

SUBSIDY QUESTION REVIEWED IN SENATE

(Continued from Page 1)

Manitoba's Subsidies

In 1870 the Government of the day bought the territory known as Rupert's Land from the Hudson's Bay Company, and in the same year the Province of Manitoba was established. The money paid to the Hudson's Bay Company, together with the cost of surveying the lands, polling the territory, and other incidental expenses, became a charge on the public revenues of Canada. When Manitoba became a province she did not get the ownership of the lands and natural resources within her boundaries. The Crown in Canada retained them and gave to every man who would take up a homestead in Manitoba 160 acres of land free. Under these circumstances Manitoba had to get certain subsidies from the Federal treasury to enable her to set up housekeeping and meet the necessary expenses, but none of these subsidies was earmarked as a payment in lieu of public lands.

In 1873 Prince Edward Island came into the Confederacy. She had no public lands, and never had any. Many years before that time the Crown of England gave them all away to a few favourites in the Old Country. If the Crown in Canada had bought out the English proprietors in the same way that it bought the western lands, and had given homesteads to the settlers in Prince Edward Island free, it would have pursued, in principle, in respect to that province, the course followed in the case of Manitoba, but it did not do this. The Federal Government gave to Prince Edward Island a subsidy in lieu of public lands of \$45,000 a year, and agreed to loan the Provincial Government any sum up to \$800,000 it might wish to borrow to buy out the proprietors, upon which sum five per cent interest would be charged, and deducted from this subsidy. This borrowing power was exercised by the Province to the amount of \$782,402.33, which reduced the subsidy in lieu of public lands to less than \$8,000 a year, or say six cents per head of the population.

Discrimination

In 1882 Manitoba claimed and received a subsidy of \$45,000 a year in lieu of public lands, which was more than 72 cents per head of her population. Discrimination against Prince Edward Island was then started, and it has been continued and, at frequent intervals increased ever since, as I shall abundantly prove. In 1885 Manitoba claimed and was granted, in lieu of public lands, a subsidy of \$100,000 a year, equal to more than 92 cents per head of her population. The discrimination against Prince Edward Island was thus increased. In 1905 Saskatchewan and Alberta were formed into provinces. Each received in lieu of public lands a subsidy of \$375,000, or \$1.50 per head on an assumed population of 250,000, but in the case of Alberta the assumed population was much greater than the actual. This subsidy was to be increased to these provinces as their population would increase. Each of these provinces received also, in lieu of public lands, the capital sum of \$468,750. Both Manitoba and Prince Edward Island were now discriminated against, but Prince Edward Island enormously so.

Has Reached A Crisis

Prince Edward Island still remains where she was in 1873, receiving six cents per head of her population. It would be hard to find in the history of the modern world a more pronounced example of discrimination, and the results are what might have been expected. Prince Edward Island has now reached what might be termed almost a crisis in her history. Notwithstanding economy in every department of the Government service, and the levying of all the local taxation the people can bear, we cannot make ends meet. We are going deeper into debt all the time, and the past year our total expenditure exceeded our total revenue by nearly \$200,000. This is a serious matter for so small a province, and if the Dominion were in a similar financial position it would mean a deficit of over one hundred millions of dollars.

Population Dwindling

Our population is dwindling all the time, while the population of every other province in the Dominion is increasing, and the worst feature of this situation is that the percentage of our young people who have not yet reached the earning period of their lives, and the percentage of the old people who have passed the earning

period of their lives, are much greater than in the other provinces. Additional local taxation is therefore out of the question. With our present revenue we cannot make anything like adequate provision for the sick and the poor amongst us. We cannot think of introducing the old age pension scheme, which several of the other provinces have adopted or are adopting. We cannot pay our school teachers salaries that will at all compare with the salaries which the men and women in the teaching profession in the other provinces receive. The consequence is that our educational system was on the eve of disorganization—perhaps disruption—late, and a crisis was narrowly averted. Our teachers threatened to resign in a body if their salaries were not increased. Under these circumstances, would it be unreasonable for us to ask, and expect, that we be immediately put upon an equality with the other landless provinces in the matter of subsidies? Surely not.

Appeal To Justice

Now allow me to compute what that would mean. The other provinces are receiving \$1.50 per head of their population, in lieu of public lands. We receive six cents per head—a difference of \$1.44. Some of the other provinces received their subsidy on an assumed population greater than the actual at the start. At one time our population was over 109,000; it is now less than 100,000. We think the decline in numbers has been caused in part at least, by the discrimination from which we have suffered since we entered the Union. Would it be fair first to treat us with injustice and then to punish us for all time for the consequences of that injustice? Surely not. Under the circumstances, I think that in all fairness our subsidy should be computed on a population of 100,000; and this would give us an additional subsidy of \$144,000.

Hon. Mr. Casgrain: What is the population now?
Mr. Hughes: About 90,000.
In 1912 Manitoba demanded that she be put on an equality with Saskatchewan and Alberta, and, in order that her equality might be real, that her additional subsidy be dated back. Her demand was granted and the principle of dating back to make equality absolute was then established. It cannot be denied to Prince Edward Island now.
From 1882 to 1885 Manitoba received 66 cents per head of population more than Prince Edward Island received. This would mean for the three years a capital sum of \$1,720,000. From 1905 to the present year, Saskatchewan and Alberta have been receiving \$1.44 per head of population more than Prince Edward Island has received. This would mean for these twenty-four years a capital sum of \$3,456,000, or a total capital sum of \$5,176,000, which at 5 per cent interest would yield an additional subsidy of \$258,700. This 258,700 would be the interest on the arrears, and the \$5,176,000 we are entitled to from this date forward would make our future subsidy, in lieu of public lands, \$418,700 a year. Furthermore, when the Prairie Provinces get their natural resources, if they retain the subsidies as well, we shall be entitled to a payment, in proportion to our population, upon the fair estimated value of these resources. This may appear large to some, but I submit that nothing less will put us upon an equality with the other landless provinces.

Additional Claims

In addition to her claims as one of the landless provinces, Prince Edward Island has claims which are peculiarly her own, and she has also claims in common with Nova Scotia and New Brunswick, which were recognized by the Duncan Commission when it recommended interim payments of \$125,000, \$600,000 and \$875,000 till final adjustments would be made. The common claims must of course be pressed in common and adjusted in common, but our own claims must be kept entirely separate and apart. It has been suggested that we merge all our claims with those of Nova Scotia and New Brunswick and press for a common settlement. I do not think worse advice could be given, and I hope it will not be followed. To mix up the claims of Prince Edward Island that have nothing at all in common with the claims of the other Maritime Provinces could not fail to cloud the issue and weaken our case.
When Manitoba in 1912 demanded the extension of her boundaries and the financial treatment equal to that which Saskatchewan and Alberta

were receiving, did she ask any other province to assist her? And if she did not, why should we? Her claims were so just that they could not be withheld, and ours one whit less just? Or do size and geography determine the quality of justice? It is true we cannot get an extension of our boundaries, but that is all the more reason why we should get equality of financial treatment.
In November, 1927, there was held at Ottawa a Dominion-Provincial Conference at which many important subjects were discussed, but nothing was settled as regards subsidies or public lands. Certain of the delegates from some of the provinces seemed to take a patronizing attitude towards Prince Edward Island, which, in my opinion, was altogether unnecessary and very unfortunate. I wish to emphasize here and now, as strongly as I can, that Prince Edward Island is not looking for alms or doles, but is asking for what she believes to be long over-due justice—such justice as Manitoba has received since the early days of her existence; such justice as Saskatchewan and Alberta have received since they were born. And this leads me to the conclusion that interprovincial conferences are not the best occasions to consider and settle all such questions as we are now discussing. The Parliament of Canada is, of course, the most representative and authoritative body that can be convened in Canada, and, in the last analysis, is the only body which can determine the policy the country should follow. To the Parliament of Canada I therefore make my appeal. Moreover, not the least of the duties of the Senate of Canada is the protection of the rights of minorities and small provinces. It is fitting, therefore, that I should introduce my appeal in this honourable House, and I do so with confidence.

I have endeavoured to present my case briefly and clearly, but in my desire to be brief, I may have sacrificed clarity, and if so, I shall welcome any question or questions that honourable members may ask me, calculated to clear up any points that may need elucidation. And now I respectfully ask my honourable leader, the representative of the Government in this Chamber, to give me an answer, if he can today; if not then at the earliest convenient date. Prince Edward Island cannot wait and should not be asked to wait till even next year.

Island Railway

Hon. J. P. B. Casgrain: Honourable gentlemen, we have been invited to ask questions. The address to which we have just listened has been very interesting, but those who are familiar with Prince Edward Island know there is perhaps no other part of Canada where the people are more happy and prosperous. I believe there are no paupers on that Island; all the inhabitants are in comfortable circumstances, and when the potato crops are good the people do very well. The province is the home of the silver fox industry, out of which much money is being made, and the whole I think the people down there are well off now. The whole country is interested in this matter. There is in Prince Edward Island a railway some 120 miles in length, which I believe is going to be extended. I understand that railway was not built at the expense of the province.
Hon. Mr. Hughes: The honourable gentleman is quite mistaken in that.
Hon. Mr. Casgrain: Did the province pay for the railway?
Hon. Mr. Hughes: We paid for the railway when we entered Confederation. We were credited with our share of the national debt and debited with our own debt and also with the cost of the railway.
Hon. Mr. Casgrain: How many miles in length was the railway in Prince Edward Island at that time?
Hon. Mr. Hughes: The cost was about \$3,250,000.
Hon. Mr. Casgrain: How many miles were there then?
Hon. Mr. Hughes: Not as many as there are now.
Hon. Mr. Casgrain: It was a narrow gauge road, about three feet six inches, with about 40-pound rails. I am not against Prince Edward Island, but I make these remarks merely that the House may understand the situation. I believe that at the time of Confederation, the province was allowed \$250,000 for whatever mileage the railway had.
Hon. Mr. Hughes: It was debited.

Suggests Government Control

Hon. Mr. Casgrain: Yes. And there is a very expensive ferry that is kept running between the mainland and Prince Edward Island at considerable cost, and I do not think the Island is called upon to contribute anything to that service. It was understood at the time of Confederation that there would be steam communication. There has been some talk of a tunnel, but that would cost more than the province itself, because the area of the province is rather restricted, as may be seen from the map. My honourable friend (Mr. Hughes) says the population is

50,000. I thought it was 88,000. But, whatever the population is, there are remedies which the province may take to improve its financial position. The Prime Minister of Nova Scotia, Hon. Mr. Rhodes, said the other day that they would have a deficit of some \$800,000 in Nova Scotia this year, if I am not mistaken, and that they were in financial straits. He thought if a referendum were taken as to whether that province should conform with other provinces in having Government control of the liquor traffic, the result might benefit the provincial exchequer to such an extent as to wipe out the deficit. I have no doubt that if they had some kind of liquor control in Nova Scotia it would settle many of their difficulties. The Government of the Province of Ontario last year received \$40,000,000 for the liquor they sold, and the profits were quite substantial. The Province of Quebec has made on an average between \$4,000,000 and \$5,000,000 a year, which has helped considerably. Other provinces that have liquor control have done very well also.

Liquor "Not So Scarce"

The people of Prince Edward Island want to enjoy the luxury of prohibition; yet, honourable gentlemen, liquor is not so scarce there as you might think. If the honourable gentleman would apply to his own Government to take the control of liquor into their own hands, they would have a remedy. The honourable gentleman knows that there are people in the province who drink. They drink without paying anything to the province, whether they get it through bootleggers—
Hon. Mr. Dandurand: Moonshiners.
Hon. Mr. Casgrain:—or from moonshiners, as the honourable leader says, or in any other way. However, there is one remedy.
Then I ask, honourable gentlemen, is it not an anomaly to have 90,000 people—the population of a ward or so in Toronto or in Montreal—governed as they are in Prince Edward Island? That is something that really ought to be considered. Notwithstanding their small population they have a governor, and houses of parliament, and all the other paraphernalia of government. Nova Scotia also has a comparatively small population, and it is not increasing; and if something is not done with the coal and steel industries down there the population will decrease still further. In New Brunswick the population is increasing somewhat, because some of my own countrymen live there, and they manufacture their own immigration year in and year out.
Now, in all seriousness, honourable gentlemen, I do not believe that the people of Prince Edward Island are badly treated. They have four senators to represent 88,000 people, and they have an equal number of members of the House of Commons—in fact, they have one member of Parliament more than they are entitled to according to the last census. Nevertheless, if they have come to the end of their tether, is it not time for them to consider joining with Nova Scotia, and perhaps New Brunswick too, to make one good, solid province?

Denies Prohibition

The honourable gentleman says the population of Prince Edward Island is not increasing—that the people are leaving. A good many of them are leaving because of prohibition; they want to go where they can enjoy full liberty, and the other good things of this world. I remember when there were 100,000 people in that province. My proposal to the honourable gentleman would be that he should suggest to his Government, first, that they adopt liquor control, which seems to be the salvation of the revenues of some of the provinces, and then that they consider the advisability of annexation with Nova Scotia, or with New Brunswick and Nova Scotia. In that way I think they might find a remedy.
Hon. Raoul Dandurand: Honourable gentlemen, I do not intend to enter into the merits of the claim of Prince Edward Island to a larger subsidy. I desire simply to examine into the history of the latter years. I find at page 18 of the Report of the Royal Commission on Maritime Claims a statement concerning the special case submitted to the Commissioners by the Government of Prince Edward Island. I shall read it to this Chamber, and it will be seen that many of the points made by my honourable friend (Hon. Mr. Hughes) were submitted to that Commission. The report says:

Reviews 1927 Conference

Honourable members of this Chamber know, and my honourable friend has recalled, that as a result of the findings of this Royal Commission interim or provisional payments were made of \$75,000 to Nova Scotia, \$600,000 to New Brunswick, and \$125,000 to Prince Edward Island. In view of the interest that all the provinces of Canada had in the financial arrangements made at the time of Confederation, or later, when other provinces entered the Union, it was deemed necessary that there should be a consultation of the financial rearrangement suggested by this Commission and a conference took place. My honourable friend seems to think that no very great advantage was obtained from that conference by any of the provinces, more especially by Prince Edward Island. Well I attended the conference, and, with all due respect, I believe my honourable friend is in error. One of the results has been that the Federal Government has had greater freedom of action in approaching the discussion and solution of this problem. The Federal Government meets the provinces, if not through official delegates coming to Ottawa, through members of the House of Commons and members of this Chamber. I remember that at previous conferences, when a claim was made by one province for an increased subsidy, the representatives of the other provinces immediately asked themselves whether the financial undertaking of 1867 was not being disturbed, or whether, as a result of such a request, or demand being granted, they would not be entitled to a proportionate increase. There seemed to be a desire to adhere as closely as possible to the act of 1867, which was extended to the other provinces that later on came into Confederation. But what took place at the last Conference? It was with considerable satisfaction that I noticed a difference in the atmosphere. Apparently Canada had grown and developed, and felt that it was in a much stronger position, and could take a more liberal view of these questions. The two great provinces of Ontario and Quebec were represented by their Prime Ministers, who rose and said that they were not averse to the other provinces obtaining the redress of their grievances, and even securing generous treatment, and both added that they would not on that score claim anything by way of compensation. That is something which my honourable friend has not noticed, and which inures, and will inure, to the material advantage of the other provinces. The interim payments are being made. The Finance Department, if it is not already doing so, will examine into the readjustment to be made; and at the present time the Dominion Government is in con-

Westerner's Argument

Hon. W. B. Willoughby: Honourable gentlemen, I desire to make a few brief remarks in reference to the case so very admirably presented by the honourable gentleman from Prince Edward Island (Hon. Mr. Hughes). I, as a Westerner, do not want to be clamorous at all times for what we in Saskatchewan and Alberta believe to be our legal and constitutional rights. It is admitted by all in the West that the position of Manitoba is not quite the same as that of the other two provinces. Manitoba's position is now being inquired into by a Commission, and I would not attempt to comment upon it, particularly as both the local and the Dominion governments are represented by men who are abundantly able to deal with the situation.
Because the territory is a little far afield and there may be some who are not familiar with the exact position that we in Saskatchewan and Alberta take, I may tell honourable gentlemen that we do not at all recognize the legal proprietorship of the Dominion Government in the natural resources of those provinces. We think that when those provinces were formed there was a violation of the spirit of the constitution, which never contemplated the creation of landless provinces. That position was maintained in this House by some of the most eminent members of the Liberal party of the time. Since then the investigations of those who have made a study of the legal question have carried the argument very much further: it is now maintained that we in those two Prairie Provinces have been and are the legal owners of the natural resources in those provinces. I am speaking now more particularly of Alberta and Saskatchewan, because we are not embarrassed by a special Act of the Imperial Government, as Manitoba is. The Acts depriving us of our natural resources are not Acts of the Imperial Government at all, and we maintain that it was not within the competency of this Parliament at any time to deprive us of rights that we acquired under the British North America Act.
I am not going to dwell on this subject. I referred to it here once or twice before, in a very brief way. In two of the Prairie Provinces, the two westerly ones, negotiations on these matters are either in progress or pending. Alberta apparently has deferred further action until the findings of the Commission dealing with the case of Manitoba are announced. Saskatchewan, I know, has been at various times in communication with the Federal Government, but I am not aware what, if any, negotiations are going on at the present time, nor am I in touch

WAKEFIELD
CASTROL
MOTOR OIL
In Use the World Over

PONDER THIS! Over 230 of the world's leading motor manufacturers definitely specify Castrol as the motor oil that will do the best job of lubricating the motor!

A Norwegian Fjord

with the western provinces with a view to a final settlement of the financial situation in conjunction with the transfer to those provinces of their natural resources.

No Legislation This Session

My honourable friend has stressed the point that Prince Edward Island is entitled to an increased subsidy, or to better terms, in accordance with those granted to the landless provinces of the West. I suggest to my honourable friend that the Maritime Provinces, and his province in particular, will lose nothing by awaiting the final settlement between the Government and the Western Provinces, for whatever benefits accrue to those provinces in the final settlement may have a beneficial effect upon his own province, and may afford stronger arguments than he can advance today for a final adjustment of the claims of Prince Edward Island.

The honourable gentleman asks whether legislation will be brought in this session for the settlement of the just claim of Prince Edward Island. I must inform my honourable friend that I do not believe such legislation can be forthcoming this session, because I understand that the Maritime claims will be taken up only after the settlement with the Western Provinces. An answer in the affirmative would of course mean that such a settlement is soon to be reached; but it does not follow that if there is failure or delay in reaching a settlement with the Western Provinces the Department of Finance will not set to work and endeavour to effect some adjustment of the situation with the Maritime Provinces. All I can tell my honourable friend is that, just as the Dominion Government is discussing this matter separately with each of the provinces in the West, when it comes to an adjustment with the Maritime Provinces, each and all of them will be heard and their views taken into consideration.

Hon. Mr. Hughes: Have I the right to say a few words in reply?
Hon. Mr. Dandurand: I am not sure that my honourable friend has a right to reply to an answer made by the Government, but I suppose that by leave of the House he may put further questions.
Hon. Mr. Hughes: I have no further questions to put.

House that the atmosphere was so agreeable that the Government feels it has the consent of the provinces to proceed with a settlement of all claims at an early date, and to make equitable as well as legal adjustments that would appeal to all the provinces. I am more interested in equity than I am in the legal aspects of the case, for "the letter killeth, but the spirit giveth life."
I wish only to repeat that we in Prince Edward Island do not desire to create the impression that we are asking for anything to which we are not entitled in equity and in justice, as an integral part of this Dominion.
If I may offer a homely illustration, it seems to me that the Dominion of Canada is like a family that consists of nine members, all settled on the family estate. If some of the family are located in places where they are at a great disadvantage as compared with other members of the family, there must inevitably be adjustments in order that the whole family may be contented and may share equally in the general prosperity.
There is no doubt at all that the central provinces, Ontario and Quebec, have enormous natural resources; and the same is true of British Columbia and, though perhaps to a lesser extent, of the Prairie Provinces. These provinces thereby derive an immense advantage over others that are less favourably endowed. It is not charity at all on the part of the other provinces to allow Prince Edward Island to share with them, proportionately, in our common heritage.

Hon. Mr. Willoughby: I do not want to create the impression that I am criticizing the position taken by my honourable friend (Hon. Mr. Hughes) or necessarily adverse to it; but I cannot admit the premises on which he founds part of his argument, namely, that the Dominion Government owned the resources of the Prairie Provinces, and, having made an allowance in lieu of them—
Hon. Mr. Hughes: In my view, that would not weaken my argument at all.

Not Opposed To Island Claims For Justice
Hon. Mr. Willoughby: It may be that the Maritime Provinces, including Prince Edward Island, require further financial aid from the Dominion. I have no doubt that for a time, at least, the Maritimes did not receive as great benefits from Confederation as did the two great provinces of Ontario and Quebec. The loss to the Eastern Provinces of custom duties and excise revenue must have been a very serious one for many years, and no doubt in several respects they suffered severely. Everybody in Canada sincerely hopes that the Maritimes may have increased prosperity; I think this sentiment is reflected, to some extent, in the appointment by the Dominion Government of the Duncan Commission. I believe the people of Canada approved of the finding of that Commission. No complaint that the Commission was too generous has come to my notice; the only criticism seems to be that their findings are not being fully implemented. Throughout the whole country I believe, there is a feeling that the recommendations of the Commission should be carried out. Certain the West is not opposing that view. I ask the honourable gentleman to think that I voice any opposition to the most generous treatment that can be given to Prince Edward Island.

Hon. Mr. Hughes: I hope I did not say anything that implied I thought so.

DR. J. P. MILLAR
DENTAL SURGEON
HOURS—9 to 12.30
2 to 5.30
Corner Queen and Richmond