

Railways is \$6,377. These are the earnings for the year covered by the 1932 report. The Canadian Pacific earned \$7,246 per mile of line, while the Northern Alberta lines earned \$1,812 per mile.

In regard to the operating ratio I find that the Canadian National, with earnings of about \$6,000 per mile of line, had an operating ratio of 95·96, while the Canadian Pacific had a ratio of 80·70. The Northern Alberta lines, with gross earnings of only \$1,812 per mile, just about one-third the earnings of the other two lines, had an operating ratio of 79·13. I know none of these lines is doing very well to-day in the way of earnings, but I am saying that notwithstanding the argument with regard to the density of traffic; notwithstanding the argument with regard to the unprofitableness of the grain traffic, as set out in the report of 1927, the Northern Alberta lines showed a better result from the standpoint of the operating ratio than either the Canadian National or the Canadian Pacific.

I am not going into the question of why this should be so. There may be certain matters of grades which would account for it, or it may be due to other factors, but notwithstanding the fact that all the railways are having difficulty in connection with earnings the Northern Alberta railways, a large portion of which are operating in the Peace River district, showed a better result from the standpoint of the operating ratio than did either the Canadian Pacific or the Canadian National.

Mr. REID: Would the hon. gentleman permit a question? He spoke of the development of wheat acreage. Is the hon. member in favour of the agreement to curtail the wheat acreage?

Mr. KENNEDY (Peace River): That is another question, but I will say that I am in favour of the wheat agreement. I distinctly said so the other day, and I do not know why I should be asked that question again. The problem of settlement on the land does not involve the question of wheat. I am giving the results of the operation of the Northern Alberta railways with the traffic that is available. The problem of settlement in the Peace River country to-day is a problem of the development of homes in that country, and that will be the problem for years to come as far as new settlers are concerned. Unless something happens with regard to the world demand for wheat there must be a change in the development of new countries from what we have had for the last twenty years or so in western Canada.

My hon. friend has brought up the question of whether there is room for the development of this new country. One argument is that some settlers are moving from districts where they were farming large acreages into a country where they are going to farm small acreages under different conditions. Another argument is that we have a first-class country for producing hogs, and there is plenty of room for the development of this industry in Canada in connection with our export quota.

One of the reasons why I mentioned grain, and one reason why I said the railway was paying, is that grain constitutes about four-fifths of the total traffic on the Northern Alberta railways. It is not the same year by year but that is about the figure. For instance, in 1932 the grain traffic amounted to about 350,000 tons, while the grand total was 525,000 tons. On the Canadian Pacific and the Canadian National grain constitutes about one-fifth or one-sixth of the total tonnage.

Years ago it was said that railways built north of Edmonton would never pay for their axle grease. A survey of the Peace River country was made by a man who has since passed away, I believe, James M. Macoun. In his report—which I believe was suppressed—he informed the people of Canada that the Peace River country never would be fit for white men unless they were ready to accept very low standards of living. Then we had the report of the five engineers, which threw cold water on the railway development for which we were asking in 1925. In spite of everything, however, the Peace River country has developed, and it has justified the construction of the railways which some people did not expect to pay for the axle grease they used. To-day, in spite of the difficulties encountered in a new country, they are making as good a showing, so far as the operating ratio goes, as are the two main lines of railway in Canada. I believe it is going to take a number of years to work out the solution, and by the time that is done and the outlet is completed probably we will have a general improvement in conditions. We have people in there who are anxious to establish themselves in homes in that new country, people who wish to be independent of relief, who wish to be self-supporting, and who have sacrificed everything people should be expected to sacrifice in order to be in a position to settle in that country.

In spite of the difficulties that may exist I would like to see the government take hold of this matter and begin construction; extend branch lines, if necessary, in order to give rail-