

**5.—Capital Invested in Road and Equipment of Canadian Steam Railways, calendar years 1924-1929.**

Investment.	1924.	1925.	1926.	1927.	1928.	1929.
	\$	\$	\$	\$	\$	\$
New Lines—						
Road.....	5,739,382	10,353,357	10,030,081	14,488,059	30,003,540	37,210,328
Equipment.....	32,069	Cr. 3,399	129,645	448,649	351,447	31,125
General.....	2,896,790	2,442,175	277,356	2,807,259	488,806	869,773
Totals.....	8,168,241	12,792,133	10,437,082	17,743,967	30,843,793	38,111,226
Additions and Betterments—						
Road.....	25,571,368	15,251,515	19,515,536	32,188,136	33,682,796	44,445,646
Equipment.....	9,895,974	1,629,939	2,121,625	20,081,275	11,432,446	59,240,026
General.....	Cr. 110,365	Cr. 95,460	2,387,982	138,644	2,659,759	3,210,802
Undistributed	2,625,247	702,450	1,089,943	Cr. 74,948	Cr. 75,020	30,211
Totals.....	37,982,224	17,488,474	25,115,086	52,338,107	47,609,981	106,926,685
Undistributed..	623,913	Cr. 178,020	Cr. 15,415,510 <sup>1</sup>	1,598,437	Cr. 15,282,546 <sup>2</sup>	Cr. 8,825,153 <sup>3</sup>
Totals, investments, as at Dec. 31.....	2,831,971,816	2,862,074,403	2,852,211,061	2,953,886,572	3,020,059,995	3,153,350,558

<sup>1</sup>Includes a credit of \$14,944,515 on account of Hudson Bay Railway not operated and returned to Dominion Government for completion.

<sup>2</sup>Includes a credit of \$13,477,505 on account of Canadian National property transferred to Harbour Commissions of Halifax and Saint John.

<sup>3</sup>Includes difference between purchase price of Atlantic, Quebec and Western; Kent Northern; Quebec, Montreal and Southern; and Quebec Oriental Railways and investment reported in 1928—a credit of \$7,193,024; difference between valuation of Northern Alberta Railways and investment of Alberta and Great Waterways; Central Canada; Edmonton, Dunvegan and British Columbia; and Pembina Valley Railways as at June 30, 1929—a credit of \$5,639,429; a credit of \$1,569,859 for the Hereford Railway which ceased operation, and additions and betterments to separately operated properties and other undistributed items amounting to a debit of \$5,882,159.

**Summary of Traffic Statistics.**—A summary of freight and passenger traffic statistics and of the ratio of operating expenses to gross earnings, continuing a series which has been compiled since 1875, will be found for the years 1911 to 1929 in Table 6. This table has, however, the defect that its figures of passengers and freight carried are not comparable throughout but have been reduced as a result of the consolidation of railways. Better tests of the real volume of passenger and freight traffic are supplied in Table 9 of this chapter under the headings "Passengers carried one mile" and "Freight carried one mile" These records, commencing in 1915, show that the maximum volume of passenger traffic was reached in the calendar year 1919 and the maximum volume of freight traffic in 1928. Both freight and passenger traffic have in recent years been affected by the increase in the use of motor vehicles.

The statistics of gross earnings and operating expenses illustrate the difficulties confronting our railways in recent years. Before the war it was generally held that, on account of the enormous initial investment required in roadbed and equipment, a railway's operating expenses should not exceed about two-thirds or 70 p.c. of its gross earnings, the remainder being required to meet interest on capital invested, whether in stocks or bonds, as well as to provide for necessary improvements. The ratio of operating expenses to gross earnings is called the operating ratio, and in 1913 the Canadian operating ratio was 70.90 p.c. The new conditions of the war period, especially the higher cost of labour and of fuel, swelled the operating ratio, in spite of advances in freight and passenger rates, until in 1920 it reached 97.18 p.c., since when there has been a