

*✓ Matthews & Sargent - Yukon Territory  
✓ From - Prov. Relations  
Education - Separate  
Schools*

C156123

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D. 1. 10*

Ottawa, October 2nd, 1937.

MEMORANDUM FOR THE PRIME MINISTER.

Re Mr. Crerar's letter attached - Yukon.

I had hoped to make some inquiry into the points mentioned in this letter before Mr. Crerar would return from the West but things happened otherwise.

Assuming British Columbia wishes to go ahead with the Yukon absorption scheme, there are bound to be difficulties of detail. The mining company instance is not serious; it might be possible to arrange a sliding scale to bring the present tax rate up to the provincial rate say in three or four years, if it is felt to be a real hardship. No Company has a vested right in existing levels of taxation, by whomever imposed.

The school question is much more difficult and may easily raise a row. I don't know whether the British Columbia law is rigid or permits any flexibility. It's really on a small scale the issue that arose in 1905 when the Territorial schools were to be taken over by the new provinces. Could any system of religious teaching after hours be worked out?

*O. D. S.*

O. D. SHELTON

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