

loans and advances from the Government to cover deficits of the Canadian National Railways and by the fact that some railway stock issues represented little actual investment in physical property. The investment account in recent years has been affected by write-offs for lines abandoned, transfers of property to other Government Departments, etc.

#### 4.—Capital Invested in Road and Equipment of Steam Railways, 1937-42

Investment	1937	1938	1939	1940	1941	1942
	\$	\$	\$	\$	\$	\$
New Lines—						
Road.....	2,997,932	1,946,830	329,739	1,182	Cr. 422,363	74,972
Equipment...	Nil	Nil	Nil	Cr. 3,500	Nil	Nil
General.....	54,712	118,316	"	7	3,776	"
Totals.....	3,052,644	2,065,146	329,739	Cr. 2,311	Cr. 418,587	74,972
Additions and Betterments—						
Road.....	5,380,865	6,522,746	5,855,876	6,659,074	8,786,600	46,537,589
Equipment...	28,355,161	17,310,743	Cr. 4,452,439	66,340,262	9,566,002	19,603,725
General.....	Cr. 6,158	63,095	1,665,148	92,198	Cr. 17,112	89
Undistributed	3,436	Cr. 32,075	Cr. 13	Cr. 17,056	Cr. 265,260	Cr. 11,917
Totals.....	33,733,304	23,864,509	3,068,572	73,074,478	18,070,230	66,129,308
Undistributed <sup>1</sup> .	Cr.265,358,397	Cr. 3,685,804	Cr. 2,163,803	Cr. 9,437,903	Cr. 10,052,083	Cr. 4,800,297
<b>Totals, Investments as at Dec. 31.</b>	<b>8,072,460,924</b>	<b>3,094,704,775</b>	<b>3,095,939,283</b>	<b>3,159,573,547</b>	<b>3,167,173,107</b>	<b>3,228,577,090<sup>2</sup></b>

<sup>1</sup> Details of this item are given in the "Annual Report on Steam Railway Statistics" issued by the Transportation and Public Utilities Branch of the Bureau of Statistics. The large credit in 1937 is due principally to the Canadian National Capital Revision Act. <sup>2</sup> Includes \$74,728,521 transferred to depreciation reserve and a credit of \$34,534,220 transferred to premium on capital and debenture stocks.

**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.

#### 5.—Earnings and Operating Expenses of Steam Railways, 1936-42

**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 and for 1926 to 1936 at p. 585 of the 1942 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.	\$	\$	\$	\$	\$
1936.....	334,768,557	283,345,968	84.64	7,839	6,634 <sup>1</sup>	1,205 <sup>1</sup>	4,012	3,396 <sup>1</sup>
1937.....	355,103,271	300,652,548	84.67	8,316	7,041	1,275	3,992	3,380 <sup>1</sup>
1938.....	336,833,400	295,705,638	87.79	7,888	6,925	963	3,930	3,450 <sup>1</sup>
1939.....	367,179,095	304,373,285	82.89	8,604	7,132	1,472 <sup>1</sup>	4,137	3,429 <sup>1</sup>
1940.....	429,142,659	335,287,503	78.13	10,074	7,870 <sup>1</sup>	2,204 <sup>1</sup>	4,436	3,406
1941.....	538,291,947	403,733,542	75.00	12,673	9,504	3,169	4,772	3,579
1942.....	663,610,570	485,783,584	73.20	15,659	11,463	4,196	5,514	4,036

<sup>1</sup> Revised since the publication of the 1942 Year Book.