

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 in spite of advances in freight and passenger rates, until in 1920 it reached 97.18 p.c., since when there has been a gradual decline, 1926 showing a considerable improvement as compared with 1925, with an operating ratio of 78.91 p.c., as compared with 81.70 p.c. While gross earnings increased by \$38,000,000, due to increased traffic in products of the mines, forests and manufactures, operating expenses increased by only about \$17,000,000, resulting in largely increased net operating revenues for 1926 and a reduction of nearly 3 p.c. in the operating ratio.

In Table 6 will be found an analysis of the distribution of the operating expenses of steam railways for the last four years, the 1926 figures showing only slight increases, compared with 1925, in the expenses of operation, in spite of the increased volume of traffic, but a considerably increased expenditure on ways and structures and equipment. The earnings and operating expenses per mile of line and per train mile are analysed in Table 7.

5.—Summary of Steam Railway Statistics of Freight and Passenger Traffic, and Ratio of Expenses to Earnings, years ended June 30, 1911-1919, and calendar years 1919-1926.

NOTE.—These statistics were published for the years 1875-1910 on p. 434 of the 1916-17 Year Book, and for 1901-1910 on p. 591 of the 1926 Year Book.

Years.	Miles in operation.	Total train miles.	Passengers carried.	Freight carried.	Gross Earnings.	Operating Expenses.	Ratio of expenses to receipts.
	No.	No.	No.	Tons.	\$	\$	p.c.
1911.....	25,400	89,716,533	37,097,718	79,864,232	188,733,494	131,034,755	69.43
1912.....	26,727	100,930,271	41,124,181	89,444,331	219,403,733	150,728,540	68.70
1913.....	29,304	113,437,208	46,185,965	106,992,710	256,702,703	182,011,690	70.90
1914.....	30,795	107,895,272	46,702,380	101,393,989	243,083,539	178,975,269	73.63
1915.....	35,582	93,218,479	46,322,035	87,204,838	199,843,072	147,731,099	73.92
1916.....	37,434	111,075,890	43,503,469	100,659,088	261,888,654	180,542,269	68.94
1917.....	38,604	115,797,100	48,106,530	121,916,272	310,771,479	222,890,637	71.72
1918.....	38,484	109,857,500	44,948,638	127,543,637	330,220,150	273,955,436	82.96
1919.....	38,501	103,832,835	43,754,194	116,699,572	382,976,901	341,866,509	89.27
1919 (Dec. 31).....	38,663	107,053,735	47,940,456	111,487,780	408,598,361	376,789,093	92.22
1920.....	38,976	117,394,819	51,318,422	127,429,154	492,101,104	478,248,154	97.18
1921.....	39,363	104,682,167	46,793,251	103,131,132	458,008,891	422,581,265	92.26
1922.....	39,380	107,625,144	44,383,620	108,530,518	440,657,128	393,927,406	89.39
1923.....	39,663	114,010,698	44,834,337	118,289,604	478,338,047	413,862,818	86.52
1924.....	40,061	110,134,782	42,921,809	106,429,355	445,923,877	382,483,908	85.77
1925.....	40,352	109,398,725	41,458,084	109,850,925	455,297,288	372,149,656	81.70
1926.....	40,353	113,538,876	42,686,166	122,476,822	493,599,754	389,503,452	78.91

6.—Distribution of Operating Expenses of Steam Railways for the calendar years 1923-1926.

Items of Expenditure.	1923.		1924.		1925.		1926.	
	\$	p.c.	\$	p.c.	\$	p.c.	\$	p.c.
Ways and structures.....	83,501,064	20.18	78,051,798	20.41	74,015,637	19.89	81,095,525	20.82
Equipment.....	92,255,094	22.29	85,107,990	22.25	86,120,493	23.15	91,824,825	23.58
Traffic expenses.....	14,160,804	3.42	15,219,062	3.98	15,380,361	4.13	16,113,495	4.14
Transportation.....	205,264,233	49.60	187,813,639	49.10	180,875,593	48.06	184,027,865	47.24
General expenses.....	18,681,623	4.51	16,291,419	4.26	15,757,572	4.23	16,441,742	4.22
Total.....	413,862,818	100.00	382,453,066	100.00	372,149,656	100.00	389,503,452	100.00