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# Railway Construction and Better Terms

## Important Announcement by Mr. Borden, Liberal-Conservative Leader.

By far the most important announcement forthcoming during the present election campaign, and, so far as the interests of British Columbia are concerned, the most important for many years, has just been made by Mr. Borden, leader of the Liberal-Conservative party in Canada. It effectually puts at rest the statements circulated among the electors that if the Conservatives were elected the new transcontinental would not be built or would be indefinitely delayed; and, also, in that event, that the claims of British Columbia for increased recognition at the hands of the Dominion would have no greater hopes of consideration than at the present time under the Liberals. In response to a telegram from Col. Prior to Sir Charles Hibbert Tupper for an explicit statement on these two matters, he received the following despatch:

"TORONTO, ONT., OCT. 10TH

"HON. SIR. CHAS. HIBBERT TUPPER, K. C.,

"President Conservative Association, Vancouver, B. C.:

"In reply to your enquiry, permit me to outline the salient features of our transportation policy. We will immediately undertake the construction of a transcontinental railway to the Pacific as a Government work. To this end we shall vitalize all the powers of Government and the financial strength of the Dominion. For obvious reasons, the utmost expedition will be employed. In the first place to satisfy without delay the need of our Great West, in the second place to curtail cost in the important matter of interest upon outlay during construction. To ensure early completion, every section of the railway will be undertaken as rapidly as, with all the resources of Government, surveys can be made and contracts entered into. Wherever it may be to the public interest, we shall not hesitate to exercise for the acquisition of existing railways the same powers of compulsory purchase which are possessed and exercised by railway corporations for acquiring the property of individuals. We shall supplement our railway policy by such improvement of our canals and waterways and of our harbors as will bring all up to the highest standard of the day and to the full needs of the

country. We fully realize that the people, confident of the future of this Dominion, do not fear any reasonable expenditure of money wisely made, which may tend to the development of our country and to the greater prosperity of its inhabitants. We also propose to put an end to the scandalous waste and extravagance which are incident to the present administration of Government Railways, believing, as we do, that their honest management under a Commission would make these railways at least self-sustaining, and would afford better accommodation to commerce, and more equitable conditions in every respect than now exist. Let me also say that I have given much thought to the conditions in British Columbia which in your opinion call for special attention in considering the Financial Relations between the Dominion and that Province. You claim not only that these conditions are exceptional and peculiar to the situation and physical character of your Province, but also that they are permanent in their nature. In my opinion they are such as to demand immediate inquiry and investigation, to the end that any injustice clearly established may be immediately relieved.

"R. L. BORDEN."

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## A REVIEW OF THE POLITICAL ISSUES

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The following pages have been prepared at the request of the Liberal-Conservative Executive of British Columbia. An effort has been made, how successful my readers must be the judge, to place the issues in this election fairly before the public. Apart altogether from the element existing in every party which desires to see the government to which it is opposed ousted in order to make room for friends, there is in Canada, and especially in British Columbia, a large and growing element honestly and conscientiously opposed to the present government owing to methods which have been pursued since coming to power in 1896, and to a violation of pledges upon which the Liberals secured office. There can be no question about it in the mind of any person versed in Canadian affairs that the general tone of politics has lowered, that corruption and political immorality, though perhaps not greater in individual cases, has been systematized and enlarged to a degree that never existed before in Canada—has in other words, come nearer the Tammany standard of the United States

—and that the money power in influencing the legislation and administration of the Dominion has increased in an immeasurable degree.

### A HIGHER STANDARD OF POLITICS.

This might not have been a matter for so much comment had the Liberals not gone into power expressly on the understanding that abuses and evils which they themselves condemned would be remedied. This is one of the principal issues of the campaign—a higher standard of political morality. Our leader, Mr. Borden stands for that. He not only stands for it as a theory but has demonstrated it in his own personality, his political record and his purpose in life. We claim on this issue alone that the Liberal government has forfeited its right to the confidence of the people and should be turned out.

If it should ensue that a Liberal-Conservative government will be equally corrupt and untrue to promises, then it is the duty of the electors to turn it out, too, at the next opportunity. The punishment

should be ejection from office so that Governments may understand that they cannot promise and profess one thing and do another in office—that they cannot with impunity violate principles which they themselves professed to teach the people to regard as sacred in the interests of the commonwealth.

#### **A NEW TRANSCONTINENTAL RAILWAY.**

So far as the whole of the Dominion of Canada is concerned another great issue has arisen out of the proposal of the Government to build a second transcontinental railway to be known as the Grand Trunk Pacific Railway. The terms and conditions upon which this railway will be built, if the Liberals are returned to power, are fully explained later on. Briefly the Government builds one section entirely and leases it to the Grand Trunk Pacific Railway. In respect to the other portion, which is the only valuable portion, viz., that from Winnipeg to the Coast, the Grand Trunk Pacific Railway will own and control it absolutely, but the Government guarantees the greater part of the cost. The policy which Mr. Borden and the Liberal-Conservative party advocates, is that if the Government—that is the people—are going to be liable for nine-tenths of the whole of the cost then the people should own it and control it entirely. Moreover, over 1500 miles of the eastern or Government owned section will be practically useless. It is built through an uninhabited and largely barren country, and what effect it will have will be to parallel and compete with the Intercolonial Railway at present owned by the Government and carried on by present methods at an annual loss. The remarkable nature of the proposal is rendered still more remarkable from the fact that the Government has permitted the Grand Trunk Pacific Railway to acquire the Canada Atlantic Railway, which deprives the Intercolonial Railway of any hope of an outlet from Montreal west and renders hopeless all probability of the line ever being made to pay—an instance analogous to a man who, with one arm, paralyzes and destroys the other.

#### **THE EASTERN SECTION AN INCUBUS.**

The eastern section was not wanted

by the country. It was denounced by the Minister of Railways in the Liberal Government and it was privately opposed by the promoters of the Grand Trunk Pacific themselves. It was, however, the bribe to the Liberal members of the Maritime Provinces and Quebec for their support of a measure for a new railway, who refused to extend the same unless a large share of the benefits of construction was derived locally by the expenditure of over \$50,000,000. That portion of the scheme will ever remain an incubus on the country's resources and a political disgrace to the men who "held up" the Government to obtain it and to the Government that yielded to the unholy pressure.

#### **THE LOCAL PHASE OF THE G. T. P. CONTRACT.**

As an instance of the way numbers exercise an influence, the experience of British Columbia in connection with the Grand Trunk Pacific may be referred to. The promoters, who could not resist the pressure from eastern Liberal members referred to, would not permit the Government to insert any conditions as to time and place of construction in British Columbia, and were, moreover, able to have the time extended for completion to this coast for three years. The political influence of our representatives was not strong enough to insist on construction beginning at the Pacific coast simultaneous with construction at Winnipeg. Nor had they backbone enough to oppose the Government in its refusal to insert a clause to that effect. Senator Templeman placed a notice on the motion paper to make provision in the Grand Trunk Pacific legislation for such construction, and, although a member of the Government, was obliged to withdraw it. As a consequence the whole incidental benefits of construction within the Province will be lost to the people of the Province. The object of the Grand Trunk promoters in opposing the proposed clause was, of course, to enable them to come to the Legislature of British Columbia and demand a subsidy for beginning construction at this end at the same time as at Winnipeg. It is true that Hon. Mr. Prefontaine, the Minister of Marine and Fisheries, when on the coast, announced that construction would begin at this

end of the line; but it is evident he had no authority for making the statement, as Mr. Hays, who followed a few days after the Minister's visit absolutely refused to confirm it. There is the very best reason to believe that the Grand Trunk Pacific has not the slightest intention to do anything of the kind unless a subsidy is obtained from the Province for the purpose. Regarding such discrimination as to the treatment between the East and West, readers can form their own conclusions. It is part and parcel of the situation in our relations with the Dominion, which is one of the most vital issues in this campaign.

#### A GREAT PROVINCIAL ISSUE.

As is pointed out later, there are two main divisions of the subject, one dealing with the general politics of the Dominion in which we are interested in common with the whole of the people of Canada, and that which particularly interests us as British Columbians. The latter may be regarded as the issue from a local point of view, which gives to the campaign a specially provincial tone. This is the natural result of our relations, politically, financially and geographically, with the Dominion. From our position geographically and the peculiar conditions which exist in this province—our western situation, the physical configuration, the nature of our resources and products, our markets and the unfair way in which the terms of Union have been carried out, all of which are imperfectly understood and indifferently recognized by the rest of the Dominion—issues of a purely provincial character and quite distinct from those in the other provinces have arisen and must be considered in determining the result of the elections. If they do not now determine the result, in the near future they will become the burning question of the province that will have to be seriously considered and dealt with by the Dominion authorities. To Better Terms, under which the various heads of our case may be grouped, a good deal of space is devoted. A brief review is given of the history of better terms in other provinces and in this province up to the present, special attention is given to the conclusions from a consideration of the effect of our phy-

sical conditions in existing financial relations, and, in addition the disadvantages under which British Columbia has labored in the past and is at present laboring as a result of the actual operation of the Terms of Union are pointed out as fully and clearly as space will permit. The whole case is set out in the reports of the various delegations to Ottawa; but in connection with one feature of it—the claims of the province on account of increased cost of administration arising out of peculiar physical conditions against which no provision was made when the province entered Confederation—the arguments have been very much strengthened and elaborated. In fact, it has been organized in such a way as to reduce it to a practical and mathematical basis upon which to ground a definite claim for compensation. To Mr. Geo. H. Cowan, K. C., of Vancouver, who has taken a very keen and comprehensive interest in the subject, I am indebted to a very large extent. At much expense of time and trouble and by diligent research, he placed the case in a form resembling a brief, complete in every circumstance of proof. In this way he has contributed most materially to a better understanding of the subject. The case was presented in a series of articles in the *Victoria Colonist*, from the columns of which they have been reproduced here. It is submitted that, taken in connection with the other aspects of the case, the whole is absolutely convincing and unanswerable.

#### BRITISH COLUMBIA AND THE OTHER PROVINCES.

Premier Tweedie, speaking at a Liberal meeting in Vancouver, admitted the strength of the British Columbia claims for increased recognition, and said he had the assurance of Sir Wilfrid Laurier that a "readjustment will take place, and the provinces will be freely and liberally dealt with by the Federal Government." Mr. Macpherson, at the same meeting, said (quoting the Province) "that he advocated better terms as between the provinces and the Dominion." It is well to mark that in both instances the speakers referred to "provinces." Of course, Sir Wilfrid may treat liberally with the provinces; but what neither Macpherson nor any other Lib-



eral, east or west, appears to publicly recognize is that British Columbia, while having a cause in common with all the other provinces, as is shown clearly in what follows, has claim for a special recognition that no other province has; and what may satisfy the other provinces will not meet our case at all. This is the crux of the whole question, and cannot be evaded by consent to a general proposition affecting all the provinces. While under a general readjustment British Columbia would undoubtedly get an increased allowance from the Dominion, without recognition of her special claims, she would be relatively no better off. Her population individually would have to pay their share of the increased allowance to all the provinces, and still remain subject to the conditions which at present place her at a disadvantage compared with the other members of Confederation. The net result, therefore, would be that all the other provinces would benefit by the agitation British Columbia has started, and British Columbia would relatively not be benefited. That is not good enough. There must be, to satisfy the legitimate and generally admitted claims of the province, a specific and definite understanding. The issue must be "Better Terms for British Columbia."

#### LIBERAL TREATMENT OF OUR CASE.

It is stated that a Liberal-Conservative Government would not be more likely to grant the demands of British Columbia than the present Liberal Government. Let us consider the matter carefully. The question of Better Terms in any definite or concrete form never arose during a Conservative administration. No case was ever laid before the Government until 1901, and then not completely. In 1903 a supplementary brief was presented to Sir Wilfrid. No case was ever definitely formulated until that time, although it was generally felt for some time, and occasionally publicly stated, that British Columbia was not getting fair treatment from the Dominion. So far the Liberal Government at Ottawa has refused to consider our claims. Practically no reply was ever received to our representations. What reply was received was in the nature of very evasive letters from Sir Wilfrid Laurier. They amounted to flat, abso-

lute refusal. It cannot be held that there was not time in three years to consider our claims. Either our case was a good one or it was not. If sound, it demanded consideration. If not, the Provincial Government was entitled to a categorical statement pointing out wherein its claims were invalid and its representations inaccurate and ineffective. Common courtesy would suggest such a course being adopted. The representations to Ottawa were made in the fairest way possible, and in a conciliatory and wholly non-partisan spirit. What reason then is there to expect different treatment in the future than we have received in the past?

#### A FAIR PROPOSAL.

The proposition submitted by the second delegation in 1903 was of the most reasonable kind. The Government offered to submit the question as to whether the claims and grievances set forth were bona fide and substantial to a commission of three eminent men—one to be appointed by the province, one by the Dominion and one by the Colonial Secretary. The nature of the correspondence on that point is referred to later on. In this the province undertook the onus of proving to such a commission the soundness of its case. As Premier McBride pointed out to Sir Wilfrid, nothing could furnish better proof of the faith of the Government in the justice of its demand than by accepting such a grave responsibility. No fair and just government could refuse to act upon a suggestion so reasonable as that. We have no doubt about what a Conservative Government would do under similar circumstances. A Liberal-Conservative Government adjusted the claims of Nova Scotia and New Brunswick, and a Liberal-Conservative Government will do justice to British Columbia.

#### A LIBERAL-CONSERVATIVE ISSUE.

The issue is a Liberal-Conservative issue in this campaign. It is strongly endorsed by Sir Charles Hibbert Tupper, the president of the Liberal-Conservative Association of British Columbia, and he was a member of the late Liberal-Conservative Government at Ottawa, and is one of the leaders of the party in the Dominion. Every Liberal-Conservative elected in British Co-

lumbia will go to Ottawa pledged to support our claims there above all other considerations, of party or otherwise. The only way for British Columbia to obtain her rights is to make "Better Terms" the supreme issue. So long as the electorate is silent on the subject, so long will the Government at Ottawa delay its consideration and put us off. The rallying cry in this issue is what the Liberals most fear in this election. They are evading it on all sides. If they are elected they will point to the fact that the electors have not demanded it, that the question is not an issue and that it was a cry raised for purely political effect. To succeed, the electors and the candidates must be serious on the subject. It affects every interest in British Columbia. It is vital in every sense of the word. It should not be made a party plaything. It is only political in so far as it commits the Liberal-Conservatives in this province to an absolute endorsement of the principles involved and as an earnest protest against its treatment by the authorities at Ottawa. It is provincial in its aspect, and as such, with so much involved for the future of British Columbia, it should

stand above all things else. No one can predict the result of the general election throughout the Dominion. Everything, however, points to the defeat of the Laurier Government. In that event, seven members from British Columbia pledged to the hilt to press our claims for "Better Terms" would be irresistible. More especially if the majority be small without them. In the event of the Liberals being elected, it will only be a very small majority. The influence of seven members united and firm in the question, would be sufficient to force the issue to a head at Ottawa. In any event, such a representative delegation in Parliament from this province would be of the greatest service possible in our interests, and would waken up the whole of Canada to a realization of our position and the validity of our claims. Let the "Solid Seven" be the rallying cry. The considerations that are involved in the discussion of Better Terms in the following pages are, therefore, submitted to readers of this pamphlet with every confidence in respect to their approval and support.

R. E. GOSNELL.

## Liberal-Conservative Imprint in Canadian History

Four great facts stand out in the history of Canada in the last fifty years:

Confederation or the union of the Canadian colonies;

The acquisition of the West, whereby the territory from the Great Lakes to the Pacific Ocean became part of the Dominion;

The adoption of the national policy, which, involving the principle of protection to our native industries, has stimulated production and enterprise to a point, which is making Canada recognized as a great and prosperous country;

The construction of a transcontinental line, which has united the seven provinces of Canada in bonds of material interest and political sympathy.

All of these great facts are accounted for by the efforts of Liberal-Conservative statesmen. It is true that Hon.

George Brown, and a few others of the then Liberals united with Sir John Macdonald and his colleagues in bringing about Confederation; but the majority of the Liberal leaders and the party as a whole were out of sympathy with the movement. Many of them opposed it very strongly.

With respect to the three other facts the Liberals were opposed to them as a unit and without exception. They are the facts which account for Canada's proud position today and stand out above everything else in our history.

### OTHER FACTORS.

There are other factors in our political and economical history, which were initiated by the Liberal-Conservative party, such as British preference, an agricultural policy of which there are

many valuable features—cold storage, dairy education, industrial farms, etc., and the Pacific cable. In fact, there is nothing of any moment in our development as a nation—except the Grand

Trunk Pacific Railway—that did not have its origination with the Conservative statesmen, who guided the destinies of this country for so many years.

## A Crushing Arraignment

In the opening of one of his campaign speeches in Western Ont. Mr. Borden dealt with the record of the government and its broken pledges as follows:

"Before they came into office they groaned over the taxation of \$28,000,000, and now, in this year of grace, 1904, do we have \$28,000,000 taxation? No, we have \$52,000,000, or \$53,000,000, and those who formerly groaned and almost wept because the farmers were bled white with \$28,000,000 are content to see \$23,000,000 or \$24,000,000 added to it, and apparently think the bleeding is an excellent thing for the soul and the system of the farmers of the present day. They told us in the good old days that they were going to reform the Senate. Now they tell us that there is a Liberal majority in the Senate, and that there is no need for any reform. (Laughter.) They told us there were too many Cabinet Ministers. They have been eight years in power, but there are just

as many Cabinet Ministers to appoint their friends to positions of emolument under the Crown. Now you require two figures to number the relatives of the most prominent members of the Government from the Province of Ontario, when you come to enumerate them. I kept track of them for a while, but I have long since given up keeping account of them. They told us it was a wrong thing to appoint members of Parliament to offices, and said these men will sit with promises of offices in their pockets, will vote as the Government tells them, and in that way you cannot have free action or true expression of opinion by those representatives of the people in Parliament. This should be done away with. Well, during six years they have appointed to offices of emolument under the Crown a great many more men than the Conservatives appointed in all that period when they were in power—from 1878 to 1896."

## Must Set a Standard in Politics

From Mr. Borden's Speech at Alymer, Ont.

They had all been reading lately the reports of the events at a certain local election. They had heard of the 20 men or more who had been brought on a steamer to cast votes for some 40 or 50 men, who were unable to vote for themselves; what did they think of it all? They talked as representative Canadians of the low condition of public life in this country, and of politicians not being sincere. They told us that public men were not up to the standard that they should be. Whose fault was it? If was their own fault if they did not stand up for their rights of self-government.

"The public men in the country," said Mr. Borden, "will be just as high as the standard you set for them. And if you are content to see men disregard the promises made when in opposition and ac-

cept the stolen goods brought to them by ballot switchers and stuffers, if you are content to see them deal with things in this way, having a single eye to these things, and saying that politics was just a big game, you can get just the men you want."

He did not believe Canadians as a whole would be content with that standard, but was happy to believe the public sense was being awakened with regard to some of these things, to which during the busy times of the last six or seven years they had not given the attention they should. "I say to you," said Mr. Borden, "that if the Conservative party should come into power and should give to you the same standard and methods of public life which undoubtedly have been employed by our opponents during the last six or eight years, then, in the interests of the country and of the Conservative party, that party should be driven from power at the earliest possible moment." (Applause.)

# What Canada Pays—What Canada Gets

Winnipeg Telegram.

The merits of public ownership of the new road as compared with those of Grand Trunk ownership, will be stated in a later article. What follows here is a plain and brief statement of what the country will pay out and what it will own, in each case.

The Conservative programme is as follows:

## WHAT IT IS TO COST CANADA.

The money required to build the road is to be raised from the sale of bonds. The Dominion of Canada is to guarantee the whole of these bonds.

There is to be no bonus of \$15,000,000, no gift of \$25,000,000 in stock, no further over-capitalization of \$20,000,000, no alienation of franchises, no subsidies from provinces, no aid from municipalities, no diverting of revenue from the Intercolonial.

## WHAT CANADA IS TO GET.

1. The Dominion of Canada will own the whole road, main line, branches and terminals.
2. The Intercolonial being supplied with Western feeders will be converted from a source of deficits into a source of revenue.

## THE LIBERAL POLICY.

The policy of the Liberal party is radically different from that outlined above. It is embodied in the G. T. P. agreement and its first cost is as follows:

## WHAT IT IS TO COST CANADA.

1. The money required to build the road is to be raised from the sale of bonds. The Dominion of Canada is to guarantee payment of nine-tenths of these bonds, and also to guarantee payment of the annual interest upon them. The amount of the bonds to be thus guaranteed is estimated at \$150,000,000.
2. The Dominion is also to give a cash subsidy of some \$15,000,000. This amount, it will be observed, is equal to the remaining one-tenth of the cost of the road.
3. The province of Ontario is to give a cash subsidy of \$400,000 and a land subsidy of 1,200,000 acres on a branch line, and similar subsidies are expected from other provinces. Municipalities are to make such concessions as those now asked from Edmonton, Port Arthur and Fort William.
4. An additional subsidy is to be given in the form of \$25,000,000 of stock, for which the Grand Trunk company is not required to pay one dollar. This subsidy is to be paid not out of the Dominion treasury, but direct from the people to the company in the form of extra railway rates levied to provide dividends upon this stock.
5. The Grand Trunk as the owner of the Western division, is authorized to is-

sue additional stock and bonds on that division to an amount estimated at \$20,000,000 or more in excess of the total cost of the road. Dividends upon this "watered" stock also will be obtained by levying railway rates higher than would otherwise be necessary. The company is, as it were, authorized to impose so much taxation directly upon the people and to collect it from them whenever they travel by rail and whenever they buy or sell goods hauled by rail.

6. The Grand Trunk is to receive a number of valuable franchises for engaging in various kinds of commercial enterprises in the West.

7. A serious injury is to be caused to the revenues of the Intercolonial.

## WHAT CANADA IS TO GET.

Fifty years after the completion of the road the Dominion may take over the main line of the Eastern division, which is to run from Winnipeg via Lake Abitibi to Quebec and Moncton. The yards and stations in Winnipeg and Quebec will remain in the hands of the Grand Trunk as well as any branch lines which that company desires to keep.

## WHAT THE GRAND TRUNK IS TO GIVE.

The Grand Trunk company is to guarantee one-tenth of the bonds and is thus to assume a liability of some \$15,000,000. All of the bonds to be guaranteed by the Grand Trunk, are to be bonds on the profitable Western division.

The Grand Trunk company is not to spend or invest one dollar on the road.

With the exception of the guarantee for one-tenth of the cost, the Grand Trunk company does not assume any liability whatever, or bind itself to any terms and conditions of any kind.

## WHAT THE GRAND TRUNK IS TO GET

1. The Grand Trunk company is to get the road.
- The profitable Western division from Winnipeg to the Coast, together with the terminals of the Eastern division and any branches of the Eastern division which it may desire to keep are to be not only the absolute but also the unalienable property of the Grand Trunk company. No matter for how many years the Dominion may have to pay interest on the bonds it has guaranteed, the Grand Trunk is always to remain the owner. Even if the road has to go into the hands of a receiver, it is eventually to be returned to the company. The Grand Trunk company is to have for 50 years the Eastern division, or any portions of it which may be leased in event of the whole not being completed.
- The Grand Trunk company is not to be liable in any event or under any circumstances for payment of the rental of the Eastern division or any part of it, nor for payment of the interest and principal of three-fourths of the bonds on the Western division. These liabilities are simply to be a charge on the profits of the new road. The dummy company which is to pay the rental has no other source of revenue. If the profits of the new road are

at any time not sufficient to meet them, the money is to be advanced out of the Dominion treasury.

2. In addition to getting the road on these terms, the Grand Trunk is to get a cash subsidy of some \$15,000,000 from the Dominion.

3. It is also to get subsidies from provinces and municipalities.

4. It is to get valuable franchises.

5. It is to get \$25,000,000 stock as a free gift.

6. It is authorized to over-capitalize the road for another \$20,000,000.

## Which Shall It Be—Owner or Owned?

The greatest question in the next general election will be that of ownership by the people of the new transcontinental railway. It is the greatest question because the Conservative leader has given notice in parliament that if the electors return the Conservatives to power the people shall own the railway that is to be paid for by the country.

It is not a question whether the Government shall spend millions in constructing or acquiring railways.

It is the question whether the Government, being already committed to the expenditure of about a hundred and seventy millions of dollars of public money, in building a railway shall own the line or give it away.

If the people of Canada pay for the

transcontinental railway they should own it. The people through their representatives will then

Control the routing of traffic;

Control the passenger rates;

Control the freight rates.

No government would dare to route the traffic to American ports; but the Liberal Government gives the Grand Trunk Pacific the right to route as they please and to charge as much as they please.

The Grand Trunk people will route the traffic to suit their own interests. It is to their interest to route the traffic to Portland.

Shall we have a Government-owned railway or a railway-owned Government?

## Twistings and Turnings on the Tariff

Having begun political life as a Protectionist, Sir Wilfrid Laurier advocated Reciprocity of Trade with the United States—unrestricted Reciprocity with discriminatory duties against Great Britain, preferring, as he said, the Yankee dollar to the English shilling.

All genuine Free Traders in Canada rejoiced when Sir Wilfrid Laurier, at Hamilton before the Liberals, proceeded to unfold a new policy, which was as follows:

FREE TRADE AS IT IS IN ENGLAND.

"Sir, the day looked forward to by Cobden and Bright is arriving today. (Applause.) The principle has been adopted by the second nation of the world, the first-born daughter of England. (Great applause.) From this example let us learn the lesson of perseverance. Let us resolve here and now

to be firm in the right as God gives us knowledge of the right to strive, whether victorious or defeated, whether the horizon be bright or clouded—never wavering or doubting that right will prevail in the end. (Hear, hear, and applause.) And, sir, I venture to assert this night that my words will be verified before long, that the third nation to adopt free trade will be the second daughter of England, the Dominion of Canada. (Great applause.) Sir, in the face of these numerous defeats, to which I have alluded and by which I am not at all discouraged, it has been suggested by some members of the Liberal party whether we should not review our situation, whether we should not consider where we stood, and if it would not be proper to take up another programme. Well, sir, it has never hitherto been the doctrine of the Liberal party to change our colors to catch the passing breeze. I never conceived that the programme of the party should be made convenient to the occasion."—(Toronto Globe, Jan. 7th, 1903.)

It was in 1894 he came, as he said, "to preach to you this new Gospel of Free Trade." . . . "I denounce to you the principle of protection as bondage," and he announced, "sir, our policy is freedom of trade such as exists in England, such as is practiced in Great Britain." In 1896 he came into power. In 1897 the first Tariff of the Canadian Free Trade Premier was introduced. Can any one say the principle of Protection has been eliminated from it? On the contrary, high protection duties still exist, though in British Columbia this principle is denied to interests in which we are peculiarly concerned.

In the Budget speech of Sir Wilfrid's Finance Minister in 1903, nearly ten years after the Free Trade pledge above, we find him taking power to protect the industry of making steel rails at Sault Ste. Marie by a duty of \$7 per ton—and this now in force. In the same speech, strange to say, tariff protection was refused to the lead industry in this Province. Throwing the principles of Free Trade to the winds, he promised aid by way of bounties to lead. Freedom of trade had by this time become such a ridiculous term in the mouth of Sir Wilfrid that even his faithful supporter, Mr. Gallihier, member for Yale and Cariboo, in his advocacy of protection to the lead industry, unwittingly exposed the inconsistency of his leader and the hollowness of his

Free Trade professions and promises by telling him in the Budget debate of 1903 that, under his policy, "we pay a duty, direct or indirect, on all we consume, on all we wear, on all our mining machinery that is not manufactured in Canada, practically on all our mining supplies" . . . "the duties will average nearly 30 per cent. on the articles that we consume and use in daily life in British Columbia" . . . "we are protected by no existing duty that is of any practical benefit to the mine owner or the producer." Mr. Gallihier asked for 2½ cents a pound on pig lead, and 2½ cents a pound on corroded lead—"and what I claim . . . is the right of our people to have the Tariff on our lead industries so adjusted that it should be placed on a parity with the other industries of Canada."

Contrast also the Free Trade professions of Sir Wilfrid with Sir Wilfrid's Finance Minister, glorying in the "incidental" Protection features of his Tariff in 1904, and describing it as looking "very much like a Tariff which affords adequate Protection."

This year the Government increased the protection to woollen goods, and to twine and cordage, to china and window glass, pails and tubs of wood, etc., and gave a bounty to the crude oil industry. Finally it established "a special duty upon dumped goods." To buy in the cheapest market and sell in the dearest was the maxim of Free Trade as they have it in England. Mr. Fielding, however, said: "It is a condition and not a theory which confronts us"—i. e. an election, not honesty of purpose.

## Policy and Practice re Expenditure

The Liberal convention was held at Ottawa in 1894 with the present Finance Minister in the chair.

These gentlemen commenced, in their convention, with declaring:

"We cannot but view with alarm the large increase of the public debt and of the controllable annual expenditure of the Dominion, and the consequent undue taxation of the people, under the governments that have been continually in power since 1878; and we demand strict economy in the administration of the government of the country."

Mr. Davies, now Sir Louis Davies, declared:

"The Liberal party says that several millions may be lopped off the present expenditure, without injury to the public service."

Sir Wilfrid Laurier declared in Toronto: -

"If we get into power we will follow the example of Mr. Mackenzie; and I say that, although we may not be able to bring the expenditures to what they were under him, we can reduce the amount two, yes, three millions of dollars per year."

The Postmaster General (Sir W. Mullock), who, when he was trying to get into office, objected to such things as the Governor-General's salary, shouted himself hoarse over seventeen or even fourteen cabinet ministers in a country like Canada, swallowing up the money of the country, in 1895 declared, with his hand on his heart:

"Who can justify the expenditure of our country today? There is nothing to warrant this enormous expenditure of nearly \$38,000,000 except the fact that we are burdened down with debt and with office-holders, great and small."

And Mr. Paterson, now the Minister of Customs, in 1890, declared:

"In 1889 we were taking \$6,115,000 more in taxes out of the people than we should, and we spent \$7,571,000 more than we should. He declared that an era of economy in expenditure should be at once entered upon."

It is clear, therefore, that the question of expenditure was a burning one with Sir Wilfrid Laurier. He and his

followers "viewed with alarm," as we have seen, an annual expenditure of \$30,000,000.

At Toronto he pledged his political word that he would govern us with an expenditure of \$27,000,000 a year. And now what do we find? The estimated expenditure for the year 1904-05 is in round numbers \$78,000,000, more than thrice the amount "viewed with alarm."

## A Carnival of Corruption

Reference has been made to the state of Liberal politics in Ontario, which is a matter of comment through the whole Dominion, and to which the Dominion Government is privy. There have been a long series of election trials in Ontario during recent years in which the most glaring and in some instances astounding methods of corruption have been revealed. This is not a partizan statement, but a matter of common knowledge, so much so that the Liberal papers themselves have been forced to condemn it. Of course, just before an election that is quite good politics. It will be within the remembrance of every person that the present representative of the Dominion Government in Great Britain as Chief Emigration Agent, W. T. R. Preston, was Liberal organizer in Ontario, and received his appointment for his services as the most unscrupulous agent that has ever been known in Canada. Throughout the country he is best known as "Hug the Machine Preston," owing to a celebrated telegram he sent in exultation over a victory which had been won, as the courts subsequently showed, by the most disreputable of tactics, equal almost to those employed in the Sault Ste. Marie election. It was for such services in Ontario politics that he was appointed to his present position. Then there is the notorious appointment of Jackson to a position in the Dominion service at Liverpool for services in South Oxford in endeavoring to obtain the unseating of the Conservative candidate by false witnesses paid to give evidence against the sitting member in the Ontario Legislature. For this he received the most scathing condemnation from the judge who tried the case. This appointment was justified in the House of Commons last session on behalf of the Government. The complicity of the Laurier Government in the political

crimes of the Ontario Government cannot, therefore, be denied. Of these crimes, the evidence given in the recent Sault Ste. Marie election trials is perhaps the most notorious. It has been described most fittingly as "a carnival of corruption," and has drawn forth condemnation from all sides, including many of the Liberal newspapers.

Chancellor Boyd, in delivering judgment, said that the evidence as given, and the findings of the court in the Minnie M. charges, would have been quite sufficient in themselves to have voided the election. The offences proven had included corruption, personation and bribery of a very serious character. I was by no means in the nature of an isolated act of wrongdoing. One of the very gravest of offences had been committed, and the chief offender was Sutherland, the man in charge of all the organization work of the campaign. His efforts were so widespread and extended through so many agencies, that the facts proven in this one instance must not be considered as isolated. Mr. Smith, in the light of what had been proven, very properly expressed a desire not to retain a seat won by dishonest practices.

In regard to the recommendations suggested by Mr. Watson, his Lordship fully concurred. He believed that voting should be made compulsory. Every man should know that if he did not vote he would be disfranchised as a punishment.

"The voter," he said, "should realize that his responsibility is just as high as that of the juryman who decides on the liberties and properties of his fellow citizens. As men with the privilege of self-government, of making their own laws through their representatives, let voters exercise their franchise. Let them rise to the dignity of men, of Canadians, and then we shall have a country worthy to live in."

## A Few Modern Instances

It would be quite hopeless to enumerate the places and times at and during which the present members of the Liberal Government denounced corruption on the part of the Conservatives. Several of the more pronounced declarations have already been quoted. Extravagance, corruption, favoritism, nepotism, bribery at elections, railway subsidies, etc., etc., are included. It is the intention to refer to only a few of the instances in which the Liberal records have completely reversed former professions. In fact, so glaring and public are many of the things to be charged to them that they simply seek to justify them on the score that the Liberal-Conservatives did things quite as bad. The Ottawa Free Press, the organ of the Liberal Government in that city, openly declared in favor of the doctrine that to the victor belong the spoils, and that it was the duty of the Government to look after its friends. Otherwise, without a recognition of the obligations of political supporters, a Government could not survive and do business. This is the new doctrine of Liberal morality succinctly expressed. As a basis of "practical politics" of which the present administration makes its boast, it is exceedingly good, but as a fulfilment of the promise of the Liberals to purify and elevate the political atmosphere it is very bad.

### ADMINISTRATION OF THE YUKON.

Little need be said about that, as the details are only too familiar to the people of British Columbia. From the very moment that the Yukon was opened up to officialdom, it has been the arena of boodling, graft and czardom. Official after official was accused of enriching himself by commissions and hold-ups. Corruption and misrule were notorious from the very outset. To the friends of the Hon. Clifford Sifton it has been a veritable gold mine in another than the alluvial sense—the richest paystreak in the whole of the Dominion. It is common knowledge in Manitoba and the Northwest that every friend of Mr. Sifton has made money, many of them have

become rich. What with permits and concessions and public offices, the country has been despoiled. Few actual miners and prospectors have made money in comparison with the political miner and prospector who infested that country. The results are being seen to-day. An attempt was made to give a company a monopoly of the water rights and the Government-reserved claims in the Yukon. It did not succeed because it was too huge and too glaring. It was modified and finally relinquished. A number of other concessions were given to important mineral rights on streams, and so grave were the complaints that the Government was forced to hold an enquiry. Nothing has been done to relieve the situation, which has daily become more acute. To cap all the element of bossism has been introduced at Dawson, by Government Congdon and his clique, and so plain was the hand of the dictator shown that Liberals and Conservatives alike joined in a protest. Every man who comes out of that country echoes the discontent, and today the Canadian Yukon is languishing and dying under a set of conditions that have become intolerable.

### THE AUDITOR-GENERAL.

When Alexander MacKenzie appointed the present auditor-general, J. Lorne McDougall, it was for the purpose of guarding the treasury against illegal expenditures. While the Liberal-Conservatives were in power he was in great favor with the Liberals, who were fond of referring to him as the "thorn in the side of the Tories." Sir John Macdonald, like Alexander Mackenzie, however, was always a strong supporter of the auditor-general, because that gentleman in his official capacity was always a protection against the insatiate demands of followers who wanted to bleed the treasury. It would be supposed that the Liberal Government, elected to power on considerations of economy and purity, would continue to sustain that official in the discharge of his duty. What has been the result? During the last session the Auditor-General tendered his resignation because the Government re-



refused to support him in defending the finances of the country against political marauders. The Davis canal contract, in which the country was mulcted for an immense sum of unauthorized expenditure, was the final straw. The Auditor-General appealed to the House, but the proposal made by Mr. Borden in connection with necessary legislation was voted down, and the country left to the tender mercies of the treasury looters. Mr. McDougall was actually severely criticized by Liberal papers for his attitude, which they regarded as an attack upon responsible Government, they holding that the Government and not the Auditor were responsible for the expenditure. That is true, and now the electors are asked to hold the Government strictly to account. Now is the time to express the verdict, and place the responsibility where it belongs.

#### LORD DUNDONALD INCIDENT.

This has been discussed so much that little is necessary to be said. By the action of the Government in interfering with him in the discharge of duty in the internal affairs of his department, they drove him out of office. Lord Dundonald was admittedly the best man ever at the head of the Canadian Militia. His object and great aim was to make the force efficient and strong, and to free it if possible from influences of all kinds adverse to good discipline and esprit du corps. He was thwarted at every turn in the systematic effort of the Ministers to turn it into a political machine. Lord Dundonald would not submit, and spoke out his mind, for which he was dismissed. Any other form of protest he knew to be useless. He practically appealed to the people, who responded enthusiastically. When leaving Canada he spoke these memorable words of farewell:

"Gentlemen, when on the fourteenth day of June last I received a message of dismissal, though conscious of the rectitude of my course, I little knew or could have realized now the great mass of the Canadian people would sympathize with me in the action I took on their behalf. For that support and sympathy I now thank them with all

my heart. Gentlemen, during my whole term of office I have endeavored to serve you faithfully, loyally and well. Your interests were ever my first and only care since first I came amongst you, and to the best of my ability I discharged what I considered to be my burden duty towards you. The people of Canada are my judges. My record is before them, and the issue is clear and well defined. To the judgment of the people of Canada I now submit myself with the confidence begotten of a good cause. Gentlemen, I thank you, and through you, the loyal and true-hearted people of Canada, and bid you farewell and good-bye."

#### OTHER VIOLATIONS OF LIBERAL PROFESSION.

When in Opposition, Sir Wm. Mulock made a very strong arraignment of the Government for appointments from the House to positions, which he characterized as a subversion of the exercise of the free will of the people, and a menace to representative institutions.

Since coming to office the Liberal Government have appointed 29 of their members to lucrative positions. Seven of these are from Nova Scotia alone.

Liberals denounced an extravagant expenditure of money for the purpose of influencing elections. During the recent session the appropriations amounted to \$80,000,000, or three times what they declared to be necessary to run the country less than ten years before. Of that amount large sums have gone to wharves on the St. Lawrence, which is lined at Government expense, and the maritime provinces, to public buildings, bridges, piers, etc., galore. In the supplementary estimates the following are shown for wharves alone:

Nova Scotia .....	\$101,000
Prince Edward Island .....	8,000
New Brunswick .....	26,500
Quebec .....	192,350
Ontario .....	59,300
Manitoba .....	5,500
British Columbia .....	8,000

In one county alone in Nova Scotia, where the result is doubtful, the appropriations amount to \$20 per head for every man, woman and child. Such elections come high to Canada.

# THE CASE FOR BETTER TERMS

Three delegations have gone to Ottawa to present the claims of the Province for increased recognition. The first in 1901; and the second and third in 1903. Up to that time no case had been regularly formulated. The Colonist was the first to call attention to the very large contributions to the Dominion Government in excess of returns in the way of expenditure. Colonel Prior took the matter up in the House of Commons on several occasions. Mr. Rithet, representing Victoria, was the first to bring the matter up in the Local Legislature, which he did to show the claims of the Province for increased subsidies to railways. He presented for consideration a very complete and ingenious set of statistics on the subject, arrived at, however, in quite different way to those prepared by the Government to be submitted at Ottawa. Conclusions did not differ greatly. The case presented by the delegation to Ottawa in 1902 was largely founded on the tables of figures compiled to show the inordinate rate of contributions to the Federal Treasury, both in relation to expenditures made in the Province by the Dominion, and as compared with the contributions of the whole of the rest of Canada. The most important phase of the question was that developed during the first delegation of 1903, which was founded upon the permanent physical conditions of the country, which greatly increase the cost of administration as compared with other provinces, and was not provided for or taken into consideration at the time the Province entered Confederation. The excess of contributions complained of may not remain permanent. In the case of Free Trade, for instance, they would be eliminated altogether. The strongest phase of the case is, as stated, that based on our physical conditions and geographical position, two elements that can never be altered.

## NOVA SCOTIA AND OTHER PROVINCES.

There is the very best precedent possible for obtaining Better Terms. After Confederation Joseph Rowe started an agitation in Nova Scotia, largely based

on grounds such as form the foundation of our own case. After careful investigation it was found that several of the many grievances complained of were well founded and the financial relations of that Province were readjusted accordingly. But Nova Scotia is not the only instance in question.

New Brunswick in 1873 was allowed \$150,000 per annum as compensation for loss of export duty on logs under the Treaty of Washington in 1871. Under the Terms of Union New Brunswick was permitted to impose this duty, which had been in force since 1842. It has always been regarded, and really was, a very liberal settlement. It was arranged by Sir Leonard Tilley, one of the New Brunswick representatives on the Dominion Government.

There was a general readjustment of terms in 1873, as the result of agitation in Ontario and Quebec against the payment of interest on ten and a half millions, by which amount the actual debt of the old Province of Canada exceeded its allowed debt of \$62,500,000 under the Union Act. The following sums were allowed to be assumed by the general Government as liabilities on behalf of the Provinces:—

Provincial debts at time of Confederation . . . . .	\$ 77,500,000
Debts subsequently assumed or allowed:	
Nova Scotia (better terms)	1,186,736
Old Province of Canada . .	10,506,080
Ontario . . . . .	2,848,289
Quebec . . . . .	2,549,214
Nova Scotia . . . . .	2,343,059
New Brunswick . . . . .	1,807,720
Manitoba . . . . .	3,775,606
British Columbia . . . . .	2,029,302
Prince Edward Island . . .	4,824,023

Total . . . . . \$109,430,148

Prince Edward Island in 1901 was allowed \$35,000 per annum for failure to provide regular communication, winter and summer, between the island and mainland, as per Terms of Union. Communication at times is irregular, owing to hummocky ice in straits, which can never be overcome except by tunnelling.

Nova Scotia in 1885, in which the Government of Canada took over the

Extension\* line railway constructed by Nova Scotia and paid therefor \$1,324,042, purchased certain wharves, and extended the line to Sydney as a work of general benefit. This line was afterwards amalgamated with the Intercolonial system; and in 1901 when a sum

of \$671,836 was placed in the estimates in connection with claims of that Province (see Hansard Debates, page 5892).

New Brunswick in 1901 also received the sum of \$280,692 (see Hansard Debates, page 5941).

## Permanent Physical Disadvantages

### No. 1.

In 1902 the various Premiers of the Dominion met in solemn conclave in the city of Quebec on the 20th of December, and framed a memorial to the Dominion Government asking for a readjustment of the financial relations of the Provinces and the Dominion Government. British Columbia was not represented owing to the shortness of the notice and the political conditions existing at the time. All the representatives at that meeting, with the exception of Hon. Mr. Roblin, of Manitoba, were Liberals, so that it cannot be said that the object of the convention was to embarrass the Dominion Government in any way. Colonel Prior, the then Premier of British Columbia, wrote to Hon. Mr. Parent, the convener of the conference, however, and presented the views of British Columbia in a letter, which was afterwards incorporated in the joint representations made to Sir Wilfrid, and was signed by every member of the conference. It was pointed out that while the Province of British Columbia sympathized with the claims of the other Provinces in having remedied a state of affairs which has developed since the time of Confederation, in which the local wants of all the Provinces are inadequately provided for, there were special conditions in British Columbia which made the claims of this Province entitled to special recognition. Colonel Prior, in his letter dealing with that phase, said:

### A CONDITION, NOT A THEORY.

"We have a set of conditions to deal with here which only long familiarity with the Province itself would enable you to fully understand. For this reason I would have been able to personally demonstrate the nature and reasonableness of our claims for better terms, or, more strictly speaking, fairer terms. For this reason, also, I was pleased to see

the action that was taken. I fully realize that without the co-operation and good-will of the other Provinces, it would be difficult to impress upon the Dominion authorities the justice of what we seek. The resolutions are very much on the lines of our main contention, and, therefore, I have received great encouragement from the able presentment unanimously adopted by the conference concerning the necessity for a readjustment of financial relations. While, however, they coincide with our views at this end, and greatly strengthen our case, they do not, so far as we are concerned, go far enough to meet the special requirements of British Columbia, and I am going to take this opportunity of presenting the salient features of our contention for your consideration and that of the other Premiers."

Every member of the conference was made acquainted with the contents of the letter, and undoubtedly fully recognized the justice of the special claims of British Columbia, or otherwise they would not have been willing to give them their official sanction in a document of great importance, which affected the relations of all the Provinces in a special way.

### CLAIMS OF OTHER PROVINCES.

In many respects the claims of the other Provinces were similar to those of British Columbia, except, as already stated, that there are conditions which differentiate our case from that of every other Province. The members of the conference, in their memorial, referred to several matters upon which their opinion may be worth reproducing in this connection, as they materially strengthen our case.

The Hon. Mr. Parent, in presenting his case, remarked:

"The development of the Province has occasioned new expenditure."

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"The larger part of this increase is due to various causes, which, notwithstanding all the care given to the management of public affairs, it has been impossible to control."

"This increase in the population is inevitably a source of expenditure to the Provincial Government, and, although it is incumbent upon it to neglect no means of attracting to the Province and keeping therein a large population, it is unfortunately true that the accomplishment of this duty occasions a constant diminution in its pecuniary resources.

"This increase in the population is directly responsible for the additional cost for the administration of justice, the maintenance of the educational system, the support of prisons and asylums and the assistance given to educational and charitable institutions, etc."

"On the other hand, the revenue of the Federal Government from \$13,687,428, which it was in 1868, increased to \$51,029,994 in 1900. From the figures above given, it will be seen that the customs and excise duties form a large portion of the revenues paid into the treasury of Canada in consequence of their surrender by the Provinces."

"In the majority of the Provinces it has become impossible by taxation to cover the increased expenditure, and it appears to us that the only method of meeting all the public requirements is to have the views above expressed accepted by the Federal Government."

"With the additional sums so placed at the disposal of the Province, we could encourage education, agriculture and colonization, aid in the development of our natural resources and nascent industries; furnish, by practical instruction, the generations to come with the means of engaging in the economic struggles of the future, and supervise with a more jealous care the observance of the laws which ensure the security of persons and property.

"This expenditure would directly benefit the Government of Canada, which would be more than repaid the sums handed over to us by additional customs and excise duties paid into the public treasury by the increased population."

Hon. G. W. Ross, Premier of Ontario, took practically the same view. In his memorandum submitted he pointed out:

"It is true that there is no compact that the subsidies should increase according to the revenues of the central government, although such a basis would be eminently fair, inasmuch as the moneys (customs and excise) from which the subsidy is paid by way of refund for maintenance of local governments, is collected from the people of the Provinces, and, indeed, in some respects such a basis for the payment of subsidies would be fairer than payment on the basis of population, as being a refund in proportion to the amount collected.

"The present basis ignores the fact that, while the increase of population lightens the burdens of the Dominion

inasmuch as it multiplies the contributors to the revenue from customs and excise, the increase of population adds to the burdens of the Provinces without any corresponding contribution towards their maintenance. For instance, the Provinces, through the central government, are taxed for maintaining the department of emigration. This department justifies its existence by increasing population from foreign parts, and the Government is recouped for this expenditure through the customs and excise departments. The Province, however, that has to provide for the education of these emigrants, for the administration of justice so far as they are concerned, and for the maintenance of their indigent or insane, has no means of recouping itself because of this increased expenditure imposed on it through the Dominion except at its own expense. Surely this circumstance must have been overlooked or the subsidies would not have been rigidly based on a fixed population, as has been the case."

Hon. G. W. Ross goes on to point out that the very expenditure made by the Dominion Government, in building railways, canals, etc., though it increases the population of Canada and the revenue to the Dominion, "the Provinces, so far as their administration of the responsibilities devolving upon them by the act, receive no benefit whatever, but rather lose from this increase, as the charges by the Dominion Government, which the people of the Province have to meet in order to carry on these large undertakings, increase the difficulties of the Provincial Governments in meeting the charges which this increased population imposes upon them under the constitution.

"The Provinces are, in this way, subjected to a double charge: (1) To find the means, through increased customs and excise charges, for public works undertaken by the Dominion; and (2) to provide for the maintenance of the population which naturally follows in their wake."

#### BRITISH COLUMBIA CASE EX-OPTIONAL.

Now it is the Hon. Mr. Parent and the Hon. G. W. Ross, good Liberals, high in the councils of their party, who express the above sentiments and not the Colonist or the members of the Provincial Government. These are the arguments, however, which have been used by the Colonist in connection with the Grand Trunk Pacific, and by the way, laughed at by those wiser in their own estimation than in reality.

The above arguments, which were adopted by the conference of Premiers, apply to the Province of British Columbia, ONLY WITH MUCH GREATER FORCE THAN TO OTHER PROVINCES.

The charges against the provinces through increased customs and excise

charges for public works undertaken by the Dominion are greater by three to one than in the other provinces.

The responsibilities involved by the increase of population in British Columbia are several times greater than in other provinces on account of its peculiar physical features.

#### A PERMANENT FACTOR.

Three conditions, permanent in character, accentuate the position of British Columbia considered in relation to the other provinces, namely:

1. Its mountainous character;
2. Its position in relation to the other provinces and other countries;
3. The character of its special products.

In regard to its mountainous surface, its habitable area is about one-fortieth of its entire surface, or about 6,000,000 to 10,000,000 acres out of about 235,000,000 acres, and lies more or less distributed over the whole of the Province, along narrow but widely separated valleys and gulches immured by hundreds of thousands of square miles of snow-capped mountains. This is a condition which finds no parallel in Canada among the provinces—and it is a permanent one—one which no amount of settlement or development can alter in the slightest.

Wholly as a result of this condition—that 97 per cent of the surface of the Province is mountains, the remaining

three forming the cultivatable valleys between—it follows as night follows the day that our settlements, whether located in the valleys or on the hillsides, will for all time to come be radically different from settlements in other provinces in being (1) small in area, (2) isolated in position, and (3) difficult of access.

The distinctive effects upon expenditure in British Columbia, especially for such services as public works, civil government, administration of justice, hospitals and charities, are obvious. In every province where settlements are small in area, limited in population and wide apart, it is true the expenditure must always be greater in proportion at first than it afterwards becomes as population increases; but in British Columbia for the physical reasons already stated settlements must always remain far apart separated by almost impassable mountains and the expenditure, therefore, always abnormally large in proportion to the population. In other words, what elsewhere may in new parts be only a temporary condition, must of necessity in this province remain permanent.

We propose to show how in the various services this state of affairs actually works out in practice in British Columbia as compared with other provinces, and in our next issue will deal with the matter of public works as affected by this principle.

## Administration of Public Works

### No. 2.

We have pointed out in a previous article the general conditions which pertain in British Columbia justifying increased recognition from the Dominion Government in the way of subsidies. We referred particularly to the abnormal expenditure as compared with other provinces by reason of physical conditions arising out of the mountainous character of the country. We will take as the most striking of the bases of

comparison that of public works. To obtain communication between her various isolated settlements the expenditures for roads and bridges and culverts must always be very large and out of all proportion to that of any other province. That we propose to show by comparative tables of expenditure prepared for the first time and vouched for by Mr. George Johnson, the highest statistical authority in the Dominion.

#### ANNUAL EXPENDITURE PER HEAD FOR ROADS, STREETS AND BRIDGES.

	1898	1899	1900	1901	1902	Average.
British Columbia .....	\$2 30	\$3 74	\$1 89	\$2 94	\$3 68	\$2 91
New Brunswick .....	47	48	49	72	89	61
Prince Edward Island .....	..	31	42½	42½	38	38½
Nova Scotia .....	19	18½	20	25½	20½	24 7-10
Ontario .....	05	04	07	06	09½	06 8-10
Average .....						26 1-5

The average population of the provinces for the above five years was:

British Columbia .....	171,480
New Brunswick .....	330,377
Prince Edward Island .....	103,087

Nova Scotia .....	458,882
Manitoba .....	245,400
Quebec .....	1,636,454
Ontario .....	2,177,751

## A BASIS OF COMPENSATION.

These facts are eloquently significant as to the truth of our contention. The ratio of our average expenditure per head of five years for public works to that of New Brunswick, the next highest to our own, is 4 to 1. Compared with Manitoba it has been 15 to 1. To have placed us on an equality with New Brunswick it would have taken a yearly allowance of \$2.30 per head of British Columbia's average population (the difference between \$2.91 and \$0.61) or a yearly sum of \$394,404. Our ratio to the average annual expenditure per capita of all the provinces is upwards of 10 to 1. To have placed us on an equality with the whole of Canada in this respect we should have required an allowance of about \$455,000 per annum.

It may be argued, however, that the addition of municipal to provincial expenditure would vary the results to the prejudice of British Columbia. It is more difficult to make comparisons in this respect than in the foregoing on account of the difficulty of obtaining complete municipal statistics for all the provinces. There are, however, very complete statistics for Ontario and British Columbia, which may very properly be compared. It must be remembered, too, that when Ontario went into Confederation she was largely municipalized, and that all previous liabilities for public works was assumed by Canada as a whole. In 1871, when B. C. went into Confederation, she was practically beginning life and had to assume as a Province the responsibility of developing the country, which in other older provinces was to a large extent completed. Adding then Ontario and British Columbia's municipal expenditure per head for 1901, which is a convenient year, and the latest for which returns are available, to the foregoing provincial average per head per year for five years, we have:

	B. C.	Ontario.
Provincial expenditure for roads per head per year for five years .....	\$2 91	\$0 06 3-10
Municipal expenditure for roads per head for 1901..	1 58	1 63

Total .... \$4 49 \$1 69 3-10  
Showing an annual sum of \$2.80 per head or \$466,425 needed to obliterate the inequality of British Columbia as compared with Ontario on the item of provincial and municipal expenditure for this service alone.

## EXTENDING OVER THIRTY YEARS.

Or again, for the last 30 years (1873-1902) British Columbia's total expenditure (both provincial and municipal) per head of an average population of 90,634, as computed by the Government Engineer, was:

Roads.	Trails.	Total.	Amt. per head per year.
\$12,000,000	\$1,000,000	\$13,000,000	\$4.79

While for the last ten years, 1893-1902, Ontario's expenditure per head of an average population of 2,150,562 for roads, streets and parks was:

		Amt. per head	
Provincial.	Municipal.	Total.	per year.
\$1,218,749	\$26,831,712	\$28,050,641	\$1.30

Showing this time a yearly sum of \$316,312 over the extended period, or \$483,008 over the ten years as necessary to obliterate British Columbia's deficiencies under this head.

So that the ratio of British Columbia's per capita expenditure for this service to that of the other provinces has always remained constant, and, so long as the Rockies interpose their physical barriers to road building, it will remain constant at not less than 4 to 1.

To the cost per mile, rather than to the mileage, or sparse population, is due this abnormal expenditure for roads in British Columbia. Present communications, and as shown by the Provincial Government returns, amount to only about 6,000 miles of roads and 5,000 miles of trails. We have it upon the authority of the Government engineer of this province that the roads already built, and more or less uncompleted, cost on an average \$2,000 per mile. Nor does this average decrease, because in a list of nine or ten recent roads in different parts of the province, particulars of which are published in official reports, the cost per mile is given under present conditions of construction at \$2,125. At present the road system of British Columbia only reaches the very fringes of the Province. As it extends into the new country, up the hills to mining camps, and far to the northward with the opening up of Cassiar and Cariboo by the building of new lines of railway, the average cost will increase.

## COST OF ROADS ELSEWHERE.

For the purposes of comparison with other roads built under less favorable conditions in other provinces, we may take not the roads built by statute labor without other cost, but the colonization roads in Northern Ontario. The Ontario sessional papers for 1885 (Return 24, Vol. 17, Part V.), reveals the fact that during 18 years from 1867 to 1885 Ontario built 2,333 miles of road in Algoma, Muskoka and other northern portions of the province at a total cost to the Province and to the municipalities of \$684,945, or \$294 per mile, as against an average of \$2,000 per mile in British Columbia. This represents a ratio of 7 to 1 as against Northern Ontario, and the inequality will be as lasting as the everlasting hills which account for the disparity. It would take a yearly allowance of \$342,000 to place British Columbia on an equality with North Ontario, the least favorable for purposes of comparison in any other part of Canada. It is not necessary to summarize results as shown in the foregoing tables. The disparity is of such a nature as to wholly bear out the con-

tentions as to the necessity for increased subventions to adequately provide for the requirements of road building in this Province and place it on a parity with the other provinces in Confederation. The excess of cost shown to exist in the construction of public works is wholly due to permanent physical causes constantly operating in British Columbia, and as we shall see later on was not allowed for or in any way provided

for against by the Terms of Union. It is a condition of things upon which the principal claims to better terms were based. The other heads under which comparisons will be made will be those of civil government, administration of justice, and hospitals and charities. A similar disparity by comparison under all these heads will be shown to exist, from which important deductions will be drawn.

## All Other Services Compared

No. 8.

One of the grounds upon which the Quebec conference of 1902 made a claim for increased subsidies was expressed as follows:

"This increase of population has imposed upon the said provinces heavier burdens in order to meet the increased costs of administration of justice, legislation, education, maintenance of prisons and asylums, agriculture, public works, charities, etc. and the other urgent demands which modern conditions impose upon them.

"No corresponding increase of subsidy has been granted, notwithstanding the additions to the revenue of the Federal government."

Under the head of Civil Government, in respect to British Columbia, it may be remarked that in every valley, in every mining camp, and on every hillside where a community is brought together, the civil government must be represented by its government agent, registrar, mining recorder, assessor, and what-not, with salaries, offices and equipment sufficient to serve a community much larger in numbers, area and revenue-producing power, communities such as are possible in a level, compact country. For this reason the arguments adduced by the Quebec conference apply with peculiar force and much more cogently to conditions in British Columbia than to those in other provinces. The following table will serve to illustrate better what is meant. The figures are official and vouched for:

	1898	1899	1900	1901	1902	Average
British Columbia .....	\$ 87	\$ 82	\$1 01	\$1 28	\$1 31	\$1 06
Quebec .....	17½	17	17½	16½	16	16 9-10
Manitoba .....	19	18½	13	16	15	15½
Ontario .....	11½	11½	12	13	13	12 1-5
New Brunswick .....	08	09	09	09	09	08 4-5
Prince Edward Island .....	06	05	05½	06	07	06
Nova Scotia .....	05	04½	04½	04½	04½	04 8-5

Here again there is an abnormal expenditure out of proportion to what it is in sister provinces, and so radically different as of itself to require adjustment. In order to be placed on a parity with Quebec, the next province in order of amount, British Columbia would require an additional allowance of over \$150,000 yearly, and a still much larger amount annually, to place it on an equality with the whole of Canada. As in the case of public works, this is the result of permanent conditions peculiar to British Columbia,

and not provided against in the Terms of Union.

### ADMINISTRATION OF JUSTICE.

This department, with its administrative staff of registrars, clerks, sheriffs, jailers, provincial police and other officials, and their offices and official records, in nearly every settlement, gives British Columbia an equitable claim to another yearly sum of about \$87,000, as compared with the rest of Canada, as is shown by the following table:

	1898	1899	1900	1901	1902	Average
British Columbia .....	\$1 11	\$1 15	\$ 69	\$ 59	\$ 61	\$ 83
Quebec .....	32½	31	32	30	37	32½
Ontario .....	20	19	19½	19	19½	19 2-5
Prince Edward Island .....	16	14½	16	17	20	16 7-10
Manitoba .....	11	12	10½	12	14	12
New Brunswick .....	06	04½	05½	05	06	06 1-5
Nova Scotia .....	03	03	03	03	03	03

### HOSPITALS AND CHARITIES.

Under this head British Columbia, owing to her peculiar physical characteristics, has special claims for consideration.

It has, and always will have, a large number of isolated settlements too small and too far away from each other to be self-supporting in the matter of physicians and hospitals and houses of refuge for the

poor. We have only to consider the number of isolated mining camps, and the long line of coast with here and there a settlement, or a logging camp, or fishing station, to understand how impossible it is at the present time or forever, for that matter, for these to get along with-

out provincial aid of a generous character. In this respect it would require an additional yearly grant of about \$12,000 to place us on the same footing as Nova Scotia, next to us in the matter of expenditure for hospitals and charities, as this table will show:

	1898	1899	1900	1901	1902	Average
British Columbia .....	\$ 32	\$ 36	\$ 31	\$ 46	\$ 45	\$ 38
Nova Scotia .....	13½	13	13	12½	16½	13 7-10
Ontario .....	09	09	09	09	10	09 1-5
Manitoba .....	07	08½	07	11	07	07 7-10
Prince Edward Island .....	06½	06½	07½	07	07	06 9-10
New Brunswick .....	02	02	02	02	02½	02

New, it is quite unnecessary to summarize the tables already given under the different heads of expenditure. Taking all four together, the average for all the provinces is roundly 80 cents per head. That is, including British Columbia, the average for which is \$2.60. Compared with New Brunswick, the next highest in amount, the ratio is 7 to 1; with Manitoba, 9 to 1. To place British Columbia on an even keel with New Brunswick we should have an increased allowance under a) four heads of \$754,532.

A much more elaborate comparison could be made for which the figures have been prepared, but we think it is unnecessary to weary readers with too many details. A careful study of results reveals this significant fact, that by all and every method of comparison the same disparity is apparent, proving, as it does, irresistibly and with mathematical accuracy that some cause operating in British Columbia and not in the other provinces has for a number of years produced an abnormal yearly excess of expenditure of three-quarters of a million dollars annually for the four services enumerated alone. What is this persistent cause? The answer is

not difficult to give. It lies in the mountainous character of the country, and in the increased cost which that fact imports into every circumstance and detail connected with the administration of the country. It is not that British Columbia has indulged in an extravagant and luxurious taste in road building that roads have cost so much per head of the population, but owing to the great cost of connecting settlements by roads over long stretches of unpeopled mountains and country—roads that are still hopelessly inadequate to the needs of settled districts, to say nothing of colonization roads. Only a faith that is sufficient to remove mountains will overcome the peculiar conditions referred

#### TOTAL EXPENDITURE FOR ALL SERVICES IN ALL PROVINCES.

To show that this same persistent cause operates in all the departments of government expenditure, if not to the same extent as in the four named, at least to an abnormal extent, the following comparative table is given, and it is most instructive in this connection. The table shows the average expenditure per head for five years from 1898 to 1902:

Provinces.	Average Pop. for 5 Years.	Total Expend. for 5 Years.	Amt. per Hd. per Year.
British Columbia .....	171,480	\$10,813,905	\$12 61
Manitoba .....	245,409	5,132,134	4 18
Prince Edward Island .....	103,687	1,526,494	2 94½
Quebec .....	1,636,454	22,057,010	2 60½
New Brunswick .....	339,337	4,027,154	2 44
Nova Scotia .....	458,882	4,815,300	2 10
Ontario .....	2,177,751	19,969,942	1 37½
Total .....	4,451,138	\$68,341,930	\$ 3 07

Here, then, we have the sum and result upon expenditure for five years of all the inequalities and physical disabilities peculiar to British Columbia. It is the difference between her average annual per

capita expenditure of \$12.61 and \$3.07, the average annual per capita expenditure of all the provinces. This difference is \$9.54 per head per year of her population, and is equivalent to the sum of \$1,636,919 per year for the past five years.

## Still Further Compared

No. 4.

It will be seen by the foregoing table of expenditure that the ratio of British Columbia to Manitoba is only 3 to 1, Manitoba's being slightly above the average (\$3.07), but the circumstance is traceable

not to any permanent physical cause peculiar to Manitoba, but to the cost of her school system, which is most modern and expensive. Taking the five years ending 1902, the average cost of education in the different provinces was:



Manitoba .....	\$4 95
British Columbia .....	2 25
Ontario .....	2 00
Nova Scotia .....	1 87
New Brunswick .....	1 76
Prince Edward Island .....	1 53
Quebec .....	1 18
Dominion .....	1 81

The question now properly arises as to whether the mountain conditions, operating persistently for 50 years, have for any longer period operated in the same way. In order to ascertain this definitely it is necessary to take an account of the whole thirty years during which British Columbia has been in Confederation, and make comparisons with the other provinces. To do this it means taking the average population for the whole term of years, which is determined by obtaining the mean of the census populations for three decades. The result is as follows:

Provinces.	Total Expend. Av. per H. for 30 Yrs.	per Yr.
British Columbia ..	\$32,243,060	\$11 86
Manitoba .....	16,025,974	4 31
P. E. Island .....	9,179,906	2 94
Quebec .....	104,027,881	2 44
New Brunswick ..	20,381,060	2 15
Ontario .....	105,708,513	1 79
Nova Scotia .....	21,525,863	1 65
Totals .....	\$309,182,264	\$ 2 32

Thus it appears that the excess of British Columbia's annual expenditure per head of her population over the average annual expenditure per head of all the provinces was exactly the same for the last 30 years as it was for the last 5 years, namely, \$9.54. "So flows the stream and shall forever flow."

It may be argued that the wide disparity of expenditure shown is due to the initial cost of construction and development in a new country, which in the older provinces was borne before Confederation took place, or, in other words, it is what the other provinces in their infancy had to bear, viz., an initial outlay to produce permanent assets in the way of roads, bridges, public buildings, etc. If this were so, as we shall proceed to show that it is not, it would prove all the stronger argument for increased subsidies in order that British Columbia in Confederation might be placed on the same footing; because it is palpably unjust that this province should be responsible for its own development, and at the same time contribute largely to the general funds of the Dominion. But, as we have stated, it is not the case. Compared with Manitoba, the other infant in Confederation, the ratios are:

For roads, streets and bridges....	15 to 1
For the four services enumerated....	9 to 1
For all services .....	3 to 1

That, however, the cost is not due to initial development is shown by the fact already demonstrated, that the excess per head for the last five years is exactly the same as for the last 30 years, namely, \$9.54, proving that the factor is a constant one and due to constant and permanent physical conditions, not allowed for under the Terms of Union. But even if it could be proved that the initial outlay is not peculiar to British Columbia, but incident to all provinces in their infancy, the

excess should still be assumed by the Dominion, on account of the disparity in the matter of debts of the provinces assumed by the Dominion. That is a fact very simply demonstrated. The total debts assumed by the Dominion at and subsequent to Confederation, amount to \$109,430,140. Of this amount \$2,929,392 was on account of British Columbia.

Taking the population from the Dominion census of 1901, the provincial debts assumed by the Dominion for British Columbia and for the other provinces are:

	Debits	Amount
Provinces.	Pop.	Assum'd per Hd.
B. C. ....	178,657	\$ 2,029,392 \$11 35
Other provs...	4,881,009	107,400,756 22 00

Thus British Columbia pays for local services 4 to 1 of the other provinces and, as we shall see, contributes to the Dominion treasury 3 to 1 of the other provinces; but, when we come to the provincial debt assumed by the Dominion, we find the inverse ratio of 1 to 2 of the other provinces.

### A MOUNTAINOUS CONDITION.

Statistically, therefore, what has been adduced by comparison is British Columbia's case for Better Terms as a compensation for the physical disabilities under which her government labors in administering her affairs. Her claim would seem to be a yearly sum of \$9.54 per head of her population, subject, of course, to deductions for what could be shown to be not due to permanent causes or for conditions already provided for in the Terms of Union. It can be shown that the cost per head of governing mountainous countries generally is much greater per head than those which are flat and compact in area, as compare Chili's expenditure in 1901 of \$32.67 with Venezuela's at \$3.72; or Norway's at \$12.23 with Denmark's with \$3.41. It is a conclusion so apparent that it does not even require to be arrived at through the process of demonstration. The results we have shown are simply what might have been expected without any calculation.

Under such circumstances, seeing that our peculiar conditions were not provided against when British Columbia went into the Union, it is not surprising to find from the public accounts that the provincial revenue has been insufficient from the outset to meet the expenditure. It may be and is argued that some of the governments of British Columbia have been extravagant; but it will not be argued that all governments have been extravagant. As a matter of fact, some of them, at least, have been extremely economical. Only once in the history of the province has revenue met expenditure, in 1879. Taking the whole 30 years from 1873 to 1902, inclusive, the total receipts were \$23,432,022, and the expenditure \$32,243,060. The difference — \$8,791,044 — practically represented our public debt at the latter date. At the present time the debt of the province is about \$12,500,000.

### NOT DUE TO NEWNESS OF COUNTRY.

If we knock off \$2,500,000, or 20 per cent., which is a liberal margin, for unnecessary expenditures, we still have \$10,000,000 of insufficiency in revenue. Moreover, our deficits have become larger pro-

portionately since development through mining and railway construction have become more active, as a comparison of our accounts since 1885, the first year of the C. P. R. entry into the province, will show, proving conclusively our contention that, under present circumstances, the more active and widespread the development of the province is the greater our responsibilities become in proportion to the revenue arising directly from such development and activity. This is not an argument against progress; but it is a most powerful argument in favor of the absolute necessity for increased subventions from the Dominion to enable the province to bear the responsibilities thus created, which are not now adequately provided for by our Federal arrangements. It has been pointed out over and over again that the benefits accruing from the development either from Dominion or provincial expenditure go in an inordinate degree to the Federal treasury. In this we are borne out by the statements made by the conference of premiers, from which we have made quotations, and it cannot be gainsaid.

It is true that for the present fiscal year there is every probability of there being a surplus for the second time in the history of the province; but this is accounted for in two ways: First, by the increase of taxation by 50 per cent.; and, second, by the reduction of expenditure to actual present necessities, and to a level which cannot be maintained permanently in view of the requirements of the province. The policy pursued by the local government in this respect gave rise to a great deal of dissatisfaction and complaint. The Colonist has justified the course the government pursued, because it was necessary to restore financial equilibrium and maintain the credit of the province. In other words, it was making a virtue of necessity. The province could not borrow any more, and it had to pay its way. If our readers have followed our arguments throughout they will be forced to the conclusion that our position financially is the logical result of the conditions we have outlined by virtue of the financial relations with the Dominion under the Terms of Union.

## Our Products and Markets

### No. 5.

In the preceding four articles we have dealt with the facts disclosed by comparative tables of provincial revenue and expenditure. These tables in most instances have been verified by Mr. Johnson, Dominion Statistician, whose authority will not be questioned in a matter of statistics. They deal not at all with British Columbia's contributions to the Federal treasury, to which we shall presently refer. A careful study of the facts disclosed permits but of one inference, that, owing to permanent physical causes alone peculiar to British Columbia possessed by her as now and abiding, the local sources of revenue at present will be inadequate to carry on those services devolving upon her as a province and vital to development. The picturesque aspect of our mountains have more than significance to the settler, to whom they remind him not only of high provincial and municipal expenditure, but high cost of living, of labor, of transportation and development. But apart altogether from the settler's point of view, and the fact of our excessive contribution to the Dominion treasury, the consideration dwelt upon in what has preceded sufficiently indicate:—

#### A SUMMARY OF DISADVANTAGES

1. That British Columbia's ordinary per capita expenditure exceeds that of any of the other provinces by about 4 to 1.

2. That owing to its causes, this excess will in large part be continuous.

3. That this excess has meant a yearly sum of \$9.54 per head of an aver-

age population for thirty years.

4. That her revenue always has been and will continue to be insufficient to meet expenditure.

5. That to meet her local wants British Columbia did practically exhaust her credit and her local sources of revenue by a high direct taxation with no new sources to exploit in order to expand beyond her present needs of money.

6. That it is impossible for British Columbia to adequately meet the requirements of development under the present Terms of Union.

As to the justness of these inferences from the data that has been supplied, no one can fairly take exception. Any person who has knowledge of the conditions by actual residence and study but will admit that the facts and the inferences are sequentially and logically related.

#### AN IMPORTING, NOT A MANUFACTURING PROVINCE.

There is another branch of the case, in that we import more of dutiable goods per head and hence pay more customs duties per head of her population than any other province. History thus repeats itself, as upon similar grounds was one of the phases of the Nova Scotia case for Better Terms in 1868 submitted. Insufficient revenue for local purposes was another. Her claims were allowed. To return, however, to the question, in so far as the excess of imports proceeds from permanent causes it would seem to constitute a precedent, if precedent were needed, for a just claim upon the central government. That is to say, if one tariff applied over

all compels British Columbia, by reason of her disadvantages in regard to the manufacture of dutiable goods, to make an excessive contribution to the revenues of the Dominion, this in itself will be recognized as an inequality requiring readjustment. And these are undoubtedly causes of more or less constant operation which place her at a disadvantage to compete with the other provinces in the manufacture for home consumption of dutiable goods. For example:

1. Her special products, mineral, fish and lumber, are not the raw materials that go most largely into the manufacture of dutiable goods most largely consumed in the province.

2. Her position in relation to the other provinces and other countries adds both imposts and long distance freights to the first cost of articles imported for use and for local manufactures.

3. Her mountains render transportation difficult and expensive and competitive railway rates more or less impracticable as are possible and exist in other provinces.

#### OUR POSITION COMPARED.

Under such circumstances we would expect naturally to find exactly what is the case, her people mainly engaged in the production of goods for outside markets, and only in a small degree for the manufacture of goods for local consumption, and our contention is borne out by comparison with conditions in other provinces as revealed in the census returns.

For instance, in fisheries, lumbering and mining we find the number engaged in these occupations five times that of the other provinces. British Columbia has 17½ per cent, Nova Scotia 9 per cent, Prince Edward Island 9 per cent, New Brunswick 6 per cent, and the other provinces from 2 to 1½ per cent. The average for the whole of Canada except British Columbia is a little less than 3 per cent. Her mineral product is ten times that of all the rest of Canada per head of population. Similar results can be shown in lumbering and fishing.

On the other hand, the value of her agricultural products was not 2 per cent of that of the Dominion and was only about one-half the per capita value of Canada's products in agriculture. In the value of manufactured products used for home consumption the comparison is still less satisfactory. Hence it is that the imports of British Columbia for the last 30 years have been as shown by the tables of Trade and Navigation over twice those of all the rest of Canada per head.

Added to this consideration is the other most important fact that, as shown by the returns from the time of Confederation to the present, British Co-

lumbia has been contributing to the Federal treasury in the proportion of about three to one of all the rest of Canada, and has been getting less back in the way of appropriations, relatively, than the rest of Canada, as has been shown conclusively by statements that have not been and cannot be disputed.

#### DISTANCE AND FREIGHT RATES.

There are two ways in which this province may be considered in relation to the Dominion in its present relations, one is the natural physical conditions and geographical situation, which were not taken into consideration and provided against in making the Terms of Union, and the other the treatment she has received at the hands of the Dominion under the terms of Union. We have been wholly with the first part of the subject, and in this connection we may be permitted to quote from the report of the first delegation of 1903 to Ottawa:

"I now come to the last head. In my letter to Mr. Parent I alluded at some length to this phase of the matter. I pointed out that, while we bought so extensively in the East and paid the high rates of freight which the distance necessarily entailed, there were no markets in the East for our products, and that ever since Confederation we have had to find a market in Great Britain and foreign lands for our lumber, fish and minerals, and sell in competition with the products of other nations, where there was cheap labor. We have had to pay long distance freights on both what we bought and sold; we have been obliged all through life to reverse the order of successful business principles, and buy in the dearest market and sell in the cheapest. It is only recently that we have been able to find a market in Canada for lumber and fruit, and that is in the Northwest. To that market we are looking with some hope in the future, providing we can obtain more direct railway communication.

"Instead of the province, under its physical handicaps and its peculiar situation and conditions, being assisted and encouraged in its efforts to develop the country, its people are being inordinately taxed as compared with other provinces, and our efforts to secure a recognition of the facts are, in many quarters, regarded with suspicion, and, I was going to say, derision. It is worthy of note that in almost every matter we have brought to the attention of the Dominion Government, such as the fisheries, the Chinese head tax, the question of financial relations and our contributions to the Federal treasury, as compared with expenditures, the outcome of Confederation has been the same—a disproportion of benefit to the Dominion, and a set of circumstances in British Columbia different to what pertains in the East."

# Interprovincial Trade and Constitutional Rights

No. 6.

## INTERPROVINCIAL TRADE.

The commercial object of Confederation was the development of interprovincial trade. Under the strangling hand of the Reciprocity Treaty of 1854 that trade had fallen in 1866, when the treaty was abrogated by the United States, to \$2,000,000 per year, being less by half a million of dollars than the value of the trade in 1853. Since Confederation our yearly interprovincial trade has gone up by leaps and bounds, until now it is larger than either our export or our import trade, as the appended estimate by Mr. Johnson shows:

Trade of the two central provinces with the outer provinces.	\$150,000,000
Trade of the two central provinces with each other .....	115,000,000
Trade of the three Maritime provinces with each other ..	30,000,000
Trade of the Western provinces and territories with each other .....	20,000,000
Total .....	\$315,000,000
Or say, \$60 per head.	

All of which goes to show that Confederation is attaining its object, and that, as Mr. Johnson points out, it would be "letting out at the bung-hole and pouring in at the spigot to obtain reciprocal trade relations with the United States at the expense of our interprovincial trade."

But what is British Columbia's share in all this interprovincial trade, for which she is paying, as we have seen, a three-fold price? Under a compelling tariff her imports from the Eastern provinces are considerable. But imports will not make a market for her products or make a trade. A trade implies an interchange of products and commodities—an interprovincial give-and-take. With this interchange the interprovincial, next to the home market, is the best market, and, like the quality of mercy, blesteth him that gives and him that takes. The economic value and one of the objects of Confederation is to develop for each province a free market for its products and commodities in the other provinces. What, then, of British Columbia's exports to the other provinces? These consist chiefly of lumber, shingles, fish and fruit, to the Territories and the Eastern provinces, and goods to the Yukon. From a comparison of figures to be found in the reports of the various boards of trade and after allowances of every kind in its favor, this trade does not exceed \$3,000,000.

Thus, British Columbia being 3 per cent. of the whole population, pays 8 per cent. of the price of Confederation, and gets in return 1 per cent. of its trade benefits.

Or, taking all the figures from the statistics for last year, we find that all the provinces contributed to the Dominion the sum of \$36,197,340, of which British Columbia contributed \$2,945,331, or upwards of 8 per cent., and that all the provinces enjoyed the profits on an interprovincial

turn-over of \$315,000,000, the profits on \$3,000,000 of this only, or less than 1 per cent., going to British Columbia.

So that, whether we take the figures of the British Columbia government's case, covering, as they do, the whole period of her union experience, or whether we take the trade and navigation returns for 1906, we find that the other provinces are making from 8 to 9 times as much money out of the Confederation per head of their population as British Columbia is, and, conversely, that British Columbia is paying from 8 to 9 times as much for the trade benefits of Confederation as, compared with the other provinces, she ought to pay.

## CONFEDERATION SENTIMENT.

These figures are in themselves eloquent of the incidences of a treaty with the Dominion entered into without full knowledge of the consequences on either side. They do not, however, constitute an arraignment of Confederation, because that has accomplished an ideal more important from a national point of view than the material disadvantages under which we labor as a province. Confederation has cemented a series of isolated communities stretching across the continent of North America and made Canada into a nation of which we, as British Columbians share a common pride. Confederation contributed to British Columbia, with the other provinces, many advantages, which it would not otherwise have possessed. It lifted the province out of the slough of despond at a time when its energies were stagnant and further development impracticable with the resources available. It opened up the country to a view of its own possibilities. Confederation has done all the parts of a great confederation, much; but for the advantages which came with it British Columbia paid a high price. The Dominion, fearful of the consequences of securing an asset, the value of which was doubtful, drove a hard bargain, and British Columbia, powerless to impose better terms, and to a large extent in darkness as to the future, accepted the terms offered with hopes for the best. No one was wise enough—how, indeed, could he have been—to foresee the result of the operations of the relations with the Federal government. Confederation was an experiment—a leap in the dark. It was the only alternative in sight, and from a national point of view—even from a provincial standpoint—no one regrets it.

The arrangement was entered into with confidence in the good faith of the Dominion, that if inequalities, injustices, or inequitable results arose out of it, these would be adjusted, as, indeed, they should be. The Federal compact is based primarily on the good not only of the whole, but of each component part. It is, therefore, incumbent upon the Dominion authorities to inquire into our conditions and the burdens and grievances incidental to our relations with Ottawa, and, in order

to preserve intact the constitutional spirit of justice according to which such relations should be maintained, to adjust inequalities and injustices where they are shown to exist. No one can properly deny that position as being a sound one in the interests of harmony and fraternity among whose basic principles are mutual good and benefit.

The disposition of the Dominion authorities, however, is to regard the Federal compact, so far as British Columbia is concerned, as a sacred thing, and immutable as the laws of the Medes and the Persians. Once having signed the contract, like the Jew of "Shylock," the policy would seem to be to exact the pound of flesh. Hon. Edward Blake, the leader of the Liberals, many years ago raised the question of the competency of the Canadian parliament to confirm the settlement of the Nova Scotia claims. The Liberals in Ontario also disputed the right, and ever since there has been the fear, even at the risk of doing a grave injustice to some member of the Confederation, of disturbing the existing financial relations. Doubtless it is a delicate matter; but when a duty—an evident duty—is to face it should be faced manfully. To avoid the direct issue raised by British Columbia and the other provinces—especially the other provinces—because he didn't really care about British Columbia—an issue which Sir Wilfrid was unable to

#### THE RIGHT TO READJUST.

meet—he conceived a doubt as to the constitutional powers of the Dominion, under the terms of the B. N. A. Act, to readjust financial relations without concurrent legislation on the part of the parliamentary bodies which gave them effect. That question, however, was undoubtedly settled when the Dominion government adjusted the grievances of Nova Scotia. It arose in the Dominion cabinet councils at that time. Sir John A. Macdonald referred it to the law officers of the Imperial government, upon whose advice the Dominion government proceeded. Unfortunately the law officers of the crown, as

is their practice, gave no reasons along with their decision; but it was absolute and unequivocal. The Dominion government has unrestricted authority in regard to the disposition of its own funds. Upon this point we quote the opinion of Hon. Chas. Wilson, in reply to Sir Wilfrid Laurier:

It is submitted that the object of parliament in embodying the Terms of Union in The British North America Act was not for the purpose of making those terms unchangeable, save at the discretion of the Imperial parliament, but for the purpose of guaranteeing the treaty, as it then stood, by Imperial legislation.

The whole legislative field in the Dominion of Canada being, however, by the Imperial act, apportioned between Federal and provincial authorities, and the question involving simply the payment of money by either one to the other, it is submitted that legislation in respect of such a matter, if passed by both, could not well be questioned. In our opinion, it could only be questioned by the King in Council disallowing the act.

We further ask ourselves by whom could such legislation be assailed? Before what tribunal? By what process? The Dominion Attorney-General would certainly not interfere, as he would be one of the members of the government responsible for the Federal legislation.

His Excellency's advisers might, however, if any doubt still remained before giving effect to the legislation, deem it prudent to take the opinion of the Supreme Court on the subject.

There is one precedent in Dominion legislation that we think we may usefully cite—Chapter 5 of the Dominion Acts of 1882, "An Act Passed for the Express Purpose of Increasing the Subsidies to Manitoba for Ten Years." It is true the preamble recites the reason—doubtless just. For the moment we are directing our attention to the competency, not to the justice, of such legislation, and we believe this act has never been questioned.

### Recent Correspondence on Better Terms

On the 24th of December, 1903, Premier McBride wrote Sir Wilfrid Laurier a letter, from which the following are extracts, the whole correspondence being too long to re-publish:

In the main the claims of the Province for increased recognition have been before your Government for nearly three years. It is nearly a year since the then premier, Colonel the Hon. E. G. Prior, and the then Attorney-General, Hon. D. M. Eberts, presented additional arguments, based on the physical conditions of the Province. So far, your Government has given no indication of its disposition to deal with the matters discussed, either favorably or unfavorably; and it is for the purpose of having some definite pronouncement on your part that I am again calling your

attention to them and to the importance which is attached thereto by this Government.

#### A COMMISSION SUGGESTED.

My colleagues, who waited upon you in the month of August last, made a proposal to refer the whole matter to an independent commission of enquiry, not, as I understood it, for an award of final settlement as by arbitration, but for a report as to the merits of our claims, and, also, if agreeable, to suggest equitable and practical lines of adjustment. It was proposed that two commissioners be appointed by each Government, a fifth to be selected by the Hon. the Colonial Secretary; and that these men should spend some time in the Province to familiarize them-

selves by residence and investigation with the conditions—physical and political—and the resources of the Province. This proposal, which, I may add parenthetically, was made without reference to other members of the Government, I regard not only as eminently fair, but as an earnest of our faith in the bona fides of the Provincial contentions. It removes the question from all considerations of a partizan nature that might interfere with unprejudiced treatment by both governments concerned. It would, in fact, be a judicial and not a political review of our case, in which would undoubtedly be considered most carefully the constitutional difficulties that have been suggested, and the relations of the other provinces to the dispute.

### THE PHYSICAL CONDITIONS AFFECTING COST OF ADMINISTRATION.

It can only be understood by careful investigation, involving a protracted visit to the Province and the examination of a great volume of evidence, afforded by personal observation, of physical and industrial conditions. These conditions are such that, even if it were true that British Columbia did not contribute so largely out of proportion to the other Provinces to the Dominion treasury as she does—even if she did not contribute her share—her claims to increased subsidy would still hold good.

### THE BENEFITS ACCRUE TO THE DOMINION.

The benefits of all such development accrue much more largely and directly to the Dominion in immensely increased customs and excise imposts, than to the Province. To the Province comes, with development, increased responsibilities in the way of roads, bridges, educational facilities, the administration of justice, etc., which in this Province—owing to the physical configuration and long distances between settlements—involve expenditures quite out of proportion to the revenue reasonably to be anticipated and possible to be easily obtained. It is on such grounds that we ask largely increased subsidies from the Dominion, in addition to any assistance to railway or other development that may come from the Dominion, in order that the Province may be able to amply maintain the responsibility of administration and development imposed by the Terms of Union, towards which the present local sources of revenue are insufficient.

There are also other matters quite apart from the question of Better Terms which have been before you. These include the control of our fisheries and the right of the Province to share the fisheries revenue in a definitely fixed ratio; assistance to the bridge over the Fraser river at New Westminster; the read-

justment of Indian reserves in the province; and the participation of the province in the revenues arising out of the Chinese Restriction Act.

### SIR WILFRID'S REPLY.

The following are extracts from Sir Wilfrid Laurier's letter in reply:

I may observe that, as you are aware, and as you represent in your letter, a demand for a readjustment of the financial conditions now existing between the Dominion and the Provinces has been presented to us by the premiers of the seven Provinces of the Confederation in the course of the last year, and that whilst British Columbia has put in a separate claim for itself, it has also joined the collective demand presented by all the others.

I would see very great difficulties in having separate arrangements for each of the Provinces, and it seems much more natural that, if the subject is to be taken up, it should be so taken up with the view of laying down a uniform, systematic and final basis, which should work and apply mechanically to all the component elements of our Federative Union.

The subject of the fisheries is very much involved, and the position taken by British Columbia makes it absolutely indispensable that the Minister of Marine and Fisheries should, at as early a day as possible, visit your Province, with the view of having a better understanding, by actual inspection, of the peculiar conditions which you allege in support of your claim.

The assistance asked for out of the Dominion treasury, by the Province, for the construction of a bridge over the Fraser river, was discussed with Mr. Dunsmuir when he was Premier. I see no reason to change the views which were then pressed upon his consideration.

The matter of the Indian reserve is a purely departmental one, as to which there should not be any serious difficulties. (But nothing was done to settle it.)

I am sorry to hear that the increased amount which we are giving British Columbia out of the revenue arising from the Chinese Restriction Act is not accepted by your Government as final.

### PREMIER M'BRIDE TO SIR WILFRID.

Coming now to the crux of the matter, I, of course, regret very much that your reply must be accepted as wholly a negative one. I had hoped that your Government would have accepted the proposal to refer our claims for readjustment of financial relations to a commission of investigation. I do not think that this Government could possibly have offered a stronger proof of good faith of its contention than the willingness it has shown to accept the responsibility of proving its case before an independent, non-partizan and wholly disinterested tribunal, and I am unable to

see any political or constitutional obstacle in the way of such a course being adopted. As I pointed out in my letter, incidentally the constitutional difficulties of readjustment suggested by yourself could have been fully considered, as well as the relations of the other provinces to the dispute, which were so obviously in your mind in framing your present reply.

#### BRITISH COLUMBIA HAS SPECIAL CLAIMS.

I was not a member of the Government when the British Columbia delegation joined with the representatives of the other provinces in presenting the memorial to your Government to which you refer; but as I understand it, they did so as a recognition of the principle of general readjustment, and not as a relinquishment of special claims. Our claims were made prior to the action of the inter-provincial conference, in which the Hon. Mr. Parent, Premier of Quebec, was the leading spirit; and, as a matter of fact, the especial position of the Province in relation to the whole subject was explained in a letter to Mr. Parent, and that letter was incorporated with the memorial presented and was signed by every member of the inter-provincial conference. The Province of British Columbia, therefore, has not bargained away any rights to special consideration; but, on the other hand, has greatly strengthened its position by the action taken.

#### NO AUTOMATIC AND UNIFORM ARRANGEMENT POSSIBLE.

You deprecate the idea of separate arrangements with the Province, and advocate something which will be automatically uniform. So far as such an arrangement can be shown to be possible, I sympathize with your view, but we are now dealing with a set of conditions which are not and have not been uniform in their effect, a fact which is the principal burden of our complaint. I beg to remind you that the financial arrangements in respect to all the provinces are separate. The treaty of this Province with the Dominion is a separate contract; and so long as conditions differ in provinces, so long must their

financial relations differ. It is impossible to foresee developments of the future, and, consequently, impossible to adequately and equitably provide for them. My idea of a solution is a provision for periodic adjustments, rather than an attempt to make a permanent arrangement such as you suggest. The Australians anticipated our difficulty in their new constitution by stipulating for a return of the revenues to the parent state after a certain contribution to the treasury of the commonwealth has been reached. Some arrangement of this kind should have been made in Canada at the outset.

#### OUR POSITION DEFINED.

The position of the Province of British Columbia is this: We say that the conditions which do now and have always existed are so radically different from the rest of Canada—although the sources of revenue are the same—as to have imposed special burdens on our people and constituted grievances of a special character. We have set out in a series of representations what these special conditions and grievances are. These representations have been before you for some time, and no single statement contained in them has been denied or refuted. Failing other recourse, we have asked for a commission to find whether these grievances are real and substantial or invented for political effect, as has been alleged. This has been denied us.

Taking all these facts into consideration, and assuming that the Province has special claims to consideration, I submit, Sir Wilfrid, that it is not in justice competent in answer to our representations to say that these claims cannot be considered on the grounds that it would involve an interference with the theory of uniform, automatic operation of Federal relations among the Provinces—a theory, which, by the way, does not yet exist in practice, and the practicability of which is doubtful. I appreciate the difficulties of opening up questions of this kind in which directly and indirectly so many interests are affected; but this Government has confidence enough in the fair-mindedness of the people of the other provinces to believe they will accord us fair play if we can prove satisfactorily, to a properly constituted tribunal, that our claims are well founded.

### British Columbia Not Treated Fairly

The case for British Columbia in connection with her physical and geographical disadvantages have in the foregoing been fully argued out and proved beyond the shadow of question—to an actual demonstration. The conditions under which we labor in that respect were not provided against in the Terms of Union, and, therefore, can only be remedied by adjusting the financial relations

with the Dominion as they at present exist. The complaint that is to be made in addition to that is that the terms which we already have have not been honestly and fairly carried out. This is shown in a number of respects, as follows:

By the great excess of our contributions to the Federal Treasury extending over a period of thirty years, over

the benefits we have received in return. Owing to our political and geographical isolation we have been the victims of neglect.

In respect to our fisheries. As conditions are entirely different here from the east and not understood at Ottawa, the Government has asked, apart from regulation, to have control of the fisheries, and to be compensated for the great excess of revenues to the Dominion from fisheries over expenditures in fishery development, and compared with the same condition of things in the eastern provinces.

The failure of the Dominion to carry out the terms of the convention in respect to Indian reserves.

Unfair treatment in respect to the refund of Chinese revenues from the Chinese Restriction Act.

The discrimination against the lumbermen of this Province in refusing adequate protection in the markets of the Northwest.

Failure to assist in the construction of the New Westminster bridge.

Failure to provide for the construction of the Grand Trunk Pacific from the Pacific coast east through British Columbia.

There are others. These are the principal.

#### INDIAN RESERVATIONS.

There are other phases of a readjustment of the relations between the Province and the Dominion which have been a long time under consideration and with apparently as little prospect of settlement by the present government. There is the general question of the Indian reserves. When the Indian reserve question was settled, by the terms of the convention the land was to revert to the Province in proportion as the Indians decreased. On the other hand, if they multiplied, the Province was to increase the size of the reserves accordingly. There are a number of reserves only nominally held by tribes of Indians, who have practically become extinct. No effort has been made to adjust the matter, though the Dominion Government has been repeatedly urged to do so, and is in justice bound to do it.

#### THE FISHERIES CASE.

Then there is the fishery question, which has been hanging fire for some years. The judgment of the Privy Council defining rights as between the Dominion and the Provinces, was delivered as far back as 1896. We are practically no nearer a settlement than ever. British Columbia is the only province the fisheries of which have contribu-

ted a revenue of any value. Since salmon canning became an industry we have contributed forty per cent of all the fisheries revenue of Canada. We obtained up until 1901 about two and one-half per cent of the expenditure of the Dominion in fisheries. We claim we are entitled to all the moneys in excess of expenditure throughout the whole term of years. We are really entitled to more if we take into consideration that the other maritime provinces have been running at a big loss annually so far as making a revenue out of them is concerned.

#### CHINESE IMMIGRATION REFUND

There is also the Chinese immigration tax refund. For years the province asked for 75 per cent. It got 25 per cent. If the province were entitled to any share on the ground of compensation for local evils arising out of Chinese immigration it was entitled to at least 75 per cent, or all over the amount of money necessary to administer the Act. Finally the Government recognized the right of the Province to a greater share, but only made it fifty per cent, and then caused the increase to date from July, 1902, when it was practically decided to make the tax prohibitory in character. If the Province was entitled to fifty per cent for 1902 and 1903 it was equally entitled to it for all the years during which the Act was in force.

#### THE LUMBER SITUATION.

One of the great grievances of British Columbia is in respect to the tariff on lumber. Hon. Clifford Sifton represents the farming element in the Northwest, which naturally objects to paying duty on lumber if it can be helped; but if the principle of protection is to apply at all, it should apply uniformly. The result of the present arrangement is that the people of this Province pay and pay heavily on all articles imported. There are three main articles which they have to sell—timber, fish and minerals. For none of these can they obtain a preferred market. The only market for lumber which we have a right to regard as our own is in Manitoba and the Northwest. From that we are practically excluded at the present time by the millmen of Puget Sound, who during the present depression in lumbering are "dumping" their lumber there. Our millmen are excluded from American markets by a heavy duty.

In view of all the circumstances mentioned, we ask if the electors of British Columbia think they are getting British fair play from the Dominion Government?



# The Westminster Bridge Case

The bridge over the Fraser at New Westminster was built by the Province at a cost of over one million dollars. Application was made to the Dominion for a subsidy. It was repeatedly pressed without avail. It is the policy of the Dominion Government to assist bridges over navigable rivers. It refused in this instance on the grounds that it was being built by the Province and not by a private company, which it was stated would create a bad precedent. This is confirmed by a letter which Mr. John Hendry wrote to the New Westminster Columbian. A local company had been formed to take over the bridge for the express purpose of securing the subsidy, of which Mr. Hendry was a member and the promoter. He said:

## HOW THE SUBSIDY WAS POSSIBLE.

"To obtain the subsidy which the Dominion Government was willing to give to the Provincial Government through a bridge company, a local company was formed to secure the expected \$300,000 to \$350,000 for the purpose of handing this money over to the Provincial treasury. The Columbian opposed the proposition, and it is to blame, with others, that the Provincial Government has not received a contribution from the Dominion of about \$350,000 for the construction of the New Westminster bridge."

Why the Dominion Government should be willing to give a subsidy to a private

company which would hand it over to the Province, and not directly to the Province itself, is hard to understand, except that in the latter their friends would receive no "rake-off," which is the true and only explanation.

## HOW IT IS ELSEWHERE.

Since 1881 the Dominion Government has contributed in subsidies about \$3,000,000 to some 22 or 23 bridges, sixteen of which subsidies were voted during the existence of the present Government. The greater number of them are for bridges in the Province of Quebec. The one outstanding fact in connection with the matter is that while so many bridges in other parts have been liberally subsidized it has been found impossible to induce the Dominion Government to assist to the extent of a dollar over the Fraser at New Westminster. Take the case of the bridges at Ottawa and Quebec, the latter costing the Government \$1,000,000, they are practically provincial bridges, and are only nominally private, having been built wholly out of public funds. The difference is merely technical as compared with the bridge at New Westminster. The difference which does exist is wholly favorable to assistance to the latter, it being a Government undertaking purely for public purposes, and without a cent of private interest or "graft" being involved. In the other case the friends of the Government make a profit out of the construction.

# Local Aspect of the Grand Trunk Pacific

Early last fall, after the details of the proposed contract were published and while the House of Commons was still in session, in plenty of time for action, the Provincial Government made strong representation to the Government at Ottawa and to the various members from British Columbia urging that provision should be made for the construction of the railway in British Columbia from the coast simultaneously with construction from Winnipeg west. We were assured solemnly that the interests of the Province in this respect would be carefully guarded by the Liberal members. The bill passed its second reading, minus the promised provision, and we were left as we were, at the tender mercies of the railway company. It was subsequently discovered that amendments to the act of last session would be necessary, and an early and practically a special session of the House was called for that purpose.

## A LOST OPPORTUNITY.

It was the one opportunity for our Liberal representatives to have demonstrated that their allegiance to the Province that they were sent to Parliament to represent was superior to their allegiance to party or the demands of a railway corporation. They failed in their duty and in a conception of their own political responsibilities. The bill was allowed to pass the House of Commons without provincial protests being regarded. It is understood that Mr. Morrison at one time intended to make a stand, but did not. We know not why, but can surmise. In the Senate, Hon. Mr. Macdonald's amendment, though in a measure supported by Senator Templeman in his speech, was voted against by both Senators Templeman and Bostock. Senator Templeman, wishing to secure some kudos out of the situation, placed a notice of motion similar to that of Senator Macdon-

aid on the order paper for consideration upon third reading. Though a member of the Government, who must have concurred in his action, he was compelled to let the matter drop and did not proceed with his motion when the time came to do so. This extraordinary phase of the case shows that the Government yielded to the pressure of the Grand Trunk Pacific promoters, who wished to come to the Province, as they propose to do shortly, to hold it up for a substantial subsidy if it desires to receive any benefits from construction within its own limits.

#### AN OUTRAGE ON THE PROVINCE.

Here existed the opportunity to remedy the omission of the previous session, and further representations on the same lines were made by the Provincial Government and several of the Boards of Trade. However, again British Columbia's interests were permitted to be sacrificed to the interests of the Grand Trunk Railway. The measure, instead of being improved for British Columbia, was made still worse. The promoters of the Grand Trunk Pacific had the time allowed for construction in this Province three years after the other portion was completed. Had that not been permitted the Company would have been compelled to have started at the Pacific Coast in order to have completed the line within the specified time.

No greater outrage was ever perpetrated on a people than this. It cannot be defended; and no attempt has been made to defend it. Owing to pressure from his friends here, Hon. Mr. Prefontaine was induced to promise publicly that construction would commence at this end. But it has turned out to have been a deliberate attempt to deceive the electors. Mr. Hays absolutely refused to confirm the announcement made by Mr. Prefontaine. As a matter of fact, there is the very best reason for stating that it is not the intention of the Grand Trunk Pacific to start at this end of the line unless the Provincial Legislature will vote a subsidy for the purpose. Let us see what this means to British Columbia.

#### WHAT IT MEANS IN DOLLARS.

Mr. Blair, when he made his statement in the House of Commons, upon the occasion of his resignation from the Government, estimated that the total of liabilities assumed by the people of Canada in connection with the contract for the construction of the Grand Trunk Pacific, would be \$135,000,000. Mr. Borden, the leader of the Opposition, has gone carefully into the financial details, which are not necessary here to reproduce, and estimates the total at \$171,000,000. His figures have not been successfully controverted. However, to accept a middle course between Mr. Blair and Mr. Borden and place the sum at \$150,000,000, assuming that three per cent bonds are sold at par, let us con-

sider the proportion of that liability which falls to British Columbia, spread over, say, a period of forty years. We shall suppose that the average population in decades in British Columbia will be as follows:

First ten years.....	250,000
Second ten years.....	500,000
Third ten years.....	750,000
Fourth ten years.....	1,500,000

or an average of 750,000 for the whole period.

Suppose the average population of the rest of Canada for the same period to be 9,250,000, distributed as follows:

First ten years.....	6,500,000
Second ten years.....	8,250,000
Third ten years.....	10,000,000
Fourth ten years.....	12,000,000

Our proportion of the liability assumed is, therefore, \$33,750,000 as against \$116,250,000 for the whole of Canada on account of the Grand Trunk Pacific.

If we take another basis, supposing a much larger increase of population both for Canada and British Columbia to be possible, in which for Canada the average population, assuming a decennial increase of 25 per cent., is 12,500,000, and that of British Columbia, in view of its naturally much more rapid increase, 1,000,000, we have a contribution of \$36,000,000 by this Province in forty years as against \$114,000,000 by the rest of Canada.

Let us consider this in connection with the fact that the cost of construction through British Columbia will be about \$17,500,000, every dollar of which, practically, in labor and supplies and business will be supplied from east of the Rockies. In other words, while contributing so heavily to the Federal Treasury and so out of proportion to the rest of the Dominion, we reap not a dollar incidental to the construction of the road through our own Province. Moreover, the railway will go through a portion of the country not tributary to the present settled portions. It will open up that country, it is true, but it will add immensely to the responsibilities of the Province in supplying the varied requirements that develop with population. Without very substantial increase of subsidies from the Dominion the Province will be unable to properly meet the increased obligation of local self-government imposed under the terms of Union.

#### BRITISH COLUMBIA AN ISOLATED INSTANCE.

It is quite impossible for the business community of the Province to enjoy any benefits from construction which does not begin at the coast. This is obvious. In other words, if the railway comes through the Rocky Mountains to the coast, to permit of which the company was granted three years' extension of

time, the supplies and labor will follow construction. It would be quite impossible for our business men to do business with a railway outfit which had not yet reached the coast. Ergo, until the line of railway actually reaches salt water, everything must come from the East and the money expended along the line must flow back to Winnipeg and Eastern points. This Province is the

only one in the Dominion which does not get direct and local benefit from construction. Millions of money will be spent in New Brunswick, Quebec, Ontario and the Northwest, from which the business men of those Provinces will have direct and substantial benefits in business arising out of it in a variety of ways.

## How It Works Out

For many years British Columbia has been paying in inordinate proportion to the Federal Treasury and receiving inadequately in return therefrom as compared with other provinces. This is not a matter of mere assertion. It has been worked out in detail since Confederation. Up until 1900 the Province had contributed over \$13,500,000 in excess of what it received, notwithstanding the fact that during that time the debt of the whole of Canada had increased from \$122,000,000 to \$350,000,000, showing that the whole of Canada had not contributed in anything like the same proportion, or otherwise the debt would have been completely wiped out and there would have been a very large fund in reserve. Since 1900 the case has been no better, but rather worse than formerly, as this statement will show:

	Expenditure by Dominion in B. C.	Contributions by Prov. to Dom.
1900-1 ....	\$1,811,394	\$3,353,667
1901-2 ....	2,281,774	3,466,303
1902-3 ....	1,982,883	3,831,880

Now, these are the statements taken from the Auditor-General's report under all heads, and really include many things with which the Province has no right to be charged, nor has there been any effort to distinguish expenditures charged to "capital" and "income" respectively, which in some instances would materially reduce the amount chargeable in one year. The statement is MORE than fair to the Dominion, inasmuch as it includes such large items as quarantine, fishery protective service, maintenance and construction of light-houses, defenses of Esquimaux and militia, etc., which, strictly speaking, are matters of national benefit and are in no sense local or provincial. They are not, for instance, such matters as on the other side of the continent would be charged to Nova Scotia, New Brunswick or Prince Edward Island in a similar statement. The statement also includes the cost of the Indians for the use of whom the Province handed over 525,000 acres of its very best land.

## What Would Have Resulted

(Extracts from report of delegation to Ottawa, 1901.)

Since 1872, the revenue contributed by British Columbia to the Dominion, up to July 1st, 1901, will have amounted to, roundly, \$42,000,000. Taking the average of the population for the three census periods, 1871 to 1881; 1881 to 1891; and 1891 to 1901, at 81,000, and that of all Canada at 4,500,000 for the same periods—had the whole of the people of the latter contributed in the same ratio per capita, the revenue would have amounted to \$2,333,250,000 instead of \$886,360,000.

In other words, 1-55 of the population has contributed about 1-20 of the revenue of Canada in 30 years.

Conversely, if the contribution of British Columbia, for that period, had been on the same basis as the rest of Canada, it would have amounted to only \$15,957,000.

Taking the population at 5,250,000

and 125,000, respectively, the per capita contribution of all Canada in 1890 was \$8.93 per head, and that of British Columbia \$25.67 per head.

If the revenue from British Columbia had been on the same ratio as the rest of Canada, it would have amounted to only \$1,116,250, instead of \$3,194,808.

Taking the customs and excise alone, which amounted in 1899 to \$34,958,000 for the Dominion, and \$2,627,500 for the Province, on the same basis of population, the per capita contributions are \$6.65 and \$21.02. Had the whole population of Canada contributed in the same ratio as British Columbia, the taxation derivable from inland revenue and customs would have been \$110,250,000, instead of \$34,958,000.

Conversely, if British Columbia had contributed in the same ratio as the rest of the Dominion, the revenue from British Columbia from these sources would have been only \$831,250.

In 1899, our Provincial contributions to the Dominion Treasury, from all sources, were \$3,208,788; and our share of all expenditure by the Dominion was \$1,334,618.

If the whole of Canada had contributed in the same ratio, the revenue of Canada for that year would have been \$134,767,000, instead of \$46,741,250.

#### A STRIKING COMPARISON.

Now, then, coming to the statements of contributions to the Dominion Treasury and the expenditure from the same in British Columbia, the result of computation covering a period of thirty years, is as follows:

The total amount expended by the Dominion in the Province up to 1st July, 1901—estimating the expenditure for the present year—will have been \$28,968,091; the total contributed by British Columbia to the Dominion during the same period will have been \$42,475,349; leaving a balance in favor of the Province of over \$13,500,000.

The expenditures in the Province include the \$750,000 paid to the Esquimaux and Nanaimo Railway Company as a subsidy, and all the other railway subsidies; the debt of the Province assumed by the Dominion in 1872 and interest on the same, and everything else directly or indirectly connected with the Province, which has been paid for by the Dominion.

While the Province has a clear surplus of over \$13,500,000 to its credit, apart, of course, from its legitimate share of the cost of government of Canada as a whole, on the other hand, the liabilities of the Dominion, which were \$122,000,000 in 1872, have risen to \$350,000,000 in 1900. The position of British Columbia, therefore, is, that it has not only practically paid its own way and recouped the Dominion for everything that it has cost, directly or indirectly, but, in addition, has become liable for its share of the debt of the

Dominion, which, on a per capita basis, amounts to \$9,500,000.

#### THE PRACTICAL ASPECT.

The practical aspect of the case is this: A province has a certain population and contributes a certain revenue. What it pays as imposts to the treasury is, per capita, its impost or burden of government. Computations on that basis in various ways show, as a general and almost invariable result, that for a whole period of years the burden has been two and three-quarter times that of the rest of Canada, taken as a whole.

Dominion expenditure in the Province is, of course, greater per capita than that of the rest of Canada, but not in the same ratio, inasmuch as, taken together, there is a clear and a large surplus of revenue over expenditure.

That it is not true of the whole of Canada is shown by the general result that the net debt created since 1872 is over \$190,000,000, and the gross debt over \$230,000,000. The excess of expenditure over receipts has been \$233,506,525.

In addition to the burden of government by direct imposts, there is the indirect impost on dutiable goods from the East upon which duty had previously been paid. The amount of this duty may be roundly estimated at between \$250,000 and \$500,000; but, added to this, is the aggregate freight bill of the Province, which, on account of its remote position from the centres of supply, increases the cost of living so materially, in effect 25 or 30 per cent. The consumer in this Province pays not only a through rate from Eastern Canada, which varies from \$1.50 to \$3.50, but also the local rate back from terminal points, which in some cases equals the through rate. In Eastern Canada, on the other hand, shorter distances from terminal points, the freight does not exceed 10 or 20 cents, at the outside, per 100 pounds.