

On the basis of the net ton-miles and carloadings reported for the past three months, it appears that the aggregate net ton-miles for the year 1927 as a whole will not be greater than 480 billions. This will represent a decline of more than one per cent under 1926, and an increase of about six per cent over 1925.

The passenger traffic has been running consistently below that for 1926, just as 1926 was below 1925 and 1925 below 1924. In fact, no year since 1920, with the exception of 1923, has reported anything but a decline in passenger-miles under the next preceding year. For the first eight months of 1927, the revenue passenger-miles of railways of Class I aggregated 22,854 million, compared with 23,908 million for the corresponding period of 1926. If this reduction continues to the end of the year, the passenger traffic for 1927 will be the lowest of any year since 1916, will be more than four per cent under that for 1926, and 28 per cent under that for the record year 1920.

RAILWAY REVENUES

With a decline in both freight and passenger traffic, it was to be expected that the revenues for the year 1927 would be lower than in 1926. This expectation has been realized in the reports to October. Since the carriers have found it impossible to reduce expenses to the same degree, and since taxes have not fallen at the same rate as revenues, it follows that the net railway operating income has reached a level below that of 1926.

Total operating revenues for the first nine months of 1927, railways of Class I, amounted to 4,655 millions of dollars. This was a reduction of 110 millions of dollars, or 2.3 per cent, under the corresponding period of 1926. It compares with a reduction of four per cent in passenger traffic, and a virtually stationary situation with respect to freight traffic.

RATE READJUSTMENTS

Analysis indicates that the decline in revenues in 1927 may be traced not only to the decrease in traffic, but also in part to a decline in average receipts per unit of traffic. A survey of the freight and passenger rate situation in 1927 brings out the fact that the average receipts secured by the railways from each ton of freight carried one mile and from each passenger transported one mile have been below the corresponding levels of last year. For the first eight months of 1927, for example, freight receipts per ton-mile were lower than in 1926 by 1.1 per cent, while average receipts per passenger-mile were lower by 1.3 per cent.

If the final returns for the year 1927 show the same proportionate reduction in the levels of freight and passenger rates as