

5.—Capital Invested in Road and Equipment of Canadian Steam Railways, calendar years 1925-30.

Investment.	1925.	1926.	1927.	1928.	1929.	1930.
	\$	\$	\$	\$	\$	\$
New Lines—						
Road.....	10,353,357	10,030,081	14,488,059	30,003,540	37,210,328	24,397,606
Equipment... Cr.	3,399	129,845	448,649	351,447	31,125	31,167
General.....	2,442,175	277,356	2,807,259	488,806	869,773	530,602
Totals.....	12,798,133	10,437,082	17,743,967	30,843,793	38,111,226	24,965,375
Additions and Betterments—						
Road.....	15,251,545	19,515,536	32,188,136	33,682,796	44,445,646	40,885,501
Equipment... Cr.	1,029,839	2,121,825	20,081,275	11,432,446	59,340,026	32,839,021
General.....	95,460	2,387,982	138,644	2,659,759	3,210,802	3,380,533
Undistributed	702,450	1,089,943	Cr. 74,948	Cr. 75,029	30,211	Cr. 48,662
Totals.....	17,488,474	25,115,086	52,333,107	47,899,981	106,926,685	77,056,393
Undistributed.. Cr.	178,020	Cr.15,415,510 ¹	1,598,437	Cr.15,292,546 ²	Cr. 8,825,153 ³	Cr.12,150,046 ⁴
Totals, Investments, as at Dec. 31.....	2,862,074,403	2,882,211,061	2,953,886,572	3,020,059,995	3,153,354,553	3,243,223,280

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

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

³Includes 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 for \$7,198,024; difference between valuation of Northern Alberta Railways and investment of Alberta and Great Waterways; Central Canada; Edmonton, Dunsvegan and British Columbia; and Pembina Valley Railways as at June 30, 1929—a credit of \$5,639,429; a credit of \$1,869,859 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.

⁴Credit of \$18,180,692 for Canadian Northern and Grand Trunk Pacific rails lifted during the war for use in France and other lines dismantled after consolidation of the Canadian National system.

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 1930 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, especially 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,