

Right Hon. Reginald McKenna. Among other things he says:

World trade may still be disorganized, the exchanges chaotic, international dealings hampered by prohibitive tariffs, quotas and other restrictions; yet, notwithstanding all these obstacles, often described as insuperable, the trade of this country by universal acknowledgment has for many months been making steady and gratifying progress.

And again:

The supply of an adequate quantity of money is now seen to be as certain in restoring trade and employment as the curtailment of the required supply is certain to restrict them.

And again:

The word inflation is in constant use as a term of reproach; but just as deflation may be good or bad according to the conditions at the time it is put into operation, so also with inflation.

He continues:

We have seen a revival of business and a return to employment, accomplished by a comparatively slight rise in the price level;

He was dealing with the matter from the standpoint of monetary operations but the point I desire to make is that he stated that there had been a general recovery and improvement in prices. It is acknowledged everywhere that if we can get an improvement in prices we shall be able to start out of this depression. I think it is generally acknowledged that recovery is on the way in the United States. Prices have risen there as well as in Canada. We have seen a rise in the prices of farm products, hogs and wheat as compared with those prevailing a year ago. I think the legislation before this house as well as other things that have happened in connection with the monetary policy give a definite indication that the financial question is on the way to a solution and that to some extent we are leaving the depression behind. This being so, I hope that we shall be able to arrive at a partial solution of the great problem of an outlet for the Peace River country. It seems to me that keeping people unemployed when they are willing to work is a great waste which should be eliminated in the near future.

In connection with the question of the duplication of railway mileage, I desire to say again what I have said before. The survey made of the Peace River country by the engineers shows that when this outlet is completed there will be an average of 6,000 acres of economic land to a mile of railway as compared with the average of 5,000 acres for the three prairie provinces. I think this answers any argument as to duplication. I

[Mr. D. M. Kennedy.]

think on the whole our yields of grain and other commodities have been a little higher than those of the three prairie provinces. This indicates that the construction of this railway should prove to be a reasonably economic proposition. A survey has been made of 2,000,000 acres along one of the proposed routes of this outlet and this shows that the land is suitable for agricultural purposes. I do not know of any instance in Canada where a development has been so well planned and where the results have been predicted with such certainty. There has been a careful study made of the cost of construction, the relation of branch lines to one another and the value of the land.

There has been developed to-day in the Peace River country about 1,000,000 acres of land out of a total of about 10,000,000 acres of economic land. Five engineers, Fairbairn, Gzowski, Hill, James and Sullivan, surveyed this route in 1925, and their report shows a total of about 8,500,000 acres of economic land. Some years ago the Department of the Interior issued a pamphlet on the Peace River country and this showed the total number of economic acres as 10,000,000. I think the latter figure is just about right, but whether it is 8,500,000 or 10,000,000 acres does not matter. The fact is that 1,000,000 acres have been developed.

I should like to deal with some of the arguments advanced in the report of the engineers against the construction of this line. I do this because I submit that the arguments advanced at that time can be shown to be not entirely sound to-day. It is impossible for anyone to sit down and state what will happen in the future. These engineers did their best but I do not think their arguments apply to-day. They stated that there would not be a sufficient density of traffic to make the railway pay at anything like the then existing rates, which were 39 cents per hundred pounds. Another argument was advanced to the effect that grain traffic does not pay. They stated that as the traffic from the Peace River country would be mostly grain there was every reason to expect that the railway would not pay very well. I should like to submit a few figures to the house in this connection. At pages 66 and 67 of the steam railway statistics of Canada for 1932 is given the total gross earnings of the Canadian Pacific Railway, the Canadian Northern Railway, the Northern Alberta Railway and other railways of Canada. The mileage and so on appears on page 54. I have worked out a table showing that the total gross earnings per mile of line on the Canadian National