

But the Hon. President of the Council says it is impossible to say what the defences will cost, and they may cost a great deal more.

HON. MR. BROWN—The hon. gentleman should state more carefully what I said. I did not speak of this country simply, but of the whole defences—those to be undertaken by the Imperial Government as well.

MR. SCATCHERD—I refer to the fortifications required for Quebec, Montreal, Kingston, Toronto and Hamilton. It is impossible for us to form any estimate of what defences may be required in St. John and Halifax, and other portions of the Lower Provinces. But certainly the sum which will be required for the defences and for the armament of those defences in Canada will not be less than \$6,000,000. Add this and the sum required for the Intercolonial Railway to the debt already existing, and it will be found that, almost at the outset of its career, the Federation would labor under pressure of a debt amounting to about \$110,000,000.

HON. MR. BROWN—Oh! no, no.

MR. SCATCHERD—The fact is undeniable. Almost from the first day of its existence, the new Government will be called upon to pay interest, on account of public debt, to the amount of \$3,809,668 for Canada; \$750,000 for Nova Scotia and New Brunswick, and \$59,333 for Newfoundland and Prince Edward Island; then there is, over and above the subsidy of eighty cents per head, the sum of \$115,200 to be paid yearly to Newfoundland, and \$88,900 to be paid annually to Prince Edward Island. To this must be added the interest on the outlay for the Intercolonial Railway. It has been stated that money for this purpose can be borrowed at three and a half per cent., but there is nothing to show that the arrangement proposed to be entered into by the MACDONALD-SICOTTE Government, some two or three years ago, in reference to the borrowing of money at three and a half per cent., can now be carried out. We have no reason to believe that the proposed Federal Government will be able to borrow money on the same favorable terms; and, if the interest charged is at the rate of five per cent., there will be nearly \$1,000,000 to be paid annually as interest on the Intercolonial Railway debt alone.

HON. MR. BROWN—A million of dollars! Five per cent. interest on money borrowed on the credit of the Imperial Government!

MR. SCATCHERD—What has been shown us to the contrary?

HON. MR. BROWN—My hon. friend must have heard the statement of an arrangement being made with the Imperial Government for borrowing the necessary funds.

MR. SCATCHERD—I read in the pamphlet recently published by the hon. member for Montmorency (Hon. Mr. CAUGHON), who is a warm supporter of the Government, and is supposed to be an authority on this subject, that:—

The population of Newfoundland being 130,000, \$25 per head would establish its debt at \$3,250,000, and it would thus be placed on a level with the population of Canada, Nova Scotia, and New Brunswick with regard to their respective figures of population.

But as that province owes \$946,000, we must deduct this amount from the \$3,250,000; this would give a result of \$2,304,000, on which the Federal Government will have to pay to Newfoundland an annual interest of five per centum, viz: \$115,200.

But if the money can be obtained at three and a half per cent., why is it proposed that the Federal Government shall pay interest at the rate of five per cent. to the Provinces of Newfoundland and Prince Edward Island?

HON. MR. BROWN—Does not my hon. friend see how this is, and how unfair his conclusions are? The reason why we are to pay these provinces five per cent. is, that we are about to throw upon them a large share of the burden of our public debt, upon which five per cent. interest is paid; if the people of Newfoundland and Prince Edward Island, who have little or no debt, assume debts of the other provinces, for which they have to pay five per cent. interest, it is only fair and just that they should get their five per cent. back again.

MR. SCATCHERD—The Hon. President of the Council says that at present we pay five per cent. on our indebtedness, but that in future we shall not pay so high a rate.

HON. MR. BROWN—No one said so. What I said was that the Imperial Government would guarantee the interest on the money to build the Intercolonial Railway, and that we should have to pay interest according to the terms on which the Imperial Government would be able to borrow, which will be about 3½ per cent.

MR. SCATCHERD—And supposing the money is obtained on these favorable terms,