1928, the operating surplus was $810,209.41. Mr. Smith stated that faith in the abounding vitality and increasing growth of the province of Alberta and the Peace River region, were the reasons that influenced the government's course in refusing the joint offers submitted for the purchase of these railways early in 1928.

The annual report of the department of Railways for the calendar year 1928, gave operating statements for the four northern railways for that year. The operating revenues of the Edmonton-Dunvegan and British Columbia railway were $1,782,160.43 and operating expenses $871,971.03. After allowing for some other revenue and other expenses the net corporate income of the railway was $88,090.27 after interest on funded and unfunded debt.

Therefore the position in 1928 is that the Edmonton-Dunvegan and British Columbia Railway, and the Central Canada Railway were actually on a paying basis and were revenue producers to the Alberta government, when less than 1,000,000 acres had been developed and when five engineers had stated three years previously that there was no hope for the success of the railway. Of course an additional investment of possibly $15,000,000 would be necessary for the construction of an outlet, but without any further extension of railway mileage there is a possible increase of 2,000,000 or 3,000,000 acres. Yet with less than 1,000,000 acres in use we find the railway was a revenue producer for the Alberta government.

Here is another fact: The Edmonton-Dunvegan and British Columbia Railway and the Central Canada Railway were in those days merely branch lines of the Canadian National Railways system. Every carload of grain leaving the Peace River country and every carload of machinery brought in was hauled two or three times as far on the Canadian National railways as it was on the Alberta railways, and I think we may draw the inference quite fairly that whatever may have been the revenues to the Alberta government from the two railways I have mentioned, there was an additional profit to the Canadian National Railways, because in some cases the freight was hauled two or three times as far on the Canadian National system as on the Alberta railways.

In the face of facts such as these, the talk about ton-miles, and the comparison of ton-miles of grain moving over the Canadian National railways and other commodities moving over other railways in North America is not very convincing. It seems to me that the statement of revenue accruing in Alberta in the year 1928 as a result of the operation of these railways is far stronger than any statement of engineers to the effect that this road cannot be expected to pay, or that we cannot expect any development in the Peace River district which will justify construction of the outlet for years to come.

In the last five years the population of the Peace River country has almost doubled—in fact, I think it has nearly doubled in the last four years. In all railway reports there have been references to the need for additional branch mileage.

Mr. MANION: Could my hon. friend give me an idea of the population?

Mr. KENNEDY: About five years ago it was about 20,000; to-day it is about 40,000. There is a steady stream of new settlers moving in from the dried out areas; some of them are moving back and homesteading eighty or ninety miles from the railway. As a result of dry years a good many of them were in financial difficulties when they left the south country. Very few of them have capital with which to go ahead and develop a new country. They are not situated as happily as were the settlers who moved to that district about twenty years ago; they have taken land more difficult to develop. Many of them have been asking for relief, not as a result of their experience in the Peace River district but resulting from their experience in the districts from which they came. Many of them are directly on the route of any outlet which would be built westward. To my mind it would be more sensible to spend money constructing a work such as that suggested in the resolution, thereby providing a chance for those people to earn money while they are developing their farms, than to pay out direct relief to them. Certainly there is great credit coming to those people who, instead of throwing up their hands, joining the ranks of the unemployed and drifting to some of the cities, struck out for themselves and tried to effect reestablishment in a new country. I know assistance is being given to them partly by the federal and partly by the Alberta governments. I think they would be better pleased however, and Canada would profit more in the long run, if the development of this outlet were begun, so that they might be provided with opportunities equal to those enjoyed by so many of the early settlers on the prairies. During a certain period of the year they could earn money apart from their farms, and during the remainder of the year their efforts could be directed towards the development of their lands.

One fact brought out in the evidence before the railway committee in the year 1927 was that under a proposal such as outlined by the