

tions of a commercial undertaking. In the second place, a life office is a capitalist institution, holding in trust for eventual claimants the large accumulations making up the life assurance fund. Just as commercial ability and technical skill are needed in the first, so financial knowledge and judgment are required in the discharge of the latter. Now, I find that, taking for comparison the individual years 1871 and 1904, the premium income of all ordinary life offices making returns to the Board of Trade has increased from about £10,000,000 to £25,000,000. This may be taken as a measure of the trading function of life offices. On the other hand, the accumulated funds, which are the measure of their capitalist function, increased from about £100,000,000 to nearly £300,000,000. Incidentally, it may be stated that the revenue from interest now amounts to about £11,000,000, and, with the income tax at 1s. in the £, the life offices contribute more than half-a-million a year sterling towards this impost. Nothing surely needs to be added in the way of argument to the figures last given to show the magnitude of the interests controlled by our life offices."

#### PROVINCIAL SUBSIDIES.

The question of provincial subsidies though not of a nature to appeal to any strong interests, such as those of a tariff character, is still a matter of considerable importance. As the needs of the provinces for more revenue increase the provincial subsidies question will attract more attention.

Before Confederation took place in 1867, very prolonged debates took place in regard to the financial arrangements that would be made between the several parties thereto, viz., the Provinces of Quebec and Ontario, which had already been confederated as the "Province of Canada," and Nova Scotia and New Brunswick.

It was agreed that the Dominion should assume the debts of the several provinces, and that from the Federal revenue a subsidy be paid annually to each of the four original provinces, who were joined by Confederation, equal to 80 cents per head as ascertained by the Census of 1861, except in the case of Nova Scotia and New Brunswick, to which provinces it was arranged that the subsidy should be increased, after each decennial census, until the population in each province reached 400,000.

Besides this subsidy there is given to each province an annual allowance for Government and also an annual allowance of interest on the amount of the debt allowed, where the province has not reached the limit of the authorized debt.

Under various adjustments and under arrangements by which the provinces entered the Confederation, the provincial debts assumed were as follows:

Province of Canada .....	\$62,500,000
Nova Scotia .....	8,000,000
New Brunswick .....	7,000,000
	<hr/>
	\$77,500,000

Debts were subsequently assumed or allowed as follows:

Nova Scotia, readjustment of 1869 .....	\$1,186,756
Old "Province of Canada," readjustment of 1873 ..	10,506,089
Province of Ontario .....	2,848,289
" Quebec .....	2,549,214
" Nova Scotia .....	2,343,059
" New Brunswick .....	1,867,720
" Manitoba .....	3,775,606
" British Columbia .....	2,029,352
" Prince Edward Island .....	4,884,023
Total provincial debts assumed .....	\$109,430,148

The payments made under the subsidies arrangement for a number of past years were:

#### SUBSIDIES TO PROVINCES PAID 1878, 1893, 1901, 1904.

	1878.	1893.	1901.	1904.
	\$	\$	\$	\$
Ontario .....	1,196,872	1,339,247	1,339,287	1,330,287
Quebec .....	959,252	1,086,714	1,086,713	1,086,713
Nova Scotia .....	418,701	432,814	432,807	432,806
New Brunswick .....	440,123	483,580	483,492	491,361
Manitoba .....	90,000	437,601	483,687	533,116
British Columbia .....	205,093	243,585	242,689	307,077
P. E. Island .....	159,764	221,052	181,932	211,931
Totals .....	3,472,807	4,244,623	4,250,607	4,462,292

The subsidies paid to the four original provinces in the years 1878, 1893, 1901, and 1904, bore the following ratios to the total revenue of the Dominion:

	1878.	1893	1901.	1904.
	p.c.	p.c.	p.c.	p.c.
Ontario .....	5.30 p.c.	3.50 p.c.	2.50 p.c.	1.90 p.c.
Quebec .....	4.28 p.c.	2.84 p.c.	2.10 p.c.	1.50 p.c.
Nova Scotia .....	1.76 p.c.	1.13 p.c.	0.82 p.c.	0.61 p.c.
New Brunswick ..	1.85 p.c.	1.26 p.c.	0.92 p.c.	0.69 p.c.

Under the Revised Statutes of Canada, chap. 46, section 5, Manitoba is entitled to have a readjustment of her per capita allowance every 2½ years, instead of once every 10 years, as is the case of other provinces.

The population of the several provinces as given in the census of 1871, 1881, 1891, 1901, was as follows:

	1871.	1881.	1891.	1901.
Ontario .....	1,620,851	1,926,922	2,114,321	2,782,947
Quebec .....	1,191,516	1,359,027	1,488,535	1,648,898
Nova Scotia .....	387,800	440,572	450,396	459,574
New Brunswick .....	285,594	321,233	321,263	331,120
Manitoba .....	18,995	62,260	152,506	235,211
British Columbia ..	36,247	49,459	98,173	178,657
P. Edward Island ..	94,021	108,891	109,078	103,259
Territories .....	.....	56,446	98,967	211,649
Population of Can. .	3,635,024	4,324,810	4,833,239	5,371,315
per head ..		per head.	per head.	per head.
Revenue per head ..	\$5.31	\$6.85	\$7.90	\$13.14

In the same period the extent of the foreign trade per head has greatly increased, the amount for the above years being respectively as follows:

	\$	\$	\$	\$
	46.86%	47.10%	45.10%	88.00%

The amount of duty collected from the imports into each province in 1893 and in 1904, is of considerable interest in connection with the provincial subsidies' question, for, by the Confederation settlement the several provinces were deprived of their local income from customs duties and excise. The