C.N.R.—SYSTEM REVENUE TON-MILES 1954/1960

(Source: *C.N.R.*)

Mr. GORDON: Number 7 shows in the Canadian National Railways system the revenue ton-miles, the annual rate in billions of tons seasonally adjusted. Seasonally adjusted, as the statisticians here will know, is a means whereby we eliminate temporary or intermediate fluctuations so as to establish a trend line and give you a proper appreciation of what is going on. The tonnage illustrated in the previous charts can be combined with the miles carried to give estimates of revenue ton-miles which measure is our basic unit of production. In the chart you now see as I said the purely seasonal fluctuations have been removed so that you see the underlying trend of our ton-miles for the period 1954-1960.

You will note that we "produced" a record total of 41.9 billion ton-miles in 1956. Volume then fell off to 35.1 billion ton-miles in 1958 and showed a slight recovery to 35.5 billion ton-miles in 1959. The best estimates that we have at present suggest that a further modest increase is probable in the current year. We just put the figure there in dotted lines to give you an idea of what our estimate is.

I wish to point out, but I do not wish to over-emphasize, the difficulty of controlling expense, and operating efficiently with substantial fluctuations in our total output both between seasons and between years. Again, both seasonal and cyclical factors make it difficult to get full utilization out of our plant and rolling stock. These fluctuations bring about a host of timing problems in a highly capitalized industry such as ours.

That is just another way of saying that one of the most worrisome problems in the railway business is the problem of peak load because if we were to equip ourselves always to be able to handle any potential of a peak load, we would have much too big a plant and what follows, as it must, is that there will be lying idle for long periods of time expensive equipment and the costs of that investment.

Now, that completes that chart.