

wheels" for training firemen studying to become engineers. These cars will accommodate 70 pupils at one sitting, and classes are held in various parts of the country. The students study air brakes, boilers, lubricators, steam heat, air conditioning, lighting and other subjects.

Earnings

At the end of 1939, after less than four months of war, Canadian railways showed a substantial improvement in earnings. As the war continued, the improvement continued, and in 1943 revenues earned by railways rose to a new high record of \$778,914,565, compared with \$663,610,570 in 1942 and \$336,833,400 in 1938.

Operating expenses also increased in 1943 to a new high of \$560,597,204 compared with \$485,783,584 for 1942 and \$304,373,285 for 1939.

The following table shows earnings and operating expenses for various years. The year 1928 had shown an all-time high record in revenue until the war period:

Earnings and Operating Expenses of Canadian Railways

| Year | Total Operating Revenues | Operating Expenses |
|------|--------------------------|--------------------|
| 1943 | \$778,914,565 | \$560,597,204 |
| 1942 | 663,610,570 | 485,783,584 |
| 1938 | 336,833,400 | 295,705,638 |
| 1933 | 270,278,276 | 233,133,108 |
| 1928 | 563,732,260 | 442,701,270 |

Freight revenue increased by 12.9% in 1943 over 1942, and passenger revenue by 35.3%. Other services also showed substantial increases. The total increase over 1942, which had shown a previous all-time high record, was \$115,303,995 or 17.4%. In comparison with 1939, freight revenue increased 98.6%, passenger revenues 242%, and total revenues of 112%.

The effect of the war on the Canadian National Railways was marked. In 1939 the company's net income deficit, which had averaged \$50,000,000 for the last 10 years, dropped to \$38,000,000. The year 1940 saw the reduction of the Canadian National deficit to \$15,000,000, and finally, in 1942, to the great satisfaction of the Canadian taxpayers, the Canadian National Railways showed a net income credit, for the first time since 1928, of \$4,000,000. Operating net revenue and cash surplus bettered all previous records by substantial margins. In 1943 operating net revenues were \$116,140,000 compared with \$86,656,000 in 1942, an increase of 34%. When allowances were made for the payment of taxes and all fixed charges, including interest on government loans as well as accelerated depreciation on equipment, adjustment of inventory reserves, amortization of war projects, etc., there was a cash surplus of \$35,639,000 compared with \$25,063,200 in 1942. This cash surplus represents money returnable to the people of Canada by the Canadian National Railways through the federal government.

It is estimated that gross revenues of the Canadian National for 1944 will be on a level with 1943. Operating revenues have been estimated at \$440,000,000, with operating expenses \$352,000,000 and a net operating revenue of \$78,000,000. Because of increased expenses as a result of wage increases and a rise in the cost of materials, net revenue for 1944 will not be as great as it was in 1943. However, a cash surplus will again be turned over to the federal treasury after payment of interest due to the public and the government.

The Canadian Pacific Railway shows a similar picture of sharply increasing revenues during the war period, with gross earnings in 1944 at \$318,870,000 or 7.3% greater than in 1943, a year in which earnings had reached their highest previous level. This was the first time that gross traffic revenues exceeded the \$300,000,000 level. They almost tripled the gross earnings of the depression low year of 1933. During the depression years reduced C.P.R. earnings resulted in discontinuing the payment of preferred dividends from 1933 to 1936, and of ordinary dividends from 1932 to 1942.