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August 29th, 1918.

Dear Sir -

With further reference to your letter of the 9th inst., I have pleasure in informing you that I took an early opportunity, as I promised, of discussing the question of utilizing the Indian Reserves for the purpose of soldiers' settlement with the Hon. the Superintendent General. He wishes me to point out that it is not possible to allow homesteading on Indian Reserves and that the first obligation of the Department, after Indian land is surrendered for sale, is to sell it at the best possible advantage in the interests of the Indians. To act otherwise would be a breach of trust, as the reserves were allotted to the Indians as part of the compensation for their abandonment of aboriginal rights over larger territories. The necessity of obtaining the full value of Indian lands makes it difficult to deal with such properties under the Soldiers' Settlement Act and the regulations governing the Board.

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