

government arising out of the report of the Royal Commission on Maritime Claims. I am happy to be able to make that statement this afternoon. As I shall have occasion in the statement to refer to the exact text of the commission I hope hon. members will pardon me if I take the liberty of making free use of the statement I have in my hand.

The Royal Commission on Maritime Claims was appointed on April 7, 1926. The commission submitted its report to the Honourable the Secretary of State on September 23, 1926. As respects its subject matter and recommendations, the report is subdivided as follows:

- I. Money Grants to Provinces.
- II. Transportation and Freight Rates.
- III. Port Development and Export Trade.
- IV. Trade Policy—Forest Produce, Fisheries, Coal and Steel.
- V. Agriculture and Migration.
- VI. New Brunswick Railways.
- VII. General.

There are, in addition, a few paragraphs by way of introduction and conclusion.

The recommendations of the report may be briefly summarized as follows:

Under the heading—I. Money Grants to Provinces.

It is recommended "that the Dominion government should give immediate consideration to the whole of this subject, with a view to a complete revision of the financial arrangements between them and the maritime provinces."

and

"that immediate interim lump-sum increases should be made in the payments to the three maritime provinces as follows:

Nova Scotia	\$ 875,000
New Brunswick	600,000
Prince Edward Island	125,000"

and that

"These interim payments should be continued until the Dominion government has had time to complete its investigation and re-assessment."

Under the heading—II. Transportation and Freight Rates.

It is recommended "that an immediate reduction of 20 per cent be made on all rates charged on traffic which both originates and terminates at stations in the Atlantic division of the Canadian National Railways—including export and import traffic, by sea, from and to that division,—and that the same reduction be also applied to the Atlantic division propor-

[Mr. Mackenzie King.]

tion of the through rates on all traffic which originates at stations in the Atlantic division—excluding import traffic by sea—and is destined to points outside the Atlantic division." For this purpose the divisional points on the Atlantic division are to be Diamond Junction and Levis.

It is further recommended, with respect to the policy of the railway companies—as interpreted in the rate structure—"that the railway board should be vested with somewhat fuller supervisory responsibility," "in its relation to the natural basic products of the country, and the development of these products and associated enterprises," and vested also "with power to order an accounting investigation at their own hand, into the incidence of the railway charge on the costs of production of the commodity, and its relationship to other costs, and to the general trading results of the interest involved";

Also, that the matter of the system under which flat percentage increases—known as horizontal increases—were added to railway rates,—in other words, the "incidence of 'horizontal' war increases"—should be taken into fresh consideration by the railway commission, and that they "should be free to consider the whole question on its merits."

Referring to transportation for Prince Edward Island and the needed railway service improvements, it is recommended "that the railway administration should be asked to make a survey of what is required" and "that the department should make capital provision for the improvements to be undertaken within the shortest possible time;" and, referring to the need for improved ferry boat service, "that the matter be gone into from the point of view of placing at the disposal of the island such satisfactory means of communication as will ensure as regular and complete a service as can reasonably be made," and further "that, so far as the ferry boat service is concerned, it should not be run as part of the railway operations, but should be run by the railway administration under separate account for the department."

Under the heading—III—Port development and export trade—referring to Halifax and St. John; it is recommended "that, in respect of each of these two harbours, the federal government should establish a statutory harbour commission, whose business it would be to see that the port facilities are developed on such a scale as will gradually—but by no means slowly—create channels through which trade can expand both winter and summer."

Referring to harbour facilities in Prince Edward Island, it is recommended, "that the