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Prince Edward Island's Claims

(Continued from page 1)

the several Provinces now embraced in the Dominion, Prince Edward Island, on entering the Union, shall be entitled to incur a debt equal to $45 per head of its population, as shown by the Census Returns of 1871, say $4,230,945.

3. Prince Edward Island, not having incurred debts equal to the sum authorized in the preceding paragraph, shall be entitled to receive by half-yearly payments in advance from the general Government, interest at the rate of five per cent. per annum on the difference from time to time between the actual amount of its indebtedness and the indebtedness so authorized, viz., $4,230,945.

4. Prince Edward Island shall be liable to Canada for the amount (if any) by which its public debt and liabilities at the date of the Union may exceed $4,230,945, and shall be charged with interests at the rate of five percent per annum thereon.

5. The Island Government holding no lands from the Crown and consequently enjoying no revenue from that source for the construction and maintenance of local works, it is agreed that the Dominion Government pay in half-yearly instalments, and in advance, to the Government of Prince Edward Island $45,000 per annum, less five per cent upon any sum not exceeding Eight hundred thousand dollars ($800,000), that the Dominion Government may advance to the Island Government for the purchase of lands now held by large proprietors.

6. In consideration of the transfer to the General Parliament of the power of taxation, the following sums shall be paid yearly by Canada to Prince Edward Island for the support of its Government and Legislature, to wit, $30,000; and an annual grant equal to 80c per head of the population, as shown by the census returns of 1871, viz., 94,021, both half yearly in advance ; such grant of 80c per head to be augmented in proportion to the increase of population as may be shown by each subsequent decennial census, until the population amounts to 400,00, at which rate such grant shall thereafter remain ; it being understood that the next census be taken in the year 1881.

7. The Dominion Government will assume and defray all the charges for the following services, viz.,

(A) The Salary of the Lieutenant Governor.

(B) The salaries of the Judges of the Supreme Court and District or County Courts when established.

(C) The charges in respect to the Department of Customs.

(D) The Postal Department .

(E) The protection of the Fisheries.

(F) The Provision for the Militia.

(G) The lighthouses, shipwrecked crews, quarantine and Marine hospitals.

(H) The Geological Survey.

(I) The Penitentiary.

(J) Efficient Steam Service for the conveyance of mails and passengers to be established and maintained between the Island and the Dominion, Winter and Summer, thus placing the Island in continuous communication with the Intercolonial Railway and the Railway system of the Dominion; and such other charges as may be incident to and connected with the services which, by the "British North America Act, 1867" appertain to the General Government, and as or may be allowed to the other Provinces.

8. The population of Prince Edward Island having been increased by 15,000 or upwards since 1861, it is agreed that the Island shall be represented in the Dominion House of Commons by six (6) members. The representation to be readjusted from time to time under the provisions of "The British North America Act, 1867."

9. The constitution of the executive authority and of the Legislature of Prince Edward Island shall, subject to the provisions of the said Act, continue as they exist at the Union until altered under the authority thereof, and the House of Assembly of Prince Edward Island existing at the date of the Union shall, unless sooner dissolved, continue for the period for which it was elected.

10. The provisions in the aforesaid "British North America Act, 1867" shall, except those parts thereof which are in terms made or by reasonable intendment may be held to be specially applicable to any only affect one and not the whole of the Provinces now composing the Dominion; and except so far as the same may be varied by these Resolutions, be applicable to Prince Edward Island, in the same way, and to the like extent as they apply to the other Provinces of the Dominion, and as if the Colony of Prince Edward Island had been one of the Provinces originally united by the said Act.

11. The railways under contract and in course of construction for the Island Government shall be the property of Canada.

12. The new building in which are held the Law Courts, Registry Office, &c., shall be transferred to Canada on the payment of the sum of $69,000; the purchase to include the land on which the buildings stand and a suitable space of ground in addition for yard room, &c.

13. The steam dredge boat in course of construction to be taken by the Dominion at a cost of not exceeding $22,000.

14. The steam ferry boats owned by the Government of Prince Edward Island and used as such to remain the property of the Island.

15. The Union shall take effect on such day as Her Majesty, by Order in Council or an Address to that effect in terms of the 146th Section of the "British North America Act, 1867" may direct; and Prince Edward Island may in such Address specify the electoral district for which and the time within which the first election for members to serve in the House of Commons in Canada shall take effect.

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Prince Edward Island in Confederation.

As has already been shown, Prince Edward Island did not enter readily, nor even willingly into Confederation, but having taken the step, its people have not looked back. There has been no shirking in the performance of their part of the agreement. Nor has there ever been any openly expressed desire to repudiate or break away from it. But nevertheless Prince Edward Island has not progressed under Confederation. Its advance in population and wealth during its Colonial existence has already been shown. The population in 1871 was 94,021. It increased but at a diminishing ratio up to 1871, when it was 109.078, then it began to decline and in 1921 it was 88,615. While there were no means of ascertaining the present population, there can be no doubt that a census taken at the present time would disclose a sharp decline. Prince Edward Island is the only Province of Canada which has thus suffered.

The question will be asked, has Confederation been responsible, and why? It is submitted the question must be answered in the affirmative.

As has been already stated, Prince Edward Island, before Confederation, as an independent self governing Colony was mistress of its own destiny and had established and developed channels of trade best suited to its own peculiar position and conditions.

Local industries had been founded, and had grown to supply the growing needs of the Agricultural population. In short, the Colony, industrially and commercially had grown and developed as a balanced self sufficient community.

The effect of Confederation was to destroy or divert the setted channels of trade from established markets to new or potential markets in other parts of Canada.

The success of this change depended upon the provision of proper and adequate transportation facilities. On account of our insular position, we were under the changed conditions especially handicapped during the winter season. This was recognized at Confederation, and was intended to be protected by the following term of the Confederation agreement.

"Efficient Steam Service for the conveyance of mails and passengers to be established and maintained between the Island and the Dominion, winter and summer, thus placing the Island in continuous communication with the Intercolonial Railway and the Railway System of the Dominion."

It is submitted that the non fulfilment of this term has been the chief cause of the failure of this Province to progress since 1875.

Again, while we were a self governing Colony, by our tariff we were able to protect our own manufacturing industries and they grew accordingly. With the removal of the tariff, the mass production of the great central Provinces killed our modest, industrial concerns. It will be conceded that one of the serious problems of Canada, as well as other Countries in these days, is the disposition of the people to congregate in the Cities, at the expense of the rural communities. In the other Provinces, this movement from the rural to urban communities does not mean a loss to the Province, but in Prince Edward Island, which is now a purely rural community, with only agriculture as an occupation, the movement from country to city, means also a movement from the Province.

Not only have the great industries of the Central Provinces killed the smaller rivals, but the process of centralization of wealth and industry which has been taking place ever since Confederation also robs Prince Edward Island. An ever increasing proportion of the savings of our people is being invested in the capital stock of industrial and other concerns and carried out of our circulation to the Central Provinces to incidentally increase their Provincial revenues.

Succession Duties

The average of the Succession Duties paid in the other Provinces of Canada is 86½ cents per head.

The rate per head in Prince Edward Island is 15 cents.

The difference per head is 61½ cents.

Taking the present population of this Province to be 80,000,—

If we were up to the average of the other Provinces we would have an additional revenue of $49,200.

In re Company Taxes—The average received in other Provinces per head of population is over $1.33.

In Prince Edward Island it is 31 cents—a difference of $1.00 approximately.

On same basis of population our increase in revenue would be $80,000.

	$49,200
	80,000
Total increase	$129,200

We obtain a smaller proportion of direct beneficial results of Federal Expenditure than any Province of Canada.

Since Confederation we have been contributing our proportion to the revenues of Canada. These revenues have gone to construct the great public works of Canada, such as Railways and Canals. These are of little value directly or indirectly to this Province. Our only exports are agricultural products. These we cannot sell to any extent in Canada, except in the Maritime Provinces. The freight rates are prohibitive and we would be competing with farmers on their own ground.

GENERAL STATEMENT RE PROVINCIAL SUBSIDIES FROM FEDERAL GOVERNMENT

By Imperial Order in Council 26th June, 1873	
Debt Allowance	$ 4,701,050.00
from which debt of Province to be deducted and 5% allowed on balance	
For want of Public Lands	45,000.00
annual payment.	
Less deduction of interest at 5% upon any sum not exceeding $800,000 which the Federal Government may advance to P. E. I. for the purchase of lands held by large proprietors	
For Government and Legislature, annual	30,000.00
80c per head of population according to census of 1871, 94,021	75,216.80
In 1884 by Federal Statute there was an increase in debt allowance of	182.973.78
And about the same time there was a draft by the provinces on the debt allowance principal sum of	200.000.00
Federal Statute of 1887 giving general increase in subsidy	20,000.00
Federal Statute of 1901 providing increase to be paid and accepted in full settlement of all claims of said Province against Canada on account of Terms of Union as respects the maintenance of efficient steam communication between the Island and mainland	30,000.00
1907 Amendment to British North America Act providing where population is under 150,000 subsidy for Government shall be $100,000.00 which gave this Province increase of	70,000.00
General increase of subsidy under Act of 1912 (Federal) 2 Geo. V., Cap. 42.	100,000.00

A Subsidy as at Present Received

Allowance for population, 109,078 @ 80c	$ 87,262.40
Allowance for Government	100,000.00
Int. on debt allowance $775,791.83 @ 5%	38,789.58
Balance on subsidy for want of Public Lands after deducting int. on amt. advanced to pay off land proprietors	
Increase of 1887	5,879.90
Increase of 1901	20,000.00
Increase of 1912	30,000.00
	100,000.00
	$381,931.88
Less deduction on acct. of Hillsboro Bridge	9,750.00
Amount actually received annually	$372,181.88

The deduction of $9,750.00 re Hillsboro Bridge is explained as follows:

In or about the year 1904 a branch Railway from Charlottetown to Murray Harbour was built. This necessitated a bridge across the Hillsborough River. A railway and traffic bridge in use on the Miramichi River in New Brunswick, but which was not strong enough to carry the heavier rolling stock then coming into use was transferred and placed on the Hillsborough River. There had previously been a ferry on this river maintained by the Provincial Government, which now became unnecessary. It was agreed between the Federal and Provincial Governments that this amount should be deducted from subsidy as interest on a proportion of the capital cost of the Bridge.

COMMENT RE SUBSIDY

The debt of Prince Edward Island deducted from the debt allowance represented principally the cost of the Prince Edward Island Railway.

The transaction was carried out in this form:

Canada paid at maturity the debentures which had been issued by the Provincial Government to meet the cost of the road; then charged the Province with the amount and took over the road.

In 1873 it was estimated that the expenditure of canada upon railways and canals would not exceed $79,000,000 and on this estimate the balance of the debt was computed.

When it consented to allow Canada to charge as part of the Provincial debt the cost of the railway, and forthwith presented it to Canada, it was not contemplated that the further expenditure on railways, and canals on the mainland should amount to hundreds of millions of dollars in excess of the estimate. The system of construction Provincial railways, or subsiding the same, was then still in the future. The enormous increase of Federal taxation was not even dreamt of.

complete change in the railway policy of Canada since 1873 justifies the claim of this Province to be indemnified in respect of the cost of this railway, which was given to Canada, upon the assumption that the railway policy of Canada was then settled. Since that time a railway has been built by Canada in the neighboring Island of Cape Breton at a cost of $3,800,000.

In accordance with the railway policy carried out in Canada in recent years, a private company constructing such a Railway at that in P. E. I., would receive a subsidy of from $3,200.00 to $6,400.00 per mile, and would then own the road.

This Island received nothing and gave the road away.

The subsidy for want of public lands is hereafter dealt with.

The subsidy of $30,000 granted in 1901 in settlement of the claim of this Province for failure of Canada to carry out that term of Confederation respecting the maintenance of efficient Steam communication is legally effective in two respects.

1 It acknowledges liability on the part of the Dominion of Canada, both as to breach of the contract and for payment of compensation therefor.

2 It settles the claim up to the year 1901. The submission made by the Government of this Province to the Federal Government in 1912 claimed the following:

This claim was settled up to the year 1901, by the grant of a subsidy of $3,000.00 per annum, and the present claim is from the year 1901 to the present date. During this period the Province has suffered grieviously. For examples: In the years 1902-3 there were forty five days on which no trips were made; and thirty-three days on which half trips only were made by the winter boats. In 1904-5 there were fifty-four days on which no trips were made; and nineteen days with half trips only. For twenty-one days no mails were received from any quarter. In 1906-7 there were thirty-five days with no trips; and twelve days with half trips.

Great as is the loss from each interruptions of communication, it is small compared with that caused by the uncertainty that continually hangs over the winter service. The possibility of failure is always staring up in the face and paralyzing the energies of our people. Shippers from this Island of perishable produce, such as fish and meats, were ruined by these disastrous years, and the general losses were very great in the aggregate.

This Province would not have entertained a proposal to surrender its fiscal independence and to change the currents of its trade, were it not for the undertaking of Canada to provide continuous communication with the railway system of the Dominion. The failure to carry out this contract is responsible in a large measure for the reduction of our population which involves all losses.

It is submitted that the first earnest and practical attempt by the Federal Government to carry out its contract with the Island is to be found in the undertaking by the present Government to construct a car ferry, which it is sincerely to be hoped may be the means of bringing to an end this long continued grievance.

The Car Ferry began to operate in 1917, but up to date efficient communication according to the true intent and meaning of the term has not been provided. This subject will be dealt with in detail in the submission to be made re transportation.

It is submitted that even if it is considered that the subsidy of $100,000 granted in 1912 was in full settlement of this claim to that date, a further addition thereto should not be allowed for substantial breaches since that date.

SUBSIDY FOR WANT OF PUBLIC LANDS

When Prince Edward Island joined the Confederation one of the terms of Union provided as follows:

"That as the Government of "Prince Edward Island holds no "lands from the Crown, and consequently enjoys no revenue from "that source for construction "and maintenance of local works, "the Dominion Government shall "pay an annual subsidy of $45,000 "less five per cent per annum upon "any sum not exceeding $800,000 "which the Dominion Government "for the purchase of lands now "held by large proprietors."

Prince Edward Island never had any Crown Lands. As early as 1767 its lands had been divided by lot among certain persons who had been considered as deserving at the hands of the British Crown. These lands were let by these persons (commonly called proprietors) to the settlers, who became tenants for years to these proprietors. Thus, many years before Confederation, all the lands of the Province were in this situation. Very early in the history of the colony the system of landlord and tenant became very unpopular. In fact, the tenant citizens of the colony became so restive that strife broke out in many places. The situation became so serious that in 1853 the Legislature of the Colony passed legislation empowering the Government to purchase the fee simple of the lands from the proprietors (who were absentees) and to sell to the tenants occupying the same. In pursuance of this and other similar legislation, the Government of the Colony up to the date of Confederation had bought out from the proprietors for the protection of the tenants a large proportion of the holdings of the former. In fact, these purchases, with purchases made directly by the tenants from the landlords, constituted three-fifths of the available lands, leaving two-fifths still to be bought out. The Government of the Colony had financed these purchases out of current revenue. The loans of $800,000 mentioned in the Confederation term above recited was made to the Province for the purpose of settling with these remaining proprietors. This borrowing power was exercised by the Province up to the amount of $782,402.33, and the interest upon this sum has reduced our subsidy for want of public lands to an annual amount of $5,879.88. It may be said that the Province obtained revenue from the resale of these lands to the tenants. That statement, however, is not correct. In the final result, as nearly as can be ascertained, the total price paid by the Island to the proprietors was $1,490,465, and the total receipts of principal and interest amounted to $1,300,466,—a loss to the Province of $190,000 on the principal outlay alone, without computing interest or making any charge for the cost of administration of same. It is necessary to emphasize the point that Prince Edward Island has not nor ever had public or Crown lands. What was purchased as above stated was the right to act as trustee as between the absentee landlords and the tenant occupiers of the lands.

The Province did not acquire these lands from the proprietors as a revenue producing venture, and it did not turn out so.

There are two classes of Provinces with regard to lands and natural resources; those that possess lands and natural resources and those that do not. Prince Edward Island, Manitoba, Saskatchewan and Alberta belong to the latter class. Prince Edward Island was the first Province to receive recognition as such by way of Federal subsidy. Manitoba in 1882 also was granted a subsidy of $45,000 for want of Public Lands. In 1885 this subsidy was raised to $100,000. In 1905, Saskatchewan and Alberta were created Provinces, and both the Saskatchewan and Alberta Acts contained a provision for payment of subsidy for want of Public Lands upon the following scale:

The population being assumed to be 250,000, they were given as subsidy for want of Public Lands, $375,000, with further provisions for adjustment upon increase of population. At that time the actual was considerably less than the assumed population.

In 1912 by the Manitoba Boundaries Act, that Province was put upon the same scale of payment as Alberta and Saskatchewan, and the provision was made retroactive. Prince Edward Island is only landless Province that has been left out. She apparently receives $45,000 per year. In lieu ity she receives $5,879.90, the difference between $45,000 and $39,120.10, the interest on money loaned her to provide her citizens the freehold of the land holdings.

Even for the sake of uniformity and in ordinary justice, Prince Edward Island should receive subsidy upon the same basis and upon the same scale, i.e., upon an assumed population of 109,074 (the assumed population for the purpose of the settlement of per capita subsidy) and upon the basis of $1.50 per head. She has absolutely no public lands, no revenue from that source, and no possibility of improved position in that regard for the future.

In that respect, she is worse even than her western sisters. To-day, for they receive large yearly additions to their provincial revenues from the school lands, amounting in the year 1925 to Manitoba to $309,964.89; Alberta to $706,616.36; and Saskatchewan to $1,224,961.15. They have in prospect a rich public domain which we in the east are willing that they should receive.

(To be Continued)

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