

lands and using them for Dominion purposes and giving the provinces a money consideration instead.

Sir WILFRID LAURIER. Retaining their lands in Quebec and Ontario has not made them more economical.

Mr. HENDERSON. I think this case is somewhat different. The new provinces have the example of Quebec staring them in the face, and will possibly be warned by that. But leaving that aside, I think if they are asked to hew out their own destiny that properly belongs to them, the result will be better not only for the provinces, but for the Dominion. We must look forward to the time when these enormous subsidies are going to be a very heavy charge on this country. What is to become of the Dominion if we are going year after year to increase the revenues of the provinces out of the Dominion exchequer? I look forward to a time when possibly the revenues of the Dominion, which have been swollen of late years, will not increase so rapidly, and when we may possibly be called upon to increase the debt of the country for the purpose of providing these large subsidies. I have made no calculation as to what additional sum would require to be paid by the Dominion on account of the creation of these new provinces, but I am under the impression that the amount would be somewhat alarming. I would be glad if some hon. gentleman who has made the calculation would inform the committee just what it is at the present time; and it is not to the present alone that we must look, but also to the near future. The population of that country will increase from year to year, and when it reaches 800,000 in each province, the subsidy at 80 cents a head will amount to \$640,000, or double that for the two provinces, a very considerable provision, apart from the allowance which we have to make to them because of the fact that they come in without a debt and that we have to pay them for the lands, with respect to which I shall have something to say when we reach the subclause. Having received the assurance of the Finance Minister that he did not wish to convey the idea that we were acting in an unfair manner to these provinces, I have nothing more to say at the present time.

Mr. SPROULE. I was about to say, when the hon. gentleman rose, that I did not mean to imply that we were not in favour of giving assistance to the Northwest Territories in the way of subsidies. That was not my intention at all; but the hon. member for Halton (Mr. Henderson) has put that matter right. I was directing my attention to another matter which I think ought to be considered at the present time, that is, whether our system has been a success or a failure. The Minister of

Mr. HENDERSON.

Finance does not admit that it has been a failure; he claims that it has been a success. But I remember distinctly that some years ago the Hon. Edward Blake declared it to be a failure. Sir Richard Cartwright said the same thing. He said over and over again that he was opposed to the principle, because it only created an ambition to beg for more. He also pointed out that it would inevitably lead a political party in a province, when the same party was in power in the Dominion, to appeal to the electors for support on the ground that they were going to get the provincial subsidy increased or get the Dominion to assume a debt which they had imprudently rolled up; and thus they would have a powerful lever in their hands to induce the electorate to return them to power. Is it not a fact that a political party in the maritime provinces have run the elections more than once on that ground, declaring that if they were returned, their friends being in power in the federal parliament, they would have a better chance of getting the provincial subsidy increased than if the Conservative party were in power? And the result was that they were successful. The same question was raised in the province of Quebec and the same party succeeded. We have had it knocking at the doors of the federal parliament for an increase in the subsidy, and we have had the declaration of the First Minister to-day that we must deal with that question in the near future. Is not that an evidence that the principle is an unsound one? We should adopt a principle which would be a finality and under which we would not have this menace constantly before us. It is for these reasons that I draw attention to the matter to-day; and when we are forming these new provinces, it seems to me a fitting time to adopt a correct principle with regard to them, and then try to deal with the other provinces on a similar principle. I asked if there was some correspondence, because I assumed that if there had been no correspondence before the financial details were announced, there would not be much trouble at the present time. The financial arrangement is quite liberal now, in view of the small population. At the present time, when each province is supposed to have a population of 250,000, it will give at least \$1,100,000 to each province. Then a province of 250,000 people would be getting \$1,124,000. That would be regarded as rather lavish taking into account the smallness of the population. But when they reach the maximum of 800,000, their revenue will be \$2,200,000. How much did we give the Territories last year for government?

Mr. FIELDING. I cannot say off-hand, but perhaps some hon. member from the Territories can recollect it.