

*Alberta Natural Resources*

thing about the oil situation in this country knows that one of our greatest needs is oil production. If this legislation fails to pass, there will be uncertainty. The law officers of Alberta hold one view; the lawyers advising the oil companies put forward another view as to the power of the provinces in the matter of royalties, and we shall have a resumption of a test through the courts. Hon. members who were here when the discussion took place before, will remember that an action was already entered in the courts and was only stopped because of the agreement reached between a majority of the oil companies and the provincial government. That will resume; everyone knows the delay that will be caused, and the case will go from one court to another and ultimately, probably, to the privy council. During that whole period there will be doubt and uncertainty as to what the law is, and under those circumstances it is felt, and I think rightly, that capital will be reluctant to go into the business of oil development which is so necessary to the war effort. I do not wish to take the responsibility of creating that condition of affairs in the province of Alberta and I say here, and I say it with a full understanding of the weight of my words, that a refusal to pass this legislation and to secure that condition of stability in Alberta carries a pretty heavy responsibility for those who oppose the legislation.

I do not know that I have anything to add. I simply wish, before I sit down, to emphasize these points again. It seems clear from the debate that took place when the resources were transferred, that the intention was to transfer to Alberta the powers which the federal government has, and there can be no doubt that the federal government had the power to vary the royalties from time to time as it saw fit. I do not think there is any question of that. I do not think there can be any question in the light of the opinion given by the law officers of the crown and in the light of the understanding with which the debate was conducted at the time the resources were transferred. It may be debatable whether the Alberta government has the power to vary the royalties; I am not a lawyer, but my own opinion based upon the letter from Mr. Varcoe is that it has the power. That undoubtedly will be contested if the Alberta government endeavours to exercise that right. Then the whole dreary process through the courts will begin all over again, bringing timidity, uncertainty, and a certain amount of confusion where there should be certainty and stability, and we shall not get the oil production which this country needs so much.

[Mr. Crerar.]

Mr. STIRLING: There is a very simple answer, that if this is so serious a matter as the minister says it is, it is no end of a pity that the government did not proceed with the legislation earlier in the session. I have made my protest; I cannot do more than that, but if the discussion carries on for another two hours and two minutes I am afraid that adjournment will not take place to-night.

Mr. CRERAR: I regret as much as the acting leader of the opposition that things have so worked out that this is the last item of business for consideration at this session. I do think that the legislation is very important.

Mr. BENCE: This matter came up for discussion on the 26th and 27th of May. On the 9th of June the opinion was obtained from the Department of Justice, and to-day, on the first day of August, in the dying hours of the session, we are asked to conclude this discussion. I am not going to be stampeded by the suggestion of the Minister of Mines and Resources that members must take the responsibility if they hold up something that may be very necessary and essential to assist in the production of oil in Alberta, because, as I expressed myself to the committee the last time I spoke on this question, the whole matter could very easily have been settled by the province of Alberta. They are the ones who are adamant; they are the ones who are stubborn; they are the ones who have insisted on raising this royalties question and on going into court. If they would only comply with the terms of the transfer agreement, that would settle the matter.

I am not going to enter into a discussion of whether the legal opinion on royalties given by the justice department is correct. There is something far more important involved. The minister has quoted from the letter his deputy wrote to Mr. Varcoe, and it contains this reference to the remarks I made in the house:

Mr. Bence (page 2826) inquired if the opinion of your officers had been obtained as to the reason for the incorporation of section 2 in the Alberta natural resources transfer agreement and whether it was put in for the purpose of protecting the dominion against possible actions for damages.

There is no explanation of that, and I do not see how members of this house, unless they examine the position, can understand exactly what they are being asked to vote for in this legislation. But the last paragraph of Mr. Varcoe's letter to Doctor Camsell gives the only answer:

Perhaps I should add in conclusion that the purpose of section 2 of the Alberta natural resources transfer agreement, as was pointed