13, and 65 on October 14. Apparently there was an appreciation of 3½ points. First preference stock is quoted at 50 and 55, practically what it was quoted in London on September 18. The ordinary common stock is quoted at 9 and 11, so it is a little lower than the quotation in London on September 18.

Mr. McMASTER: Not if it is 11. The London quotation was 9 15/16.

Mr. MEIGHEN: I was mistaken in that. The London quotation was 9⅞, 9 15/16, and so on.

Mr. DEVLIN: Is there not a footnote explaining that in view of the intention to purchase by the Canadian Government the Grand Trunk stock has gone on increasing? Several papers have put that in. I would not advise the minister always to purchase stocks upon quotations in newspapers. I do not think my hon. friend would do that. It has been noted in the newspapers, however, that since the Government has taken very active steps to purchase the Grand Trunk the stock has taken on a few points in the London market; but that is no true test of the real value of the stock.

Mr. MEIGHEN: I thoroughly agree. It is quite possible that these people who think it means a likely added value to the stock in the arbitration award may change their minds. The stock may go down. I want to correct an error I made a short time ago. Inadvertently I stated that the guaranteed stock had always paid its dividend. That is not true with respect to the last two or more years. Prior to that, back even to pre-Confederation days, I think, the stock always paid the full 4 per cent. This 4 per cent guaranteed stock arose originally from the purchase of the Great Western Railway, the stock being given as the purchase price of that railway. It has been added to since for other purposes, and has always paid the dividend up to 1917, with the exception of one-half per cent off in 1915.

Mr. CAMPBELL: Who was that stock guaranteed by?

Mr. MEIGHEN: By the Grand Trunk. That is all the word "guaranteed" means. There was no guarantee, except that the stock took priority over all other stock issues of the Grand Trunk, and they called it a guaranteed stock. In the event of liquidation it was a charge on the assets next to the debenture stock.

Mr. J. H. SINCLAIR: The minister has quoted from the London Times that the guaranteed stock is selling on the market at 61½. On what principle then are we going to pay 100 for it? The resolution provides for the taking over of that guaranteed stock, and our paying interest on it perpetually until the stock is redeemed at par. On what principle can we be justified in paying 100 for stock that is selling on the London market at 61½?

Mr. MEIGHEN: We are not paying for it. We are simply guaranteeing to pay the 4 per cent on the guaranteed stock. We do not take that stock. It stays just where it is, but the holders surrender their voting power. It should be explained to the committee that the voting power is an element of value in this stock; I do not know how great an element but it is an element of value prized, I am told, by the holders of this stock. I do not know just what the proportion is, but that stock has a higher proportion of voting power, dollar for dollar, than later issues. The holders of the stock give up that voting power, and the Government then adds its guarantee to the Grand Trunk guarantee which they now have.

Mr. FIELDING: A four per cent stock guaranteed by the Government of Canada is par value stock in the English market under normal conditions. Of course at present, under war finance, conditions are not normal, but this circumstance will have passed shortly. So that when we undertake to pay four per cent on that stock which for two years has paid no dividends we are practically giving it a par value, and people buying it to-day around sixty and advancing it to higher figures are making an excellent speculation and one which is perhaps natural under the circumstances.

Mr. MEIGHEN: They may or may not.

Mr. FIELDING: There is no doubt about it.

Mr. MEIGHEN: It is value to-day that counts. The stock is not worth par to-day. Perhaps before the war it was, but I understand it was not. Now, we pay for these four stocks just what they are worth. The arbitrators say that these stocks are worth so much. We do not give them cash for that but we give them a new certificate of four per cent, which in the market to-day could not possibly sell for one hundred or near one hundred. So that there is a great advantage to us in that respect; at least I so regard it. As to this stock, it is very likely that the fact of the Govern-

65