CHAPTER V

CLAIMS CONCERNING TRADE THROUGH MARITIME PORTS

Serious complaints respecting the failure of external trade to flow in sufficient volume through the ports of the Maritime Provinces were voiced in hearings for these Provinces, and claims based thereon were advanced against the Dominion, especially by the Province of New Brunswick.

Before discussing these submissions some general observations on the nature of the claims for increased subsidies which have arisen from time to time since Confederation are, perhaps, in order. Usually these claims have arisen out of a condition of real fiscal need on the part of the province concerned. The unequal financial position within Confederation in which certain provinces have found themselves from time to time is apparent from the survey of the economic and financial history of Canada given in Book I of this Report. Financial difficulties have often been the product of adverse economic conditions and they have usually been accompanied by a strong, if vague, sense of injustice on the part of the government and the people of the province. As a result, discontent with the settlement of 1867 has frequently developed out of a condition of provincial fiscal need. The great difficulties experienced on occasion by some provincial governments in raising needed revenues by increased taxation has again and again driven them to seek aid from the Dominion Government. But hitherto there has been no recognized constitutional principle on which they could frame an effective appeal for aid, and no machinery for assessing need even if the principle of Dominion obligation in the circumstances were admitted. In the absence of express constitutional principles applying to a situation where a province finds itself in fiscal need and of convenient political apparatus to measure fiscal need, the disposition has been to seek for contractual or equitable grounds which might be plausibly worked out in terms of dollars and which would satisfy current sentiments of right and justice. It is not implied that in none of the claims presented to Ottawa in the past seventy-two years has there been a real legal or contractual basis. But taking the history of negotiations for increased subsidies as a whole, real fiscal need has been time and again the real basis for petitions put forward on legal or quasi-legal grounds for sums allegedly owing to the provinces by the Dominion, supported often by lines of arguments which, to say the least, were unrealistic.

The financial plan which we have recommended elsewhere in this Report should encourage a more realistic approach to the problem. The plan frankly accepts provincial fiscal need (assessed on a comparative basis) as the basis for estimating adjustment grants to the provinces and it provides for periodical revision to take account of changing fiscal needs. In so far as the claims discussed in this chapter are reflected in provincial fiscal need they have been taken account of in estimating new subsidies for the Maritime Provinces. We might, therefore, have omitted separate discussion of the claims. But no attempt to place Dominion-provincial relations on a cordial and healthy basis could be successful unless it took sympathetic account of long-standing grievances, such as those concerning the use of Maritime ports by the rest of Canada. The Commission is glad, therefore, that this issue was brought before it in a frank and friendly manner, and it hopes that a careful examination of the merits of the claims presented will assist in alleviating an old source of misunderstanding and discontent.

The group of claims which revolve around the relative failure of Canadian import and export trade to flow through the commercial routes of the Maritimes will now be considered.

The contention that the Dominion has failed to live up to its obligations regarding trade through Maritime ports finds its fullest expression in the brief of the New Brunswick Government, and in the submission by the Transportation Commission of the Maritime Board of Trade which in the discussion of transport matters spoke for the Governments of the three Maritime Provinces. In addition, representations on transport matters were made by the Saint John Board of Trade and the Fredericton Board of Trade. In addition to the general case for preferential treatment in transportation for the Maritime Provinces, supported especially by the Transportation Commission, the New Brunswick Government charged that an engagement solemnly entered into as an
essential feature of Confederation has been continually ignored and evaded from Confederation to the present time by the Government of Canada to the great injury of New Brunswick. Complaint was also made by the Province of New Brunswick that the Dominion Government in making the Intercolonial railway a part of the Canadian National system in 1918 broke an understanding dating from Confederation that the road would be operated in perpetuity by the government and kept separate and distinct from all other Canadian railways.¹

Before commenting item by item upon the several aspects of this related chain of claims it will be useful to outline the essential facts of the transportation history out of which these complaints have arisen.

It is abundantly clear that prophecies were made by the exponents of Confederation that as a result of the political union of the provinces and the building of the Intercolonial railway, the external trade of the new Confederation would in large part flow by way of the Maritime ports. It was believed that, as a direct result of this new stream of commerce, an era of greater prosperity would dawn in the Maritimes, based first, on the capital investment needed to supply the transportation and port equipment, second, on the enlivening of domestic trade and employment and the improvement of markets resulting from the concentration of Canada's foreign trade through Maritime ports.

It is equally clear that the expectations of those pre-Confederation days were not fully realized. For reasons of transportation economics which the Fathers of Confederation did not know, or because of technological changes then under way, the effects of which—they could not foresee, the traffic flowing over the Intercolonial railway and through the ports of Saint John and Halifax proved disappointing. In addition to Montreal, Quebec and later Vancouver, Portland, Boston and New York, attracted much of the external trade of the Dominion. The evolution of the steamship and the great improvement of the St. Lawrence waterway cheapened water transport and placed railway transport at a competitive disadvantage. The geographical advantage which in the era of sailing vessels Halifax enjoyed in relation to Liverpool ceased to be significant with the age of steam and steel. Steam vessels sought rather to penetrate as far as possible into the interior of the continent for their cargoes. The bulk and diversity of cargoes offering at New York and Boston was a powerful magnet. Nor did the export trade originating in the old Province of Canada live up to expectations. Its wheat exports declined as Ontario and Quebec became more industrial, while the new export products, such as pulp and paper, went mainly by rail to the United States.

Repeated efforts were made by the Dominion Government to direct trade over east-west lines and improve the flow of traffic over Maritime railways and through Maritime ports. The tariff policy was designed to retain as much Canadian trade for Canadian industry and transportation as practicable. The building of the Short Line linking Montreal with Saint John, begun in 1884 and completed in 1890, and the $170,000,000 undertaking (the National Transcontinental) to link Moncton with the wheat fields of the Northwest, illustrate the earlier efforts made through Dominion transportation policy to carry out what was accepted as one of the moral obligations of Confederation. In 1923 an inducement to use Canadian ports was inserted in the tariff by the provision that the duty on goods so shipped from British preferential countries would be entitled to a 10 per cent deduction, and in 1927 the entry via Canadian ports was made compulsory if the shipment was to enjoy the benefits of the preferential tariff. Large sums were spent upon improvement of port facilities at Halifax and Saint John.

The policies pursued by the Dominion Government failed to achieve in full the ends sought. Though the rest of Canada made material sacrifices in an effort to divert trade through Maritime ports, a large part of it continued to flow elsewhere. Still more drastic policies might have been adopted, but we are satisfied that the tariff and transportation policies which would have been necessary to force practically all Canadian external trade through the ports of Halifax and Saint John would have laid an intolerable burden upon the industries of Canada. The benefits to be derived from such a diversion in the Maritime Provinces would have been far outweighed by the handicaps which would have been laid upon the national economy as a whole, and the benefits for the Maritime Provinces themselves would have been at best temporary and illusory, since the adverse effects upon the rest of the economy would have been reflected before long in Maritime depression as an echo of general economic decadence of the Dominion.

We shall now consider the principal claim of the Province of New Brunswick which alleges a breach of an agreement antedating Confederation regarding the use of ports of the Maritime Provinces by the Dominion.

**The Transportation Provisions of Confederation**

The Province of New Brunswick contended it had "entered the Confederation upon faith of an agreement" which has not been fully carried out. New Brunswick submitted that a "material portion" of the "contract of Confederation" is to be found in Resolution 66 adopted by the conference of delegates from the various Provincial Governments held at London in 1866 prior to the passage of the British North America Act. Resolution 66 reads:

"The communication with the North Western Territory, and the improvements required for the development of the trade of the Great West with the Sea-board, are regarded by this Conference as subjects of the highest importance to the Confederation, and shall be prosecuted at the earliest possible period that the state of the Finances will permit."

This resolution was not incorporated into the British North America Act; but the New Brunswick contention is that the whole series of resolutions adopted at London constitutes a "joint declaration" and "agreement" binding upon all the parties. New Brunswick urged that this view is supported by the reference in section 145 of the British North America Act (relating to the construction and other developmental policies in which the Province of Canada had long been interested. A statement is made on page 92 of the New Brunswick brief that strongly suggests that in order to supply the "improvements" required by Resolution 66 the "hundreds of millions of dollars" spent largely on the St. Lawrence should have been devoted instead to the development of trade through Maritime ports.

Such engagements, it is argued, also involved "improvements in overseas freight rates" so that there might have been a "continuous development of the trade between the Great West and the Seaboard". It is to be observed that this would have required a control over railway freight rates which at that time lay outside the accepted scope of government, and also a control of ocean freight rates which has not even yet been attained. The Dominion Government is censured because "it did not discontinue the traffic to the American ports or try to do so." The inference is that the shipper should not have been allowed to route his shipments as he chose. To substantiate this attitude New Brunswick "relies" upon what it terms "the design of Confederation". "We say that it was perfectly feasible for the Dominion to cause the substantial part of the grain to be shipped to the East through British territory to the ports of Saint John and Halifax." "Importers of grain in Britain could easily have been persuaded to cause the grain to be shipped through British ports and the influence of

"agreement" meant that the entire overseas import and export trade of Canada was to be routed through the Maritime ports. This, it is stated, was the "understanding" of the people of New Brunswick upon which they placed "absolute reliance". The Dominion was thus obligated, it is argued, so to control freight rates as to secure this trade for Maritime ports and also to see to "the creation of port facilities and shipping connections and ocean rates" to enable trade to move through these ports at all seasons of the year. "There could be no proper trade development at summer ports only." This is the burden of the New Brunswick case.4

**Meaning of Term "Improvements"**—If these were the engagements to which the Dominion was committed they involved obviously the abandonment by the Federal Government of canal construction and other developmental policies in which the Province of Canada had long been interested. A statement is made on page 92 of the New Brunswick brief that strongly suggests that in order to supply the "improvements" required by Resolution 66 the "hundreds of millions of dollars" spent largely on the St. Lawrence should have been devoted instead to the development of trade through Maritime ports.

By Resolution 66, according to the interpretation offered in the New Brunswick submission, the provinces engaged that provision would be made (presumably by the Dominion) for "such port facilities and shipping connections as would move the freight from the Great West to the Seaboard and from the Seaboard to the Great West and other points." The claim is repeatedly made that the term "Seaboard" in the resolution meant only the Maritime Provinces. The opinion is also developed that the

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8 Ex. 357, Brief of N.B., pp. 74 ff.

the Imperial Government in that respect would have been a great factor in the accomplishment of this result."

It is suggested in the supplementary brief of New Brunswick that Resolution 66 also involved the extension of the Intercolonial into the Great West to be operated on grounds of national policy with freight rates not based on commercial considerations. There is no citation of documentary support for this contention, and we can find no contemporary evidence that this future for the Intercolonial was in the mind of anybody at that time. The building of the National Transcontinental is described in the supplementary brief as a partial performance of Resolution 66: it could "only be attributable to the contract". But the Province contends: "The failure of Parliament to compel the traffic to follow that route [to the Atlantic ports] regardless of the act of the shipper, is a matter wherein the agreement was not carried out."

It has, therefore, been necessary to reach definite opinions as to Resolution 66—its origins, the purposes it was meant to serve and the extent to which it imposed obligations on the Dominion Government. This examination must be on the lines of historical rather than legal inquiry. The Province did not put forward its case on strictly legal grounds: it argued rather that Resolution 66 constituted an "agreement that the provinces and the Dominion should carry out, from the standpoint of what is fair and right and just." For the correct interpretation of Resolution 66 we must look, as does the Province, to the records and documents of the time.

The project of building an intercolonial railway preceded by years the emergence of any movement for Confederation; the difficulties, political and financial, which had prevented its construction, disappeared as the movement for Confederation gained strength. The supporters of Confederation in the Maritimes were delighted that they could at last obtain railway access to the markets of the upper provinces; and the reluctance of strong political elements in the Province of Canada to embark upon this enterprise was transformed into active support by the fear that the United States (then in the stresses of Civil War) would suspend the bonding privileges by which alone Canadian trade could reach the sea during the winter months when the St. Lawrence route was not available.

The much-quoted statements by Canadian public men in their pro-union campaign in the Maritime cities in the late summer of 1864, and similar expressions of gratification in the Confederation debates of the Canadian Parliament in 1865 that the Central Provinces were thereafter to have an all-year access to the sea, are to be read, interpreted and appraised as political appeals for support for a policy which was then in issue before the people. As such, these statements are rightly subject to the qualifications and subtractions which informed contemporary opinion always applies to political advocacy. It is always to be borne in mind that the opposition to the project of Confederation, at every stage of its progress, was everywhere formidable. The public men who urged Confederation were, as their work establishes, statesmen; but they were also the partisans of an enterprise to which they had committed their political fortunes. They put their predictions of favourable results at the maximum of what they hoped was possible; and if these in actuality fell short of expectations, it can be said that the experience was far from unique in Canadian history.

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5 Brief pp. 110-116. These views are supported by the supp. brief (p. 3). "It is quite apparent from the declarations made at the time of Confederation that the purpose of all parties was to avoid any necessity of conducting trade through United States territory and United States ports." Some qualification, however, appears to have been made in the hearings: Mr. Jones, counsel for New Brunswick (Ev. p. 10,694): "My view is that this traffic should have been forced to the outlying provinces and have developed our ports. I do not mean to say that none should have been sent to the United States, but I say that we should have had reasonable treatment."


7 It was apparently not until 1903 that any suggestion of extending the Intercolonial beyond a terminus at the St. Lawrence was made by responsible parties. In that year R. L. Borden and Hon. A. G. Blair suggested extension of the Intercolonial to Georgian Bay as an alternative to the construction of the National Transcontinental. Debates, House of Commons, 1903, pp. 8994-98.

8 Supp. Brief, p. 40. The broad interpretation given to the term "improvements" by the Province is illustrated by the following extract: (Ev. p. 10,206)

"Mr. STEWART [counsel for the Commission]: ... You are relying upon an implication, which you draw from clause 66 of the London Resolutions, that trade and commerce was to be compelled to follow the route from the west through Maritime ports. Do I understand that to be your contention?

Hon. Mr. JONES [counsel for N.B.]: Yes. Whatever improvements were necessary for the development of that trade must be provided."

And again at p. 10,210:

"Mr. STEWART: But there is nothing in section 66 about the cost of carrying freights over those lines of communication, and about improvements—not a word about that.

Hon. Mr. JONES: Not exactly, but there is this to be considered, that the improvements necessary for the development of trade involve the provision of harbour facilities, shipping facilities, to carry the export traffic outside of the country; and, if necessary, freight rates must be such as to promote the development of trade.

Mr. STEWART: Can you show me where the implication is substantiated that freight rates should be so reduced as to compel traffic to follow the route to the maritime ports? It certainly is not in section 66 of the resolutions.

Hon. Mr. JONES: It is there of course, under the head of improvements."
The whole situation with respect to the construction of the Intercolonial is readily understandable. There was agreement among the supporters of Confederation in all the provinces that the railway was desirable and that it would be mutually advantageous. To the people of Canada the prospect of the road was most welcome because they had been forced to consider what their plight would be if the frontier of the United States were closed to Canada’s overseas trade. There is in the recorded speeches sufficient warning that Canadian public men did not consider access to the Maritime ports as a complete substitute for the United States’ ports. Canada would not by its own act inflict upon itself the injury which it feared from the United States by the abolition of the privilege of shipping its products through that country in bond. The proposed Intercolonial was regarded as an alternative route, not a complete substitute for routes through the United States. This is made clear beyond all question by a speech of John A. Macdonald at Halifax, September 12, 1864, made during the tour of the Maritime Provinces by Canadian leaders in the interval between the Charlottetown and Quebec Conferences. Macdonald said:

“I don’t hesitate to say that with respect to the Intercolonial Railway, it is understood by the people of Canada that it can only be built as a means of political union for the Colonies. It cannot be denied that the Railway, as a commercial enterprise, would be of comparatively little commercial advantage to the people of Canada. Whilst we have the St. Lawrence in Summer, and the American ports in time of peace, we have all that is requisite for our purposes. We recognize, however, the fact that peace may not always exist, and that we must have some other means of outlet if we do not wish to be cut off from the ocean for some months in the year.”

If the Maritime Governments were prepared to enter Confederation only on a basis of the special concessions, as to the highly preferential treatment in trade and in public improvements set forth in the New Brunswick brief, would they not have attached their conditions to the provisions in the British North America Act requiring the building of the Intercolonial, about which there could be no doubt, instead of relying upon an obscure phrase in the London Resolution No. 66, the application of which policy was contingent and conditional?

Instead there was, as the documents of the time make clear, a belief that the building of the road, which would establish a connection between the Canadian and the railway systems of the Maritime Provinces, would in itself bring all the happy results that were with such apparent confidence predicted. There was little general understanding of the economics of competition in transportation and an artless faith on the part of many that freight would move over a long railway haul regardless of water competition and would seek the ultimate land point of transference, instead of the nearest access to the sea as has been so clearly shown by the test of experience.12

Historians of the Confederation period and researches made on behalf of the Commission are in agreement in giving an Upper Canadian origin to Resolution 66. It was submitted and was adopted to reconcile Upper Canadians to the construction of the Intercolonial to which in the past they had been opposed.13 The antecedents of the Resolution, the circumstances attending its appearance in the Quebec and London Resolutions, every direct reference to it of which there is record, suggest that this Resolution was a declaration of an intention to proceed, as speedily as possible, with a developmental project of particular concern to Upper Canada, which involved the building of communications with the Great West and extensive “improvements” in the Canadian canal system. In the resulting prosperity which was hoped for, it was believed that the Maritime Provinces would share.

12 Professor Creighton quotes an enthusiastic speaker in Halifax who saw that city as a place of transit comparable to Venice and Genoa because “we form the nearest point to Europe”. See Appendix 2—British North America at Confederation, Section 8. Sir John A. Macdonald appears to have had the same idea. Writing to C. J. Brydges of the Grand Trunk Railway, Oct. 31, 1870, about prospective freight rates on the Intercolonial, he said: “It is of course the duty of the government to see that no preference of any kind is given, or possible, and that a barrel of flour arriving by water at Quebec will have just as good a chance as if it were sent by railway from Sarnia.” (Macdonald Letterbook, No. 14, Canadian Archives). It is evident that Sir John Macdonald thought that a through route over the Grand Trunk and the Intercolonial might be cheaper than a combined lake, river and rail rate.

13 R. G. Trotter, Canadian Federation, p. 283: “Therefore if the latter [the Intercolonial] was to be built by the new General Government at the insistence of the Lower Provinces, they demanded that the improvement of western communications should also be undertaken by the same authority. The inclusion of both projects in the Quebec Resolutions was thus in a sense a means of reconciling diverse sectional interests.”

George Brown, who had ardently supported western development but had questioned the utility of the Intercolonial, found himself in difficulties in the Canadian Parliament when the Quebec Resolutions were before it for approval, because the two projects were not given equal standing. While he conceded that the building of the Intercolonial had been given the preference, he declared that “the Confederation is committed to the carrying out of both these enterprises.” (Confederation Debates, p. 103).

We are, therefore, quite unable to agree that the word “improvements” in the context in which it appears in Resolution 66, imposed upon the Dominion Government obligations to do the things set forth in the New Brunswick brief.

Meaning of the Term “Seaboard”.—Nor is it possible to accord to the word “seaboard” the precise and limited significance given to it in the New Brunswick brief. By linking up canal improvements with the establishment of communications with the Northwest Territories it was hoped to prevent trade benefits resulting from the opening up of the Northwest from inuring to the sole benefit of the Erie Canal which, prior to Confederation, had captured a large proportion of the shipping traffic originating on the Great Lakes. “Seaboard,” to the framers of this Resolution, meant that part of Canada in which there were ports actual or in prospect to which ocean-going ships could come to carry away the traffic which would originate in the Great West and come down the canals. Canada welcomed Confederation because it gave her an extended seaboard with all-the-year ports to which access would be given by the Intercolonial. When George Brown in the Confederation debates (February 8, 1865) spoke of the unsatisfactory position of Canada “shut off as she is from the seaboard in the winter months,” he said, in effect, that during the summer Canada had her own seaboard.

At no time since the British first occupied Canada have Quebec and Montreal not been recognized officially and in current language as seaports. When in 1785 the British Government passed an Order in Council which forbade trading by sea between Canada and the United States, this was held by the governor of that time and his council to apply to Quebec and Montreal but not to the inland lakes. Adam Lymburner, merchant of Montreal, appearing at the bar of the British House of Commons, March, 1791, to oppose the division of Canada into two provinces pleaded that since the only “ocean ports” were in Lower Canada the two provinces would find themselves involved in controversy.

The official statistics of the Department of National Revenue give the registered tonnage of sea-going traffic at Montreal as follows for these pre-Confederation years: 1865, inbound 183,286 tons; outbound 144,475; 1866, inbound 172,262, outbound, 149,719. The same terminology is used today. Thus Sir Alexander Gibb in his National Ports Survey (1932), makes a division between inland and canal ports and seaport ports. He states therein that there are “46 seaport ports” in Quebec, which makes the seaport identical with the banks of the St. Lawrence from Montreal to the mouth of the river. Indeed the Government of New Brunswick itself states in its brief that Canada was without a seaboard for only a portion of the year. “Here,” it says, “were provinces locked up for one-half the year without a seaboard, at the mercy of the United States for an outlet.” In evidence counsel for New Brunswick called this a “very careless statement,” but in fact the brief of New Brunswick here used the word in exactly the sense in which it was employed by George Brown and his associates in the drafting of Resolution 69 of the Quebec Resolutions (66 of the London Resolutions).

Neither the developmental policy subsequently adopted by the new Dominion Government, nor the public utterances by Dominion statesmen about it, support the construction placed by New Brunswick on Resolution 66. In the early years of Confederation the Intercolonial was begun, a Royal Commission was appointed to advise as to a policy of canal construction, and initial steps were taken toward the building of a transcontinental railway. In his budget speech, April, 1873, S. L. Tilley, Dominion Minister of Finance, took note of these developments, and, in the spirit of optimism then prevailing, undertook to foretell the economic and national consequences. The Pacific railway was to bring the produce to the head of Lake Superior where it would be placed on ships and brought down the canals to the seaports. Montreal would become a rival of New York. Quebec would be second to Montreal in the Province. “Then,” he added, “coming to my own province [New Brunswick] with perhaps limited advantages compared with Ontario and Quebec, but prepared as we shall be with the aid of the railway, we shall fight hard for our share of the shipping trade. Passing to Nova Scotia,. . . Haliffor will secure her share of trade as the necessary result of the Intercolonial.”

Tilley, it is apparent, was unaware of the implications of Resolution 66 which New Brunswick has now urged; he made no charge that the “agreement” upon which New Brunswick had entered Confederation was not being respected. Nor is there any evidence that he had become aware of

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14 D. G. Creighton, The Commercial Empire of the St. Lawrence, 1760-1869, pp. 104-105.
15 (bid., p. 115.
16 Obtained from Dept. of National Revenue.
17 p. 12.
18 brief, p. 111.
19 ev, p. 10,180.
20 "Scrapbook Hansard" 1873 (Library of Parliament) p. 84.
such a breach of faith ten years later when, again as Minister of Finance, he delivered the budget speech. Speaking in Parliament, March 30, 1883, he said:—

"Our whole policy, the policy of both Governments since 1867, has been to do everything that the means of the country would justify to afford increased facilities to the shipping coming to and going from Canadian ports. These figures show that every Government, and every Parliament have been fully alive to the importance of this matter. It has been the policy of the Government [the Macdonald Government] in legislating for the Canadian Pacific Railway to direct the trade of the Great West, during the summer, through Montreal and Quebec, and, during the winter, through the open ports of the Dominion."

It is, perhaps, worth pointing out that Sir Leonard Tilley was a member of both the Quebec and London Conferences; that he was presumably thoroughly familiar with the history of Resolution 66 and the nature of the policies it foreshadowed; that he was Premier of the Province of New Brunswick at the time of Confederation; and that he, representing a New Brunswick constituency, entered the Dominion Government and served from 1867 to 1873 and again from 1878 to 1885.

We are thus unable to accept the contention of New Brunswick that Resolution 66 of the London Conference constituted in any sense a contract or agreement with the Maritime Provinces; or that the term "improvements" used therein implied the means of forcing trade through Maritime ports as New Brunswick contends; or that the term "seaboard" meant only the seacoast of the Maritime Provinces. But we have examined the submissions of New Brunswick carefully and, we trust, with detachment, in the hope that a complete review may not merely show why we are unable to recommend that this claim be allowed, but may also serve to remove a sense of grievance which has been long standing.

**Operation of the Intercolonial Railway**

The submissions regarding the operation of the Intercolonial railway may now be considered.

The complaint of New Brunswick, to which the Province attaches a good deal of importance, is that in making the Intercolonial railway a part of the government railway system the Dominion broke an understanding dating from Confederation that the road would be operated in perpetuity by the government and kept separate and distinct from all other railways. The very general belief that there was a definite agreement to this end does not appear soundly based. In 1870 the question of the future control and management of the Intercolonial was discussed in Parliament as one that still awaited a decision.

Moreover, on October 31, 1870, Sir John A. Macdonald wrote to C. J. Brydges, who was both General Manager of the Grand Trunk and a Commissioner for building the Intercolonial, discussing the manner of operating the Intercolonial railway when finished and voicing the tentative impression that "the most satisfactory move in the public interest of working the railway" would be for the Government to make arrangements with the Grand Trunk for that purpose. In the same letter Sir John expressed the opinion that if "Brown, Mackenzie and Company" were to come into power they would seek a different solution. The expectation proved well-founded; following the accession of Alexander Mackenzie to the premiership the railway was placed in 1874 under the direct control of the Department of Public Works. This arrangement was not disturbed when Sir John A. Macdonald returned to office in 1878. In 1889 he declared that "the road can only be properly kept up, and the bargain with the Maritime Provinces can only be maintained by that road being always kept up as a government work." A transfer of the Intercolonial at the time of this statement could only have been made to a privately-owned road which, unless restrained by the terms of transfer, would presumably operate it on strictly commercial lines. Its merger thirty years later with other railways, also publicly-owned and under the direction of a board appointed by the Dominion Government, was an action widely different from that feared in 1889 about which Sir John Macdonald's assurance was given—an assurance of 1889, it is to be noted, and not of 1867.

The New Brunswick Government also objects to the operation of the Intercolonial railway by the Canadian National Railways on the ground that this corporation is operating "not with reference to the rights of the Maritime Provinces under the

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22 Brief, p. 120.

23 *Dominion Parliamentary Debates* (1870), pp. 988-1013. A motion introduced by Galt called for private construction and operation. Members of the Cabinet contended construction by the Government was required by the Imperial Intercolonial Guarantee Act, but admitted operation after construction was another matter. "After the construction," said Sir John A. Macdonald, "the government might lease—to the Grand Trunk or to the company spoken of by the hon. member for Carleton." (p. 1011).

24 Macdonald Letterbook, No. 14. (Canadian Archives.)

Confederation system, but with the object of showing results in the same way as any private corporation." Under "the Confederation agreement," it is stated, it was not intended that freight rates should be made so as to cover interest on the cost of construction or even to meet operating expenses, if this involved rates, "bearing too heavily upon the interprovincial or other trades of the Maritime Provinces". "The design of Confederation," it is stated, called for a local management of the Intercolonial with headquarters at Moncton. The present operation of the Intercolonial is described as a "commercial operation which is entirely contrary to the scheme of Confederation". This Commission was asked by New Brunswick to make recommendations "that the Dominion remove the Intercolonial from the control of the Board of Transport Commissioners and put into effect a schedule of rates based on what was designed at Confederation and not upon exclusively commercial considerations"; that facilities at the ports be extended and shipping arrangements made to encourage trade through the ports; and that some compensation be given the Province for non-fulfilment of obligations.26

That the rates imposed by the management of the Intercolonial in 1912, and continued for fifteen years, were wholly commercial in character is beyond question.27 Because this was a purely commercial rate it was held by the Duncan Commission to be a violation of an understanding reached at Confederation which it described in these terms: "That to the extent that commercial considerations were subordinated to national, imperial and strategic considerations the cost would be borne by the Dominion, and not by the traffic that might pass over the line."28 The reduction of 20 per cent which the Duncan Commission recommended would, in its view, take care of the "national, imperial and strategic considerations", leaving the adjustment of other claims to the Board of Railway Commissioners. A reasonable inference from the Duncan Commission findings is that the reduction (which was made statutory in the Maritime Freight Rates Act, 1927) would meet the obligations of Confederation leaving the adjustment of other rate matters to the system of rate control to which all the railways in Canada were subject; and we are confirmed in this deduction by the opinion of the Duncan Commission of the effect of its recommendation: "It separates completely considerations of national public policy from considerations of railway policy proper. It restores the original purposes of the Intercolonial Railway as interpreted by the freight structure prior to 1912, without withdrawing it from the consolidated system of National railways, a step which we think would be retrograde, and, in the end, very unsatisfactory."29

With this opinion we are in complete agreement, and we think that the criticism of the New Brunswick brief to the effect that the Intercolonial railway is now run as a "commercial operation which is entirely contrary to the scheme of Confederation" is not well founded.

**NATIONAL TRANSPORTATION POLICIES AND MARITIME PORTS**

In view of the criticism, implied or express, in various submissions discussed in this chapter, that the Dominion has ignored the legitimate claims of Maritime ports to an adequate share of Dominion trade, we think it advisable to survey briefly the salient features of Dominion policies on railway construction and freight rates as they have related to the Maritime Provinces.

The construction of the Intercolonial railway promptly followed the union of the provinces in keeping with the provisions of section 145 of the British North America Act. The building of the road was entrusted to a government commission with Sandford Fleming as chief engineer. While the choice of the route, with its maximum mileage, was compelled by supposed military necessities,30 there was confidence on the part of Fleming that through-traffic would be large from the outset which resulted in the railway being built to much higher standards than had been intended. The original estimates were $20,000,000, but the actual cost was $34,368,396.

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26 Brief, pp. 107-121.
27 An explanation of this increase was given to the House of Commons by Hon. Frank Cochrane, Minister of Railways, in the session of 1912-13. He said the average increase was 5 per cent but that on particular commodities it worked out higher. Some of the members placed the increase on individual commodities as high as 40 per cent. Mr. Cochrane's defence was: "I am trying to run the Intercolonial on a business basis... I am satisfied that increases in rates are necessary." Debates, House of Commons, 1912-13, col. 12,068.
29 A more direct route would not have been acceptable to the Imperial authorities as is made clear by a dispatch from the Secretary of State for the colonies to Viscount Monck dated July 22, 1868: "...Her Majesty's Government have learned with much satisfaction that the latter" (the most northerly route) "has been selected by the Canadian government. The communication which this line affords with the Gulf of St. Lawrence at various points, and its remoteness from the American frontier, are conclusive considerations in its favour, and there can be no doubt that it is the only one which provides for the national objects involved in the undertaking." Canada Sessional Papers, 1869, No. 5, p. 8.
The expectation that traffic would develop on a large scale over the Intercolonial was general. There was an evident expectation that ultimately freight from the middle western states as well as from Central and Western Canada would find its way to seaports by way of the Intercolonial. Thus in 1879, when the Dominion bought the Grand Trunk section from Rivière du Loup to Point Levis and added it to the Intercolonial, it was stipulated that the sum paid, $1,500,000, was to be "devoted towards obtaining an independent railway connection from Sarnia to Chicago".\textsuperscript{31}

The extra mileage of the Intercolonial, due to the military considerations which determined the route, was compensated for by low freight rates. A comparison of rates on the Intercolonial with those charged by the railways in Ontario and Quebec in the eighties shows variations of 20 per cent in favour of the Maritimes in classes 1 and 2 rising to 40 per cent for classes 4 and 5; and these differentials remained fairly constant until the rates were equalized with the central rates in 1912.

In 1897 the Intercolonial was extended from Point Levis to Montreal by the purchase of existing railway lines at a cost of some seven million dollars. Hon. A. G. Blair, Minister of Railways, in justifying the extension, declared that under similar circumstances any railway company would "strain every nerve and assume every reasonable responsibility in order to relieve itself of the incubus under which it laboured, the trammels under which it was operated, and to remove the blocks which prevented it reaching a point where it might fairly undertake all the business that offered, and where it might pursue under favourable conditions the object for which the railway was established. Under existing conditions, I say the Intercolonial railway cannot be successfully operated." The lack of profit on the Intercolonial had created, he said, a prejudice in the public mind against government ownership; but the true explanation was that the Intercolonial had been "cracked, cabined and confined".\textsuperscript{32} By arrangement the Grand Trunk was to turn over to the Intercolonial at Montreal a proportion of the through-traffic to be carried by the Intercolonial to Saint John or Halifax for transport to the markets of Europe.

Although the Intercolonial railway ceased to be under a management directly responsible to the Minister of Railways in November, 1918, freight rates on the Intercolonial did not come under the control of the Board of Railway Commissioners until 1923.

In implementing the Duncan Commission recommendation for a permanent differential of 20 per cent in favour of Maritime rates over those prevailing in the central section, the Dominion Parliament formally recognized by statute the right of the Maritime Provinces to this consideration because of the national, imperial and strategic conditions which controlled the building of the Intercolonial. The preamble to the Maritime Freight Rates Act relying on the finding of the Duncan Commission, defined in precise terms the part which the Intercolonial was intended and is still expected to play in the national economy: "Whereas . . . the Intercolonial Railway was designed, among other things, to give to Canada in times of national and imperial need an outlet and inlet on the Atlantic ocean and to afford to Maritime merchants, traders and manufacturers the larger markets of the whole Canadian people instead of the restricted markets of the Maritimes themselves."\textsuperscript{33}

This outlines in brief the Dominion railway policy in furtherance of trade between the Maritimes and the rest of Canada as expressed in the construction and operation of the Intercolonial.

\textbf{The "Short Line"}

In the early projects for a transcontinental railway, which finally took form as the Canadian Pacific Railway, the interests of the Maritimes, it was thought, would be served equally with those of the other parts of Canada. The eastern terminus was fixed at Callander on Lake Nipissing; there the eastern system of transportation would connect with the transcontinental and as the traffic flowed eastward the Maritimes, through the operation of the Intercolonial, would get their share. When the Canadian Pacific Railway Company was chartered its eastern terminus was also fixed at Lake Nipissing; but there were further specific provisions empowering it to extend its line to Ottawa and, to obtain, hold and operate a line or lines of railways from Ottawa to any point at navigable water on the Atlantic seaboard or to any intermediate point.

\textsuperscript{31} G. P. de T. Glazebrook, \textit{A History of Transportation in Canada}, p. 213.
\textsuperscript{32} \textit{Debates, House of Commons}, June 19, 1897, col. 4258ff.
\textsuperscript{33} \textit{Statutes of Canada} (1926-27) 17 Geo. V, c. 44.
The all-Canadian purposes of the project were stressed by the Government when the arrangement was before Parliament for ratification.\(^{34}\)

The failure of the hopes that traffic would flow over the Intercolonial in increasing volume was the cause of much dissatisfaction in the Maritimes. Sir Charles Tupper, in 1884, gave as the reason the excessive mileage of the Intercolonial. "The government," he said, "have been driven to the conclusion by the force of circumstances and by the practical results, that it is impossible for the ports of Saint John and Halifax to compete with the nearer ports of Portland and Boston in the United States."\(^{35}\) To meet this condition he announced that the Government would, by the granting of subsidies, secure the building of a Short Line giving direct communication between Montreal and Saint John and Halifax. Then, he said, "we will have the complete realization of our hopes and expectations." The result was the building of the Short Line across the State of Maine, giving the Canadian Pacific railway direct access to the port of Saint John.

That the Canadian Pacific Railway adopted the Short Line policy under strong pressure from the Dominion Government, and under assurances from its members that the Intercolonial thereafter would be operated as a local road, leaving the through-traffic to the Canadian Pacific, is stated categorically in letters from Sir George Stephen to Sir John Macdonald in 1889.\(^{36}\) Sir Charles Tupper's hope that the building of the Short Line would bring traffic to the Maritime ports in volume sufficient to meet expectations was not realized; and following a change in government the Intercolonial again became the agency by which it was expected trade between Canada and the Maritime ports would be enlarged. Means to this end were supplied by the extension in 1897 of the Intercolonial railway to Montreal, as already noted.

**The National Transcontinental**

Just six years later the Dominion Government was proclaiming that both the Intercolonial and the Short Line had failed to promote trade through Maritime ports. When the Grand Trunk sought public assistance to extend its system from North Bay into the Prairie West, the Government found in the scheme the opportunity for constructing, in conjunction with the Grand Trunk, a second transcontinental railway whose eastern terminus would be in the Maritime Provinces. Sir Wilfrid Laurier, submitting the new transcontinental policy to the House of Commons, July 30, 1903, found both the Intercolonial and the Short Line inadequate as suppliers of traffic for the Maritime ports. Replying to the Opposition's contention that Quebec should be the eastern terminal, which implied that western all-rail traffic would be transferred at that point, he rejected the contention that the Intercolonial had been built to serve as a carrier of traffic originating in the Central Provinces or brought to that region by the opening of communications with the Great West. Speaking in the House of Commons, Sir Wilfrid said: "The answer which we have to make to this objection is plain, obvious, categorical, peremptory and paramount; the answer is that the Intercolonial never was intended and never was conceived and never was built for transcontinental traffic. The Intercolonial was first conceived as a military road. It was built and located for political reasons, ...''\(^{37}\) Having dismissed the Intercolonial as a suitable road for the movement of traffic from the West through Canadian ports, Sir Wilfrid went on to say that the Short Line was likewise unsatisfactory because it passed through United States territory. The Transcontinental, he predicted, would achieve the purpose which he

\(^{34}\) Thus Sir John A. Macdonald (Debates, House of Commons, 1881, p. 225) said: "The country desires, that the road, when built, should be a Canadian road: the main channel for Canadian traffic for the carriage of the treasures and trade of the west be Canadian." There was a further desire to "build up Montreal, Quebec, Toronto, Halifax and Saint John by means of one great Canadian line, carrying as much traffic as possible by the course of trade through our own country."

\(^{35}\) Sir Leonard Tilley, speaking in the same debate (p. 237) said the Government "desired that when the millions of acres in the Northwest were settled, the products of that country should be brought down to Montreal, Quebec, Halifax, Saint John or Toronto through Canadian territory."

\(^{36}\) The fact that Sir John Macdonald at one time considered Quebec City as the right terminus for the Canadian Pacific is not generally known; at Quebec, of course, it would be easy to transfer freight to the Intercolonial. The statement indicating Quebec as the proper terminus was made in Parliament when Sir John defended the action of the Government in paying retroactively subsidies to the Quebec Government for the construction of railways from Ottawa to Montreal and from Montreal to Quebec. Upon that occasion Sir John recalled that when the original project of building the Canadian Pacific had been initiated, Callander had been selected as the eastern terminus, but that subsequently the Mackenzie Government had extended the line "to Pembroke, and in fact to Ottawa." He added: "Then, Sir, from that moment I saw, and everybody of common sense must have seen, that Quebec had, with unowned energy, finished a railway from the City of Quebec, which everybody admitted must be eventually the Atlantic terminus of the Canadian Pacific Railway, that Quebec, taking time by the forelock, in order to give to their province an immediate connection with the Far North-West, pledging their fortune and pledging their credit to complete the road, foresaw that the road they were constructing must form a portion of the great national highway and be aided like the rest." DeBates, House of Commons, 1884, p. 1565.

\(^{37}\) Stephen wrote (Sept. 3, 1889) "... Tupper and Pope repeatedly said, by way of inducement to undertake the work, that, on the opening of the Short Line, the I.C.R. would be run as a local road, that the through business would all come over the Short Line, that the I.C.R. worked as a local road, would be just as useful to the people of the country traversed by it." As quoted by Glazebrook, A History of Transportation in Canada, p. 297. For further correspondence see Pope, Correspondence of Sir John Macdonald, pp. 454-57.
stated categorically: "Our intention has been . . . to force traffic in Canadian channels and through Canadian waters."38 Hence the necessity for the Quebec-Moncton section of the National Transcontinental.

These purposes were set out with precision and detail in the legislation embodying the Grand Trunk Pacific Agreement.39

In keeping with the agreement with the Grand Trunk Pacific the National Transcontinental railway from Winnipeg to Moncton was built to the highest standard. No expense was spared in building this road to provide the cheapest and most efficient means of carrying the wheat of the North-west to the Canadian seaboard. Estimates were made at the time the Transcontinental enterprise was launched that it would be possible to carry wheat profitably from Armstrong (equivalent to the Head of the Lakes) to Quebec for 6 cents per bushel. Once again the old belief was revived that, given a road bed and equipment of the highest standard, an all-rail rate could be set that would compete with the lake-and-rail rate. There is much to support the view that it was this faith that underlay the whole project of the National Transcontinental. Its chief objective was the delivery to Canadian ports, for export, of Canadian wheat.

The project of a transcontinental railway operated by the Grand Trunk Pacific under an agreement with the Dominion Government disappeared in April, 1915, when the Grand Trunk Pacific refused to lease the line from Winnipeg to Moncton on the ground that it had not been completed in accordance with the agreement, the estimated cost of $61,415,000 having been increased to $169,881,197. The National Transcontinental line was thus left in the hands of the Dominion Government and became, on February 1, 1915, part of the Canadian Government Railways.40 Later all the railways that came into the hands of the government, together with the Intercolonial, were consolidated and given the name of the Canadian National Railways.

It is now apparent that the purposes, so clearly avowed, and implemented by this vast outlay of money, have been attained only in relatively slight measure. The reason for this comparative failure is a proper subject for examination by all parties affected or interested; but from this survey, it seems to us there might fairly be excluded the presumption of indifference or hostility on the part of the residents of other parts of Canada to the fulfillment of the hopes which inspired the building of the National Transcontinental.

Controversy Over Freight Rates

The failure of the National Transcontinental to act as a vast grain-spout through which western wheat would flow to Quebec and the Maritime ports focused attention for a number of years on the freight rates over the line by the Board of Railway Commissioners, the courts and the Dominion Government.

When the railway was opened for traffic in 1916, a special rate of 6 cents a bushel from Armstrong to Quebec was set.41 But, in the following year, the management which was directly responsible to the Government, raised the rate to 34.5 cents per hundred pounds (35.5 cents to Maritime ports). This rate proved to be prohibitive. In 1925-26 when the Government ordered the Board of Railway Commissioners to carry out a general inquiry into freight rates, emphasizing the importance of "encouraging to the fullest extent the movement of Canadian grain and other products through Canadian ports" the Quebec Harbour Board, supported by the Governments of the Maritime and Western Provinces,42 asked that the rate from Armstrong to Quebec be adjusted to the statutory Crowsnest Pass rates for the West.

The application of the Quebec Harbour Board succeeded, and the grain rate was cut from 34.5 cents per hundred pounds to 18.34 cents—the
Crowsnest Pass rate. There was at that time, as there still is, a rate of 1 cent per hundred pounds from Montreal or Quebec to Saint John or Halifax on grain coming by rail from Georgian Bay ports, and the application of the Quebec Harbour Board had been made on the assumption (shared by the Governments of the Maritime Provinces) that this 1 cent rate would also apply to grain coming all-rail from Armstrong or Port Arthur. But, after an unsuccessful appeal to the Supreme Court against the ruling of the Board of Railway Commissioners which had applied the Crowsnest Pass rates to Armstrong-Quebec grain traffic, the Canadian National refused to extend to this traffic the 1 cent rate from Quebec to the Maritime ports. Instead, by adding to the rate from Quebec to Saint John and Halifax the reduction it had been ordered to make between Armstrong and Quebec, it left the through-rate from the West to the Maritime ports the same as it had been before the ruling of the Board.43

In an effort to retrieve this defeat, the Halifax Harbour Board, supported by the Maritime Board of Trade, appealed to the Board of Railway Commissioners, asking that the 1 cent rate between Quebec and the Maritime ports be applied to shipments from the West. The real point at issue was whether or not the agreement of 1903 entered into by the Government and the Grand Trunk Pacific called for an all-rail rate to the Maritimes which would not merely meet the all-rail rate to competing American ports, but would also meet the lake-and-rail rate to these ports if this were lower. The Board divided on the application, and the appeal failed.45 The rate from Armstrong to the Mar-
time ports has fluctuated to meet competitive conditions, but has remained well above the figure which the Quebec Harbour Board sought to obtain in 1926. As at December 9, 1938, the rate was 26½ cents.

An appeal was taken from the decision of the Board to the Governor in Council and heard January 15, 1932. Supporting it were the Halifax Harbour Commission and the Maritime Board of Trade Transportation Commission; and opposed to it were the Canadian National Railways, the Canadian Pacific Railway and the National Millers Association. Subsequently a petition signed by a number of Members of Parliament and Senators from the Maritime Provinces was presented to the Prime Minister objecting to the case being returned to the Board of Railway Commissioners for reconsideration; the Government was asked to "declare its policy" and "render a final decision". It does not appear from the records that have been consulted that any finding was made on the appeal by the Dominion Government.46

It is apparent from what has been said here that transportation facilities have been supplied in ample measure to look after a much larger traffic. It is also established that the engagement as to parity of grain rates to American and Maritime ports has been respected if the engagement is held to apply only to rates of the same type. All-rail rates from Armstrong to Saint John and Halifax are on a parity with similar rates from Duluth to New York and other American ports. Efforts to have the all-rail route to the Canadian ports lowered to the level of lake-and-rail rates to the Atlantic ports have failed to secure authorization from either the Board of Railway Commissioners or the Governor in Council; and it appears from the record that the reason for this refusal was an acceptance of the argument advanced by the railroads that this rate would be met by the competing American railways, thus leaving matters unchanged so far as the movement of grain would be concerned. The fact must be accepted that, with free competition and parity of rates, only a proportion of Canadian wheat exports will go via the Maritime ports. The defeat in one essential respect of the greatest rai-

43 Quebec retained the advantage of the lowered rate from Armstrong offered by the Board but it has been of little value to the port as the rate, low as it is, cannot meet the lake-and-canal rate while that is in operation, and the period between the freezing-up of the lakes and canals and the closing of the St. Lawrence is too brief to permit any considerable movement of grain through the port of Quebec. From the crop year 1927-28 to 1929-30 (inclusive) total rail receipts of grain at Quebec (including some which came by other lines than the National Transcontinental) have been less than 5,400,000 bushels.

44 The decision was rendered on October 29, 1930. Chief Commissioner McKeown and Commissioner Norris were of the opinion that Parliament had intended in 1903 that the rate over the Transcontinental should meet all competing rates; they therefore held that the 2½ cent rate from Armstrong to Saint John and Halifax which matched the all-rail rate from Duluth to New York should be reduced to 10-34 cents to meet the lake-and-rail rate from Fort William to New York. Commissioners McLean and Lawrence would not grant the appeal but were ready to allow a proportionate extension of the Armstrong-Quebec rate which would have given a rate of 27-6 cents to Saint John and 30-5 cents to Halifax. Deputy Chief Commissioner Viem and Commissioner Blumenau thought that the parity of all-rail rates on Canadian and American lines was all that could be given, as any reduction in these rates would immediately be met by American carriers and no diversion of traffic to Canadian channels would result. Because of these conflicting opinions, the existing rate was undisturbed.

45 The last public reference to the appeal appears to be that made by the Minister of Railways (Hon. R. J. Manion) in the House of Commons, February 10, 1933 (Debates, pp. 2011-12) in which he said that he had been "informed, though quite unofficially, that the present arrangements were altogether satisfactory to those who were asking for the appeal to be disposed of."
way venture upon which the Dominion ever embarked is the result of the economic impossibility of maintaining lower rates for grain than those offered by competing American transportation systems.

In this connection, the conclusion of the Duncan Commission which examined the problem at length should be noted:—

"We do not feel, however, that we would be exhausting our own Terms of Reference, if we did not take some notice of what we believe to be serious misapprehension in the public mind in the Maritime Provinces as to the proximate cause of the difficulties in the way of development at Halifax and Saint John.

Over a series of years, the merchanting of the grain crops of the West in the markets of the world has been built up on a delicate mechanism which cannot be suddenly or violently disturbed without creating chaos, and even disaster. The routing has been determined not by reference to railway haul entirely but by the need for concentrating the grain at a key position which commands a range of ports where—because of the quantity and variety of ocean tonnage available—the shipper can be sure of finding cargo space within the shortest possible time for the quantity and destination of his shipment, at any given moment." (p.28.)

"...We think the beneficial reaction arising to the trading and commercial interests of the Maritime Provinces by reason of grain and other products passing through their ports has been much exaggerated, although grain exports may be of considerable value as basic cargo when other freight is also available. In the character of modern shipping, there would be very definite limitations to port development based only on traffic that was, as it were, merely piloted through a given channel." (p. 29.)

In conclusion, we have not found that any contractual, or quasi-contractual rights of the Maritime Provinces in the matter of Dominion transportation policy have been violated. Nor can the Dominion be fairly accused of having ignored the legitimate claims of the Maritime Provinces to the use of their ports for the external trade of the Dominion. As the record indicates, the people of Canada have made substantial sacrifices to divert trade through Maritime ports, and we do not consider that any compensation should be allowed for the failure of bona fide attempts to build up this trade. The fact is, with the development of the large steamship and the growth of great ports elsewhere on the Atlantic coast, the economics of transportation have weighed heavily against the ports of the Maritime Provinces. But the fullest possible utilization of the ports of the Maritime Provinces consistent with the general welfare of the Canadian economy must remain in the future (as we are convinced that it has been in the past) a prime objective of Canadian policy. The people and Governments of the Maritime Provinces will naturally seek, through whatever agencies seem best to them, such a direction of Dominion transportation policies as in their judgment is calculated to assist in the well-being of the Maritimes; just as the people and governments of other provinces will be alert to safeguard their own interests. The Commission is not concerned so much with the merits of the resultant policies as with the effect which they may have on the fiscal needs of the various provincial governments and the financial recommendations which are made elsewhere are designed to meet whatever situation may arise in the future in respect of these needs.