

mark (Mr. Haggart) has suggested just now, as a notice to the province that the Crown had entered into a contract which must be observed, or which ought to be observed, by the legislature of the province in dealing with that question. Let us not forget that it is the same Crown which is represented by the executive of Canada and by the executive of the new province; it is the same Crown, which in respect of Dominion matters acts by the advice of the Dominion executive, while in respect of the new province it acts by the advice of the provincial executive; but it is the same Crown, there is only one Crown in this country. Then let us for one moment see what would be the position if this power were handed over to the legislature of the new province in so far as section 16, of the contract deals with taxation by the province or taxation within the province. The position would be no worse from the standpoint of the Canadian Pacific Railway Company than it is to-day, assuming that we handed over to the new province that power. Thereafter, as I would understand it, this parliament would still retain the legislative power of dealing with the contract so far as the Dominion is concerned, and the legislature of the province would receive, by virtue of this statute, the power to deal with that particular provision of the contract in so far as provincial and municipal taxation is concerned. The Dominion would be bound by every canon and standard of good faith to observe the contract, and the province would be equally bound by every canon and standard of good faith to observe the same contract. That is the position as it occurs to me.

Mr. SCOTT. Do I understand the hon. gentleman to say that his opinion is that the province would have rights of expropriation?

Mr. R. L. BORDEN. They would have the right of expropriation, that would necessarily follow of course if the assumption which I made in dealing with the question were a correct assumption. I said that I was not quite sure whether this would operate as a constitutional limitation, in which case the provincial legislature would have no power to deal with the matter at all—that is, if we have the power to restrict the legislature in that regard—or whether it was intended as simply a notice to the legislature that the Crown had entered into a contract which ought to be observed by the new legislature. If I did not make myself clear, let me repeat for a moment what I said in order that I may do so. This parliament has the power to deal with the subject matter of section 16 of the C.P.R. contract so far as it relates to Dominion taxation, and we would not be willing to deal with it otherwise than upon terms absolutely fair to the Canadian Pacific

Mr. R. L. BORDEN.

Railway, that is, we ought not to expropriate without compensation. If the legislative power were confided to the new province it would stand exactly in the same position. The Crown is represented in the province and the Crown is represented in the Dominion. The Crown made a contract, the Dominion parliament can deal with it so far as the Dominion is concerned, and the legislature of the province can deal with it so far as the province is concerned, if such power is conferred by this parliament in establishing the new province. Well, what is the position we are in to-day in that regard? I am as strongly in favour as any man can be of absolutely observing contracts. If we handed over the subject matter of clause 16, so far as provincial and municipal taxation is concerned, to the new province, I would regard it as absolutely essential that the province, in attempting to deal with that matter, should deal with it upon the just and fair terms which would be incumbent upon this parliament if we were dealing with it. For example, if the Prime Minister should adopt the suggestion of my hon. friend from West Assiniboia and should attempt to relieve the people of the Northwest, and indeed relieve the Dominion as a whole from this exemption, parliament could only do it upon perfectly fair terms.

In that connection let me say that possibly some of us in this country are not fully alive to what may be done in the way of taxation by the new provinces. In considering that question a little as it presents itself to-day in Manitoba, I find that the province of Manitoba has passed a statute, which is to be found in the consolidated statutes of Manitoba, 1902, volume 2, chapter 166, and which in effect provides that every railway company shall pay to the province such part of its gross earnings, not exceeding three per cent, as the lieutenant governor in Council shall determine. Under that statute the province of Manitoba has levied taxation upon the gross earnings of the Canadian Pacific Railway, and during the year 1904 they collected from the Canadian Pacific Railway, under the terms of that statute, no less a sum than \$56,450. So that although the lands and buildings and other properties of the railway are exempt from taxation, it would appear—I do not know that the question has been tested in the courts—but it would appear that notwithstanding this provision in the contract of 1881, the new provinces may, in the exercise of the same rights as those exercised by Manitoba, tax the gross earnings of the company, although they cannot tax its lands and property. Therefore the grievance in the Northwest Territories might not be found so great as has been suggested. I myself, two years ago, in the session of 1903, when the members from the Northwest were pressing strongly upon the attention of parliament the discontent