

out to him that the gentleman who headed that commission was referred to by no less a person than the Prime Minister of this country as a second Lord Durham? May I also point out to him that if he wants to know what is wrong with the maritimes all he has to do is to read that report with care. Then if he wishes to know how to provide a remedy all he need do is to support legislation to enact the provisions of that report, not partially but in their entirety.

But let me take up the provisions of the report one by one. The first deals with the question of subsidies. It recommends that Nova Scotia be granted an increase of subsidy amounting to \$875,000 a year; New Brunswick an increase of subsidy amounting to \$600,000; and Prince Edward Island an increase amounting to \$125,000. I have heard it argued that this recommendation does not mean an increase, but represents the total subsidy which should be paid. May I draw the attention of hon. members to the statement in the report of the commission to be found on page 19, which reads as follows:

We do not feel, however, that it would be right or wise that the Maritime provinces, in their present state of grave necessity with deficits accumulating against them in their ordinary revenue and expenditure, should be left in suspense until a re-assessment is made by the Dominion government, and accordingly we recommend that immediate interim lump-sum increases should be made in the payments to the three Maritime provinces as follows:—

May I point out further that a few lines later on in the report appear these words:

In suggesting the foregoing sums we have fixed what we believe to be the minimum addition that the three Maritime provinces should have in any such revision—

And then if any doubt remains as to whether, in relation to the three maritime provinces, the sums named are increases or total subsidies to be paid, let me refer hon. members to the figures for Prince Edward Island which, in the report, are \$125,000 in so far as the increase is concerned, whereas the subsidy paid to-day to the province of Prince Edward Island is something over \$180,000. The figures leave no doubt that the amounts recommended are to be in addition to the amounts which are being paid to-day. I know there are some hon. members who will say this is a raid on the Dominion treasury. If they make the statement and let it go at that they are overlooking the facts of history. When Nova Scotia and the other maritime provinces entered confederation they handed over to the Dominion government the chief sources from which they raised their revenue; they handed over the collection of customs, they handed

[Mr. Ernst.]

over the railways which they themselves had built and they obtained no credit for these in the statement of their public indebtedness. In addition they had as provinces of Canada at the time of confederation a proprietary interest in the western lands which belonged to the Dominion. Those lands were apportioned and the proceeds given to the western provinces. Nova Scotia received nothing in return, whereas Quebec and Ontario received large accessions of territory in addition to the area which they had at the time of confederation. Need any further justification be urged for the increased subsidy which is recommended?

I pass on to the question of railways. To put the matter briefly the commission recommends first that a reduction of twenty per cent be made on all railway rates pertaining to the Atlantic division of the Canadian National Railways, to apply equally to traffic which originates in the maritime provinces and is destined to points outside, and to local traffic which both originates and terminates within the division. There was a further recommendation. The maritime province members had asked for special freight rates for their basic commodities, for their coal, steel and lumber. This question is left wide open by the commission. They say it should be dealt with by the railway board; that if the board has not that power to-day it should be empowered to deal with the question and deal with it effectively for the benefit of those interested. It will be said that if this twenty per cent reduction is made it will be statutory legislation. May I draw attention to the fact that it will not be the first time that statutory legislation has been invoked in so far as railway rates are concerned? In the second place it will be pointed out that the Atlantic division of the Canadian National railway is to-day operating at a loss, and that this reduction will mean a further raid on the Dominion treasury. May I point out to hon. members, in the first place, that the Atlantic division of the Canadian National railway was not built primarily for commercial purposes, but was built for military reasons to connect these maritime provinces with central Canada and in order that the latter might have an outlet in the winter months. In carrying out that policy the railway was made two hundred and fifty miles longer than it need have been had its construction been carried out for commercial purposes. In the second place may I point out that, as was said by an hon. gentleman yesterday, unless each and every part of this Dominion is prosperous and contented the Dominion as a whole cannot be prosperous