

toba has asserted the right to tax the earnings of the Canadian Pacific Railway, and has collected the sum of \$50,000 or thereabouts during the past year under that head. Manitoba exercised that right, because section 16 of the Canadian Pacific Railway contract does not exempt its earnings from taxation. That section is as follows:

The Canadian Pacific Railway and all stations and station grounds, workshops, buildings, yards and other property, rolling stock and appurtenances required and used for the construction and working thereof, and the capital stock of the company, shall be for ever free from taxation by the Dominion, or by any province hereafter to be established, or by any municipal corporation therein; and the lands of the company, in the Northwest Territories, until they are either sold or occupied, shall be free from such taxation for twenty years after the grant thereof from the Crown.

There is no exemption therein of the earnings.

Mr. SCOTT. In very much the larger part of Manitoba, there is no exemption at all. It might be that the company had not considered that what the Manitoba government has done in relation to taxes on earnings covered the small exempted strip.

Mr. R. L. BORDEN. I have read carefully the terms of the Manitoba statute. They are general. They do not deal with the Canadian Pacific Railway alone but with all railway companies, and it is under that general provision that the tax to which I have alluded has been collected. All the railway companies, I believe, have protested, as they always do under the circumstances; but neither the Canadian Pacific Railway nor any other company has seen fit to test the validity of the tax imposed. For those reasons I shall vote against the amendment of the hon. member. I cannot see that it adds to or takes from the meaning of the section as now proposed in the slightest degree.

Mr. GALLIHER. I dealt with this question for a short time about a month or two ago and propose to say but very few words on it at present. I do not think my hon. friend from West Assiniboia goes far enough or I would support his motion. In my opinion, section 23 should not be enacted at all. If the parliament of Canada had full power to enter into the contract it did with the Canadian Pacific Railway in 1881, there can be no necessity for our continuing the exemption therein provided by any new enactment now. If it was *intra vires* of the government at that time, it holds good now, even after the new provinces are created. But if it was *ultra vires* of the government to continue that exemption beyond the time when the Territories became provinces, we should not do so by an enactment now. Either this section is for the purpose of securing such a defect as may have existed by reason of it not having

been within the power of the Dominion parliament to continue the exemption beyond the time when the Territories became provinces, or there is no need for it. If this section were left entirely out of the Bill, we would not be in any way ignoring a contract that was legally made by any preceeding government. If that contract were not legally made, we should not be called upon to make it good by this enactment; and if my hon. friend had moved for the expunging of this section, I would have supported him.

Amendment (Mr. Scott) negatived.

Mr. R. L. BORDEN. This Bill, which is now under consideration for its third reading, has been so elaborately discussed, both on the second reading and in committee, that I propose to occupy the time of the House but a few minutes in moving an amendment to refer the Bill back to the Committee of the Whole House.

So far as the main features of the Bill are concerned, those to which I am particularly opposed are pretty well known. I will briefly enumerate them and content myself with just summing up a few ideas which have been elaborated on more than one occasion during the discussion of the Bill.

I object to the policy of the government as far as the lands are concerned. In my opinion, as I have expressed it on a great many occasions during the past three years, the true policy for the government to adopt in regard to the lands in the Northwest Territories would have been to entrust the administration and control of these lands to the people and the legislatures of the new provinces, and not to retain that control and administration at Ottawa. The government, by adopting that view, would have followed the analogy of the British North America Act, section 109 of which provides that each province shall retain its lands and shall control and administer them. In the next place, it would have followed the British practice which has prevailed as between the government of Great Britain and the dependencies of the empire during the past sixty or seventy years. Every argument which has been advanced for retaining the control and administration of these lands in the central government would have availed equally in favour of retaining the control and administration of the lands of this country in the imperial government at London. There is no doubt about that. The British government attempted to enforce that principle. They did enforce it for a time, with results so absolutely unsatisfactory to themselves and to the people of the various dependencies of the empire that it was found necessary to make an absolute change. Further than that, the policy of the government in this regard is absolutely opposed, as I believe to the wishes of the people of the Northwest as expressed by the legislature in the Bill

Mr. R. L. BORDEN.