

*Maritime Claims.*

With respect to the recommendation "that the railway board should be vested with somewhat fuller supervisory powers," it is felt that, if accepted, this recommendation would bring about a radical change in the fundamental powers of the railway commission affecting the whole of Canada. It has no immediate bearing on the rights of the maritime provinces any more than of other parts of Canada and is of such a far reaching character as to demand more mature consideration than has been possible up to this time.

There is now before the railway commission the whole matter of flat percentage increases, known as horizontal increases, which the commission recommends should be taken into fresh consideration by the railway commission.

A survey of what is required with respect to the needed railway service improvements on Prince Edward Island will, as recommended, be made immediately, in order that future action may be intelligently determined.

The whole matter of ferry boat service between the island and the mainland is now under investigation, as recommended by the commission.

This brings me to the last of the recommendations, which in the order of the report are the first there mentioned, namely, those respecting money grants to the provinces. The government is prepared to accept the recommendation of the commission to give immediate consideration to a revision or readjustment of the financial arrangements as between the Dominion and the maritime provinces. In this connection attention is invited to what is said by the commissioners with respect to the increase and form of Dominion aid. The statement in reference thereto immediately precedes their recommendation, and is as follows:

The terms of readjustment are obviously a matter for detailed determination and assessment, so that the actual amount—as well as the reasons and purposes attaching to it, can be recognized by the rest of Canada as fair and equitable. It is not possible, therefore to make a final recommendation as to the increase and form of Dominion aid which is required to satisfy the just claims of the maritime situation.

To gain recognition by the rest of Canada as to the fairness and equity of any revision or readjustment of the financial arrangements as between the Dominion and the maritime provinces, it would appear that the proposed revision or readjustment should be made a subject of consideration in the first instance by a conference at which all of the provinces of Canada as well as the Dominion would be represented. This indeed is directly implied by the language of the commissioners and by the reference which this portion of the report makes to "the revision of 1907" to "general

[Mr. Mackenzie King.]

grounds applicable to all other provinces as well as to the maritimes," to "the contention of the maritime provinces that they have been, and are being, dealt with differently from the western provinces," and to the "territorial limitations" of the maritime provinces and their claim that the "extra-provincial lands which came into the possession of the Dominion government at the date of confederation were acquired by purchase and have been developed and given value at the expense of the Dominion."

In order that there may be no delay in effecting consideration by a Dominion-provincial conference of a revision or readjustment of the financial arrangements as between the Dominion and the maritime provinces, the government has decided to place this matter on the agenda of the Dominion-provincial conference to be held, as already announced, during the course of the present year. In that conference the Dominion will be in a position which it has not thus far enjoyed, to present its views on the general question of the financial relations between the Dominion and the provinces, as well as on the question of a detailed determination and assessment of the special claims of the maritime provinces, and every province will have an equal opportunity of stating its position.

As already indicated, we believe with the commissioners, that the time is opportune for a readjustment of the financial arrangements between the Dominion and the maritime provinces, but it would not make for an harmonious and lasting settlement of the financial issue, a settlement based on due regard for the needs and interests of all the provinces and of the Dominion itself, to attempt to set a final figure now, before the views of the other provinces and the position of the Dominion have been set forth, and a settlement reached which public opinion will be prepared to accept. For the same reason it is not possible, in advance of the deliberations of the conference and of the detailed determination and assessment which the report recognizes is necessary, to accept the view for which no detailed grounds are advanced, that certain sums set forth in the report should be regarded as "the minimum addition that the three maritime provinces should have in any such revision." The final revision can only be made in accordance with the merits of the case.

As evidence of the desire of the government to go just as far as may be possible, in relieving any feeling of suspense pending a final revision and in order to enable the maritime provinces, in what the commission