

understand, though, of course, I do not know, that the same demands have been made again upon the government, and this government must have given about the same answer as the previous government gave.

Sir WILFRID LAURIER. They gave no answer at all.

Mr. BERGERON. That is more embarrassing. Apparently they could not find an answer.

Mr. LEMIEUX. It was completely ignored by the government.

Mr. BERGERON. I do not wish to express an opinion now, as I understand the question may come before the House. But it seems to me that it is a question to be handled with a great deal of care. The fathers of confederation, when they fixed the powers of the provinces on the present basis had in mind that the provinces would impose just what my right hon. friend (Sir Wilfrid Laurier) said a moment ago they were so much afraid of—direct taxation. That is why they were not given a great deal of power. I understand that one man who was looked upon as a great authority on the Liberal side at that time, Mr. Holton, expressed the opinion that it was the duty of the provinces, and their safeguard, to impose direct taxation. I imagine why the government came to the conclusion of granting the provinces their demand. It would be only for a few years. But it is the way in which they carry on their finances, that is the cause of the difficulty in which the old provinces are to-day. Of course, that is not the subject under consideration, and I do not want to discuss it any further. But I wished to say that, in my opinion, there is a good deal in what my hon. friend from Halton (Mr. Henderson) said, that if we gave 80 cents per head of population to the older provinces it was because we were taking something from the provinces, but that we are taking nothing in the same way from the new provinces.

Mr. R. L. BORDEN. There is force in the remark of the hon. member for Halton (Mr. Henderson) and the hon. member for Beauharnois (Mr. Bergeron) that these are not sovereign political entities, and therefore up to the present they have not had the right to collect customs and excise revenues for themselves. But, looked at from the practical standpoint, as to the giving to them of revenue derived from the Dominion, I agree with the Prime Minister, and would not make any distinction between the position they occupy and the position of the older provinces. If they were created into provinces by the imperial parliament outside of this confederation, we should find them collecting excise and customs as the older provinces did. So, whether we give 80 cents per head or not,

we must give them something equivalent to what was given to the other provinces. Behind that altogether is the very important point which was raised by the hon. member for Halton and referred to by the hon. member for Beauharnois, the question of the principle on which to determine the allowance to the different provinces. And the Prime Minister has made the very important statement, if I understood him correctly, in suggesting that it may be the duty of the government in the present year to consider the position of the subsidies to the provinces, which now constitute the confederation. I should have thought that, if that is the position of the government, it would have been extremely desirable to deal with the question at least concurrently with the measure now before the House. There will not be so good an opportunity in the history of this confederation to deal with this question as that which now presents itself.

In the creation of these new provinces you have the best possible opportunity of dealing once and for all with the question of what shall be the subsidy to be allowed by the Dominion to the provinces. I quite agree with the Prime Minister in his criticism of what was done at the time of confederation, though I am disposed to admit that I do not see exactly what could have been substituted for that arbitrary allowance. It seems to be entirely arbitrary. It is said that it was in lieu of the customs and excise. Well, then, surely it was illogical to fix an arbitrary amount and to fix the limit of population. I submit that for two reasons. The province of Nova Scotia is limited to 400,000, and the province of New Brunswick is limited to 400,000. The province of Nova Scotia may reach a population of 800,000, and when it does, the amount which it will contribute to the customs and excise will be very much greater than the amount which it contributes when it has a population of only 400,000. The same is true with regard to the population of Quebec and Ontario, and with regard to the amounts payable to them. But there is another reason why this allowance made to the different provinces is absolutely illogical. Every one who has made the slightest study of political economy knows that the producing power of money varies from time to time. Therefore, 80 cents per head of the population of the provinces in 1905, is an absolutely different thing to what 80 cents per head was in 1867. In this connection I may say that one of the provinces of confederation is at the present time making a claim which, perhaps, may be entitled to some consideration, whether we agree with it or not; the province of British Columbia is making a claim at the present time, as I understand, upon this government for the reason that it costs so much more to construct public