

# BAXTER GIVES PLAN TO FORCE TRADE BY CANADIAN CHANNELS

Continued from Page 3

has also strongly voiced the same sentiments and the commission will find ample authority for this statement in the numerous newspaper clippings which are presented to establish beyond doubt this favorable attitude of the press and public towards the fuller use of Canada's Atlantic ports.

**SIR HENRY THORNTON.**

It may be said further in connection with the transportation problems of Canada that Sir Henry Thornton, president of the Canadian National Railways declared at a dinner in Saint John in November, 1924, that he realized that serious conditions existed in the Maritime Provinces. He referred to it as a national disaster that the time for words had passed and the time for action had arrived.

The King Government passed an order-in-council calling upon the Railway Commission not only to investigate freight rates in the Maritime Provinces but to more particularly enquire into the shipment of Canadian freight through Canadian ports, with instructions to take such steps under the Railway Act as may be necessary to have such freights forwarded through Canadian ports.

## EQUITABLE DISTRIBUTION.

The resolutions of the London Conference, the pledges of Canadian statesmen supporting Confederation, the legislation passed under the leadership of Sir Wilfrid Laurier and of Sir Robert Borden, and the instructions of the King Government to the Railway Commission express the desirability and the necessity that the letter and spirit of the Confederation agreement be carried out and that benefits arising from the union of the Canadian provinces must be distributed equitably.

## RAILWAY HOTELS.

The Maritime Provinces are sometimes told to help themselves, an admonition which apparently has been extended to the West. In the matter of hotel accommodations, railways, to which the Maritimes have largely contributed, have been providing hotels on a stupendous scale in Victoria, Vancouver, Calgary, Edmonton, Winnipeg, Port Arthur, Ottawa, Montreal, Quebec and elsewhere. Not only has this been done, but the tourist centres of Quebec and Ontario and the West have been dotted with hotels built with the money of these railway companies. The experience in the Maritime Provinces is that practically no effort has been made by these railways to adequately develop our tourist resorts, which are admittedly unequalled on the Atlantic Coast, but which has been their practice to advertise extensively holiday resorts, along the New England coast. There seems to be one method of treatment for the Maritime Provinces and altogether different method of treatment for the rest of Canada.

## MARITIMES HELP REST.

The amounts invested in the Canadian National Railways system, the amounts guaranteed for railway construction by the Dominion Government, the amounts paid in cash and in subsidies and the amounts loaned to railways, and also the amounts expended by other federal departments reveal that the people of the Maritime Provinces have not only helped themselves but have helped the rest of Canada in such matters largely in excess of the total amount spent in the Maritimes for such services.

Taking up loans from the Dominion of Canada to the railways of this country, we find that the total so advanced to the Grand Trunk, the Canadian Pacific and the Canadian Northern Railways amounted to \$600,897,957, to which must be added interest accrued in 1923 and 1924 amounting to \$61,428,986, or a total of \$662,326,943. Of this amount not one dollar was spent in the Maritime Provinces, yet these provinces were made responsible for their share of this expenditure on the upbuilding of the rest of Canada, or approximately \$77,725,000.

## SOME OF THE ITEMS.

A study of some of the items which make up this total are interesting. On page 94 of the report of Railways and Canals it will be noticed that among the amounts included in the unamortized funded debt are security issues guaranteed by the various provinces of Canada. Ontario guaranteed \$7,859,997, with accrued interest for the years 1923 and 1924 amounting to \$559,198; Manitoba guaranteed \$24,889,889, with accrued interest for the same years, \$1,747,867; Saskatchewan guaranteed \$16,284,126, with accrued interest for the above years, \$1,063,790; and British Columbia guaranteed \$25,626,001, with accrued interest for the same years, \$2,088,220. The total guaranteed by these provinces was \$93,574,874, with accrued interest for the above years, \$7,952,889, or a grand total of \$101,527,763. It is interesting to note that the Dominion Government has assumed responsibility for the payment of the principal and interest on these bonds, and it is well to remember in this connection that their guarantee was not sanctioned by Dominion Parliament, but by the local legislatures of the several provinces which evidently entered upon an orgy of railway development. We are therefore confronted with a

## FACTORIES HERE INADEQUATE.

The Canadian National Railways facilities in Saint John are inadequate and while repeated protests have been made against this condition, practically nothing has been done to correct it. The City of Saint John has itself invested a large sum of money in providing shipping facilities at West Saint John and this is the private property of the citizens of this city. It is the only instance in the history of Canada where a city has provided docks for the handling of national traffic.

## FACTORIES SHUT DOWN.

The Maritimes have also suffered from the fiscal policy which prevailed in Canada. Prior to 1867 the Maritime Provinces were regarded as the workshop of the Empire. We had our own banks, insurance companies and financial institutions. We treated largely with the United States and Great Britain and we produced a variety of manufactures. The result of the tariff which has almost ceased. This has been the result of inability of factories situated in the Maritimes to operate under the handicaps imposed by discriminatory freight rates and the inability of the Maritimes to compete with the manufacturing concerns have disappeared. Upper Canadian firms after being operated for a short time as branches or closed down and allowed to decay.

## MANY FORCED TO LEAVE.

The people of Canada should not lose sight of the fact that the closing of these factories has forced thousands of Maritime Province residents to seek their livelihood in the United States and in Western Canada. It is estimated that the Maritime Provinces import over 80 per cent of the manufactured goods they consume. On these goods they either pay duty to the Dominion Government or they pay the difference between the price at which these goods are sold in the open markets of the world and the price which is fixed in Canada as a result of the Canadian tariff.

We are frequently reminded that the cities of Toronto and Montreal pay one-half of the taxes of Canada in customs duties, excise and income taxes and sales tax. While this may be true, it must be borne in mind that in doing this these cities simply act as clearing houses for the rest of Canada. The Canadian Pacific Railway pays income tax on earnings derived from all parts of the country. The banks of Montreal, Toronto and Montreal do likewise. The manufacturers, jobbers, wholesalers who pay customs duties, excise and sales tax pass them along to their customers in the Maritime Provinces and in the West. But in addition to this they receive their customary profit to these overhead charges and instead of being sufferers through these conditions, they are really beneficiaries and, after all, the rest of Canada is seriously penalized by the closing of these large distributing agencies.

At one time it was possible for wholesalers in the Maritime Provinces to enjoy privileges in connection with the payment of excise and customs duties through the maintenance of bonded warehouses. These privileges have either been withdrawn or charges imposed which make them prohibitive and are practically only enjoyed by Montreal and Toronto.

## SITUATION SUMMARIZED.

In this presentation an effort has been made to establish that under the terms of Confederation the Maritime Provinces were to be real partners in a real union, under a system of government which would be beneficial to all the provinces interested. The resolutions passed at the London conference and the statements of the authorized representatives of Canada, which establish these facts. The historic facts submitted to this commission both at Halifax and in Saint John indicate that many residents of the Maritime Provinces at the time of Confederation refused to believe that any benefits would result from the union of the Canadian provinces. There are still thousands who are convinced that the Canadian partnership has not been fairly operated. We have not yet seen the properly equipped by the Dominion as national undertakings, nor have we seen the trade of the Great West develop with the seaboard, but we have seen Government owned railways used to develop United States ports. We have assumed obligations for much more than we have received, and in no respect has there, so far as the Maritime Provinces are concerned, been manifested that spirit of partnership in which Confederation was based. The people of the Maritime Provinces have placed their case before the people of Canada and are determined that the time has passed when good intentions or expressed promises will compensate for the losses which they have suffered through Confederation and the sacrifices which we have made in order to develop the rest of Canada.

## UNFAIRLY TREATED.

There exists today in the Maritime Provinces a feeling that we have been neglected and unfairly treated by the Dominion Government. We believe that there are well defined reasons for this feeling. The freight traffic department of the Canadian National Railways has been largely through the ports of Halifax and Saint John. Officials of the Canadian National Railways represented to the shippers that it would be in their interests to route their traffic through the port of New London, Conn., and steamers of the Canadian Government Merchant Marine were actually taken from the port of Halifax in ballast and sent to New London, where altogether in that year 26,000 tons of Canadian automobile freights were loaded for foreign ports.

## GLARING INSTANCES.

Not only is Canadian grain shipped through United States ports, but officials of the freight traffic department of the Canadian National Railways persist in seeking traffic for United States ports in preference to forwarding it through Canadian ports. A glaring instance of this was uncovered in 1925 in regard to the shipment of automobiles from Canada to various countries. The traffic, prior to 1924, had gone largely through the ports of Halifax and Saint John. Officials of the Canadian National Railways represented to the shippers that it would be in their interests to route their traffic through the port of New London, Conn., and steamers of the Canadian Government Merchant Marine were actually taken from the port of Halifax in ballast and sent to New London, where altogether in that year 26,000 tons of Canadian automobile freights were loaded for foreign ports.

## GLARING INSTANCES.

One of the arguments directed against the ports of Saint John and Halifax is that there is insufficient tonnage to handle the volume of trade offered. If this is so the fault lies with the Dominion Government and the C. N. R. officials. The policy of ignoring Canadian ports means the employment of United States railway labor, ship workers, truckers, checkers, etc., instead of employing the same class of Canadian labor. In addition to this the outfitting and coaling of the ships is done with United States supplies instead of Canadian supplies were our own ports used. The operation of the Central Vermont Railway in 1924 cost Canada \$4,292,854.

## REFORMS WHICH SHOULD BE UNDERTAKEN.

by the Dominion Government to assist in the fuller development of the Maritime Provinces. We are not asking for charity, but we are asking for that justice to which we are entitled in all fairness under the terms of Confederation, and in the national interest. We have shown that the Maritime Provinces have made sacrifices in behalf of the rest of Canada and that the fiscal policy of this country has undoubtedly rebounded to the disadvantage of these provinces.

## LIVE UP TO OBLIGATIONS.

Therefore we ask this Commission to recommend to the Dominion Government that the obligations undertaken at the time of Confederation be lived up to; and that the things enumerated below be undertaken not in the interests of the Maritime Provinces alone, but for the general welfare of Canada.

We submit that the British North American Provinces were united federally and that a federal union was created in preference to a legislative union, in order to protect the interests of the Maritime Provinces from the political domination of the then province of Canada, and that the Imperial Act uniting these provinces fell away, was not designed to cover all the details of the treaty or agreement upon which this federal union was based. That being the case we, therefore, submit that under this treaty or agreement (with the exception of the financial assistance required for the development of the trade of the Great

## West with the seaboard) the authority to grant financial assistance to such projects as railways, canals, immigration and the like is limited.

To such projects as are agreed by all the provinces. Therefore, we ask that the Maritime Provinces be reimbursed in some manner for the amounts they have been forced to contribute for the upbuilding of other parts of Canada in excess of what may be considered their fair proportion under the federal agreement.

## DEVELOP PORTS.

2. That the ports of the Atlantic seaboard be adequately developed and that the work be undertaken at once.

3. That Canadian freights be routed through Canadian ports and that the Canadian National Railways, owned by the people of Canada, be employed to that end.

## DEVELOP PORTS.

4. That the freight rates structure of Canada be revised so as to remove inequalities which now operate against the Maritime Provinces.

5. That the Saint John and Quebec Railway (the Valley Railway) built at the request of the Dominion Government to conform to the lowest grades of the National Transcontinental Railway, be taken over by the Dominion Government as promised at the time of its construction. In this connection it is well to again impress upon the commission the relief granted to the provinces of Ontario, Manitoba, Saskatchewan, Alberta and British Columbia in the matter of guaranteed railway bonds and interest, and

## to point out that the Valley Railway,

the products of the Maritimes and that freight rates should be established to ensure Canadian markets for the coal and other products of the Maritime Provinces and the West.

## DEVELOP PORTS.

8. Coking plants should be established at large centres and the use of Canadian coal should be insisted upon by the Dominion Government in all of these establishments.

9. The provinces entered Confederation with the understanding that the tariff policy of the country would be one of tariff for revenue only. Subsequently the federal government deemed it expedient to adopt a protective tariff policy, and we submit that it is incumbent upon the federal government to take such action as will ensure an equitable distribution of the industries established and maintained as a result of the adoption of the protective policy.

## DEVELOP PORTS.

10. More encouragement should be given to the development of the fisheries of the Maritime Provinces.

## DEVELOP PORTS.

11. The demand of Prince Edward Island for better transportation facilities is supported by this presentation.

## DEVELOP PORTS.

12. An equitable division of Government expenditures for immigration and agriculture should be made.

## DEVELOP PORTS.

13. Federal Government advertising and propaganda should be remodelled so that the proper position of the Maritimes in Confederation will be recognized.

## DEVELOP PORTS.

**AFTERNOON SESSION.**

Discussing the discrimination of

## freight rates against Maritime industries.

Simms Co., Ltd., and president of T. S. Timms Co., Ltd., and president of the Saint John Board of Trade, said at the afternoon session that a discrimination of 1, 2, 3 or 4 per cent. against any industry was in most cases fatal, and this was one of the main reasons why industries had failed here. Mr. Simms gave figures showing the percentage of the wholesale price of goods shipped by his firm to parts of Canada. In point: brooms the freight was one per cent. to Montreal, 1 1/2 per cent. to Toronto, 3 to Winnipeg, 4 1/2 to the coast, and 5 1/2 to Calgary.

## freight rates against Maritime industries.

On household brushes the freight was 3 1/2 per cent. to Montreal, 4 1/2 to Toronto, 10 to Winnipeg, 16 to the coast and 17 to Calgary. On brooms the freight was 4 per cent. to Montreal, 4 1/2 to Toronto, 11 to Winnipeg, 17 to the coast and 18 cents to Calgary.

## freight rates against Maritime industries.

Mr. Simms said these showed that so far as household brushes and brooms were concerned they were confined to central and eastern Canada.

## freight rates against Maritime industries.

Asked by Sir Andrew how it was they had been able to stay in business, Mr. Simms said it was owing to their plain brush trade.

## freight rates against Maritime industries.

**FIRMS FORCED OUT.**

Questioned as to why some industries doing a purely local business had gone out of business, Mr. Simms said some had been forced out by Upper Canadian competition selling at low prices, and at the request of Sir Andrew

## freight rates against Maritime industries.

Continued on Page 9

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