,

and not in the Dominion. That is just where we have got into all our difficulties in dealing with this question of the natural resources. It should have been dealt with away back in 1871, when the province of Manitoba was formed. But when a party commits one wrong, it is easier perhaps to commit a second wrong. The first wrong committed by the Dominion parliament was in creating the province of Manitoba by the act passed on the 12th of May, 1870. The Dominion government delimited the boundaries of a certain part of the territories which formerly were under the Hudson's Bay Company, and said: We will call that the province of Manitoba. They had no right to do anything of the kind, because clearly the lands at that time had not passed from the Hudson's Bay Company, and did not pass from the Hudson's Bay Company till six weeks later. To give the exact dates, the Hudson's Bay Company rights were extinguished on June 23, 1870, and the province of Manitoba was created on May 12, 1870. If further proof is wanted that my statement is correct, it will be found in the British North America Act of 1871, in which section 5 was inserted for the express purpose of validating an act which up to that time was a nullity. That, I say, was the first act of piracy, if I may call it that—

Mr. CANNON: Does not the Imperial act render valid any act which may have been passed previously by the Dominion parliament?

Mr. EDWARDS (Frontenac): That is just exactly what I said. The Imperial act, the British North America Act of 1871, was passed for one express purpose, and that was to validate the act which had been passed by the Dominion parliament in 1870, creating the province of Manitoba.

The next act passed by the Dominion parliament in regard to this matter was passed in 1872. That was the Dominion Lands Act, by which the Dominion of Canada or the government of Canada assumed the right of ownership over all that territory which they wrongly asserted that Canada had bought from the Hudson's Bay Company. There is a very common impression throughout the country that Canada bought from the Hudson's Bay Company, Rupert's Land and the northwestern territories for the sum of \$1,500,000. The Dominion of Canada, as a matter of fact, never bought one foot of land from the Hudson's Bay Company for the province of Manitoba or any other province.

Mr. CANTLEY: You are wrong.

[Mr. J. W. Edwards.]

Mr. EDWARDS (Frontenac): I am not; I know what I am talking about. The Hudson's Bay Company could not sell what they did not own, and the Hudson's Bay Company never owned that land. They had a lease or the right to trade which gave them certain powers over that territory, and when this Dominion parliament conceived the idea of adding that territory to the Dominion of Canada, did they go to the Hudson's Bay Company? No; they put through an address to Her Majesty Queen Victoria, asking that that land be transferred and added to the Dominion. Why did they appeal to Her Majesty the Queen? Because the Hudson's Bay Company held their charter from the queen, and the only one to whom the Hudson's Bay Company could surrender their charter was to Her Majesty the Queen. They did surrender their charter, and \$1,500,000 was paid over as a consideration, we might say, in respect of certain improvements, and so forth, which had been made by the Hudson's Bay Company while established in that territory. But that sum was not paid over in payment for that vast extent of territory. That vast extent of territory did not pass from the Hudson's Bay Company to the Dominion of Canada. It passed from the hands of the Hudson's Bay Company back to Her Majesty the Queen.

The Act of Confederation very distinctly sets forth these facts, that while the Dominion of Canada had administrative rights over that territory until provinces were created, it did not have sovereign rights. It had the rights of a trustee only, and the moment a province was created that trusteeship ended and the sovereign rights in the territory were vested at once in the newly created province. All the trouble in connection with the natural resources of the prairie provinces has been from start to finish the effort on behalf of the Dominion to claim sovereign rights which, under the constitution, it has not got. I quote from a return brought down to this house:

The Dominion claims the right of jurisdiction by authority of the surrender made by the governor and company of Adventurers trading into Hudson's Bay to Her Late Majesty Queen Victoria,—

Please note those words: "by authority of the surrender to Her Late Majesty."

—bearing date November 19, 1869, and made pursuant to the powers and provisions of the Rupert's Land Act, 1868.

Now, Mr. Speaker, I should like any hon. member to point out to me any statute of the Imperial parliament, including the Confederation Act, which will warrant the federal government's claim to ownership of one foot of

land contained in the three prairie provinces or any other province. The right hon. Prime Minister said a few moments ago: Oh, regarding the water-powers in the province of Quebec or any other province—no, not any other province; he was referring specifically I think to a certain plan under contemplation—we have the right in so far as the St. Lawrence is concerned, in fact it is our duty and our responsibility to see that navigation is not interfered with. But he was very distinct and emphatic in his statement that in regard to the water-powers, we will say, in Quebec or Ontario, not navigable rivers like the St. Lawrence, the government at Ottawa has no right to say a word. He says those powers belong exclusively to Quebec and Ontario. Then I should like to ask him: If the water-powers in the provinces of Quebec and Ontario belong to those provinces, and the only authority that has a right to say a word about their disposal is the local legislature, on what clauses of the constitution does he base that statement? Does he rely on those clauses which explicitly say the provinces shall own and have control of the natural resources within their boundaries? That being so, I ask him: By what right does this or any other government sitting at Ottawa undertake to interfere in the leasing of the Seven Sisters falls? Why not let the province of Manitoba do as the province of Quebec or the province of Ontario would do with any water-powers within their boundaries? Why did this government undertake to interfere and advise?

Mr. MACKENZIE KING: We did not interfere or advise at all.

Mr. EDWARDS (Frontenac): The Minister of the Interior carried on negotiations with the Manitoba government. I submit that this government had no right to interfere at all. The government of Manitoba, if it only had the courage to go ahead, could have made its bargain with any company it saw fit to deal within regard to the Seven Sisters falls, or in regard to any other water-power within its boundaries, and tell the government at Ottawa to go hang. I say if the provinces of Saskatchewan and Alberta care to assert their rights under the constitution, they can administer their lands and their water-powers without any reference to the government at Ottawa, and I believe their action would be sustained by the judicial committee of the Privy Council.

Mr. ADSHEAD: Did not the provinces of Saskatchewan and Alberta surrender those rights because of the subsidies granted in 1905?

Mr. EDWARDS (Frontenac): No. No person will so assert. Alberta does not say so, Saskatchewan does not say so. Alberta submitted or agreed to an arrangement to accept a certain subsidy in lieu—not in surrender of—in lieu of certain property rights; and as I think the Minister of Railways very properly said, the very fact that a subsidy was given to those provinces in lieu of their resources is an admission on the part of parliament and the federal government that those provinces have property rights in their natural resources, that those resources belong to them.

Mr. DUNNING: Unquestionably.

Mr. EDWARDS (Frontenac): True they accepted the subsidy; but not in exchange for their right of ownership, not in exchange for their sovereign rights. That was only a temporary arrangement.

Mr. GARLAND (Bow River): But did not transfer of control of administration over the resources go with the acceptance by the provinces of the subsidy?

Mr. EDWARDS (Frontenac): That is a matter of agreement which I claim is based on a wrong foundation.

Mr. GARLAND (Bow River): That may be.

Mr. EDWARDS (Frontenac): Now, in a speech last session the Prime Minister said that in his judgment it was a great mistake that these resources had not been handed back to Alberta and Saskatchewan in 1905. With that sentiment I entirely agree. It was a great mistake. It was also a mistake when the resources of Manitoba were not handed back in 1870.

Mr. MARCIL: Perhaps the reason was that those provinces at that time thought the subsidies were more necessary to them to organize and carry on their government than possession of the lands.

Mr. EDWARDS (Frontenac): Perhaps they did. I will not undertake to give the reasons that moved them to agree as they did; but I repeat that the agreement for the acceptance of the subsidy was not in lieu of their ownership or proprietary rights over the land.

Mr. DUNNING: If my hon. friend will permit me—the very words themselves bear out his contention, “inasmuch as the province will not have administration of the resources.”

Mr. EDWARDS (Frontenac): Yes, I can understand that. Let us be fair in discussing this matter. I am prepared to attach a certain amount of blame to the present govern-

ment for not returning these resources. But this is not the only government to be blamed. Unquestionably a certain amount of blame attaches to every government that has held office since those provinces were created; and a certain share of responsibility and blame attaches to us as members in allowing this condition of affairs to go on from year to year. It has gone on so long that the people of Alberta and Saskatchewan and Manitoba have come to the conclusion that they cannot do anything without coming down here to Ottawa and asking permission. They have become accustomed to the yoke around their necks, and not being free men, they have come to regard the Dominion as really owning those lands. The Dominion of Canada from 1870 down to the present time, not by one piece of legislation but by dozens, has been guilty of acts of political piracy without parallel in any other civilized part of the world.

Some hon. MEMBERS: Oh, oh.

Mr. EDWARDS (Frontenac): Yes, that language is not too strong. The Dominion has been guilty of acts of political piracy without parallel in any other civilized country in the world.

Mr. MACKENZIE KING: It is good alliteration.

Mr. EDWARDS (Frontenac): I hope you like the sound of it. The Dominion has been exercising sovereign rights where it possessed none, and I challenge any member of the government or of this house—

Mr. CANNON: Will my hon. friend allow me? What does he do with the order in council of June 1870, transferring the Northwest Territories to the Dominion?

Mr. EDWARDS (Frontenac): What order in council?

Mr. CANNON: That of June, 1870.

Mr. EDWARDS (Frontenac): The order in council of the Imperial government?

Mr. CANNON: Passed by Her Majesty the Queen.

Mr. EDWARDS (Frontenac): Transferring what?

Mr. CANNON: Transferring the Northwest Territories to the Dominion.

Mr. EDWARDS (Frontenac): That is all right; I never disputed that; I said so a moment ago. Certainly they transferred it to the Dominion. But I should like my hon. friend to grope around and look further into that book and find if he can where the

[Mr. J. W. Edwards.]

transfer to the Dominion constituted the Dominion anything else than a trustee and not owner. The transfer did not give to the Dominion sovereign rights. I defy my hon. friend to point to any clause in the constitution contradicting my words; the constitution did not give sovereign rights.

Mr. CANNON: I find it in the act of 1871, passed by the Imperial parliament, which ratified the Manitoba Act passed by the Dominion parliament.

Mr. EDWARDS (Frontenac): There again my hon. friend will need to do a little more searching. This is what happened. The Dominion parliament in 1870 said, "We will create another province out there," and they did not stop to ask whether they had even administrative rights over the territory occupied by the Hudson's Bay Company. They did not stop to ask that. They said, "We will take possession of it, cut it out and call it Manitoba." And as a matter of fact, when the federal government down here did cut out a slice of that territory and call it Manitoba, the Hudson's Bay Company had not yet relinquished its rights; it did not do so until some six weeks later. That is why in 1871 the Dominion government, having seen the mistake, the blunder they had made—it took them only a year to see their blunder, and in that respect they are much speedier than the present government, for in about a year's time they did see where they were wrong—got together and said, "We have created a province out of territory that belonged to someone else."

An hon. MEMBER: It was not owned by the company.

Mr. EDWARDS (Frontenac): Well, it was leased by or was under the jurisdiction of the Hudson's Bay Company. As I say, having seen their mistake, the Dominion government applied to the Imperial parliament to get them out of the hole, much in the same way—history repeats itself—as the right hon. gentleman opposite appealed to the privy council against a decision of the supreme court given unanimously in his favour. They appealed to the Imperial parliament, and the Imperial statesmen said, "Yes, you have made a mistake; you are a little too soon. This land had not yet been transferred to you; it was not transferred to you until six weeks after you passed the act creating the province. The only way we can fix that is to put a clause in the British North America Act." And a clause was incorporated in the act of 1871—clause 5. You will remember that clause 2

conferred upon the Dominion the right to carve out provinces, delimit their boundaries, and give them government, and clause 5 ratified or validated the act of 1870 passed by the Dominion parliament. Now, if the act passed in 1870 by the Dominion parliament was valid and binding, if the Dominion parliament in 1870 had the right to pass that act, what in the name of Heaven was the use of the act of 1871 for the purpose of validating something which was already valid? But it was not valid, and the mistake was rectified. My hon. friend the Solicitor General (Mr. Cannon) says, "Did they not by the act of 1871 transfer the lands in Manitoba to the Dominion of Canada?" Not at all. According to the constitution, the moment that province was formed—and it was validly formed as soon as section 5 was embodied in the act of 1871—that moment even the administrative rights of the Dominion ceased over that particular piece of territory, and the sovereign rights of Manitoba in that territory began. And the same thing is absolutely true of the provinces of Alberta and Saskatchewan.

Under the Northwest Territories government things were somewhat different. The government of the Northwest Territories was operating under delegated authority, an authority delegated to them by this parliament as trustee of that domain. But while this Dominion had administrative rights over that country during the time it was in territorial form, I contend that the moment the autonomy bills were passed in 1905 the sovereignty of the people of Alberta and Saskatchewan became supreme in every foot of land within their boundaries and in every water-power, mine and other resource they had. And the Dominion of Canada, in undertaking to administer those natural resources, did so as trustee. It may be that the Dominion acted with the consent of those people; but if they acted with the consent of the people of the west then I say that the right of ownership lying in the people of Saskatchewan and Alberta, the Dominion government in administering the resources has been merely discharging the function of an agent for the owners, and should not assume the rights of ownership.

Mr. GARDINER: Would the hon. member include in his statement that area set apart for national parks in Alberta?

Mr. EDWARDS (Frontenac): I say this. It seems clear to me, from my reading of the British North America Act, that the moment a province is formed its sovereign rights in

every foot of land within the province begin, with the exception of Indian reserves and such lands as are required for fortification or for purposes of defence, and which are specifically exempted. The rights over the parks are in the province; it is up to the province as owner of the land—not in any sense as tenant but as owner—if it so desires to enter into an agreement with the Dominion to set aside a particular area for parks. The province has the right to do that. But they should not come here to the Dominion government as suppliants, the Dominion going ahead and taking what lands they see fit and calling them parks. Alberta and Saskatchewan come here and accept the terms of the Dominion. That is not right. That, Mr. Speaker, is not the way land was set aside for public parks in Ontario. Who set them aside? The people who owned the land, the people of Ontario. And so the people of the western provinces, as owners, have the right to say how much of their land shall be reserved for parks, and to enter into such arrangements with the Dominion as seem best to them for the purpose, but never relinquishing for a moment their position as owners, never relinquishing their sovereign rights to the control of the territory within the bounds of the province.

Mr. ADSHEAD: Would my hon. friend say that the town of Banff, because it is in Alberta, is under the control of the province?

Mr. EDWARDS (Frontenac): There is no use repeating what I have already said; I have made my statement as clear as I can. However, I will make it again. Under our constitution, the moment a province is created the sovereign rights to every foot of soil in the province, with the exception of Indian reserves and land required for fortification and defence purposes, lie or are vested in the province, whether Banff or any place else. I believe that these provinces in the west have been handling this matter from a wrong standpoint; they have been handling it from the standpoint that it was up to them to come here and get down on their bended knees and appeal to the government at Ottawa to give them this and that. So the Prime Minister says, "We have had negotiations; we have presented certain propositions to Saskatchewan, but Saskatchewan would not agree." By what right does the right hon. gentleman present certain terms to Saskatchewan?

Mr. CANNON: Under section 21.

Mr. EDWARDS (Frontenac): No, not under any section of the constitution or anything else do you present certain terms to

these western provinces on the assumption that you are the owners. You are not the owners and never were.

Mr. CANNON: If my hon. friend will read section 21 he will see that the ownership is expressly given to the Dominion for the purposes of Canada.

Mr. EDWARDS (Frontenac): I say the contrary; I have read section 21 and every other section.

Mr. CANNON: This is the law.

Mr. EDWARDS (Frontenac): Yes, that is the law which is misinterpreted by the Solicitor General and which has been misinterpreted by this government and by every other government which has been in office in Canada since confederation; it has been misinterpreted for the purpose of enabling the Dominion of Canada to exploit these western provinces. I am not a lawyer; perhaps it takes me a little longer to get the gist of a legal argument, but I have read over these acts and I stick to my former statement. I ask the Solicitor General to challenge, if he can, the statement that as soon as a province is created the right of ownership is vested in that province and the trusteeship and administrative rights of the federal government automatically cease under the constitution. That is my submission, and I would like the hon. gentleman to take up the challenge and quote if he can any section of any Imperial act or any other act to the contrary, except acts passed by this parliament. Do not bring to your support acts passed by the Dominion of Canada such as the Dominion Lands Act, because my answer would be that you had no right to pass such acts; you were assuming the right of ownership which you did not possess; you were undertaking to say what should be done with property belonging to someone else. Do not quote any acts passed by the Dominion government; get back to the constitution itself, sections 91, 92, 93, 117 and others which specifically deal with the Dominion's right of ownership. No, I am wrong; I do not mean the Dominion's right of ownership, but the administrative rights of the Dominion, which it has over parts of the country which are not incorporated into provinces. Even there it has not ownership rights, and its administrative rights cease the moment the bounds of a province are fixed.

Now my hon. friend has referred to section 21, presumably of the British North America Act?

Mr. CANNON: No, section 21 of the Saskatchewan act and section 21 of the Alberta act.

[Mr. J. W. Edwards.]

Some hon. MEMBERS: Oh, oh.

Mr. EDWARDS (Frontenac): Section 21 of the Saskatchewan act of 1905 and the Alberta act of 1905? Mr. Speaker, when Manitoba became a province, when Prince Edward Island became a province, when British Columbia became a province, the acts passed here were validated by the Imperial parliament. Were the acts of 1905 constituting Saskatchewan and Alberta provinces placed before the Imperial parliament for validation? They were not and now, after these acts which were based upon a rotten foundation have been in existence for more than twenty years, the Solicitor General comes forward and says, "But look at section so and so of an act which we undertook to pass, which we assumed we had the right to pass but which, under the constitution of the Dominion of Canada, we had no right to pass in its present terms."

Mr. CANNON: Who says we had no right to pass it?

Mr. EDWARDS (Frontenac): I say so.

Some hon. MEMBERS: Oh, oh.

Mr. EDWARDS (Frontenac): I suppose hon. members are as much justified in laughing at that as they would be in laughing if the Solicitor General said the opposite. However, when I make the statement that I say so I am giving, as I have a right to do, my interpretation of something more powerful and dependable than the word of the member for Frontenac-Addington or even that of the Solicitor General; I am referring to the terms and conditions laid down in the British North America Act. That is what I mean when I make the statement that I say so, by repeating what is there, and so far the hon. gentleman has not done anything but wriggle and twist in order to find some way to get around that fact. Up to the present he has not found any section in the British North America Act which will bear him out and support this and previous governments in the course taken with respect to western resources.

Could anything possibly be more ridiculous on the face of it than this: Back in 1912 we added 114,000,000 acres to the province of Manitoba, taken from Rupert's Land which was formerly under the administration of the Hudson's Bay Company; we also added 93,000,000 acres to the province of Ontario and 227,375,000 acres to the province of Quebec. What absolute piffle and nonsense it is for the Prime Minister or any other member of this house to get up and talk about equality of status as between the provinces. Were any restrictions placed upon the province of Quebec with respect to the 227,375,000

acres added to that province? Not a bit of it; that would not have been good politics. You can imagine the flood of eloquence which would have issued from the lips of certain supporters of the government in that province if the government had taken the position that Quebec should be given that extension of territory only on condition that there would be no separate schools and no French taught in that territory. Just imagine the roar which would have been sent up, and quite properly so. Yet restrictions of this kind are supposed to be swallowed by the people out west.

Mr. CANNON: What about Ontario?

Mr. EDWARDS (Frontenac): Thanks very much; you need not have reminded me because I was just coming to that. What a howl would have arisen in Ontario if, when the 93,000,000 acres were added to this province in 1912, this government had said, "Yes, we are going to increase your territory but only on condition that you agree to certain restrictions with regard to schools or something else." Just imagine the froth and foam from Queen's Park in Toronto, and from all over the province of Ontario. They would have said, quite properly, "Mind your own business; hand over that territory, and the moment it becomes a part of Ontario under the constitution it is ours to administer; we own it from that moment." So they did; so did Quebec, without any question, but when it comes to adding 114,000,000 acres to Manitoba it is different. Then the government says, "You can have the territory but not without certain restrictions."

When the provinces of Alberta and Saskatchewan were created, certain tracts of land were set aside and given these names, but Alberta, Saskatchewan and Manitoba are not provinces to-day and never have been provinces. The British North America Act defines a province, and it does not give two definitions. So I say it is pure nonsense to talk about equality of status as between the various provinces of Canada. It is all right to cross the ocean and have a conference and then come back with another Magna Charta held under your arm; come back and tell the long-suffering people of Canada who have been tyrannized so long by the mother land that they can now breathe freely of the air of liberty; that now every unit of the British Empire is absolutely on an equal footing, but the man that would make that pronouncement to the people of Canada would be admitting that the so-called provinces are being held by the throat and deprived of their rights. To talk about the equality of status is only a farce. This is not a dominion at all;

it has not been a dominion since the parliament of Canada in 1867 first started to assert rights that did not belong to it, and assert control over property to which it had no right. I shall not vote for the motion of the hon. member (Mr. Woodsworth) because to do so would be an admission on my part that the federal government has control over those lands. It has no rightful control; it is exercising usurped authority, and the longer it continues to exercise such authority the more shame attaches to the parliament of Canada.

Mr. A. A. HEAPS (North Winnipeg): If I do not follow the hon. gentleman who has just taken his seat (Mr. Edwards) in his own particular argument, I do so because I believe in what the right hon. Prime Minister said a few moments ago, when he told the house that they should endeavour to understand what the resolution really means and keep as near to the resolution as they possibly could. I regret the Prime Minister did not heed his own advice. During the course of his address he confined himself to the reading of correspondence and telegrams which had been laid on the table of this house a couple of weeks ago, and in which I do not believe this house had very much interest. If the Prime Minister had dealt with the import of the resolution then perhaps we would have had something of a more useful nature from him.

If I understand the purpose of the resolution of the hon. member for Winnipeg North Centre (Mr. Woodsworth), it is to stop such actions as have taken place during the past twelve months, and in particular the signing of such a contract as that between the government and the province of Manitoba. I have not the slightest objection to the government handing over the resources of Manitoba to the government of that province, provided it is done in a proper way, but what I do object to is the manner and method adopted to overcome a difficulty which had arisen last year. When the Prime Minister spoke this afternoon he dealt with everything but the circumstances under which those resources were tentatively handed over to the province of Manitoba.

I want to take this house back to the end of last session of parliament. In May and June of last year the members for Manitoba received a certain assurance from the Minister of the Interior (Mr. Stewart), and we believed that assurance would be binding on the government. Had we thought otherwise, we could have brought to the attention of the

house something which we thought was of vital importance, not merely to the people of Manitoba, but to the people of the Dominion of Canada. But we accepted the pledge given to us by the minister and therefore we did not raise that question in the concluding days of the last session.

The Prime Minister in his treatment of the question this afternoon stressed the differentiation between that which is legislative and that which is administrative. I think most of the members of this house have had the opportunity of dealing with administrative matters as well as matters which might be termed legislative, but there is another function of this house, just as important as its legislative function, and that is deliberative. If this house is refused the right to deliberate on questions of utmost importance, then we lose one of the most important functions that this house possesses. I do not think there is one member of this house who can tell me where the administrative function begins or ends, or where the legislative function begins or ends, because one is often merged with the other. What I might call administrative the government might call legislative, and vice versa.

We object to the circumstances under which this transaction was carried out. At the end of last session we left this house thinking that no further action would be taken until the minister consulted with the members for Manitoba. Not only did he say he would do that, but he said he would take no action until the differences which then existed between the members for Manitoba were adjusted. If I am not correctly stating the substance of the minister's remarks, I hope he will put me right. I challenge the minister to say that those differences have been composed.

Mr. STEWART (Edmonton): The hon. gentleman surely does not mean to infer that the last man who was opposing this thing was to have his difference composed. That would be an impossible position.

Mr. HEAPS: To my knowledge, Mr. Speaker, there is not one member from the province of Manitoba who has changed his mind since he left this house last session.

Mr. STEWART (Edmonton): I must take exception to my hon. friend's statement.

Mr. HEAPS: I am speaking of my own knowledge.

Mr. STEWART (Edmonton): I cannot agree with that statement.

[Mr. Heaps.]

Mr. HEAPS: Perhaps the hon. minister has information which is not available to the rest of us.

Mr. STEWART (Edmonton): I think I have.

Mr. HEAPS: I would be very much interested in knowing who those members are. I think this house has a right to know, because the matter is a public one and consequently there should be nothing to be afraid of. I do not expect that any of the Manitoba members who have changed their minds will be afraid to tell the members of this house that they have done so.

The minister said that he would consult again with the members from Manitoba. How did he consult with them? I never knew the minister intended to visit Winnipeg; I never received any intimation in that regard. I want to say to the minister now that had I received word that he desired to consult with me I would have endeavoured to the limit of my ability to meet him and discuss the whole question. The first I heard of this whole situation was some time in the month of August. I then wrote a note to the minister and told him that I hoped the pledges we had received from him would not be rescinded, and that the Seven Sisters falls would not be given over to the company then being formed. I received a reply from him saying that he would like to meet me when I was in Ottawa. So far as any action on this particular site is concerned, it had all taken place before the end of August last year.

Mr. STEWART (Edmonton): The lease was not issued until the end of September.

Mr. HEAPS: I am not speaking now of technicalities; I am speaking of facts and not merely of what comes to the knowledge of the public. There was a great deal of which the public knew very little, but some of it is now becoming public property. How did the minister meet with the members from Manitoba? Did he call them together in a group as was done here in the house, and consult with them? I do not think so. He called them individually into some back room of the Royal Alexandra hotel in Winnipeg and discussed the matter with them individually. There he got their opinion. I do not think that can be really called consulting with the members of the Manitoba group. I think if he would use the words "insulting the members of the Manitoba group," that might be more appropriate.

In the house the other day reference was made to a round robin that had been signed. Somehow or another—

Mr. SPEAKER: Was the hon. member suggesting that the minister insulted the hon. members from Manitoba?

Mr. HEAPS: I certainly would not like to suggest that, because I know the Minister of the Interior is too good natured a man to insult any member of this house.

I was saying, Mr. Speaker, when you rose, that the minister the other night forgot the round robin that was presented to him early in February, 1928. At that time we had received word from Manitoba that the government of Manitoba intended to dispose of this site. We immediately got busy and had a petition circulated amongst the members of the Manitoba group. I have a copy of that petition in my hand signed by seventeen members from Manitoba. There are altogether eighteen members from that province and there is only one exception, namely, the Minister of Immigration (Mr. Forke). I believe I am doing the Minister of Immigration no injustice when I say that at the time this petition, if you would call it such, was presented to the Minister of the Interior, the Minister of Immigration was in favour of the petition. It is dated Ottawa, February 8, the day it was presented to the minister in his office. It reads:

The Honourable Charles Stewart, Minister of the Interior, Ottawa:

We the undersigned members of parliament from the province of Manitoba respectfully request that the power site on the Winnipeg river known as Seven Sisters falls be retained for the use of the government of the province of Manitoba in their own provincial hydro-electric system.

That was very definite. Besides this petition only one other request was made to the minister, and that was on a subsequent occasion, I believe some time in May, when the hon. member for Portage la Prairie (Mr. McPherson) took a message to the Minister of the Interior telling him how the situation was at that time, that we had split nine to four on that occasion but still retained the position that we had in the month of February last year.

I do not know what happened in Winnipeg when the minister met the various members of parliament from Manitoba. Possibly some might have changed their minds; but I should like to remind the minister that if any one of them changed his mind, in the month of September, before the agreement was finally ratified between the provincial government

and the Dominion government, there came down to Ottawa the hon. member for Winnipeg South Centre (Mr. Thorson) who pleaded with the Dominion government not to proceed with that agreement. I believe when my hon. friend came down to plead with the cabinet on that particular occasion, he represented the overwhelming majority of Liberal opinion in the city of Winnipeg. I might say, while I am this afternoon expressing my disapproval of the action the government took on this question, that I, too, represent a large body of Liberal opinion in the city of Winnipeg and probably in the province of Manitoba.

I said a moment or two ago that this lease had practically been disposed of long before the month of September, 1928, and in order to substantiate my statement in that regard I will read a very brief article from the Financial Post, published in Toronto about the first week in March, 1928. Financial people as a rule know a good deal more about what is going on in connection with power sites than most members of parliament do; they usually are in advance with such information. This is what it said, and I want hon. members to bear in mind that this was published in the first week of March, 1928:

New financing in connection with the Seven Sisters falls power development in Manitoba, is forecast by an unofficial announcement that a satisfactory report will shortly be issued from Winnipeg, giving the Winnipeg Electric authority to go ahead with its development at this site. Assuming that the government gives its sanction, it is understood that a new company will be formed to develop the Seven Sisters site. A public issue will probably be made to provide the money necessary for the project. The premier of the province undertook recently to inquire into the question of power development in this region, and although as yet no official announcement has been made, it is understood that this report will be very shortly forthcoming, and will be entirely favourable to the development of a site by the company. Following an official announcement to this effect, the next move, as already stated would be the creation of a new company, associated, with, or controlled by the Winnipeg Electric, and which would then proceed to issue securities for the purpose of financing the development.

I will go a little further than that, and state that in the winter of 1927-28, the same company were buying land in the vicinity of the Seven Sisters site, because they were pretty certain that site was going to be theirs in the very near future. They went a little beyond that. In addition to buying land in that area, they were actually proceeding with the development work and during the winter of 1927-28 equipment was taken out to the site. Yet when we members from Manitoba took up the question in parliament we had no

knowledge of the facts I have just enumerated. I should like to know how these financial people in Canada knew probably before the house met last year that they were going to get the site and yet six months or longer than that afterwards, the Dominion government and the government of Manitoba were dickering in regard to some form of agreement. If there had been no hitch in the granting of that site to a private corporation that was formed for taking it over, I do not think the agreement would ever have been consummated. I asked a question the other day of the Minister of the Interior, and I think hon. members will remember that the minister said that the premier of the province of Manitoba had no authority to hand over this site to another company. That is quite true. He did not have the authority; he would have had to seek authority from the provincial legislature, and the reason why he did not want to accept the agreement as originally submitted by the Minister of the Interior, I believe was that if the site had been handed over to the premier of the province of Manitoba he would have been compelled to submit the agreement to the legislature of the province, and that was the last thing the premier of Manitoba wanted to do. Therefore I say that the Minister of the Interior, together with the premier of Manitoba, assumed a very grave responsibility, because by his action the Minister of the Interior was assisting the premier of Manitoba to defeat possibly the will of the people of that province.

At six o'clock the house adjourned, without question put, pursuant to standing order.

### Thursday, February 28, 1929

The house met at three o'clock.

#### PRIVILEGE—MR. KING (KOOTENAY)

Hon. J. H. KING (Minister of National Health and Pensions): I wish to speak to a question of privilege. Just before coming into the house to-day I had brought to my attention an editorial appearing in the Ottawa Journal this morning under the heading, "Keep Politics out of the Pension Board." This editorial begins as follows:

From an authoritative source information reaches The Journal that an effort is being made to limit the powers, destroy the independence, and curtail the usefulness of the Board of Pension Commissioners.

This is a very serious assertion, Mr. Speaker, and it is so unwarranted and contrary to the [Mr. Heaps.]

actual conditions existing in the department to-day that I wish to give it an unqualified denial. It is my purpose, with your consent and the consent of the house, to make a further statement in regard to this matter, after I have had an opportunity of perusing this long editorial.

#### QUESTIONS

(Questions answered orally are indicated by an asterisk.)

#### TOBACCO INVESTIGATION

Mr. GOTT:

1. What was the total cost of the tobacco investigation in western Ontario during the year 1928?

2. What are the names of those who served on the commission?

3. How much was paid to each for: (a) salaries; (b) per diem; (c) transportation; (d) other allowances?

Mr. MOTHERWELL:

1. \$3,541.27.

2. E. S. Archibald, chairman; E. P. Tellier; H. B. Archibald; A. J. Desfosses, secretary.

3. (a) Salaries:—No salaries chargeable to the commission. Regular salaries of E. S. Archibald and A. J. Desfosses continued by the department for their regular duties, which duties they were able to maintain by brief recesses in work of the commission.

(b) Per diem:—\$20 per diem each H. B. Archibald and E. P. Tellier—each \$640. In addition thereto, all 3 commissioners received \$12 per diem allowance living expenses:—E. S. Archibald, \$324; E. P. Tellier, \$384; H. B. Archibald, \$384.

(c) Transportation:—E. S. Archibald, \$143.90; E. P. Tellier, \$180.40; H. B. Archibald, \$231.52; A. J. Desfosses, \$91.90.

(d) Allowances:—\$221.55. This includes living expenses of secretary, hiring of halls for meetings, advertising meetings, and other incidentals.

Note:—The printing of the commission's report cost an additional \$300.

#### ELECTRIC POWER IMPORTS

Mr. STEWART (Leeds):

1. What quantity of electric power was imported to Canada in the year 1928, at each of the following points: Coaticook, St. Armand, St. Johns, Emerson, Gretna, North Portal, Lethbridge, Niagara Falls, and Sarnia?

2. Were such importations under provisions of a license or licenses from the United States or any state of the union?

Mr. EULER:

1. Prior to April 1st, 1928, no record.

Statement showing the imports from the United States of electrical energy entered for