

Earnings and Expenses.*—The operating ratio, or ratio of expenses to revenues, of Canadian railways increased from around 70 p.c. to above 90 p.c. between 1917-20, and remained high thereafter. The United States Government took over the operation of the United States railways and increased the rates of pay of the railway employees when that country entered the First World War. The Canadian railways were also obliged to make corresponding increases and these have been the chief factor in increased operating ratio. Declining revenues without corresponding reductions in expenses during the depression period also maintained the high ratio. The period after 1938 showed a sharp decline in this ratio, due primarily to the greatly increased freight traffic occasioned by the War, and a subsequent acceleration in gross earnings. In 1940, gross earnings and operating expenses both reached their highest levels since 1930.

6.—Earnings and Operating Expenses of Steam Railways, 1926-40

NOTE.—Gross earnings and operating expenses for the years 1875 to 1914 are given at p. 434 of the 1916-17 Year Book. The analyses per mile of line and per train mile go back to 1908 only and are given for 1908 to 1916 at p. 435 of the 1916-17 Year Book. Corresponding figures for the years 1915 to 1925 are given at p. 550 of the 1941 Year Book.

Year	Gross Earnings	Operating Expenses	Ratio of Expenses to Receipts	Per Mile of Line			Per Revenue Train Mile	
				Gross Earnings	Operating Expenses	Net Earnings	Gross Earnings	Operating Expenses
	\$	\$	p.c.	\$	\$	\$	\$	\$
1926.....	493,599,754	389,503,452	78.91	12,278	9,653	2,625	4.298	3.391
1927.....	499,064,207	407,646,280	81.68	12,350	10,047	2,303	4.221	3.448
1928.....	563,732,260	442,701,270	78.53	13,840	10,791	3,049	4.461	3.503
1929.....	534,106,045	433,077,113	81.08	13,068	10,596	2,472	4.492	3.643
1930.....	454,231,650	380,723,411	83.86	10,897	9,133	1,764	4.150	3.538
1931.....	358,549,382	321,025,588	89.53	8,502	7,612	890	3.747	3.435
1932.....	293,390,415	256,668,375	87.48	6,922	6,055	867	3.507	3.157
1933.....	270,278,276	233,133,108	86.26	6,365	5,490	875	3.528	3.153
1934.....	300,837,816	251,999,667	83.77	7,111	5,956	1,155	3.864	3.128
1935.....	310,107,155	263,942,899	85.11	7,250	6,170	1,080	3.903	3.193
1936.....	334,768,557	283,345,968	84.64	7,839	6,635	1,204	4.012	3.298
1937.....	355,103,271	300,652,548	84.67	8,316	7,041	1,275	3.992	3.366
1938.....	336,833,400	295,705,638	87.79	7,888	6,925	963	3.930	3.331
1939.....	367,179,095	304,373,285	82.89	8,604	7,139	1,465	4.137	3.428
1940.....	429,142,659	335,287,503	78.13	10,074	7,877	2,205	4.436	3.466

7.—Distribution of Operating Expenses of Steam Railways, 1937-40

Item	1937		1938		1939		1940	
	\$	p.c.	\$	p.c.	\$	p.c.	\$	p.c.
Way and structures.....	58,309,150	19.39	55,217,352	18.67	57,624,668	18.96	63,864,526	19.05
Equipment.....	73,166,522	24.34	69,233,176	23.41	70,994,034	23.31	82,738,679	24.68
Traffic expenses.....	12,287,021	4.09	12,588,923	4.26	12,394,763	4.06	10,224,035	3.05
Transportation.....	139,108,818	46.27	140,347,953	47.46	144,196,332	47.38	157,358,033	46.93
General and misc. expenses.....	17,781,037	5.91	18,318,234	6.20	19,163,488	6.29	21,102,230	6.29
Totals.....	300,652,548	100.00	295,705,638	100.00	304,373,285	100.00	335,287,503	100.00

Railway Salaries and Wages.—The Canadian National Railways brought into their accounts in 1928 the wages and salaries of commercial telegraph employees; these are added for 1926 and 1927 in Table 8 to make the data comparable. The number of employees fluctuates with the volume of traffic, but not to the same extent.

* See chart at p. 586.