

new provinces at what in our judgment is a correct amount, and then let the others level up to that.

Sir WILFRID LAURIER. For my part I would not concur with the view just now enunciated by the hon. member for East Grey (Mr. Sproule). Speaking for myself personally, I think that the whole system of giving subsidies to the provinces is one subject to very serious objection, but we have adopted it at the time of confederation and wrong or right we have to abide by it and live up to it, although it is wrong in principle. As has been said by the hon. Minister of Finance (Mr. Fielding) it is not a system satisfactory to the provinces. I agree with the Minister of Finance to this extent that if you adopt this principle of going by estimate—it is wrong, but you have adopted it, you have put it in your Bill, and the reason for it was that the Dominion took away from the provinces their sources of revenue, customs and excise. If that be the case there is strong reason to support the view of the Minister of Finance that there should be no limitation to population, that there should be a system of adjustment which would work automatically, whereby the subsidy of 80 cents per head would increase with increasing population. That is a view of the case which is well worthy of consideration. The province of Quebec has complained against the present system it is true, but the province of Quebec is not alone in that complaint; all the provinces have complained, and without at all committing the government, speaking for myself, I think it is one of the questions which will have to be taken up by the federal government in conjunction with the provinces at no distant date, but I do not think at this present time, as we are legislating within the corners of the British North America Act, that it would be advisable to depart in favour of these provinces from the principle which has been applied to the other provinces. There is in the other provinces a limit of population beyond which their subsidy does not increase and so long as this is the case for the other provinces, I think there ought also to be a similar limit imposed upon the new provinces which we are about to create.

Mr. SPROULE. I am not objecting to the limit of population because that seems to be on the same principle throughout, but I want to draw attention to what the hon. member himself has admitted. What is the cause of these repeated applications from the provinces? They are made because we took away from the provinces their sources of revenue. Need I draw attention to the fact that their sources of revenue were customs and inland revenue, and what they could make from their timber, lands and mines? We did not take from the other

provinces their timber, their lands and their mines, but we have taken these assets from these new provinces, and whereas we took away only a portion of the sources of revenue from the other provinces, we are taking the whole of the sources of revenue away from these new provinces, and yet, notwithstanding that, we only allow them the same proportionate rate as we allowed to the provinces which retained part of their sources of revenue. It is true that we give them for the land—

Mr. FIELDING. We are allowing them for the land besides.

Mr. SPROULE—it is true we give them something in lieu of the lands, but we are assuming that they have a certain number of acres of land and we are putting an arbitrary value on that which would be about the lowest value you could put on land in the Northwest; not the value of lands there at the present time. The estimate of the land is not at all the amount of land that is within their territory nor is the arbitrary value the value that the lands could be sold at in that territory to-day, because if the lands were left in the possession of the new provinces and they could sell them at the price which they might fairly realize for them to-day they could secure a very much larger sum for them. But after a while, when a portion of the lands are sold, the crowding of population becomes greater and the lands increase in value to \$10 or \$15 or \$20 an acre, and yet there are millions of acres of land in their territory unsold, but held by the Dominion government. What about these people? They are not allowed the advantage of the revenue derived from those lands nor are they receiving any part of their enhanced value. That will be a source of annoyance to them in the future, and will probably be a reason why they will come back here and ask a readjustment of the subsidies. Therefore I think we should fix the subsidies on some principle that will be a finality. I remember on two different occasions, when this question was being considered in this House, and additional subsidies were being granted to the provinces—I think it was in 1884, when we granted additional subsidies, that we were told that the arrangement then made was to be a finality, as the previous arrangement was understood to be; and yet the matter was brought up again afterwards, and the Hon. Edward Blake said this was a finality of a finality, and it was never to be taken up in this House again. And yet we are likely to take it up again, and the right hon. the First Minister himself is admitting the justice of the claim. Is it not better to settle the matter on some basis that will be a finality, and let the provinces understand that they must adopt some other means of raising a revenue and keep their expenditure within that revenue, otherwise they cannot expect to come back to the