

explored. I think some plan might be arranged by which the provinces of the Northwest could derive some immediate benefit from them. It is quite certain that Manitoba, for instance, must have some other means of revenue than merely the specific grant of \$60,000 and 80 cents per head on actual population. The sum derived from these two sources would not suffice to pay one-half the whole cost of local Government. As already stated I am averse to renewing the system of a credit capital debt, because I think the principle a wrong one and liable to lead to confusion in the future. The only thing left them from which to derive a revenue is the land, as no other source for raising money is within the reach of the new provinces. Manitoba, however, cannot wait until all the lands of the Northwest are surveyed and apportioned for railway, school and Hudson's Bay Co. purposes, and so some temporary plan must be adopted in the meantime to get over the difficulty. I stated in my last letter that 138 million acres would be left for the maintenance of the provinces after paying the whole cost of the Pacific Railway, and laying aside the school and Hudson's Bay lands. We will suppose that four provinces will be created in the Northwest, each one about equal in size to the others. We will then throw off the 38 millions to pay for expenses of management and for worthless lands. This will leave 100 millions, which, divided by four will be 25 millions for each province. To make our calculations as nearly correct as possible we will, however, throw off an additional 10 millions from the share of each Province, leaving 15 millions, which, after having been sifted as thoroughly as I have done, will surely turn out to be good agricultural and valuable lands. We will, however, still continue to value these lands at \$1 per acre nett, which will give to each of the Provinces \$15,000,000 of a capital in real estate. Now as the Pacific Railway is to be completed in ten years it will surely happen that by that time it will have

been determined which lands are to be handed over to Manitoba as its share. In the meantime, however, the Dominion will be in possession of the security. Now if an understanding was arrived at that as soon as the Pacific Railway and other lands shall be determined upon and set aside the balance will be handed over to the Province, Manitoba would have some security with which to visit the money market and effect a loan for the purpose of defraying current expenditure, pending her getting actual possession of her lands, or the Dominion would be justified in advancing a regular annual sum to be recouped from the first sales of Manitoba lands. This would be justifiable, inasmuch as the security for repayment of the advance would remain in the hands of the Dominion, and a sufficient number of acres could be retained to cover the amount advanced ere the balance of lands was handed over to the province.

I do not suppose that anyone will argue that after the cost of railway construction is liquidated, and the whole of the charges on the lands satisfied, the balance ought to remain the general property of the Dominion. If this were to be the case, then the Dominion would have to provide a specific grant for each of the Northwest provinces to enable them to carry on local government and prosecute local improvements. And as the country would become more and more developed, the burden of providing for the requirements of the Northwest would increase in proportion until the, Dominion would find a millstone round its neck, very irksome indeed to bear. Especially would this be the case when the provinces, having to rely on the Dominion altogether for support, would be likely to harrass the Federal Government by continual complaints and fresh demands, while if the more independent course was pursued by handing over the lands, a line would be drawn over which the provinces could not reasonably expect to step.

Yours,

JULIUS.

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