

NAYS—Messrs. Baskerville, Blythe, Brereton, Broder, Carnegie, Clancy, Clarke (Toronto), Creighton, Denison, Ermatinger, Fell, French, Gray, Hammell, Hess, Hudson, Kerr, Lees, McGhee, Meredith, Merrick, Metcalfe, Monk, Morgan, Mulholland, Preston, Ross (Cornwall)—27.

It being 6 o'clock, the Speaker left the chair.

After recess.

DOMINION-PROVINCIAL FINANCES.

Hon. A. M. ROSS moved that Mr. Speaker do leave the chair.

Mr. MEREDITH said he proposed to move an amendment to put on record the views of the Opposition with regard to the Dominion-Provincial finances. It was said by the Government that when the sum equal to 80 cents per head was fixed upon as the Dominion subsidy, it was with a view of meeting the ordinary expenditure of the Province, and having regard to the proportion which that sum bore to the Dominion revenue at the time, it ought now to be increased in order to preserve that ratio. He called attention to the views of Sir Alexander Galt upon the subject of Provincial government, and asserted that it was never intended that a semi-royal state should be kept up in the Provinces, and that a large part of the increase in the expenses of the government was due to this. He opposed the idea of increased subsidies to the Provinces on the ground that it would result in an injustice to Ontario, inasmuch as this Province contributed two-fifths of the revenue of the Dominion. With reference to the threatened disintegration of Confederation he said that hon. gentlemen opposite gloated over such a prospect. They were pointing out that national bankruptcy was staring the Dominion in the face. He asked if this was a time to ask for these increased subsidies. He was prepared to admit to-day that Ontario should stand on the same footing as the other Provinces. He did not know whether the hon. gentleman would adhere to or back down from his contention that there should be a rearrangement at every decennial census. It was an inopportune time to make this demand when New Brunswick was knocking at the door of the Dominion Treasury. It might result in their being unable to refuse this. He characterized such a course as unpatriotic and unstatesmanlike. In conclusion he moved:—

That all the words in the motion after the word "that" be struck out, and the following substituted therefor:—"While this House maintains that no change in the financial basis of Confederation which does not give to the Province of Ontario the like benefits and advantages as are given to the other Provinces will be satisfactory to the people of Ontario, it is of opinion that it is not in the interest of this Province that any increase in the annual subsidies now payable to the various Provinces should be made by the Dominion Parliament, and regrets that the Government of Ontario has taken ground in favour of periodical increases in the subsidies, and thereby rendered it more difficult for the Government and Parliament of Canada to resist any demand for increased subsidies coming from any of the other Provinces."

Hon. A. M. ROSS—Mr. Speaker, the hon. gentleman seems to have thought it necessary to caution me that I should not take any lower ground than I did at the time I addressed the House on this question. I can assure him and this House, that I am not going to change my position, and I am not going to allow the country by his resolution, and his language, to understand that I am going to take a wrong course. What I said at the time I made my financial statement was that if increases were going to be given to the other Provinces, then an increase must be given to this Province also.

Mr. MEREDITH—No, no.

Hon. A. M. ROSS—I appeal to not only what I said this session, but to the statement I made last year. The statement last session mentioned that if the other Provinces were to be given some special benefit, that if a grant was to be given to the Province of Quebec, Ontario must get an equivalent. I said again this session that we were not complaining with our position under Confederation so long as that Confederation scheme was continued intact. (Applause.) Mr. Speaker, I ask hon. gentlemen and the House to consider when this Government has come forward and asked these subsidies to be increased. Have we asked for it during fifteen years since Confederation was formed? No, it is only after the action of the Dominion Government whereby they have given \$2,400,000—of which

ONTARIO CONTRIBUTES A MILLION AND A HALF

to Quebec, under a plea of this sum being a return to that Province for a railway, but virtually as a subsidy, and refused to give anything to Ontario. I say it becomes the duty of this Province to look this question squarely in the face and say that if first one Province and then another under some special plea is to get what virtually amounts to an increase of subsidy we should ask the Dominion fairly and squarely for readjustment of Confederation that will give us a fair equivalent. That was the ground I took last year, that is the ground I take now. The hon. gentleman has spoken in favour of direct taxation for the purpose of paying the cost of Government. He says that is the most economical way of carrying on the Government, yet he has been

HOLDING UP AS A BUGBEAR

to the country for years that we have been bringing the Province to direct taxation. (Hear, hear.) I say, that if the Confederation scheme

had been based on this, the revenue of the Provinces should be raised by direct taxation, I for one should have been content, and I think that it would have been a far more economical manner than the one under which we are working now. At the time the subsidy was fixed the revenue of the Dominion was \$13,000,000, and it was agreed to give the Province one-fifth, retaining four-fifths as the amount needed for carrying on the Dominion Government. If matters had been allowed to remain in that state to the present time there would have been no ground for complaint, but we know that our expenditure has increased consequent upon an increased population. The increased population has brought to us an increased expenditure, but to the Dominion Government only increased revenue. So I say that if we are forced to look for a new basis on which the subsidy is granted, let it be on the basis of population, and give us an increased subsidy, say, every ten years. That would be fair to all concerned, because the bulk of the Dominion revenue is raised from the expenditures of people by means of the duties the Dominion collects from the necessities of life purchased by the population, which must increase as the population increases. I say then again that it is only fair and equitable that

POPULATION SHOULD BE TAKEN AS THE BASIS

on which the subsidy is granted. If there had not been increased subsidies given from year to year to the other Provinces then we would never have come forward with any demand, and it was only after the session of the Dominion Parliament of 1884 that we took the present position that the present state of things could not continue. It would be surely unfair if the people of this Province should be compelled to resort to direct taxation to maintain their Government when other Provinces by the pressure they are enabled to put upon the Dominion Government, and by the peculiar relations existing between them and Sir John Macdonald are able to get concessions for which we get no equivalent. Of the \$2,400,000 granted to Quebec last session fully three-fifths will have to be paid by Ontario, or \$1,300,000 or \$1,400,000 was taken from the people of this Province and given to the Province of Quebec to recoup her for the aid given to a railroad which was as much a local work as any which the Province of Ontario has built. That road was begun as a local road and to serve local ends, and they built it not intending to make any claim on the Dominion Treasury on account of it. But the exigencies in which the Dominion Government found itself when proposing the grant to the Canadian Pacific Railway enabled Quebec to make a successful demand upon the Dominion Treasury for a return of a portion of the four millions they spent on the road. The hon. leader of the Opposition says it is not in the interests of Ontario that a demand for an increased subsidy should be made, on the ground that Ontario contributes a larger proportion of taxation to the Dominion Government, and to this I answer that if it were merely as between allowing matters to remain as they were at the time of Confederation and of applying for an increased subsidy I would prefer the former, but in view of the fact that the compact has not been observed by the Dominion Government, the Dominion Government having infringed upon it to the detriment of Ontario, the time has now arrived when we must look the matter squarely in the face and consider what we will do under the present circumstance, that we should consider whether we shall continue as the largest contributor to the Dominion Treasury and

THE SMALLEST RECIPIENT FROM IT.

The hon. leader of the Opposition says that now is not an opportune time in which to make the application, when the Dominion is passing through the throes of a severe financial crisis. I think that the organs of the Dominion Government deny that this is the case, but if it is true who has brought it about? He should direct his censure to those who have brought about that severe financial crisis rather than to us who are asking for only an equal distribution to all the Provinces alike. Mr. Ross concluded by showing that the principle of fixing the subsidy had been observed with respect to Nova Scotia and Manitoba, and repeated his observation that this was the only fair basis to go on.

Hon. C. F. FRASER—It is rather a lamentable state of affairs that in everything that concerns the interests of this Province the party under the leadership of the hon. member for London should invariably be found to be opposed to the true interests and true concerns of the Province. On the Boundary question they took an attitude antagonistic to the rights and just demands of the Province, and they continued that attitude down to the last moment.

ON THE LICENSE QUESTION

We find the Opposition in the same position. They have not one word to say against the attempt of the Dominion Government to wrest from the Province her control of the liquor traffic, and so with the veto power. Although we were passing legislation quite within our competency, and although we had only acted in a constitutional way, and under the constitutional charter, our measures were disallowed, and we found hon. gentlemen opposite joining the Dominion Government in an attitude of hostility to the people

of this Province, and saying in effect that this chamber should after all be subsidiary and secondary to the views of the man who happened to be Premier of the Dominion Government. So with the subsidies. The hon. leader of the Opposition does not seem even to be desirous to have his own expression of opinion assented to by the House, because if he had he would not have made it now. As it stands now, it is a direct vote of want of confidence in the Government, and if it were carried he would expect to come over to the Treasury benches, and we go to make room for himself and his friends. So that if the hon. gentleman were really and sincerely desirous and anxious to have an unbiassed, and, perhaps I may say, an uninfluenced expression of opinion, he would have selected some other day, and put it in such a way that it would not have been an expression of want of confidence in the Government if the resolution had carried.

Mr. MEREDITH.—If I withdraw it will you vote for it on some other occasion?

Hon. C. F. FRASER.—He says if he withdraws his resolution will I vote for it on some other occasion. It is not the first time he has put such a question. I tell the hon. gentleman no, I will not vote for the resolution. No one who supports the Government could vote for the resolution in the present shape either

NOW OR ANY OTHER TIME.

as the resolution of itself is essentially one of expressing a want of confidence in the Government. That is the reason why I will vote against it. I say further that it is not a fact that any member of the Government has taken the position, either by inference or insinuation, that these gentlemen assume we have taken. He "regrets that the Government of Ontario has taken the ground in favour of periodical increases in the subsidies, and thereby rendered it more difficult for the Government and Parliament of Canada to resist any demand for increased subsidies coming from any of the Provinces." That is not a fair statement of the ground we have taken with reference to the increase of subsidies. Our ground has been from the first adverse to the increase of subsidies. What we have said is this, that if the other Provinces come to the Government at Ottawa and get what is in effect an increased subsidy, we say that Ontario would not be doing justice to herself unless she insisted that she should get a fair share of the Dominion grant. Mr. Fraser continued to enforce this view of the case, and showed that while he was in favour of direct taxation and no subsidies to Provinces, yet if subsidies were continued it was incumbent on the Government to see that Ontario got her fair share.

Mr. CARNEGIE claimed that his leader had taken the proper course in the Boundary Award and license questions, and that this circumstance had been proved. He devoted the remainder of his speech to opposing a demand for increased subsidy on very much the same ground as that taken by his leader. He claimed that the sum of two and a half millions, which had been given by the Dominion on account of capital, was equal to a subsidy.

Mr. CREIGHTON read an extract from the Provincial Treasurer's speech in THE GLOBE of last year to show that the reason he had suggested a readjustment was not because the other Provinces were getting grants, but because they could not go on with a stationary revenue and an increasing expenditure. He pointed out that the Liberal party in 1875 were responsible for the grant of \$150,000 to New Brunswick, and that it was only now, eleven years afterwards, that they were demanding an increased subsidy on this basis. It was not in the interest of Ontario to ask an increase to the Provinces, because while it contributed three-fifths of the revenue it only got back two-fifths.

Mr. YOUNG said the amendment stated that which was entirely incorrect. In order to be in a perfect form it ought to have set out the circumstances in which it would have been proper for this Province to have brought about a financial readjustment. It did not do this, and in the terms it did contain was unpatriotic and against the interests of the Province. He contended that the statement of the hon. member for North Grey (Mr. Creighton) was a very unjust representation of the case, inasmuch as he knew perfectly well that the whole thread of the Provincial Treasurer's remarks from beginning to end was that the financial basis had been tampered with, and that if the other Provinces were receiving increased subsidies it was then and only then that Ontario should also ask for an increased subsidy. The hon. gentleman went on to say that it was a very

SERIOUS QUESTION,

and one which might have a very injurious effect upon Confederation. That was undoubtedly true. It was undoubtedly true that the weakest point in the British North America Act was the financial basis, but, he asked, who was it that first tampered with the financial basis? It was the Conservative party, within two years after Confederation took place, when they deliberately increased the subsidy to Nova Scotia for political purposes, to secure the support of the Hon. Joseph Howes.

Mr. MEREDITH—The hon. gentleman voted for an increase to New Brunswick two years afterwards.

Mr. YOUNG said if he recollected rightly the increased amount which was given to New