

It was clearly also the intention of the Act, that the cost in the Provinces of Civil Government and Legislation, should be provided for by a specific grant for those services. The grants made for this purpose in the Act were for Ontario \$80,000, Quebec \$70,000, Nova Scotia \$60,000, and New Brunswick \$50,000. These grants are found to be totally inadequate to meet the services. The very first year in Ontario under the admittedly economical administration of Sandfield Macdonald, the expenditure was found to be double the amount allowed. Last year the expenditure in Ontario for these services was \$312,000, and in Quebec \$397,000. The proposal of the conference is to make a moderate increase in those allowances, extending in favor of the smaller Provinces, the admission in the original scheme, that the expenditure for these services must in these be, proportionately to population, greater than in the larger. These allowances are graded upon a scale of increasing population governing the future, so as to close the door against special allowances outside of the scale of increase provided for. (Hear, hear.)

Let me give that portion of the resolution governing the allowances :—

- (A) Instead of the amounts now paid, the sums hereafter payable yearly by Canada to the several Provinces for the support of their Governments and Legislatures, to be according to population and as follows :—

(a) Where the population is under 150,000	\$100,000
(b) Where the population is 150,000 but does not exceed 200,000.	150,000
(c) Where the population is 200,000 but does not exceed 400,000.	180,000
(d) Where the population is 400,000 but does not exceed 800,000.	190,000
(e) Where the population is 800,000 but does not exceed 1,500,000.	220,000
(f) Where the population exceeds 1,500,000	240,000

Then again the principle of population governing the subsidies, was recognized in the original scheme. It was recognized that a more populous province should receive a larger subsidy than one having a smaller population. But if a subsidy is to be based on population at all, it seems logical that it should be on that population as it increases. The only condition under which such would not be equitable would be, if the Federal revenues had not increased with the increase of population. No such conditions exist to bar the extension of a just principle. On the contrary, Federal revenues have largely increased, while our provincial subsidy has remained stationary. It must not be forgotten that the provinces in entering Confederation voluntarily gave up to the Dominion, their Customs, Excise and other revenues, with the condition that out of these, provision should be made for their local wants. These revenues amounted at that time to \$13,716,000. In the words of the resolution—

(2) "The revenue of the Dominion, at the inception of Confederation, was \$13,716,786, of which 20 per cent., or \$2,753,906 went to the provinces for provincial purposes, 80 per cent., or \$10,962,880, going to the Dominion; that by increased taxation, on an increased population, the Dominion revenue has been raised from \$13,716,786 to \$33,177,000; that, while this increased taxation is paid by the people of the provinces, and the increase of population imposes upon the provinces largely increased burdens, no corresponding increase of subsidy has been granted to them, 13 only, instead of 20 per cent. of the increased revenue of the Dominion, or \$4,182,525, being now allowed to the provinces, while, instead of 80 per cent., 87 per cent., or \$28,994,475, is retained by the Dominion."

The honourable leader of the Opposition objected to the total revenue being taken instead of customs and excise only, claiming that the other revenues were in no sense taxation or had been increased by taxation. He said it was grossly misleading to say that the \$33,000,000 were taken out of the pockets of the people, and he instanced the post-office revenue as included in that which was not taken out of the pockets of the people. Well, let us consider the honourable gentleman's objection.

But first, let me say, that if we had desired only to make an effective contrast between the proportion allotted to the province at Confederation and now, we could have done it more effectively by taking the customs and excise alone, than by taking the whole revenue.