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RG 25 1839



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DEPARTMENT  
OF  
EXTERNAL AFFAIRS

Subject:

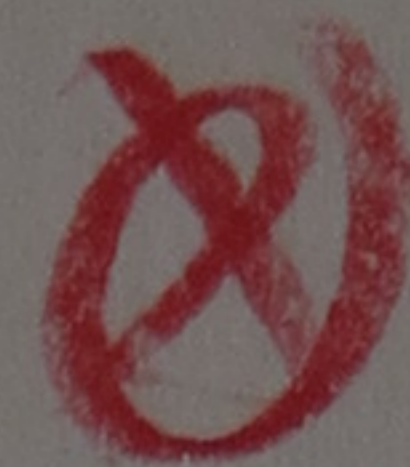
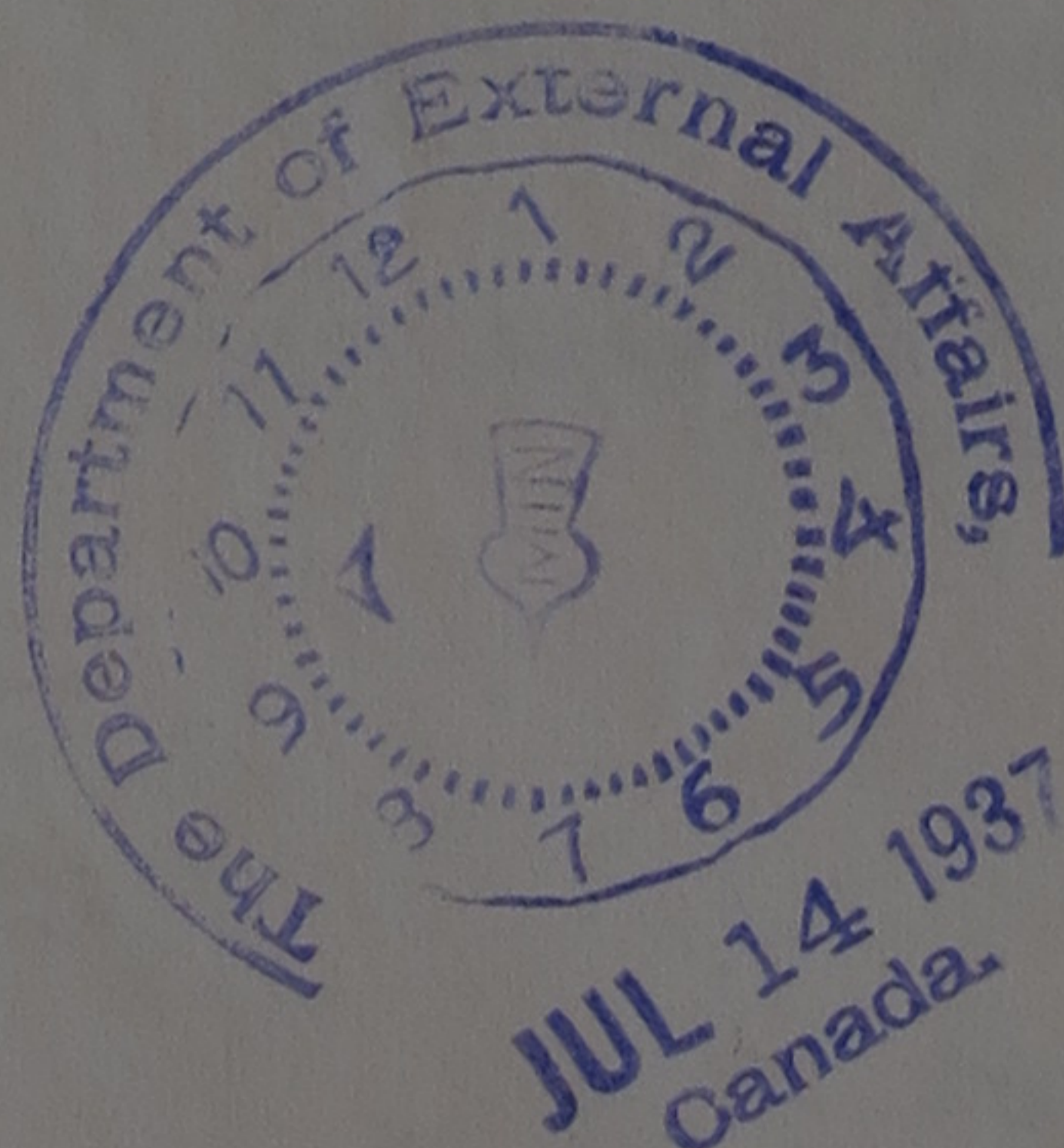
*Property purchased by  
Japanese in British Columbia.*

*See file 997-25 Orientals in B.C.  
" " 212-39 Activities of Japanese in Canada.*

MEMORANDUM  
Office of the Prime Minister

Ottawa,.....

DR. SKELTON



OFFICE PHONE EMPIRE 6411  
CLUB PHONE GARDEN 6911

## Empire Service League

H No. 7

E  
GUE, LONDON

5 VIEW STREET  
Victoria, B. C.

8th, 1937.

The Honourable W.L. McKenzie-King,  
Prime Minister of Canada,  
Ottawa, Ontario

Sir:-

We enclose herewith copy of a Protest which has been forwarded to the Honourable the Minister of National Defence relative to the disposal of certain properties in this Province to Japanese Interests.

The purport of this Resolution is self-explanatory and we shall be glad to have an expression of your views in connection therewith.

I have the honour to be,

Sir,

Your obedient Servant,

A handwritten signature in dark ink, reading "S.W. Norman Saunders". The signature is written in a cursive style with a long, sweeping underline.

S.W. Norman Saunders,  
Secretary.

SWNS/LS  
ENCL:

"OUR ORGANIZATION COVERS OUR EMPIRE"

JUL 13 1937

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July 8th, 1937.

The Honourable Ian Mackenzie,  
Minister of National Defence,  
Ottawa, Ontario

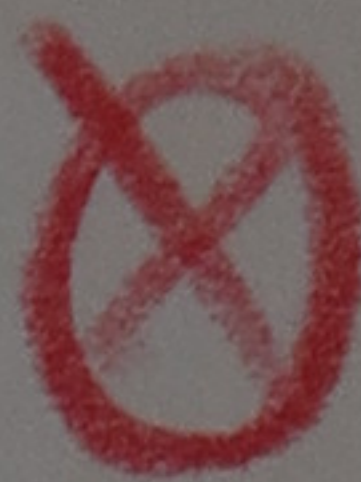
Sir:-

I have the honour to inform you that the following Protest has been registered by this Branch in connection with the purported sale of iron ore properties and timber limits to Japanese interests.

"WHEREAS: The sale of iron ore property on the Queen Charlotte Islands and the timber property at Port McNeill, Vancouver Island to Japanese interests, is reported in the Press.

BE IT RESOLVED that the Britannia Branch, Canadian Legion, B.E.S.L., Victoria, at its General Meeting protest the transference or sale of these properties to Foreign or Asiatic interests, on the grounds that it is not in the best interests of our National Defence, and further, the iron ore on property #1, and spruce on property #2 are vital to Canada's well being in time of war and should not be depleted at any time.

This Organization recommends that the Government of the Dominion of Canada, set these areas aside as military reserves, and be it further resolved that steps be taken forthwith to cancel such sale, as it is detrimental to the Defence of Canada on the Pacific Coast. And whereas before such sale or transference of control of any B.C. Properties (comprising any one of our basic industries) to Foreign, or Asiatic interests, permission must first be obtained by permit from the Provincial or the Dominion Governments, and also a period of publicity in the Press of the Province, on all proposed transferances or sales of basic industries to Foreign or Asiatic Interests."

 *Noted* *of 28/10* *file K*  
MEMORANDUM FOR DR. SKELTON.

Re sale of iron ore properties and timber limits  
on the Pacific coast to Japanese interests.

While it is improbable that the purchases so far  
made will have any serious effect, the possibility of the  
alienation of further extensive quantities of raw materials  
of this nature should, in my opinion, be made the subject  
of serious consideration. This would seem to be particularly  
true in the case of the spruce limits on the Queen Charlotte  
and other northern islands. This so-called "Aeroplane Spruce"  
grows very slowly indeed and any extensive exploitation of  
the present stands would take many years to replace. The  
situation is of course complicated by the fact that both  
mining and lumbering are subject to Provincial law, but I  
have no doubt that some satisfactory arrangement could be  
worked out with the Pattullo Government if Ottawa should  
decide to take serious steps to preserve these natural  
resources.

Ottawa, July 16th, 1937.

HLK/SR

Ottawa, July 17th, 1937.

Dear Sir,

The Prime Minister has received your letter of the 8th of July and the enclosed copy of the resolution of protest passed by the Britannia Branch No. 7 of the Canadian Legion of the British Empire Service League with reference to the purchase of certain iron ore properties and timber limits by Japanese interests. In reply the Prime Minister desires me to express his appreciation of your interest and to add that the general problem involved is not being ignored by this Government.

Yours sincerely,

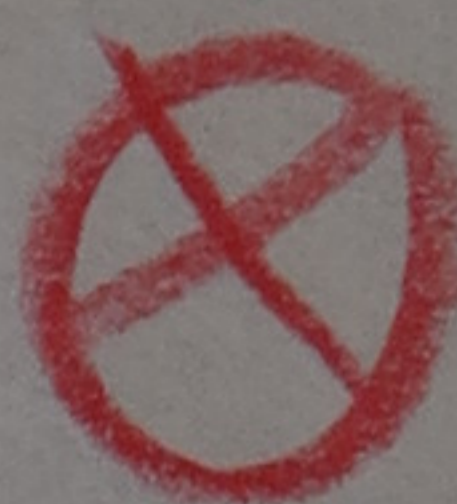
O. D. Skelton

Under-Secretary of State  
for External Affairs.

S.W. Norman Saunders, Esquire,  
Secretary,  
Britannia Branch No. 7,  
Canadian Legion of the  
British Empire Service League,  
Victoria, British Columbia.

*See File 997 / 25  
re B.C. restrictions on Orientals in industry*

*file*  
DEPT. OF EXTERNAL AFFAIRS



See Library for articles  
by Prof. Angus on B.C. legislation  
re restrictions on Asiatics  
in Canadian Bar Review  
of some years ago and  
in Papers of Yosemite Conference  
on Pacific Relations

25. viii. 37

August 25, 1937.

LCC.

589-37

SECRET

File 589/37.

*Memo. prepared  
for P.M.*

Purchase of timber areas, mining rights, etc.,  
by Japanese interests in British Columbia.

(See letter of July 21, 1937, from Minister of National Defence to Prime Minister and Memo of July 28 by Deputy Minister of National Defence).

1. National Defence cite six items in British Columbia reported in newspapers this year:

Three timber areas; including, in one case, aeroplane spruce. Erection of a pulp mill and a rayon factory is also proposed.

One iron ore property; involving construction of a 5 mile railway and shipment of ore to Japan.

Purchase contracts covering 3 years' output of copper concentrates of Consolidated Smelters, and entire nickel ore production of British Columbia Nickel Mines Ltd.

Items of this character, possibly the same transactions, have appeared this year in Royal Canadian Mounted Police periodical intelligence summaries.

2. National Defence state they have not enough information "to suggest any precise course of action which might consistently be followed". They suggest it would be open to the Government to invoke Section 290 of the Customs Act, as amended last Session, to prohibit or control exportations. They say that the question of cancellation of these transactions and the control of similar future ones is for consideration by the Department of External Affairs.

3. Various reasons for official intervention are adduced, and these raise questions of policy or necessity and questions of power. One correspondent suggests that some of the timber areas have strategic value and ought to be declared military reserves. National Defence are apparently not impressed; for they make no recommendation. There appears to be no power to cancel such purchases nor to prevent future sales of private lands to aliens on such a ground. A policy of public purchase of all areas, on both coasts, of hypothetical strategic value to ourselves or to a hypothetical enemy would be a large order, as would preventive legislation. Presumably the contingencies contemplated by the critics are among the contingencies being anticipated by National Defence in the course of their preparation of plans against the various war hypotheses and could be countered effectively by practical measures at the time without taking drastic and very expensive measures now. In any case the matter in this aspect is a defence question.

4. One correspondent is afraid that the alien ownership of these timber areas will result in wholesale evasions of the immigration laws. This scarcely needs to be taken seriously. No evidence is offered and, in any case, such an enterprise, if ever attempted, could doubtless be handled effectively by existing administrative powers and machinery.

5. The National Defence Memorandum raises the question whether official action may not be called for on a further ground, namely, the conservation or

retention for ourselves of materials suitable for producing arms and other war supplies. The power to control exports, under Section 290 of the Customs Act, is cited; and there seems to be a suggestion that the Government might consider the question of obtaining legislative authority to cancel the reported transactions and to control similar cases in the future. Upon such a basis it may be noted:

(a) Action - either by export restrictions or (assuming the power to be granted) by controlling land sales or sales of metals, etc. - could not be directed towards exports to Japan alone or towards transactions by Japanese citizens alone. By the 1911 Treaty of Commerce with Japan, her citizens lawfully in Canada are entitled to national treatment as regards commerce and manufacture and most-favoured-nation treatment as regards the pursuit of their industries and the ownership or leasing of lands, factories, etc; while as regards export restrictions she is entitled to be treated equally with other countries. (See Stat. Can., 1913, C.27). Any action along the lines and upon the grounds suggested would have to apply to all aliens and all countries.

(b) Any such general preventive measures of the character in question would instantly fall within the arena of the great international debate on the "access to raw materials" question now going on everywhere.

They would arouse the concern not only of Japan but of the other "Have-Not" Great Powers who have been asserting grievances on this score. They could hardly be squared with the general assurances which Canada has given in the course of the debate. Apart from that aspect, they would doubtless complicate our ordinary internal and external economic transactions. Upon the showing of the information and reports presently before us, it would appear to be quite impossible to justify before the world any general preventive or prohibitory action by legislation or otherwise. It is, indeed, difficult to conceive a peace-time situation arising which would justify even the consideration of such action.

6. If general preventive action is ruled out on these grounds, such transactions as are in question might remain to be considered, item by item as they arise, for their bearing on the Government's actual Defence Supply program. If, for example, a case could be made that this program actually requires that the timber here in question (or some part of it, such as the aeroplane spruce stands) shall not be cut and sold for export now, or the iron ore mined and exported, or the copper concentrates or nickel ore produced and exported; that these particular items would not be otherwise available

and must be conserved or stored for national needs with provision for due compensation; then there might be no external complications, and the matter might be left to the ordinary working out of the defence policy and program. But that is not the kind of case presented by the information and papers before us. Generally speaking, it is to be assumed that Canada wants to keep on trading. "The emphatic desire .... to secure the stimulation of international trade", as declared in the Imperial Conference Report, may be noted here. We wish also to keep on having our resources developed, and a veto on foreign investments in Canadian industry would mean a most far-reaching reversal of policy. Japanese investments particularly must at this stage be insignificant compared with others. As one of the National Defence papers points out, in war no Canadian raw material would be available to any enemy unless we permitted it. And it may be added that we could seize enemy property and industries - a step that might turn out on balance to be of use. Upon the present showing (at best the information is very scanty and sketchy), it seems hard to put the whole matter higher than one for watching and the gathering of information, the contingencies in question to be taken into account, in the ordinary course of the defence planning, by the departments concerned. It might be considered whether the fact that anxieties exist in British Columbia, whether justifiably or not, and appear to be increasing somewhat would warrant some expansion of the intelligence services there in order to enable the Government to meet this tendency to some extent.