

5.—Capital Invested in Road and Equipment of Canadian Steam Railways, calendar years 1926-31.

Investment.	1926.	1927.	1928.	1929.	1930.	1931.
	\$	\$	\$	\$	\$	\$
New Lines—						
Road.....	10,030,081	14,488,059	30,003,540	37,219,328	24,397,606	20,761,545
Equipment.....	129,645	448,649	351,447	31,125	31,167	632
General.....	277,356	2,807,259	488,806	869,773	536,602	1,588,193
Totals.....	10,437,082	17,743,967	30,843,793	38,111,226	24,965,375	22,350,280
Additions and Betterments—						
Road.....	19,515,536	32,188,136	33,682,796	44,445,646	40,885,501	21,704,352
Equipment.....	2,121,623	20,081,275	11,432,446	59,240,026	32,839,021	19,113,108
General.....	2,387,932	138,044	2,659,759	3,219,802	3,380,533	1,916,867
Undistributed	1,089,943	Cr. 74,948	Cr. 75,020	30,211	Cr. 48,662	69,754
Totals.....	25,115,086	52,333,107	47,699,981	106,926,685	77,066,393	42,804,071
Undistributed..	Cr.20,649,071¹	1,436,902	Cr.12,454,178²	Cr.8,878,496³	Cr.15,223,021⁴	Cr.8,597,547⁵
Totals, Investments, as at Dec. 31.....	\$,047,276,672	\$,118,784,648	\$,184,873,644	\$,321,833,659	\$,467,831,806	\$,464,388,610

¹Includes a credit of \$14,944,515 on account of Hudson Bay Railway which was not operated but was returned to the 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 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 \$5,939,429; 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 \$5,828,516.

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.

⁵Includes a credit of \$6,928,410 due to balance sheet transfers, and a credit of \$1,359,261 for additions and betterments to separately operated properties of Canadian National Railways and miscellaneous credits amounting to \$309,876.

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 1931 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 the latter, have in recent years been affected by the increase in the use of motor vehicles. This traffic decrease has been much aggravated since 1929 by the general decline in commercial activity.

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 represented by stocks or bonds, as well as to provide for necessary improve-