

The decrease of \$652,576 in Interest on Unfunded Debt is due to less temporary financing in 1930 than in 1929.

Sir EUGENE Fiset: Mr. Chairman, I wonder with regard to the floating of these bonds if the Government has ever taken into consideration the fact that they might float them themselves and advance the money direct from the treasury to the Canadian National in the form of a loan.

Hon. Mr. MANION: Well, as a matter of fact, the Canadian National when they do float their loans they are guaranteed by the government.

Sir EUGENE Fiset: Not all.

Hon. Mr. MANION: Well, all those loans at the present time are guaranteed by the government with the exception of the equipment loans, and before anything is done the matter is submitted to the government, so that the government has full control of the matter.

Sir HENRY THORNTON: The government has complete control.

Sir EUGENE Fiset: I notice in the Bill before the House at the present time that you go to an extreme in the way of security as far as the government is concerned. You have attached the form of loans which the Canadian National are bound to float and you have specified the time and so on, and so on of all these loans, and before they can be floated by the Canadian National they have to be approved by Order in Council. What is the difference between the government taking the full responsibility of floating these bonds themselves and making an advance direct from the treasury to the Canadian National in the form of a loan.

Hon. Mr. MANION: I presume, as my friend, General Fiset suggests, that could be done. But, as a matter of fact, since the government guarantees the loan I do not think they would get any lower price for them, that is I do not think the Canadian National would get any lower price for them than if the government sold them themselves. And, in addition to that, it is the desire of the Department of Finance—and of course, this is really the business of the Minister of Finance and not the Minister of Railways—that the Canadian National Railways should act largely as if it were a private company. In other words, do its own financing with the guarantee and the backing of the government. That is the purpose at the present time of this Bill, or Bills. I do not think the price would be any lower. Mr. Grant, who is the financial Vice President is here, and I would like to ask him what he thinks of the proposal of General Fiset.

Mr. GRANT: Well, a Dominion of Canada Bond would command a better price than a Canadian National Ry. Guarantee Bond.

Hon. Mr. MANION: How much better?

Mr. GRANT: About one-tenth of 1 per cent.

Mr. HEAPS: Mr. Chairman, could we not have the figures for these fixed loans which are mentioned here on this page, to show if there was any difference in the price obtained by the railways and in the prices that were obtained by the government.

Sir HENRY THORNTON: Of course, you have got to remember this that the government and the Canadian National are both going into the money market for loans and necessarily they have, to some extent, to keep out of each other's way, that is to say, we have got to have some regard as to what is going to happen, as to what the condition of the market is, and what time the loan is coming out, and that is determined by the Minister of Finance in the government. There is a general consultation. We act under the instructions of the government endeavouring, so far as possible, to handle our respective loans in that fashion which will be to the best advantage to each.