

Of these totals passenger automobiles in 1930 accounted for 1,047,494 and for 1,024,149 in 1931, the remainder consisting of motor trucks, buses, motor cycles and trailers. It will be at once apparent that there has been a remarkable growth in the use of the automobile in the period under review, and while the figures for 1931 show a small decline from the high point reached in 1930, due to the severe trade depression, the inference to be drawn from the figures as a whole is that the automobile has become a great and increasing factor in transportation in Canada.

5. During the same period, passenger revenues of the two railways have shown a decrease, as appears from the following table:—

Year	Passenger Revenues \$
1923.....	77,335,433
1926.....	73,709,662
1929.....	73,009,353
1930.....	61,512,742
1931.....	43,759,468

Even if the figures for the years 1930 and 1931 are discarded and the comparison made between 1923 and 1929, it will be apparent that passenger traffic on the steam railways failed to hold its own in the face of a general increase of business and in a time of great prosperity. Passengers carried in 1923 were 44,836,337 and, in 1929, 39,070,893, a decrease of 13 per cent, the reduction in revenues being 5.6 per cent.

6. The seven-year period beginning in 1923 and ending with 1929, was one of great growth in national wealth and production. Since the population growth has averaged about 2 per cent annually in the last decade, one would expect to find a growth in passenger revenues of the railways. The result can only be explained by the loss of passenger travel to the private passenger automobile and motor coach. As the total registrations of motor coaches and buses for the whole of Canada was only 2,255 in 1929, and less than one-half of these operated on rural highways outside the limits of cities and so were directly in competition with the steam railways, by far the most important factor in the failure of the railways to increase passenger earnings consonant with the general increase in population and wealth production, must have been the privately-owned passenger automobile. Figures submitted by the railways in the report of a Joint Committee of the Railways to study motor traffic as it affected their revenues made a division of passenger miles travelled in Canada in 1929, as follows:—

Agency	Passenger miles	Percentage
Passenger autos.....	11,500,000,000	78.5
Steam railways.....	2,900,000,000	19.8
Buses.....	250,000,000	1.7
Total.....	14,650,000,000	100.0

7. On a revenue basis, an estimate is made that bus line earnings on inter-urban services do not exceed 5 per cent of the passenger traffic revenue of Canadian Steam Railways for the year 1929, and the amount of \$3,650,000 to which that percentage attains cannot be looked upon as entirely lost to the railways. A considerable portion of the traffic carried by motor coaches is new business, which they have developed for themselves and which would not go to the railways if motor coach services on the highways were discontinued. Some areas

are served that the railways do not touch and the motor coach is also used by those who in default of its services would use the private motor car rather than the steam railway.

8. By reason of congested driving and parking conditions in our larger cities there is a tendency to use the motor coaches for journeys to and from those centres and to relegate the private car to the purpose of recreation and pleasure. The motor coach is often able to give what is practically a cab or livery service to the dweller in the outlying town or village or to the farmer on its route. For this reason it has a traffic peculiar to itself and its gains have therefore not been entirely at the expense of the railways.

9. Though the interurban traffic carried by these vehicles is increasing, as appears by the figures of the Gray Line Coaches, of the Toronto Transportation Group, which are as follows:—

Year	Passengers carried	Passenger earnings \$
1927.....	281,602	867,337
1928.....	567,193	819,289
1929.....	1,057,290	1,234,936

it has not yet in Canada assumed relatively large proportions. There will undoubtedly be further growth and further loss to the railways from this source, but as the field for the profitable operation of these motor coaches in Canada is in general limited to the more thickly settled areas of Ontario, Quebec and British Columbia where there has already been very considerable development of these services, it is likely that the steam railways have already experienced the major effects of the competition under this head, and the loss in this respect has not been so serious as is generally believed.

10. It was agreed both by the railways and by the representatives of the automotive industry and of the motor coach operators in their appearances before the commission, that the loss to the steam railways in passenger revenues is due to the private passenger automobile, and that this loss must be regarded as permanent. Thomas F. Woodlock, formerly of the Interstate Commerce Commission of the United States, in a paper on motor transport on highways published in 1931, estimates a loss by the steam railways in the decade 1920-30 of one-third of their entire passenger revenue of 1920 and all the increase that might have been expected in that period, to the passenger automobile, and he regards the loss as permanent. The loss in Canada has not been so great, mainly because of longer distances over which railway passengers are carried, and for climatic reasons which will always drive passenger traffic to the railways in certain seasons of the year.

11. The railways have estimated that if there had been no competition from the passenger automobile and motor coach in the year 1929, passenger earnings would have been \$17,000,000 more than the actual receipts. Since the motor coach may be credited with not more than \$3,650,000 of this loss, and for the reasons mentioned above probably less than this sum was actually taken from them by these conveyers, the loss to the private passenger automobile must be at least \$13,350,000, and might even be estimated at \$15,000,000. Sleeper, parlour and observation car receipts were approximately \$2,000,000 greater in 1929 than in 1923, and the Joint Committee therefore concludes that long distance passenger traffic actually increased to some extent and this is borne out by the fact that the average distance a railway passenger was carried was 74.2 miles in 1929 as compared with 68.8 miles in 1923. In the same period