

Earnings and Expenses.—The operating ratio, or ratio of expenses to revenues, of Canadian railways increased from around 70 p.c. to over 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 from 1938 to 1943 showed a sharp decline in this ratio, due primarily to the greatly increased freight traffic occasioned by the Second World War and a subsequent acceleration in gross earnings. A steadily rising trend has been in evidence since 1943.

5.—Earnings and Operating Expenses of Steam Railways, 1936-46

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 1935 at p. 585 of the 1942 Year Book.

Year	Gross Earnings	Operating Expenses	Ratio of Expenses to Receipts	Per Mile of Line			Freight Train Revenue per Freight Train Mile	Passenger Train Revenue per Passenger Train Mile
				Gross Earnings	Operating Expenses	Net Earnings		
	\$	\$	p.c.	\$	\$	\$	\$	\$
1936.....	334,768,557	283,345,968	84.64	7,839	6,634	1,205	5.10	1.79
1937.....	355,103,271	300,652,548	84.67	8,316	7,041	1,275	5.17	1.74
1938.....	336,833,400	295,705,638	87.79	7,888	6,925	963	5.18	1.67
1939.....	367,179,095	304,373,285	82.89	8,604	7,132	1,472	5.48	1.67
1940.....	429,142,659	335,287,503	78.13	10,074	7,870	2,204	5.63	1.97
1941.....	538,291,947	403,733,542	75.00	12,673	9,504	3,169	5.78	2.25
1942.....	663,610,570	485,783,584	73.20	15,659	11,463	4,196	6.53	2.93
1943.....	778,914,565	560,597,204	71.98	18,398	13,241	5,157	6.98	3.68
1944.....	796,636,786	634,774,021	79.68	18,861	15,029	3,832	6.91	3.82
1945.....	774,971,360	631,497,562	81.49	18,331	14,937	3,394	6.92	3.70
1946.....	718,501,764	623,529,472	86.79	16,967	14,724	2,243	6.83	3.21

6.—Distribution of Operating Expenses of Steam Railways, 1943-46

Item	1943		1944		1945		1946	
	\$	p.c.	\$	p.c.	\$	p.c.	\$	p.c.
Way and structures.....	120,597,853	21.5	138,250,189	21.8	132,470,385	21.0	122,093,160	19.6
Equipment.....	130,009,452	23.2	146,692,062	23.1	144,500,231	22.9	135,933,150	21.8
Traffic.....	10,542,715	1.9	11,146,008	1.8	11,203,744	1.7	13,781,898	2.2
Transportation.....	261,689,121	46.7	295,852,998	46.6	297,754,037	47.2	304,519,437	48.8
General and miscellaneous.	37,758,063	6.7	42,832,764	6.7	45,569,165	7.2	47,201,827	7.6
Totals.....	560,597,204	100.0	634,774,021	100.0	631,497,562	100.0	623,529,472	100.0

Railway Salaries and Wages.—The number of employees registered an increase in 1946 over 1938 of 41.2 p.c. while salaries and wages increased by 103.4 p.c. The latter rise was due to an increase in time worked per employee as well as to increased rates of pay. Maintenance of equipment employees, on hourly rates, worked 11.5 p.c. more hours and were paid 52.7 p.c. more wages per employee and transportation employees worked an average of 9.3 p.c. more hours for an increase in pay of 46 p.c.