



## STATEMENTS AND SPEECHES

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RESOURCE POLICY IN CANADA

An Address by the Hon. Jean Lesage, Minister of Northern Affairs and National Resources, to the Empire Club of Canada, Toronto. December 13, 1956.

In recent years Canadians have become far more conscious of Canada's natural resources than ever before in our history. This is largely because the tremendous post-war world demand for the products of land and sea, forest and mine has created in Canada one of the greatest surges of economic growth that the world has seen. The causes of the unprecedented demand for our resources are found in a rapidly growing world population and in a per capita demand constantly stimulated by technological developments. World demand in the post-war period has been intensified even more because it was not fully satisfied for a decade and a half owing first to the depression and then to war. Today there is every indication that this demand will continue to grow for many years.

The effect on Canada has been profound. It has fostered an economic expansion which impresses us for its variety and extent and for the development of natural resources which it has induced. Our forest industries, important in several regions for many decades, have expanded so far as to increase the utilization of our forests by sixty per cent since the 1930's. We have seen forest products become important for many segments of Canada's chemical industry, as for example in the manufacture of synthetics. Another industry many decades old, metal mining, has expanded markedly in twenty years, both as to the regions where mining is taking place and as to the variety of minerals produced. As a whole the volume of mineral production in Canada last year was nearly two and one-half times as great as it was in the years 1935-1939. The oil industry, unimportant before the Second World War, is now one of this country's greatest industrial enterprises. The discovery and exploitation since 1946 of the great oil fields of the prairie provinces has multiplied our production of petroleum seventeen times over. As consumption of petroleum products has risen so also have our demands for the other sources of energy required for Canada's economic growth. The development of our water-power resources

has proceeded so rapidly that the installed capacity of our hydro-electric plants has been more than doubled in two decades. The production of natural gas, already far greater than it was first a few years ago, will soon be much larger still. Now we are going ahead with Canada's first plant for the production of atomic power. Altogether it is with good reason that Canadians today have a keener appreciation than ever before of their natural wealth and a growing determination that their resources shall be wisely used.

The evil result of the unwise exploitation of some natural resources was headlined first during the Great Depression by drought and dust storms. It is all too easy to find other instances of the misuse of resources; we may point for example to the complete elimination of valuable forest areas such as the Ottawa Valley once contained. The consciousness of the need for the wise use of our resources has been intensified by our realization of the rapid rate at which we are now consuming them. To produce food for thirty million people, a population which this country might have before the present century is out, and at the same time, maintain our export trade, it will be necessary to make efficient use of all our known resources of agriculture and fisheries. As for our forests, while only about one-half of the productive forest area which can be classed as accessible to commercial operation is now occupied under government licence or private ownership, the remaining half consists for the most part of forests of poorer quality and slower growth located in areas which would be relatively expensive to operate. It is on the occupied forest lands that the future of most of our established forest industries must continue to depend. There is reason to believe that the rate of timber depletion on such lands, taken as a whole, may be equal to or even greater than the annual growth in those forests. To cite facts like these is to bring out how far we have drawn, even at this early stage in our history, on this country's natural wealth.

Also we have come to realize that our present productivity and prosperity are not due to any innate virtue of our own. They are not due to any superiority over other peoples. But rather they are due to our having been endowed with the great and varied resources we have. As we have recognized that fact we have come to realize also that unless we handle those resources well, and unless we continue to have resources that are economically usable for decades to come, our productivity and prosperity will not go on unendingly. We know as we never knew before that it is our resources that have made our economy great.

Out of these considerations has developed a new interest in what is called "conservation"; and the conservation of resources is unfortunately a subject about which a good deal of confusion and uncertainty exists. There is, it is true, a very general feeling that resource conservation is important and that much more remains to be done about it in Canada. Along with this, however, there is confusion as to what conservation really

involves. There is also uncertainty as to how much is being done and should be done about it and whose responsibility it is in Canada. My purpose today is to attempt to suggest certain lines of approach which may help to dispel the uncertainty as to what our policies are or should be - and how they should be approached.

To begin with, confusion perhaps arises in part from the fact that the word "conservation" really does not fully express in every case the objectives we should strive for. The reason for this becomes clear when we classify natural resources by their two broad groupings, those which are renewable and those which are not. Applied to renewable resources such as land, forests and water, the term "conservation" appears to be not too inappropriate, for by definition "to conserve" means "to keep in safety or from harm, decay or loss" or alternatively "to preserve in its existing state from destruction or change." It is certainly our desire not to let the soil deteriorate and not to use up our forests or our water resources faster than they can be replenished. It is probably because we were first of all thinking of these resources that we adopted the word "conservation". The position is entirely different for the non-renewable resources of metals and other mineral wealth, for, of course, it is not our aim to "preserve in their existing state" our underground stores of oil and gas and the orebodies containing iron and copper, lead, zinc and uranium. Our purpose is to put them to their almost endless uses. Thus even though it has been conveniently recognized that conservation means "wise use", I think I might cause less confusion if I talk instead about "resource management".

It is our interest to see to it that our resources are managed in such a fashion that each of them produces the greatest possible benefit of which it is capable. In judging how we are to reach this goal we properly begin by recognizing that it is not alone our own welfare that needs to be considered but even more that of future generations. What we may call the "time factor" applies to the management of both renewable and non-renewable resources. Resources which are renewable when they are used wisely may be irreplaceable once they are destroyed. It can happen too that succeeding generations are needlessly deprived of non-renewable resources. Thus if an oil well is drawn on too rapidly some of its potential is lost, while if a mine is abandoned when the high-grade ore has been taken out it may be difficult or impossible to open it up again for the ore of lower grade. There is another way in which the management of non-renewable resources requires that the perspective we adopt should be a long one. It calls for an assessment of the relationship between the demand and supply of these resources not only in today's world but also in the world of the future. Even though there can be no final answer to the question which this consideration raises, it is still important that the optimum use of Canada's mineral wealth be viewed in that light.

Because there is general agreement that resource management is of great importance in Canada, the suggestion is frequently heard that there should be "a national resource policy".

What usually accompanies a recommendation of this kind is the implication that it is up to the Federal Government to produce and administer such a policy. Any such assumption, however, ignores the essentially federal character of this country. It ignores the distribution of governmental powers as between the Federal Government on the one hand and the provinces on the other. Partly, I think, we have trouble on the point because of terminology. Use of the term "resource management" in itself helps to point the lines of solution. To put it in its briefest form: if resources are to be "managed" who should do it? Surely the answer is that their management, as indeed that of any estate or property, rests basically and essentially with the person or party who owns it. In the field of resources in Canada that person or party is normally the province. Under the British North America Act each province has the ownership and full control of its lands, forests, mineral resources and water resources. There are, it is true, a few respects in which the Federal Government has some direct jurisdiction over resources. In the first place, both the provinces and the Federal Government can legislate in regard to agriculture. In practice, this has meant that the province usually legislates on local matters and the Federal Government on matters affecting the nation or more than one province. Secondly, the B.N.A. Act assigns to the Federal Government the responsibility for legislating on all fisheries, but the practice has grown up whereby the Government legislates on inland fisheries according to the wishes of the province concerned. Finally, the Federal Government has responsibilities with regard to international streams and international waters, and for the natural resources of the Northwest Territories and the Yukon Territory.

All of these cases are specific and limited exceptions to what is the general rule under our constitution. That rule is that the ownership and control of natural resources resides in the provinces. Because the provinces have the ownership of their natural resources - that is, until they choose to sell any of them to a private party - and because under the B.N.A. Act it is the province which has the right to legislate in respect to its resources, whether sold or unsold, it is obvious that the right and responsibility for determining the conditions and policies under which those resources will be developed lies with the Provincial Government. In Ontario it is the Province of Ontario that owns the mineral resources and that lays down policy for their exploitation. In Quebec it is the Province of Quebec that owns the forests and that determines policy for their cutting and use. In Alberta it is the Province of Alberta that owns oil and gas and that lays down policy for their extraction and sale. Such a list could be extended through the entire catalogue of our natural resources. What I wish to stress is that the same situation prevails for each resource, subject to some specific qualifications which do not alter that basic fact. In each province it is the province that owns the resources and has jurisdiction over them.

The fact that it is the provinces that own and control natural resources generally does not, of course, mean that there is not an important federal interest, and an important federal role in resource policy. Included among the functions of the Federal Government are some which owing to their nature and their general application have profound significance for the use of resources across Canada. That Government is responsible for promoting a high level of business activity and for fostering our foreign trade. It has recognized that the wise development of Canada's natural resources is basic, both to domestic economic activity and to a healthy export trade. For these and other reasons the interest which the Federal Government has in resource policy is a vital one. The Federal Government has, moreover, many ways in which it can affect the climate for resource development, and therefore many responsibilities which are, directly or indirectly, in the resource field.

There is tax policy. Income tax provisions offer encouragement to the development of resources by such means as write-offs for exploration and development and for forest fire protection and the exemption of new mines from taxation. On another front the general policy of low tariffs and the encouragement of Canada's export trade stimulates the development of resources that have a sound competitive basis and do not require undue protection to compensate for higher costs. By using its powers to make tariff agreements with foreign countries - or with groups of foreign countries as for example under the General Agreement on Tariffs and Trade - the Federal Government tries to keep foreign tariffs low on Canadian raw materials in order to encourage the production of these materials for export.

Consider next transportation policy. Here the jurisdiction which the Federal Government has over freight rates enables it to assist certain regions and the production of certain commodities by such means as the Crows Nest Pass Rates, the annual "bridge" subsidy granted to the railways on the operation of their lines north of Lake Superior, the Maritime Freight Rates Act, and the policy of the equalization of freight rates. The development of the all-Canadian gas pipeline is an instance where transportation policy and federal action has had a profound effect on resource development. More than that the Government has extended subsidies for railway construction to open up new regions and to encourage the development of new resources. The Federal Government has also instituted policies designed to assist particular industries or areas. Thus in recognition of the place which gold mining holds in the economic life of many communities it has since 1948 granted financial aid to most of Canada's gold mines under the Emergency Gold Mining Assistance Act. For many years it has paid subventions on specified coal movements, and has established support prices on some commodities to tide the industries concerned over difficult periods.

In addition to carrying out policies such as these the Federal Government has entered into cooperative agreements with Provincial Governments in the interest of resource management. The resources concerned in these arrangements are in each

case under provincial control but the Federal Government contributes to their sound management by offering financial assistance for beneficial measures. By agreements made under the Canada Forestry Act which Parliament passed in 1949 many provinces have received aid of this kind in taking inventories of their forest resources and in providing for reforestation programmes, and now for forest fire protection. Under another act, the Canada Water Conservation Assistance Act, the Federal Government is authorized to assist the provinces in the construction of dams and other works for water conservation and flood control. Again, under an agreement concluded with the Province of Alberta, federal funds have been contributed to the operations of the Eastern Rockies Forest Conservation Board, whose function is to provide for the protection of forests in an area forming part of the watershed of the Saskatchewan River with the object of obtaining the greatest possible flow of water in that river and its tributaries. To the Province of New Brunswick financial assistance has been provided in the battle against the spruce budworm, which had become a serious and growing menace to large forest areas in the northern part of that province.

Among the essential components of programmes designed for resource management there is one which takes on special importance for the information it provides on the extent of our resources and on the methods by which they may be best used. I refer to the manifold contributions of science. For many years now the scientific services supported by the Federal Government have been conducting a broad and varied programme of technical surveys and research with the object of improving resource development and management. Responsibility for this work rests with many departments of government.

The Department of Agriculture has its Experimental Farms and Science Service to which agriculture in Canada owes an incalculable debt for the new strains of wheat they have developed, for their studies of land use, their investigations into insect and weed control, and their continuous investigation of scores of problems. The inland and ocean fisheries of Canada have derived substantial benefits from the scientific investigations of the Fisheries Research Board. The Department of Mines and Technical Surveys has the responsibility for a wide range of scientific investigations. The Mines Branch calls chemistry and physics into service to study the composition of rocks, methods of treating numerous types of ores and problems linked with the efficient use of metals and other minerals. The Geological Survey of Canada, over the years has extended its operation across the face of Canada, reaching even into the remote vastnesses of the Queen Elizabeth Islands in the farthest north. The results of its surveys are set out in geological maps which indicate the promise which any one area may have as a source of mineral wealth.

The Department of Northern Affairs and National Resources is engaged in basic investigations relating to our resources of forests and water. The Forestry Branch engages in

forest research to develop scientific methods of forest management which are made available to the provinces and to industry. Forest Products Laboratories in Ottawa and Vancouver study the properties of fifty-two species of woods used by Canadian industry to determine both the best woods for various uses and the best uses for various woods.

The Department of Northern Affairs and National Resources is also concerned with the measurement of Canada's water resources. The Water Resources Branch has been compiling records of stream flow and water levels from 1,200 stations on rivers, lakes and streams across Canada. Its records, and others like them, are fundamental to the planning, construction and operation of all water-use projects. The unprecedented expansion that our hydro-electric capacity has undergone in recent years would have been much more difficult and uncertain without them.

Finally, a branch of the Federal Government which I must mention for its research on the development and wise use of our resources is the National Research Council. Its research in many fields is of great importance for the better use of the resources we have available.

I should like next to refer to action which the Federal Government has taken in areas where it exercises joint jurisdiction with the provinces. There is, first, the action taken under the Prairie Farm Rehabilitation Act, which was passed in 1935 to provide for the restoration of substantial areas in the three prairie provinces. This act is still in effect and activities under it relate to land culture practices, land utilization, and water development. The Department of Agriculture provides funds and direction for the construction of water reservoirs, for economic and soil surveys, for land classification, and for the provision of illustration stations to demonstrate the proper use of land. Work of a parallel kind has been accomplished under the Maritime Marshlands Rehabilitation Act to deal with the deterioration of the dykes and other structures whose protection enabled the marshlands of the Maritime Provinces to rank among the most productive soils in Canada.

There are also resource fields which lie solely within federal jurisdiction. One of these concerns the fisheries of Canada. It is the responsibility of the Department of Fisheries to protect, control and develop fish stocks. Increasingly in recent years these activities have been extended to the international fisheries and agreements have been concluded for their protection and development for the benefit of Canada.

The Federal Government has jurisdiction over the Northwest Territories and the Yukon and owns and administers the resources in these territories. The Department of Northern Affairs has as one of its chief functions, the promotion and the further economic progress of these territories. The importance of this responsibility may be measured by the fact that the

two territories together make up almost forty percent of the land and fresh water area of Canada and that their economic potential, particularly as a source of mineral wealth, gives every promise of being commensurate with their size.

By its action in all the fields I have mentioned the Federal Government can and does have a profound effect upon the character and tempo of resource development in Canada. Nevertheless, this does not alter the fact with which I started. That fact is the direct and immediate control over the management of the resources themselves, within any province, reside with the Provincial Government.

There remains the further fact that in Canada, under our free economic system, a third agency is also involved in resource management and development. That is private enterprise. It can be said, indeed, that the main responsibility - and opportunity - for the development of any particular resource lies with private industry. For this reason industry has a major responsibility for the wise use of natural resources, always, of course, within the framework of provincial legislation and resources policy and within the general climate created by federal policies and federal assistance.

I believe it true to say that few people question that much has been done in Canada, especially in recent years, to encourage wise resource management. What they do ask is whether there is any co-ordination in our resource policy or whether it is done instead on a "hit or miss" basis. As they consider this question some honestly ask whether a conference of all interested parties would not be helpful in forming what might be termed a "master plan". I myself do not see that such a conference could accomplish anything very helpful. I say this because there is in fact no lack of unanimity or clarity as to what the objectives of a resource policy should be. Rather problems arise only when it comes to determining how to reach this objective in each specific case. Because each of these problems always includes elements peculiar to itself they cannot be settled by any "master plan". Instead, each case has to be considered on its own merits, that is, in relation to the particular resource in question, the locality, and the respective interests of each party. I should like, in this connection, to make the point that there is far more frequent discussion between industry, the Federal Government and the Provincial Governments on specific resource management problems than Canadians commonly realize. It just happens to be the case that these meetings are not considered to be newsworthy and are therefore given little publicity.

The central fact is this, that while consultations on co-operative federal-provincial measures usually are specific rather than general in character - usually relating to a particular resource and to particular action to develop or manage it, or relating even to specific problems of one resource in one area - this specific and limited approach does not mean that



resource policy in Canada is simply an untidy mass of "ad hocery". On the contrary, in a broad sense there is an underlying agreement on the fundamentals of resource management. There is agreement that this management should provide for the best use of resources that is possible in the public interest; agreement that renewable resources should be managed in such a way that they shall be renewed in perpetuity; that the development of Canada's resources should be economic; and finally that the best means of ensuring this economic development is, in general, to have it undertaken by private enterprise. Taken together these fundamentals create a large and basic consistency in resource management.

To go beyond that, however, to try to impose an overall blueprint, a "National Policy", as some understand it, for resource management - to do that is to depart from the facts of our national situation. I have suggested already why such a "master plan" must fail of its purpose. In a country as vast as Canada, with widely different conditions and with different problems in different areas, there cannot be a single and unified policy for the management of resources. The fact that the B.N.A. Act places resources under the control of the provinces is not a matter of accident or coincidence, it is rather a reflection of the basic facts of our national existence. Resource problems are generally regional problems or local problems and must be handled on a regional or local basis. Thus it is that the facts dictate, and our constitution requires, that our resource management be in the hands of the provinces. This is the framework and the background in which we must see the problems of resource management and development in Canada. Accordingly, to advocate a "national policy" on a national basis as a responsibility of the national government is to misread the facts of our economy and the spirit and letter of our constitution.

What resource management in Canada does call for is wise and constructive handling. It does call for careful thought and planning. And if we are to have it we need first to know as far as we can just how large and varied our resources are, for otherwise intelligent planning for their use must remain beyond our reach. The next step is to relate the extent of these resources to the demands on them which are forecast for the years ahead. One of the most important functions of the Royal Commission on Canada's Economic Prospects, the Gordon Commission, established by the Federal Government has been to undertake just such a forecast. Its assessment of the future demand for the products of land, mine and forest will provide an invaluable basis for resource planning. It will be of great assistance to the provinces in their management programmes and also to private enterprise. The work of the Gordon Commission therefore has immense importance for all who have responsibilities for the management of Canada's natural resources.

There is yet another prerequisite for sound resource management, and that is that the Canadian people be educated to appreciate the necessity and value of this planning to the

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nation. Here I should like to pay tribute to the contributions which many private and semi-private organizations have made to this public education, and also to their accomplishments in resource planning itself.

Resource management, then, does call for careful thought and planning. It calls for this, however, not in any one place and by one agency dealing with it as a single problem. Instead it calls for action by the provinces to carry out their responsibility for resource management as such. It calls for action by the Federal Government in the many fields to which I have referred. And it calls for foresight and wise management by private enterprise in its field of efficient and economic development.

It is in this sense and in this way that we can effectively plan and act for the best use of the great resources that are at the disposal of the Canadian people.

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