

MEMORANDUM OF CLAIM.

The case of the Province in respect to the claims proposed to be investigated by His Majesty's Commission of Enquiry is divided into two main divisions.

One is based upon considerations which depend largely upon historical evidence and looks to a readjustment of the arrangements by which certain lands were conceded to the Dominion in respect to the building of the Canadian Pacific and Esquimalt and Nanaimo railways.

The other has reference to the claims arising out of the peculiar physical conditions of the Province on account of which partial allowance was made in the general readjustment of financial relations as the result of the interprovincial conference at Ottawa in 1906.

The historical aspect of the case rests upon the peculiar circumstances and political conditions affecting the entry of British Columbia into Confederation, and upon the still more unusual course of events following upon that event from 1871 up to the year 1885, during which time the completion of the Terms of Union and the construction of the Canadian Pacific Railway were among the principal issues of Canadian political discussion. The main result of such was highly detrimental to the interests of the Province of British Columbia.

The second branch of the case rests upon the physical configuration of the Province which renders local administration and development exceptionally expensive and difficult, and in a ratio of great disparity as compared with those of other provinces.

I.—HISTORICAL.

For a proper knowledge of the case, it is necessary to consider the conditions which existed at the time British Columbia entered Confederation, and the mental attitude in which the Terms of Union between the Province and the Dominion were framed. Public sentiment, as represented in Parliament, was prejudicial to more favourable terms being granted. A large section of Canada was utterly opposed to union with British Columbia on the terms under which the construction of a transcontinental railway was rendered obligatory. It was only upon grounds of large public policy of a national character—the rounding out of Confederation—that their adoption was justified. It was almost universally conceded that the Province, physically handicapped as it was, would not pay its way in Confederation, and it was strongly contended that the construction of the Canadian Pacific Railway—an essential demand of British Columbia—was too great a sacrifice on the part of the Dominion, and that the railway when built would prove unremunerative. Consequently, the financial terms conceded to British Columbia were the least favourable possible, and without any adequate knowledge of its financial requirements.

A similar attitude towards British Columbia was maintained as long subsequently as 1885, when the Settlement Act was passed, whereby the outstanding